



**BARTON L. KLINE**  
Senior Attorney

March 14, 2005

Public Utility Commission of Oregon  
Attn: Filing Center  
550 Capitol Street NE, Suite 215  
P.O. Box 2148  
Salem, OR 97308-2148

Re: Docket No. LC 36  
Idaho Power Company's Reply Comments

Dear Sir or Madam:

Enclosed for filing with the Commission is the original of the Reply Comments of Idaho Power Company regarding the above-described docket. An electronic copy of this document will be sent to the OPUC today.

I would appreciate it if you would return a stamped copy of this transmittal letter for our files.

Very truly yours,

/s/

Barton L. Kline

BLK:jb  
Enclosures

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON  
DOCKET LC 36**

In the Matter of IDAHO POWER	)	
COMPANY'S 2004 Integrated	)	REPLY COMMENTS OF
Resource Plan.	)	IDAHO POWER COMPANY
_____	)	

**Background**

Biennially Idaho Power Company (“Idaho Power” or “Company”) files its Integrated Resource Plan (“IRP”) in both of its retail jurisdictions, Idaho and Oregon. The Company files the same IRP in both states. Idaho Power filed the 2004 IRP with Oregon on August 30, 2004. Based on the comments received in both Idaho and Oregon, Idaho Power believes there is general consensus among the participants that the collaborative process the Company followed to develop the 2004 IRP was reasonably balanced and comprehensive in its approach and included a greater level of public involvement than was the case for the 2002 IRP development process.<sup>1</sup>

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<sup>1</sup> The 2004 IRP was the product of collaborative process that included representatives of the Natural Resources Defense Council, Advocates For the West, Micron Technology, J.R. Simplot Company, Idaho National Engineering & Environmental Laboratory, Heinz Frozen Foods, American Association of Retired Persons, Idaho Retailers Association, the Idaho Irrigation Pumpers Association, the Amalgamated Sugar Company, the Idaho Department of Water Resources, the Idaho Governor’s Office, the Idaho State Legislature, and the Staffs of the Idaho and Oregon Public Utilities Commissions.

## OPUC Staff Comments

The only comments received in this case were provided by the Commission Staff. In accordance with the ordered schedule, Staff filed its initial comments on January 12, 2005, and on February 16, 2005, provided a draft Commission order for review and comment.

Staff actively participated in the collaborative process that formed the basis for the Company's 2004 IRP as filed in Oregon and Idaho. Throughout the IRP development process, Staff provided thoughtful and practical input. Idaho Power's only concern with the Staff's comments and the draft Commission order prepared by Staff is the Staff's recommendation that the Commission's final order explicitly exclude acknowledgment of that portion of Idaho Power's 2004 IRP that discusses Idaho Power's potential participation in a coal-fired generating plant to be on-line in 2011.

In its comments, Staff states:

Proposed Coal Plant: The 2004 IRP analysis indicates that toward the end of the planning period an additional baseload generation facility will be needed to meet growing load requirements. To fulfill this need, IPCo's long term action plan calls for issuance in 2006 of an RFP for a seasonal ownership of a 500 MW coal plant. The IRP analysis identifies a 2011 online date. Due to system transmission constraints for importing power, the current expectation is that the coal plant will be located within the Company's service territory.

Because of evolving conditions and information regarding renewable resources, demand-side programs, fuel prices, economic conditions, and load growth, Staff believes it is premature for the Oregon Commission to acknowledge acquisition of a 500 MW coal plant in 2011. Staff, however, does support IPCo's efforts to identify a utility partner for seasonal ownership of a coal plant. Also, Staff does not object to IPCo proceeding with the development of an coal plant RFP for possible issuance in 2006. Staff recognizes that RFP responses would help to identify potential site locations and to assess permitting requirements and transmission needs.

Staff encourages IPCo to revisit the need and timing for a coal-fired resource as early as possible in the Company's 2006 IRP process. Further, Staff agrees with the IPUC Staff that siting a coal plant within the Company's service territory will likely present some public opposition and difficulties (perhaps similar to those experienced with the past Pioneer coal plant proposal.) Therefore, if coal technology remains a viable option, Staff recommends that alternatives such as additions to the Bridger or Valmy coal plants, or joint ownership of other future coal plants (with clean coal technology) should be investigated.

**The Company Will Address the Coal-Fired  
Generating Plant In the 2006 IRP**

Unquestionably the Company is in the very early stages of its assessment of the costs and benefits of jointly-participating in a new coal-fired generating plant. Idaho Power concurs with Staff's assessment that much additional review and analysis needs to be undertaken before Idaho Power issues a Request for Proposals ("RFP") in 2006. Integrated resource planning is a dynamic process and the Company will prepare and submit another IRP in 2006 that will include a more thorough assessment of the prudence of proceeding further with a coal-fired power plant.

In comments filed in Idaho on December 3, 2005, the Staff of the Idaho Public Utilities Commission ("IPUC") recommended that the IPUC acknowledge Idaho Power's 2004 IRP, including the potential that the Company may issue an RFP in 2006 to jointly-participate in the seasonal ownership of a 500 MW coal plant.

Like the Staff's comments in this case, the IPUC Staff comments explicitly recognized that there will be more analysis done on the costs and benefits of the Company participating in a shared ownership of a coal plant before any commitment is made to participation in such a project. Like Oregon Staff, IPUC Staff's comments recognized that while some preliminary work will be done prior to the 2006 IRP, the

2006 IRP will be the place where the Company will provide a comprehensive assessment of a program for its joint participation in a new, large coal-fired generating plant.

### **Partial Acknowledgement Is A Source of Concern**

Idaho Power is concerned that a final order from the Oregon Commission that only partially acknowledges Idaho Power's 2004 IRP may be perceived by potential joint owners as a rejection by the Oregon Commission of Idaho Power's participation in a future coal-fired power plant. Both the comments of the IPUC Staff and the Oregon Staff recognize that the Company's 2006 IRP will be the primary document in which the Company will assess any program for jointly participating in a coal-fired generating plant. While the general tenor of the comments of both IPUC and Oregon Staff are very similar, the uncertainty associated with the Oregon Staff's proposal to explicitly exclude the 2011 coal-fired plant from acknowledgement in the 2004 IRP is a source of concern for Idaho Power.

Traditionally the Oregon Commission has delayed issuing its order on the Company's IRP until after the IPUC has issued its final order. Idaho Power believes this sequential order of proceeding is prudent because it allows the Oregon Commission to consider the views of the Idaho Commission in making Oregon's final determination. If the IPUC follows the recommendation of its Staff and acknowledges Idaho Power's 2004 IRP without making an exception for potential Company participation in a 2011 coal-fired generating plant, Idaho Power urges the Oregon Commission to structure its final order in a similar manner.



**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that on this 14th day of March, 2005, I served a true and correct copy of the within and foregoing REPLY COMMENTS OF IDAHO POWER COMPANY upon the following named parties by the method(s) indicated below, and addressed to the following:

Stephanie S. Andrus	<input type="checkbox"/>	Hand Delivered
Oregon Department of Justice	<input checked="" type="checkbox"/>	U.S. Mail
Regulated Utility & Business Section	<input type="checkbox"/>	Overnight Mail
1162 Court St. NE	<input type="checkbox"/>	FAX
Salem, OR 97301-4096	<input type="checkbox"/>	E-mail
<a href="mailto:stephanie.andrus@state.or.us">stephanie.andrus@state.or.us</a>		

Lisa F. Rackner	<input type="checkbox"/>	Hand Delivered
Ater Wynne LLP	<input checked="" type="checkbox"/>	U.S. Mail
222 SW Columbia Street, Suite 1800	<input type="checkbox"/>	Overnight Mail
Portland, OR 97201-6618	<input type="checkbox"/>	FAX
<a href="mailto:lfr@aterwynne.com">lfr@aterwynne.com</a>	<input type="checkbox"/>	E-mail

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BARTON L. KLINE