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April 24, 2009

VIA ELECTRONIC FILING

PUC Filing Center
Public Utility Commission of Oregon
PO Box 2148
Salem, OR 97308-2148

Re: Docket LC 41

Enclosed for filing is an original and one copy of Idaho Power Company's Response to Stop Idaho Power's Motion to Postpone and Consolidate.

A copy of this filing has been served on all parties to this proceeding as indicated on the attached service list.

Very truly yours,

A handwritten signature in black ink that reads "Wendy McIndoo".

Wendy McIndoo
Legal Assistant

Enclosures

cc: Service List

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CERTIFICATE OF SERVICE

I hereby certify that I served a true and correct copy of the foregoing document in Docket LC 41 on the following named persons on the date indicated below by e-mail addressed to said persons at his or her last-known address indicated below.

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DATED: April 24, 2009



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1 **BEFORE THE PUBLIC UTILITY COMMISSION**
2 **OF OREGON**

3 **LC 41**

4
5 In the Matter of Idaho Power Company's
6 Application to Include the Boardman to
7 Hemingway Transmission Line in its
8 Acknowledged Integrated Resource Plan
9 ("IRP")

**IDAHO POWER COMPANY'S RESPONSE
TO STOP IDAHO POWER'S MOTION TO
POSTPONE AND CONSOLIDATE**

8
9 Idaho Power Company ("Idaho Power" or "the Company") files the following
10 response to Stop Idaho Power's ("SIP") Motion to Postpone and Consolidate Proceedings
11 ("Motion").

12 **I. INTRODUCTION**

13 On February 5, 2009 Idaho Power filed its 2006 Integrated Resource Plan
14 Addendum ("Addendum"), seeking the Commission's approval to include its planned
15 Boardman to Hemingway project (the "B2H Project") within the context of its previously-
16 acknowledged 2006 IRP. Such approval—which would constitute an acknowledgement of
17 the resource—was intended to provide the finding of "need" required for approval to site the
18 line with the Oregon Energy Facility Siting Council ("EFSC").¹ The Company had hoped to
19 receive the approval of the Addendum by June 2009 and the siting approval by June of
20 2011 in order to complete construction of the line in 2013.

21 Recent events, however, have caused the Company to reevaluate its plans. Within
22 the past two weeks, Commission Staff informally notified Idaho Power that it is concerned
23 about the "vintage" of the data contained in the Company's IRP Addendum and would be
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25 ¹ A full discussion of the respective roles of the Commission and EFSC is contained in Idaho
26 Power Company's Answer to Stop Idaho Power's Petition to Intervene, filed in this docket on March
13, 2009, at pp. 3-5.

1 requesting that the IRP analysis of the B2H Project be performed with all data updated to
2 current conditions. Such an analysis would take several months to complete, and given the
3 Company's initial timing, would have posed a significant problem. However, given the
4 opposition the Company has encountered to the route proposed in the EFSC proceeding,
5 the Company has requested a "pause" in that process to allow comprehensive negotiations
6 among the stakeholders. As a result, the Company has accepted that it will not be able to
7 begin work on the line at the time hoped, and that completion of the line is now projected to
8 occur after the 2013 date specified in the Addendum. This decision, in turn, renders the
9 timing of the Commission's acknowledgement of the B2H Project less critical, allowing for
10 some breathing room in the schedule.

11 As a result, the Company has decided to seek acknowledgement of the B2H Project
12 in the context of its 2009 IRP where it can perform a full analysis of need and cost
13 effectiveness in light of current economic conditions. Contemporaneous with the filing of this
14 response, the Company is filing an Application to allow it to delay filing of the 2009 IRP from
15 September until December of this year, to allow the Company sufficient time to perform the
16 required analysis. If this Application is granted, the Addendum will be moot and the
17 Company will seek to withdraw it.

18 Idaho Power's current plan is essentially the result sought by SIP, and under normal
19 circumstances would not be required file a rebuttal to SIP's Motion. However, because of
20 the Motion's numerous mischaracterizations and misstatements regarding the significant
21 facts relevant to the B2H Project, Idaho Power is compelled to respond. In short, contrary to
22 SIP's Motion, Idaho Power's need for additional transmission is real and compelling. The
23 Company's most recent load forecast, discussed at the March 26 and 27 public participation
24 meetings, does show that the current recession is expected to slow anticipated load growth
25 until the end of 2009. However, after the first of the year 2010, the need for added power in
26

1 the industrial sector, principally related to the 2009 start up of Hoku Materials, Inc. ("Hoku"),
2 will bring load growth back up to a level that is very close to the prior forecast level.

3 **II. DISCUSSION**

4 The crux of SIP's argument is that the load information upon which the Addendum is
5 based is stale and no longer relevant in the current economy. Idaho Power's updated load
6 forecasts—which were discussed by Mark Stokes at the March 26 and 27 Public Meetings
7 and copies of which were provided to SIP by way of data responses²—do show a leveling
8 off of load growth in the near term. However, the Company continues to receive requests
9 for significant industrial load additions, and more importantly, there is every indication that
10 the projected load from Hoku, which is a significant factor in the Company's projected
11 overall increases, will be added nearly as planned.

12 In the absence of any real data on which to rely, SIP seeks to undercut the
13 Company's load projections using distractions, unsupported generalizations, innuendo and
14 misstatements. In particular, SIP (1) suggests that the Company manipulated the March 26
15 and 27 meetings to inappropriately update the record with new load information and (2)
16 characterizes Hoku as a fly-by-night operation that is likely to go under at any moment, and
17 should not be relied upon in the Company's load projections. Both of these suggestions are
18 wrong and require a response.

19
20 **A. The Company's Updated Load Information Was Properly Presented at the
Public Meetings.**

21 After arguing that the Addendum relies on stale load information, SIP criticizes the
22 Company for providing updated load information at the March 26 field hearing in Ontario. In
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24 ² Idaho Power Company's Response to Staff's Data Request No. 5 (March 30, 2009). This
25 was subsequently provided to SIP in Idaho Power Company's Response to Stop Idaho Power's Data
Request No. 1 (April 3, 2009).

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1 particular, SIP complains that in doing so Idaho Power misappropriated time that had been
2 reserved for citizen input, and improperly attempted to supplement the record in such a way
3 as to deprive the local citizens of an opportunity to review and respond to the new data.
4 These accusations are groundless.

5 First, contrary to SIP's contention, the field meetings were *not* reserved solely for
6 citizen input. In setting up the meetings, Commission staff specifically requested that the
7 Company begin the meetings by describing the need for the B2H Project and making any
8 appropriate announcements. By the date of the meetings, the Company had actual load
9 data from February 2009 that was highly relevant to the IRP Addendum given the questions
10 raised regarding the accuracy of the load forecast contained in the Addendum. The
11 Company fully intended to file this updated information with the Commission and wanted to
12 share the information first with members of the public who attended the meetings. For that
13 reason, it was entirely appropriate for the Company to present the load forecast information
14 at the Public Meetings. Indeed, had it failed to do so, it is likely that it would have been
15 accused of failing to recognize economic conditions in its service area and "hiding the ball."

16 On the other hand, Idaho Power's presentation of the updated load information was
17 not an attempt to supplement the record. On the contrary, the Company had been informed
18 by the Administrative Law Judge ("ALJ") and Commission Staff that the purpose of the
19 meeting was to take public comment and that the Company's presentation was to be
20 informational only.³

21 Finally, in presenting the updated information, Idaho Power did not deprive any
22 members of the public of having their say. In fact, at the outset of the meetings, the ALJ

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24 ³ SIP states that Company representative David Angell responded to a complaint about the
25 Company's presentation by stating that the Company had gotten the information into the record. Mr.
26 Angell denies the precise statement attributed to him, but believes he may have used the expression
"going on the record" loosely, meaning that the Company had provided the new information to the
parties at the meeting.

1 announced that he intended that everyone who wanted to speak would be allowed to do so,
2 and that he would hold the meeting open longer than scheduled if necessary to achieve that
3 end. There was no indication at either meeting that anyone who wished to speak was
4 prevented from doing so.

5

6 **B. The Projected Load from Hoku Is Appropriately Included in the Company's**
7 **Updated Load Forecasts.**

8 Hoku Materials Inc. is a wholly-owned subsidiary of Hoku Scientific—a diversified
9 clean energy technology company. Hoku plans to manufacture, market, and sell polysilicon
10 for use in solar panels from its facilities currently under construction in Pocatello, Idaho. In
11 its Motion, SIP points out that Hoku is a start-up that has “yet to show any net income,” and
12 that its shares are trading at an “all time low.”⁴ SIP also quotes verbatim from the standard
13 list of required risk disclosures contained in all Securities Exchange Commission (“SEC”)
14 disclosures. From these facts, SIP concludes that Idaho Power is unwise to include load
15 forecasted from “the likes of Hoku” in its resource plan.⁵ Had SIP spent just slightly more
16 time reviewing Hoku’s SEC submissions, as well the agreements between Hoku and Idaho
17 Power, SIP might have come to a different conclusion.

18 On April 3, 2009, Idaho Power served on SIP copies of two agreements it has
19 entered into with Hoku: an Electric Service Agreement (“Service Agreement”) and an
20 Amended and Restated Agreement for Construction of Hoku Electric Substation and
21 Associated Facilities (“Construction Agreement”), both executed on September 17, 2008.⁶
22 Pursuant to the terms of the Electric Service Agreement, Hoku has contracted to purchase

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24 ⁴ SIP Motion at 7.

25 ⁵ SIP Motion at 7.

26 ⁶ Idaho Power Company’s Response to Staff’s Data Request No. 5 (March 30, 2009). This
was subsequently provided to SIP in Idaho Power Company’s Response to Stop Idaho Power’s Data
Request No. 1 (April 3, 2009).

1 all if its power requirements from Idaho Power. The Service Agreement shows Hoku's load
2 ramping up to 82,000 kilowatts in 2009 and 2010. In the Construction Agreement Hoku
3 agreed to pay Idaho Power approximately \$16.5 million to build the necessary substation
4 and transmission facilities to allow Idaho Power to provide the contracted electric service.

5 Hoku's SEC filings confirm that, as of the end of 2008, it already paid Idaho Power
6 \$15.3 million pursuant to the Construction Agreement.⁷ The Company—through this
7 pleading—confirms that since that time Hoku has paid the entire \$16.5 million pursuant to
8 the Construction Agreement. In addition, Hoku has spent \$140.2 million toward total project
9 construction cost target of \$390 million.⁸ Hoku has also received \$284 million in customer
10 prepayment commitments.⁹ Importantly, Hoku is still on track to commence production in
11 June of 2009.¹⁰ There is every reason to believe, based on these filings, that Hoku will
12 require all of the power it has contracted for. There is certainly no basis on which Idaho
13 Power would be justified to disregard the Hoku contract in its load forecasts.

14 CONCLUSION

15 Idaho Power is pleased that it is able to propose a way forward that may well satisfy
16 its need to continue with its plans for the B2H Project, while at the same time
17 accommodating SIP's concerns. However, in the end, the Company is required to find a

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21 ⁷ Hoku Scientific, SEC Form 10-K Quarterly Report <<http://www.shareholder.hokuscientific.com/sec.cfm>> (Feb. 3, 2009).

22 ⁸Hoku Scientific, SEC Form 8-K Current Report <<http://www.shareholder.hokuscientific.com/sec.cfm>> (Feb. 19, 2009).

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24 ⁹ Hoku Scientific, SEC Form 8-K Current Report <<http://www.shareholder.hokuscientific.com/sec.cfm>> (Feb. 19, 2009).

25 ¹⁰ Hoku Scientific, *Hoku and JH Kelly Confirm Schedule for Polysilicon Plant Construction*
26 *and Start-Up* <<http://www.shareholder.hokuscientific.com/releasedetail.cfm?ReleaseID=374893>>
(Apr. 2, 2009).

1 way to serve all of its load, including load from new industrial customers. It is not free to
2 disregard the load from such customers in its forecast analyses.

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4 Respectfully submitted this 24th day of April, 2009.

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MCDOWELL & RACKNER PC

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