ITEM NO. 3

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: February 14, 2012

REGULAR X CONSENT ____ EFFECTIVE DATE Upon Commission Approval

DATE: January 24, 2012

TO: Public Utility Commission

FROM: Erik Colville

THROUGH: Bryan Conway and Maury Galbraith

SUBJECT: IDAHO POWER COMPANY: (Docket No. LC 53) Acknowledgement of 2011 Integrated Resource Plan.

STAFF RECOMMENDATION:

Staff recommends the Commission acknowledge Idaho Power's 2011 Integrated Resource Plan (IRP) with agreed to revised action items, exceptions, and recommendations for future IRPs, as reflected in Attachment 1.

DISCUSSION:

On October 18, 2011, Staff filed Initial Comments regarding Idaho Power's 2011 IRP. On December 6, 2011, Staff filed a Draft Proposed Order and Staff Final Comments and Recommendations in this docket. Reply Comments were filed on January 3, 2012, by Idaho Power Company (or Company), and the Citizens' Utility Board of Oregon (CUB). Staff discusses below the party and Company Reply Comments, organized by subject, cross referencing the related IRP Action Item.

Evaluation of Environmental Compliance Costs for Existing Coal-fired Plants (Action Item 11)

Reply Comments

Idaho Power agrees with Staff that an evaluation of environmental compliance costs for Jim Bridger and Valmy should be conducted. At this time, Idaho Power believes that the

Company will be able to conduct an environmental compliance study in 2012. The study will include an evaluation of incremental investments in Jim Bridger and Valmy to comply with enacted and reasonably anticipated legislation, rules and regulations, known by the Company at the time of the study. In addition, the study will include an economic analysis of the impacts associated with an early shut-down of individual units prior to the end of their anticipated useful lives.

Idaho Power anticipates the results of this study will be available in the fall of 2012 and will fully vet the results with the Company's Integrated Resource Planning Advisory Council (IRPAC) and incorporate the results as part of the Company's 2013 IRP. In addition, the results from the study will be presented to the Commission as part of the 2011 IRP Update that will occur within one-year of the date of a Commission Order acknowledging the 2011 IRP, as recommended by Staff.

In Reply Comments, CUB states it is disappointed by Staff's recommendation that the Commission acknowledge Idaho Power's IRP, but is encouraged by Staff's recommendation that the Company be required to include an in-depth analysis of environmental compliance costs in its 2011 IRP Update. The description Staff provides of the required coal plant analysis is compatible with CUB's request, but CUB believes the analysis needs to be conducted prior to IRP acknowledgement and not after acknowledgment.

CUB notes that Idaho Power's Reply Comments have dismissed this requested study as "necessarily speculative" and claims that adequate information regarding clean air compliance costs has been furnished. While CUB appreciates Idaho Power's commitment to provide this analysis, and understands the Company's reluctance to forecast compliance costs for regulations that have yet to be finalized, significant investments in these facilities are already scheduled for each coming year, whether or not those regulations go into effect. CUB continues to believe the time to conduct the necessary analysis and make decisions regarding the future of Idaho Power's coal fleet is now. CUB comments that until Idaho Power agrees to conduct such an analysis prior to seeking IRP acknowledgement, CUB will continue to oppose the acknowledgment of an IRP containing plans for additional coal investments. Renewable Northwest Project (RNP) echoed similar thinking in its initial comments.

In summary, CUB respectfully requests that the Commission withhold acknowledgment of the 2011 IRP until Idaho Power performs the requested environmental compliance analysis of the investments at its coal plants. If the Commission decides to acknowledge the 2011 IRP at this time, then CUB respectfully requests that the Commission require the Company to complete the environmental compliance analysis on or before February 1, 2012. CUB also respectfully requests that any acknowledgment of the IRP,

in addition to having the compliance condition for the environmental compliance costs, also contain the other conditions recommended by Staff.

Staff Response

Staff noted in Final Comments that Idaho Power, in its September 20, 2011, IRP presentation to the Commission, presented a very high level analysis demonstrating that even if the Company were required to spend the estimated amount to comply with potential federal environmental regulations, those costs would still be less expensive than constructing replacement natural gas generation resources. Staff also noted in Final Comments that the Company's responses to data request 42 considered and analyzed the suite of environmental compliance cost elements that are known and reasonable to consider at this time. Staff concluded the data request response provides support for continued use of the existing coal resources.

Staff agrees with CUB and RNP that it is important to analyze the costs and risks of continuing operation of the Company's coal plants, and how carbon costs and environmental regulations could alter their cost-competitiveness in the future. However, Staff concludes that, for the present time, there is sufficient evidence supporting continued use of the Company's existing coal fired resources as part of a resource strategy with the best combination of cost and risk for Idaho Power and its ratepayers. As a result, Staff does not agree with CUB and RNP to not acknowledge the 2011 IRP pending the completion of further coal plant analysis.

Staff Recommendation

Staff recommends, and Idaho Power agrees, to further investigate whether there is flexibility in the emerging environmental regulations that would allow the Company to avoid early compliance costs by offering to shut down individual units prior to the end of their useful lives. In addition, Staff recommends, and Idaho Power agrees, to conduct further unit specific analysis to determine whether this tradeoff would be in the ratepayers' interest. Further, Staff recommends, and Idaho Power agrees, that the Company provide this additional analysis in its 2011 IRP Update. As a result, Staff recommends acknowledgement of the following additional action item:

> Action Item 11 - Evaluation of Environmental Compliance Costs for Existing Coal-fired Plants
>
> In its next IRP Update, Idaho Power will include an Evaluation of Environmental Compliance Costs for Existing Coal-fired Plants. The Evaluation will investigate whether there is flexibility in the emerging environmental regulations that would allow

the Company to avoid early compliance costs by offering to shut down individual units prior to the end of their useful lives. The Company will also conduct further plant specific analysis to determine whether this tradeoff would be in the ratepayers' interest.

Boardman to Hemingway Transmission (Action Item 7)

Reply Comments

In Reply Comments, Idaho Power agrees with Staff's recommendation to continue providing updated analyses and assumptions related to the Boardman to Hemingway (B2H) transmission project. Specifically, the Company will provide a project update to the Commission as part of preparing and presenting the 2011 IRP Update, and will continue to treat the B2H project as an uncommitted resource in the 2013 IRP.

Staff Response and Recommendation

Staff is pleased the Company agrees to provide project updates and will continue to treat the B2H project as an uncommitted resource. Staff recommends acknowledging the following B2H transmission project action item:

> Action Item 7 - Transmission – Continue to make progress on the Boardman to Hemingway transmission project between now and the completion of the 2013 IRP, and plan to begin work on permitting and initial designs shortly after the completion of the 2013 IRP.
>
> As the Company proceeds with the B2H project, its project assumptions (for example, construction cost estimates, equity partnership estimates, third-party subscription estimates, and wheeling revenues) will be updated and analyzed in the 2013 IRP.

Conservation Voltage Reduction (Action Item 4)

Reply Comments

Idaho Power's Reply Comments support Staff's recommendation that the Company include an assessment of cost-effective conservation voltage reduction (CVR) resource potential in its service territory as well as an action item related to CVR as part of its 2013 IRP.

Staff Response and Recommendation

The Company's agreement with Staff's recommendation to include additional details of its CVR acquisition in the 2013 IRP is welcome. Staff's recommendation is acknowledgement of an additional action item to address acquisition of cost-effective CVR resources, as follows:

> Action Item 4 – Conservation Voltage Reduction - The next IRP filed by Idaho Power will include an assessment of the available cost-effective conservation voltage reduction (CVR) resource potential in its service area. The Company will propose an action item in its 2013 IRP related to this resource. The planned energy savings and reduced peak demand will be incorporated into Idaho Power's load-resource balance forecasts.

Demand Response (Action Item 3)

Reply Comments

In its Reply Comments, the Company agrees generally that it should pursue all cost-effective demand response that can be successfully utilized on its system. The Company states that there is an optimal level of demand response and when there is too much demand response, there exist "potential adverse consequences". The Company argues that too much demand response can increase energy costs. The Company clarifies, however, that the capacity perspective is how program cost-effectiveness is determined. In its Reply Comments, the Company explains that historically it has changed program dates and hours of availability to better match the need with potential demand deficits and says it "will continue to monitor program parameters in relation to system needs and propose changes as needed."

Staff Response

Staff sees the demand response subject in this IRP as having two components: 1) the demand response action item; and 2) the Company's demand response philosophy presented in the IRP. Staff finds no reason to dispute the proposed demand response action item, and therefore supports it.

In relation to the Company's demand response philosophy, Staff sees no new or compelling information in the Company's Reply Comments, and therefore stands by its position articulated in Final Comments. Specifically, Staff is not convinced that it is in the best interest of ratepayers for Idaho Power to shift their evaluation of demand response programs from an "all cost-effective DSM" approach to a "needs-based"

approach, as described on page 88 of its 2011 IRP. Staff continues to question the Company's assertion that "too much demand response on the system can increase energy cost." Demand response programs, by definition, offset the need for new capacity resources, and it makes no sense to Staff to compare the cost per hour of demand response to cost per hour of the Company's total energy portfolio. Staff is unconvinced that there are adverse consequences to ratepayers from the Company acquiring demand response resources beyond the needs-based "optimum level" proposed in this IRP. Rather, Staff continues to recommend the Company pursue the full amount of demand response: 1) that is less cost on a kW basis than a supply-side resource; and 2) up to the Company's system capacity deficit amount.

Staff Recommendation

Staff recommends acknowledgement of Action Item 3 as proposed. However, Staff recommends that during preparation of the 2013 IRP, there be an Integrated Resource Plan Advisory Council (IRPAC) meeting specifically focused on demand response. Staff will participate in that meeting, and work with the Company and parties to develop a demand response approach that is in the best interest of ratepayers. Action Item 3 reads as follows:

> Action Item 3 - Demand Response - The levels of demand response determined for the 2011 IRP analysis is 330 MW for summer 2011, 310 MW in 2012 when the Langley Gulch plant comes on line, and 315 MW in 2013 and 2014. In 2015, the demand response level used in the IRP analysis is 321 MW and then 351 MW from 2016 through the end of the planning period.

Energy Efficiency (Action Items 1 and 2)

Reply Comments

The Company's Reply Comments did not specifically address energy efficiency, other than to point out the 2011 IRP did not alter its approach of pursuing all cost-effective energy efficiency.

Staff Response and Recommendation

Staff recommends acknowledgement of Action Items 1 and 2, and recommends the Company continue to pursue all cost-effective energy efficiency as the lowest cost resource for ratepayers. Action Items 1 and 2 read as follows:

Action Item 1 - Current Portfolio Energy Efficiency - In 2015, the forecast reduction for 2011–2015 programs will be 69 aMW; by the year 2020, the reduction across all customer classes increases to 133 aMW. By the end of the IRP planning horizon in 2030, 191 aMW of reduction is forecast to come from the current energy efficiency portfolio, with 80 percent of that reduction coming from programs serving commercial and industrial customers.

Action Item 2 - New Portfolio Energy Efficiency - In 2015, the new and expanded energy efficiency programs will reduce average loads by 13 aMW; in 2020, average loads will be reduced by 25 aMW. The full 20-year capacity of the program additions and changes is 42 aMW of average demand reduction.

Alternative Portfolio (Action Items 8 and 9)

Reply Comments

The Company's Reply Comments state the IRP guidelines require utilities to evaluate and select alternative portfolios. The Company notes Staff recommends that the Commission not acknowledge its proposed Alternative Portfolio because there are mechanisms available within the existing IRP process to deal with unforeseen circumstances. As long as the Preferred Portfolio with the B2H transmission project is acknowledged, Idaho Power is comfortable with Staff's recommendation that the Alternative Portfolio not be included in the Commission's acknowledgement. However, the Company requests that the Commission's Final Order clarify that such non-acknowledgement is not the result of a flaw or failure in the Company's IRP analysis.

Staff Response

Staff agrees with Idaho Power the Final Order should clarify that non-acknowledgement of the Alternative Portfolio action items is not the result of a flaw or failure in the IRP. As a point of clarification for future Idaho Power IRPs, Staff does not find a requirement in the IRP Guidelines for selecting an alternative portfolio and proposing related action items. Instead, there are mechanisms available within the existing IRP Guidelines to address unforeseen circumstances, such as the two year cycle for new IRPs and the one year cycle for IRP Updates.

Staff Recommendation

Given existing IRP processes to deal with a delay in the B2H project, Staff does not find a need for an alternative portfolio acknowledgement. Staff therefore does not

recommend acknowledging the alternative portfolio action items. Staff's recommendation is not a reflection of a flaw or failure in the IRP.

~~Action Item 8 – Solar – as described for preferred portfolio Action Item 5.~~

~~Action Item 9 – Simple Cycle Combustion Turbine – 170 MW in 2015, 170 MW in 2017, and 94 MW in 2019. If the Boardman to Hemingway transmission project is delayed, begin the acquisition process for the 2015 SCCT as early as 2012.~~

Long-Term Action Items (Action Item 12)

Staff Response and Recommendation

Idaho Power's Reply Comments did not address Staff's recommendation in Final Comments regarding the long-term action items. In Final Comments, Staff took no issue with the content of the long-term action items. Further, Staff recommended the long-term action items not be acknowledged because the action items take place in the 2021 through 2030 time period, while the desired focus in IRP Guideline 4(n) is on actions over the next two to four years. Staff continues to recommend the long-term action items not be acknowledged as part of this IRP.

~~Action Item 12 – Long-Term Action Items – as outlined in IRP Table 10.2~~

Load Forecast

Reply Comments

Idaho Power reiterates that for the purposes of determining load forecasts, it is more appropriate to use Company-specific data as opposed to broad, industry wide data, such as Energy Information Administration statistics. Further, the Company disagrees with Staff's reliance on Oregon-specific historical load growth as an appropriate proxy for an Idaho Power system-wide load growth forecast. As conveyed earlier, Idaho Power continues to update the load forecast within this rapidly changing economic environment; however, the Company believes the protracted economic downturn is reflective of a short-term cyclic event, not a pervasive system-wide trend change for the 20 year horizon of the IRP.

In addition, the Company feels that it is appropriate to include an allowance for new large loads in the load forecast as an additional firm load category only if there is a signed energy service agreement. Otherwise, the Company agrees with Staff that it is

appropriate to include an allowance for new large loads in the load and resource balance, but the new large load must be based on specific supporting documentation.

Staff Response

Idaho Power's Reply Comments provide a productive discussion of load forecasting issues that Staff is certain will lead to improved forecasting in future IRPs. As stated in Final Comments, Staff does not recommend a change to the 2011 IRP based on an updated load forecast. Instead, Staff highlights the need for the 2011 IRP Update and the 2013 IRP to be based on an updated load forecast that, as accurately as possible, reflects current conditions.

Related to the new large load issue, the Company proposes to include an allowance for new large loads in its load forecast only if there is a signed energy service agreement. Further, Idaho Power proposes to include an allowance for new large loads in the load and resource balance, but the new large load must be based on specific supporting documentation. The Company and Staff are in agreement with this approach.

Risk Analysis

Reply Comments

Idaho Power notes in Reply Comments that it appreciates Staff's comments regarding the risk analysis in the 2011 IRP, and it realizes that the stochastic analysis was complex and additional written details of the analysis would have been helpful. The Company states the stochastic analysis prepared included the adverse combinations of multiple risk variables Staff commented were missing. In addition, the Company notes questions regarding whether to use a uniform distribution or a normal probability distribution were discussed with the IRPAC and Idaho Power decided to use the uniform distribution, in part to increase the likelihood of drawing adverse combinations of the risk variables. Idaho Power recognizes that the choice of which probability distribution to use in the risk analysis is not unambiguous. In preparing the 2013 IRP, Idaho Power will work with Staff and the IRPAC to modify and improve the stochastic risk analysis. Idaho Power strives to improve the risk analysis in every IRP.

As for incorporating hydro generation variability as a risk factor, Idaho Power notes the water planning criteria used for the IRP, 70th percentile for energy and 90th percentile for peak, already assume worse-than-median conditions for average monthly energy and a more extreme case for peak-hour capacity planning. Because worse-than-median hydro conditions are used to develop the load and resource balance for energy and capacity, the Company does not believe there is any additional value in including hydro

generation variability in the risk analysis. As an alternative to Staff's recommendation requiring this additional analysis in the 2013 IRP, Idaho Power proposes modifying the Proposed Order to require the Company to discuss and solicit input from the IRPAC on the value of including hydro generation variability in the risk analysis.

Staff Response

Staff is pleased Idaho Power is open to collaborative improvement of the stochastic risk analysis. While the Company's Reply Comments shed light on its risk analysis intent, Staff still finds shortcomings in the methodology compared to other more traditional methods. Instead of debating those shortcomings in this Staff Report, Staff looks forward to working collaboratively to improving the analysis for the 2013 IRP.

Further, while Staff understands, and to some extent agrees, with the Company's logic related to including hydro generation variability in its risk analysis, the fact remains that IRP Guideline 1(b)1 requires including hydroelectric generation variability as a source of risk and uncertainty that should be addressed. Staff does not believe using a static water year percentile adequately addresses the risk and uncertainty of hydroelectric generation. Staff finds that the static water year percentile, because it only accounts for lower than median water years, may even bias the IRP toward resource acquisition. This IRP Guideline requirement is not something the IRPAC is able to waive, or that Staff is inclined to recommend the Commission waive. Recognizing Idaho Power's significant reliance on hydroelectric generation, and the IRP Guideline requirement for addressing hydroelectric generation as a source of risk and uncertainty, Staff concludes the Company must address this source of risk and uncertainty in its 2013 IRP. To maintain the intent of the Guideline requirement, but to reduce the analytical burden, Staff is open to analyzing every tenth percentile water year, for example.

Staff Recommendation

Toward the goal of working collaboratively to improve of the stochastic risk analysis, Staff recommends that at least one 2013 IRP IRPAC meeting be set aside to focus on this subject. Further, Staff recommends the 2013 IRP risk analysis include hydroelectric generation variability. In the risk analysis focused IRPAC meeting, Staff recommends the Company vet its approach to including hydroelectric generation variability in the 2013 IRP risk analysis.

Wind Integration Study

Reply Comments

Although the results of wind integration studies are factored into the IRP planning process, Idaho Power believes the topic of wind integration itself is overly technical as it relates to system operation and is best handled in a forum separate from the IRP planning process. As a result, the Company's position is that wind integration studies should be independent of the IRP process.

Idaho Power also reports it has been working with a consultant, Energy Exemplar USA (formerly Plexos Solutions, Inc.), to complete the wind integration modeling and study report. Prior to publishing the study report, Idaho Power plans to conduct an additional public workshop to present the results to the public and interested stakeholders that will provide an independent technical review of the study.

Staff Response

Idaho Power's Reply Comments raise two issues that Staff is compelled to address. First, the issue of wind integration complexity related to the IRP process. Staff agrees that wind integration studies are complex undertakings and have the potential to burden the IRP process. Having made this observation, Staff notes that the IRP process is the forum currently available to address wind integration matters that are not addressed in the wind integration study process. It is for this reason that Staff is supportive of an independent technical review of the wind integration study and meaningful opportunity for stakeholders to give feedback, before incorporating the study results into the next IRP.

The second issue Staff notes in the Company's Reply Comments is the statement that "Idaho Power plans to conduct an additional public workshop to present the results to the public and interested stakeholders that will provide an independent technical review of the study." The wording seems to imply that it is the "additional public workshop" that will "provide an independent technical review of the study." Staff's Final Comments recommending Idaho Power seek independent technical review and meaningful opportunity for stakeholders to give feedback was intended to communicate the need to: 1) establish a wind integration study technical review committee; and 2) schedule a series of workshops for stakeholders. A single workshop, from Staff's perspective, would fall far short of providing an independent technical review and meaningful opportunity for stakeholder feedback.

Staff Recommendation

Staff recommends Idaho Power form a wind integration study technical review committee as soon as possible. The committee is recommended to be fully engaged to review and offer suggestions for improvement of the Company's proposals for analytical methods and data used in the study. In addition, Staff recommends that Idaho Power establish, as soon as possible, a schedule for workshops providing full opportunity for stakeholder involvement and progress reviews. Finally, Staff recommends the Company's next wind integration study look for ways in which diversity and flexible balancing resources could lower its cost of integrating intermittent resources.

Other

Staff Response

Idaho Power's Reply Comments did not address Staff's discussion in Final Comments regarding "other" subjects. For this Report, Staff relies on its Final Comments related to the "other" subjects.

Adherence of the Plan to Integrated Resource Planning Guidelines

Staff Response and Recommendation

Idaho Power's Reply Comments did not address Staff's discussion in Final Comments regarding adherence of the Plan to the IRP Guidelines. In this Report, Staff: 1) re-affirms its conclusion that the Idaho Power 2011 IRP reasonably complies with the IRP Guidelines; 2) notes its Attachment 1 to Final Comments which documents the 2011 IRP Guideline compliance; and 3) re-affirms its recommendation that future IRPs include a concise listing of action items for all resources and resource related activities, with each action item numbered.

PROPOSED COMMISSION MOTION:

Idaho Power's 2011 Integrated Resource Plan be acknowledged, with agreed to revised action items and recommendations for future IRPs, as reflected in Attachment 1, by adoption of the attached proposed order.

Attachment 1
Revised Action Items and Recommendations for Future IRPs

Idaho Power 2011 Integrated Resource Plan (IRP)

Revised Action Items:

Near-Term Action Plan (2011-2020)

Demand-Side Resource Action Items

Action Item 1 - Current Portfolio Energy Efficiency - In 2015, the forecast reduction for 2011–2015 programs will be 69 aMW; by the year 2020, the reduction across all customer classes increases to 133 aMW. By the end of the IRP planning horizon in 2030, 191 aMW of reduction is forecast to come from the current energy efficiency portfolio, with 80 percent of that reduction coming from programs serving commercial and industrial customers.

Action Item 2 - New Portfolio Energy Efficiency - In 2015, the new and expanded energy efficiency programs will reduce average loads by 13 aMW; in 2020, average loads will be reduced by 25 aMW. The full 20-year capacity of the program additions and changes is 42 aMW of average demand reduction.

Action Item 3 - Demand Response - The levels of demand response determined for the 2011 IRP analysis is 330 MW for summer 2011, 310 MW in 2012 when the Langley Gulch plant comes on line, and 315 MW in 2013 and 2014. In 2015, the demand response level used in the IRP analysis is 321 MW and then 351 MW from 2016 through the end of the planning period.

Action Item 4 – Conservation Voltage Reduction - The next IRP filed by Idaho Power will include an assessment of the available cost-effective conservation voltage reduction (CVR) resource potential in its service area. The Company will propose an action item in its 2013 IRP related to this resource. The planned energy savings and reduced peak demand will be incorporated into Idaho Power's load-resource balance forecasts.

Supply-Side Resource Action Items (Preferred Portfolio)

Action Item 5 - Solar - Issue a request for proposal (RFP) before the end of 2011 to design and construct a 500-kW–1-MW solar PV resource to be located in

Idaho Power's service area. Evaluate proposals by mid-2012, and if a successful bidder is identified, file a request with the IPUC for a CPCN. If approved, have the facility on line as early as the end of 2012.

This solar resource will satisfy the State of Oregon's Solar PV Pilot Program requirement to build a 500-kilovolt (kV) solar PV project. Continue working with the OPUC to determine if this facility would have to be built in Oregon, which may impact the structure of the RFP.

Action Item 6 - Power Purchase Agreements - Complete 83 MW in market purchase from the east side of Idaho Power's system. The purchase is necessary to cover a summer peak-hour deficit in 2015 that exists before the Boardman to Hemingway line becomes available in 2016.

Action Item 7 - Transmission – Continue to make progress on the Boardman to Hemingway transmission project between now and the completion of the 2013 IRP, and plan to begin work on permitting and initial designs shortly after the completion of the 2013 IRP.

As the Company proceeds with the B2H project, its project assumptions (for example, construction cost estimates, equity partnership estimates, third-party subscription estimates, and wheeling revenues) will be updated and analyzed in the 2013 IRP.

~~Supply-Side Resource Action Items (Alternative Portfolio)~~

~~Action Item 8 – Solar – as described for preferred portfolio Action Item 5.~~

~~Action Item 9 – Simple Cycle Combustion Turbine – 170 MW in 2015, 170 MW in 2017, and 94 MW in 2019. If the Boardman to Hemingway transmission project is delayed, begin the acquisition process for the 2015 SCCT as early as 2012.~~

Other Action Items

Action Item 10 - Renewable Energy Certificate Management - As detailed in the REC Management Plan, continue selling RECs in the near term until they are needed to meet a federal RES.

Action Item 11 - Evaluation of Environmental Compliance Costs for Existing Coal-fired Plants

In its next IRP Update, Idaho Power will include an Evaluation of Environmental Compliance Costs for Existing Coal-fired Plants. The Evaluation will investigate

whether there is flexibility in the emerging environmental regulations that would allow the Company to avoid early compliance costs by offering to shut down individual units prior to the end of their useful lives. The Company will also conduct further plant specific analysis to determine whether this tradeoff would be in the ratepayers' interest.

~~Long-Term Action Plan (2021-2030)~~

~~Action Item 12 – Long-Term Action Items – as outlined in IRP Table 10.2~~

Recommendations for future Idaho Power IRPs:

1. During preparation of the 2013 IRP, there be an Integrated Resource Plan Advisory Council (IRPAC) meeting specifically focused on demand response. Staff will participate in that meeting, and work with the Company and parties to develop a demand response approach that is in the best interest of ratepayers.

2. Base the 2011 IRP Update and the 2013 IRP on an updated load forecast that, as accurately as possible, reflects current conditions.

3. Related to the new large load issue, include an allowance for new large loads in the load forecast only if there is a signed energy service agreement. Further, include an allowance for new large loads in the load and resource balance, but the new large load must be based on specific supporting documentation.

4. Toward the goal of working collaboratively to improve of the stochastic risk analysis, at least one 2013 IRP IRPAC meeting should be set aside to focus on this subject. Further, the 2013 IRP risk analysis should include hydroelectric generation variability. In the risk analysis focused IRPAC meeting, the Company should vet its approach to including hydroelectric generation variability in the 2013 IRP risk analysis.

5. Form a wind integration study technical review committee as soon as possible. The committee is recommended to be fully engaged to review and offer suggestions for improvement of the Company's proposals for analytical methods and data used in the study. In addition, establish as soon as possible, a schedule for workshops providing full opportunity for stakeholder involvement and progress reviews. Finally, in the Company's next wind integration study look for ways in which diversity and flexible balancing resources could lower its cost of integrating intermittent resources.

6. Include in future IRPs an explanation of how the utility met each substantive and procedural requirement, as required by Guideline 4(a).

7. Include in future IRPs an action plan with resource activities the utility intends to undertake over the next two to four years to acquire the identified resources, as required by IRP Guideline 4(n).

8. Include in future IRPs a concise listing of action items for all resources and resource related activities, with each action item numbered.

ORDER NO.

ENTERED

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

LC 53

In the Matter of	)	
	)	PROPOSED ORDER
IDAHO POWER COMPANY	)	
	)	
2011 Integrated Resource Plan.		

DISPOSITION: PLAN ACKNOWLEDGED WITH EXCEPTIONS AND REQUIREMENTS FOR NEXT IRP UPDATE.

I. INTRODUCTION

Idaho Power Company (Idaho Power or the Company) seeks acknowledgement of its 2011 Integrated Resource Plan (IRP). This filing is in accordance with Public Utility Commission of Oregon (Commission) Order No. 07-002, as corrected by Order No. 07-047,[1] which requires all regulated energy utilities operating in Oregon to engage in integrated resource planning. We acknowledge the plan with certain exceptions and requirements for the next IRP update that are discussed below.

The Commission requires regulated energy utilities to prepare integrated resource plans within two years of acknowledgment of the last plan. Prior to resource decision-making, utilities must involve the Commission and the public in their planning process. Substantively, the Commission requires that energy utilities: (1) evaluate resources on a consistent and comparable basis; (2) consider risk and uncertainty; (3) make the primary goal of the process selecting a portfolio of resources with the best combination of expected costs and associated risks and uncertainties for the utility and its customers; and (4) create a plan that is consistent with the long-run public interest as expressed in Oregon and federal energy policies. See Order No. 07-002.

The Commission "acknowledges" resource plans that satisfy the procedural and substantive requirements, and that seem reasonable at the time acknowledgment is given.

[1] The Commission originally adopted least-cost planning in Order No. 89-507 (Docket UM 180). The Commission updated the utility planning process in Docket UM 1056.

II. PROCEDURAL HISTORY

Idaho Power filed its 2011 IRP on June 30, 2011. A prehearing conference was held July 29, 2011, and a schedule adopted. Petitions to intervene were granted on behalf of Renewable Northwest Project (RNP), Portland General Electric Company, Oregon Department of Energy (ODOE), Move Idaho Power, and Stop Idaho Power. The Citizens' Utility Board (CUB) intervened by right.

On September 20, 2011, Idaho Power presented its IRP to the Commission at a Public Meeting. A technical workshop was held for parties in the docket on September 20, 2011. Staff and intervener initial comments were filed October 18, 2011. Company reply comments were filed November 8, 2011. Staff final comments and this draft order were filed December 6, 2011. Company and intervener comments in reply to Staff final comments were filed January 3, 2012. Staff's staff report and this proposed order were filed January 24, 2012.

III. DISCUSSION

The primary issues in this IRP are discussed below. Each issue is correlated with its corresponding Action Item in Idaho Power's IRP.

A. Issues

1. Evaluation of Environmental Compliance Costs for Existing Coal-fired Plants (Action Item 11)

a. Parties' Positions

Initial Comments:

CUB recognizes that Idaho Power does not wholly own or operate any coal plants, but does have a significant ownership interest in three large plants (Boardman, North Valmy, and Jim Bridger). These plants, CUB states, provided 41 percent of its total 2010 generation. CUB points out these three plants will face increasing costs to comply with clean air regulations in the coming years. CUB states that without an analysis of the investment in clean air retrofits to the coal plants that provide energy to Idaho Power, the Commission does not have adequate information to acknowledge any part of the clean air investment either explicitly or implicitly. CUB also asserts that it is difficult to identify items in the proposed Action Plan that would not be affected by a change in the fleet of coal units that provide energy for the Company.

CUB suggests that Idaho Power be required to conduct a unit-by-unit evaluation of its clean air investment costs, similar to that conducted by PGE for its Boardman plant, before the provisions relating to coal plant investment contained in its IRP are considered for acknowledgment. CUB also notes that Idaho Power has conducted a number of

tipping point analyses in this IRP process. CUB respectfully requested that the Commission require the Company to conduct an additional tipping point analysis on the price of continuing to purchase energy from existing coal resources versus a number of replacement base load resources, such as combined cycle combustion turbines (CCCT) and renewables. CUB states that, while such a study would not be as revelatory as a full AURORA model run, it could be compared to various estimates of potential clean air compliance costs to assess Idaho Power's level of compliance risk.

In conclusion, CUB recommends that the Commission not acknowledge any elements of the 2011 IRP until the Company submits its underlying analysis of the coal investment, and Staff and other parties have a chance to review and comment on that analysis. CUB eagerly awaits Idaho Power's additional unit-by-unit analysis and encourages the Commission to provide ample scheduling accommodation to the Company to ensure that its analysis is done properly and is not rushed, and to ensure that interveners have adequate time to review and comment upon that analysis.

RNP recommends that the Commission require Idaho Power to analyze, in this IRP, the costs and risks of maintaining its coal plants and how carbon costs and environmental regulations could alter their cost-competitiveness in the future. It emphasizes ss the importance of an analyses of the type described in the comments of the CUB be performed before the utility commits to significant investments, and before the utility loses the flexibility of the best available retrofit technology (BART) regime to exchange interim investments for early closure.

Staff notes that IRP Guideline 4(g) requires the utility to identify key assumptions about the future, including assumptions about future environmental compliance costs. Idaho Power's 2011 IRP, by virtue of its September 20, 2011 presentation to the Commission, provides an evaluation of the compliance of its existing coal fired generation resources with new, draft, and anticipated environmental regulations. Staff commented that it requested and will evaluate a breakdown of the environmental compliance costs, by coal fired generation unit, used in its evaluation.

Idaho Power notes that in its September 20, 2011, IRP presentation to the Commission, the Company presented at a very high level a range of costs that could potentially result if certain environmental regulations were implemented. Importantly, and as indicated in the slide presentation on September 20, the high-level estimates of forecast environmental costs were derived solely for purposes of providing a resource "tipping point" analysis to the Commission and interested parties; those forecast costs were not intended to serve as estimates of potential environmental compliance costs. That high level analysis demonstrated that even if the Company were required to spend the estimated amount to comply with potential federal environmental regulations, those costs would still be less expensive than constructing replacement natural gas generation resources. As indicated above, the forecast costs contained in the tipping point analysis were not included as part of the Company's 2011 IRP process because the costs are too speculative at this time.

Idaho Power states that until the scope and substance of these potential regulations is more certain, the Company can only speculate as to the extent the rules will apply to its coal plants. Correspondingly, any cost estimate prepared by Idaho Power to conduct the unit-by-unit cost impact analysis as requested by CUB would be highly speculative as well. Speculation does not make for prudent utility planning.

The Company concludes by stating, it would not be appropriate for the Commission to refuse to "acknowledge any IRP that includes plans for future coal plant investments." Instead, the Commission should acknowledge the Company's 2011 IRP including the Company's preferred portfolio and, as part of that acknowledgement, require the Company to conduct the environmental compliance costs analysis requested by CUB as part of its 2013 IRP. This approach allows time for the proposed environmental regulations to become finalized so the Company can conduct more accurate environmental compliance cost analyses as well as afford CUB the opportunity to participate in the public process of preparing the Company's 2013 IRP during meetings with the IRP Advisory Council.

Staff Final Comments:

Revised Action Item

Staff recommends addition of the following action item:

Action Item 11 - Evaluation of Environmental Compliance Costs for Existing Coal-fired Plants

In its next IRP Update, Idaho Power will include an Evaluation of Environmental Compliance Costs for Existing Coal-fired Plants. The Evaluation will investigate whether there is flexibility in the emerging environmental regulations that would allow the Company to avoid early compliance costs by offering to shut down individual units prior to the end of their useful lives. The Company will also conduct further plant specific analysis to determine whether this tradeoff would be in the ratepayers' interest.

Staff concluded in its initial comments that Idaho Power's 2011 IRP, by virtue of its September 20, 2011 presentation to the Commission, provides an evaluation of the compliance of its existing coal fired generation resources with new, draft, and anticipated environmental regulations. Following initial comments, Staff received and evaluated the Company's responses to data request 42. The data request responses included a confidential spreadsheet presenting a breakdown of environmental compliance costs, by coal fired generation unit. The responses also included a confidential spreadsheet calculating the revenue requirement and resulting cost per megawatt-hour (MWhr) used in the evaluation presentation to the Commission. This spreadsheet aggregates the costs for all the Company's coal fired generation resources. In its review of the data request confidential spreadsheets, Staff found that Idaho Power considered and analyzed the suite of environmental compliance cost elements that are known and reasonable to consider at

this time. Staff observes that the coal fired generation resource evaluation presentation and responses to data requests support continued use of the existing coal resources. Staff concludes that, for the present time, there is sufficient evidence supporting continued use of the Company's existing coal fired resources as part of a resource strategy with the best combination of cost and risk for Idaho Power and its ratepayers. This conclusion forms the basis for considering other action items in Idaho Power's 2011 IRP in more detail.

Staff recommends that Idaho Power be required to further investigate whether there is flexibility in the emerging environmental regulations that would allow the Company to avoid early compliance costs by offering to shut down individual units prior to the end of their useful lives. In addition, Staff recommends that Idaho Power conduct further plant specific analysis to determine whether this tradeoff would be in the ratepayers' interest. Staff recommends that the Company be required to provide this additional analysis in their 2011 IRP Update.

Reply Comments:

Idaho Power agrees with Staff that an evaluation of environmental compliance costs for Bridger and Valmy should be conducted. Idaho Power states, at this time, it believes that the Company will be able to conduct an environmental compliance study in 2012. The study will include an evaluation of incremental investments in Bridger and Valmy to comply with enacted and reasonably anticipated legislation, rules and regulations, known by the Company at the time of the study. In addition, the study will include an economic analysis of the impacts associated with an early shut-down of individual units prior to the end of their anticipated useful lives.

Idaho Power anticipates the results of the environmental compliance study will be available in the fall of 2012 and will fully vet the results with the Company's Integrated Resource Planning Advisory Council (IRPAC) and incorporate the results as part of the Company's 2013 IRP. In addition, the results from the study will be presented to the Commission as part of the 2011 IRP Update that, pursuant to Commission rule, will occur within one-year of the date of a Commission Order acknowledging the 2011 IRP, as recommended by Staff.

CUB states it is disappointed by Staff's recommendation that the Commission acknowledge Idaho Power's IRP, but is encouraged by Staff's recommendation that the Company be required to include an in-depth analysis of environmental compliance costs in its 2011 IRP update. The description Staff provided of the required coal plant analysis is compatible with CUB's request, but CUB believes the analysis needs to be conducted prior to IRP acknowledgement and not after acknowledgment.

CUB notes that Idaho Power's reply comments have dismissed this requested study as "necessarily speculative" and claims that adequate information regarding clean air compliance costs has been furnished. While CUB appreciates Idaho Power's slight nod towards providing this analysis, and understands the Company's reluctance to forecast compliance costs for regulations that have yet to be finalized, significant

investments in these facilities are already scheduled for each coming year, whether or not those regulations go into effect. CUB continues in its belief that the time to conduct the necessary analysis and make decisions regarding the future of Idaho Power's coal fleet is now. CUB comments that until Idaho Power agrees to conduct such an analysis, CUB will continue to oppose the acknowledgment of an IRP containing plans for additional coal investments.

In summary, CUB respectfully requests that the Commission withhold acknowledgment of the 2011 IRP until Idaho Power performs the requested environmental compliance analysis of the investments at its coal plants. If the Commission does acknowledge the 2011 IRP at this time, then CUB respectfully requests that the Commission require the Company to complete the environmental compliance analysis on or before February 1, 2012. CUB also respectfully requested that any acknowledgment of the IRP, in addition to having the compliance condition for the environmental compliance costs, also contain the other conditions recommended by Staff.

Staff Response to Reply Comments:

Revised Action Item

Staff recommends addition of the following action item:

Action Item 11 - Evaluation of Environmental Compliance Costs for Existing Coal-fired Plants

In its next IRP Update, Idaho Power will include an Evaluation of Environmental Compliance Costs for Existing Coal-fired Plants. The Evaluation will investigate whether there is flexibility in the emerging environmental regulations that would allow the Company to avoid early compliance costs by offering to shut down individual units prior to the end of their useful lives. The Company will also conduct further plant specific analysis to determine whether this tradeoff would be in the ratepayers' interest.

CUB continues to recommend that the Commission require Idaho Power to analyze, in this IRP, the costs and risks of maintaining its coal plants, and how carbon costs and environmental regulations could alter their cost-competitiveness in the future. CUB continues also to note the importance that the analysis be performed before the utility commits to significant investments, and before the utility loses the flexibility of the best available retrofit technology (BART) regime to exchange interim investments for early closure. RNP echoed similar thinking in its initial comments.

Idaho Power agrees with Staff that an evaluation of environmental compliance costs for Bridger and Valmy should be conducted. The Company will be able to conduct an environmental compliance study in 2012, will present results to the Commission as part of the 2011 IRP Update, and will incorporate the results as part of the Company's 2013 IRP.

Staff noted in final comments that Idaho Power, in its September 20, 2011 IRP presentation to the Commission, presented, a very high level analysis demonstrating that even if the Company were required to spend the estimated amount to comply with potential federal environmental regulations, those costs would still be less expensive than constructing replacement natural gas generation resources. Staff also noted in final comments that the Company's responses to data request 42 considered and analyzed the suite of environmental compliance cost elements that are known and reasonable to consider at this time. Staff concluded the data request response provides support for continued use of the existing coal resources.

Staff agrees with CUB and RNP that it is important to analyze the costs and risks of continuing operation of the Company's coal plants, and how carbon costs and environmental regulations could alter their cost-competitiveness in the future. However, Staff concludes that, for the present time, there is sufficient evidence supporting continued use of the Company's existing coal fired resources as part of a resource strategy with the best combination of cost and risk for Idaho Power and its ratepayers. As a result, Staff does not agree with CUB and RNP to not acknowledge the 2011 IRP pending the completion of further coal plant analysis.

Staff recommends that Idaho Power be required to further investigate whether there is flexibility in the emerging environmental regulations that would allow the Company to avoid early compliance costs by offering to shut down individual units prior to the end of their useful lives. In addition, Staff recommends that Idaho Power conduct further unit specific analysis to determine whether this tradeoff would be in the ratepayers' interest. Staff recommends that the Company be required to provide this additional analysis in its 2011 IRP Update.

b. Resolution

We agree with Staff that the September 20, 2011 coal fired generation resource evaluation presentation made by the Company advances the economic analysis of coal plant replacement. However, we do not find that the evaluation has been fully vetted. As a result, we agree with Staff that there should be further review of the modeling, and further investigation and analysis of the potential for flexibility in the emerging environmental regulations.

All of our acknowledgement decisions in this IRP are influenced by the uncertainty surrounding Idaho Power's coal fleet. We proceed with the remaining acknowledgment decisions in this case, relying on the preliminary result from the coal fired generation resource evaluation presentation, because we expect Idaho Power to complete additional evaluation and file it with the upcoming IRP Update in 2012. If the results of the additional evaluation in the IRP Update are significantly different from the preliminary results, then the Company can ask us to consider these acknowledgment decisions again at that time. The following action item is added:

Action Item 11 - Evaluation of Environmental Compliance Costs for Existing Coal-fired Plants

In its next IRP Update, Idaho Power will include an Evaluation of Environmental Compliance Costs for Existing Coal-fired Plants. The Evaluation will investigate whether there is flexibility in the emerging environmental regulations that would allow the Company to avoid early compliance costs by offering to shut down individual units prior to the end of their useful lives. The Company will also conduct further plant specific analysis to determine whether this tradeoff would be in the ratepayers' interest.

2. Boardman to Hemingway Transmission Project (Action Item 7)

a. Parties' Positions

Initial Comments:

RNP generally supports acknowledgment of the primary resource in Idaho Power's near-term 10-year portfolio: improved access to markets through development of the Boardman to Hemingway transmission line (B2H). RNP goes on to state that meeting summertime peak capacity needs with market purchases from the winter-peaking west appears to be a solid plan for the utility, and B2H also brings strong reliability benefits. B2H, RNP believes, can also position Idaho Power to acquire more energy from renewable resources, and lower the cost of integrating renewables by enabling access to within-hour flexibility now developing in the broader market.

CUB comments that things would change if some of Idaho Power's coal units were phased out; noting the preferred Action Plan assumes the addition of the Boardman to Hemingway transmission line. CUB points out, if one or more of the coal units were to close, some transmission lines would have open capacity. Thus, the design and location of new transmission could change with the closure of one or more coal plants.

In initial comments Staff notes that it continues to review this project for consistency between the Capital Costs represented in the Company's 2011 IRP and in responses to Staff data requests. Furthermore, Staff continues to review the assumptions used in determining the economic net benefits and non-economic benefits of the B2H Project.

In general, Idaho Power concurs with the RNP's initial comments as they relate to the B2H transmission project. As for capital costs, the Company notes and appreciates Staff's review and verification of the anticipated costs and assumptions associated with the B2H project. As the project developer, Idaho Power continues to review its assumptions and costs on a regular basis to ensure the project complies with the Company's goals and objectives and continues to represent the best cost/risk resource.

In response to CUB's argument that coal plant closures would free up transmission capacity, Idaho Power notes that determining which existing transmission lines on its system could have additional free capacity as the result of a potential future shut-down of one of the Company's coal plants is highly speculative and inconsistent with prudent utility planning practices. As noted above, the Company believes it is premature in this IRP for the Company to conduct the detailed environmental compliance cost analyses requested by CUB. Moreover, once those analyses are complete, it is wholly unknown whether the results of those analyses will suggest early decommissioning and shut-down of the Company's coal plants is the least cost alternative. Accordingly, the Commission should not delay the B2H project to conduct the environmental compliance cost analyses called for in CUB's comments. Idaho Power suggested the Commission should acknowledge B2H as the Company's preferred portfolio resource as the Company has demonstrated in its 2011 IRP that is the most cost-effective way to meet the resource needs of the Company and its customers.

Staff Final Comments:

Revised Action Item

Staff recommends acknowledging the B2H transmission project with the requirement for Company analysis updates, as follows:

> Action Item 7 - Transmission – ACKNOWLEDGED WITH REQUIREMENT FOR ANALYSIS UPDATES. Continue to make progress on the Boardman to Hemingway transmission project between now and the completion of the 2013 IRP, and plan to begin work on permitting and initial designs shortly after the completion of the 2013 IRP.
>
> As the Company proceeds with the B2H project, its project assumptions (for example, construction cost estimates, equity partnership estimates, third-party subscription estimates, and wheeling revenues) will be updated and analyzed in the 2013 IRP.

In regard to CUB's comment that the design and location of new transmission could change with the closure of one or more coal plants, Staff notes that the only coal fired resource in the vicinity of the B2H transmission project is Portland General Electric's Boardman plant, and that plant is assumed in this IRP to be shut down in 2020. As a result, in relation to the B2H project, there is no additional transmission capacity to be freed-up by coal plant retirements. Staff therefore does not recommend directing Idaho Power to delay the B2H project while completing the requested coal plant evaluation. Staff does recommend Idaho Power evaluate the B2H project in light of the findings of the coal plant evaluation to ensure optimal benefits and timing before moving forward with permitting and construction.

Staff generally agrees with the comments offered by RNP and CUB regarding the benefits the B2H transmission project brings. Staff typically conducts its analysis of transmission projects on the basis of quantifying the costs and benefits of the project. The

B2H project, however, is proposed and justified as the primary resource in a portfolio representing the best combination of cost and risk for Idaho Power and its ratepayers. On that basis Staff evaluated the B2H project, as described below.

Idaho Power included the B2H project in its 2011 IRP Preferred Resource Portfolio.[2] The proposed B2H project involves constructing, operating, and maintaining a new single-circuit 500-kV transmission line of approximately 300 miles in length. The proposed route is between northeast Oregon and southwest Idaho.[3] The project's capital cost is estimated by the Company to be approximately $820 million.[4,5]

Double Counting of Allowance for Funds Used During Construction (AFUDC)

In Idaho Power's response to Staff data request 27,[6] the Company provided an estimated capital cost of approximately $820 million, inclusive of approximately $93 million in AFUDC. Assuming a 28 percent share, the Company estimated its portion of the project's capital costs at $229 million (28 percent of $820 million). However, in addition to the AFUDC included in the Company's estimated portion of $229 million, the Company also included $31 million of AFUDC to arrive at $260 million as calculated in Idaho Power's Attachment 1 to the Company's response to Staff Data Request 28.[7] Therefore, $31 million in AFUDC was double counted.

Staff addressed this double counting in Staff data request 48.[8] In Idaho Power's response, the Company represented that "[t]he Public Utility Commission of Oregon Staff is correct in that AFUDC was mistakenly included twice in the capital cost estimate for B2H in the IRP." In the same response to Staff data request 48, the Company updated the present value of revenue requirement (PVRR) of the B2H project to address the double counting, reducing it by $38 million from $316 million to $278 million.[9]

Conclusion

Commission Order No. 10-392, related to the Company's 2009 IRP, noted the small number of recent transmission projects and the case specific nature of any transmission project, make it difficult to vet key assumptions that will determine the cost to Idaho Power's retail customers of the B2H project. The Commission also noted its concern about this uncertainty was tempered by risk analyses showing that the "B2H portfolio" is the best portfolio for customers over a range of capital costs and third-party subscription levels. Accordingly, the Commission considered it reasonable to proceed with the B2H project based on the information available at that time. In that Order, the Commission also adopted Staff's recommendation that Idaho Power be required to

[2] See Idaho Power's 2011 IRP, Chapter 1, "Summary," "Table 1.1," page 7.
[3] See Idaho Power's 2011 IRP, Chapter 5, "Supply-Side Resources," page 51.
[4] See Idaho Power's 2011 IRP, Chapter 5, "Supply-Side Resources," "Updated Cost Estimate," page 53.
[5] See Idaho Power's response to Staff Data Request 27.
[6] See Idaho Power's response to Staff Data Request 27.
[7] See Idaho Power's response to Staff Data Request 28.
[8] See Idaho Power's response to Staff Data Request 48.
[9] The reduction of approximately $38 million in PVRR is the equivalent of reducing $31 million of the project capital costs.

update its B2H project assumptions (for example, construction cost estimates, equity partnership estimates, third-party subscription estimates, and wheeling revenues) in its 2011 IRP. At the Commission public meeting on September 7, 2010, the Company committed to continue to analyze and assess the B2H project as an uncommitted resource.

Staff has the same concerns with regard to the B2H transmission project in this 2011 IRP as it did in the 2009 IRP. As done by the Commission for the 2009 IRP, Staff tempers its concern with recognizing the project continues to be identified, through the 2011 IRP analysis, as the primary resource in the best portfolio for customers over a range of capital costs and third-party subscription levels. On this basis, Staff recommends the B2H project be acknowledged, but that as the Company proceeds with the B2H project, its project assumptions (for example, construction cost estimates, equity partnership estimates, third-party subscription estimates, and wheeling revenues) should be updated.

Reply Comments:

Idaho Power agrees with Staff's recommendation to continue providing updated analyses and assumptions related to the B2H transmission project. Specifically, the Company will provide a project update to the Commission as part of preparing and presenting the 2011 IRP Update, and will continue to treat the B2H project as an uncommitted resource in the 2013 IRP.

Staff Response to Reply Comments:

Revised Action Item

Staff recommends the following addition to the action item:

Action Item 7 - Transmission – Continue to make progress on the Boardman to Hemingway transmission project between now and the completion of the 2013 IRP, and plan to begin work on permitting and initial designs shortly after the completion of the 2013 IRP.

As the Company proceeds with the B2H project, its project assumptions (for example, construction cost estimates, equity partnership estimates, third-party subscription estimates, and wheeling revenues) will be updated and analyzed in the 2013 IRP.

Staff is pleased the Company agrees to provide project updates and will continue to treat the B2H project as an uncommitted resource. Staff recommends acknowledging the B2H transmission project with the requirement for Company analysis updates.

b. Resolution

We share the concerns noted by Staff related to confirming the cost of the B2H project to customers. However, we consider it reasonable to proceed with the B2H project based on the information available now. As a result, we acknowledge B2H with the requirement for Company analysis updates. Action Item 7 is revised as follows:

> Action Item 7 - Transmission – Continue to make progress on the Boardman to Hemingway (B2H) transmission project between now and the completion of the 2013 IRP, and plan to begin work on permitting and initial designs shortly after the completion of the 2013 IRP.
>
> As the Company proceeds with the B2H project, its project assumptions (for example, construction cost estimates, equity partnership estimates, third-party subscription estimates, and wheeling revenues) will be updated and analyzed in the 2013 IRP.

3. Conservation Voltage Reduction (Action Item 4)

a. Parties' Positions

Initial Comments:

Staff reports that in the response to Staff data request 45 Idaho Power stated:

> The Idaho Power results from this [Northwest Energy Efficiency Alliance 2007 Distribution Efficiency Initiative] study show that a voltage reduction of approximately 3 percent results in energy savings of approximately 1.5 percent to 2.5 percent and approximately 1.8 percent to 2.6 percent on peak, 80 percent to 90 percent of this savings are on the customer side of the meter.

In its response the Company also noted that:

> CVR (conservation voltage reduction) was implemented on 30 circuits in 2009. Estimated annual savings for these circuits is 5,665 megawatt-hours ("MWh") and 0.78 megawatts ("MW") during peak load periods. For 6 of the 9 circuits scheduled for implementation by the spring of 2012, the estimated annual savings is 4,110 MWh and 0.82 MW on peak load periods.

Staff continues with comments that, despite these promising beginnings for CVR measures, neither Idaho Power's IRP nor its Appendix B on Demand-Side Management mentions further plans for CVR. Nor are the savings from potential CVR measures incorporated in its supply-demand balance for energy or peak demand. As a result, Staff

is considering an additional action item to address acquisition of cost effective CVR resources.

Idaho Power states that it thoroughly considered both the potential and cost effectiveness of CVR. Accordingly, there is no need for the Commission to issue an additional action item addressing the acquisition of cost effective CVR.

The Company also states most of the savings realized by Idaho Power from CVR occurred in the years prior to the 2011 IRP planning horizon and subsequently the savings were not considered a new resource. As stated in response to Staff's data request 43 in this proceeding, CVR impacts are indirectly integrated into the load forecast by virtue of being embedded in the historical data that is used as part of preparing the load forecast. Mathematically, the impact is effectively being attributed to other variables such as codes, manufacturing standards, weather, economy, and trend or error.

Lastly, as for cost effectiveness, Idaho Power comments it has done some preliminary analysis that showed the projects the Company had completed to be very cost-effective as there was little or no cost. As Idaho Power explores further circuits that require more investment to enable CVR to be effective, the cost-effectiveness will have to be more closely examined.

Staff Final Comments:

Revised Action Item

For the reasons reported in its initial comments, Staff recommends an additional action item to address acquisition of cost effective CVR resources, as follows:

> Action Item 4 – Conservation Voltage Reduction - The next IRP filed by Idaho Power will include an assessment of the available cost-effective conservation voltage reduction (CVR) resource potential in its service area. The Company will propose an action plan in its 2013 IRP related to this resource. The planned energy savings and reduced peak demand will be incorporated into Idaho Power's supply-demand balance forecasts.

Staff respectfully disagrees with the Company's statement that:

> CVR impacts are indirectly integrated into the load forecast by virtue of being embedded in the historical data that is used as part of preparing the load forecast. Mathematically, the impact is effectively being attributed to other variables such as codes, manufacturing standards, weather, economy, and trend or error.[10]

Staff sees this statement is logically incorrect. The Company agrees that there is an untapped CVR and that this resource is "very cost effective."[11] The Company

[10] Company Reply Comments of Nov. 8, 2011 at 11.
[11] Ibid at 12.

indicates it is pursuing further reductions in load from continued implementation of CVR.[12] Mathematically, these future reductions in the need will affect the need for resource additions and are not included in the IRP.

Reply Comments:

Idaho Power supports Staff's recommendation that the Company include an assessment of cost-effective CVR resource potential in its service territory as well as an action item related to CVR as part of its 2013 IRP.

Staff Response to Reply Comments:

Revised Action Item

Staff's s recommends the following action item to address acquisition of cost-effective CVR resources, as follows:

> Action Item 4 – Conservation Voltage Reduction - The next IRP filed by Idaho Power will include an assessment of the available cost-effective conservation voltage reduction (CVR) resource potential in its service area. The Company will propose an action plan in its 2013 IRP related to this resource. The planned energy savings and reduced peak demand will be incorporated into Idaho Power's load-resource balance forecasts.

Staff welcomes the Company's agreement to include additional details of its CVR acquisition in its 2013 IRP.

b. Resolution

We are also struck by the fact that, despite promising beginnings for CVR measures, neither Idaho Power's IRP nor its Appendix B on Demand-Side Management mentions further plans for CVR. Nor are the savings from potential CVR measures incorporated in its supply-demand balance for energy or peak demand. We are convinced, as was Staff and Idaho Power, that there is an untapped CVR resource and that this resource is "very cost effective."As a result, we direct the addition of a CVR action item as follows:

> Action Item 4 – Conservation Voltage Reduction - The next IRP filed by Idaho Power will include an assessment of the available cost-effective conservation voltage reduction (CVR) resource potential in its service area. The Company will propose an action plan in its 2013 IRP related to this resource. The planned energy savings and reduced peak demand will be incorporated into Idaho Power's load-resource balance forecasts.

[12] Ibid.

4. Demand Response (Action Item 3)

a. Parties' Positions

Initial Comments:

Staff's notes that in both the September 20, 2011 presentation made to the Commission and the workshop held that afternoon, the Company presented an analysis comparing the cost per megawatt-hour for the various demand response (DR) programs with that for a simple cycle combustion turbine (SCCT). Staff does not necessarily question the underlying analysis or results. Staff saw the basis for DR programs being that the cost of not using capacity is substantially less than the cost of generating capacity. On that basis, if the cost of DR programs is more than the cost of an SCCT, Staff would believe the DR program implementation may need revision. Staff reported it would continue to investigate this concern.

Staff Final Comments:

The Company indicates that in this IRP cycle the evaluation of demand response programs was switched from an "all cost-effective DSM" approach to a "need-based" approach. Based on Page 41 of 2011 IRP the goal of demand response programs at Idaho Power is to reduce summer peak load during periods of extremely high demand and minimize or delay the need to build new supply-side resources. Further, based on an analysis comparing the costs from an energy perspective for demand response to the energy costs of owning and operating an SCCT, Idaho Power concluded that there is a defined optimal amount of demand response for Idaho Power's system.

Staff disagrees that the appropriate level of demand response should be determined by comparison of the cost per hour of demand response to the hourly cost of energy produced in a simple cycle combustion turbine. Staff contends that this type of analysis contradicts the Company's own statement regarding why demand response is needed – to offset the need for new capacity resources – and therefore such a comparison is inappropriate and potentially misleading. In its filing, the Company confirms that demand response is less expensive than a SCCT from a capacity perspective, which is how program cost-effectiveness is determined.

Staff presents a table reporting the Company's historical and projected levels of peak hour load reduction due to demand response. Between 2008 and 2010 the Company increased the amount of demand response by more than a factor of five.

Growth in summertime peak-hour demand continues to drive the Company's need for additional resources. The avoided capacity resource for peak summer hours and for demand response programs is based on a 170 MW natural gas fired, simple-cycle combustion turbine. The marginal resource the Company is trying to avoid with DSM efforts for summer on peak is a SCCT. The estimated levelized capacity cost of building a new SCCT is $94/kilowatt (kW) over 30-year expected life. For DR or direct load

control, DSM programs operating during summer peak, the $94/kW becomes the cost threshold for program cost effectiveness. The Company indicates that in 2030, the projected 351 MW of demand response has a levelized cost of $48/kW.

Conclusion

Staff recommends that the Company pursue all cost effective demand response through existing programs (Irrigation Peak Rewards, A/C Cool Credit and FlexPeak Management) and consider new programs as applicable, including those using third-party program administrators and those that would extend into September when peak management is also an issue. In the long term planning horizon, the Company should continue to consider how demand response could offset need for new resources and how current seasonal limitations could be overcome through modified program design. The Company should pursue all the demand response it can in order to both offset need for supply side resources, and if properly designed, to offset the need for market purchases in peak periods.

Staff questions whether or not the Company needs to identify an optimum level of demand response as it indicates the Company is now doing. The Company's first attempt to demonstrate this optimum level by comparing hourly energy costs of demand response to hourly energy costs of an SCCT is not convincing and simply does not make sense. If there is an optimum, the Company has failed to convince Staff. Staff continues to believe Demand Response is the least cost, least risk resource, so it should be maximized.

Reply Comments:

The Company agrees generally that it should pursue all cost-effective demand-response that can be successfully utilized on its system. The Company states that there is an optimal level of demand response and when there is too much demand response, there exist "potential adverse consequences." The Company continues to point to its belief that demand response can increase energy costs. The Company restates that the capacity perspective is how program cost-effectiveness is determined. The Company explains that historically it had changed program dates and hours of availability to better match the need with potential demand deficits and says it "will continue to monitor program parameters in relation to system needs and propose changes as needed."

Staff Response to Reply Comments:

Revised Action Item

No change recommended to Action Item 3, which reads as follows:

Action Item 3 - Demand Response - The levels of demand response determined for the 2011 IRP analysis is 330 MW for summer 2011, 310 MW in 2012 when the Langley Gulch plant comes on line, and 315 MW in 2013 and 2014. In 2015,

the demand response level used in the IRP analysis is 321 MW and then 351 MW from 2016 through the end of the planning period.

Staff sees no new or compelling information in the Company's reply comments. Staff stands by its position articulated in final comments. Specifically, Staff is not convinced that it is in the best interest of ratepayers for Idaho Power to shift their evaluation of demand response programs from an "all cost-effective DSM" approach to a "needs-based" approach, as described on page 88 of its 2011 IRP. Staff continues to question the Company's assertion that "too much demand response on the system can increase energy cost." Demand response programs, by definition, offset the need for new capacity resources, and it makes no sense to Staff to compare the cost per hour of demand response to cost per hour of the Company's total energy portfolio. Staff is unconvinced that there are adverse consequences to rate payers from the Company acquiring demand response resources beyond the "optimum level" proposed in this IRP. Rather, Staff continues to believe demand response is the least cost, least risk resource, and should be maximized. Further, Staff believes the Company should pursue the maximum amount of demand response: 1) that is less cost on a kW basis than a supply-side resource; and 2) up to the Company's system capacity deficit amount.

Conclusion

Staff recommends acknowledgement of Action Item 3 as proposed. However, Staff recommends that during preparation of the 2013 IRP, there be an Integrated Resource Plan Advisory Council (IRPAC) meeting specifically focused on demand response. Staff will participate in that meeting, and work with the Company and parties to develop a demand response approach that is in the best interest of ratepayers.

b. Resolution

We agree with Staff that the Company should pursue the maximum amount of demand response: 1) that is less cost on a kW basis than a supply-side resource; and 2) up to the Company's system capacity deficit amount. Toward a more complete understanding of how to accomplish this, we suggest Idaho Power schedule an IRPAC meeting specifically focused on demand response. No revision to Action Item 3 is ordered.

> Action Item 3 - Demand Response - The levels of demand response determined for the 2011 IRP analysis is 330 MW for summer 2011, 310 MW in 2012 when the Langley Gulch plant comes on line, and 315 MW in 2013 and 2014. In 2015, the demand response level used in the IRP analysis is 321 MW and then 351 MW from 2016 through the end of the planning period.

5. Energy Efficiency (Action Items 1 and 2)

a. Parties' Positions

Initial Comments:

Staff initially commented it was evaluating whether Idaho Power's approach and effort captures, and will continue to capture, all cost effective energy efficiency.

Staff Final Comments:

The Company's IRP points out that energy efficiency also results in peak reduction. Currently, cost effectiveness of existing and new energy efficiency programs is high. Idaho Power is pursuing 42 average MW (aMW) of new energy efficiency load impact by 2030, at a total resource cost benefit cost ratio of 3.2, a total resource levelized cost of $0.051/kWh and utility levelized cost of $0.026/kWh.

Conclusion

Staff recommends the Company continue to pursue all cost effective demand side management as the lowest cost resource for customers.

Reply Comments:

The Company's reply comments did not specifically address energy efficiency, other than to point out the 2011 IRP did not alter its approach of pursuing all cost-effective energy efficiency.

Staff Response to Reply Comments:

<u>Revised Action Item</u>

No change to Action Items 1 and 2 is recommended.

Action Item 1 - Current Portfolio Energy Efficiency - In 2015, the forecast reduction for 2011–2015 programs will be 69 aMW; by the year 2020, the reduction across all customer classes increases to 133 aMW. By the end of the IRP planning horizon in 2030, 191 aMW of reduction is forecast to come from the current energy efficiency portfolio, with 80 percent of that reduction coming from programs serving commercial and industrial customers.

Action Item 2 - New Portfolio Energy Efficiency - In 2015, the new and expanded energy efficiency programs will reduce average loads by 13 aMW; in 2020, average loads will be reduced by 25 aMW. The full 20-year capacity of the program additions and changes is 42 aMW of average demand reduction. Staff recommends acknowledgement of Action Items 1 and 2 and recommends the

Company continue to pursue all cost-effective energy efficiency as the lowest cost resource for ratepayers.

b. Resolution

We agree with Staff that Idaho Power should continue to pursue all cost effective demand side management. No revision to Action Items 1 and 2 is ordered.

Action Item 1 - Current Portfolio Energy Efficiency - In 2015, the forecast reduction for 2011–2015 programs will be 69 aMW; by the year 2020, the reduction across all customer classes increases to 133 aMW. By the end of the IRP planning horizon in 2030, 191 aMW of reduction is forecast to come from the current energy efficiency portfolio, with 80 percent of that reduction coming from programs serving commercial and industrial customers.

Action Item 2 - New Portfolio Energy Efficiency - In 2015, the new and expanded energy efficiency programs will reduce average loads by 13 aMW; in 2020, average loads will be reduced by 25 aMW. The full 20-year capacity of the program additions and changes is 42 aMW of average demand reduction.

6. Alternative Portfolio (Action Items 8 and 9)

a. Parties' Positions

Initial Comments:

RNP encourages the Commission to seriously consider alternatives to acknowledging Idaho Power's alternative resource portfolio (1-4 SCCT), which is comprised solely of single cycle combustion turbine plants. Before acknowledging an all-gas alternative, RNP recommends the Commission give demand side management ("DSM") alternatives and solar photovoltaic ("solar PV") resources as much time as possible to ripen, because pursuing those alternatives to lowering peak needs could provide greater long-term benefits to the utility and its customers.

Staff Final Comments:

Revised Action Item

Staff recommends the alternative resource portfolio not be acknowledged as part of this IRP.

Action Item 8 - Solar – NOT ACKNOWLEDGED AS PART OF THIS IRP ~~as described for the preferred portfolio.~~

Action Item 9 - Simple Cycle Combustion Turbine – NOT ACKNOWLEDGED AS PART OF THIS IRP ~~170 MW in 2015, 170 MW in 2017, and 94 MW in~~

~~2019. If the Boardman to Hemingway transmission project is delayed, begin the acquisition process for the 2015 SCCT as early as 2012.~~

Staff agrees with RNP that the alternative resource portfolio should not be acknowledged, but for different reasons. Idaho Power proposes the alternative portfolio as its plan should the Boardman to Hemingway transmission project be delayed. Staff finds there are mechanisms available within the existing IRP process to deal with unforeseen circumstances, such as a delay in acquisition of a major resource. The primary mechanisms are the IRP Updates and new IRPs on a two year cycle. Given existing mechanisms to deal with a delay in the B2H project, Staff does not recommend acknowledging the alternate resource portfolio.

Reply Comments:

The Company states the IRP guidelines require utilities to evaluate and select alternative portfolios As long as the Preferred Portfolio with the B2H transmission project is acknowledged, Idaho Power is comfortable with Staff's recommendation that the Alternative Portfolio not be included in the Commission's acknowledgement. However, the Company requested that the Commission's Final Order clarifies that such non-acknowledgement is not the result of a flaw or failure in the Company's IRP analysis.

Staff Response to Reply Comments:

Revised Action Item

Staff recommends not acknowledging the alternative portfolio action items. Staff's recommendation is not a reflection of a flaw or failure in the IRP.

~~Action Item 8 - Solar – as described for the preferred portfolio Action Item 5.~~

~~Action Item 9 - Simple Cycle Combustion Turbine – 170 MW in 2015, 170 MW in 2017, and 94 MW in 2019. If the Boardman to Hemingway transmission project is delayed, begin the acquisition process for the 2015 SCCT as early as 2012.~~

Staff agrees with Idaho Power the Final Order should clarify that non-acknowledgement of the Alternative Portfolio is not the result of a flaw or failure in the IRP. As a point of clarification for future Idaho Power IRPs. Staff does not find a requirement in the IRP Guidelines for selecting an alternative portfolio.

Given existing IRP processes to deal with a delay in the B2H project, Staff does not find a need for an alternative portfolio acknowledgement. Staff therefore does not recommend acknowledging the alternative portfolio action items.

b. Resolution

We agree with Staff that there are existing mechanisms in the IRP process to address unforeseen circumstances, and therefore do not find a need to acknowledge an alternative resource portfolio. We clarify that non-acknowledgement of the Alternative Portfolio is not the result of a flaw or failure in the IRP. The associated action items are revised as follows:

~~Action Item 8 – Solar – as described for the preferred portfolio Action Item 5.~~

~~Action Item 9 – Simple Cycle Combustion Turbine – 170 MW in 2015, 170 MW in 2017, and 94 MW in 2019. If the Boardman to Hemingway transmission project is delayed, begin the acquisition process for the 2015 SCCT as early as 2012.~~

7. Long-Term Action Items (Action Item 12)

a. Parties' Positions

Staff Final Comments:

Revised Action Item

Staff recommends the long-term action items not be acknowledged as part of this IRP.

Action Item 12 – Long-Term Action Items – NOT ACKNOWLEDGED AS PART OF THIS IRP ~~as outlined in IRP Table 10.2~~

Idaho Power's long-term action items cover actions in the 2021 through 2030 time period. Staff takes no issue, at this time, with the content of the long-term action items. Staff does find that IRP Guideline 4(n) calls for an action plan with resource activities the utility intends to undertake in the next two to four years to acquire the identified resources.

Conclusion

Because of the desired focus in IRP Guideline 4(n) on actions in the next two to four years, Staff does not recommend acknowledging the long-term action items.

Reply Comments and Staff's Response:

Idaho Power's reply comments do not address Staff's recommendation regarding the long-term action items.

Staff does not take issue with the content of the long-term action items. However, Staff recommends the long-term action items not be acknowledged because the action items take place in the 2021 through 2030 time period, while the desired focus in IRP Guideline 4(n) is on actions over the next two to four years.

b. Resolution

We agree with Staff that the desired focus in IRP Guideline 4(n) is on actions over the next two to four years. As a result, we do not find a need to acknowledge the long-term action items. The long-term action items are not acknowledged, as reflected in the following action item revision.

~~Action Item 12 – Long-Term Action Items – as outlined in IRP Table 10.2~~

8. Load Forecast

a. Parties' Positions

Initial Comments:

Staff is concerned that Idaho Power's assumption of 1.4 percent average-energy growth and 1.8 percent peak-hour load growth is too high. Staff bases its initial concerns on the lingering economic recession, plus a shift occurring in the demand/supply balance: a demand-side shift from increased conservation success; and a supply-side shift by increasingly stringent environmental regulation. Staff would consider as reasonable a growth rate nearer the Energy Information Administration (EIA) expectation that electricity demand will grow at one percent (or less) through 2035. In addition, Staff is concerned the Idaho Power average-energy and peak-hour forecast deficit is premature by approximately two years. Staff would expect a peak-hour monthly deficit (with existing DSM and resources) near 2017 and an average-energy monthly deficit (with existing DSM and resources) near 2018.

As another component of the load forecast review, Staff comments that it looks forward to the upcoming Load Update (at the end of October, 2011). Staff is especially interested in the current status of the Hoku Materials load, the status of the contract with the new large Oregon customer (60-80 aMW), and the irrigation sector modeling. Finally, Staff comments it will continue to evaluate the load forecast in the context of the range presented in the IRP.

The Company states it is important to note that, for IRP planning purposes, Idaho Power must pick a point in time and, based upon the best information available at that time, the Company must develop assumptions to be used in the IRP. In the case of the 2011 IRP, Idaho Power used all information available as of July 2010 to develop its load forecast. Idaho Power admits that the current national economic slowdown impacts its load forecasts. Notwithstanding, the Company sought acknowledgement of its 2011 IRP based upon the best information available at the time the IRP was developed. In addition,

Idaho Power disagrees with Staff that using broad, industry-wide, national data, such as the EIA load forecast, is appropriate for the Company's IRP planning process. Idaho Power conducted detailed, service area-specific analyses based on historic and forward looking data to develop its load forecast. Accordingly, the Company suggests the Commission should rely on the Company's load forecast data in acknowledging the Company's 2011 IRP.

Staff also noted that IRP page 8 discusses what Idaho Power calls “New Large Loads.” Staff commented it was evaluating this issue in the context of whether it is appropriate, from a cost and ratemaking perspective, to include potential new large loads in IRP load forecasting. Staff’s initial thinking was that, if it is appropriate, allowance for new large loads could be included in the additional firm load category, as was proposed for the Special Customer (IRP page 63-64). Staff will continue to evaluate and consider this issue.

Staff Final Comments:

Staff agrees with Idaho Power that, for IRP acknowledgement purposes, it is not appropriate to pick-and-choose selected items for updating without updating the entire IRP. Staff also desires to evaluate the complete forecast process.

Recognizing the Company near-term action plan does not request acknowledgement of new supply side resource acquisition, but rather acknowledgement to continue to make progress on the B2H project, Staff does not recommend a change to the 2011 IRP based on an updated load forecast. Instead, Staff highlights the need for the 2011 IRP Update and the 2013 IRP to be based on an updated load forecast that, as accurately as possible, reflects current conditions.

Idaho Power acknowledges that the current national economic slowdown is impacting its load forecast (Page 9 of the Company Reply Comments). Staff presents a table showing the historical picture of Idaho Power’s performance in the state of Oregon (from 2010 Oregon Statistics Book). The table shows an actual load growth of 0.05 percent over the 2001 to 2010 time period. This is substantially less than the 1.4 percent average-energy growth forecast by Idaho Power for this IRP. Although the IRP analysis considers a range of load growth forecasts from 1 to 1.8 percent, the 0.05 percent actual load growth since 2001 is outside the range considered. However, the one percent load growth suggested by Staff is within range considered in the IRP.

Related to the new large load issue introduced in its initial comments, Staff concludes it is appropriate to include an allowance for new large loads in the load forecast as an additional firm load category, but the new large load must be based on specific supporting documentation.

Reply Comments:

Idaho Power reiterates that for the purposes of determining load forecasts, it is more appropriate to use Company-specific data as opposed to broad, industry wide data, such as Energy Information Administration statistics. Further, the Company disagrees with Staff's reliance on Oregon-specific historical load growth as an appropriate proxy for an Idaho Power system-wide load growth forecast. As conveyed earlier, Idaho Power continues to update the load forecast within this rapidly changing economic environment; however, the Company believes the protracted economic downturn is reflective of a short-term cyclic event, not a pervasive system-wide trend change for the 20 year horizon of the IRP.

In addition, the Company feels it is appropriate to include an allowance for new large loads in the load forecast as an additional firm load category only if there is a signed energy service agreement. Otherwise, the Company agreed with Staff that it is appropriate to include an allowance for new large loads in the load and resource balance, but the new large load must be based on specific supporting documentation.

Staff Response to Reply Comments:

Idaho Power's reply comments provide a productive discussion of load forecasting issues that Staff is certain will lead to improved forecasting in future IRPs. As stated in final comments, Staff does not recommend a change to the 2011 IRP based on an updated load forecast. Instead, Staff highlights the need for the 2011 IRP Update and the 2013 IRP to be based on an updated load forecast that, as accurately as possible, reflects current conditions.

Related to the new large load issue, the Company proposes to include an allowance for new large loads in its load forecast only if there is a signed energy service agreement. Further, Idaho Power proposes to include an allowance for new large loads in the load and resource balance, but the new large load must be based on specific supporting documentation. The Company and Staff are in agreement with this approach.

b. Resolution

We agree with Staff that the 2011 IRP Update and the 2013 IRP need to be based on an updated load forecast that, as accurately as possible, reflects current conditions. We also concur that it is appropriate to include an allowance for new large loads in the load forecast only if there is a signed energy service agreement, and in the load and resource balance based on specific supporting documentation.

9. Risk Analysis

a. Parties' Positions

Initial Comments:

Staff notes its concern whether the approach Idaho Power used, whereby it sampled from a uniform distribution of incremental costs associated with each risk variable, resulted in a meaningful risk analysis.

Staff also reports considering a recommendation to include hydro generation variability as a risk variable/factor for the next IRP cycle. Staff based this recommendation on recognizing Idaho Power's significant reliance on hydroelectric generation, and the IRP Guideline 1(b)1 listing hydroelectric generation as a source of risk and uncertainty that should be addressed.

Staff Final Comments:

Staff finds two troubling aspects to Idaho Power's stochastic risk analyses – particularly as the Company's analyses are contrasted with the more conventional approaches used by other Oregon utilities:

1. Rather than ascribing standard normal or lognormal statistical distributions to the risk factors, the Company sets a year-by-year upper and lower limit to each of the factors.

2. The purpose of stochastic risk analysis is, in particular, to obtain estimates of upper limits (e.g., 90^{th} percentile) to the multi-year revenue requirements associated with the various portfolios. Generally, this task is accomplished by randomly varying the risk factors on a year-by-year basis and calculating what the revenue requirement (or "sample value") would be each year given the values of those risk factors.

Idaho Power's approach is considerably different. How a single revenue requirement "sample value" for a given year is obtained is described as follows:

a. While holding all other risk factors at their base values, the Company calculates the highest and lowest revenue requirement that would come forth after taking a particular risk factor's extreme upper and lower limits as described in 1., above.

b. The revenue requirement range just developed is divided into five equal-sized parts, with five "values" comprising the mid-points of those parts.

c. One "value" for the revenue requirement is chosen, with each of the five values from b. being given an equal chance of being chosen.

d. a. b. and c. are repeated for all the other risk factors, yielding a total of six "values" (where six is the number of different risk factors considered).

e. The "sample value" for the year is the average of those six individual "values."

The following is a simplified example contrasting the PacifiCorp and Idaho Power approaches to calculating a particular year's revenue requirement for a given portfolio:

1. Assume just two risk factors, gas prices and load growth.

2. A single "sample value" under the more standard approach described above might, for example, be what the revenue requirement would be if the gas price was "drawn" as a particular low value from a lognormal distribution, and the load was "drawn" as something above average from a normal distribution.

3. By contrast, Idaho Power's comparable "sample value" would be the average of two revenue requirements, where one was "drawn" from the five equal-sized array of revenue requirements where only gas prices varied and the other was "drawn" from the similar array where only the load varied. So, what you will end up with is a revenue requirement that represents at once a likely deviant and the nominal value for each of the risk factors. A revenue requirement distribution thus derived is difficult to interpret compared to conventional revenue requirement distributions that are based on coherent combinations of risk factors.

Staff sees the basic problem with the approach used by Idaho Power (besides the uniform distribution assumptions) is that an adverse combination of two or more unfavorable risk factors will never be "sampled" because only one risk factor is allowed to depart from its base value for any one "draw." Staff concludes that the stochastic risk analyses of Idaho Power do not provide reliable information in evaluating the risk dimension of the cost-risk analysis.

Staff also confirms its recommendation to include hydro generation variability as a risk variable/factor for the next IRP cycle. As stated in initial comments, Staff bases this recommendation on recognizing Idaho Power's significant reliance on hydroelectric generation, and the IRP Guideline 1(b)1 listing hydroelectric generation as a source of risk and uncertainty that should be addressed.

Conclusion

Staff recommends the next Idaho Power IRP present risk analysis results based upon the more conventional approach described above. This recommendation does not preclude the Company from simultaneously presenting results based upon the methodology used in the current IRP. Specifically, Staff recommends that:

1. Rather than simply estimating upper and lower extreme values for the various risk factors, statistical distribution functions should be estimated. Also, when risk factor values are randomly drawn from those distributions, how the risk factors correlate with themselves on a year-by-year basis and, in a given year, with each other (if at all) should be taken into consideration – i.e., conditional distribution functions should be employed.

2. A sample year's single revenue requirement for a particular portfolio should be calculated by simultaneously employing all of the risk factor values that were randomly drawn for that year. That year's value will combine with the single revenue requirement values for all the other subject years to yield a single net-present-value revenue requirement (NPVRR) for the subject (ten- or twenty-year) period. Repeating that process one hundred times will establish the distribution of NPVRRs for the given portfolio, and from that distribution can be obtained the median NPVRR and the upper-tail values.

In addition, Staff recommends including hydro generation variability as a risk variable/factor for the next IRP cycle.

Reply Comments:

Idaho Power appreciates Staff's comments regarding the risk analysis in the 2011 IRP, and it realizes that the stochastic analysis was complex where additional written details of the analysis would have been helpful. The Company states the stochastic analysis prepared included the adverse combinations of multiple risk variables Staff believed were missing. In addition, the Company questions regarding whether to use a uniform distribution or a normal probability distribution were discussed with the IRPAC and Idaho Power decided to use the uniform distribution, in part to increase the likelihood of drawing adverse combinations of the risk variables. Idaho Power recognizes that the choice of which probability distribution to use in the risk analysis is not unambiguous. In preparing the 2013 IRP, Idaho Power will work with Staff and the IRPAC to modify and improve the stochastic risk analysis. Idaho Power strives to improve the risk analysis in every IRP and commends Staff for its diligence in working through the details of the stochastic analysis provided in the 2011 IRP.

As for incorporating hydro generation variability as a risk factor, Idaho Power notes the water planning criteria used for the IRP, 70th percentile for energy and 90th percentile for peak, already assume worse-than-median conditions for average monthly energy and a more extreme case for peak-hour capacity planning. Because worse-than-median hydro conditions are used to develop the load and resource balance for energy and capacity, the Company does not believe there is any additional value in including hydro generation variability in the risk analysis. As an alternative to requiring this additional analysis in the 2013 IRP, Idaho Power proposes modifying the Proposed Order to require the Company to discuss and solicit input from the IRPAC on the value of including hydro generation variability in the risk analysis.

Staff Response to Reply Comments:

Staff is pleased Idaho Power is open to collaborative improvement of the stochastic risk analysis. While the Company's reply comments shed light on its risk analysis intent, Staff still finds shortcomings in the methodology compared to other more traditional methods. Instead of debating those shortcomings in this Staff Report, Staff looks forward to working collaboratively to improving the analysis for the 2013 IRP.

Further, while Staff understands, and to some extent agrees, with the Company's logic related to including hydro generation variability in its risk analysis, the fact remains that IRP Guideline 1(b)1 requires including hydroelectric generation variability as a source of risk and uncertainty that should be addressed. Staff does not believe using a static water year percentile, as the Company did, adequately addresses the risk and uncertainty of hydroelectric generation. However, Staff believes the 2011 IRP action items would not likely change if the Company were to revise its risk analysis to treat hydro generation variability as required in the Guidelines, thus accepting the 2011 IRP risk analysis is reasonable. As for the 2013 IRP risk analysis, the IRP Guideline requirement is not something the IRPAC is able to waive, or that Staff is inclined to recommend the Commission waive. Recognizing Idaho Power's significant reliance on hydroelectric generation, and the IRP Guideline requirement for addressing hydroelectric generation as a source of risk and uncertainty, Staff concludes the Company must address this source of risk and uncertainty in its 2013 IRP. To maintain the intent of the Guideline requirement, but to reduce the analytical burden, Staff is open to analyzing every tenth percentile water year, for example.

Conclusion

Toward the goal of working collaboratively to improve of the stochastic risk analysis, Staff recommends that at least one 2013 IRP IRPAC meeting be set aside to focus on this subject. Further, Staff recommends the 2013 IRP risk analysis include hydroelectric generation variability. In the risk analysis focused IRPAC meeting, Staff recommends the Company vet its approach to including hydroelectric generation variability in the 2013 IRP risk analysis.

b. Resolution

We are convinced by Staff's comments and direct that the 2013 IRP risk analysis include hydroelectric generation variability. Further, we agree with Staff's goal of working toward collaborative improvement of Idaho Power's stochastic risk analysis. As a result, we suggest at least one 2013 IRP IRPAC meeting be set aside to focus on this subject, and to vet the Company's approach to including hydroelectric generation variability in the 2013 IRP risk analysis.

10. Wind Integration Study

a. Parties' Positions

Initial Comments:

RNP stated its understanding that Idaho Power is conducting a wind integration study internally. It encouraged Idaho Power to look for ways in which diversity and flexible balancing resources could lower its cost of integrating what has been recognized as a low cost energy resource (see 2011 IRP, p. 83). RNP also encourages Idaho Power to seek both independent technical review of its study and to provide meaningful opportunity for stakeholders to give, and the utility to respond to, feedback on the study's methodology and results before those results are folded into the next IRP analysis.

Staff notes that Idaho Power was in the early stages of its wind integration study.

Staff Final Comments:

Staff agrees with RNP that Idaho Power should seek independent technical review of its wind integration study and provide meaningful opportunity for stakeholders to give feedback, before incorporating the study results into the next IRP.

Given that Idaho Power is in the process of preparing its wind integration study, Staff does not recommend redirecting that study to, as suggested by RNP, consider ways in which diversity and flexible balancing resources could lower its cost of integrating intermittent resources. Staff notes that wind integration studies to date have been designed to identify the cost of using existing resources to integrate intermittent resources. Staff sees the next generation of wind integration studies as the appropriate venue to explore and develop analytical techniques for identifying and evaluating methods for reducing the cost of integrating intermittent resources.

Conclusion

Staff recommends Idaho Power seek independent technical review of its wind integration study and provide meaningful opportunity for stakeholders to give feedback, before incorporating the study results into the next IRP. In addition, Staff recommends the Company's next wind integration study look for ways in which diversity and flexible balancing resources could lower its cost of integrating intermittent resources.

Reply Comments:

Although the results of wind integration studies are factored into the IRP planning process, Idaho Power believes the topic of wind integration itself is overly technical as it relates to system operation and is best handled in a forum separate from the IRP planning

process. As a result, the Company's position is that wind integration studies should be independent of the IRP process.

Idaho Power also reports it has been working with a consultant, Energy Exemplar USA (formerly Plexos Solutions, Inc.), to complete the wind integration modeling and study report. Prior to publishing the study report, Idaho Power plans to conduct an additional public workshop to present the results to the public and interested stakeholders that will provide an independent technical review of the study.

Staff Response to Reply Comments:

Idaho Power's reply comments raise two issues that Staff is compelled to address. First, the issue of wind integration complexity related to the IRP process. Staff agrees that wind integration studies are complex undertakings and have the potential to burden the IRP process. Having made this observation, Staff notes that the IRP process is the forum currently available to address wind integration matters that are not addressed in the wind integration study process. It is for this reason that Staff is supportive of an independent technical review of the wind integration study and meaningful opportunity for stakeholders to give feedback, before incorporating the study results into the next IRP.

Second, Staff notes that Idaho Power's statement that it "plans to conduct an additional public workshop to present the results to the public and interested stakeholders that will provide an independent technical review of the study[,]"implies that it is the "additional public workshop" that will "provide an independent technical review of the study." Staff's final comments recommending Idaho Power seek independent technical review and meaningful opportunity for stakeholders to give feedback was intended to communicate the need to: 1) establish a wind integration study technical review committee; and 2) schedule a series of workshops for stakeholders. A single workshop, from Staff's perspective, would fall far short of providing an independent technical review and meaningful opportunity for stakeholder feedback.

Conclusion

Staff recommends Idaho Power form a wind integration study technical review committee as soon as possible. The committee is recommended to be fully engaged to review and offer suggestions for improvement of the Company's proposals for analytical methods and data used in the study. In addition, Staff recommends that Idaho Power establish, as soon as possible, a schedule for workshops providing full opportunity for stakeholder involvement and progress reviews. Finally, Staff recommends the Company's next wind integration study look for ways in which diversity and flexible balancing resources could lower its cost of integrating intermittent resources.

b. Resolution

We appreciate RNP's dedication to improving studies and processes for integration of intermittent resources. After considering the points made by RNP and

Staff, we are persuaded it is a reasonable path forward to direct that Idaho Power seek independent technical review of its wind integration study and meaningful opportunity for stakeholders to give feedback, before incorporating the study results into the next IRP. As a result, we direct Idaho Power to form a wind integration study technical review committee as soon as possible. The committee is to be fully engaged to review and offer suggestions for improvement of the Company's proposals for analytical methods and data used in the study. In addition, we direct Idaho Power to establish, as soon as possible, a schedule for workshops providing full opportunity for stakeholder involvement and progress reviews.

In addition, the Company's next wind integration study should look for ways in which diversity and flexible balancing resources could lower its cost of integrating intermittent resources.

11. Other

a. Parties' Positions

Initial Comments:

Solar PV Resource

RNP encourages Idaho Power, as it gains experience with solar PV through its demonstration project and Oregon solar capacity standard project, to not limit its evaluation only to the performance of single projects. RNP believes that geographic dispersion of several solar projects could have a significant effect on smoothing the short-term variability of single projects.

Capacity Planning Margin

Staff notes the process described on IRP pages 115 and 116 for back-calculation of a capacity planning reserve margin, effectively comparing the difference between the 50^{th} and 70^{th} percentile hydroelectric water conditions. Staff intends to explore whether this approach is still appropriate given the water issues described on IRP pages 15 and 16. Staff also notes the overlap between the capacity planning reserve margin and the capacity benefit margin used in the loss of load expectation analysis.

Firm Market Purchases

Staff notes IRP page 68 discusses transmission capacity limitations. In that discussion, Idaho Power states that it does not typically rely on imports from the Intermountain Region for planning purposes. Staff intends to investigate these limitations to consider whether Idaho Power's practice of not relying on these imports was still valid.

Staff Final Comments:

Solar PV Resource

Staff notes and agrees with RNP's observations.

Capacity Planning Margin

Staff has no further comments or concerns related to this issue.

Firm Market Purchases

Idaho Power's response to Staff data request 52 presented a description of the limitations to relying on imports from the Intermountain Region, as discussed on IRP page 68. The Company stated:

> Idaho Power Company's transmission import capability from northern Nevada (262 megawatts ("MW")) only permits the import of Idaho Power's share of the Valmy Plant (262 MW). Therefore, additional power purchases on this path are substantially limited. Similarly, Idaho Power's share of the Bridger transmission system (711 MW) is full with the Company's share of the Jim Bridger Plant (711 MW). Idaho Power's market access from Montana is also limited (167 MW) and already fully subscribed with transmission service for network load customers and power purchases for native load service (167 MW).
>
> Transmission access from the Salt Lake City area has recently been upgraded with the addition of the Populus Substation and the two Populus-Terminal 345 kilovolt lines. However, the limiting factor as described in the 2011 IRP is the size of the summer peak load in the Salt Lake City area and the resources available to serve that load. The Utah area's summer peak load typically coincides with Idaho Power's summer peak. Compared to the summer peak generation capacity that is available in the Pacific Northwest, there is little surplus capacity in the Utah area for Idaho Power to reliably rely on to serve its summer peak loads.

Staff is satisfied the Company's response confirms the continuing applicability of its historical import limitation.

Reply Comments and Staff's Response:

Idaho Power's reply comments did not address Staff's discussion in final comments regarding "other" subjects. Staff relies on its final comments related to the "other" subjects.

b. Resolution

We note Staff's final comments.

12. Adherence of the Plan to Integrated Resource Planning Guidelines

a. Parties' Positions

Initial Comments:

Among interveners to this docket and Staff there was unanimous agreement that Idaho Power's 2011 IRP, as filed on June 30, 2011, did not comply with Guidelines 4(g) and 1(c) because it failed to provide a comprehensive evaluation of the compliance of its existing coal fired generation resources with new, draft, and anticipated environmental regulations. IRP Guideline 4(g) requires the utility to identify key assumptions about the future, including assumptions about future environmental compliance costs. IRP Guideline 1(c) sets the primary goal of the IRP to be the selection of a portfolio of resources with the best combination of cost and risk for the utility and ratepayers. Without a comprehensive evaluation of these environmental compliance costs, parties commented it was not possible to determine whether any of the candidate resource portfolios meet this standard.

In response to this deficiency, Idaho Power, in its September 20, 2011 IRP presentation to the Commission, presented, at a very high-level, an evaluation of a range of costs that could potentially result if certain environmental regulations were implemented. That high level analysis demonstrated that, even if the Company were required to spend the estimated amount to comply with potential federal environmental regulations, the existing coal fired resources would still be less expensive than constructing replacement natural gas generation resources.

Staff Final Comments:

By providing the information presented to the Commission on September 20, 2011, Staff believes the Idaho Power 2011 IRP reasonably complies with the IRP Guidelines. Staff notes that Guideline 4(a), which requires an explanation of how the utility met each substantive and procedural requirement, was not provided. Refer to Staff Final Comments Attachment 1, prepared by Staff, for a table presentation of compliance by Guideline.

Staff notes that IRP Guideline 4(n) asks for an action plan with resource activities the utility intends to undertake over the next two to four years to acquire the identified resources. Idaho Power's 2011 IRP includes a chapter presenting its action plan, but that action plan presentation does not include demand side resource action items, and it does not include a concise presentation of the action items. As a result, Staff had to extract action items from the Demand-Side Resources chapter and the Action Plan chapter text, and assign a number to each for ease of reference. Staff recommends future IRPs include

a concise listing of action items for all resources and resource related activities, with each action item numbered.

Reply Comments and Staff's Response:

Idaho Power's reply comments did not address Staff's discussion in final comments regarding adherence of the Plan to the IRP Guidelines. As a result, Staff relies on its final comments, and: 1) re-affirms its belief the Idaho Power 2011 IRP reasonably complies with the IRP Guidelines; 2) notes its final comment Attachment 1 presenting the 2011 IRP Guideline compliance; and 3) re-affirms its recommendation that future IRPs include a concise listing of action items for all resources and resource related activities, with each action item numbered.

b. Resolution

We agree with Staff that future Idaho Power IRPs should include: 1) an explanation of how the utility met each substantive and procedural requirement; and 2) a concise listing of action items for all resources and resource related activities, with each action item numbered. We do not direct the Company to provide these two elements for the 2011 IRP, because we find their omission does not compromise the integrity of the 2011 IRP process.

In considering whether to acknowledge a resource plan, this Commission reviews the Plan for adherence to our Guidelines for resource planning. By providing the high-level environmental compliance cost analysis for its existing coal fired resources, we conclude that Idaho Power's 2011 IRP reasonably meets the Integrated Resource Planning Guidelines.

B. CONCLUSION

Jurisdiction

Idaho Power Company is a public utility in Oregon that provides electric service to the public as defined by ORS 757.005.

Idaho Power Company is a public utility subject to the jurisdiction of the Commission.

Idaho Power's 2011 Integrated Resource Plan, as modified in this order, reasonably adheres to the principles of resource planning set forth in Order No. 07-002 and should be acknowledged with the following requirements:

Requirement:

The 2011 IRP Action Items are ordered to be revised as follows:

Near-Term Action Plan (2011-2020)

Demand-Side Resource Action Items

Action Item 1 - Current Portfolio Energy Efficiency - In 2015, the forecast reduction for 2011–2015 programs will be 69 aMW; by the year 2020, the reduction across all customer classes increases to 133 aMW. By the end of the IRP planning horizon in 2030, 191 aMW of reduction is forecast to come from the current energy efficiency portfolio, with 80 percent of that reduction coming from programs serving commercial and industrial customers.

Action Item 2 - New Portfolio Energy Efficiency - In 2015, the new and expanded energy efficiency programs will reduce average loads by 13 aMW; in 2020, average loads will be reduced by 25 aMW. The full 20-year capacity of the program additions and changes is 42 aMW of average demand reduction.

Action Item 3 - Demand Response - The levels of demand response determined for the 2011 IRP analysis is 330 MW for summer 2011, 310 MW in 2012 when the Langley Gulch plant comes on line, and 315 MW in 2013 and 2014. In 2015, the demand response level used in the IRP analysis is 321 MW and then 351 MW from 2016 through the end of the planning period.

Action Item 4 – Conservation Voltage Reduction - The next IRP filed by Idaho Power will include an assessment of the available cost-effective conservation voltage reduction (CVR) resource potential in its service area. The Company will propose an action plan in its 2013 IRP related to this resource. The planned energy savings and reduced peak demand will be incorporated into Idaho Power's supply-demand balance forecasts.

Supply-Side Resource Action Items (Preferred Portfolio)

Action Item 5 - Solar - Issue a request for proposal (RFP) before the end of 2011 to design and construct a 500-kW–1-MW solar PV resource to be located in Idaho Power's service area. Evaluate proposals by mid-2012, and if a successful bidder is identified, file a request with the IPUC for a CPCN. If approved, have the facility on line as early as the end of 2012.

This solar resource will satisfy the State of Oregon's Solar PV Pilot Program requirement to build a 500-kilovolt (kV) solar PV project. Continue working with the OPUC to determine if this facility would have to be built in Oregon, which may impact the structure of the RFP.

Action Item 6 - Power Purchase Agreements - Complete 83 MW in market purchase from the east side of Idaho Power's system. The purchase is necessary to cover a summer peak-hour deficit in 2015 that exists before the Boardman to Hemingway line becomes available in 2016.

Action Item 7 - Transmission – Continue to make progress on the Boardman to Hemingway transmission project between now and the completion of the 2013 IRP, and plan to begin work on permitting and initial designs shortly after the completion of the 2013 IRP.

As the Company proceeds with the B2H project, its project assumptions (for example, construction cost estimates, equity partnership estimates, third-party subscription estimates, and wheeling revenues) will be updated and analyzed in the 2013 IRP.

~~Supply-Side Resource Action Items (Alternative Portfolio)~~

~~Action Item 8 - Solar – as described for the preferred portfolio Action Item 5.~~

~~Action Item 9 – Simple Cycle Combustion Turbine – 170 MW in 2015, 170 MW in 2017, and 94 MW in 2019. If the Boardman to Hemingway transmission project is delayed, begin the acquisition process for the 2015 SCCT as early as 2012.~~

Other Action Items

Action Item 10 - Renewable Energy Certificate Management - As detailed in the REC Management Plan, continue selling RECs in the near term until they are needed to meet a federal RES.

Action Item 11 - Evaluation of Environmental Compliance Costs for Existing Coal-fired Plants

In its next IRP Update, Idaho Power will include an Evaluation of Environmental Compliance Costs for Existing Coal-fired Plants. The Evaluation will investigate whether there is flexibility in the emerging environmental regulations that would allow the Company to avoid early compliance costs by offering to shut down individual units prior to the end of their useful lives. The Company will also conduct further plant specific analysis to determine whether this tradeoff would be in the ratepayers' interest.

~~Long-Term Action Plan (2021-2030)~~

~~Action Item 12 – Long-Term Action Items – as outlined in IRP Table 10.2~~

Effect of the Plan on Future Rate-making Actions

Order No. 89-507 set forth the Commission's role in reviewing and acknowledging a utility's least-cost plan as follows:

> The establishment of least-cost planning in Oregon is not intended to alter the basic roles of the Commission and the utility in the regulatory process. The Commission does not intend to usurp the role of utility decision-maker. Utility management will retain full responsibility for making decisions and for accepting the consequences of the decisions. Thus, the utilities will retain their autonomy while having the benefit of the information and opinion contributed by the public and the Commission….
>
> Acknowledgment of a plan means only that the plan seems reasonable to the Commission at the time the acknowledgment is given. As is noted elsewhere in this order, favorable rate-making treatment is not guaranteed by acknowledgment of a plan. *See* Order No. 89-507 at 6 and 11.
>
> The Commission affirmed these principles in Docket UM 1056.[13]

This order does not constitute a determination on the rate-making treatment of any resource acquisitions or other expenditures undertaken pursuant to PacifiCorp's 2008 IRP. As a legal matter, the Commission must reserve judgment on all rate-making issues. Notwithstanding these legal requirements, we consider the integrated resource planning process to complement the rate-making process. In rate-making proceedings in which the reasonableness of resource acquisitions is considered, the Commission will give considerable weight to utility actions which are consistent with acknowledged integrated resource plans. Utilities will also be expected to explain actions they take which may be inconsistent with Commission-acknowledged plans.

IV. ORDER

IT IS ORDERED that the 2011 Integrated Resource Plan filed by Idaho Power on June 30, 2011, is acknowledged in accordance with the terms of this order, and Order No. 07-002 as corrected by Order No. 07-047.

Made, entered, and effective _____.

_____ _____

Susan Ackerman
Commissioner

John Savage
Commissioner

_____

Stephen Bloom
Commissioner

[13] *See* Order No. 07-002 at 24.