



Community Advisory Committee

Meeting #3

Idaho Dept. of Fish and Game Regional Office
318 South 417 East in Jerome (U.S. 93 Business Park)

Thursday, February 14, 2008

Results

Meeting Purpose:

- To continue education regarding Magic Valley's electrical system function, condition and needs
- To identify committee issues regarding the current electrical system and future system needs

Attendance

Committee

- Daniel Stapleman
- Lori Armstrong
- Jennifer Arnold
- Bill Chisholm
- Joe Davidson (for Charlie Howell)
- Chuck Carnohan
- Jay Loesche
- Dave Burgess
- Dave Parrish
- Debbie Dane
- Debra Rose
- Bill Block
- George Urie
- John Bokor
- Clay Handy
- Ken Miller
- Rich Yankey
- David Mead
- Marlin Eldred
- Mitch Humble
- Richard Dunn
- Sara Cohn
- John Miller
- Richard VanZante

Planning Team

- Kent McCarthy, Idaho Power, Project Leader
- Dan Olmstead, Idaho Power
- Dave Angell, Idaho Power
- Bryan Hobson, Idaho Power
- Mike Pepper, KMP Planning – Facilitator
- Amber Buckley, Civil Science – Clerical

Other Idaho Power Employees

- Chris Punt
- Jared Hansen
- Nike Barrie
- Marc Patterson
- Theresa Drake
- Maggie Brilz
- Candice Gentry
- Mike Barbie
- Paul Ortmann

I. Welcome and Introductions

- Dan Olmstead, *Community Relations Representative*
- Kent McCarthy, *Project Leader*
- Mike Pepper, *Facilitator*
 - *Meeting purpose, agenda and format*
 - *Review planning steps / where we are in the process*

Review CAC Meeting #2 – January 17, 2008 – Kent McCarthy

- Comments / Changes to the meeting results - no changes to meeting results, but follow up comments as follows regarding EMF's

Note: Questions (Q) and Answers (A) shown below as part of the meeting results, reflect questions (Q) directed from committee members, with answers (A) provided by the presenter and or Idaho Power staff.

Q: In the EMF discussion from last meeting they said the studies were non-conclusive. Are the studies non-conclusive?

A: When talking about electromagnetic forces (EMF) there are 2 forces involved; electric fields and magnetic fields. Studies done in the 1970s could find no significant effects on human health due to electric fields. The research shifted to magnetic fields after that and found there is some evidence of effect on human health but nothing conclusive. The California Public Utilities Commission, probably the most reactionary body in the U.S. to issues such as this, only instructs that California utilities provide education to their customers and provide magnetic field measurement services free of charge. Idaho Power does both of these voluntarily upon customer request. Precautionary measures are in effect, like not putting schools, immediately under wires. In a home, if someone was to come in and measure for existing EMFs, most of the EMFs would come from household appliances, not power lines.

II. Rates and Regulatory – Maggie Brilz – see PPT slides / handouts

Q: Recognizing that Idaho Power is a monopoly; what keeps a monopoly competitive, how do you serve your customers and keep them happy without competition?

A: When we file a general rate case, the Idaho Public Utility Commission (PUC) considers how our customers react. When negative feedback comes from customers or they are not getting quality service the PUC hears that. This is a reflection on the company so Idaho Power tries to keep our customers happy.

Q: It looks like there is about 3-4 years between rate cases, is that standard?

A: There isn't really a standard. There is no set path or timing for when the rate cases should be filed.

Q: How long a period of time are we talking about from beginning to end (to file a rate case)?

A: Generally 7 months, there are some situations where it takes longer but usually 7 months.

Q: In Oregon, is the administrative law judge the final say for rate cases?

A: He listens to the hearing and it then it goes to the public utility commission for final determination. The administrative law judge doesn't have the final say but does have a lot of sway in it. Oregon has a very active citizen utility board that is very involved in this process.

Q: Why isn't there an Idaho citizen utility board?

A: I don't know. In Idaho, the commission (PUC) staff is usually the advocate for customers. In the 1980's, we had a more active group that would interact in rate committee meetings but there hasn't been much active participation since then.

Q: Is the (Oregon) citizen's utility board an assigned board?

A: No, it's just a committee.

Q: How is the Oregon citizen's utility board funded?

A: I don't know.

Q: Where would a customer donation of about \$6-\$8 per month towards renewable energy fit into this rate power base?

A: It does not fit into the rate base; it is set aside for Idaho Power's Green Power Program.

Q: You mentioned a few inventories (coal, hydroelectric, etc.) Could you talk about the power cost adjustment (PCA) based on a good year or bad year? Is that done on an annual basis?

A: Yes. One of the components of expenses is our fuel cost. With hydro systems there are no costs like the fuel cost for coal and gas. When we have a general rate case we look at those on a normalized basis. Our power cost adjustment is on an annual basis. We assess the volatility of the year and rates are adjusted June 1st. They are highly influenced by snowpack and level of water that flows through the system in the spring. This year the water content of the snow isn't as high as we'd like and the reservoirs are low so this year will be an interesting year for PCA.

Q: Is there a graphic representation for a typical year about how your expenses break down in those categories?

A: Don't have anything here but can get it. (Discuss in future meeting)

Additional info request for the March meeting: a graphic representation of the breakdown in presented Maintenance and Operating costs.

Q: Is the 8.1% capital structure part of a 2007 case? (percentage shown on slide 32)

A: Yes

Q: On the fuel costs, do you have long term contracts so it doesn't cost quite as much as it might due to the volatility?

A: It's a mixture. Based on the integrated resource plan (IRP) Idaho Power determines what is going to be an average amount of energy from a hydro system. Based on that average we'll set up contracts based on needs. Long term contracts can be dangerous sometimes when we have a good water year and have to resell fuel purchased under a long term contract. Usually we would have to resell that fuel at a lower price than we purchased it.

Q: If something unforeseen happens and there are losses, will the public utility commission (PUC) allow Idaho Power to go back and recollect that loss?

A: We would include that additional cost in the next rate case but we cannot go back and recover such losses from previous years.

Q: On average how often do you file a rate case?

A: We filed a rate case in 1985 based on 1984 data, then again in 1994 based on 1993 data, then filed in 2004 based on 2003 data. We were on a 10 year cycle, but since 2003 we have filed every 2 years because we are undergoing a period of intense capitol investment. More frequent rate case filings are what you can reasonably expect to see. When the time between filings is 10 years, there is an additional amount of expense due to the intense amount of work and outstanding issues that must be addressed. In 2003 there was still a large amount of issues. In 2005 there were fewer. It should be easier with all parties involved to file more frequently.

Q: The Company has a decoupling mechanism that separates the sale of power and conservation. Will that mechanism cause the company to file rate cases more frequently?

A: This decoupling mechanism is a pilot program. Yes, it will incent us to file more frequently.

Q: Can someone who is not part of the utility commission initiate a rate case?

A: The utility usually files a rate case. However, the commission (PUC) can initiate a rate case if they question earnings of the company. Other parties can initiate rate cases though they are expensive and time consuming. Generally other parties don't initiate rate cases.

Q: Can an individual file a rate case?

A: It's possible, but the filing would need to have enough information to substantiate the reasons for going forward with the request.

Q: Does the PUC follow the Idaho Power books closely?

A: No. However, the commission can audit Idaho Power and we keep them informed of what we are doing. We try to keep the commission staff informed of what we're doing as well and they keep in tune with what we are doing with our process.

III. Demand Side Management – Theresa Drake – see PPT slides / handouts

Q: Are the seasonal rates and time of day pricing currently in action? Are they an optional service?

A: Residential rates have a summer rate & a non-summer rate and are in effect as appropriate. These are not programs elected by customers. We do have a pilot "time of day" pricing rate offered in Emmett where customers are billed according to how much power is used and during what time of day.

Q: Does the power producer who sells you power receive those same rates? (I.e. receive more revenue during peak times?)

A: Yes, depending on the generator, energy supply, and other variations. Power is more expensive to purchase at peak times. The time of day rates are determined based on what Idaho Power expects to pay for energy during different times of day.

Q: Why aren't all these customer-elect programs offered all over?

A: An advanced metering system is required to allow us to collect "time of usage" data from customers and support "time of day" pricing. However, at this time, we don't have the advanced metering system in place for the entire Idaho Power service area. It is still a new and developing system and is only available in some areas. Idaho Power is planning on offering the advanced metering programs by 2011 for all customers. The meter information is collected through the power lines rather than at the meter.

Q: Based on information you have for those locations with these customer-elect programs, have you made any projections about potential energy savings? If you do these programs in your entire service area how many MW that will conserve?

A: Not yet, there isn't good enough data to make a projection. Idaho Power will begin to implement the Advanced Metering Program (AMI) program at the end of 2008 with meter replacements starting in 2009 in the Treasure Valley. Idaho Power plans to have the installation of the system complete by the end of 2011. Shortly after completion we will be able to offer our customers pricing options.

Q: What's the cost per user? Is it expensive to start this system?

A: There is significant investment in buying these materials but the payback for this gives us the ability to influence customer pricing and encourage customer energy efficiency.

Q: Are there other locations (states) that have implemented this structure?

A: There are numerous utilities nationwide that are adopting AMI. This could make a difference of a few percent in current power savings. Any generation we add today is more expensive than the generation we added in the past so any programs that provide conservation of existing power are more efficient.

Q: What is the payback/savings from the AMI program on the cost for meter readers?

A: Implementing the AMI system will, in 7-10 years, ultimately have a benefit to our customers in the decrease of operating expenses, of which the meter reader is a portion. It is our intent that we put pricing in place to provide customer incentives for customer conservation.

Q: Can you give a brief description on weatherization programs and who are qualified customers?

A: It's a program that corresponds with different welfare agencies. The customers that qualify for this program have the service provided at no cost to them and it helps them to conserve energy. In order to determine who gets these services the agencies follow the guidelines in the Idaho Weatherization Program.

Q: I saw a thing that weatherization was cut out of the federal budget. Did these cuts influence this program?

A: These federal cuts could very well impact this program.

Q: The percentage of commercial customers using the conservation programs is low. Why is that? (in regards to slide 54)

A: We just started the energy conservation programs for commercial customers a few years ago and there is a cycle that we must go through to involve more commercial customers and as a result to get a higher percentage of customers and energy savings.

Q: Do you have any municipality incentive programs for cities? Like for water systems?

A: There is no program for that right now. There are measures that can be done to receive incentives for lights, AC, and other conservation programs.

Q: Are businesses and public entities that engage in performance contracts eligible for the incentives that are available?

A: There is an application process that the businesses would file, making Idaho Power aware that the business/company is in the process of doing that. After the projects are completed there is inspection done to be sure the project has been completed as proposed. Once the inspections are complete and have proven that they are completed as proposed, then these entities receive the incentives.

Q: Are these programs available down in the Mini-Cassia area where there are co-ops and subsidiaries

A: They have some programs like this but they are not as expansive as this one.

- Solar for our schools is a nice system in place in Castleford; it is a good way to educate students on the importance of renewable resources and the benefits of conservation.

Q: Are there any requirements for net metering?

A: Any residential or commercial customer can qualify for this program. Scott Gates at Idaho Power is the contact for this program.

12:00 p.m. Lunch – catered on-site by Aramark Catering

IV. Magic Valley Existing Conditions – Bryan Hobson – see PPT slides / handouts

Q: I heard that Idaho Power isn't going to take power from Cotterrell Mountain generators when they are finished. Is that true?

A: Idaho Power will buy the power as necessary. The Cottrell wind project is one of the wind facilities that responded to an RFP issued back in 2005-06. They were not selected because they were not cost competitive with others who responded to that proposal. Idaho Power will plan more Requests for Proposals (RFP's) for wind generation projects.

Q: Does IP support additional water storage to equalize the power/hydro supply?

A: There are a lot of external factors affecting the amount of water running down the river and how much is retained, etc. Idaho Power wants as much hydro-generated power as possible.

Q: Is there a direct ratio between when they take the water out of the river to put water in the canal and how much energy is generated? Do they (canals) generate more power than big hydroelectric plants can due to the lack of water? Would IP generate more power if that water was left in the river instead of diverted into the canal system?

A: Its more location specific, related to where the generators are located and the time of day. While we may trade off sometimes the canal hydro facilities are probably producing more efficient power in the summer than our facilities would be due to the differing conditions in the river as compared to the canals. Because most power from hydroelectric facilities is generated from the spring flow, the canals can provide more power (comparatively) in the summer.

- *Related comment on use of canal-generated hydro power: The canal generation projects are sized for the canal and the amount of projected flow. The generators that are on the river system are sized primarily based on anticipated spring runoff. They capture that spring runoff so later in the year we don't see the production off of that.*

Q: Do you have any cogens from cow power?

A: None of those are online yet, but they will be coming on soon.

Q: Will the planned new transmission line coming from Montana be hooked into the Magic Valley power grid? (in reference to slide 76)

A: Yes, the proposed line would come into this grid.

Q: What will be the capacity of the new Pole Line Rd. substation?

A: It will be a 30MW substation that can be built out to 80 MW.

Q: What facility capacity is needed to meet future demand? Is there a desired percentage? (In regards to PowerWorld Simulator demonstration.)

A: We need capability to pick up the load if a transformer or transmission line goes down; normal conditions minus one (N-1). A normal condition minus two (N-2) scenario could happen but is rare.

Q: Along with the Gateway project, there are more substations proposed; Are they source substations?

A: Yes, they will enhance the existing substations.

Q: If the line from King to Wells goes out, can you still serve that area from another line/source?

A: No, if the line is lost it would be out until we could get it back on.

Q: Do you have contracts with McCains (or other big industry) to drop them if lines are maxed?

A: Not that I am aware of. If needed, we will call them beforehand so that they can shed some of the load voluntarily. If necessary we can decide to shut them off.

Q: Based on the color scheme under normal conditions it looks like there are existing critical conditions. Is that correct? (regarding slide 95)

A: It's on the edge right now. At each substation we have voltage regulators that will boost the voltage if needed. We have enough of these voltage regulators to provide quality service but we are on the edge of capacity.

Q: Is the overall goal of IP to upgrade existing lines or create new lines?

A: That is why the committee is here. Idaho Power is committed to providing quality service to their customers and the committee is here to help decide the best way to do that. Whether that is through the

addition of new lines or upgrading existing lines, we are seeking the input of the committee to help determine which way we should proceed.

Q: What is the definition of “buildout” as used in this presentation regarding future energy needs for the Magic Valley? (regarding slide 102)

A: This is unique. We’ve looked at the land use and zoning of all the counties and cities in the Magic Valley planning area. Based on expected land use, we have determined the expected amount of load on these land uses. If everything was built according to these land uses this is the amount of energy we project will be needed. It’s important to note that providing facilities to meet buildout needs will not be done all at once. We intend to develop facilities as needed to support growth and development as it occurs, including design/capacity to support expected near term future development. As you look at that (the buildout) number and it is 3 times the current use, it’s important to understand that alternatives will be implemented only as needed.

V. Stray Voltage – Paul Ortmann – See PPT slide / handouts

Q: Is the stray voltage steady state or cumulative, depending on how much infrastructure is around the dairy?

A: Typically there are lower stray voltages in bigger dairies. They have more steel and things haven’t rusted to the point where they’re no longer conductive because most of the larger dairies are fairly new.

Q: What happened with the stray voltage law-suit before all this?

A: There wasn’t the One Volt requirement like there is now and because of the perspective of “cause and effect”, the farmer won.

VI. Committee Issues and Concerns to Develop Goals – facilitated small group discussions

- *Identify and record committee issues and concerns regarding electrical system conditions and needs; “What’s important to you when planning to meet the Magic Valley’s future energy needs?” I.e. safety, aesthetics, reliability, environmental, optimum use of existing infrastructure, development cost, power cost, etc.*

Small group reporting as follows:

Group 1

Verbal presentation highlights: *Reliability, quality of life, aesthetics, utilizing existing corridors, using roadway corridors for lines, purposeful planning.*

Written flip chart results:

- *Reliability*
- *Use of existing corridors when possible*
- *North side vs. south side-habitat*
- *Minimal infrastructure-footprint (example: combined lines, fewer lines)*
- *Demographics of build-out - where will the future growth happen?*
- *Is existing infrastructure sufficient to build from? (design/cost)*
- *Are we set today to ensure building in future will be successful?*

Group 2

Verbal presentation highlights: *Use energy efficiently, identify growth areas, use existing corridors, and upgrade existing facilities before building new lines.*

Written flip chart results:

- *Efficiency*
- *Meet future needs*
- *Identify growth areas*
- *Common corridors (existing)*
- *Stay out of scenic by-ways*
- *Consumption*
- *Aesthetics*
- *Underground distribution*
- *Wildlife considerations- avoid sensitive areas*
- *Traffic safety*
- *Distributed generation*
- *Upgrade existing before building new*
- *Multiple lines on single pole plant*

Group 3:

Verbal presentation highlights: *Same as group 2, accommodate co-gens, reliability, conform to existing land uses, efficiency, upgrade existing loops, and need to determine how we are going to get big incoming transmission lines across the canyon?*

Written flip chart notes:

- *Accommodate co-gen*
- *Size to meet demand*
- *Reliability*
- *Use of existing electric corridors where feasible*
- *Upgrade existing lines/substations*
- *Conform to existing use conditions.*
- *Place substation in ag areas*
- *Efficiency- fewer lines, fewer miles, fewer substations*
- *Upgrade existing “loops” to higher kV*
- *Bury lines where possible*
- *Align new facilities with existing transportation corridors*
- *Locate any new cross-canyon lines under bridges if possible*

Group 4:

Verbal presentation highlights: *Avoid interference with agriculture and environmental impacts, use existing corridors, improve / execute efficiency in buildings / new construction to eliminate or reduce the need for new power, improve existing facilities, early substation siting, aesthetics, and cost issues.*

Written flip chart notes:

- *Avoid interference with agriculture, including siting decisions*
- *Minimize infrastructure*
- *Use existing corridors*
- *Conservation*
- *Improve existing facilities*
- *Make incentives increased and available throughout the Magic Valley service area*
- *Redundancy*
- *Requiring energy efficiency in buildings*

- *Protect structures*
- *Early substation siting*
- *Stay away from siting new transmission facilities in residential areas*
- *Aesthetics*
- *Reasonable costs to consumers*
- *Environmental*
- *Tourism*

VII. Next Steps and Wrap up / Adjourn by 3 p.m. – Mike Pepper

- Final discussion
- Next CAC meeting #4 – Thursday, March 13th / 10 a.m. / IDFG Regional Office
 - Planning process review, orientation and additional education as needed
 - Develop goals (including siting criteria), based on Committee issues
 - Discuss / Identify the range of possible alternatives
 - *Additional items for next meeting requested from the Committee*
 - *Details on how the buildout scenario / needed power amount was determined*
 - *Detail of any pre-planned facilities / transmission improvements that are known, that the Committee should consider in the development of alternatives*
 - *A graphic breakdown of IP maintenance and operations expenses (as referred to in the Rates and Regulatory presentation)*