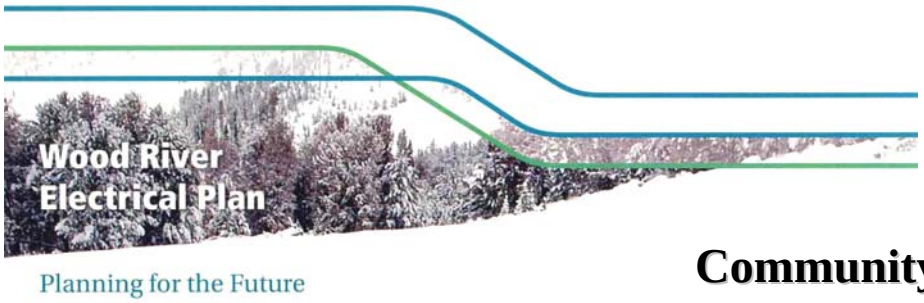

Community Advisory Committee

Meeting #2

Wood River Inn
603 N Main Street, Hailey, ID
10:00 a.m. to 2:00 p.m.

Thursday, February 15, 2007

Meeting Minutes

Meeting Purpose:

- *To continue education regarding electrical system function*
- *To identify committee issues regarding the current electrical system and future system needs*

I. Attendance

Citizen Advisory Committee

- Julie Ingram
- Chuck Carnohan
- Kurt Nelson
- Tom Bergin
- Jay Loesche
- Ron LeBlanc
- Lloyd Betts
- Tom Hellen
- Nils Ribi
- Rod Kegley
- Dave Ziegler
- Tara Hagen
- Rob Struthers
- Dayna Smith
- Wally Huffman
- Tom Blanchard

Idaho Power Staff

- Kent McCarthy
- Dan Olmstead
- Jim Bell
- Mark Patterson
- Bryan Hobson
- Lynette Berriochoa
- Ric Gale
- Theresa Drake

KMP Planning

- Mike Pepper, Facilitator
- Lynn Jaynes, Meeting Secretary

II. 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*

III. Review CAC Meeting #1 – January 18, 2007

- Comments / questions received during the tour / Additional comments

- Kent McCarthy reviewed the purpose of the project, addressing recent media coverage that inferred Idaho Power already has a plan for current and future electrical system needs in the Wood River Valley. McCarthy reassured the committee that Idaho Power has no preconceived agenda and wants the input of the committee to determine a course of action.

- The high voltage transmission system into the valley was briefly reviewed.

- Mike Pepper gave the overall review of the steps in the planning process and identified where we are in the process.

- A video clip was shown to review the Idaho Power tour taken by members of the committee at their first meeting on January 18th.

COMMITTEE DISCUSSION

- A Committee Member (CM) asked for clarification regarding whether the plan will address needs from Hailey to Sun Valley and Ketchum or whether the plan will address needs north from Shoshone and Hagerman.
    - Answer (A) - Kent said that the plan will cover the transmission from Midpoint Substation (near Shoshone) to Hailey, the transmission from King Substation (near Hagerman) to Hailey as well as the transmission between Hailey and Ketchum/Sun Valley.

IV. Rates and Regulatory Presentation – Ric Gale

See PPT slides on the project website for details on Ric's presentation

COMMITTEE DISCUSSION

- CM – Requested clarification of a public utility franchise and whether franchise boundaries can be changed.
    - A - This is a state franchise regulated by the Public Utilities Commission. Bordering franchises were also identified. These franchises only apply to investor owned utilities. Municipal and Co-Op owned utilities are not regulated by the IPUC. The boundaries between the investor owned utilities can be changed through the regulatory process. Idaho Power's boundaries are not static but change as customer requirements changes. i.e., the boundaries are defined by where Idaho Power's distribution system reaches. As a distribution line is extended, the boundary is also extended.

- CM – What is Idaho Power's ability to abbreviate the PUC process; is the process required only if rates are just raised or is the process also required when rates are decreased?
    - A - Idaho Power files a Power Cost Adjustment each year that adjusts rates up or down to reflect the relative costs of fuel or purchased power when compared to a "normal" water year. This is an abbreviated rate case. A full rate case is required whenever rates are raised or lowered outside of power costs.

- CM – Is the underground city power in Ketchum an Idaho Power asset and does that influence rates?
    - A - Yes, the underground portion of Ketchum's distribution is an Idaho Power asset. Those lines were buried with money obtained through a franchise fee in place for residents and businesses within Ketchum so do not influence the rates of all Idaho Power customers. It does however, increase the rates paid by Ketchum residents and businesses.

- CM – Explain more about the regulatory lag being outside the test year and whether that expense figures into the rate base equation.
    - A – Regulatory lag refers to the time that elapses between when money is spent by Idaho Power and the company begins recovery of those costs through rates. The lag results from the regulatory process. Some expenses, referred to as "known and measurable," might be incurred outside the test year but can be shown to be real expenses that should be included in the rate case. An example might be the completion of a major transmission project in the spring following the test year.

- CM – Requested definition of enhanced service, whether that involves reliability and quality issues or aesthetics (above-ground system versus underground system). CM also asks if this is handled through raised rates or capital contributions.
    - A - Explanation was given about how the determination is made for an electrical transport system to be placed underground. Underground facilities are generally considered enhanced services. An enhanced service could also refer to a customer desiring greater than normal reliability or power quality. Enhanced services are normally handled through capital contributions on the part of the entity desiring the service. This could include increased rates for a particular jurisdictional entity through the use of a franchise fee. "Black and white" issues versus negotiable issues were also addressed.

- CM - Why does Oregon have more municipally owned systems?
    - A - The availability of inexpensive hydro power from the Bonneville Power Administration to some extent makes municipal and Co-Operative utilities attractive in Oregon. It is also perhaps a cultural attitude in Oregon though Idaho Power representatives couldn't give a definitive answer.

- CM – How is power delivered to the Stanley area?
    - A – Stanley is served by Salmon River Electric, a rural co-operative utility based out of Challis. The power comes from a 230,000 volt line connected to the Rocky Mountain Power system (formerly Utah Power).

V. Demand-side Management – Theresa Drake

See PPT slides in handouts for details on Theresa's presentation (also available on the project web site)

COMMITTEE DISCUSSION

- CM – Please describe the Valley's local daily peaks and/or seasonal peaks.
    - A - Winter creates the highest demand peaks for the Wood River Valley. The valley experiences a peak around 8:00 a.m. and another mid-afternoon to early evening during the winter.

VI. Transmission – Kent McCarthy

See PPT slides in handouts for details on Kent's presentation (also available on the project web site)

COMMITTEE DISCUSSION

- CM – Please describe the major transmission lines that service the Wood River Valley.
    - A - The Wood River Valley is served by two 138,000 volt transmission lines that terminate at the Wood River Transmission Station north of Hailey. These two lines originate at Midpoint Substation near Shoshone and at King Substation near Hagerman. The King to

Wood River transmission line was built in 1962 and is the weaker of the two lines. The Midpoint to Wood River transmission line was built in 1989.

- CM - Why does Idaho Power choose to provide the lowest standard required (one line) to the Wood River Valley?
    - A - Idaho Power actually chooses to serve the Wood River Valley with more transmission reliability than is required by regulation. There are two lines serving to the valley which can provide redundancy for the majority of the year. At peak, the weaker line can't supply the entire valley load if the stronger line is out of service.

- CM - How is the determination made to drop power loads (whose power will be cut off) during power overloads?
    - A - Critical loads (i.e. hospitals, etc.) are considered highest priority. Kent also explained redundant power lines.

- CM – Please explain further what is meant by "fully" redundant power (multiple power supply lines) versus "any" redundant power required to provide power to the Wood River Valley.
    - A - Kent conceded that the word "fully" should not have been used in the slide. It should read that Idaho Power is not required by regulation to provide redundant power to the Wood River Valley. This means by regulation, Idaho Power must provide sufficient transmission capacity to provide the load serving needs for the Wood River Valley without a requirement that there be additional transmission for reliability purposes.

- CM – What about the weak line (lower voltage) versus a strong line (higher voltage), and whether the redundancy level requirement will be increased for the Wood River Valley?
    - A – this question needs clarification and will then be answered at the March meeting

- CM – Please provide further definition of the Wood River Loop loading and how the Hagerman line factors into it.
    - A - Idaho Power chooses to designate the transmission serving into Hailey as an Improved Radial System. This means that if both transmission lines are in-service, they must be able to serve the most extreme peak at all times. If the weaker line is out-of-service, the remaining line must be able to serve the normal peak load level that is exceeded less than 10% of the time. If the stronger line is out-of-service, the remaining (weaker) line serves the load to the best of its ability which means Idaho Power would have to drop end users using rotational outages if the stronger line was taken out-of-service during winter peak. The line from King Substation near Hagerman is the weaker line.

- CM - Asked for a history of Wood River overloads.
    - A - This issue will be addressed in the meeting next month. It was further explained that from Hailey northward there is no backup line. The task will be to consider whether current power reliability is acceptable.

12:00 noon **Lunch –** catered on-site by Full Moon Catering

Transmission (continued)– Kent McCarthy

See PPT slides in handouts for details on Kent's presentation (also available on the project web site)

COMMITTEE DISCUSSION

- CM - Who regulates rights of way and who decides what the variances are?

  - A - The basic requirements are set by the National Electrical Safety Code (NESC) which is considered an industry standard practice. Idaho Power uses more restrictive requirements for clearance to buildings than required by the NESC. There are many factors that go into determining the ROW width requirements and any variances are allowed only on the basis that safety cannot be reduced.

- CM - Is vehicle access to the lines is a factor in determining the right of way?
  - A – Vehicle access helps in maintaining a line though most of Idaho Power's transmission lines are run cross country and may or may not have vehicle access. In more remote terrain, helicopter access may be the best way to get to an individual transmission structure.

- CM - Do underground lines have transmission rights of way?
  - A – Because Idaho Power currently has no underground transmission, the ROW requirements have yet to be determined. However, that issue is being evaluated.

- CM - Is aluminum a major component in the power lines?
  - A – Yes, most transmission lines are made of aluminum reinforced with steel for structural strength.

- CM – Please explain the function of extra lines on the same tower, as to whether that qualifies as a redundant line.
  - A - It was explained that this does not qualify as redundant power, as the same stress factor can then take out both lines simultaneously.

- CM – Are structures sometimes placed with expanding capability to address future needs?
  - A - Many line structures do have expansion capability.

- CM – What new technologies are being developed?
  - A – High temperature super conducting wires are being developed that will allow smaller wires to carry much greater current and thus reduce infrastructure requirements. Idaho Power is not certain when they will become commercially (affordable) available.

- CM - Please restate the relationship of higher lines to higher voltage.
  - A - As the voltage increases, the height requirements also go up. For safety reasons, higher voltage lines must have greater clearance from the ground to prevent injury to those driving, working or walking under the lines.

- CM - Lines "should not" have to be raised if EMF causes no problems.
  - A – Idaho Power does not raise wires based on EMF concerns. They are raised to protect people from electrical shock.

- CM – Is there is a difference in transmission of EMF through air or through the ground in buried lines?
  - A - EMF is generally higher for underground lines because they are closer to where people and animals are walking and because of the wiring configuration.

- CM - Commented that state studies find no human related issues associated with EMF.

VII. Substations – Kent McCarthy

See PPT slides in handouts for details on Kent's presentation (also available on the project web site)

COMMITTEE DISCUSSION

- CM – What about the possibility of routing a second power line from Picabo northward to Elkhorn?
  - A – that option can be discussed as part of the next meeting agenda in March

- CM – What about the possibility of increasing distribution substations?
  - A – That option can be discussed as part of the next meeting.

- CM – Please explain about private/public land crossing and how the routes are determined.
  - A – For economic reasons, the best route for a transmission line is the shortest route. However, many other considerations must be taken into account. Issues such as terrain, ecology, animal habitat and human population concentrations must also be considered. All rights-of-way are negotiated with land owners, government and tribal agencies and the general public.

- CM - Please explain about the ease of access in using state highway rights of way.

  - A – Idaho Power prefers to use private land rights of way adjacent to highway rights of way. Idaho Power has to pay to move power lines if they are built in highway rights of way when highways are widened.

VIII. 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 Valley's future energy needs?"*** I.e. safety, aesthetics, reliability, environmental, optimum use of existing infrastructure, development cost, power cost, etc.

IX. Small Group Reporting

Group #1 Issues / Concerns: (Committee Members: Blanchard, Smith, Hagen, Huffman, Ziegler)

- Encourage distributed generation at residential level
- Lack of quality in electrical distribution in the north end of the valley
- Power surges, single phasing, damage to systems (i.e. pumps)
- Aesthetics
- Environmental Concerns: wildlife, aesthetics, using existing corridors wherever possible (joint energy corridors; energy rights of way in common) and designating future common corridors
- Need redundancy plan and sufficient power supply capacity north of Hailey, especially during freezing temperatures
- Must include a plan for future needs
- Consider cost impacts: infrastructure, rate/use, funding sources
- Cost acceptability
- Need cost/benefit analysis (true cost—including habitat destruction, etc.)
- Cost/benefit should include consideration of the cost of "no action"
- Distinguish the issue; is this a capacity issue or a reliability issue, and ultimately whose issue are we addressing—Idaho Power's issue or the demand of the residents?
- Public Safety assessment: wildfire starts, blowout areas, EMF impact (educating public), above-ground vs. underground lines

Group #2 Issues / Concerns: (Committee Members: Kegley, Ribi, Hellen, Betts, LeBlanc, Loesche)

GROUP DISCUSSION:

- Reliability (maximize existing infrastructure)

- Redundancy
- Conservation in electricity usage helps but does not mitigate the current need

PRIORITIES IDENTIFIED:

- Aesthetics- burying the lines
- Optimize existing infrastructure
- Apportioning costs—if it costs more to bury the power lines, then perhaps entities within the valley would contribute
- Making it politically palatable—how will extra costs be allocated among government entities, regional vs. local entities, special interest groups, etc.

Group #3 Issues / Concerns: (Committee Members: Ingram, Carnohan, Nelson, Bergin)

- Optimize use of existing structures
- Evaluate all options (traditional and non-traditional, i.e. net meter, conservation, other generation resources, backup generator, geothermal, solar, wind; alternative routes with low visibility)
- Aesthetics versus economics—cost of doing business is expensive (but rates will be balanced unless lines are buried)
- Minimize impact in general while providing reliability to involve effective use of rights of way
- Reliability and capacity

ISSUES FOLLOW UP COMMENTS

Kent clarified that north of Hailey the capacity is currently sufficient but reliability is the issue. Bryan clarified that this is an interconnected power system and reliability is "your-fault, my-fault, nobody's-fault", and power supply cuts can be caused by car wrecks, lightening, etc., both within and without the Wood River Valley. A CM commented that one concern was that Ketchum was at the "end of the line" and thereby had more reliability issues.

X. Next Steps and Wrap up

- **Future meeting dates – fourth Thursday of each month**
  - Mar 22, Apr 26, May 24, Jun 28

- **Next CAC meeting – March 22 / Time – 10:00 a.m. – 2:00 p.m. / Location – Wood River Inn in Hailey**

  Issues to be addressed at the next meeting will include:
  - Wood River Valley electrical system – Existing conditions
  - Establish goals for the system
  - Begin discussion on the range of possible alternatives

Thanks for a positive and productive meeting! See you in March.