



Case No. IPC-E-15-17, Order No. 33340

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Idaho Power seeks to enter into long-term contract for maintenance of its three natural gas-fired plants

BOISE (Aug. 7, 2015) – The Idaho Public Utilities Commission is taking comment through August 27 on an Idaho Power Company application to enter into a long-term contract with Siemens Energy to maintain the electric utility’s three natural gas plants. Idaho Power also proposes to sell Siemens \$21.9 million from its spare part inventory.

A technical hearing on the proposal is scheduled for 10 a.m. on Wednesday, Sept. 9, in the commission hearing room at 472 Washington St. in Boise.

Currently, Idaho Power self-manages its natural gas fleet, but contracts with Siemens on a case-by-case basis to service its Danskin and Bennett Mountain natural gas plants near Mountain Home and its Langley Gulch plant near Payette.

During construction of the Langley Gulch plant, Idaho Power began looking at other maintenance operations for its natural gas plants. Langley Gulch is the company’s only combined-cycle combustion turbine and employs some of the newest, most technologically advanced parts on the market. (Danskin and Bennett Mountain are single-cycle plants used mostly during peak-use periods.) Idaho Power recognized its employees did not have all the necessary technical skills to maintain all three plants at the level offered by Siemens and so reached out to multiple third-party providers of gas plant maintenance. It chose Siemens because it is the original equipment manufacturer for the three plants and, according to Idaho Power, the industry leader in gas plant maintenance.

Idaho Power claims the contract will decrease overall costs to the company and its customers by leveraging Siemens’ pool of inventory, outage resources and technical expertise. Further, the company contends one long-term contract is more economical than continuing to contract with Siemens under the current cases-by-case maintenance approach.

Idaho Power further claims customers will benefit because the \$21.9 million it will receive from the transfer of spare parts to Siemens is better than the company would have received than from trying to sell the parts in a limited market.

The company is also requesting accounting treatment for costs related to the sale of the spare parts, a net tax expense to the company of \$1.8 million, initiation fees and a carrying charge.

Comments are accepted via e-mail through August 27 by accessing the commission's Website at www.puc.idaho.gov and clicking on "Case Comment Form," under the "Consumers" heading. Fill in the case number (IPC-E-15-17) and enter your comments. Comments can also be mailed to P.O. Box 83720, Boise, ID 83720-0074 or faxed to (208) 334-3762.

The Sept. 9 technical hearing is open to the public, but testimony is taken only from the parties to the case which included commission staff, Idaho Power Company and the Industrial Customers of Idaho Power.

To view Idaho Power's application and supporting testimony, go to the commission Website. Click on "Open Cases" under the "Electric" heading and scroll down to the above case number.

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