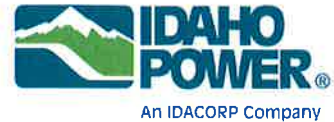


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LISA D. NORDSTROM
Lead Counsel
lnordstrom@idahopower.com

July 31, 2020

VIA ELECTRONIC FILING

Jan Noriyuki, Secretary
Idaho Public Utilities Commission
11331 W. Chinden Boulevard
Building 8, Suite 201-A
Boise, Idaho 83714

Re: Case No. IPC-E-19-18
Validation of North Valmy Power Plant Unit 2 Closures in 2025 – Procedural Schedule

Dear Ms. Noriyuki:

On July 1, 2020, Idaho Power Company (“Idaho Power” or “Company”) filed a Motion to Suspend the Procedural Schedule for Case No. IPC-E-19-18 to allow time for Idaho Power to conduct a comprehensive review of its 2019 Amended Integrated Resource Plan (“IRP”). In that Motion, the Company committed to providing an update on its progress in the IRP review process by July 31, 2020. This letter complies with the Company’s commitment by presenting such an update and offering a new date for resuming the procedural schedule.

Idaho Power is grateful to the Commission for the opportunity to suspend Case No. IPC-E-19-19 to conduct additional review and validation of the Company’s current resource plan, which bears on the closure of North Valmy Power Plant Unit 2 (“Valmy” or “Valmy Unit 2”). This IRP cycle has included a number of new modeling practices and methods, through which the Company identified the need for additional changes. Extension of both the IRP and Valmy case schedules was to ensure the accuracy of Idaho Power’s current resource plan. The extensive review process undertaken by Idaho Power over the past four weeks was conducted not only to validate the 2019 IRP, but also to work toward establishing a robust resource planning process that can be confidently relied upon into the future. In turn, these efforts will ensure the accuracy of analyses performed with respect to the appropriate closure date for Valmy Unit 2.

Update on IRP Internal Review Process

As outlined in the Motion filed earlier this month, the Company conducted a comprehensive four-step review process to deconstruct and examine all aspects of this IRP cycle, from model inputs to model outputs. To conduct this review, the Company formed a multidisciplinary team

(“IRP Review Team”) of subject matter experts from its Planning, Engineering & Construction and Power Supply departments. Additional support and consultation were provided throughout each step of the process by members of the Company’s Internal Audit, Finance, and Regulatory departments to ensure a consistent and methodical review. Detailed below are the specific actions taken within each step of the review process:

1. **Input Data and Source Review:** The IRP Review Team began with a full examination of input data related to the IRP process. A total of 11 sub-teams were formed, each with appropriate subject matter experts, to examine individual categories of AURORA model input data for the following:
 - Forecast inputs for natural gas price (sub-team 1), hydrologic system and stream flow (sub-team 2), and the Company’s load forecast (sub-team 3);
 - Supply-side inputs related to the Company’s coal units (sub-team 4), natural gas plants (sub-team 5), and co-generator & small power producers and PURPA contracts (sub-team 6);
 - Demand-side inputs related to demand response and energy efficiency programs (sub-team 7);
 - Transmission system-related inputs (sub-team 8), including those related to the B2H project (sub-team 9);
 - Financial inputs (sub-team 10) related to items such as the Weighted Average Cost of Capital, fixed and operations and maintenance (“O&M”) costs, and property tax treatment; and
 - Reliability inputs (sub-team 11) related to the Company’s regulating reserve requirements.

The sub-teams reviewed all aspects of these inputs, including cross-verification against source materials, examination and investigation of supporting models that produce AURORA input data (e.g., two hydrologic and streamflow models), review of regulatory decisions and orders that determined specific AURORA input treatment, and evaluation of internal methodologies and processes for developing Idaho Power-specific data (e.g., the Company load forecast).

2. **Feeding Data into the Model:** In the second step of the review, the IRP Review Team examined the ways in which the above inputs are incorporated into the AURORA model. This step involved validating any necessary data transformations or conversions to make the inputs “model ready.” For instance, some inputs must be converted from one unit to another to meet AURORA specifications. The IRP Review Team ensured that all such conversions and transformations were conducted properly and that data fed into AURORA were accurate.
3. **Model Settings and Processing:** Next, the IRP Review Team analyzed how the AURORA model treats data within the model itself—referred to as modeling logic. For this step, the Review

Team worked in consultation with Energy Exemplar, the developers of the AURORA model, to further verify model processes and specifications. Additionally, this step of the review involved a thorough assessment of AURORA system settings to ensure that data within the model were interacting in a logical manner and consistent with Idaho Power's knowledge of its own system and resources.

4. **Output Review:** Finally, the IRP Review Team examined the consistency and accuracy of the AURORA model outputs to ensure that the model produced logical and consistent results.

Through the above four-step review process, the Company has identified a narrow range of appropriate changes to model inputs and treatment of data within the model. Some of these changes were previously identified by the Company, prompting the Motion to Suspend. While the magnitude of changes and adjustments appear to be nominal, the Company is finalizing the results of the review process and performing further analysis to determine any impacts to resource selection and the ultimate Preferred Portfolio. To ensure full confidence in the accuracy and reasonableness of the IRP results, the Company believes the best pathway forward is to perform a complete validation of each resource portfolio option. Using the comprehensively reviewed inputs, the Company will re-run the Long-Term Capacity Expansion model in AURORA to generate WECC-optimized portfolios, and then manually optimize select portfolios for Idaho Power's system to validate and confirm a Preferred Portfolio that reflects the best combination of least cost and least risk.

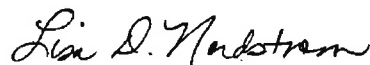
Updated Procedural Schedule

Finalizing the end-to-end review of the IRP, including new model runs, is a time-consuming effort that will require extensive processing and analysis time. The Company believes that an additional two months will be sufficient to complete the full IRP review, and suggests **Friday, October 2, 2020**, for resuming the procedural schedule in IPC-E-19-18.

The Company regrets this extended timeline but believes that conducting the most thorough and complete review of the IRP process and modeling will continue to ensure the accuracy of the IRP's findings and instill confidence in associated analyses related to the appropriate closure date for Valmy Unit 2.

Please contact me at (208) 388-5825 if you have any questions.

Very truly yours,



Lisa D. Nordstrom

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 31st day of July 2020, I served a true and correct copy of IDAHO POWER COMPANY'S 2019 AMENDED INTEGRATED RESOURCE PLAN – PROCEDURAL SCHEDULE upon the following named parties by the method indicated below, and addressed to the following:

Commission Staff

Edward Jewell
Deputy Attorney General
Idaho Public Utilities Commission
472 West Washington (83702)
P.O. Box 83720
Boise, Idaho 83720-0074

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email edward.jewell@puc.idaho.gov

Idaho Conservation League

Benjamin J. Otto
Idaho Conservation League
710 North 6th Street
Boise, Idaho 83702

U.S. Mail
 Overnight Mail
 FAX
 Email botto@idahoconservation.org

Industrial Customers of Idaho Power

Peter J. Richardson
RICHARDSON ADAMS, PLLC
515 North 27th Street (83702)
P.O. Box 7218
Boise, Idaho 83707

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email peter@richardsonadams.com

Dr. Don Reading
6070 Hill Road
Boise, Idaho 83703

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email dreading@mindspring.com



Stephanie L. Buckner
Executive Assistant