

September 25, 2015

Tom Bergin  
Blaine County Planning and Zoning Director  
219 1st Avenue South, Suite 208  
Hailey, ID 83333



RE: Conditional Use Permit Application  
138-kV Overhead and Underground Transmission Line from Hailey to Sun Valley

Dear Mr. Bergin:

Idaho Power is pleased to file this application for the Hailey to Ketchum 138-kV Redundant Transmission Line. This permit would provide authorization for Idaho Power to construct, maintain, and operate the overhead portion of a 138-kilovolt (kV) electrical transmission line connecting its Wood River Substation just north of Hailey and Ketchum Substation in Sun Valley ("Project").

1. Idaho Power

Idaho Power is a regulated utility that services 24,000 square miles in Idaho and Oregon. Idaho Power strives to provide reliable, fair-priced energy. With 17 hydroelectric projects as the core of Idaho Power's generation resource, Idaho Power's residential, business, and agricultural customers pay among the nation's lowest rates for electricity.

Idaho Power is also committed to the protection of resources, including managing the land and rivers in areas we serve. Through strategic operation and continued commitment to emission control technology, the electric generation portfolio is among the lowest carbon-emitting in the nation. Idaho Power has reduced our carbon footprint over the last ten years, and continues to explore ways to continue such reductions, including retiring the Boardman facility in 2020, investigating the opportunity to retire the North Valmy Power Plant, and continuing to support energy efficiency and other demand side management programs.

2. Project Purpose

The area north of East Fork Road is Idaho Power's largest electrical load served without a redundant line. An outage of the radial line can leave nearly 10,000 residents and multiple businesses without power. The single line serving that area is 53 years old and requires additional maintenance. This aging line is susceptible to damage from wood peckers, fires, avalanche, wind, and ice. Depending on the extent of damage, the power could be out for a long period while implementing repairs. For example, a winter outage has the potential to freeze water pipes in houses and businesses. A summer outage due to a fire can last multiple days until safe access can be secured and the line restored. This event recently occurred in Jordan Valley, Oregon due to the Soda Fire where the only transmission line serving the community took five days to rebuild.

The purpose of this project is to provide a redundant line to reduce the risk of extended outages. The project is recommended in the Wood River Valley Electrical Plan (WREP). The WREP was developed as part of a comprehensive and through community involvement process led by the Community Advisory

Committee (CAC). The CAC is comprised of 18 representatives from local businesses, cities, county, and federal agencies. The Wood River Valley has experienced significant growth since the original line was constructed in 1962; some census reports indicating a four-fold increase in population.

In order to assist the County in its review of the project, Idaho Power has prepared the application packet which includes maps, drawings, photographic renditions, and construction timelines, property notification areas, and other items requested or required for the proposed transmission line. In addition to the attached application packet, Idaho Power is providing the following Project History and Project Description for the County's consideration.

### 3. Project History

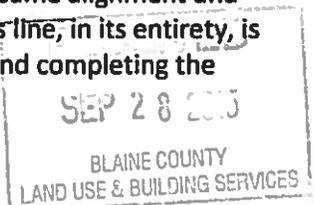
The history behind this proposed transmission line began in 1962 when Idaho Power built a 138-kV transmission line between the Wood River and Ketchum Substations to provide electric service to the north Wood River Valley. By 1973, Idaho Power had already begun planning for a second transmission line in the Valley to provide enhanced service reliability to customers in Hailey, Sun Valley, and Ketchum.

In 1995, Idaho Power made a concerted effort to secure approval for this second transmission line. Idaho Power worked with a local CAC to take the new transmission line proposal to the citizens of the Wood River Valley. Community members were invited to an open house to comment on the plan and help assess the need for the second line. In addition, Idaho Power surveyed local residents on their support for this second line. The existing transmission line was only 33 years old at the time and had an excellent record of service. Because of that record, nearly three-quarters of the residents surveyed opposed building a second transmission line at that time. After listening to the residents and recommendations of the CAC, Idaho Power informed Blaine County commissioners they would delay pursuing the construction of this second transmission line.

By the year 2007, Idaho Power decided to re-address the Wood River Valley's power needs. A new CAC was convened and through a yearlong collaborative process with Idaho Power, the CAC developed what would be known as the WREP, a comprehensive plan that describes the transmission facilities needed to reliably serve electrical needs of the Valley now and into the future. The CAC represented interests from Blaine County, Lincoln County, Sun Valley, Ketchum, Hailey, and Bellevue, various state and federal agencies, as well as former public officials, key businesses and developers in the area.

A number of electric infrastructure recommendations were made by the CAC. One of the most significant was to construct a second 138-kV transmission line between Wood River Substation and Ketchum Substation. The second line would provide a redundant power source for the existing (now, in 2007, 45 years old) transmission line. The CAC's initial routing of the proposed new transmission line was developed after considering input from the general public and regulatory bodies, reviewing surrounding land uses, and addressing environmental concerns, construction feasibility, and cost.

A second recommendation from the WREP was to rebuild the existing 138-kV transmission line connecting its King Substation in Hagerman with its Wood River Substation north of Hailey. This line was also constructed in 1962. The rebuilt line would be constructed of steel poles instead of wood, be in the same alignment and use the same rights of ways as the existing line. The current schedule for rebuilding this line, in its entirety, is for design and permitting to be completed in 2015, commencing construction in 2016 and completing the project in 2017.



In discussions with the residents and representatives of Blaine County, Sun Valley, and Ketchum, Idaho Power explained that its utility construction standard is to construct overhead power line facilities. If a party requests underground power line construction rather than standard overhead construction, that party is required to pay costs related to the difference between the overhead and underground facilities. Idaho Power explained that if the County and cities request that part or all of the new transmission line be placed underground, one option for funding the cost differential for the underground facilities is to form a local improvement district (LID) as specifically provided for in Idaho Statutes Title 50, Chapter 25, "Underground Conversion of Utilities."

To confirm and advance the 2007 recommendations of the WREP, the CAC reconvened in 2010. Over the next 12 months, the CAC participants worked together to refine their original recommendations and review additional routing and design details for the proposed new transmission line that were developed during the previous three years. Beginning in 2011, several opportunities were afforded to the CAC and the general public to assist in the route-selection process for the new transmission line. In developing a route and design to be presented to the jurisdictions for consideration, Idaho Power held numerous meetings with homeowners, neighborhood associations, and several private-property owners and groups; and made several presentations to various civic and governmental groups. When discussing alternatives in these meetings, Idaho Power addressed the community funding requirement and explained how the LID option would work to cover these costs. After a preferred alternative was selected for the transmission line, including a significant stretch of underground facilities, the public was invited to attend three separate open houses to learn about and comment on the project.

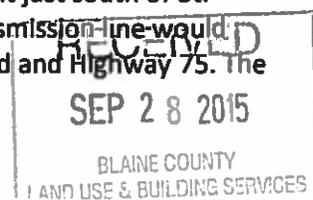
In 2014, the CAC was reconvened once again at the request of a number of community leaders to perform a feasibility and cost-benefit review of the Project, including review of other possible alternative energy projects. The CAC included representation from the same parties as previous councils. After a thorough review of the alternatives, the CAC again recommended Idaho Power proceed with the redundant line.

Idaho Power has actively pursued providing a more robust transmission system to the Wood River Valley. For decades, Idaho Power has been working closely with the Wood River Valley Community outlining and prioritizing improvements and additions to the transmission infrastructure that would be needed to continue providing reliable electric service to the Wood River Valley.

#### 4. Project Description

Idaho Power's proposed transmission line would originate at the Wood River Substation, immediately north of Hailey, and travel north to the Ketchum Substation located in Sun Valley, as shown in the enclosed project maps. The transmission line would cross through portions of Blaine County, Ketchum, and Sun Valley. Permissions would be required from other applicable state and federal agencies, including the Idaho Transportation Department (ITD). Idaho Power is also working on permit applications with the City of Ketchum and Sun Valley.

The south portion of the transmission line would be placed overhead in Blaine County, running from the Wood River Substation along Buttercup Road to Highway 75, along the highway to a point just south of St. Luke's Medical Center, where the line would transition underground. The overhead transmission line would replace Idaho Power's existing distribution lines located along portions of Buttercup Road and Highway 75. The



transmission line steel poles would be slightly taller than the existing distribution poles (typically 7 to 9 ft taller), and the distribution wires would be attached to the transmission poles below the transmission wires. This is a special low-profile configuration requested in Idaho Power's public and community meetings. The steel poles would be of a color that is similar to the existing wood poles. The enclosed photograph renditions provide a detailed view of the proposed overhead transmission line configuration.

For the transition of the transmission line from overhead to underground, a specialized transition power pole structure would be installed south of St. Luke's Medical Center in Blaine County. The underground line would then continue to travel north, along Hospital Drive, in front of St. Luke's Medical Center and continuing along the west edge of the Highway 75 right-of-way (per approval from the ITD). The underground transmission line would reach the Ketchum city limits along Highway 75 north of Elkhorn Road. Due to ITD's planned reconstruction of the Highway 75 bridge crossing over Wood River, Idaho Power would likely attach conduit for the transmission line to the new bridge, with ITD's approval. The line would continue underground through Ketchum along Rivers Street, Leadville Avenue, 2<sup>nd</sup> Street, Spruce Avenue, and along Sun Valley Road to the terminus in Ketchum Substation. The proposed route for the transmission line is shown in detail in the enclosed maps.

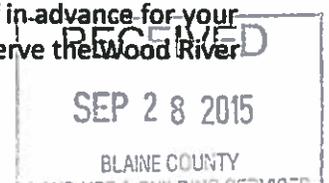
Because the local jurisdictions are requesting a portion of the project be placed underground rather than standard overhead construction, differential costs are required to be paid by those parties. Idaho Power has reviewed how a LID option would work to cover the underground differential costs with Blaine County and the cities of Sun Valley and Ketchum. After further refinement of all elements of the transmission line project, Idaho Power has estimated that the cost to be borne by the community is less than \$2 million. While Idaho Power is available to discuss further details of the LID funding process or other potential funding mechanisms for the underground transmission line, we believe the funding issue should be addressed separately from Idaho Power's current request for CUP approval from Blaine County for the proposed transmission line project.

Construction of the portion of underground transmission line is currently anticipated to require trenching within State Highway 75 and Sun Valley Road, through Ketchum and Sun Valley, to Idaho Power's Ketchum Substation. Coordination with all jurisdictions will occur to finalize a schedule, but currently construction is anticipated for 2018 and 2019. The first year or phase of the work would be trenching within a traffic lane to install conduits and vaults and then repaving the lane of travel back to ITD and city standards. The second year or phase would require the installation of the cables in the conduits and splicing conduits inside the vaults. Idaho Power expects all road work and associated traffic control measures to be contracted, as specialty machines and crews are required for the installation of underground transmission lines and associated facilities.

## 5. Conclusion

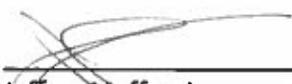
Information provided throughout the public process has been compiled by Idaho Power and is available online at ([www.idahopower.com/woodriver](http://www.idahopower.com/woodriver)). Idaho Power recommends that in addition to the information contained with this letter, the City review the current proposed route, maps, photographs and supplemental information on the Idaho Power Website shown above. For detailed route information by parcel, view the "Proposed Route Map w/Parcels" bullet item in the Related Information box on the top right of that Web page.

On behalf of Idaho Power, I thank you and the Blaine County Planning & Zoning staff in advance for your time and efforts in the consideration of this request. We look forward to continuing to serve the Wood River



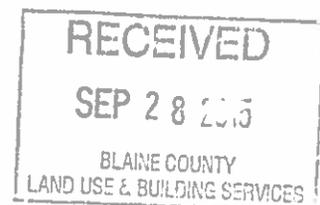
Valley residents with reliable electrical service. We are happy to meet and present the project in more detail, as well as discuss and answer any questions the County may have. If you have any questions or need any additional information concerning this matter, please call me at (208) 388-2402.

Regards,



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Jeffrey Maffuccio  
Facility Siting Coordinator



September 9, 2016

Tom Bergin  
Blaine County Planning and Zoning Director  
219 1st Avenue South, Suite 208  
Hailey, ID 83333

RE: Conditional Use Permit Application Update  
138-kV Overhead and Underground Transmission Line from Hailey to Sun Valley

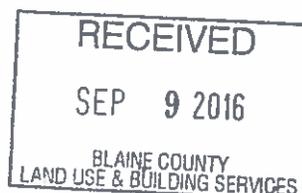
Dear Mr. Bergin:

Idaho Power Company ("Idaho Power") filed a Conditional Use Permit Application for the Hailey to Ketchum 138-kV Redundant Transmission Line ("Project") on April 23, 2014 and filed an update to the application on September 25, 2015, which included an indepth analysis of the Project. Since that time, IPC has continued working with the communities (Blaine County, Sun Valley, and Ketchum) to refine routes and respond to inquiries about the Project. In this letter, Idaho Power is providing an update on recent coordination meetings and revised Project route options as a result of those meetings. The Project Purpose has not changed – customers in Blaine County requested and desire reliable service as established in the Wood River Electrical Plan. The request is still for a permit providing authorization for Idaho Power to construct, maintain, and operate a 138-kilovolt (kV) electrical transmission line connecting Wood River Substation just north of Hailey to Ketchum Substation in Sun Valley.

1. Recent Project Coordination

Idaho Power has had the opportunity to continue to work with the Wood River Valley Community to develop alternatives and solutions to provide reliable electric service to the residents and businesses in the Wood River Valley. This work was primarily through the Community Advisory Committee in developing the Wood River Electrical Plan. Recently, Idaho Power has coordinated and participated in meetings with officials and stakeholders located in Blaine County, Sun Valley, and Ketchum:

- May 31, 2016; Idaho Power met with the three jurisdictions and agreed to public meetings to consider the route and cost options for the project.
- June 6, 2016; Idaho Power presented to the Ketchum City Council on the Project Purpose, Project History, Project Description (including several build options), and proposed Project Costs.
- August 18, 2016; Ketchum and Sun Valley hosted a Public Workshop for residents and business owners to ask Idaho Power questions and to discuss Project need, funding, and resource alternatives. A quorum of the Blaine County Commissioners was present at this meeting.
- During the past year, Idaho Power has met with Sun Valley Water and Sewer District, St. Luke's Wood River Medical Center (St. Luke's), and Idaho Transportation Department (ITD).



## 2. Project Description

The solution proposed as a result of the collaboration between Idaho Power and Wood River Valley Community is a transmission line that connects the Wood River Substation, immediately north of Hailey, to the Ketchum Substation located in Sun Valley, as shown in the enclosed project maps. The transmission line would cross through portions of Blaine County, Ketchum, and Sun Valley. The segments are described below:

### a. Overhead Segment (Wood River substation to transition structure)

The south portion of the transmission line would be constructed as an overhead line, running from the Wood River Substation along Buttercup Road to Highway 75, and then along the highway right-of-way (ROW). The overhead transmission line would be constructed along the same route as the existing distribution line located along portions of Buttercup Road and Highway 75. The transmission line steel poles would be slightly taller than the existing distribution poles (typically 7 to 9 ft taller), and the distribution wires would be attached to the transmission poles below the transmission wires. The overhead portion will terminate at a specialized transition power pole structure, which would move the line underground into conduits and vaults.

### b. Underground Segment (transition structure to Ketchum substation)

The north portion of the transmission line would be constructed as an underground line. This is currently anticipated to require trenching within State Highway 75 and Sun Valley Road, through Ketchum and Sun Valley, to Idaho Power's Ketchum Substation. Coordination with all jurisdictions will occur to finalize a schedule, but currently construction is anticipated for 2019 and 2020. The first year of the work would be trenching within a traffic lane to install conduits and vaults and then repaving the lane of travel back to ITD and city standards. The second year would be installation of the cables in the conduits and splicing cables inside the vaults.

Idaho Power has worked with the communities to develop two viable options for locating the transition structure from overhead to underground; one near Elkhorn Road and the other near Hospital Drive. The primary differences in the options are the physical location where the overhead line will be converted to underground and the costs required to be paid by the community.

Idaho Statutes Title 50, Chapter 25, "Underground Conversion of Utilities", addresses the funding for undergrounding utilities. It states the party requesting underground power line construction, rather than standard overhead construction, will pay costs related to the difference between the overhead and underground facilities. The base overhead option to reliably serve the area is estimated to be approximately \$30.1 million. The difference between the base option and the options, below, would be funded by the community as determined by the Idaho PUC.

#### i. *Underground Option 1 (Elkhorn Road transition)*

Option 1 balances the funding needs with jurisdictional requirements and public preference for an underground transmission line. The overhead line would continue north along the east side of Hospital Drive and then along the west edge of Highway 75 ROW (per approval from the ITD). St Luke's

has requested emergency/clearance lighting for structures within flight paths. The line will continue on the west edge of the highway, over the Big Wood River, to the transition location near the intersection of Elkhorn Road and Highway 75. Idaho Power and Sun Valley Water and Sewer District will coordinate on a final location and easement. Once underground, the line would continue along Highway 75 into Ketchum, then along local streets in Ketchum to Sun Valley Road, ending at the Ketchum Substation. The proposed route and transition location for Option 1 is shown in detail in the enclosed maps.

The total cost estimate for this option is approximately \$30 million. Since the cost estimate for Option 1 is more or less the same as the base option, no funding would be required from Blaine County, Ketchum, or Sun Valley.

*ii. Underground Option 2 (Hospital Drive transition)*

Option 2 locates more of the transmission line route underground. The specialized transition-structure would be located immediately north of the intersection of Highway 75, Hospital Drive and Broadway Run. Idaho Power would develop a final location in coordination with St. Luke's and ITD. Once underground, the line would continue north along Hospital Drive, then along the west edge of the Highway 75 right-of-way into Ketchum, then along the same route as described in Option 1, ending at the Ketchum Substation. The proposed route and transition location for Option 2 is shown in detail in the enclosed maps.

The total cost estimate for this option is approximately \$32.7 million. The variance of approximately \$2.6 million from the base case would require supplemental funding from Blaine County (customers benefitting from the redundant line, generally north of East Fork Road), Ketchum, and Sun Valley customers.

3. Conclusion

On behalf of Idaho Power, I thank you and the Blaine County Planning & Zoning staff in advance for your time and efforts in the consideration of this request. This Project is a result of nearly a decade of collaborative work with the Community Advisory Committee as well as various public input to establish the Wood River Electrical Plan. We look forward to presenting this solution at a public hearing and securing approval, so that we can continue to provide low-cost, reliable electric service in the Wood River Valley. If you have any questions or need any additional information on this matter, please call me at (208) 388-2402.

Regards,

  
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Jeffrey Maffuccio  
Facility Siting Coordinator

