



IDAHO POWER COMPANY
P.O. BOX 70
BOISE, IDAHO 83707

PATRICK A. HARRINGTON
Attorney

December 8, 2003

Idaho Public Utilities Commission
Office of the Secretary
RECEIVED

DEC - 9 2003

Boise, Idaho

Ms. Jean D. Jewell
Secretary
Idaho Public Utilities Commission
Statehouse
Boise, Idaho 83720

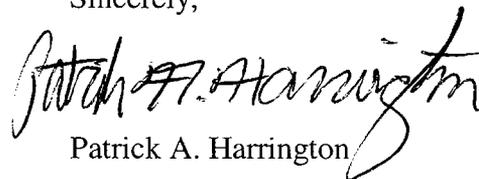
Re: In the Matter of the Application of Idaho Power Company for an order authorizing the issuance and sale of up to \$40,000,000 of Common Stock
Case No. IPC-E-03- 18

Dear Ms. Jewell:

Enclosed herewith for filing with the Commission are five (5) copies of Attachment II, Financial Statements, to the above referenced application

Please contact me at 388-2878 if you have any questions regarding this filing.

Sincerely,



Patrick A. Harrington

c: D.T. Anderson
D.C. Gribble
Terri Carlock

Idaho Public Utilities Commission
Office of the Secretary
RECEIVED

DEC - 9 2003

Boise, Idaho

ATTACHMENT I(d)

ATTACHMENT I(a)

IDAHO POWER COMPANY
BALANCE SHEET
As of September 30, 2003

ASSETS

	<u>Actual</u>	<u>Adjustments</u>	<u>After Adjustments</u>
Electric Plant :			
In service (at original cost).....	\$ 3,164,211,851	\$	\$ 3,164,211,851
Accumulated provision for depreciation.....	(1,363,764,942)	<u> </u>	(1,363,764,942)
In service - Net.....	1,800,446,909		1,800,446,909
Construction work in progress.....	106,930,302		106,930,302
Held for future use.....	2,704,480	<u> </u>	2,704,480
Electric plant - Net.....	<u>1,910,081,691</u>	<u> </u>	<u>1,910,081,691</u>
Investments and Other Property:			
Nonutility property.....	828,832		828,832
Investment in subsidiary companies	22,748,173		22,748,173
Other.....	<u>20,946,910</u>	<u> </u>	<u>20,946,910</u>
Total investments and other property.....	<u>44,523,915</u>	<u> </u>	<u>44,523,915</u>
Current Assets:			
Cash and cash equivalents (A).....	5,219,707	40,000,000	45,219,707
Receivables:			
Customer.....	49,832,045		49,832,045
Allowance for uncollectible accounts.....	(1,312,080)		(1,312,080)
Notes.....	4,908,799		4,908,799
Employee notes	8,112,567		8,112,567
Related party.....	24,565,274		24,565,274
Other.....	1,273,275		1,273,275
Accrued unbilled revenues.....	28,455,783		28,455,783
Materials and supplies (at average cost).....	20,626,198		20,626,198
Fuel stock (at average cost).....	4,386,663		4,386,663
Prepayments.....	28,487,726		28,487,726
Regulatory assets	<u>7,017,311</u>	<u> </u>	<u>7,017,311</u>
Total current assets.....	<u>181,573,268</u>	<u>40,000,000</u>	<u>221,573,268</u>
Deferred Debits:			
American Falls and Milner water rights.....	31,585,000		31,585,000
Company owned life insurance.....	35,748,353		35,748,353
Regulatory assets associated with income taxes.....	317,526,848		317,526,848
Regulatory assets - PCA.....	74,841,621		74,841,621
Regulatory assets - other.....	32,592,245		32,592,245
Other.....	<u>51,893,581</u>	<u> </u>	<u>51,893,581</u>
Total deferred debits.....	<u>544,187,648</u>	<u> </u>	<u>544,187,648</u>
Total.....	<u>\$ 2,680,366,522</u>	<u>\$ 40,000,000</u>	<u>\$ 2,720,366,522</u>

(A) See Statement of Adjusting Journal Entries.

The accompanying Notes to Financial Statements are an integral part of this statement

IDAHO POWER COMPANY
BALANCE SHEET
As of September 30, 2003

CAPITALIZATION AND LIABILITIES

	Common Shares Authorized	Common Shares Outstanding	Actual	Adjustments	After Adjustments
Equity Capital:	50,000,000	37,612,351			
Common stock (A).....			\$ 94,030,878	\$ 40,000,000	\$ 134,030,878
Preferred stock.....			52,483,600		52,483,600
Premium on capital stock.....			362,057,833		362,057,833
Capital stock expense.....			(2,688,806)		(2,688,806)
Retained earnings.....			317,628,113		317,628,113
Accumulated other comprehensive income.....			(4,734,300)		(4,734,300)
			<u>818,777,318</u>	<u>40,000,000</u>	<u>858,777,318</u>
Total equity capital.....					
Long-Term Debt:					
First mortgage bonds.....			680,000,000		680,000,000
Pollution control revenue bonds.....			170,460,000		170,460,000
Other long-term debt.....			1,048,211		1,048,211
American Falls bond and Milner note guarantees.....			31,585,000		31,585,000
Unamortized discount on long-term debt (Dr).....			(2,257,525)		(2,257,525)
			<u>880,835,686</u>		<u>880,835,686</u>
Total long-term debt.....					
Current Liabilities:					
Long-term debt due within one year.....			50,076,844		50,076,844
Notes payable.....			14,000,000		14,000,000
Accounts payable.....			38,309,746		38,309,746
Notes and accounts payable to related parties.....			8,582,163		8,582,163
Taxes accrued.....			94,744,394		94,744,394
Interest accrued.....			21,571,449		21,571,449
Deferred income taxes.....			6,785,252		6,785,252
Other.....			16,756,874		16,756,874
			<u>250,826,722</u>		<u>250,826,722</u>
Total current liabilities.....					
Deferred Credits:					
Regulatory liabilities associated with accumulated deferred investment tax credits.....			67,328,486		67,328,486
Deferred income taxes.....			526,411,489		526,411,489
Regulatory liabilities associated with income taxes.....			40,745,235		40,745,235
Regulatory liabilities-other.....			6,052,626		6,052,626
Other.....			89,388,960		89,388,960
			<u>729,926,796</u>		<u>729,926,796</u>
Total deferred credits.....					
Total.....			<u>\$ 2,680,366,522</u>	<u>\$ 40,000,000</u>	<u>\$ 2,720,366,522</u>

(A) See Statement of Adjusting Journal Entries.

The accompanying Notes to Financial Statements are an integral part of this statement

IDAHO POWER COMPANY
STATEMENT OF ADJUSTING JOURNAL ENTRIES
As of September 30, 2003
Giving Effect to the Proposed issuance of
Common Stock

Entry No. 1

Cash.....	\$	40,000,000	
Common Stock.....			\$ 40,000,000
Premium on Capital Stock.....			

To record the proposed issuance of common stock.
(Number of shares to be issued to be determined and
allocation between Common Stock and Premium on
Capital Stock will be made at that time).

IDAHO POWER COMPANY
NOTES TO FINANCIAL STATEMENTS
As of September 30, 2003

1. Property Plant and Equipment:

The cost of utility plant in service represents the original cost of contracted services, direct labor and material, allowance for funds used during construction and indirect charges for engineering, supervision and similar overhead items. Maintenance and repairs of property and replacements and renewals of items determined to be less than units of property are expensed to operations. Repair and maintenance costs associated with planned major maintenance are recorded as these costs are incurred. For utility property replaced or renewed, the original cost plus removal cost less salvage is charged to accumulated provision for depreciation, while the cost of related replacements and renewals is added to property, plant and equipment.

2. Depreciation:

All utility plant in service is depreciated using the straight-line method at rates approved by regulatory authorities.

3. Revenues:

In order to match revenues with associated expenses, Idaho Power Company (IPC) accrues unbilled revenues for electric services delivered to customers but not yet billed at month-end.

4. Cash and Cash Equivalents:

Cash and cash equivalents include cash on hand and highly liquid temporary investments with maturity dates at date of acquisition of three months or less.

5. Regulation of Utility Operations:

IPC follows Statement of Financial Accounting Standards (SFAS) 71, "Accounting for the Effects of Certain Types of Regulation," and its financial statements reflect the effects of the different rate making principles followed by the various jurisdictions regulating IPC. The economic effects of regulation can result in regulated companies recording costs that have been or are expected to be allowed in the ratemaking process in a period different from the period in which the cost would be charged to expense by an unregulated enterprise. When this occurs, costs are deferred as regulatory assets in the balance sheet and recorded as expenses in the periods when those same amounts are reflected in rates. Additionally, regulators can impose liabilities upon a regulated company for amounts previously collected from customers and for amounts that are expected to be refunded to customers (regulatory liabilities).

6. Management Estimates:

Management makes estimates and assumptions when preparing financial statements in conformity with accounting principles generally accepted in the United States of America. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates involve judgments with respect to, among other things, future economic factors that are difficult to predict and are beyond management's control. As a result, actual results could differ from those estimates.

7. Financing:

On March 14, 2003, IPC filed a \$300 million shelf registration statement that could be used for first mortgage bonds (including medium-term notes), unsecured debt and preferred stock. On May 8, 2003, IPC issued \$140 million of secured medium-term notes, which were divided into two series. The first was \$70 million First Mortgage Bonds 4.25% Series due 2013 and the second was \$70 million First Mortgage Bonds 5.50% Series due 2033. Proceeds were used to pay down IPC short-term borrowings incurred from the maturity and payment of \$80 million First Mortgage Bonds 6.40% Series due 2003 and the early redemption of \$80 million First Mortgage Bonds 7.50% Series due 2023, on May 1, 2003.

NOTES TO FINANCIAL STATEMENTS (Continued)

At September 30, 2003, \$160 million remained available to be issued on this shelf registration statement.

At September 30, 2003, IPC had regulatory authority to incur up to \$250 million of short-term indebtedness. IPC has a \$200 million credit facility that expires on March 17, 2004. Under this facility IPC pays a facility fee on the commitment, quarterly in arrears, based on IPC's corporate credit rating. IPC's commercial paper may be issued up to the amounts supported by the bank credit facilities. At September 30, 2003, IPC's short-term borrowings totaled \$14 million.

On October 22, 2003, Humboldt County, Nevada issued, for the benefit of IPC, \$49.8 million Pollution Control Revenue Refunding Bonds (Idaho Power Company Project) Series 2003 due December 1, 2024. IPC borrowed the proceeds from the issuance pursuant to a Loan Agreement with Humboldt County and is responsible for payment of principal, premium, if any, and interest on the bonds. The bonds are secured, as to principal and interest, by IPC first mortgage bonds and as to principal and interest when due, by an insurance policy issued by Ambac Assurance Corporation. The bonds were issued in an auction rate mode under which the interest rate is reset every 35 days. The initial auction rate was set at 0.95 percent. Proceeds from this issuance together with other funds provided by IPC will be used to redeem the outstanding \$49.8 million Pollution Control Revenue Bonds (Idaho Power Company Project) 8.3% Series 1984 due 2014, which have been called for redemption on December 1, 2003, at 103%.

8. Income Taxes:

The liability method of computing deferred taxes is used on all temporary differences between the book and tax basis of assets and liabilities and deferred tax assets and liabilities are adjusted for enacted changes in tax laws or rates. Consistent with orders and directives of the Idaho Public Utilities Commission (IPUC), the regulatory authority having principal jurisdiction, IPC's deferred income taxes (commonly referred to as normalized accounting) are provided for the difference between income tax depreciation and straight-line depreciation computed using book lives on coal-fired generation facilities and properties acquired after 1980. On other facilities, deferred income taxes are provided for the difference between accelerated income tax depreciation and straight-line depreciation using tax guideline lives on assets acquired prior to 1981. Deferred income taxes are not provided for those income tax timing differences where the prescribed regulatory accounting methods do not provide for current recovery in rates. Regulated enterprises are required to recognize such adjustments as regulatory assets or liabilities if it is probable that such amounts will be recovered from or returned to customers in future rates.

The State of Idaho allows a three percent investment tax credit (ITC) upon certain qualifying plant additions. ITC's earned on regulatory assets are deferred and amortized to income over the estimated service lives of the related properties. Credits earned on non-regulated assets or investments are recognized in the year earned.

IPC uses an estimated annual effective tax rate to compute its provision for income taxes on an interim basis. IPC's effective tax rate for the nine months ended September 30, 2003 was 33.2 percent, compared with an effective tax rate of negative 12.0 percent for the nine months ended September 30, 2002. The increase in the 2003 estimated tax rate, compared with 2002, is due primarily to the adoption of a tax accounting method change during the third quarter of 2002 that provided a decrease to income tax expense of \$31 million. Had this benefit been excluded, the tax rate for the nine months ended September 30, 2002 would have been 33.6 percent.

NOTES TO FINANCIAL STATEMENTS (Continued)

9. Allowance For Funds Used During Construction:

Allowance for Funds Used During Construction (AFDC) represents the cost of financing construction projects with borrowed funds and equity funds. While cash is not realized currently from such allowance, it is realized under the rate making process over the service life of the related property through increased revenues resulting from higher rate base and higher depreciation expense. The component of AFDC attributable to borrowed funds is included as a reduction to interest expense, while the equity component is included in other income.

10. Regulatory Issues:

Wind Down of Energy Marketing

IDACORP announced in 2002 that IE would wind down its energy marketing operations. In connection with the wind down, certain matters were identified that required resolution with the FERC and the IPUC. IE and IPC voluntarily contacted the FERC in September 2002 to discuss these matters.

The FERC matters have been resolved by the issuance of two FERC orders:

- On February 26, 2003, the FERC issued an order approving the assignment of certain wholesale power and transmission services agreements from IPC to IE. The FERC also found that IPC violated Section 203 of the FPA by assigning the agreements in June 2001 without seeking prior approval from the FERC. The FERC noted that noncompliance with Section 203 of the FPA may prompt the FERC in certain instances to impose remedies as a condition of its approval; however, no such remedies were imposed in this order.
- On May 16, 2003, the FERC issued an order approving a stipulation and consent agreement resolving issues regarding access to IPC's transmission system, IPC's noncompliance with Sections 203 and 205 of the FPA, standards of conduct and codes of conduct. The order provided for (1) the refund of \$0.3 million to certain counterparties associated with the inappropriate use of native load priority and for failure to obtain FERC approval prior to assigning certain contracts from IPC to IE, (2) the transfer of \$5.8 million in benefits from IE to IPC as the result of certain transactions between the affiliates that were not properly filed with the FERC and (3) the implementation of certain compliance and auditing programs to ensure future compliance with FERC requirements.

In an IPUC proceeding that has been underway since May 2001, IPC, the IPUC staff and several interested customer groups have been working to determine the appropriate compensation IE should provide to IPC for certain transactions between the affiliates. The IPUC has issued several orders since then regarding these matters. Order No. 28852 issued on September 28, 2001 covered the time period prior to February 2001. Order No. 29026 covered the time period from March 2001 through March 2002. The IPUC also approved IPC's ongoing hedging and risk management strategies in Order No. 29102 issued on August 28, 2002. This order formalized IPC's agreement to implement a number of changes to its existing practices for managing risk and initiating hedging purchases and sales. In the same order, the IPUC directed IPC to present a resolution or a status report to the IPUC on additional compensation due to the utility for the use of its transmission system and other capital assets by IE and any remaining transfer pricing issues. Status reports were filed with the IPUC on December 20, 2002, March 20, 2003 and May 13, 2003 and settlement discussions were initiated. The \$5.8 million in benefits related to the FERC settlement have been included in the Power Cost Adjustment (PCA) and credited to Idaho retail customers in accordance with the PCA methodology. The parties to the proceeding have reached a verbal agreement that an additional \$5.5 million will be flowed through the PCA mechanism to the Idaho retail customers from April 2003 through December 2005. This agreement is subject to approval by the IPUC. The settlement should resolve all remaining compensation issues.

NOTES TO FINANCIAL STATEMENTS (Continued)

IDACORP and IPC do not believe that resolution of these transactions will have a material adverse effect on their consolidated financial positions, results of operations or cash flows.

Federal Energy Regulatory Commission

As previously disclosed, the FERC filing made on May 14, 2001, with respect to the pricing of real-time energy transactions between IPC and IE, is still under review by the FERC. For the period June 2001 through March 2002, IE paid IPC approximately \$6 million, which was calculated based upon the pricing methodology for the entire period that was most favorable to IPC. This amount was credited to Idaho retail customers through the PCA. An additional \$1 million has been paid to IPC for the period April 2002 through July 2002 based upon the same pricing methodology. However, until the FERC takes final action on this filing, rates for real-time transactions between IE and IPC are subject to adjustment.

Oregon Public Utility Commission

On April 29, 2003, the staff of the OPUC issued a report on trading activities during the western energy crisis in 2000-2001 by regulated utilities serving customers in Oregon including Portland General Electric, PacifiCorp and IPC. With respect to IPC, the report reviews positions IPC has taken at the FERC on trading strategies, the FERC proceeding on market manipulation and issues voluntarily disclosed by IE and IPC in September 2002 regarding affiliate transactions. The report acknowledges that IE and IPC have denied participating in the trading strategies. The staff report recommended that staff report back in 90 days regarding whether the OPUC should open a formal investigation of IPC. On June 12, 2003, the OPUC determined to suspend any further consideration of actions relating to IPC until after the IPUC and FERC concluded their reviews.

Deferred Power Supply Costs

Idaho: IPC has a PCA mechanism that provides for annual adjustments to the rates charged to its Idaho retail customers. These adjustments, which historically have taken effect in May, are based on forecasts of net power supply expenses and the true-up of the prior year's forecast. During the year, 90 percent of the difference between the actual and forecasted costs is deferred with interest. The ending balance of this deferral, called a true-up, is then included in the calculation of the next year's PCA.

On April 15, 2003, IPC filed its 2003-2004 PCA with the IPUC, and, with a small adjustment to the filing, the rates were approved by the IPUC and became effective on May 16, 2003. As approved, IPC's rates have been adjusted to collect \$81 million above 1993 base rates, a \$114 million reduction from the 2002-2003 PCA.

Oregon: IPC is also recovering calendar year 2001 extraordinary power supply costs applicable to the Oregon jurisdiction. In two separate 2001 orders, the OPUC approved rate increases totaling six percent, which was the maximum annual rate of recovery allowed under Oregon state law at that time. These increases are recovering approximately \$2 million annually. The Oregon deferred balance was \$14 million as of September 30, 2003. During the 2003 Oregon legislative session, the maximum annual rate of recovery was raised to ten percent under certain circumstances. The higher recovery percentage may be requested by IPC in the spring of 2004.

NOTES TO FINANCIAL STATEMENTS (Continued)

IPC's deferred power supply costs consisted of the following at (in thousands of dollars):

	September 30, 2003	December 31, 2002
Oregon deferral	\$ 13,752	\$ 14,172
Idaho PCA power supply cost deferrals:		
Deferral during the 2003-2004 rate year	35,006	-
Deferral during the 2002-2003 rate year	-	8,910
Astaris load reduction agreement	-	27,160
Idaho PCA true-up awaiting recovery:		
Irrigation and small general service deferral for recovery in the 2003-2004 rate year	-	12,049
Industrial customer deferral for recovery in the 2003-2004 rate year	-	3,744
Remaining true-up authorized May 2002	-	74,253
Remaining true-up authorized May 2003	26,084	-
Total deferral	<u>\$ 74,842</u>	<u>\$ 140,288</u>

11. Other Accounting Policies:

Debt discount, expense and premium are being amortized over the terms of the respective debt issues.

ATTACHMENT I(b)

IDAHO POWER COMPANY

The following statement as to each class of the capital stock of applicant is as of September 30, 2003, the date of the balance sheet submitted with this application:

Common Stock

- (1) Description - Common Stock, \$2.50 par value; 1 vote per share
- (2) Amount authorized - 50,000,000 shares (\$125,000,000 par value)
- (3) Amount outstanding - 37,612,351 shares
- (4) Amount held as reacquired securities - None
- (5) Amount pledged by applicant - None
- (6) Amount owned by affiliated corporations - All
- (7) Amount held in any fund - None

Applicant's Common Stock is held by IDACORP, Inc., the holding company of Idaho Power Company. IDACORP, Inc.'s Common Stock is registered (Pursuant to Section 12(b) of the Securities Exchange Act of 1934) and is listed on the New York and Pacific stock exchanges.

4% Preferred Stock

- (1) Description - 4% Preferred Stock, cumulative, \$100 par value; 20 votes per share
- (2) Amount authorized - 215,000 shares (\$21,500,000 par value)
- (3) Amount outstanding - 124,836 shares
- (4) Amount held as reacquired securities - None
- (5) Amount pledged by applicant - None
- (6) Amount owned by affiliated corporations - None
- (7) Amount held in any fund - None

Applicant's 4% Preferred Stock is registered as part of a class pursuant to Section 12(g) of the Securities Exchange Act of 1934.

Series Serial Preferred Stock, \$100 Par Value

- (1) Description - 7.68% Series Serial Preferred Stock, cumulative, \$100 par value; 1 vote per share
- (2) Amount authorized - 150,000 shares (\$15,000,000 par value)
- (3) Amount outstanding - 150,000 shares
- (4) Amount held as reacquired securities - None
- (5) Amount pledged by applicant - None
- (6) Amount owned by affiliated corporations - None
- (7) Amount held in any fund - None

Applicant's 7.68% Series Serial Preferred Stock is registered as part of a class pursuant to Section 12(g) of the Securities Exchange Act of 1934.

Serial Preferred Stock, Without Par Value

- (1) Description - Serial Preferred Stock, without par value
- (2) Amount authorized - 3,000,000 shares
Amount outstanding - Amount outstanding - 250,000 shares, 7.07% Series, cumulative,
\$100 stated value, non-voting shares
- (4) Amount held as reacquired securities - None
- (5) Amount pledged by applicant - None
- (6) Amount owned by affiliated corporation - None
- (7) Amount held in any fund - None

Applicant's Serial Preferred Stock is registered as part of a class pursuant to Section 12(g) of the Securities Exchange Act of 1934.

Provisions of the Articles of Incorporation authorize the Board of Directors to fix dividend rates and redemption prices for the authorized but unissued Serial Preferred Stock.

For a full statement concerning the terms and provisions relating to the Common, 4% Preferred and Serial Preferred Stocks of Applicant, reference is made to the Applicant's Articles of Incorporation presently on file with the Commission.

IDAHO POWER COMPANY

The following statement as to funded debt of applicant is as of September 30, 2003, the date of the balance sheet submitted with this application.

First Mortgage Bonds

(1) Description	(3) Amount Outstanding
FIRST MORTGAGE BONDS:	
8 % Series due 2004, dated as of Mar 25, 1992, due Mar 15, 2004	50,000,000
5.83 % Series due 2005, dated as of Sep 9, 1998, due Sep 9, 2005	60,000,000
7.38 % Series due 2007, dated as of Dec 1, 2000, due Dec 1, 2007	80,000,000
7.20 % Series due 2009, dated as of Nov 23, 1999, due Dec 1, 2009	80,000,000
6.60 % Series due 2011, dated as of Mar 2, 2001, due Mar 2, 2011	120,000,000
4.75 % Series due 2012, dated as of Nov 15, 2002, due Nov 15, 2012	100,000,000
4.25 % Series due 2013, dated as of May 13, 2003, due October 1, 2013	70,000,000
6 % Series due 2032, dated as of Nov 15, 2002, due Nov 15, 2032	100,000,000
5.50 % Series due 2033, dated as of May 13, 2003, due April 1, 2033	70,000,000
	\$730,000,000

- (2) Amount authorized - Limited within the maximum of \$1,100,000,000 (or such other maximum amount as may be fixed by supplemental indenture) and by property, earnings, and other provisions of the Mortgage.
- (4) Amount held as reacquired securities - None
- (5) Amount pledged - None
- (6) Amount owned by affiliated corporations - None
- (7) Amount of sinking or other funds - None

For a full statement of the terms and provisions relating to the respective Series and amounts of applicant's outstanding First Mortgage Bonds above referred to, reference is made to the Mortgage and Deed of Trust dated as of October 1, 1937, and First to Thirty-Ninth Supplemental Indentures thereto, by Idaho Power Company to Deutsche Bank Trust Company Americas (formerly known as Bankers Trust Company) and R. G. Page (Stanley Burg, successor individual trustee), Trustees, presently on file with the Commission, under which said bonds were issued.

IDAHO POWER COMPANY

Pollution Control Revenue Bonds

(A) Variable Rate Series 2000 due 2027:

- (1) Description - Pollution Control Revenue Bonds, Variable Rate Series due 2027, Port of Morrow, Oregon, dated as of May 17, 2000, due February 1, 2027.
- (2) Amount authorized - \$4,360,000
- (3) Amount outstanding - \$4,360,000
- (4) Amount held as reacquired securities - None
- (5) Amount pledged - None
- (6) Amount owned by affiliated corporations - None
- (7) Amount in sinking or other funds - None

(B) 8.30% Series 1984 due 2014:

- (1) Description - Pollution Control Revenue Bonds, 8.30% Series due 2014, County of Humboldt, Nevada, dated as of December 20, 1984 due December 1, 2014 (secured by First Mortgage Bonds, Pollution Control Series A)
- (2) Amount authorized - \$49,800,000
- (3) Amount outstanding - \$49,800,000
- (4) Amount held as reacquired securities - None
- (5) Amount pledged - None
- (6) Amount owned by affiliated corporations - None
- (7) Amount in sinking or other funds - None

(C) 6.05% Series 1996A due 2026:

- (1) Description - Pollution Control Revenue Bonds, 6.05% Series 1996A due 2026, County of Sweetwater, Wyoming, dated as of July 15, 1996, due July 15, 2026
- (2) Amount authorized - \$68,100,000
- (3) Amount outstanding - \$68,100,000
- (4) Amount held as reacquired securities - None
- (5) Amount pledged - None
- (6) Amount owned by affiliated corporations - None
- (7) Amount in sinking or other funds - None

(D) Variable Rate Series 1996B due 2026:

- (1) Description - Pollution Control Revenue Bonds, Variable Rate 1996B Series due 2026, County of Sweetwater, Wyoming, dated as of July 15, 1996, due July 15, 2026.
- (2) Amount authorized - \$24,200,000
- (3) Amount outstanding - \$24,200,000
- (4) Amount held as reacquired securities - None
- (5) Amount pledged - None
- (6) Amount owned by affiliated corporations - None
- (7) Amount in sinking or other funds - None

IDAHO POWER COMPANY

Pollution Control Revenue Bonds

(E) Variable Rate Series 1996C due 2026:

- (1) Description - Pollution Control Revenue Bonds, Variable Rate 1996C Series due 2026, County of Sweetwater, Wyoming, dated as of July 15, 1996, due July 15, 2026.
- (2) Amount authorized - \$24,000,000
- (3) Amount outstanding - \$24,000,000
- (4) Amount held as reacquired securities - None
- (5) Amount pledged - None
- (6) Amount owned by affiliated corporations - None
- (7) Amount in sinking or other funds - None

For a full statement of the terms and provisions relating to the outstanding Pollution Control Revenue Bonds above referred to, reference is made to (A) copies of Trust Indenture by Port of Morrow, Oregon, to the Bank One Trust Company, N. A., Trustee, and Loan Agreement between Port of Morrow, Oregon and Idaho Power Company, both dated May 17, 2000, under which the Variable Rate Series 2000 bonds were issued, (B) copies of Loan Agreement between Idaho Power Company and Humboldt County, Nevada; Indenture of Trust between Humboldt County, Nevada and Morgan Guaranty Trust Company of New York; Escrow Agreement between Humboldt County, Nevada and Bankers Trust Company and Idaho Power Company; Placement Agreement between Humboldt County, Nevada and Bankers Trust Company; all dated December 1, 1984; agreement among Idaho Power Company, Bankers Trust Company, as Remarketing Agent, Goldman, Sachs & Co., and Kidder, Peabody & Co. Inc. dated May 20, 1986; Pledge Agreement between Idaho Power Company and Morgan Guaranty Trust Company of New York dated May 1, 1986; under which the 8.30% Series bonds were issued and (C) (D) (E) copies of Indentures of Trust by Sweetwater County, Wyoming, to the First National Bank of Chicago, Trustee, and Loan Agreements between Idaho Power Company and Sweetwater County, Wyoming, all dated July 15, 1996, under which the 6.05% Series 1996A bonds, Variable Rate Series 1996B bonds and Variable Rate Series 1996C bonds were issued.

IDAHO POWER COMPANY

Rural Electrification Association Notes

(A) 2.0% and 5.0% Series due 1998-2023:

- (1) Description - REA Notes, 2.0% and 5.0% interest rate with various maturity dates (secured by property).
- (2) Amount authorized - Various Amounts
- (3) Amount outstanding - \$1,125,055
- (4) Amount held as reacquired securities - None
- (5) Amount pledged - None
- (6) Amount owned by affiliated corporations - None
- (7) Amount in sinking or other funds - None

For a full statement of the terms and provisions relating to the outstanding Rural Electrification Association Notes above referred to, reference is made to the Restated Mortgage and Security Agreement dated as of May 1, 1992, and Agreement between the United States of America and Idaho Power Company dated May 1, 1992.

ATTACHMENT I(c)

IDAHO POWER COMPANY

Commitments and Contingent Liabilities:

IPC is currently purchasing energy from 67 on-line cogeneration and small power production facilities with contracts ranging from one to 30 years. Under these contracts IPC is required to purchase all of the output from these facilities. During the year ended December 31, 2002, IPC purchased 692,414 MWh at a cost of \$44 million.

From time to time IPC is a party to various other legal claims, actions and complaints not discussed below. IPC believes that it has defenses to all lawsuits and legal proceedings in which it is a defendant and will vigorously defend against them although IPC is unable to predict with certainty whether or not it will ultimately be successful. However, based on its evaluation, IPC believes that the resolution of these matters will not have a material adverse effect on its consolidated financial position, results of operations or cash flows.

Legal Proceedings

Truckee-Donner Public Utility District: In 2002, IE received notice from the Truckee-Donner Public Utility District (Truckee), located in California, asserting that IE was in purported breach of, and that Truckee has the right to renegotiate certain terms of, the Agreement for the Sale and Purchase of Firm Capacity and Energy in place between the two entities. Generally, the terms of the contract provide for IE to sell to Truckee 10 MW light load energy and 20 MW heavy load energy for the term January 1, 2002 through December 31, 2002 at \$72 per MWh and 25 MW flat energy for the term January 1, 2003 through December 31, 2009 at \$72 per MWh.

On May 30, 2002, IE filed a lawsuit against Truckee in the Idaho State District Court in and for the County of Ada. This lawsuit was later removed to the United States District Court for the District of Idaho.

On July 23, 2002, Truckee filed a complaint against IPC, IE and IDACORP with the FERC seeking relief under its long-term power contract for the purchase of wholesale electric power from IPC and IE.

On January 3, 2003, the companies and Truckee reached a settlement of all proceedings pending between the parties. Pursuant to the settlement, Truckee paid IE \$26 million in April 2003. Incident to the settlement, IE also entered into an Interim Power Sales Agreement with Truckee that replaced the original long-term power contract and ended on March 31, 2003.

United Systems, Inc., f/k/a Commercial Building Services, Inc.: On March 18, 2002, United Systems, Inc. (United Systems) filed a complaint in Idaho State District Court in and for the County of Ada against IDACORP Services Co., a subsidiary of IDACORP, dba IDACORP Solutions. United Systems is a heating, ventilation, refrigeration and plumbing contracting company that entered into a contract with IDACORP Services in December 2000.

Under the terms of the contract, IDACORP Services authorized United Systems to do business as "IDACORP Solutions." The contract was to be effective from January 2001 through December 2005.

In November 2001, IDACORP Services notified United Systems that IDACORP Services was terminating the contract for convenience. The contract allowed for such termination but required the terminating party to compensate the other party for all costs incurred in preparation for, and in performance of the contract, and for reasonable net profit for the remaining term of the contract. United Systems claims \$7 million in net profits lost and costs incurred.

IDACORP Services asserts that termination related compensation owed to United Systems, if any, is substantially less than the amount claimed by United Systems.

On August 8, 2002, United Systems filed an amended complaint adding IDACORP, IE and IPC as additional defendants claiming they should be held jointly and severally liable for any judgment entered against IDACORP Services Co. On September 9, 2002, all defendants moved to bifurcate the piercing of the corporate veil claims from the remainder of plaintiff's claims. On October 4, 2002, United Systems filed a Motion for Partial Summary Judgment as to their damages. On July 9, 2003, the Court denied Plaintiff's Motion for Partial Summary Judgment and granted Defendants' Motion to Bifurcate. On October 29, 2003, IDACORP agreed to pay

\$712,500 to settle this dispute with United Systems in return for dismissal of the proceeding with prejudice. The settlement is expected to be final on or before November 28, 2003.

Public Utility District No. 1 of Grays Harbor County, Washington: On October 15, 2002, Public Utility District No. 1 of Grays Harbor County, Washington (Grays Harbor) filed a lawsuit in the Superior Court of the State of Washington, for the County of Grays Harbor, against IDACORP, IPC and IE. On March 9, 2001, Grays Harbor entered into a 20 MW purchase transaction with IPC for the purchase of electric power from October 1, 2001 through March 31, 2002, at a rate of \$249 per MWh. In June 2001, with the consent of Grays Harbor, IPC assigned all of its rights and obligations under the contract to IE. In its lawsuit, Grays Harbor alleged that the assignment was void and unenforceable, and sought restitution from IE and IDACORP, or in the alternative, Grays Harbor alleged that the contract should be rescinded or reformed. Grays Harbor sought as damages an amount equal to the difference between \$249 per MWh and the "fair value" of electric power delivered by IE during the period October 1, 2001 through March 31, 2002.

IDACORP, IPC and IE had this action removed from the state court to the United States District Court for the Western District of Washington at Tacoma. On November 12, 2002, the companies filed a motion to dismiss Grays Harbor's complaint, asserting that the Federal District Court lacked jurisdiction because the FERC has exclusive jurisdiction over wholesale power transactions and thus the matter is preempted under the Federal Power Act (FPA) and barred by the filed-rate doctrine. The court ruled in favor of the companies' motion to dismiss and dismissed the case with prejudice on January 28, 2003. On February 25, 2003, Grays Harbor filed a Notice of Appeal, appealing the final judgment of dismissal to the United States Court of Appeals for the Ninth Circuit. Briefing on the appeal was completed in August 2003, but the court has yet to set a date for oral argument. The companies intend to vigorously defend their position on appeal and believe this matter will not have a material adverse effect on their consolidated financial positions, results of operations or cash flows.

State of California Attorney General: The California Attorney General (AG) filed the complaint in this case in the California Superior Court in San Francisco on May 30, 2002. This is one of thirteen virtually identical cases brought by the AG against various sellers of power in the California market, seeking civil penalties pursuant to California's unfair competition law - California Business and Professions Code Section 17200. Section 17200 defines unfair competition as any "unlawful, unfair or fraudulent business act or practice . . ." The AG alleges that IPC engaged in unlawful conduct by violating the FPA in two respects: (1) by failing to file its rates with the FERC as required by the FPA; and (2) charging unjust and unreasonable rates in violation of the FPA. The AG alleged that there were "thousands of . . . sales or purchases" for which IPC failed to file its rates, and that IPC charged unjust and unreasonable rates on "thousands of occasions." Pursuant to Business and Professions Code Section 17206, the AG seeks civil penalties of up to \$2,500 for each alleged violation. On June 25, 2002, IPC removed the action to federal court, and on July 25, 2002, the AG filed a motion to remand back to state court. On March 25, 2003, the court denied the AG's motion to remand and granted IPC's motion to dismiss the case based upon grounds of federal preemption and the filed-rate doctrine. On March 28, 2003, the AG filed a Notice of Appeal, appealing from the court's final judgment dismissing the action to the United States Court of Appeals for the Ninth Circuit. The AG's opening appeal brief was filed on August 13, 2003. IPC's brief was filed on October 14, 2003. IPC intends to vigorously defend its position on appeal and believes this matter will not have a material adverse effect on its consolidated financial position, results of operations or cash flows.

Wholesale Electricity Antitrust Cases I & II: These cross-actions against IE and IPC emerged from multiple California state court proceedings first initiated in late 2000 against various power generators/marketers by various California municipalities and citizens, including California Lieutenant Governor Cruz Bustamante and California legislator Barbara Matthews in their personal capacities. Suit was filed against entities including Reliant Energy Services, Inc., Reliant Ormond Beach, L.L.C., Reliant Energy Etiwanda, L.L.C., Reliant Energy Ellwood, L.L.C., Reliant Energy Mandalay, L.L.C. and Reliant Energy Coolwater, L.L.C. (collectively, Reliant); and Duke Energy Trading and Marketing, L.L.C., Duke Energy Morro Bay, L.L.C., Duke Energy Moss Landing, L.L.C., Duke Energy South Bay, L.L.C. and Duke Energy Oakland, L.L.C. (collectively, Duke). While varying in some particulars, these cases made a common claim that Reliant, Duke and certain others (not including IE or IPC) colluded to influence the price of electricity in the California wholesale electricity market. Plaintiffs asserted various claims that the defendants violated California Antitrust Law (the Cartwright Act), Business & Professions Code Section 16720, et seq., and California's Unfair Competition Law, Business & Professions Code Section 17200, et seq. Among the acts complained of are bid rigging, information exchanges, withholding of power and various other wrongful acts. These actions were subsequently consolidated, resulting in the filing of Plaintiffs'

Master Complaint (PMC) in San Diego Superior Court on March 8, 2002.

On April 22, 2002, more than a year after the initial complaints had been filed, two of the original defendants, Duke and Reliant, filed separate cross-complaints against IPC and IE, and approximately 30 other cross-defendants. Duke and Reliant's cross-complaints seek indemnity from IPC, IE and the other cross-defendants for an unspecified share of any amounts they must pay in the underlying suits because, they allege, other market participants like IPC and IE engaged in the same conduct at issue in the PMC. Duke and Reliant also seek declaratory relief as to the respective liability and conduct of each of the cross-defendants in the actions alleged in the PMC. Reliant also asserted a claim against IPC for alleged violations of the California Unfair Competition Law, Business and Professions Code Section 17200, et seq. As a buyer of electricity in California, Reliant seeks the same relief from the cross-defendants, including IPC, as that sought by plaintiffs in the PMC as to any power Reliant purchased through the California markets.

Some of the newly added defendants (foreign citizens and federal agencies) removed that litigation to federal court. IPC and IE, together with numerous other defendants added by the cross-complaints, moved to dismiss these claims, and those motions were heard in September 2002, together with motions to remand the case back to state court filed by the original plaintiffs. On December 13, 2002, the Federal District Court granted Plaintiffs' Motion to Remand to state court but did not issue a ruling on IPC and IE's motion to dismiss. The Ninth Circuit has granted certain Defendants and Cross-Defendants' Motions to Stay the Remand Order while they appeal the Order. The appeal is not yet fully briefed and the court has yet to set oral argument. As a result of the various motions, no trial date is set. The companies intend to vigorously defend their position in this proceeding and believe these matters will not have a material adverse effect on their consolidated financial positions, results of operations or cash flows.

Class Action Complaint Relating to Trades on the New York Mercantile Exchange: On August 18, 2003, Cornerstone Propane Partners, L.P. (Cornerstone), on behalf of itself and others who allegedly purchased and sold natural gas futures and options contracts on the New York Mercantile Exchange from January 1, 2000 to December 31, 2002, filed a class action complaint in the United States District Court for the Southern District of New York against over 30 defendants, including IDACORP and IPC. The complaint claims that the defendants reported inaccurate trading information to various trade publications that compile and publish indices of natural gas prices and that defendants engaged in various improper trades on the Enron Online internet-based trading platform, the alleged purpose of which was to improperly inflate the prices of natural gas. Cornerstone has sought class action certification and damages for alleged violations of the Commodity Exchange Act and for aiding and abetting such violations.

The companies intend to vigorously defend their position in this proceeding and believe these matters will not have a material adverse effect on their consolidated financial positions, results of operations or cash flows.

Port of Seattle: On May 21, 2003, the Port of Seattle, a Washington municipal corporation, filed a lawsuit against 20 energy firms, including IPC and IDACORP, in the United States District Court for the Western District of Washington at Seattle. The Port of Seattle's complaint alleges fraud and violations of state and federal antitrust law and the Racketeering Influenced and Corrupt Organization Act. All defendants, including IPC and IDACORP, have moved to dismiss the complaint in lieu of answering it. The motions are all based on the ground that the complaint seeks in effect to set alternative electrical rates, which are exclusively within the jurisdiction of the FERC and are barred by the filed-rate doctrine. The motions to dismiss and all other aspects of the case have been stayed by the judge in the Western District of Washington, pending a decision by the Panel on Multiple District Litigation whether to transfer the case to one of several multidistrict actions currently pending in California. A number of defendants have proposed such a transfer while two defendants and the Port of Seattle oppose the transfer. IPC and IDACORP have taken no position with regard to the transfer. The companies intend to vigorously defend their position in this proceeding and believe these matters will not have a material adverse effect on their consolidated financial positions, results of operations or cash flows.

Idaho Rivers United: On December 10, 2002, Idaho Rivers United filed a complaint against IPC in U.S. District Court for the District of Idaho. In the complaint, Idaho Rivers United alleged that IPC violated the Clean Water Act by discharging an amount of dredged and fill material into the navigable waters of the Snake River in excess of that allowed by a Section 404 permit issued by the U.S. Army Corps of Engineers. The action relates to work completed by IPC, pursuant to a Section 404 permit issued by the Corps on September 3, 1999, in the area of

the tailrace downstream of IPC's Bliss hydroelectric project on the Snake River in Idaho. Idaho Rivers United asked the court to impose civil penalties on IPC under sections 309(d) and 505(a) of the Clean Water Act to require IPC to pay for any remedial or restoration work necessary to amend any environmental harm caused by the alleged violation and to pay reasonable attorney fees.

On March 28, 2003, IPC and Idaho Rivers United entered into a consent decree resolving the disputed allegations of the complaint. Under the terms of the consent decree, IPC, without admitting liability, agreed to contribute the sum of \$86,800, in three equal annual payments, to The Nature Conservancy (TNC), an internationally recognized non-profit organization specializing in habitat restoration and protection, to be used for design, management and construction of TNC's proposed Blind Canyon and Thousand Springs wetlands projects on the Snake River in Idaho. These projects have a positive impact on water quality in the Snake River by removing sediments and nutrients from irrigation canal waters before they are returned to the river. IPC also agreed to pay attorney fees incurred by Idaho Rivers United in the amount of \$15,000.

The federal court entered the consent decree on April 26, 2003. IPC submitted the first installment of \$28,933 to TNC on May 28, 2003. Subsequent installments are due on or before January 15, 2004 and 2005.

California Energy Proceedings at the FERC:

California Power Exchange Chargeback

As a component of IPC's non-utility energy trading in the state of California, IPC, in January 1999, entered into a participation agreement with the California Power Exchange (CalPX), a California non-profit public benefit corporation. The CalPX, at that time, operated a wholesale electricity market in California by acting as a clearinghouse through which electricity was bought and sold. Pursuant to the participation agreement, IPC could sell power to the CalPX under the terms and conditions of the CalPX Tariff. Under the participation agreement, if a participant in the CalPX exchange defaulted on a payment to the exchange, the other participants were required to pay their allocated share of the default amount to the exchange. The allocated shares were based upon the level of trading activity, which included both power sales and purchases, of each participant during the preceding three-month period.

On January 18, 2001, the CalPX sent IPC an invoice for \$2 million - a "default share invoice" - as a result of an alleged Southern California Edison (SCE) payment default of \$215 million for power purchases. IPC made this payment. On January 24, 2001, IPC terminated the participation agreement. On February 8, 2001, the CalPX sent a further invoice for \$5 million, due February 20, 2001, as a result of alleged payment defaults by SCE, Pacific Gas and Electric Company (PG&E) and others. However, because the CalPX owed IPC \$11 million for power sold to the CalPX in November and December 2000, IPC did not pay the February 8th invoice. IPC essentially discontinued energy trading with the CalPX and the California Independent System Operator (Cal ISO) in December 2000.

IPC believes that the default invoices were not proper and that IPC owes no further amounts to the CalPX. IPC has pursued all available remedies in its efforts to collect amounts owed to it by the CalPX. On February 20, 2001, IPC filed a petition with the FERC to intervene in a proceeding that requested the FERC to suspend the use of the CalPX charge back methodology and provides for further oversight in the CalPX's implementation of its default mitigation procedures.

A preliminary injunction was granted by a Federal Judge in the Federal District Court for the Central District of California enjoining the CalPX from declaring any CalPX participant in default under the terms of the CalPX Tariff. On March 9, 2001, the CalPX filed for Chapter 11 protection with the United States Bankruptcy Court, Central District of California.

In April 2001, PG&E filed for bankruptcy. The CalPX and the Cal ISO were among the creditors of PG&E. To the extent that PG&E's bankruptcy filing affects the collectibility of the receivables from the CalPX and the Cal ISO, the receivables from these entities are at greater risk.

The FERC issued an order on April 6, 2001 requiring the CalPX to rescind all chargeback actions related to PG&E's and SCE's liabilities. Shortly after that time, the CalPX segregated the CalPX chargeback amounts it had collected in a separate account. The CalPX claims it is awaiting further orders of the FERC and the bankruptcy court before distributing the funds that it collected under its chargeback tariff mechanism. Although

certain parties to the California refund proceeding urged the FERC's Presiding Administrative Law Judge (ALJ) to consider the chargeback amounts in his determination of who owes what to whom, in his Certification of Proposed Findings on California Refund Liability, he concluded that the matter already was pending before the FERC for disposition.

California Refund

In April 2001, the FERC issued an order stating that it was establishing price mitigation for sales in the California wholesale electricity market. Subsequently, in its June 19, 2001 order, the FERC expanded that price mitigation plan to the entire western United States electrically interconnected system. That plan included the potential for orders directing electricity sellers into California since October 2, 2000 to refund portions of their spot market sales prices if the FERC determined that those prices were not just and reasonable, and therefore not in compliance with the FPA. The June 19 order also required all buyers and sellers in the Cal ISO market during the subject time-frame to participate in settlement discussions to explore the potential for resolution of these issues without further FERC action. The settlement discussions failed to bring resolution of the refund issue and as a result, the FERC's Chief ALJ submitted a Report and Recommendation to the FERC recommending that the FERC adopt the methodology set forth in the report and set for evidentiary hearing an analysis of the Cal ISO's and the CalPX's spot markets to determine what refunds may be due upon application of that methodology.

On July 25, 2001, the FERC issued an order establishing evidentiary hearing procedures related to the scope and methodology for calculating refunds related to transactions in the spot markets operated by the Cal ISO and the CalPX during the period October 2, 2000 through June 20, 2001. As to potential refunds, if any, IE believes its exposure is likely to be offset by amounts due from California entities. Multiple parties have filed requests for rehearing and petitions for review. The latter, more than 60, have been consolidated by the United States Court of Appeals for the Ninth Circuit and held in abeyance while the FERC continues its deliberations. The Ninth Circuit also directed the FERC to permit the parties to adduce additional evidence respecting market manipulation. See "Market Manipulation" below.

On March 20, 2002, the AG filed a complaint with the FERC against various sellers in the wholesale power market, including IE and IPC, alleging that the FERC's market-based rates violate the FPA, and, even if market-based rate requirements are valid, that the quarterly transaction reports filed by sellers do not contain the transaction-specific information mandated by the FPA and the FERC. The complaint stated that refunds for amounts charged between market-based rates and cost-based rates should be ordered. The FERC denied the challenge to market-based rates and refused to order refunds, but did require sellers, including IE and IPC, to refile their quarterly reports to include transaction-specific data. The AG appealed the FERC's decision to the United States Court of Appeals for the Ninth Circuit. The AG contends that the failure of all market-based rate authority sellers of power to have rates on file with the FERC in advance of sales is impermissible. The Ninth Circuit heard oral arguments on October 9, 2003, but has not specified the date on which it will issue a decision. The companies cannot predict the outcome of this matter.

This case had been further complicated by an August 13, 2002 FERC Staff (Staff) Report which included the recommendation to replace the published California indices for gas prices that the FERC previously established as just and reasonable for calculating a Mitigated Market Clearing Price (MMCP) to calculate refunds with other published indices for producing basin prices plus a transportation allowance. The Staff's recommendation is grounded on speculation that some sellers had an incentive to report exaggerated prices to publishers of the indices, resulting in overstated published index prices. Staff based its speculation in large part on a statistical correlation analysis of Henry Hub and California prices. IE, in conjunction with others, submitted comments on the Staff recommendation - asserting that the Staff's conclusions were incorrect because the Staff's correlation study ignored evidence of normal market forces and scarcity that created the pricing variations that the Staff observed, rather than improper manipulation of reported prices.

The ALJ issued a Certification of Proposed Findings on California Refund Liability on December 12, 2002.

The FERC issued its Order on Proposed Findings on Refund Liability on March 26, 2003. In large part, the FERC affirmed the recommendations of its ALJ. However, the FERC changed a component of the formula the ALJ was to apply when it adopted findings of its staff that published California spot market prices for gas did not reliably reflect the prices a gas market that had not been manipulated would have produced, despite the fact that many gas buyers paid those amounts. The findings of the ALJ, as adjusted by the FERC's March 26, 2003

order, are expected to substantially increase the offsets to amounts still owed by the Cal ISO and the CalPX to the companies. Calculations remain uncertain because the FERC has required the Cal ISO to correct a number of defects in its calculations and because the FERC has stated that if refunds will prevent a seller from recovering its California portfolio costs during the refund period, it will provide an opportunity for a cost showing by such a respondent. As a result, IE is unsure of the impact this ruling will have on the refunds due from California.

IE, along with a number of other parties, filed a petition with the FERC on April 25, 2003 seeking review of the March 26, 2003 order. On October 16, 2003, the FERC issued two orders denying rehearing of most contentions that had been advanced and directing the Cal ISO to prepare its compliance filing calculating revised MMCPs and refund amounts within five months. After that time the FERC will consider cost-based filings from sellers to reduce their refund exposure.

In June 2001, IPC transferred its non-utility wholesale electricity marketing operations to IE. Effective with this transfer, the outstanding receivables and payables with the CalPX and the Cal ISO were assigned from IPC to IE. At September 30, 2003, with respect to the CalPX chargeback and the California Refund proceedings discussed above, the CalPX and the Cal ISO owed \$14 million and \$30 million, respectively, for energy sales made to them by IPC in November and December 2000. IE has accrued a reserve of \$42 million against these receivables. This reserve was calculated taking into account the uncertainty of collection, given the California energy situation. Based on the reserve recorded as of September 30, 2003, IDACORP believes that the future collectibility of these receivables or any potential refunds ordered by the FERC would not have a material adverse effect on its consolidated financial position, results of operations or cash flows.

Market Manipulation

In a November 20, 2002 order the FERC permitted discovery and the submission of evidence respecting market manipulation by various sellers during the western power crises of 2000 and 2001.

On March 3, 2003, the California Parties (the investor owned utilities, the California Attorney General, the California Electricity Oversight Board and the California Public Utilities Commission) filed voluminous documentation asserting that a number of wholesale power suppliers, including IE and IPC had engaged in a variety of forms of conduct that the California Parties contended were impermissible. Although the contentions of the California Parties were contained in more than 11 compact discs of data and testimony, approximately 12,000 pages, IE and IPC were mentioned in limited contexts - the overwhelming majority of the claims of the California Parties related to claims respecting the conduct of other parties.

As a consequence, the California Parties urged the FERC to apply the precepts of its earlier decision, to replace actual prices charged in every hour starting May 1, 2000 through the beginning of the existing refund period (October 2, 2000) with a MMCP, seeking approximately \$8 billion in refunds to the Cal ISO and the CalPX. On March 20, 2003, numerous parties, including the companies, submitted briefs and responsive testimony.

In its March 26, 2003 order, discussed above, the FERC declined to generically apply its refund determinations across the board to sales by all market participants, although it stated that it reserved the right to provide remedies for the market against parties shown to have engaged in proscribed conduct.

On June 25, 2003, the FERC ordered over 50 entities that participated in the western wholesale power markets between January 1, 2000 and June 20, 2001, including IPC, to show cause why certain trading practices did not constitute gaming or anomalous market behavior in violation of the Cal ISO and the CalPX Tariffs. The Cal ISO was ordered to provide data on each entity's trading practices within 21 days of the order, and each entity was to respond explaining their trading practices within 45 days of receipt of the Cal ISO data. IPC submitted its responses to the show cause orders on September 2 and 4, 2003. On October 16, 2003, IPC reached agreement with the Staff on the two orders commonly referred to as the "gaming" and "partnership" show cause orders. Regarding the gaming order, the Staff determined it had no basis to proceed with allegations of false imports and paper trading and IPC agreed to pay \$83,373 to settle allegations of circular scheduling. IPC believed that it had defenses to the circular scheduling allegation but determined that the cost of settlement was less than the cost of litigation. In the settlement, IPC did not admit any wrongdoing or violation of any law. With respect to the "partnership" order, the Staff agreed to submit a motion to the FERC to dismiss the proceeding because materials submitted by IPC demonstrated that IE did not use the "parking" and "lending" arrangement

with Public Service Company of New Mexico to engage in gaming or anomalous market behavior. The "gaming" settlement must be certified by an ALJ and approved by the FERC and the motion to dismiss the "partnership" proceeding must be approved by the FERC before becoming final. Any final order will be subject to appeal by other parties in the proceeding. The California parties are attempting to persuade the FERC to delay these proceedings and consider requests for rehearing, which would expand the scope of the conduct under consideration.

On June 25, 2003, the FERC also issued an order instituting an internal investigation of anomalous bidding behavior and practices in the western wholesale power markets. In this investigation, the FERC will review evidence of alleged economic withholding of generation. The FERC has determined that all bids into the CalPX and the Cal ISO markets for more than \$250 per MWh for the time period May 1, 2000 through October 1, 2000 will be considered prima facie evidence of economic withholding. The FERC has issued data requests in this investigation to over 60 market participants including IPC. If it is determined that IPC engaged in improper bidding, the FERC has indicated that sanctions may include disgorgement of alleged profits and other non-monetary actions, including possible revocation of market - based rate authority and/or additional required provisions in codes of conduct. IPC received some information regarding these matters from the Cal ISO and on July 24, 2003, IPC responded to the FERC's data requests. Based on the information received to date from the Cal ISO, IDACORP and IPC believe that any potential penalties imposed by the FERC would not have a material adverse effect on their consolidated financial positions, results of operations or cash flows.

Pacific Northwest Refund: On July 25, 2001, the FERC issued an order establishing another proceeding to explore whether there may have been unjust and unreasonable charges for spot market sales in the Pacific Northwest during the period December 25, 2000 through June 20, 2001. The FERC ALJ submitted recommendations and findings to the FERC on September 24, 2001. The ALJ found that prices should be governed by the Mobile-Sierra standard of the public interest rather than the just and reasonable standard, that the Pacific Northwest spot markets were competitive and that no refunds should be allowed. Procedurally, the ALJ's decision is a recommendation to the commissioners of the FERC. Multiple parties have submitted comments to the FERC respecting the ALJ's recommendations. The ALJ's recommended findings had been pending before the FERC, when at the request of the City of Tacoma and the Port of Seattle on December 19, 2002, the FERC reopened the proceedings to allow the submission of additional evidence related to alleged manipulation of the power market by Enron and others. As was the case in the California refund proceeding, at the conclusion of the discovery period, parties alleging market manipulation were to submit their claims to the FERC and responses were due on March 20, 2003. Grays Harbor, whose civil litigation claims were dismissed, as noted above, has intervened in this FERC proceeding, asserting on March 3, 2003 that its six month forward contract, for which performance has been completed, should be treated as a spot market contract for purposes of the FERC's consideration of refunds and requesting refunds from IPC of \$5 million. Grays Harbor did not suggest that there was any misconduct by the company. The company submitted responsive testimony defending vigorously against Grays Harbor's refund claims.

In addition, the Port of Seattle, the City of Tacoma and Seattle City Light made filings with the FERC on March 3, 2003 claiming that because some market participants drove prices up throughout the west through acts of manipulation, prices for contracts throughout the Pacific Northwest market should be re-set starting in May 2000 using the same factors the FERC would use for California markets. Although the majority of the claims of these parties are generic, they named a number of power market suppliers, including IPC and IE, as having used parking services provided by other parties under FERC-approved tariffs and thus as being candidates for claims of having received incorrectly congestion revenues from the Cal ISO. On June 25, 2003, after having considered oral argument held earlier in the month, the FERC issued its Order Granting Rehearing, Denying Request to Withdraw Complaint and Terminating Proceeding, in which it terminated the proceeding and required that no refunds be paid. The order remains subject to rehearing by the FERC and review by appellate courts. The companies are unable to predict the outcome of this matter.

Washington Retail Consumer Class Action Complaint: The complaint in this case was filed on December 20, 2002 in the United States District Court for the Western District of Washington at Seattle, against various entities, including IPC. The complaint was served on IPC on February 3, 2003. This action seeks class action status on behalf of all persons and businesses residing in Washington who were purchasers of electrical and/or natural gas energy from any period beginning in January 2000 to the present. The complaint alleges claims under the Washington Consumer Protection Act, RCW 19.86, as well as common law claims of fraud by concealment,

negligence and requests an accounting. The complaint asserts that the defendants, including IPC, engaged in, among other things, unfair and deceptive acts, in violation of the FPA, by (a) withholding the supply of energy; (b) misrepresenting the amount of its energy supplies; (c) exercising improper control over the energy markets; and (d) manipulating the price of energy markets resulting in energy rates being unjust, unreasonable and unlawful. The plaintiff seeks certification of a class action, equitable and injunctive relief, an accounting, treble damages, attorneys' fees and costs. On February 3, 2003, another defendant, Reliant, moved to transfer the case to the Judge who is presiding over Multiple District Litigation (MDL) No. 1405. The MDL rejected this request because that Judge, as a Washington resident, is a member of the class. On March 11, 2003, IPC, along with other defendants, filed a motion with the MDL seeking to transfer the case to be consolidated with similar actions before the Judge who is presiding over the California Attorney General Action, and other similar cases. On March 21, 2003, the Court granted IPC's motion for an extension of time to respond to the complaint until 30 days after the MDL panel rules. Subsequently, plaintiffs sought permission from the Court to voluntarily dismiss their claims without prejudice, which the Court granted on May 1, 2003.

Oregon Retail Consumer Class Action Complaint: The complaint in this case was filed on December 16, 2002 in the Circuit Court of the State of Oregon for the County of Multnomah, against various entities, including IPC. The complaint was served on IPC on February 7, 2003. The case was removed by another defendant, Reliant, to the United States District Court, District of Oregon on February 4, 2003. The complaint seeks class action status on behalf of all persons and businesses residing in Oregon who were purchasers of electrical and/or natural gas energy from any period beginning in January 2000 to the present. The complaint alleges claims under the Oregon Unfair Trade Practices Act, ORS 646.605 et seq. in addition to claims of fraud by concealment, negligence and requests an accounting. The complaint asserts that the defendants, including IPC, engaged in, among other things, unfair and deceptive acts, in violation of the FPA, by (a) withholding the supply of energy; (b) misrepresenting the amount of its energy supplies; (c) exercising improper control over the energy markets; and (d) manipulating the price of energy markets resulting in energy rates being charged to Oregon energy consumers that were unjust, unreasonable and unlawful. The plaintiff seeks certification of a class action, equitable and injunctive relief, an accounting, attorneys' fees and costs. The action was removed to federal court, and on March 11, 2003, IPC, along with other defendants, filed a motion with the MDL seeking to transfer the case to be consolidated with similar actions before the Judge who is presiding over the California Attorney General Actions, and other similar cases. A stipulation has been submitted to the Court for an extension of time to respond to the complaint, until 30 days after the MDL panel rules. Subsequently, plaintiffs sought permission from the Court to voluntarily dismiss their claims without prejudice, which the Court granted on May 5, 2003.

Enron Bankruptcy Case: When Enron Corporation and certain of its affiliates, including Enron Power Marketing, Inc. (EPMI) and Enron North America Corp. (ENA) (collectively, Enron) petitioned for bankruptcy protection in December 2001, IE and IPC exercised their rights to terminate all contracts with Enron. During October 2002, IE submitted claims in the Enron bankruptcy proceeding for net pre-petition obligations owed by Enron to IE of approximately \$17 million, primarily for power and energy delivered prior to the Enron bankruptcy. IE also asserted various contingent and unliquidated claims against Enron. IE acknowledged in its claims that there are also monetary values associated with the forward contracts for post-petition deliveries that were terminated, which, when analyzed separately, may result in a substantial net liability to Enron after setoff of such pre-petition obligations.

On November 13, 2002, IE received demand letters from EPMI and ENA asserting that IE's net liability, including interest, amounted to approximately \$44 million to EPMI and \$3 million to ENA, as of that date. IPC received a similar demand letter from EPMI asserting a net amount owed to EPMI of approximately \$1 million.

For several months, IE and IPC attempted to reach agreement with Enron, under a non-disclosure and confidentiality agreement, on appropriate values for both the pre-petition and forward obligations in order to calculate a net termination payment value and negotiate a mutually agreed upon net settlement value. However, on February 27, 2003, IE received a complaint filed by EPMI in the U.S. Bankruptcy Court, Southern District of New York. The complaint asserted that EPMI was entitled to a net termination payment of approximately \$39 million, plus interest from the termination date. The complaint asked for declaratory relief and damages and made objections to IE's filed claim.

During March 2003, IE and IPC reached agreement with Enron on both a settlement amount to be paid by IE and IPC and the terms and conditions of a settlement agreement. The settlement agreement also contains certain

confidentiality requirements. IE and IPC executed and delivered the settlement agreement to Enron on March 31, 2003. The settlement agreement was approved by the U.S. Bankruptcy Court on May 15, 2003, and all payments and other actions required under the settlement agreement have been completed. Pursuant to the settlement agreement, the Enron complaint against IE was dismissed with prejudice by order of the Bankruptcy Court on May 15, 2003.

As a result of the settlement, IE recognized a gain during March 2003, which was recorded in "Net (gain) loss on legal disputes" in the Consolidated Statement of Operations for the first quarter of 2003.

ATTACHMENT I(d)

IDAHO POWER COMPANY
STATEMENT OF RETAINED EARNINGS
AND
UNDISTRIBUTED SUBSIDIARY EARNINGS
For the Twelve Months Ended September 30, 2003

<u>Retained Earnings</u>	
Retained earnings (at the beginning of period)	\$ 336,128,388
Balance transferred from income.....	49,014,984
Dividends received from subsidiary.....	7,000,000
Preferred Stock Redemption.....	<u>(33,566)</u>
Total.....	<u>392,109,806</u>
Dividends:	
Preferred Stock	3,588,568
Common Stock	<u>70,893,125</u>
Total.....	<u>74,481,693</u>
Retained earnings (at end of period).....	<u>\$ 317,628,113</u>

<u>Undistributed Subsidiary Earnings</u>	
Balance (at beginning of period).....	\$ 17,679,509
Equity in earnings for the period.....	8,612,965
Dividends paid (Debit).....	<u>7,000,000</u>
Balance (at end of period).....	<u>\$ 19,292,474</u>

The accompanying Notes to Financial Statements are an integral part of this statement

ATTACHMENT I(e)

IDAHO POWER COMPANY
STATEMENT OF INCOME
For the Twelve Months Ended September 30, 2003

	Actual
Operating Revenues.....	\$ 820,623,370
Operating Expenses:	
Purchased power.....	153,392,460
Fuel.....	101,758,166
Power cost adjustment.....	104,553,765
Other operation and maintenance expense.....	214,280,484
Depreciation expense.....	87,143,526
Amortization of limited-term electric plant.....	9,385,447
Taxes other than income taxes.....	20,109,547
Income taxes - Federal.....	58,153,328
Income taxes - Other.....	11,395,107
Provision for deferred income taxes.....	37,213,596
Provision for deferred income taxes - Credit.....	(77,387,731)
Investment tax credit adjustment.....	(1,503,075)
Total operating expenses.....	718,494,620
Operating Income.....	102,128,750
Other Income and Deductions:	
Allowance for equity funds used during construction.....	2,726,717
Income taxes.....	2,281,846
Other - Net.....	5,955,839
Net other income and deductions.....	10,964,402
Income Before Interest Charges.....	113,093,152
Interest Charges:	
Interest on first mortgage bonds.....	45,621,028
Interest on other long-term debt.....	9,060,456
Interest on short-term debt.....	1,717,911
Amortization of debt premium, discount and expense - Net.....	2,404,784
Other interest expense.....	1,336,420
Total interest charges.....	60,140,599
Allowance for borrowed funds used during construction - Credit.....	3,062,430
Net interest charges.....	57,078,169
Net Income.....	\$ 56,014,983

The accompanying Notes to Financial Statements are an integral part of this statement