

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE APPLICATION)
OF IDAHO POWER COMPANY FOR AN) CASE NO. IPC-E-03-18
ORDER AUTHORIZING THE ISSUANCE)
AND SALE OF UP TO \$40,000,000 OF) ORDER NO. 29404
COMMON STOCK)**

On December 4, 2003, Idaho Power Company filed an Application pursuant to *Idaho* Code § 61-901 *et seq.* and Procedural Rules 141 – 150 requesting authority to issue and sell not more than \$40,000,000 of its authorized but unissued Common Stock, \$2.50 par value. IDAPA 31.01.01.141-150. Having fully considered the Application and attached Exhibits, the Commission issues this Order approving the Application as set out in greater detail below.

THE APPLICATION

Idaho Power is an electric corporation subject to the regulatory jurisdiction of the Idaho Public Utilities Commission. The Company stated in its Application that it proposes to issue stock to its parent and sole stockholder, IDACORP, Inc. Because Idaho Power shares are not publicly traded but held by IDACORP, Morgan Stanley will complete an independent evaluation to determine the number of shares and the price per share to be issued and sold. These shares will be entitled to one vote per share and dividends as declared by Idaho Power's Board of Directors.

Idaho Power expects these shares, if authorized, to be issued yet this year or in the first calendar quarter of 2004. The shares will be directly issued to IDACORP to avoid incurring underwriting or selling agent fees. With the exception of attorney, accountant and similar technical service fees, Idaho Power anticipates that no fees or commissions will be paid in connection with the issuance and sale of the common stock to IDACORP. Idaho Power further represents that a registration statement with the Securities and Exchange Commission is not required. The fee required by *Idaho Code* § 61-905 has been paid to this Commission.

Idaho Power maintains that the proceeds from the sale of the Common Stock will be used for appropriate utility operations. More specifically, the Application indicates that the proceeds will be used "for the acquisition of property; the construction, completion, extension or improvement of [electric] facilities; the improvements or maintenance of [utility] service; the discharge or lawful refunding of its obligations; and for general corporate purposes."

Application at 2. To the extent that the proceeds from the sale of Common Stock are not immediately used, they will be temporarily invested in short-term discounted or interest-bearing obligations. Idaho Power claims that the equity funding from the issuance and sale of the Common Stock to IDACORP will promote a more balanced capital structure for Idaho Power and support Idaho Power's credit quality.

The Commission Staff recommended approval of the issuance and sale of up to \$40,000,000 of authorized but unissued Common Stock. The Staff reported that Idaho Power's capital structure and credit quality will be examined in the Company's current rate case, No. IPC-E-03-13. The Staff also recommended that Idaho Power be required to file all final and completed issuance documents, including the Morgan Stanley evaluation and any other stock evaluations associated with the issuance.

FINDINGS OF FACT

The Commission has jurisdiction over this matter pursuant to Title 61, Idaho Code, Chapters 1 and 9, and specifically *Idaho Code* §§ 61-119, 61-129, 61-901, and 61-902.

Idaho Power was incorporated on May 6, 1915 and migrated its state of incorporation to the State of Idaho on June 30, 1989, and duly qualified to do business in the State of Idaho. Idaho Power's principal place of business is located in Boise, Idaho.

We find it reasonable for Idaho Power to issue and sell up to \$40,000,000 of authorized but unissued Common Stock to its parent and sole stockholder IDACORP, Inc. Idaho Power expects that the Common Stock will be issued and sold to IDACORP during the fourth quarter of 2003 or the first quarter of 2004. The Common Stock will be entitled to such dividends, if any, as may be legally declared by Idaho Power's Board of Directors from time to time. The Common Stock will be entitled to one vote per share.

We further find it reasonable for Idaho Power to issue and sell the Common Stock directly to IDACORP without underwriters or selling agents. No fees or commissions (other than attorney, accountant and similar technical services) shall be paid by Idaho Power in connection with the issuance and sale of the Common Stock to IDACORP. We recognize that Idaho Power represents it is not required to file a registration statement for the Common Stock with the Securities and Exchange Commission.

Based upon the representations contained in the Application, we find that the sale of the Common Stock will be used by Idaho Power for the acquisition of property; the construction,

completion, extension or improvement of facilities; the improvement or maintenance of utility service; the discharge or lawful refunding of its obligations; and for general corporation purposes. To the extent that the proceeds from the sale of the Common Stock are not immediately used, we further find it reasonable that they be temporarily invested in short-term discounted or interest-bearing obligations.

Idaho Power claims the equity funding from the issuance and sale of the Common Stock to IDACORP will promote a more balanced Idaho Power capital structure and support Idaho Power's credit quality. These representations will likely be an issue in the rate case, IPC-E-03-13. Therefore, we decline to discuss the merits of these issues.

CONCLUSIONS OF LAW

Idaho Power is incorporated under the laws of the State of Idaho and is duly authorized to conduct business in Idaho. The Commission has jurisdiction over this Application.

The proposed issuance and sale of the Common Stock are for a lawful purpose and are within Idaho Power's corporate powers. The proposed transaction is in the public interest, and a formal hearing on this matter would serve no public purpose.

ORDER

IT IS HEREBY ORDERED that the Application of Idaho Power Company for authority to issue and sell not more than \$40,000,000 of its Common Stock to IDACORP under the terms and conditions proposed is approved, for the purposes specified in said Application.

IT IS FURTHER ORDERED that Idaho Power file copies of all final and complete issuance documents. The Company shall also file a copy of the Morgan Stanley evaluation report and any other issuance related evaluations.

IT IS FURTHER ORDERED that as promptly as possible after the completion of this transaction, Idaho Power will file with the Commission a statement showing that the transaction has been carried out in accordance with the terms and conditions set forth herein. Idaho Power shall also file all documents supporting the number of shares issued and share price. No additional authorization is required to carry out this transaction, and no supplemental Order will be issued.

IT IS FURTHER ORDERED that nothing in this Order or any act or deed performed in connection with this Order shall be construed to obligate the State of Idaho to pay or guarantee

in any manner whatsoever any security authorized, issued, assumed or guaranteed under the provisions of this Order.

IT IS FURTHER ORDERED that this authorization for Idaho Power to issue and sell not more than \$40,000,000 of its Common Stock to IDACORP is without prejudice to the regulatory authority of this Commission with respect to rates, service, accounts, evaluation estimates or determination of costs or any other matter which may come before this Commission pursuant to its jurisdiction and authority as provided by law.

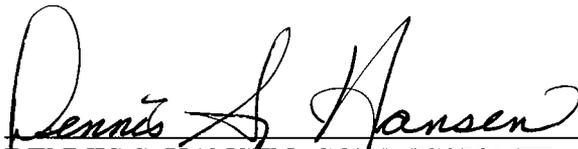
IT IS FURTHER ORDERED that the issuance of this Order does not constitute acceptance of Idaho Power Company's exhibits or other material accompanying this Application for any purpose other than the issuance of this Order.

THIS IS A FINAL ORDER. Any person interested in this Order (or in issues decided by this Order) may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order and in this Case No. IPC-E-03-18. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

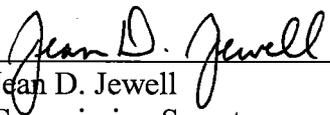
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 30th
day of December 2003.


PAUL KJELLANDER, PRESIDENT


MARSHA H. SMITH, COMMISSIONER


DENNIS S. HANSEN, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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