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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION -7 PM 4:42

IDAHO PUBLIC
UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF IDAHO POWER COMPANY FOR AN)
ORDER AUTHORIZING THE ISSUANCE AND)
SALE OF UP TO \$300,000,000 OF APPLICANT'S)
FIRST MORTGAGE BONDS AND DEBT)
SECURITIES)

CASE NO. IPC-E-04 - 22
APPLICATION

Idaho Power Company (the "Applicant") hereby applies for an Order from the Idaho Public Utilities Commission (the "Commission") under Title 61, Idaho Code, Chapters 1 and 9, and Chapters 141 through 150 of the Commission's Rules of Practice and Procedure, for authority to issue and sell from time to time (a) up to \$300,000,000 aggregate principal amount of one or more series of Applicant's First Mortgage Bonds, which may be designated as secured medium-term notes (the "Bonds") and (b) up to \$300,000,000 aggregate principal amount of one or more series of unsecured debt securities of the Applicant (the "Debt Securities"); provided, however, that the total principal amount of the Bonds and Debt Securities to be issued and sold hereunder shall not exceed \$300,000,000. The Bonds and Debt Securities will be issued publicly pursuant to a shelf registration with the Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended (the "Act"), or privately pursuant to an exemption from registration under the Act, as set forth herein.

(a) The Applicant

The Applicant is an electric public utility, incorporated under the laws of the state of Idaho, engaged principally in the generation, purchase, transmission, distribution and sale of electric energy in an approximately 20,000 square-mile area in southern Idaho and eastern

Oregon. The principal executive offices of the Applicant are located at 1221 W. Idaho Street, P.O. Box 70, Boise, Idaho 83707-0070; its telephone number is (208) 388-2200.

(b) Description of Securities

The Bonds and Debt Securities will be registered with the SEC on a Registration Statement filed in accordance with Rule 415 of the Act. Upon filing the Registration Statement with the SEC, the Applicant will also file a copy of the Registration Statement with the Commission in this case. The shelf registration of the Bonds and Debt Securities with the SEC will allow the Applicant to issue and sell one or more series of the Bonds and Debt Securities on a continuous or delayed basis if authorized by the Commission and the other state regulatory commissions having jurisdiction over the Applicant's securities. This will enable the Applicant to take advantage of attractive market conditions efficiently and rapidly. Under a shelf registration, the Applicant will be able to issue the Bonds and Debt Securities at different times without the necessity of filing a new registration statement. Applicant requests authority to issue the Bonds and Debt Securities over a period of two years from the date of the Commission's order approving this transaction.

Bonds

The Applicant proposes to issue and sell, from time to time, up to \$300,000,000 aggregate principal amount of one or more series of the Bonds pursuant to the Indenture of Mortgage and Deed of Trust, dated as of October 1, 1937 between the Applicant and Deutsche Bank Trust Company Americas (formerly Bankers Trust Company) (the "Trustee") and R.G. Page (Stanley Burg, successor individual trustee), as trustees, as supplemented and amended (the "Mortgage"), and as to be further supplemented by one or more supplemental indentures relating

to the Bonds. The Applicant may enter into interest rate hedging arrangements with respect to the Bonds, including treasury interest rate locks, treasury interest rate caps and/or treasury interest rate collars. The Bonds will be secured equally with the other First Mortgage Bonds of the Applicant.

After the terms and conditions of the issuance and sale of the Bonds have been determined, Applicant will file a Prospectus Supplement(s) with the SEC if the Bonds are sold publicly, setting forth the series designation, aggregate principal amount of the issue, purchase price or prices, issuance date or dates, maturity or maturities, interest rate or rates (which may be fixed or variable) and/or the method of determination of such rate or rates, time of payment of interest, whether all or a portion of the Bonds will be discounted, whether all or a portion of the Bonds will be issued in global form, whether interest rate hedging arrangements will apply to the Bonds, repayment terms, redemption terms, if any, and any other special terms of the Bonds, which terms may be different for each issuance of the Bonds. The Applicant will also file a copy of the Prospectus Supplement with the Commission.

The Bonds may be designated as secured medium-term notes. The medium-term notes could have maturities from nine months to thirty years. Prior to issuing medium-term notes publicly, the Applicant will file a prospectus supplement with the SEC setting forth the general terms and conditions of the medium-term notes to be issued. Upon each issuance of the medium-term notes pursuant to the Prospectus Supplement, the Applicant will file a Pricing Supplement with the SEC providing a specific description of the terms and conditions of each issuance of the medium-term notes. Applicant will also file a copy of the Prospectus Supplement and Pricing Supplements with the Commission.

Applicant's outstanding First Mortgage Bonds are currently rated A-2 by Moody's Investors Service, A by Standard & Poor's Ratings Services, and A by Fitch, Inc. If the Bonds are sold publicly, Applicant cannot predict whether they will be similarly rated. If the Bonds are sold privately, the Bonds will probably not be rated.

Debt Securities

The Debt Securities will be unsecured obligations of the Applicant and will be issued under an existing or a new unsecured debt Indenture of the Applicant. A form of any new Indenture will be included in the Registration Statement which will be filed with the Commission as stated above. The Applicant will supplement the Indenture in the future to further specify the terms and conditions of each series of Debt Securities. Such amendments will be filed with the SEC and will also be filed with the Commission. The Applicant may enter into interest rate hedging arrangements with respect to the Debt Securities, including treasury interest rate locks, treasury interest rate caps and/or treasury interest rate collars.

After the terms and conditions of the issuance and sale of the Debt Securities have been determined, Applicant will file a Prospectus Supplement(s) with the SEC if the Debt Securities are sold publicly, setting forth the series designation, aggregate principal amount of the issue, purchase price or prices, issuance date or dates, maturity or maturities, interest rate or rates (which may be fixed or variable) and/or the method of determination of such rate or rates, time of payment of interest, whether all or a portion of the Debt Securities will be discounted, whether all or a portion of the Debt Securities will be issued in global form, whether the interest rate hedging arrangements will apply to the Debt Securities, repayment terms, redemption terms, if any, and any other special terms of the Debt Securities, which terms may be different for each

issuance of the Debt Securities. Applicant will also file a copy of the Prospectus Supplement with the Commission.

Applicant's outstanding unsecured senior debt is currently rated A3 by Moody's investors Service, BBB+ by Standard & Poor's Ratings Services, and A- by Fitch Inc. If the Debt Securities are sold publicly, Applicant cannot predict whether they will be similarly rated. If the Debt Securities are sold privately, the Debt Securities will probably not be rated.

(c) Method of Issuance

The Bonds and Debt Securities may be sold by public sale or private placement, directly by the Applicant or through agents designated from time to time or through underwriters or dealers. If any agents of the Applicant or any underwriters are involved in the sale of the Bonds or Debt Securities, the names of such agents or underwriters, the initial price to the public, any applicable commissions or discounts and the net proceeds to the Applicant will be filed with the Commission. If the Bonds are designated as medium-term notes and sold to an agent or agents as principal, the name of the agents, the price paid by the agents, any applicable commission or discount paid by the Applicant to the agents and the net proceeds to the Applicant will be filed with the Commission.

Agents and underwriters may be entitled under agreements entered into with the Applicant to indemnification by the Applicant against certain civil liabilities, including the liabilities under the Act.

(d) Purpose of Issuance

The net proceeds to be received by the Applicant from the sale of the Bonds and/or Debt Securities will be used for the acquisition of property; the construction, completion, extension or improvement of its facilities; the improvement or maintenance of its service; the discharge or lawful refunding of its obligations; and for general corporate purposes. To the extent that the proceeds from the sale of the Bonds and Debt Securities are not immediately so used, they will be temporarily invested in short-term discounted or interest-bearing obligations.

(e) Propriety of Issue

Applicant believes and alleges the facts set forth herein disclose that the proposed issuance and sale of Bonds and Debt Securities are for a lawful object within the corporate purposes of Applicant and compatible with the public interest, are necessary or appropriate for, or consistent with, the proper performance by Applicant of service as a public utility and will not impair its ability to perform that service, and are reasonably necessary or appropriate for such purposes.

(f) Financial Statements; Resolutions

Applicant has filed herewith as Attachment II its financial statements consisting of its (a) Actual and Pro Forma Balance Sheet and Notes to Financial Statements, (b) Statement of Capital Stock and Funded Debt, (c) Commitments and Contingent Liabilities, (d) Statement of Retained Earnings and (e) Statement of Income.

A certified copy of the resolutions of Applicant's Directors authorizing the transaction with respect to this Application is filed as Attachment III.

(g) Proposed Order

Applicant has filed as Attachment IV a Proposed Order for adoption by the Commission if this Application is granted.

(h) Notice of Application

Notice of this Application will be published in those newspapers in the Applicant's service territory listed in Section 24.19 of the Commission's Rules within seven (7) days of the date hereof.

PRAYER

WHEREFORE, Applicant respectfully requests that the Idaho Public Utilities Commission issue its Order herein authorizing Applicant to issue and sell for the purposes herein set forth up to \$300,000,000 aggregate principal amount of one or more series of its Bonds and up to \$300,000,000 aggregate principal amount of its Debt Securities; provided, that the total principal amount of the Bonds and Debt Securities to be issued and sold shall not exceed \$300,000,000.

DATED at Boise, Idaho this 5th day of October, 2004.

IDAHO POWER COMPANY



By: /s/ Dennis C. Gribble
Vice President and Treasurer

ATTEST:

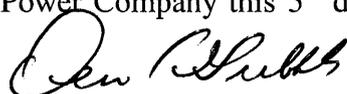


/s/ Thomas R. Saldin
Secretary
Idaho Power Company
1221 W. Idaho Street
P.O. Box 70
Boise, Idaho 83707-0070

VERIFICATION

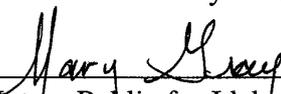
I, Dennis C. Gribble, declare that I am the Vice President and Treasurer of Idaho Power Company and am authorized to make this Verification. The Application and the attached exhibits were prepared at my direction and were read by me. I know the contents of the Application and the attached exhibits, and they are true, correct and complete to the best of my knowledge and belief.

WITNESS my hand and seal of Idaho Power Company this 5th day of October, 2004.


/s/ Dennis C. Gribble

SUBSCRIBED AND SWORN to before me this 5th day of October, 2004.





Notary Public for Idaho
Residing at Boise, Idaho
My Commission Expires: 7/17/2010

ATTACHMENT II(a)

IDAHO POWER COMPANY
BALANCE SHEET
As of June 30, 2004

ASSETS

	<u>Actual</u>	<u>Adjustments</u>	<u>After Adjustments</u>
Electric Plant :			
In service (at original cost).....	\$ 3,259,286,559	\$	\$ 3,259,286,559
Accumulated provision for depreciation.....	<u>(1,289,867,892)</u>		<u>(1,289,867,892)</u>
In service - Net.....	1,969,418,667		1,969,418,667
Construction work in progress.....	129,705,799		129,705,799
Held for future use.....	<u>2,468,871</u>		<u>2,468,871</u>
Electric plant - Net.....	<u>2,101,593,337</u>		<u>2,101,593,337</u>
Investments and Other Property:			
Nonutility property.....	828,832		828,832
Investment in subsidiary companies.....	31,268,003		31,268,003
Other.....	<u>28,734,833</u>		<u>28,734,833</u>
Total investments and other property.....	<u>60,831,668</u>		<u>60,831,668</u>
Current Assets:			
Cash and cash equivalents (A).....	11,521,766	300,000,000	311,521,766
Receivables:			
Customer.....	46,387,652		46,387,652
Allowance for uncollectible accounts.....	(1,661,809)		(1,661,809)
Notes.....	3,140,966		3,140,966
Employee notes.....	3,637,019		3,637,019
Related party.....	388,287		388,287
Other.....	3,895,492		3,895,492
Accrued unbilled revenues.....	40,491,434		40,491,434
Materials and supplies (at average cost).....	25,760,115		25,760,115
Fuel stock (at average cost).....	7,876,286		7,876,286
Prepayments.....	29,300,117		29,300,117
Regulatory assets.....	<u>4,494,213</u>		<u>4,494,213</u>
Total current assets.....	<u>175,231,538</u>	<u>300,000,000</u>	<u>475,231,538</u>
Deferred Debits:			
American Falls and Milner water rights.....	31,585,000		31,585,000
Company owned life insurance.....	35,675,624		35,675,624
Regulatory assets associated with income taxes.....	325,017,554		325,017,554
Regulatory assets - PCA.....	60,809,469		60,809,469
Regulatory assets - other.....	28,889,686		28,889,686
Employee notes.....	4,370,082		4,370,082
Other.....	<u>54,559,114</u>		<u>54,559,114</u>
Total deferred debits.....	<u>540,906,529</u>		<u>540,906,529</u>
Total.....	<u>\$ 2,878,563,072</u>	<u>\$ 300,000,000</u>	<u>\$ 3,178,563,072</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 June 30, 2004

CAPITALIZATION AND LIABILITIES

	Common Shares Authorized	Common Shares Outstanding	Actual	Adjustments	After Adjustments
Equity Capital:	50,000,000	39,150,812			
Common stock (A).....			\$ 97,877,030		\$ 97,877,030
Preferred stock.....			52,298,900		52,298,900
Premium on capital stock.....			398,244,774		398,244,774
Capital stock expense.....			(2,709,479)		(2,709,479)
Retained earnings.....			325,159,287		325,159,287
Accumulated other comprehensive income.....			(2,753,133)		(2,753,133)
Total equity capital.....			868,117,379		868,117,379
Long-Term Debt:					
First mortgage bonds.....			730,000,000	300,000,000	1,030,000,000
Pollution control revenue bonds.....			170,460,000		170,460,000
Other long-term debt.....			986,028		986,028
American Falls bond and Milner note guarantees.....			31,585,000		31,585,000
Unamortized discount on long-term debt (Dr).....			(2,490,107)		(2,490,107)
Total long-term debt.....			930,540,921	300,000,000	1,230,540,921
Current Liabilities:					
Long-term debt due within one year.....			78,301		78,301
Notes payable.....			27,000,000		27,000,000
Accounts payable.....			47,567,453		47,567,453
Notes and accounts payable to related parties.....			15,347,050		15,347,050
Taxes accrued.....			56,732,499		56,732,499
Interest accrued.....			12,456,893		12,456,893
Deferred income taxes.....			4,226,071		4,226,071
Other.....			29,577,985		29,577,985
Total current liabilities.....			192,986,252		192,986,252
Deferred Credits:					
Regulatory liabilities associated with accumulated deferred investment tax credits.....			67,482,007		67,482,007
Deferred income taxes.....			517,370,399		517,370,399
Regulatory liabilities associated with income taxes.....			40,838,142		40,838,142
Regulatory liabilities-other.....			153,468,212		153,468,212
Other.....			107,759,760		107,759,760
Total deferred credits.....			886,918,520		886,918,520
Total.....			\$ 2,878,563,072	\$ 300,000,000	\$ 3,178,563,072

(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 June 30, 2004
Giving Effect to the Proposed issuance of
Medium-term notes

Entry No. 1

Cash.....	\$ 300,000,000
Long-term debt.....	\$ 300,000,000

To record the proposed issuance of medium-term notes and the receipt of cash.

IDAHO POWER COMPANY
NOTES TO FINANCIAL STATEMENTS
As of June 30, 2004

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.

Long-lived assets are periodically reviewed for impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable as prescribed under SFAS 144, "Accounting for the Impairment or Disposal of Long-lived Assets." SFAS 144 requires that if the sum of the undiscounted expected future cash flows from an asset is less than the carrying value of the asset, an asset impairment must be recognized in the financial statements.

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. IPC collects franchise fees and similar taxes related to energy consumption. These amounts are recorded as liabilities until paid to the taxing authority. None of these collections are reported on the income statement as revenue or expense.

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 on 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

7. Investments:

Investments in marketable securities are accounted for in accordance with SFAS 115, "Accounting for Certain Investments in Debt and Equity Securities." Those investments classified as available-for-sale securities are reported at fair value, using either specific identification or average cost to determine the cost for computing gains or losses. Any unrealized gains or losses on available-for-sale securities are included in other comprehensive income. Investments classified as held-to-maturity securities are reported at amortized cost. Held-to-maturity securities are investments in debt securities for which the company has the positive intent and ability to hold the securities until maturity.

Additionally, these investments are evaluated to determine whether they have experienced a decline in market value that is considered other than temporary.

8. Derivative Financial Instruments:

Financial instruments such as commodity futures, forwards, options and swaps are used to manage exposure to commodity price risk in the electricity market. The objective of the risk management program is to mitigate the risk associated with the purchase and sale of electricity and natural gas as well as to optimize energy marketing portfolios. The accounting for derivative financial instruments that are used to manage risk is in accordance with the concepts established by SFAS 133, "Accounting for Derivative Instruments and Hedging Activities," as amended.

9. Comprehensive Income:

Comprehensive income includes net income, unrealized holding gains and losses on marketable securities, IPC's proportionate share of unrealized holding gains and losses on marketable securities held by an equity investee and the changes in additional minimum liability under a deferred compensation plan for certain senior management employees and directors.

10. 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 in two series: \$70 million First Mortgage Bonds 4.25% Series due 2013 and \$70 million First Mortgage Bonds 5.50% Series due 2033. Proceeds were used to pay down IPC short-term borrowings incurred from the payment at maturity 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. On March 26, 2004, IPC issued \$50 million First Mortgage Bonds 5.50% Series due 2034. Proceeds were used to reduce short-term borrowings and replace short-term investments, which were used on March 15, 2004 to pay at maturity the \$50 million First Mortgage Bonds 8% Series due 2004. At June 30, 2004, \$110 million remained available to be issued on this shelf registration statement.

At June 30, 2004, 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 16, 2007. Under this facility IPC pays a facility fee on the commitment, quarterly in arrears, based on its rating for senior unsecured long-term debt securities without third-party credit enhancement as provided by Moody's and S&P. IPC's commercial paper may be issued up to the amounts supported by the bank credit facilities. At June 30, 2004, \$27 million of commercial paper was outstanding.

11. 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

NOTES TO FINANCIAL STATEMENTS (Continued)

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) on qualifying plant additions. ITC's earned on regulated 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 for computing its provision for income taxes on an interim basis. IPC's effective tax rate for the six months ended June 30, 2004 was 31.6 percent, compared with an effective tax rate of 27.6 percent for the six months ended June 30, 2003. The increase in the 2004 estimated tax rate is due primarily to the favorable settlement of a prior year tax issue in the first half of 2003, increased pre-tax book income and timing of regulatory flow-through tax adjustments.

12. 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.

13. Regulatory Issues:

General Rate Case

Idaho: IPC filed its Idaho general rate case with the IPUC on October 16, 2003. IPC originally requested approximately \$86 million annually in additional revenue, an average 17.7 percent increase to base rates. On rebuttal, IPC lowered its overall requested increase to \$70 million annually, an average of 14.5 percent. The IPUC conducted formal hearings on the matter from March 29, 2004 through April 5, 2004. The IPUC approved an increase of \$25 million in IPC's electric rates, an average of 5.2 percent, in an order issued on May 25, 2004. The rate increase became effective on June 1, 2004.

In the order, the IPUC approved a return on equity of 10.25 percent, compared to the 11.2 percent IPC requested, an overall rate of return of 7.9 percent, compared to the 8.3 percent the company requested. The IPUC reduced the \$1.55 billion in rate base requested for IPC's Idaho jurisdiction to \$1.52 billion. The IPUC also disallowed several costs in the order, including \$12 million annually related to the determination of IPC's income tax expense, \$8 million of incentive payments capitalized in prior years and \$2 million of capitalized pension expense. On June 15, 2004, IPC filed with the IPUC a petition for reconsideration of these and other items. On July 13, 2004, the IPUC granted this petition in part, agreeing to reconsider issues relating to the determination of IPC's income tax expense and, in light of the IPUC Staff's computational errors, ordering rates increased by approximately \$3 million on or before August 1, 2004. IPC recorded an impairment of assets of \$10 million in the second quarter related to the disallowed incentive payments and the disallowed capitalized pension expenses. On August 2, 2004, the IPUC notified the parties of record that the IPUC Staff and IPC had begun settlement negotiations on the income tax issue. If a settlement does not occur, the IPUC will hold additional hearings or before September 14, 2004 and rule by October 12, 2004.

In the general rate case order, the IPUC approved higher rates for residential and small-commercial customers during the summer months to encourage conservation. The 12.6 percent higher summer rate applies to use over 300 kilowatt-hours. The IPUC also ordered time-of-use rates to be phased in

NOTES TO FINANCIAL STATEMENTS (Continued)

for industrial customers, asked IPC to submit a proposal for a conservation program for industrial customers and ordered increased low-income weatherization funding of \$1 million annually.

In addition, the IPUC noted several other issues to be addressed in separate proceedings and potentially handled in workshops instead of formal hearings. These include: (1) addressing the Expense Adjustment Rate for Growth component of the Power Cost Adjustment (PCA), (2) investigating approaches to removing financial disincentives to IPC for investing in effective energy efficiency and clean distributed generation and (3) investigating various cost of service issues raised in the general rate case, including those associated with load growth. The first two matters are expected to be addressed through workshops beginning in August 2004 and concluding later in 2004. No action has yet been taken on the cost of service investigation. The outcome of these additional issues is unknown at this time.

Oregon: IPC is preparing to file an Oregon general rate case later this year. IPC has met with the Oregon Public Utility Commission (OPUC) Staff and previewed the rate case issue. The overall request will be for approximately \$4 million. IPC cannot predict what level of rate relief the OPUC will grant.

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 are based on forecasts of net power supply costs (fuel and purchased power less off-system sales) 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 the true-up for the current year's portion and the true-up of the true-up for the prior years' portions, is then included in the calculation of the next year's PCA adjustment.

On April 15, 2004, IPC filed its 2004-2005 PCA with the IPUC, with a proposed effective date of June 1, 2004, requesting to collect \$71 million above 2004 base rates. On May 25, 2004, the IPUC issued Order No. 29506 approving IPC's filing with an additional instruction for IPC and the IPUC Staff to examine the cost of replacement power attributable to an unplanned outage in the summer of 2003 at one of the two units of the North Valmy Steam Electric Generating Plant and advise the IPUC whether an adjustment to next year's PCA is reasonable. The cost of replacement power due to the Valmy power outage is estimated to be \$7 million.

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 were adjusted to collect \$81 million above 1993 base rates.

On April 15, 2002, the IPUC issued Order No. 28992 disallowing recovery of \$12 million of lost revenues resulting from the Irrigation Load Reduction Program that was in place in 2001. IPC believes that this IPUC order is inconsistent with Order No. 28699, dated May 25, 2001, that allowed recovery of such costs, and IPC filed a Petition for Reconsideration on May 2, 2002. On August 29, 2002, the IPUC issued Order No. 29103 denying the Petition for Reconsideration. As a result of this order, approximately \$12 million was expensed in September 2002. IPC believes it is entitled to recover this amount and argued its position before the Idaho Supreme Court on December 5, 2003. On March 30, 2004, the Supreme Court set aside the IPUC denial of the recovery of lost revenues and remanded the matter to the IPUC to determine the amount of lost revenues to be recovered. The IPUC petitioned for reconsideration on April 20, 2004. On May 27, 2004, the IPUC petition was denied and further commission action is pending. IPC submitted its calculation of lost revenues of \$12 million in the earlier IPUC proceeding. IPC expects to recognize benefits from this case in the last half of 2004.

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 were recovering approximately \$2 million annually. During the 2003 Oregon

NOTES TO FINANCIAL STATEMENTS (Continued)

legislative session, the maximum annual rate of recovery was raised to ten percent under certain circumstances. IPC requested and received authority to increase the surcharge to ten percent. As a result of the increased recovery rate, which became effective on April 9, 2004, IPC will recover approximately \$3 million annually.

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

	June 30, 2004	December 31, 2003
Oregon deferral	\$ 12,906	\$ 13,620
Idaho PCA power supply cost deferrals:		
Deferral during the 2004-2005 rate year	-	44,664
Deferral during the 2005-2006 rate year	13,086	-
Idaho PCA true-up awaiting recovery:		
Remaining true-up authorized May 2003	-	13,646
Remaining true-up authorized May 2004	34,817	-
Total deferral	<u>\$ 60,809</u>	<u>\$ 71,930</u>

14. Other Accounting Policies:

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

ATTACHMENT II(b)

IDAHO POWER COMPANY

The following statement as to each class of the capital stock of applicant is as of June 30, 2004, 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 - 39,150,812 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 - 122,989 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 June 30, 2004, the date of the balance sheet submitted with this application.

First Mortgage Bonds

(1) Description	(3) Amount Outstanding
FIRST MORTGAGE BONDS:	
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
5.50 % Series due 2034, dated as of August 16, 2004, due August 14, 2034	50,000,000
	\$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) Variable Auction Rate Series 2003 due 2024:

- (1) Description - Pollution Control Revenue Refunding Bonds, Variable Auction Rate Series 2003 due 2024, County of Humboldt, Nevada, dated as of October 22, 2003 due December 1, 2024 (secured by First Mortgage Bonds)
- (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 dated October 1, 2003; Trust Indenture between Humboldt County, Nevada and Union Bank of California dated October 1, 2003; Escrow Agreement between Humboldt County, Nevada and Bank One Trust Company and Idaho Power Company dated October 1, 2003; Purchase Contract dated October 21, 2003 among Humboldt County, Nevada and Bankers Trust Company; Auction Agreement, dated as of October 22, 2003 among Idaho Power Company, Union Bank of California and Deutsche Bank Trust Company; Insurance Agreement, dated as of October 1, 2003 between AMBAC and Idaho Power Company; Broker-Dealer agreements dated October 22, 2003 among the Auction Agent, Banc One Capital Markets, Banc of America Securities and Idaho Power Company, under which the Auction Rate Series 2003 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 - \$1,064,329
- (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 II(c)

IDAHO POWER COMPANY

Commitments and Contingent Liabilities:

As of December 31, 2003, IPC had signed agreements to purchase energy from 69 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 the facilities inside the IPC service territory. For projects outside the IPC service territory, IPC is required to purchase the output which IPC has the ability to receive at the facility's requested point of delivery on the IPC system. IPC purchased 654,131 MWh at a cost of \$38 million in 2003 and 692,414 Megawatt-hour (MWh) at a cost of \$44 million in 2002.

IPC has agreed to guarantee the performance of reclamation activities at Bridger Coal Company of which Idaho Energy Resources Company, a subsidiary of IPC, owns a one-third interest. This guarantee, which is renewed each December, was \$60 million at December 31, 2003. Bridger Coal Company has a reclamation trust fund set aside specifically for the purpose of paying these reclamation costs and expects that the fund will be sufficient to cover all such costs. Because of the existence of the fund, the estimated fair value of this guarantee is minimal.

From time to time IPC is a party to various other legal claims, actions and complaints in addition to those discussed below. IPC believes that it has meritorious defenses to all lawsuits and legal proceedings. Although they will vigorously defend against them, 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

Vierstra Dairy: On August 11, 2000, Mike and Susan Vierstra, dairy operators from Twin Falls, Idaho, brought suit against IPC in Idaho State District Court, Fifth Judicial District, Twin Falls County. The plaintiffs sought monetary damages of approximately \$8 million for negligence and nuisance (allegedly allowing electrical current to flow in the earth and adversely affect the health of the plaintiffs' dairy cows) and punitive damages of approximately \$40 million.

On February 10, 2004, a jury verdict was entered in favor of the plaintiffs, awarding approximately \$7 million in compensatory damages and \$10 million in punitive damages. In March 2004, IPC filed with the Idaho State District Court motions for new trial and for judgment notwithstanding the verdict. These motions were heard by the court on April 26, 2004. On June 7, 2004, the court denied the motions. IPC filed its notice of appeal of this decision with the Idaho Supreme Court on July 13, 2004, with an amended notice filed on July 15, 2004.

IPC is unable to predict the outcome of this matter; however, based upon the information provided to date, IPC's insurance carrier has confirmed coverage. IPC has previously expensed the full amount of its self-insured retention. With coverage, this matter will not have a material adverse effect on IPC's consolidated financial position, results of operations or cash flows.

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 October 4, 2002, United Systems filed a Motion for Partial Summary Judgment as to its 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 was finalized on November 26, 2003. An Order of Dismissal with Prejudice as to All Defendants was entered on December 2, 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 Megawatt (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 Megawatt-hour (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 United States 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. The court heard oral argument on the appeal on June 10, 2004, but has yet to issue a ruling. The companies intend to vigorously defend their position in this proceeding and believe this matter 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 laws and the Racketeer Influenced and Corrupt Organizations Act. On December 4, 2003, the Judicial Panel on Multidistrict Litigation transferred the case to the Southern District of California for inclusion with several similar multidistrict actions currently pending before the Honorable Robert H. Whaley.

All defendants, including IPC and IDACORP, moved to dismiss the complaint in lieu of answering it. The motions were based on the ground that the complaint seeks to set alternative electrical rates, which are exclusively within the jurisdiction of the FERC and are barred by the filed-rate doctrine. A hearing on the motion to dismiss was heard on March 26, 2004. On May 28, 2004, the court granted IPC and IDACORP's motion to dismiss. In June 2004, the Port of Seattle appealed the court's decision to the United States Court of Appeals for the Ninth Circuit. 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.

Wah Chang: On May 5, 2004, Wah Chang, a division of TDY Industries, Inc., filed two lawsuits in the United States District Court for the District of Oregon against numerous defendants. IDACORP, IE and IPC are named as defendants in one of the lawsuits. The complaints allege violations of federal antitrust laws, violations of the Racketeer Influenced and Corrupt Organizations Act, violations of Oregon antitrust laws and wrongful interference with contracts. Wah Chang's complaint is based on allegations relating to the western energy

situation. These allegations include bid rigging, falsely creating congestion and misrepresenting the source and destination of energy. The plaintiff seeks compensatory damages of \$30 million and treble damages.

On May 28, 2004, certain defendants in the Wah Chang actions took steps to have the cases transferred and consolidated with other similar cases currently pending before the Honorable Robert H. Whaley, sitting by designation in the Southern District of California and presiding over Multidistrict Litigation Docket No. 1405, In re California Wholesale Electricity Antitrust Litigation. IDACORP, IE and IPC have not answered the complaint as a response is not yet required. The companies intend to vigorously defend their position in this proceeding and believe this matter will not have a material adverse effect on their consolidated financial positions, results of operations or cash flows.

City of Tacoma: On June 7, 2004, the City of Tacoma, Washington (Tacoma) filed a lawsuit in the United States District Court for the Western District of Washington at Tacoma against numerous defendants including IDACORP, IE and IPC. Tacoma's complaint alleges violations of the Sherman Antitrust Act. The claimed antitrust violations are based on allegations of energy market manipulation, false load scheduling and bid rigging and misrepresentation or withholding of energy supply. The plaintiff seeks compensatory damages of not less than \$175 million.

On June 22, 2004, IDACORP, IE and IPC, along with other defendants, took steps to have this case transferred and consolidated with other similar cases currently pending before the Honorable Robert H. Whaley, sitting by designation in the Southern District of California and presiding over Multidistrict Litigation Docket No. 1405, In re California Wholesale Electricity Antitrust Litigation. IDACORP, IE and IPC have not answered the complaint, as a response is not yet required. The companies intend to vigorously defend their position in this proceeding 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, 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 and (2) charging unjust and unreasonable rates. 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 to the United States Court of Appeals for the Ninth Circuit, appealing the court's decision granting IPC's motion to dismiss. Briefing on the appeal was completed in October 2003. The court heard oral argument on the appeal on June 14, 2004, but has yet to issue a ruling. IPC intends to vigorously defend its position in this proceeding 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. 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 the California Antitrust Law (the Cartwright Act), Business and Professions Code Section 16720 and California's Unfair Competition Law, Business and Professions Code Section 17200. Among the acts complained of are bid rigging, information exchanges, withholding of power and 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 has also asserted a claim against IPC for alleged violations of the California Unfair Competition Law, Business and Professions Code Section 17200. 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, have 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 United States 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 briefing on the appeal was completed in December 2003. The court heard oral argument on the remand issue on June 14, 2004, but has yet to issue a ruling. 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.

Western 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. The CalPX later reversed IPC's payment of the January 18, 2001 invoice, but on June 20, 2001 invoiced IPC for an additional \$2 million which the CalPX has not reversed. The CalPX owes IPC \$14 million for power sold in November and December including \$2 million associated with the default share invoice dated June 20, 2001. 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 chargeback methodology and provide for further oversight in the CalPX's implementation of its default mitigation procedures.

A preliminary injunction was granted by a federal judge in the United States 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.

This case had been 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. The 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 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. However, as to potential refunds, if any, IE believes its exposure is likely to be offset by amounts due from California entities.

IE, along with a number of other parties, filed an application with the FERC on April 25, 2003 seeking rehearing 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. The Cal ISO has since requested additional time to complete its compliance filings. By order of February 3, 2004, the FERC granted additional time. In a February 10, 2004 report to the FERC, the Cal ISO asserted its belief that it will complete re-running the data and financial clearing of amounts due by August 2004, subject to a number of events that must occur in the interim, including FERC disposition of a number of pending issues. This Cal ISO compliance filing has since been delayed until at least December 2004. The Cal ISO is required to update the FERC on its progress monthly. After receipt of the compliance filing, the FERC will consider cost-based filings from sellers to reduce their refund exposure.

On December 2, 2003, IE petitioned the Ninth Circuit for review of the FERC's orders, and since that time, dozens of other petitions for review have been filed. The Ninth Circuit has consolidated IE's and the other parties' petitions with the petitions for review arising from earlier FERC orders in this proceeding, bringing the total number of consolidated petitions to more than 80. The Ninth Circuit has held the appeals in abeyance pending the disposition of the market manipulation claims discussed below and the development of a comprehensive plan to brief this complicated case. Certain parties also sought further rehearing and clarification before the FERC. On July 27, 2004, the Ninth Circuit directed that the consolidated cases be subject to case management proceedings, a procedure reserved for complex cases.

On May 12, 2004, the FERC issued an order clarifying portions of its earlier refund orders and, among other things, denying a proposal made by Duke Energy North America and Duke Energy Trading and Marketing (and supported by IE) to lodge as evidence a contested settlement in a separate complaint proceeding, California Public Utilities Commission (CPUC) v. El Paso et al. The CPUC's complaint alleged that the El Paso companies manipulated California energy markets by withholding pipeline transportation capacity into California in order to drive up natural gas prices immediately before and during the California energy crisis in 2000-2001. The settlement will result in the payment by El Paso of some \$1.69 billion. Duke claimed that the relief afforded by the settlement was duplicative of the remedies imposed by the FERC in its March 26, 2003 order changing the gas cost component of its refund calculation methodology. IE, along with other parties, has sought rehearing of the May 12, 2004 order. These latter applications remain pending before the FERC.

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 June 30, 2004, 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 June 30, 2004, 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.

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 rate requirements violate the FPA, and, even if the 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 argument on October 9, 2003, but has not yet issued its decision. The companies cannot predict the outcome of this matter.

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 (certain investor owned utilities, the California AG, the California Electricity Oversight Board and the CPUC) 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 the conduct of other parties.

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 an MMCP, seeking approximately \$8 billion in refunds to the Cal ISO and the CalPX. On March 20, 2003, numerous parties, including IE and IPC, submitted briefs and responsive testimony.

In its March 26, 2003 order, discussed previously, 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 submitted a motion to the FERC to dismiss the proceeding because materials submitted by IPC demonstrated that IPC did not use the "parking" and "lending" arrangement with Public Service Company of New Mexico to engage in "gaming" or anomalous market behavior ("partnership"). The "gaming" settlement was approved by the FERC on March 3, 2004. Eight parties have requested rehearing of the FERC's March 3, 2004 order, but the FERC has not yet acted on those requests. The motion to dismiss the "partnership" proceeding was approved by the FERC in an order issued January 23, 2004 and rehearing of that order was not sought within the time allowed by statute. Some of the California Parties and other parties have petitioned the Ninth Circuit and the District of Columbia Circuit for review of the FERC's orders initiating the show cause proceedings. Some of the parties contend that the scope of the proceedings initiated by the FERC was too narrow. Other parties contend that the orders initiating the show cause proceedings were impermissible. Under the rules for multidistrict litigation, a lottery was held and, subject to motions by adversely affected parties, these cases are to be considered in the District of Columbia Circuit. The FERC has moved the District of Columbia Circuit to dismiss these petitions on the grounds of prematurity and lack of ripeness and finality. The District of Columbia Circuit has not yet ruled on the FERC's motion and a briefing schedule has not yet been set. The company is not able to predict the outcome of the judicial determination of these issues.

On June 25, 2003, the FERC also issued an order instituting an investigation of anomalous bidding behavior and practices in the western wholesale power markets. In this investigation, the FERC was to 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 Staff issued data requests in this investigation to over 60 market participants including IPC. IPC responded to the FERC's data requests. In a letter dated May 12, 2004, the FERC's Office of Market Oversight and Investigations advised that it was terminating the investigation as to IPC.

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 submitted comments to the FERC with respect to 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, 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 is requesting refunds from IPC of \$5 million. Grays Harbor did not suggest that there was any misconduct by IPC or IE. The companies submitted responsive testimony defending vigorously against Grays Harbor's refund claims.

In addition, the Port of Seattle, the City of Tacoma and the City of Seattle 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 improperly having received 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 denied claims that refunds should be paid. The FERC denied rehearing on November 10, 2003, triggering the right to file for review. The Port of Seattle, the City of Tacoma, the City of Seattle, the California AG, the CPUC and Puget Sound Energy Inc. filed petitions for review in the Ninth Circuit within the time permitted. However, during the time when petitions for review were permitted to be filed, the California AG also sought further rehearing before the FERC. The FERC denied the second request for rehearing of the California AG on February 9, 2004 and the California AG then filed for review. These petitions have not yet been consolidated. Grays Harbor did not file a petition for review, although it has sought to intervene in the proceedings initiated by the petitions of others. The FERC has certified the record to the Ninth Circuit, which has established a briefing schedule for the case under which briefing would be completed by January 10, 2005. A date for argument has not yet been set. Accordingly, the FERC's orders remain subject to review by the Ninth Circuit. On July 21, 2004, the City of Seattle submitted to the Ninth Circuit Court of Appeals in the Pacific Northwest refund petition for review a motion requesting leave to offer additional evidence before the FERC in order to try to secure another opportunity for reconsideration by the FERC of its earlier rulings. The evidence that the City of Seattle seeks to introduce before the FERC consists of audio tapes of what purports to be Enron trader conversations containing inflammatory language that have been the subject of recent coverage in the press. Under Section 313(b) of the FPA, a court is empowered to direct the introduction of additional evidence if it is material and could not have been introduced during the underlying proceeding. The City of Seattle also requested that the current briefing schedule, which required briefs to be filed by August 5, 2004, be delayed. Answers to the motions are not due to be filed until August 5, 2004, the same date initial briefs were originally due. On August 2, 2004, the Ninth Circuit Court of Appeals held the briefing schedule in abeyance until resolution of the motion to offer additional evidence. On August 2, 2004 and August 3, 2004, respectively, the FERC and a group of parties, including IE, filed their answers in opposition to the motion to offer additional evidence.

The companies are unable to predict the outcome of these matters.

On July 21, 2004, CALifornians for Renewable Energy, Inc. (CARE) filed a motion with the FERC in connection with the California Refund proceedings, the Pacific Northwest refund proceedings and the show cause proceedings, both gaming and partnership, including those in which IPC was the respondent. CARE has

participated in many of the FERC proceedings dealing with California energy matters, having appointed itself as a representative of low-income communities and other groups that it claims are otherwise not represented. The FERC permitted CARE to participate in the cases as an intervenor. In its current motion, CARE requests that the FERC radically restructure its approach to California and western energy proceedings involving the events of 2000 and 2001 by revoking market-based rate authority from the date of their approvals, replacing market-based rates with cost-of-service rates by requiring refunds back to the date of the orders granting market-based rate authority, revising long-term energy contracts negotiated during 2000 and 2001 (it appears that the contracts that CARE identified do not include any to which IPC is a party), deferring further refund settlements, establishing a direct pass-through refund mechanism for California consumers and having "previously executed settlement agreements rejected." CARE also requested that the FERC revoke market-based rates for those entities identified in the June 25, 2003 show cause orders, which would include IPC. IPC intends to vigorously defend itself in this motion and is unable to predict how the FERC will respond to CARE's motion.

Nevada Power Company: In February and April of 2001, IPC entered into two transactions under the Western Systems Power Pool (WSPP) Agreement whereby IPC agreed to deliver to Nevada Power Company (NPC) 25 MW during the third quarter of 2002. NPC agreed to pay IPC \$250 per MWh for heavy load deliveries and \$155 per MWh for light load deliveries. IPC assigned the contracts to IE with NPC's consent and the assignment was subsequently approved by the FERC. Based upon the uncertain financial condition of NPC, and pursuant to the terms of the WSPP Agreement, IE requested NPC to provide assurances of its ability to pay for the power if IE made the deliveries. NPC failed to provide appropriate credit assurances; therefore, in accordance with the WSPP Agreement procedures, IE terminated all WSPP Agreement transactions with NPC effective July 8, 2002. Pursuant to the WSPP Agreement, IE notified NPC of the liquidated damages amount and NPC responded with a letter, which described their view of rights under the WSPP Agreement and suggested a negotiated resolution. IE and NPC attempted to mediate a resolution to this dispute, but were initially unsuccessful.

IE filed a complaint against NPC on April 25, 2003, in Idaho State District Court in and for the County of Ada. This complaint was served on NPC on May 14, 2003. IE asked the Idaho State District Court for damages in excess of \$9 million pursuant to the contracts. On May 14, 2003, NPC filed a separate action against IPC, IE and IDACORP, seeking declaratory judgment in the United States District Court, District of Nevada, involving the same subject matter as the complaint filed by IE against NPC. NPC has never served IE with the complaint for declaratory judgment filed in the United States District Court in Nevada.

On September 23, 2003, NPC filed and served IE, IPC and IDACORP with a Declaratory Action filed with the Nevada State Court in and for the County of Clark concerning the same subject matter of the pending Idaho State District Court action filed by IE on April 25, 2003. NPC sought declaratory judgment on the following issues: that the assignment of the February and April 2001 energy supply contracts from IPC to IE was void or voidable; that IE did not comply with the WSPP Agreement when requesting reasonable assurances; and that NPC was relieved of its obligations to pay under the contracts by reason of force majeure. IE filed a motion to dismiss NPC's Nevada State Court claims. That motion was heard, and denied, on November 17, 2003. Trial of the Nevada State Court action was scheduled to commence on February 7, 2005.

These actions were dismissed with prejudice on June 28, 2004, incident to the closing of an acquisition by IDACOMM of certain Sierra Pacific Communications fiber-optic networks in Las Vegas, Nevada and Reno, Nevada. Sierra Pacific Communications and NPC are both subsidiaries of Sierra Pacific Resources. IDACORP and Sierra Pacific Resources agreed to use settlement of the NPC and IE litigation as a portion of the consideration in connection with this transaction.

Alves Dairy: On May 18, 2004, Herculano and Frances Alves, dairy operators from Twin Falls, Idaho, brought suit against IPC in Idaho State District Court, Fifth Judicial District, Twin Falls County. The plaintiffs seek unspecified monetary damages for negligence and nuisance (allegedly allowing electrical current to flow in the earth, injuring the plaintiffs' right to use and enjoy their property and adversely affecting their dairy herd). On July 16, 2004, IPC filed an answer to Mr. and Mrs. Alves's complaint, denying all liability to the plaintiffs, and asserting certain affirmative defenses. No trial date has been scheduled.

IPC intends to vigorously defend its position in this proceeding and believes this matter will not have a material adverse effect on its consolidated financial position, results of operations or cash flows.

Shareholder Lawsuits: On May 26, 2004 and June 22, 2004, respectively, two shareholder lawsuits were filed against IDACORP and certain of its directors and officers. The lawsuits, captioned Powell, et al. v. IDACORP, Inc., et al. and Shorthouse, et al. v. IDACORP, Inc., et al., raise largely similar allegations. The lawsuits are putative class actions brought on behalf of purchasers of IDACORP stock between February 1, 2002 and June 4, 2002, and were filed in the United States District Court for the District of Idaho. The named defendants in each suit, in addition to IDACORP, are Jon H. Miller, Jan B. Packwood, J. LaMont Keen and Darrel T. Anderson.

The complaints allege that, during the purported class period, IDACORP and/or certain of its officers and/or directors made materially false and misleading statements or omissions about the company's financial outlook in violation of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended, and Rule 10b-5, thereby causing investors to purchase the company's common stock at artificially inflated prices. More specifically, the complaints allege that the company failed to disclose and misrepresented the following material adverse facts which were known to defendants or recklessly disregarded by them: (1) the company failed to appreciate the negative impact that lower volatility and reduced pricing spreads in the western wholesale energy market would have on its marketing subsidiary, IE; (2) the company was forced to limit its origination activities to shorter-term transactions due to increasing regulatory uncertainty and continued deterioration of creditworthy counterparties; (3) the company failed to discount for the fact that IPC may not recover from the lingering effects of the prior year's regional drought and (4) as a result of the foregoing, defendants lacked a reasonable basis for their positive statements about the company and their earnings projections. The Powell complaint also alleges that the defendants' conduct artificially inflated the price of the company's common stock. The actions seek an unspecified amount of damages, as well as other forms of relief. IDACORP and the other defendants intend to defend themselves vigorously against the allegations. The company cannot, however, predict the outcome of these matters.

Other Legal Issues

Idaho Power Company Transmission Line Rights-of-Way Across Fort Hall Indian Reservation: IPC has multiple transmission lines that cross the Shoshone-Bannock Tribes' (Tribes) Fort Hall Indian Reservation near the City of Pocatello in southeastern Idaho. IPC has been working since 1996 to renew five of the right-of-way permits for the transmission lines, which have stated permit expiration dates between 1996 and 2003. IPC filed applications with the United States Department of the Interior, Bureau of Indian Affairs, to renew the five rights-of-way for 25 years, including payment of the independently appraised value of the rights-of-way to the Tribes (and the Tribal allottees who own portions of the rights-of-way). The Tribes have refused to renew the rights-of-way and have demanded payment of \$19 million, including an up-front payment of \$4 million with the remainder to be paid over the 25-year term of the permits, or in the alternative \$11 million including an up-front payment of \$4 million with the remainder paid over the first three years of the permits. These amounts are based on an "opportunity cost" methodology, which calculates the value of the rights-of-way as a percentage of the cost to IPC of relocating the transmission lines off the Reservation. Both parties have discussed potential legal action regarding renewal of the rights-of-way, but no such action has been taken to date. The probable cost of renewing the rights-of-way is difficult to ascertain due to the lack of definitive legal guidelines for the renewals. IPC plans to obtain Idaho Public Utilities Commission (IPUC) approval for the recovery of any renewal payment in its utility rates as a prerequisite to any settlement of the right-of-way renewals with the Tribes.

ATTACHMENT II(d)

IDAHO POWER COMPANY
STATEMENT OF RETAINED EARNINGS
AND
UNDISTRIBUTED SUBSIDIARY EARNINGS
For the Twelve Months Ended June 30, 2004

Retained Earnings

Retained earnings (at the beginning of period)	\$	320,293,783
Balance transferred from income.....		60,430,483
Dividends received from subsidiary.....		<u>-</u>
Total.....		<u>380,724,266</u>
Dividends:		
Preferred Stock		3,402,758
Common Stock		<u>52,162,221</u>
Total.....		<u>55,564,979</u>
Retained earnings (at end of period).....	\$	<u>325,159,287</u>

Undistributed Subsidiary Earnings

Balance (at beginning of period).....	\$	18,031,030
Equity in earnings for the period.....		8,384,181
Dividends paid (Debit).....		<u>-</u>
Balance (at end of period).....	\$	<u>26,415,211</u>

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

ATTACHMENT II(e)

IDAHO POWER COMPANY
STATEMENT OF INCOME
For the Twelve Months Ended June 30, 2004

	Actual
Operating Revenues.....	\$ 769,145,765
Operating Expenses:	
Purchased power.....	188,625,613
Fuel.....	99,524,473
Power cost adjustment.....	4,350,000
Other operation and maintenance expense.....	225,100,578
Depreciation expense.....	89,410,480
Amortization of limited-term electric plant.....	9,987,171
Taxes other than income taxes.....	21,288,025
Income taxes - Federal.....	39,403,265
Income taxes - Other.....	6,745,178
Provision for deferred income taxes.....	35,808,784
Provision for deferred income taxes - Credit.....	(50,385,209)
Investment tax credit adjustment.....	76,480
	669,934,838
Total operating expenses.....	
Operating Income.....	99,210,927
Other Income and Deductions:	
Allowance for equity funds used during construction.....	3,918,607
Income taxes.....	10,153,885
Other - Net.....	(736,307)
	13,336,185
Net other income and deductions.....	
Income Before Interest Charges.....	112,547,112
Interest Charges:	
Interest on first mortgage bonds.....	44,216,028
Interest on other long-term debt.....	6,909,644
Interest on short-term debt.....	1,053,667
Amortization of debt premium, discount and expense - Net.....	2,401,067
Other interest expense.....	732,449
	55,312,855
Total interest charges.....	
Allowance for borrowed funds used during construction - Credit.....	3,196,226
	52,116,629
Net interest charges.....	
Net Income.....	\$ 60,430,483

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

IDAHO POWER COMPANY
EXPLANATION OF ADJUSTMENTS SHOWING
EFFECT OF TRANSACTION IN THE INCOME STATEMENT
For the Twelve Months Ended June 30, 2004

Interest on long-term debt

Interest on existing \$300,000,000 principal amount
of first mortgage bonds and short term debt retired at
interest rates ranging between 3% & 7.38%..... \$ 14,202,000

Interest on new \$300,000,000 principal amount of
first mortgage bonds issued at interest rate estimated
at 6.00%..... 18,000,000

Interest expense..... \$ 3,798,000

Income taxes:

Decrease in Federal income taxes:
due to increase in interest expense
(\$3,798,000 x 32.8%)..... \$ (1,245,744)

Decrease in State income taxes:
due to increase in interest expense
(\$3,798,000 x 6.3%)..... \$ (239,274)

ATTACHMENT III

STATE OF IDAHO)
COUNTY OF ADA) ss.
CITY OF BOISE)

I, THOMAS R. SALDIN, the undersigned, Secretary of Idaho Power Company, do hereby certify that the following constitutes a full, true and correct copy of the resolutions adopted by the Board of Directors on September 16, 2004, relating to the issuance of up to \$300,000,000 of First Mortgage Bonds and/or Debt Securities under a Shelf Registration filed with the SEC, and that said resolutions have not been amended or rescinded and are in full force and effect on the date hereof.

IN WITNESS WHEREOF, I have hereunto set my hand this 4th day of October, 2004.



/s/ Thomas R. Saldin

Secretary

(CORPORATE SEAL)

RESOLVED, That the proper officers of the Company be, and they hereby are, authorized and empowered to make, execute and file, in the name and on behalf of the Company, such applications and other documents and any amendments or supplements to such applications and documents with the state regulatory authorities having jurisdiction over the Company and/or its securities as may be necessary to obtain an exemption from competitive bidding requirements and to facilitate the creation, issuance, sale and delivery by this Company in one or more series from time to time of (a) first mortgage bonds ("First Mortgage Bonds") in an aggregate principal amount not exceeding \$300,000,000 and (b) unsecured debt securities ("Debt Securities", and with the First Mortgage Bonds, collectively referred to as the "Securities") in an aggregate principal amount not exceeding \$300,000,000; provided, however, that the total principal amount of First Mortgage Bonds and Debt Securities shall not, in the aggregate, exceed \$300,000,000 and to enter into swap or hedging arrangements with respect to any First Mortgage Bonds or Debt Securities; and be it

FURTHER RESOLVED, That the proper officers of the Company be, and they hereby are, authorized to prepare and file with the Securities and Exchange Commission one or more registration statements (each including a prospectus) and any amendments (including post-effective amendments) or supplements thereto, for the registration under the Securities Act of 1933, as amended, of the Securities and for qualification under the Trust Indenture Act of 1939, as amended, of the Company's Mortgage and Deed of Trust, dated as of October 1, 1937, as heretofore supplemented and as it is proposed to be further supplemented by a supplemental indenture or indentures and for qualification under the Trust Indenture Act of 1939, as amended, of an indenture of the Company relating to the Debt Securities, as it is proposed to be supplemented by a supplemental indenture or

indentures; and be it

FURTHER RESOLVED, That Jan B. Packwood, J. LaMont Keen, Thomas R. Saldin and Elizabeth W. Powers, be, and they hereby are, appointed and designated as the persons duly authorized to receive communications and notices from the Securities and Exchange Commission with respect to said registration statement; and be it

FURTHER RESOLVED, That the Company hereby appoints Jan B. Packwood, J. LaMont Keen, Darrel T. Anderson, Thomas R. Saldin, and each of them severally, as the true and lawful attorney and attorneys of the Company with full power to act with or without the others and with full power of substitution and resubstitution to execute said registration statement and any amendment or amendments thereto, for and on behalf of the Company; and that each officer and director of the Company executing said registration statement and any amendment or amendments thereto on behalf of the Company, be, and he hereby is, authorized to appoint Jan B. Packwood, J. LaMont Keen, Darrel T. Anderson, Thomas R. Saldin, and any agent named for service in said registration statement, and each of them severally, his true and lawful attorney or attorneys with power to act with or without the other and with full power of substitution and resubstitution, to execute in his name, place and stead, in his capacity as an officer or director of the Company, such registration statement and any amendment or amendments thereto, and all instruments necessary or incidental in connection therewith, and to file the same with the Securities and Exchange Commission, with full power and authority to each of said attorneys to do and perform, in the name and on behalf of the said officers or directors, or any of them, every act whatsoever necessary or desirable to be done in the premises as fully and to all intents and purposes as such officer or director might or could do in person; and be it

FURTHER RESOLVED, That the proper officers of the Company be, and they hereby are, authorized and empowered to take, in the name and on behalf of the Company, any and all action which they may deem necessary or desirable in order to effect the registration or qualification of the Securities for offer and sale under the securities or Blue Sky laws of any of the states or territories of the United States of America and the District of Columbia, and in connection therewith to execute, acknowledge, verify, deliver, file and publish all such applications, reports, agreements, resolutions and other papers, documents and instruments that may be required or appropriate under such laws, and to take any and all other action which may be deemed by them to be necessary or desirable in order to maintain such registration or qualification for as long as they deem it to be in the best interests of the Company; and be it

FURTHER RESOLVED, That upon obtaining the necessary regulatory authorizations, and upon effectiveness of the registration statement under the Securities Act of 1933, and, if applicable, the relevant indenture becoming qualified under the Trust Indenture Act of 1939, as amended, the proper officers of the Company be, and they hereby are, authorized to issue and sell, or cause to be issued and sold, all or any portion of the Securities either pursuant to competitive bidding, negotiated underwriting, private sale, through agents, directly to an agent at a negotiated discount or directly to purchasers,

upon such terms and conditions and at a price or prices as are established by the Board of Directors by these resolutions or may hereafter be established by the Board of Directors or the Executive Committee of this Board; and be it

FURTHER RESOLVED, That the President, any Vice President or the Treasurer of the Company be, and each of them hereby is, authorized to enter into an Underwriting Agreement, a Purchase Agreement, a Selling Agency Agreement and/or a Distribution Agreement in the form or forms to be approved by the Board of Directors or the Executive Committee of this Board, with such underwriters, purchasers and/or sales agents as the Board of Directors or the Executive Committee of this Board shall determine for the sale by the Company of the Securities and to enter into swap or hedging arrangements with respect to any First Mortgage Bonds or Debt Securities; and be it

FURTHER RESOLVED, That there are hereby created five new series of First Mortgage Bonds, under the Company's Mortgage and Deed of Trust, dated as of October 1, 1937, as supplemented, each to be designated "First Mortgage Bonds, _____ Series due _____" or "First Mortgage Bonds, Secured Medium-Term Notes, Series F", and the issuance by the Company of not to exceed \$300,000,000 in aggregate principal amount of such five series of First Mortgage Bonds is hereby authorized and that, pursuant to the provisions of the Company's Mortgage and Deed of Trust, dated as of October 1, 1937, as supplemented, the proper officers of the Company be, and they hereby are, authorized to execute under the seal of the Company and to deliver to Deutsche Bank Trust Company Americas as Corporate Trustee under said Mortgage, First Mortgage Bonds in a total aggregate principal amount not to exceed \$300,000,000, in fully registered form in denominations of \$1,000 and any multiple or multiples thereof; that this Board of Directors hereby determines that all of the First Mortgage Bonds of each such series shall mature on the date or dates and shall bear interest at the rate or rates and be payable on the date or dates provided in the Supplemental Indenture providing for the creation of such series or, if Secured Medium-Term Notes, Series F, this Board of Directors hereby determines that such First Mortgage Bonds to be issued from time to time shall (i) bear interest at such rate or rates (which may be fixed or variable), (ii) mature on such date or dates from nine (9) months to forty (40) years from the date of issue, (iii) contain such provisions with respect to the redemption thereof prior to maturity, and the dates and prices associated therewith, as may be appropriate upon due consideration of current market conditions and the Company's general financing plan, and (iv) have such other terms and provisions, all as may be determined from time to time by the President, any Vice President or the Treasurer of the Company and as shall be set forth or referred to in, and confirmed by, written order or orders for the authentication and delivery of the First Mortgage Bonds of such series under the Company's Mortgage and Deed of Trust, as heretofore supplemented, and each such written order shall conclusively establish the determination by the Board of Directors of the terms of the principal amount of the First Mortgage Bonds of such series subject to such written order, both principal and interest to be payable at the office or agency of the Company in the Borough of Manhattan, The City of New York, and at the option of the Company, interest on each said First Mortgage Bond may also be payable at the office of the Company in Boise, Idaho, in such coin or currency of the United States of America as at the time of payment is legal tender for

facsimile signature appears upon, said First Mortgage Bonds, ceases to be an officer of the Company prior to the issuance of said Bonds, the Bonds so signed or bearing such facsimile signature shall nevertheless be valid; and be it

FURTHER RESOLVED, That upon all said First Mortgage Bonds the signature of the President or a Vice President of the Company, the signature of the Secretary or an Assistant Secretary of the Company and the seal of the Company may be facsimile; and that any such facsimile signature of any such officer of the Company appearing on said First Mortgage Bonds is hereby approved and adopted as a signature of such officer of the Company, and any such facsimile seal of the Company appearing on said First Mortgage Bonds is hereby approved and adopted as a seal of the Company; and be it

FURTHER RESOLVED, That in respect of said First Mortgage Bonds, Deutsche Bank Trust Company Americas be, and it hereby is, appointed agent of this Company (1) in respect of the payment of the principal of, and interest (and premium, if any) on, said First Mortgage Bonds, (2) in respect of the registration, transfer and exchange of said First Mortgage Bonds, and (3) upon which notices, presentations and demands to or upon the Company in respect of said First Mortgage Bonds, and in respect of the Company's said Mortgage and Deed of Trust, dated as of October 1, 1937, as supplemented, may be given or made; and be it

FURTHER RESOLVED, That Thomas R. Saldin be, and he hereby is, appointed Counsel, under the Mortgage, to render any opinions of counsel required thereunder, and Jan B. Packwood be, and he hereby is, appointed Engineer, under the Mortgage, to make, execute and deliver any Engineer's Certificate required thereunder, said appointments to remain in effect until the Trustee receives written notice to the contrary; and be it

FURTHER RESOLVED, That the Executive Committee and the proper officers of this Company be, and they are hereby, authorized to take such actions, for and on behalf of the Company, relating to the authentication, creation, issuance, sale and delivery of said First Mortgage Bonds, the execution and delivery of one or more Supplemental Indentures as hereinabove provided and the recording and filing of such completed Supplemental Indentures in such offices as they may deem necessary or desirable, including, without limitation, the determination of the interest rate and the insertion thereof in the form of said First Mortgage Bonds and, at their option, in the Supplemental Indenture creating such series; and be it

FURTHER RESOLVED, That the proper officers of the Company be, and they hereby are, authorized and empowered to execute and deliver on behalf of the Company one or more indentures providing for the issuance of Debt Securities by the Company, including supplements to any indenture, with such trustee or trustees as they may appoint, such indenture or indentures, or supplement or supplements, to be in such form or forms and bear such date or dates as may be approved by the officers of the Company executing the same, such approval to be conclusively evidenced by the execution of said indenture or indentures or supplement or supplements; and be it

FURTHER RESOLVED, That the proper officers of the Company be, and they hereby are, authorized and empowered to appoint any agent, trustee or registrar necessary or appropriate in connection with the issuance or sale of the Debt Securities; and be it

FURTHER RESOLVED, That the trustee appointed in connection with the issuance or sale of the Debt Securities be, and it hereby is, requested, upon fulfillment of the requirements specified in said indenture, to authenticate said Debt Securities, and deliver the same promptly, in accordance with the written order or orders of the Company signed by the President or any Vice President, and by the Treasurer or any Assistant Treasurer of the Company; and be it

FURTHER RESOLVED, That the proper officers of the Company be, and they hereby are, authorized and empowered to execute the Debt Securities in temporary or definitive form, under manual or facsimile signature, and under the facsimile seal of the Company attested by the manual or facsimile signature of the Secretary; and be it

FURTHER RESOLVED, That the Executive Committee and the proper officers of this Company be, and they are hereby, authorized to take such actions, for and on behalf of the Company, relating to the authentication, creation, issuance, sale and delivery of said Debt Securities, the execution and delivery of the indenture and one or more supplemental indentures as hereinabove provided, including, without limitation, the determination of the interest rate and the insertion thereof in the form of said Debt Securities and, at their option, in the supplemental indenture creating such series; and be it

FURTHER RESOLVED, That the Executive Committee and the proper officers of this Company be, and they hereby are, authorized and empowered in the name and on behalf of the Company to do or cause to be done any and all other acts and things as they may deem necessary or desirable to consummate the transactions set forth in and contemplated by these resolutions with full power to act in the premises, and that all actions of the Executive Committee and the proper officers of the Company taken pursuant to and in furtherance of the purposes of these resolutions be, and they hereby are, established as actions of this Board of Directors.

ATTACHMENT IV

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF IDAHO POWER COMPANY FOR AN)
ORDER AUTHORIZING THE ISSUANCE AND)
SALE OF UP TO \$300,000,000 OF APPLICANT'S)
FIRST MORTGAGE BONDS AND DEBT)
SECURITIES)

CASE NO. IPC-E-04-____

PROPOSED ORDER

This matter is before the Commission upon the Application of Idaho Power Company ("Applicant") filed October ____, 2004, for authority to issue and sell from time to time (a) up to \$300,000,000 aggregate principal amount of one or more series of Applicant's First Mortgage Bonds, which may be designated as secured medium-term notes (Bonds) and (b) up to \$300,000,000 aggregate principal amount of one or more series of unsecured debt securities of the Applicant (Debt Securities); provided however, that the total principal amount of the Bonds and Debt Securities to be issued and sold shall not exceed \$300,000,000. The Commission, having fully considered the Application and attached exhibits, its files and records relating to the Application and the applicable laws and rules, now makes the following:

FINDINGS OF FACT

I.

The Commission has jurisdiction pursuant to Title 61, Idaho Code, Chapters one and nine.

II.

The Applicant is incorporated under the laws of the State of Idaho and is qualified to do business in the states of Oregon, Nevada, Montana and Wyoming in connection with its utility business, with its principal office in Boise, Idaho.

III.

The Applicant seeks authority to issue and sell, from time to time, (a) up to \$300,000,000 aggregate principal amount of one or more series of the Bonds under its Indenture of Mortgage and Deed of Trust, dated as of October 1, 1937 as supplemented and amended ("Mortgage"), and as to be further supplemented and amended and (b) up to \$300,000,000 aggregate principal amount of one or more series of Debt Securities under an unsecured debt Indenture of Applicant; provided, that the total principal amount of the Bonds and Debt Securities to be issued and sold shall not exceed \$300,000,000.

IV.

The Applicant has filed a registration statement for the Bonds and Debt Securities with the Securities and Exchange Commission (SEC) pursuant to the shelf registration provisions of Rule 415 of the Securities Act of 1933, as amended. This will enable the Applicant to take advantage of attractive market conditions efficiently and rapidly. Under the shelf registration, the Applicant will be able to issue the Bonds and/or Debt Securities at different times without the necessity of filing a new registration statement. The Applicant requests authority to issue the Bonds and/or Debt Securities over a period of two years from the date of this Order.

V.

The Bonds will be issued pursuant to one or more supplemental indentures to the Mortgage and will be secured equally with the other First Mortgage Bonds of the Applicant. The Applicant may enter into interest rate hedging arrangements with respect to the Bonds, including treasury interest rate locks, treasury interest rate caps and/or treasury interest rate collars. The Applicant states that price or prices, issuance date or dates, maturity or maturities, interest rate or rates (which may be fixed or variable) and/or the method of determination of such rate or rates,

time of payment of interest, whether all or a portion of the Bonds will be discounted, whether all or a portion of the Bonds will be issued in global form, whether interest rate hedging arrangements will apply to the Bonds, repayment terms, redemption terms, if any, and any other special terms of the Bonds have not yet been determined and may be different for each issuance of the Bonds.

VI.

The Bonds may be designated as secured medium-term notes. The medium-term notes could have maturities from nine months to thirty years. Before issuing medium-term notes publicly, the Applicant will file a Prospectus Supplement with the SEC setting forth the general terms and conditions of the medium-term notes to be issued. Upon each issuance of the medium-term notes pursuant to the Prospectus Supplement, the Applicant will file a Pricing Supplement with the SEC providing a specific description of the terms and conditions of each issuance of the medium-term notes. The Applicant will also file a copy of the Prospectus Supplement and Pricing Supplements with the Commission.

VII.

The Debt Securities will be unsecured obligations of the Applicant and will be issued under an existing or new unsecured debt Indenture of the Applicant. The Applicant may enter into interest rate hedging arrangements with respect to the Debt Securities, including treasury interest rate locks, treasury interest rate caps and/or treasury interest rate collars. The Applicant states that price or prices, issuance date or dates, maturity or maturities, interest rate or rates (which may be fixed or variable) and/or the method of determination of such rate or rates, time of payment of interest, whether all or a portion of the Debt Securities will be discounted, whether all or a portion of the Debt Securities will be issued in global form, whether interest rate

hedging arrangements will apply to the Debt Securities, repayment terms, redemption terms, if any, and any other special terms of the Debt Securities have not yet been determined and may be different for each issuance of the Debt Securities.

VIII.

Applicant states that the Bonds and/or Debt Securities may be sold by public sale or private placement, directly by the Applicant or through agents designated from time to time or through underwriters or dealers. If any agents of the Applicant or any underwriters are involved in the sale of the Bonds and/or Debt Securities, the names of such agents or underwriters, the initial price to the public (if applicable), any applicable commissions or discounts, and the net proceeds to the Applicant will be filed by the Applicant with the Commission. If the Bonds are designated as medium-term notes and sold to an agent or agents as principal, the names of the agents, the price paid by the agents, any applicable commission or discount paid by the Applicant to the agents and the net proceeds to the Applicant will be filed with the Commission.

IX.

The net proceeds to be received by the Applicant from the sale of the Bonds and/or Debt Securities will be used for the acquisition of property; the construction, completion, extension or improvement of its facilities; the improvement or maintenance of its service; the discharge or lawful refunding of its obligations; and for general corporate purposes. To the extent that the proceeds from the sale of the Bonds or Debt Securities are not immediately so used, they will be temporarily invested in short-term discounted or interest-bearing obligations.

CONCLUSIONS OF LAW

I.

Applicant is incorporated under the State of Idaho and is duly authorized to do business in the states of Oregon, Nevada, Montana and Wyoming in connection with its utility operations.

II.

The Commission has jurisdiction over this Application.

III.

The Commission does not have before it for determination and, therefore, does not determine the effect of the Bonds and/or Debt Securities on rates to be charged by Applicant for electric service to consumers in the State of Idaho.

IV.

The proposed issuance and sale of the Bonds and/or Debt Securities are for a lawful purpose and are within Applicant's corporate powers. The proposed transaction is in the public interest, and a formal hearing on this matter would serve no public purpose.

V.

All fees have been paid by Applicant in accordance with *Idaho Code* 61-905.

ORDER

IT IS THEREFORE ORDERED that the Application of Idaho Power Company to issue and sell from time to time (a) up to \$300,000,000 aggregate principal amount of one or more series of the Bonds and (b) up to \$300,000,000 aggregate principal amount of one or more series of the Debt Securities in the ways and for the purposes set forth in its Application be, and the same is hereby granted; provided, that the total principal amount of the Bonds and Debt Securities to be issued and sold shall not exceed \$300,000,000. This authorization shall be for two years from the date of this order. Applicant may request an extension of this authorization by letter filed with the Commission prior to the expiration of such two-year period.

IT IS FURTHER ORDERED that Applicant notify the Commission by letter within seven (7) days (or as soon as possible, if the required information is not available within seven (7) days) before the issuance of the Bonds and/or Debt Securities of the likely range of interest rates and other terms for the securities, unless, in the case of Bonds, the Bonds are issued as medium-term notes.

IT IS FURTHER ORDERED that Applicant file, as promptly as possible after the issuance of each series of Bonds, a copy of the Prospectus Supplement showing the terms of the sale, and the names of the purchasers or underwriters or agents with the Commission. If the Applicant issues Bonds designated as medium-term notes, the Applicant's reporting requirements shall consist of filing with the Commission a copy of the Prospectus Supplement for the medium-term notes as filed with the SEC. The Applicant shall also file with the Commission a copy of the Pricing Supplements filed with the SEC, setting forth the specific terms and conditions for each issuance of the medium-term notes.

IT IS FURTHER ORDERED that Applicant file, as promptly as possible after the issuance of each series of Debt Securities, a copy of the Prospectus Supplement showing the terms of the sale, and the names of the purchasers or underwriters or agents with the Commission.

IT IS FURTHER ORDERED that nothing in this order shall be construed to obligate the state of Idaho to pay or guarantee in any manner whatsoever any security authorized, issued, assumed, repurchased, defeased or guaranteed under the provisions of this order.

IT IS FURTHER ORDERED that this authorization is without prejudice to the regulatory authority of this Commission with respect to rates, services, 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.

DONE BY ORDER of the Idaho Public Utilities Commission at Boise, Idaho this _____ day of _____, 2004.

PAUL KJELLANDER, President

DENNIS S. HANSEN, Commissioner

MARSHA H. SMITH, Commissioner

ATTEST:

JEAN D. JEWELL
Commission Secretary