DECISION MEMORANDUM

TO: COMMISSIONER KJELLANDER
COMMISSIONER SMITH
COMMISSIONER HANSEN
COMMISSION SECRETARY
LEGAL
WORKING FILE

FROM: TERRI CARLOCK

DATE: OCTOBER 29, 2004

RE: IDAHO POWER COMPANY'S REQUEST TO ISSUE AND SELL UP TO $300 MILLION SHELF AUTHORITY FOR FIRST MORTGAGE BONDS AND DEBT SECURITIES – CASE NO. IPC-E-04-22.

On October 7, 2004, Idaho Power Company filed an Application requesting authority to issue and sell from time to time (a) up to $300,000,000 aggregate principal amount of one or more series of First Mortgage Bonds, which may be designated as secured medium-term notes, (b) up to $300,000,000 aggregate principal amount of one or more series of unsecured debt securities. The total outstanding combined principal amount of the Bonds and the principal amount of the Debt Securities to be issued and sold shall not exceed $300,000,000.

Idaho Power will file a registration statement for the Bonds and Debt Securities with the Securities and Exchange Commission pursuant to the shelf registration provisions of Rule 415 of the Securities Act of 1933, as amended. This will enable Idaho Power to take advantage of attractive market conditions efficiently and rapidly. Under the shelf registration, Idaho Power will be able to issue the Bonds and/or Debt Securities at different times without the necessity of filing a new registration statement. If approved, Idaho Power requests that the shelf registration be effective for two years from the date of the order approving the registration.

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 Idaho Power. Interest rate hedging arrangements with respect to the Bonds, may be entered by Idaho Power including treasury interest rate locks, treasury interest rate caps and/or treasury interest rate collars.

The Bonds and/or Debt Securities may be sold by public sale or private placement, directly by Idaho Power or through agents designated from time to time or through underwriters or dealers. The type and terms of issuance will be determined at the time of issuance. Any required Prospectuses will be filed prior to issuance. If any agents 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. Idaho Power will file by letter seven days or as soon as possible prior to issuance the terms of issuance. All final documents will also be filed.

Net proceeds 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.

The capital structure for Idaho Power Company as of June 30, 2004 was 51.7% debt, 2.9% preferred stock and 45.4% common equity. The combination of issuance with a shelf registration is unknown. However, if the full $300 million were issued as debt immediately, the pro-forma capital structure would be 58.6% debt, 2.5% preferred stock and 38.9% common equity.

STAFF RECOMMENDATION

Staff recommends approval of the $300 million shelf registration for two years.

COMMISSION DECISION

Does the Commission approve the $300 million shelf registration?

Should the approval be for the requested two-year period?

Terri Carlock

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