



An IDACORP Company

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

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PATRICK A. HARRINGTON  
Attorney

IDAHO PUBLIC  
UTILITIES COMMISSION

**HAND-DELIVERED**

February 14, 2005

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

Re: In the Matter of the Application of Idaho Power Company for an Order Authorizing up to \$300,000,000 Aggregate Principal Amount at Any One Time Outstanding of Short-term Borrowings

Case No. IPC-E-05-04

Dear Ms. Jewell:

Enclosed herewith for filing with the Commission are an original and five (5) copies of the above referenced application. Idaho Power will submit its \$1,000 securities issuance filing fee for this application to the Commission next week. Idaho Power respectfully requests that the Commission issue its order in this case no later than March 31, 2005.

If you have any questions regarding this application, please contact me at 388-2878.

Sincerely,

c: Dennis Gribble  
Randy Mills  
Terri Carlock

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF )  
IDAHO POWER COMPANY FOR AN ORDER ) CASE NO. IPC-E-05-04  
AUTHORIZING UP TO \$300,000,000 )  
AGGREGATE PRINCIPAL AMOUNT AT ) APPLICATION  
ANY ONE TIME OUTSTANDING OF )  
SHORT-TERM BORROWINGS )  
\_\_\_\_\_ )

IDAHO POWER COMPANY (the "Applicant") hereby applies for an Order of the Idaho Public Utilities Commission (the "Commission") authorizing the Applicant to incur up to \$300,000,000 aggregate principal amount at any one time outstanding of short-term borrowings as set forth herein, pursuant to Chapter 9, Title 61, Idaho Code, and under Rules 141 through 150 of the Commission's Rules of Procedure (the "Rules").

(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 24,000 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 securities will consist of loans issued by financial and other institutions and evidenced by unsecured notes or other evidence of indebtedness; and unsecured promissory notes to be issued for public or private placement through one or more commercial paper dealers or agents, or directly by Applicant.

(i) Amount of Securities

The securities proposed to be issued by Applicant hereunder will not exceed a total of \$300,000,000 aggregate principal amount at any one time outstanding.

(ii) Interest Rate

Applicant anticipates said borrowings will provide that the interest rates may be fixed or variable during the term of said loans, and that the rates will be based on LIBOR, the applicable prime rate, or other rate established in the borrowing arrangements, and may vary based upon the credit ratings of Applicant's first mortgage bonds.

(iii) Date of Issue

The proposed borrowings may be issued by the Applicant during the five-year period from April 1, 2005 through March 31, 2010. Applicant is requesting authorization to make the short-term borrowings as described in this application during said five-year period, so long as Applicant maintains at least a BBB- or higher senior secured debt rating, as indicated by Standard & Poor's Ratings Services, and a Baa3 or higher rating as indicated by Moody's Investors' Service, Inc.

(iv) Date of Maturity

The proposed borrowings will have varying maturities, with a maximum maturity of up to five years. In no event will any borrowing have a final maturity beyond March 31, 2010.

(v) Voting Privileges

Not applicable.

(vi) Call or Redemption Provisions

Not applicable.

(vii) Sinking Fund or Other Provisions for Secured Payment

Not applicable.

(c) Manner of Issuance

(i) Method of Marketing

Applicant intends to secure (1) new commitments for unsecured Lines of Credit or (2) extensions of existing commitments for unsecured Lines of Credit, during the period from April 1, 2005 through March 31, 2010. The unsecured Lines of Credit may be obtained with several financial or other institutions, directly by the Applicant or through an agent, when and if required by Applicant's then current financial requirements (see Paragraph (d), Purpose of Issuance). Each individual Line of Credit Commitment will provide that up to a specific amount at any one time outstanding will be available to Applicant to draw upon for a fee to be determined by a percentage of the credit line available, credit line utilization, compensating balance or combination thereof.

A new unsecured Line of Credit syndicated facility would include an arrangement fee estimated at \$200,000 payable to the agent(s), an annual fee estimated at \$30,000 payable to the agent(s), and a facility fee determined by a percentage of each bank's commitment. An extension of any existing Line of Credit syndicated facility would likely involve similar arrangement fees, annual fees and facility fees.

Applicant may also make arrangements for uncommitted credit facilities under which unsecured Lines of Credit would be offered to Applicant on an "as available" basis and at negotiated interest rates. Such committed and uncommitted borrowings will be evidenced by unsecured promissory notes or other evidence of indebtedness. The committed and uncommitted

Line of Credit agreements specifying the terms of Applicant's borrowings will be filed with the Commission as soon as available as Exhibit A.

Unsecured promissory notes will be issued and sold by Applicant through one or more commercial paper dealers or agents, or directly by Applicant. Each note issued as commercial paper will be either discounted at the rate prevailing at the time of issuance for commercial paper of comparable quality and maturity or will be interest bearing to be paid at maturity. Each note will have a fixed maturity and will contain no provision for automatic "roll over".

(ii) Terms of Sale

See Paragraph (c)(i), Method of Marketing.

(iii) Underwriting Discounts or Commissions

(A) Reference is made to paragraph (c)(i), Method of Marketing, which specifies the method of payment of fees to the financial or other institutions pursuant to the Line of Credit arrangements.

(B) It is expected that the commercial paper dealers or agents will sell such notes at a profit to them of not to exceed 1/8 of 1 percent of the principal amount of each note.

(iv) Sales Price

See paragraph (c)(iii), Underwriting Discounts or Commissions.

(d) Purpose of Issuance

The net proceeds to be received by the Applicant from the short-term borrowings hereunder 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 short-term borrowings are not immediately so used, they will be temporarily invested in short-term discounted or interest-bearing obligations.

(e) **Propriety of Issue and Guarantee**

Applicant believes and alleges the facts set forth in Paragraph (d), Purpose of Issuance, disclose that the proposed short-term borrowings are for a lawful object within the corporate purposes of Applicant and compatible with the public interest, and 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.

(f) **Financial Statements; Resolutions**

Attached to this application as Attachment I are Applicant's 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 attached hereto as Attachment II.

(g) **Proposed Order**

Attached to this application as Attachment III is 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 Applicant's service territory listed in Rule 141(h) of the Rules within seven (7) days of the date hereof.

(i) **Reports**

Applicant will file as Exhibit A hereto, a verified report with the Commission pursuant to Rule 143, listing the new and existing agreements for the committed and uncommitted unsecured Lines of Credit and other agreements evidencing the borrowing arrangements.

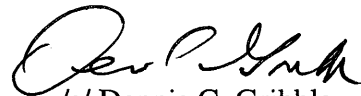
**PRAYER**

WHEREFORE, Applicant requests that the Idaho Public Utilities Commission issue its Order authorizing Applicant, during the period from April 1, 2005 to and including March 31, 2010, to make short-term borrowings, including the issuance unsecured notes or other evidence of indebtedness, for a term of up to five years, with a final maturity in any case no later than March 31, 2010, for the purposes herein set forth in an amount not to exceed \$300,000,000 aggregate principal amount at any one time outstanding. Applicant further requests authority to substitute commercial paper borrowings for the Lines of Credit, or other borrowing arrangements up to the limits imposed by applicable statutes, rules or regulations.

DATED at Boise, Idaho this 11<sup>th</sup> day of February, 2005.

(CORPORATE SEAL)

IDAHO POWER COMPANY



/s/ Dennis C. Gribble

Vice President and Treasurer

ATTEST:



/s/ Thomas R. Saldin

Secretary  
Idaho Power Company  
1221 W. Idaho Street  
Boise, ID 83707-0070

APPLICATION - 6

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**VERIFICATION**

I, Dennis C. Gribble, declare that I am the Vice President, CFO 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.

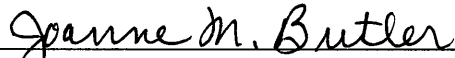
WITNESS my hand and seal of Idaho Power Company this 11<sup>th</sup> day of February, 2005.



/s/ Dennis C. Gribble

SUBSCRIBED AND SWORN to me this 11<sup>th</sup> day of February, 2005.

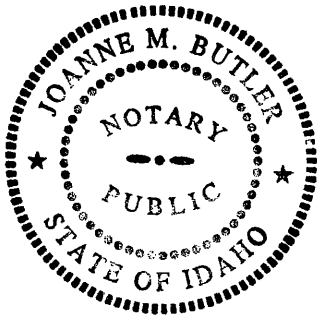
(Notary Seal)



Notary Public for Idaho

Residing at Boise, Idaho

My Commission Expires: 10-5-07





# ATTACHMENT I(A)

IDAHO POWER COMPANY  
BALANCE SHEET  
As of September 30, 2004

ASSETS

	<u>Actual</u>	<u>Adjustments</u>	<u>After Adjustments</u>
Electric Plant :			
In service (at original cost).....	\$ 3,288,630,911	\$	\$ 3,288,630,911
Accumulated provision for depreciation.....	(1,310,331,707)	_____	(1,310,331,707)
In service - Net.....	1,978,299,204	_____	1,978,299,204
Construction work in progress.....	150,410,899	_____	150,410,899
Held for future use.....	2,540,327	_____	2,540,327
Electric plant - Net.....	<u>2,131,250,430</u>	<u>_____</u>	<u>2,131,250,430</u>
Investments and Other Property:			
Nonutility property.....	828,832	_____	828,832
Investment in subsidiary companies.....	33,646,326	_____	33,646,326
Other.....	<u>27,267,644</u>	<u>_____</u>	<u>27,267,644</u>
Total investments and other property.....	<u>61,742,802</u>	<u>_____</u>	<u>61,742,802</u>
Current Assets:			
Cash and cash equivalents (A).....	5,439,083	300,000,000	305,439,083
Receivables:			
Customer.....	50,552,850	_____	50,552,850
Allowance for uncollectible accounts.....	(1,750,224)	_____	(1,750,224)
Notes.....	2,777,819	_____	2,777,819
Employee notes.....	3,590,652	_____	3,590,652
Related party.....	331,552	_____	331,552
Other.....	3,609,992	_____	3,609,992
Accrued unbilled revenues.....	31,269,479	_____	31,269,479
Materials and supplies (at average cost).....	24,762,756	_____	24,762,756
Fuel stock (at average cost).....	6,237,655	_____	6,237,655
Prepayments.....	26,177,769	_____	26,177,769
Regulatory assets.....	<u>4,949,161</u>	<u>_____</u>	<u>4,949,161</u>
Total current assets.....	<u>157,948,544</u>	<u>300,000,000</u>	<u>457,948,544</u>
Deferred Debits:			
American Falls and Milner water rights.....	31,585,000	_____	31,585,000
Company owned life insurance.....	36,002,694	_____	36,002,694
Regulatory assets associated with income taxes.....	327,498,637	_____	327,498,637
Regulatory assets - PCA.....	57,238,903	_____	57,238,903
Regulatory assets - other.....	32,173,137	_____	32,173,137
Employee notes.....	4,157,122	_____	4,157,122
Other.....	<u>54,155,634</u>	<u>_____</u>	<u>54,155,634</u>
Total deferred debits.....	<u>542,811,127</u>	<u>_____</u>	<u>542,811,127</u>
Total.....	<u>\$ 2,893,752,903</u>	<u>\$ 300,000,000</u>	<u>\$ 3,193,752,903</u>

(A) See Statement of Adjusting Journal Entries.

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

IDAHO POWER COMPANY  
BALANCE SHEET  
As of September 30, 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 .....					-
Premium on capital stock.....			397,787,552		397,787,552
Capital stock expense.....			(2,096,925)		(2,096,925)
Retained earnings.....			337,292,610		337,292,610
Accumulated other comprehensive income.....			(3,525,138)		(3,525,138)
			<u>827,335,129</u>		<u>827,335,129</u>
Total equity capital.....					<u>827,335,129</u>
Long-Term Debt:					
First mortgage bonds .....			725,000,000		725,000,000
Pollution control revenue bonds .....			170,460,000		170,460,000
Other long-term debt.....					-
American Falls bond and Milner note guarantees .....			31,585,000		31,585,000
Unamortized discount on long-term debt (Dr).....			(3,187,673)		(3,187,673)
			<u>923,857,327</u>		<u>923,857,327</u>
Total long-term debt.....					<u>923,857,327</u>
Current Liabilities:					
Long-term debt due within one year.....			60,000,000		60,000,000
Notes payable.....			21,600,000	300,000,000	321,600,000
Accounts payable .....			51,900,824		51,900,824
Notes and accounts payable to related parties.....			17,914,269		17,914,269
Taxes accrued.....			47,172,890		47,172,890
Interest accrued.....			21,388,145		21,388,145
Deferred income taxes.....			4,319,112		4,319,112
Other.....			18,986,492		18,986,492
			<u>243,281,732</u>	<u>300,000,000</u>	<u>543,281,732</u>
Total current liabilities.....					<u>543,281,732</u>
Deferred Credits:					
Regulatory liabilities associated with accumulated deferred investment tax credits .....			67,328,524		67,328,524
Deferred income taxes.....			514,251,444		514,251,444
Regulatory liabilities associated with income taxes .....			40,745,258		40,745,258
Regulatory liabilities-other.....			171,819,944		171,819,944
Other.....			105,133,545		105,133,545
			<u>899,278,715</u>		<u>899,278,715</u>
Total deferred credits.....					<u>899,278,715</u>
Total.....			<u>\$ 2,893,752,903</u>	<u>\$ 300,000,000</u>	<u>\$ 3,193,752,903</u>

(A) See Statement of Adjusting Journal Entries.

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

IDAHO POWER COMPANY  
STATEMENT OF ADJUSTING JOURNAL ENTRIES  
As of September 30, 2004  
Giving Effect to the Proposed issuance of  
Short-term notes

Entry No. 1

Cash.....	\$	300,000,000	
Notes payable.....			\$ 300,000,000

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

# ATTACHMENT I(B)

## STATEMENT OF CAPITAL STOCK AND FUNDED DEBT

### IDAHO POWER COMPANY

The following statement as to each class of the capital stock of applicant is as of September 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

On September 20, 2004, IPC redeemed all of its outstanding preferred stock for \$54 million using proceeds from the issuance of first mortgage bonds. This amount includes \$2 million of premium that was recorded as preferred dividends on the Consolidated Statements of Income. The redemption price was \$104 per share for the 122,989 shares of 4% preferred stock, \$103.18 per share for the 250,000 shares of 7.07% preferred stock and \$102.97 per share for the 150,000 shares of 7.68% preferred stock, plus accumulated and unpaid dividends.

STATEMENT OF CAPITAL STOCK AND FUNDED DEBT (Continued)

IDAHO POWER COMPANY

The following statement as to funded debt of applicant is as of September 30, 2004, the date of the balance sheet submitted with this application.

First Mortgage Bonds

(1) Description	(3) Amount Outstanding
<b>FIRST MORTGAGE BONDS:</b>	
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 March 26, 2004, due March 15, 2034	50,000,000
5.875%Series due 2034, dated as of August 16, 2004, due August 15, 2034	55,000,000
	<b>785,000,000</b>

- (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.

STATEMENT OF CAPITAL STOCK AND FUNDED DEBT (Continued)

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



STATEMENT OF CAPITAL STOCK AND FUNDED DEBT (Continued)

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.

# ATTACHMENT I(C)

## COMMITMENTS AND CONTINGENT LIABILITIES

### 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.

On September 17, 2004, the Idaho Supreme Court dismissed the appeal incident to a settlement of the matter among IPC, IPC's insurance carrier and the plaintiffs. The settlement, less a deductible, was covered by insurance and did not have a material effect on IPC's consolidated financial position, results of operations or cash flows.

**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. The parties have begun initial discovery in the case. No trial date has been scheduled.

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

**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

## COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

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. On August 10, 2004, the Ninth Circuit affirmed the dismissal of Grays Harbor's complaint, finding that Grays Harbor's claims were preempted by federal law and were barred by the filed-rate doctrine. The court also remanded the case to allow Grays Harbor leave to amend its complaint to seek declaratory relief only as to contract formation, and held that Grays Harbor could seek monetary relief, if at all, only from FERC, and not from the courts. IDACORP, IPC and IE sought rehearing from the Ninth Circuit arguing that the court erred in granting leave to amend the complaint as such a declaratory relief claim would be preempted and would be barred by the filed-rate doctrine. The Ninth Circuit denied the rehearing request on October 25, 2004. The companies intend to vigorously defend their position on remand 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 parties have not yet completed the filing of all briefs on appeal, and the Ninth Circuit has not yet heard oral argument on appeal. 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 September 8, 2004, this case was 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, regarding California Wholesale Electricity Antitrust Litigation. IDACORP, IE and IPC have not answered the complaint as a response is not yet required. The companies plan to file a motion to dismiss the complaint and 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.

