

DECISION MEMORANDUM

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

FROM: TERRI CARLOCK

DATE: MARCH 7, 2005

**RE: IDAHO POWER COMPANY'S SHORT-TERM BORROWING REQUEST
OF \$300 MILLION – CASE NO. IPC-E-05-4.**

On February 14, 2005, Idaho Power Company (Idaho Power) filed an Application requesting authority to incur up to \$300,000,000 aggregate principal amount at any one time of short-term debt. Idaho Power requests a five-year authorization period from April 1, 2005 through March 31, 2010. Since the requested five-year authorization period is longer than the two-year period granted with prior authorities, Idaho Power has included a condition where the five-year authority remains in place so long as bond ratings remain investment grade (BBB- or higher by Standard & Poor's Rating Service and Baa3 or higher by Moody's Investors' Service, Inc.).

The securities will consist of loans issued as public or private placements in the form of unsecured notes, unsecured promissory notes, commercial paper or other indebtedness. The terms and interest rate for each issue will be determined at the time of issuance. The debt issuance(s) may be at a fixed or variable interest rate based on LIBOR, the applicable prime rate, or other established rate and may be based on Idaho Power's first mortgage bond credit rating. The length of the issuance series may also vary with the borrowing(s) issued with a maximum maturity of up to five years. In no event will the varying maturities have a final maturity beyond March 31, 2010. Each note will have a fixed maturity with no provision for automatic roll over.

Fees will be charged by a syndicated facility for credit line arrangement estimated at \$200,000, an annual fee estimated at \$30,000, and a facility fee as a percentage of each bank's

commitment. It is expected that commercial paper dealers or agents will sell the paper to receive a commission not to exceed 1/8 of 1 percent of the principal amount of each note.

The funds will be obtained for temporary, interim capital requirements for the following purposes: acquisition or construction of new plant along with the improvement or maintenance of existing generation, distribution, transmission and general plant; refunding of financing instruments; or other corporate purposes.

STAFF RECOMMENDATION

Staff recommends approval of the \$300 million short-term debt authority for the five-year period. Staff accepts the proposed requirement to maintain investment grade ratings as a condition of the five-year authority. As an additional requirement with the five-year authority, Staff recommends Idaho Power change its current reporting to provide quarterly debt reports that also include credit rating reports. Idaho Power accepts these requirements.

COMMISSION DECISION

Should the \$300 million short-term debt line be approved?

Should the authority be approved for a five-year term with the investment grade rating and additional reporting requirements?



Terri Carlock

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