

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	
OF IDAHO POWER COMPANY TO ENTER)	CASE NO. IPC-E-06-14
INTO FINANCING TRANSACTIONS FOR)	
THE REFUNDING OF \$116,300,000 OF)	
SWEETWATER COUNTY, WYOMING)	ORDER NO. 30049
POLLUTION CONTROL REVENUE)	
REFUNDING BONDS)	

On April 27, 2006, Idaho Power Company (Idaho Power; Company) filed an Application seeking authority to enter into financing transactions to refund up to \$116,300,000 aggregate principal amount of Sweetwater County, Wyoming, Pollution Control Revenue Refunding Bonds. With this Order the Commission approves the Company's Application as more fully set forth below.

THE APPLICATION

The Company seeks authority to enter into financing transactions to refund an aggregate principal amount of \$116,300,000 of Sweetwater County, Wyoming, Pollution Control Revenue Refunding Bonds consisting of Series 1996A Bonds (\$68,100,000 principal amount), Series 1996B Bonds (\$24,200,000 principal amount), and Series 1996C Bonds (\$24,000,000 principal amount). These bonds were issued in 1996. Case No. IPC-E-96-11, Order No. 26521. The bond proceeds were used to refinance prior Sweetwater County, Wyoming, Pollution Control Revenue Bonds issued in the 1970s and 1980s to finance the acquisition, construction, and installation of air and water pollution control facilities at the Jim Bridger coal fired electric generating plant located near Rock Springs, Wyoming.

Under the proposed refunding transaction, Sweetwater County will issue and sell up to \$116,300,000 aggregate principal amount of one or more series of the Refunding Bonds and loan the proceeds to the Company. The loan proceeds, together with certain monies from the Company, will be used to refund the Outstanding Bonds. This will be done in order to secure a lower average interest rate for the Refunding Bonds as compared to the Outstanding Bonds.

The interest rate may be fixed or variable, and may be convertible. Idaho Power proposes to file by letter seven days (or as soon as possible) prior to issuance the likely range of interest rates and other terms of the Refunding Bonds. All final documents will also be filed with the Commission. The Company expects the Refunding Bonds to be issued on or before

July 15, 2006. The maturity date for the Refunding Bonds will be July 15, 2026, the same maturity date as for the Outstanding Bonds. The Company proposes to enter into guarantees, pledges, letters of credit, insurance, or other agreements to insure timely payment, lend credit or liquidity support, or enhance the credit rating for the bonds and thereby reduce interest expense.

The Company states that, under federal tax laws, it will not be able to increase the principal amount of the Refunding Bonds to include the redemption premium on the Series 1996A Bonds, the underwriter's fees, or the costs of issuance for the Refunding Bonds. Consequently, the Company intends to record these amounts as unamortized debt expense and amortize them over the life of the Refunding Bonds.

STAFF REVIEW AND RECOMMENDATION

Commission Staff reviewed the Company's Application and accompanying documents. Staff recommended approval of the Application, noting that the notification regarding the interest rate(s), as well as the proposed accounting treatment of the redemption premium, underwriter's fees, and the costs of issuance for the Refunding Bonds are consistent with prior practice and other security issuances by the Company. Staff recommended approval of the Company's request to refund up to \$116,300,000 aggregate principal amount of Sweetwater County, Wyoming, Pollution Control Revenue Refunding Bonds, Series 1996A, 1996B, and 1996C. Staff also recommended that the Commission acknowledge the accounting treatment and amortization of the issuance costs, but reserve any ratemaking determination for the next rate case.

FINDINGS OF FACT

Idaho Power was initially incorporated under the laws of the State of Maine and subsequently migrated its state of incorporation from Maine to the State of Idaho effective June 30, 1989. The Company is qualified to do business as a foreign corporation in the States of Oregon, Nevada, Montana, and Wyoming. Idaho Power is engaged principally in the generation, purchase, transmission, distribution and sale of electric energy to residential, commercial and industrial customers in southern Idaho and eastern Oregon.

Based on the representations in the Application, we find that the proceeds from the issuances and sales of the Shares will be used for (a) the improvement or maintenance of service, (b) the discharge or refunding of its obligations, (c) the reimbursement of moneys actually

expended from income or from the treasury of Idaho Power to the extent permitted, or (d) for other purposes permitted by law.

Based on the representations in the Application, we further find that Idaho Power proposes to enter into certain financial transactions in order to refund an aggregate principal amount of \$116,300,000 of Sweetwater County, Wyoming, Pollution Control Revenue Refunding Bonds consisting of Series 1996A Bonds (\$68,100,000 principal amount), Series 1996B Bonds (\$24,200,000 principal amount), and Series 1996C Bonds (\$24,000,000 principal amount) that were issued in 1996. Case No. IPC-E-96-11, Order No. 26521. The purpose is to secure a lower average interest rate for the Refunding Bonds as compared to the Outstanding Bonds.

Based on the representations in the Application, we further find that to the extent the proceeds from the sale of the Refunding Bonds are not immediately applied to the refunding of the Outstanding Bonds, they may be temporarily invested by the trustee in high grade, short-term taxable securities and short-term government obligations. To achieve favorable ratings by national bond rating agencies for the Refunding Bonds, Idaho Power may collateralize the Refunding Bonds with its own First Mortgage Bonds or other substitute collateral. The Refunding Bonds will be sold on a negotiated public offering basis by Sweetwater County to the underwriters selected for the transaction (Underwriters) pursuant to a contract of purchase. The Underwriters will receive a fee of 0.45% of the aggregate principal amount of the Refunding Bonds offered. Idaho Power will notify the Commission by letter seven days (or as soon as possible) prior to issuance of the likely range of interest rates and other terms of the Refunding Bonds. All final documents will also be filed with the Commission.

The Company has paid the required fees required by *Idaho Code* § 61-905.

CONCLUSIONS OF LAW

Idaho Power Company is an electric corporation within the definition of *Idaho Code* § 61-119, and a public utility within the definition of *Idaho Code* § 61-129. The Idaho Public Utilities Commission has jurisdiction over this matter pursuant to Title 61, Idaho Code, Chapters 1 and 9, specifically *Idaho Code* §§ 61-119, 61-129, 61-901, and 61-902, and IDAPA 31.01.01.141-.150.

After examining the Application and Staff's comments, the Commission finds that an evidentiary hearing in this matter is not required.

The Commission further finds that the Application requesting authority to enter into financing transactions in order to refund an aggregate principal amount of \$116,300,000 of Sweetwater County, Wyoming, Pollution Control Revenue Refunding Bonds, subject to certain conditions, is for a lawful purpose, is within Idaho Power's corporate powers, and is generally compatible with the public interest.

This general approval of the general purposes to which the proceeds will be put is neither a finding of fact nor a conclusion of law that any particular program of the Company which may be benefited by the approval of this Application has been considered or approved by this Order, and this Order shall not be construed to that effect.

The issuance of this Order does not constitute agency determination/approval of the type of financing or the related costs for ratemaking purposes, which determination the Commission expressly reserves until the appropriate proceeding.

ORDER

IT IS HEREBY ORDERED that Idaho Power Company's Application for authority to enter into certain financial transactions to refund up to \$116,300,000 aggregate principal amount of Sweetwater County, Wyoming, Pollution Control Revenue Bonds is granted.

IT IS FURTHER ORDERED that Idaho Power shall file the terms of issuance with the Commission by letter within seven days, or as soon as possible, prior to issuance and shall promptly file all final documents with the Commission.

IT IS FURTHER ORDERED that the Commission acknowledges the Company's intent to record the redemption premium on the Series 1996A Bonds, the underwriter's fees, or the costs of issuance for the Refunding Bonds as unamortized debt expense and to amortize them over the life of the Refunding Bonds; however, the Commission reserves any ratemaking determination for these amounts for the next rate case.

IT IS FURTHER ORDERED that nothing in this Order or any act or deed performed in connection with this Order shall be construed to obligate the State of Idaho to pay or guarantee in any manner whatsoever any security authorized, issued, assumed or guaranteed under the provisions of this Order.

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

estimates or determination of costs or any other matter which may come before the Commission pursuant to its jurisdiction and authority as provided by law.

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

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code § 61-626.*

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 25th day of May 2006.



PAUL KJELLANDER, PRESIDENT

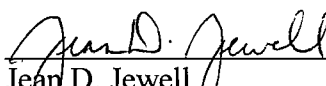


MARSHA H. SMITH, COMMISSIONER



DENNIS S. HANSEN, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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