

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

<b>IN THE MATTER OF THE APPLICATION</b>	)	
<b>OF IDAHO POWER COMPANY FOR AN</b>	)	<b>CASE NO. IPC-E-07-06</b>
<b>ORDER AUTHORIZING UP TO \$450,000,000</b>	)	
<b>AGGREGATE PRINCIPAL AMOUNT AT</b>	)	
<b>ANY ONE TIME OUTSTANDING OF SHORT</b>	)	<b>ORDER NO. 30294</b>
<b>TERM BORROWINGS</b>	)	
	)	

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On March 16, 2007, Idaho Power Company (Idaho Power, Company) filed an Application requesting authorization to make up to \$450,000,000 aggregate principal amount of short-term borrowings. With this Order the Commission approves the Company's Application as more fully set forth below.

**THE APPLICATION**

Idaho Power requests authorization to make short-term borrowings of up to \$450,000,000 aggregate principal amount at any one time outstanding for a period from April 1, 2007 through April 1, 2014. Idaho Power states that its short-term borrowings will consist of (1) loans issued by financial and other institutions and evidenced by unsecured notes or other evidence of indebtedness of the Company and (2) unsecured promissory notes and commercial paper of the Company to be issued for public or private placement through one or more commercial paper dealers or agents, or directly by the Company.

Idaho Power intends to secure commitments for new unsecured lines of credit, or extensions of existing unsecured lines of credit, for its short-term borrowings. The unsecured lines of credit may be obtained with several financial or other institutions, directly by the Company or through an agent, when and if required by the Company's then current financial requirements. Each individual line of credit commitment will provide that up to a specific amount at any one time outstanding will be available to the Company 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.

Idaho Power may also make arrangements for uncommitted credit facilities under which unsecured lines of credit would be offered to the Company on an "as available" basis and at negotiated interest rates. Such committed and uncommitted borrowings will be evidenced by the Company's unsecured promissory notes or other evidence of indebtedness.

Unsecured promissory notes will be issued and sold by Idaho Power through one or more commercial paper dealers or agents, or directly by the Company, up to the limits imposed by applicable statutes, rules or regulations. 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."

Idaho Power plans to enter into a new credit agreement in April 2007, which will provide a committed line of credit for short-term borrowings from participating banks. The Company expects that the credit agreement will initially authorize short-term borrowings of up to \$300 million aggregate principal amount at any one time outstanding, with the option of the Company to increase the borrowing limit to \$450 million during the term of the credit agreement. Idaho Power further expects that the credit agreement will have an initial term of five years, from April 2007 to April 2012, with the option of the Company to extend the term for two one-year extensions, up to April 2014. Idaho Power will provide written notice to the Commission in the event that the Company elects to increase the short-term borrowing limit under the credit agreement above \$300,000,000, or extend the term of the credit agreement beyond April 2012.

Idaho Power states that its short-term borrowings will have maturities of one year or less. All short-term borrowings under the Company's Application will mature no later than April 1, 2014.

Idaho Power's line of credit arrangements are expected to include one or more lead agents and a number of additional banks as participating agents. The Company's proposed new credit agreement would likely include the following fees for the lead agent(s) and participating agents: An up-front arrangement fee payable to the lead agent(s) totaling approximately \$225,000; up-front agent participation fees payable to all participating agents totaling approximately \$87,500; annual commitment facility fees payable to all participating agents totaling approximately \$210,000 per year; and annual administrative fees payable to the lead agent(s) of approximately \$15,000 per year. Other expenses relating to the credit agreement are estimated to include: Idaho Power outside legal fees of approximately \$30,000, agent legal fees of approximately \$30,000, and miscellaneous expenses of approximately \$5,000. Idaho Power states that such fees are customary in the market and will offset the agents' costs, including

personnel time, travel and administrative costs associated with negotiating and administering the credit agreement. Idaho Power further states that it expects to receive a reduction in the annual fees payable under the proposed new credit agreement, as compared with its current credit agreement fees. With respect to commercial paper issuances, Idaho Power expects that the commercial paper dealers or agents will sell such notes at a profit to them not to exceed 1/8 of 1 percent of the principal amount of each note.

Idaho Power states the purpose for which the proposed short-term borrowings will be made and promissory notes, commercial paper or other evidence of indebtedness issued, is to obtain temporary short-term capital 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.

Idaho Power requests authorization to make the short-term borrowings as described in its Application during said seven-year period, so long as the Company 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. Idaho Power requests that if its senior secured debt rating falls below either such rating ("Downgrade"), its short-term borrowing authority would continue for a period of 364 days from the date of the Downgrade ("Continued Authorization Period"), provided that the Company: (1) promptly notifies the Commission in writing of the Downgrade; and (2) files a supplemental application with the Commission within seven (7) days after the Downgrade, requesting a supplemental order ("Supplemental Order") authorizing Idaho Power to continue to make short-term borrowings and issue commercial paper as provided in the Order, notwithstanding the Downgrade. Until Idaho Power receives the Supplemental Order, any short-term borrowings made or commercial paper issued by the Company during the Continued Authorization Period would become due or mature no later than the final date of the Continued Authorization Period.

#### **STAFF REVIEW AND RECOMMENDATION**

Commission Staff reviewed the Company's Application and accompanying documents. Staff recommended approval of the Application with the following conditions: (1) for ratemaking purposes, the Commission shall reserve judgment on the reasonableness of the Company's capital costs, comparative underwriting analysis and any associated commissions and expenses incurred for any or all security issuances; (2) in its next rate proceeding, the

Company will be required to show that its capital cost, comparative underwriting analysis, embedded expenses and methods of securities marketing are just and reasonable; and (3) the Company will promptly notify the Commission as required, related to increases in the base amount, extension of the term and change in ratings as set forth above.

### **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 upon the representations in the Application, we find that the funds obtained through the short-term indebtedness will be used for the acquisition of property; the construction, completion, extension or improvement of facilities; the improvement or maintenance of its service; the discharge or lawful refunding of its obligations; and other corporate purposes.

### **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 recommendations, the Commission finds that an evidentiary hearing in this matter is not required.

The Commission further finds that the Application requesting authorization to make up to \$450,000,000 aggregate principal amount of short-term borrowings, subject to certain conditions, is for a lawful purpose, is within Idaho Power's corporate powers, and is generally compatible with the public interest. The method of issuance is proper.

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.

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

### **ORDER**

IT IS HEREBY ORDERED that Idaho Power Company's Application for authority to make up to \$450,000,000 aggregate principal amount at any one time outstanding of short-term borrowings, for the period of April 1, 2007 through April 1, 2014, under the terms and conditions and for the purposes set forth in the Application and this Order is granted.

IT IS FURTHER ORDERED that this authorization will remain in place from April 1, 2007 to April 1, 2014, provided that the Company 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. If Idaho Power's senior secured debt rating falls below either such rating ("Downgrade"), the Company's authority to incur short-term borrowings and issue commercial paper as provided in this Order will *not* terminate, but instead such authority will continue for a period of 364 days from the date of the Downgrade ("Continued Authorization Period"), provided that Idaho Power: (1) promptly notifies the Commission in writing of the Downgrade; and (2) files a supplemental application with the Commission within seven (7) days after the Downgrade, requesting a supplemental order ("Supplemental Order") authorizing the Company to continue to make short-term borrowings and issue commercial paper as provided in the Order, notwithstanding the Downgrade. Until the Company receives the Supplemental Order, any short-term borrowings made or commercial paper issued by Idaho Power during the Continued Authorization Period will become due or mature no later than the final date of the Continued Authorization Period. Subject to the foregoing proviso regarding a Downgrade, no additional authorization is required to carry out this transaction and no Supplemental Order will be issued.

IT IS FURTHER ORDERED that Idaho Power file, as soon as available, final exhibits as set forth in its Application.

IT IS FURTHER ORDERED that Idaho Power will promptly notify the Commission regarding increases in the base amount, extension of the term, and change in ratings as set forth in the Application and this Order.

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. For ratemaking purposes, the Commission shall reserve judgment on the reasonableness of the Company's capital costs, comparative underwriting analysis and any associated commissions and expenses incurred for any or all security issuances. In its next rate proceeding the Company will be required to show that its capital cost, comparative underwriting analysis, embedded expenses, and methods of securities marketing are just and reasonable.

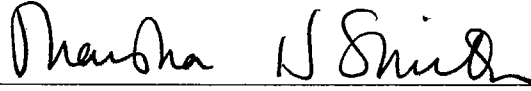
IT IS FURTHER ORDERED that the issuance of this Order does not constitute acceptance of Idaho Power Company's exhibits or other material accompanying this Application for any purpose other than the issuance of this Order.

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.

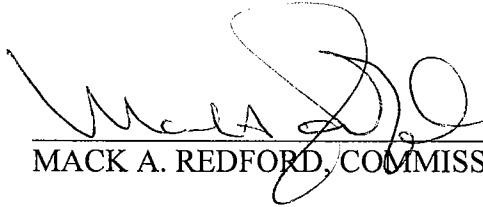
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 11<sup>th</sup>  
day of April 2007.



PAUL KJELLANDER, PRESIDENT

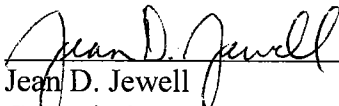


MARSHA H. SMITH, COMMISSIONER



MACK A. REDFORD, COMMISSIONER

ATTEST:



Jean D. Jewell  
Commission Secretary

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