

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION) OF IDAHO POWER COMPANY FOR AN) ORDER AUTHORIZING UP TO \$450,000,000) AGGREGATE PRINCIPAL AMOUNT AT) ANY ONE TIME OUTSTANDING OF) <u>SHORT-TERM BORROWINGS</u>)	CASE NO. IPC-E-11-12 ORDER NO. 32343
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On July 1, 2011, Idaho Power Company applied to the Commission for an Order authorizing the Company to borrow short-term debt up to \$450,000,000 aggregate principal amount at any one time. On July 29, 2011, the Company filed a request that the disposition period for this case commence on July 29, 2011 to allow the Company to provide for proper newspaper notices as required.¹ Having considered the Company's Application and exhibits, the Commission enters this Order granting the Company's Application.

THE APPLICATION

The Company describes borrowings under the requested authority as (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. Any short-term borrowings will have maturities of one year or less.

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.

¹ This Order uses the term "Application" to collectively mean the Company's July 1, 2011 Application and July 29, 2011 extension request.

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 October of 2011, 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 \$325,000,000 aggregate principal amount at any one time outstanding, with the option of the Company to increase the borrowing limit to \$450,000,000 during the term of the credit agreement. Idaho Power further expects that the credit agreement will have an initial term of five years, from October 2011 to October 2016, with the option of the Company to extend the term for two one-year extensions, up to October 2018. 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 \$325,000,000, or extend the term of the credit agreement beyond October 2016.

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: (1) an up-front arrangement fee payable to the lead agent(s) totaling approximately .15% to .25% of the principal amount committed; (2) up-front agent participation fees payable to all participating agents totaling approximately .25% of the principal amount committed; (3) annual commitment facility fees payable to all participating agents equal to approximately .15% to .25% of the principal amount committed; and (4) annual administrative fees payable to the lead agent(s) of approximately \$20,000 to \$30,000. The principal amount committed for purposes of calculating the agent fees will be \$325,000,000, unless the authorized borrowing amount under

the credit agreement is increased as described above, up to a maximum of \$450,000,000. Other expenses relating to the credit agreement are estimated to include: Idaho Power outside legal fees of approximately \$100,000, agent legal fees of approximately \$50,000, and miscellaneous expenses of approximately \$25,000.

Idaho Power states that the above referenced Credit Agreement 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. With respect to commercial paper issuances, Idaho Power expects that the commercial paper dealer 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.

The Company requests this borrowing authority be continuing for the seven-year period so long as Idaho Power's senior secured debt rating is investment grade, at least BBB- or higher by Standard & Poor's and Baa3 or higher by Moody's Investors' Service. If the Company's senior secured debt rating falls below investment grade, 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.

The Company will use the net proceeds to obtain temporary capital for one or more of the following purposes: (a) the Company's acquisition, construction, completion, extension or improvement of facilities, (b) the improvement or maintenance of service, (c) discharge or refunding of obligations, and (d) for general corporate purposes.

STAFF RECOMMENDATION

Staff recommended approval of the proposed short-term borrowing authority up to \$450,000,000 in total, for the period of October 1, 2011 to October 1, 2018. Staff recommended

the proposed filing requirements be adopted. Staff also recommended the authority under this initial approval be continuing (without further order required) provided the Company maintains senior secured debt ratings that are investment grade, BBB-/Baa3.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

Idaho Power is an Idaho corporation with its principal office in Boise, Idaho. The Company is an electric corporation as defined by *Idaho Code* § 61-119, and a public utility as defined in *Idaho Code* § 61-129.

The Commission has jurisdiction over this matter under *Idaho Code* § 61-901, *et seq.* The Company's Application reasonably conforms to Rules 141 through 150 of the Commission's Rules of Procedure (IDAPA 31.01.01.141-150), and that the Company has paid all fees required by *Idaho Code* § 61-905.

After examining the Application and Staff's recommendation, the Commission finds that the proposed transaction is in the public interest and a formal hearing on this matter is not required.

The Company proposes to issue securities² for lawful purposes under *Idaho Code* § 61-901, and the proposed issuance is within the Company's corporate powers. The Commission's approval of the issuance is not a finding of fact or a conclusion of law that the particular use to which these funds are to be put is approved by this Order. The issuance of an Order authorizing the proposed issuance does not constitute agency determination or approval of the type of financing or the related costs for ratemaking purposes. The Commission does not have before it for determination in this case and therefore does not determine the effect of issuance on rates to be charged by the Company for service to Idaho consumers.

ORDER

IT IS HEREBY ORDERED that the Company's Application is granted.

IT IS FURTHER ORDERED that the Company is authorized to issue securities and apply the proceeds therefrom in the manner and for the purposes described in the Application. Specifically, the Company may borrow short-term debt up of up to \$450,000,000 in aggregate principal amount at any one time, as specified in the Application. Such authority will remain in effect until October 1, 2018, so long as the Company maintains senior secured debt ratings of at

² When discussing securities, this Order uses the term "issue" (and forms thereof) to mean "issue, assume, or guarantee" securities as referenced in *Idaho Code* § 61-901, *et seq.*

least BBB- by Standard & Poor's Rating Services and Baa3 or by Moody's Investors' Service, Inc.

IT IS FURTHER ORDERED that this authorization will remain in place from October 1, 2011 to October 1, 2018, 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 ordering paragraph 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 the Company must notify the Commission in writing if: (1) the Company will increase the credit limit beyond \$325,000,000; or (2) the Company will exercise either of the one-year extensions beyond October 1, 2016. The Company must provide such notice to the Commission at least seven (7) days before the referenced event is to occur (or, if the required information is then unavailable, as soon as thereafter as possible).

IT IS FURTHER ORDERED that the Company shall file the following documents with the Commission as soon as they become available: verified copies of any agreement entered into in connection with the issuance of any security pursuant to this Order.

IT IS FURTHER ORDERED that the foregoing authorization is without prejudice to the regulatory authority of the Commission with respect to rates, utility capital structure, service

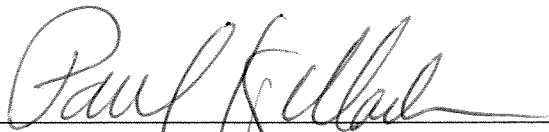
accounts, valuation, estimates for determination of cost or any other matter which may come before this Commission pursuant to its jurisdiction and authority as provided by law.

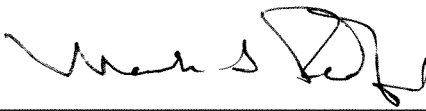
IT IS FURTHER ORDERED that nothing in this Order and no provisions of Chapter 9, Title 61, Idaho Code, or any act or deed done or performed in connection with this Order shall be construed to obligate the State of Idaho to pay or guarantee in any manner whatsoever any security authorized, issued, assumed, or guaranteed under the provisions of Chapter 9, Title 61 Idaho Code.

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

THIS IS A FINAL ORDER. Any person interested in this Order (or in issues finally decided by this Order) or in interlocutory Orders previously issued in this case 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 or in interlocutory Orders previously issued in this case. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

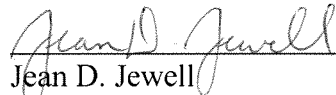
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 29th
day of August 2011.


PAUL KJELLANDER, PRESIDENT


MACK A. REDFORD, COMMISSIONER


MARSHA H. SMITH, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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