

## DECISION MEMORANDUM

**TO:** COMMISSIONER KJELLANDER  
COMMISSIONER SMITH  
COMMISSIONER REDFORD  
COMMISSION SECRETARY  
COMMISSION STAFF  
WORKING FILE

**FROM:** TERRI CARLOCK

**DATE:** AUGUST 26, 2011

**SUBJECT:** IDAHO POWER COMPANY'S APPLICATION FOR AUTHORITY TO BORROW UP TO \$450,000,000 IN SHORT-TERM DEBT; CASE NO. IPC-E-11-12.

On July 1, 2011, Idaho Power Company applied for authority to borrow short-term debt up to \$450,000,000 aggregate principal amount at any one time. Idaho Power later filed a letter requesting the disposition period for this case will commence on July 29, 2011 to allow for proper newspaper notices as required. The required fees have been received.

The borrowings under the requested authority may consist of 1) loans evidenced by unsecured notes or other evidence of indebtedness and 2) unsecured promissory notes and commercial paper. Any note issued will have a fixed maturity of not longer than one year, a set interest rate or discount rate, and will not contain any automatic "roll over" provision. Idaho Power intends to obtain new unsecured lines of credit or extend exist unsecured lines of credit. Each line of credit will provide a specific dollar amount be available to draw upon for a fee. Uncommitted credit facilities may also be utilized on an "as available" basis at negotiated interest rates. Idaho Power expects the initial Credit Agreement will be for \$325,000,000 with the option to increase the limit to \$450,000,000. Idaho Power will provide the Commission with written notification in the event it increases the limit above \$325,000,000.

Idaho Power requests the short-term borrowing authority be authorized for a period of up to seven years, from October 1, 2011 through October 1, 2018. Idaho Power expects the Credit Agreement will allow borrowings for an initial five-year period, from October 1, 2011 through October 1, 2016 with the ability to extend the time period for two one-year extensions, up to October 1, 2018. Idaho Power will provide written notification to the Commission if it elects to

exercise either of the one-year extensions beyond October 1, 2016. In no event will any borrowings under this authority extend beyond October 1, 2018.

Idaho Power 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 Idaho Power's rating falls below investment grade, Idaho Power will follow the current Commission approved filing process to establish its ongoing borrowing authority.

The net proceeds will be used 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 recommends 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 recommends the proposed filing requirements be adopted. Staff also recommends the authority under this initial approval be continuing (without further order required) provided Idaho Power maintains senior secured debt ratings that are investment grade, BBB-/Baa3.

#### **COMMISSION DECISION**

1. Does the Commission wish to approve Idaho Power's request for short-term borrowing authority up to \$450,000,000?
2. Does the Commission approve the borrowing authority for the period of October 2011 to October 2018 as proposed?
2. Does the Commission wish to allow its authority under this Order to be continuing during the authorized term provided the senior secured debt rating levels remain investment grade?
3. Does the Commission adopt the recommended filing requirements?
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Terri Carlock