

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER COMPANY'S APPLICATION FOR AUTHORITY TO INCUR SHORT-TERM DEBT IN AN AGGREGATE PRINCIPAL AMOUNT OF UP TO \$450,000,000 AT ANY ONE TIME)))))))	CASE NO. IPC-E-15-23 ORDER NO. 33375
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On August 14, 2015, Idaho Power Company (the Company) applied for authority to incur short-term debt in an aggregate principal amount of up to \$450,000,000 at any one time. The Company essentially seeks to renew its current short-term borrowing authority, which the Commission approved in Order No. 32343, Case No. IPC-E-11-12 (the "Current Order"), through November 30, 2022. The Commission Staff has reviewed the Application and recommended we approve it.

Based on our review of the record, we issue this Order approving the Application as noted below.

THE APPLICATION

The Company is an electric public utility that serves southern Idaho and eastern Oregon. With this Application, the Company seeks the authority to obtain loans evidenced by: (1) unsecured notes or other instruments of indebtedness; and (2) unsecured promissory notes and commercial paper of the Company to be publicly or privately issued through commercial paper dealers or agents, or directly by the Company.

The Company explains that it intends to obtain bank commitments for new unsecured credit lines, or extensions of existing unsecured credit lines, that would enable the Company to borrow up to a specific amount of funds at any one time for a fee based on a percentage of the credit line available, credit line utilization, compensating balance, or a combination thereof. The Company states that it may also arrange for uncommitted credit lines in which lenders would offer unsecured loans of no specific amount on an "as available" basis at negotiated interest rates.

The Company's borrowings would be reflected in unsecured promissory notes or other evidence of indebtedness. The Company states that each note issued as commercial paper would be discounted at the rate prevailing at issuance for commercial paper of comparable

quality and maturity, or will bear interest to be paid at maturity. Each note also would have a fixed maturity date without an automatic “roll over” provision. The note would mature in one year or less, or would involve a revolving loan facility with a final maturity date no later than November 30, 2022. The Company seeks authorization to borrow money at any time, so long as the loans and associated commercial paper mature by November 30, 2022.

Presently, the Company’s main short-term borrowing agreement is a Credit Agreement dated October 26, 2011, that was last amended on July 9, 2015, and will expire on October 26, 2018 (the “Credit Agreement”). Banks that participated in the Credit Agreement have committed to loan the Company a total principal amount of \$300,000,000 at any one time outstanding. The Company can opt to increase this amount to \$450,000,000.

With this Application, the Company proposes to amend the Credit Agreement, or to enter into a new credit agreement in about November 2015 (the “New Credit Agreement”). The New Credit Agreement would provide for committed credit lines as described above, and would extend through November 2020 with two, one-year extension options through November 2022. The Company explains that it would use the New Credit Agreement primarily as a backup credit facility to enhance credit ratings for its commercial paper issuances, but that it may also borrow directly under the New Credit Agreement. The Company states it will file a copy of the New Credit Agreement with the Commission when that agreement is executed. The Company also will notify the Commission if the Company elects to increase the borrowing limit under the New Credit Agreement above \$300,000,000, or to extend the New Credit Agreement’s term beyond November 2020.

The Company expects that its borrowing arrangements will involve lead agents and a number of additional banks as participating agents. The Company states that the New Credit Agreement would likely require the Company to pay the following agency fees: (1) an up-front arrangement fee payable to the lead agent(s) totaling about 0.10% to 0.20% of the principal amount committed; (2) up-front agent participation fees payable to all participating agents totaling approximately 0.10% to 0.15% of the principal amount committed; (3) annual commitment facility fees payable to all participating agents equal to about 0.15% to 0.25% of the principal amount committed; and (4) annual administrative fees payable to the lead agent(s) of about \$15,000 to \$30,000. For purposes of calculating the agent fees, principal amount committed will be \$300,000,000 unless the Company opts to increase its authorized borrowing

amount to \$450,000,000, as described above. The Company estimates to incur other expenses related to the New Credit Agreement, including \$50,000 in outside legal fees for the Company, \$50,000 in agent legal fees, and \$25,000 in miscellaneous expenses. The Company states that these fees are customary in the market and will offset the agents' costs, including personnel time, and travel and administrative costs associated with negotiating and administering the New Credit Agreement. With respect to commercial paper issuances, the Company expects the commercial paper dealers or agents will sell such notes at a profit of not more than 1/8 of 1% of each note's principal amount.

The Company plans to borrow money and issue debt as described above to obtain temporary capital for general corporate purposes and to enable the Company to acquire property; build, complete, extend, or improve facilities; improve or maintain its service; discharge or lawfully refund its obligations.

The Company requests that the Commission authorize it to borrow money and issue debt as described above so long as the Company maintains at least a BBB- or higher corporate credit rating, as indicated by Standard & Poor's Ratings Services, and a Baa3 or higher long-term issuer rating, as indicated by Moody's Investors' Service, Inc. The Company also requests that if its rating falls below either such rating ("Downgrade"), its short-term borrowing authority would continue for 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 the Company to continue to make short-term borrowings and issue commercial paper as provided in the Commission's then outstanding short-term borrowing order, notwithstanding the Downgrade.

Until the Company 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

Staff reviewed the Company's Application and confirmed that the Company paid the fees required pursuant to *Idaho Code* § 61-901 *et seq.* Staff recommended the Commission

approve the Company's Application and proposed short-term borrowing authority, up to \$450,000,000 in total, for the period through November 30, 2022. Staff also recommended the proposed filing requirements be adopted. Lastly, Staff recommended the authority under this approval be continuing (without further order required) provided the Company maintains senior secured debt ratings that are investment grade, BBB-/Baa3.

DISCUSSION AND FINDINGS

The Commission finds that the Company is an Idaho corporation, an electric corporation within the definition of *Idaho Code* § 61-119, and a public utility within the definition of *Idaho Code* § 61-129. The Commission has jurisdiction over this Application pursuant to the provisions of *Idaho Code* § 61-901, *et seq.*

The Commission finds that the Company's Application should be approved. 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 the Company has paid all fees required by *Idaho Code* § 61-905. Further, the proposed issuance is for a lawful purpose, is within the Company's corporate powers, and is compatible with the public interest.

The issuance of an Order authorizing the proposed financing 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 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 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 electric service to consumers in the State of Idaho.

ORDER

IT IS HEREBY ORDERED that the Company's Application is granted. The Company may make up to \$450,000,000 aggregate principal amount at any one time outstanding of short-term borrowings through November 30, 2022, under the terms and conditions and for the purposes set forth in the Company's Application and this Order. The Company's borrowing authority under this Order will replace its existing borrowing authority under the Current Order;

at no time will the authorized borrowing levels under the Current Order and this Order exceed \$450,000,000 aggregate principal amount at any one time outstanding.

IT IS FURTHER ORDERED that this authorization will remain in place through November 30, 2022, provided that the Company maintains at least a BBB- or higher corporate credit rating, as indicated by Standard & Poor's Ratings Services, and a Baa3 or higher long-term issuer rating, as indicated by Moody's Investors' Service, Inc. If a Downgrade occurs, the Company's authority to incur short-term borrowings and issue commercial paper as provided in this Order will not terminate, but instead will continue for the Continued Authorization Period, provided 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 authorizing the Company to continue to make short-term borrowings and issue commercial paper as provided in the Commission's then outstanding short-term borrowing order, notwithstanding the Downgrade.

Until the Company receives the Supplemental Order, any short-term borrowings made or commercial paper issued by the Company 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 relating to a Downgrade, no additional authorization is required to carry out this transaction and no Supplemental Order will issue.

IT IS FURTHER ORDERED that the Company must notify the Commission in writing if: (1) the Company will increase the credit limit beyond \$300,000,000; or (2) the Company will exercise either of the one-year extensions beyond November 2020. 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 file, as soon as available, final exhibits as set forth in its Application.

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 the Order (or in issues decided by 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 and 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 and 62-619.*


DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this **14th** day of September 2015.


PAUL KJELLANDER, PRESIDENT


MARSHA H. SMITH, COMMISSIONER


KRISTINE RAPER, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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