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IDAHO PUBLIC  
UTILITIES COMMISSION

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*Patrick A. Harrington*  
*Corporate Secretary*

Ms. Jean D. Jewell  
Secretary  
Idaho Public Utilities Commission  
Statehouse  
Boise, Idaho 83720

March 25, 2016

Re: In the Matter of the Application of Idaho Power Company for an  
Order Authorizing the Issuance and Sale of up to \$500,000,000 of  
Applicant's First Mortgage Bonds and Debt Securities

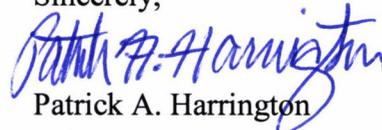
Case No. IPC-E-16 - *05*

Dear Ms. Jewell:

Enclosed herewith for filing with the Commission are an original and four (4) copies of the above-referenced Application, including a Proposed Order for the Commission's consideration. An electronic copy of the proposed order will also be e-mailed to you. Idaho Power has also enclosed a check for \$1,000 in payment of the securities application fee to the Commission for this application.

If you have any questions regarding this application, please contact me at 388-2878.

Sincerely,

  
Patrick A. Harrington

c: Terri Carlock

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

MAR 28 AM 9:05

IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION	)	
OF IDAHO POWER COMPANY FOR AN	)	
ORDER AUTHORIZING THE ISSUANCE AND	)	CASE NO. IPC-E-16 - <u>05</u>
SALE OF UP TO \$500,000,000 OF APPLICANT'S	)	
FIRST MORTGAGE BONDS AND DEBT	)	APPLICATION
<u>SECURITIES</u>	)	

Idaho Power Company (the "Applicant") hereby applies for an Order from the Idaho Public Utilities Commission (the "Commission") under Title 61, Idaho Code, Chapters 1 and 9, and Chapters 141 through 150 of the Commission's Rules of Practice and Procedure ("Rules"), for authority to issue and sell from time to time (a) up to \$500,000,000 aggregate principal amount of one or more series of Applicant's first mortgage bonds, which may be designated as secured medium-term notes (the "Bonds") and (b) up to \$500,000,000 aggregate principal amount of one or more series of unsecured debt securities of the Applicant (the "Debt Securities"); provided, that the total principal amount of the Bonds and Debt Securities to be issued and sold hereunder shall not exceed \$500,000,000. The Bonds and Debt Securities will be issued publicly pursuant to a shelf registration with the Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended (the "Act"), or privately pursuant to an exemption from registration under the Act, as set forth herein. Applicant requests authority to issue the Bonds and Debt Securities through May 31, 2019, which would align with the anticipated three-year life of the Shelf Registration.

(a) The Applicant

The Applicant is an electric public utility, incorporated under the laws of the State of Idaho, engaged principally in the generation, purchase, transmission, distribution and sale of electric energy in an approximately 24,000 square-mile area in southern Idaho and eastern Oregon. The principal executive offices of the Applicant are located at 1221 W. Idaho Street, P.O. Box 70, Boise, Idaho 83707-0070; its telephone number is (208) 388-2200.

(b) Description of Securities

The Applicant will register the Bonds and Debt Securities with the SEC pursuant to Rule 415 of the Act (the "Shelf Registration"). The Shelf Registration will allow the Applicant to issue and sell one or more series of the Bonds and Debt Securities on a continuous or delayed basis if authorized by the Commission and the other state regulatory commissions having jurisdiction over the Applicant's securities. This will enable the Applicant to take advantage of attractive market conditions efficiently and rapidly. Under the Shelf Registration, the Applicant will be able to issue the Bonds and Debt Securities at different times without the necessity of filing a new registration statement.

The Shelf Registration will be filed jointly by the Applicant and IDACORP, Inc., the parent company of the Applicant, with the SEC. This joint filing is intended to minimize the costs to the Applicant of establishing and maintaining the Shelf Registration, and of issuing securities under the Shelf Registration, while maximizing the Applicant's flexibility for issuing the Bonds and Debt Securities under the Shelf

Registration. A copy of the Shelf Registration will be filed with the Commission as Attachment I to this Application.

## BONDS

The Applicant proposes to issue and sell, from time to time, up to \$500,000,000 aggregate principal amount of one or more series of the Bonds pursuant to the Indenture of Mortgage and Deed of Trust, dated as of October 1, 1937 between the Applicant and Deutsche Bank Trust Company Americas (formerly Bankers Trust Company) and Stanley Burg, as trustees (or any successor trustees), as supplemented and amended, and as to be further supplemented by one or more supplemental indentures relating to the Bonds (the "Mortgage"). The Applicant may enter into interest rate hedging arrangements with respect to the Bonds, including treasury interest rate locks, treasury interest rate caps, treasury interest rate collars, treasury options, forward starting interest rate swaps, and/or swaptions. The Bonds will be secured equally with the other first mortgage bonds of the Applicant.

After the terms and conditions of the issuance and sale of the Bonds have been determined, Applicant will file a Prospectus Supplement(s) with the SEC if the Bonds are sold publicly, setting forth the series designation, aggregate principal amount of the issue, purchase price or prices, issuance date or dates, maturity or maturities, interest rate or rates (which may be fixed or variable) and/or the method of determination of such rate or rates, time of payment of interest, whether all or a portion of the Bonds will be discounted, whether all or a portion of the Bonds will be issued in global form, whether interest rate hedging arrangements will apply to the Bonds, repayment terms, redemption terms, if any, and any other special terms of the Bonds, which terms may be

different for each issuance of the Bonds. The Applicant will also file a copy of the Prospectus Supplement with the Commission.

The Bonds may be designated as secured medium-term notes. The medium-term notes could have maturities from nine months to thirty years. Prior to issuing medium-term notes publicly, the Applicant will file a Prospectus Supplement with the SEC setting forth the general terms and conditions of the medium-term notes to be issued. Upon each issuance of the medium-term notes pursuant to the Prospectus Supplement, the Applicant will file a Pricing Supplement with the SEC providing a specific description of the terms and conditions of each issuance of the medium-term notes, as described above. Applicant will also file a copy of the Prospectus Supplement and Pricing Supplements with the Commission.

Applicant's outstanding First Mortgage Bonds are currently rated A1 by Moody's Investors Service and A- by Standard & Poor's Ratings Services. If the Bonds are sold publicly, Applicant cannot predict whether they will be similarly rated. If the Bonds are sold privately, it is unlikely that the Bonds will be rated.

#### DEBT SECURITIES

The Applicant proposes to issue and sell, from time to time, up to \$500,000,000 in aggregate principal amount of one or more series of Debt Securities. The Debt Securities will be unsecured obligations of the Applicant and will be issued under an existing or new unsecured debt indenture of the Applicant. A form of any new indenture will be included as an exhibit to the Shelf Registration, and will be filed with the Commission as stated above. The Applicant will supplement the indenture in the future to further specify the terms and conditions of each series of Debt Securities. Such

amendments will be filed with the SEC and will also be filed with the Commission. The Applicant may enter into interest rate hedging arrangements with respect to the Debt Securities, including treasury interest rate locks, treasury interest rate caps, treasury interest rate collars, treasury options, forward starting interest rate swaps, and/or swaptions.

After the terms and conditions of the issuance and sale of the Debt Securities have been determined, the Applicant will file a Prospectus Supplement(s) with the SEC if the Debt Securities are sold publicly, setting forth the series designation, aggregate principal amount of the issue, purchase price or prices, issuance date or dates, maturity or maturities, interest rate or rates (which may be fixed or variable) and/or the method of determination of such rate or rates, time of payment of interest, whether all or a portion of the Debt Securities will be discounted, whether all or a portion of the Debt Securities will be issued in global form, whether the interest rate hedging arrangements will apply to the Debt Securities, repayment terms, redemption terms, if any, and any other special terms of the Debt Securities, which terms may be different for each issuance of the Debt Securities. Applicant will also file a copy of the Prospectus Supplement with the Commission.

Applicant's outstanding unsecured senior debt is currently rated A3 by Moody's investors Service and BBB by Standard & Poor's Ratings Services. If the Debt Securities are sold publicly, Applicant cannot predict whether they will be similarly rated. If the Debt Securities are sold privately, it is unlikely that the Debt Securities will be rated.

(c) Method of Issuance

The Bonds and Debt Securities may be sold by public sale or private placement, directly by the Applicant or through agents designated from time to time or through underwriters or dealers. If any agents of the Applicant or any underwriters are involved in the sale of the Bonds or Debt Securities, the names of such agents or underwriters, the initial price to the public, any applicable commissions or discounts and the net proceeds to the Applicant will be filed with the Commission. If the Bonds are designated as medium-term notes and sold to an agent or agents as principal, the name of the agents, the price paid by the agents, any applicable commission or discount paid by the Applicant to the agents and the net proceeds to the Applicant will be filed with the Commission.

Agents and underwriters may be entitled under agreements entered into with the Applicant to indemnification by the Applicant against certain civil liabilities, including liabilities under the Act.

(d) Purpose of Issuance

The net proceeds to be received by the Applicant from the sale of the Bonds and/or Debt Securities will be used 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. To the extent that the proceeds from the sale of the Bonds and Debt Securities are not immediately so used, they will be temporarily invested in short-term discounted or interest-bearing obligations.

(e) Propriety of Issue

Applicant believes and alleges the facts set forth herein disclose that the proposed issuance and sale of Bonds and Debt Securities are for a lawful object within the corporate purposes of Applicant and compatible with the public interest, are necessary or appropriate for, or consistent with, the proper performance by Applicant of service as a public utility and will not impair its ability to perform that service, and are reasonably necessary or appropriate for such purposes.

The Applicant currently has shelf registration authority in place from the Commission under Order No. 33264 in Case No. IPC-E-15-04 ("Existing Order"). The Company is authorized to issue up to \$500,000,000 aggregate principal amount of bonds and debt securities under the Existing Order, of which \$130,000,000 remains authorized for issuance. The Applicant is requesting that the Commission's authorization under the Existing Order remain in effect for a period of twenty-one (21) days following the date of the Commission's order hereunder (reflecting the petition for reconsideration period for the Commission's order hereunder pursuant to Section 331.01 of the Rules), at which point the Commission's authorization under the Existing Order would automatically expire if no petitions for reconsideration are received. Thus for the twenty-one (21) day period following the date of the Commission's order hereunder, the Applicant would in effect have authorization from the Commission to issue up to \$630,000,000 of bonds and debt securities: \$130,000,000 under the terms of the Existing Order and \$500,000,000 under the terms of the Commission's order hereunder.

(f) Financial Statements; Resolutions

Applicant has filed herewith as Attachment II its financial statements dated as of December 31, 2015 consisting of its (a) Actual and Pro Forma Balance Sheet, (b) Statement of Capital Stock and Funded Debt, (c) Commitments and Contingent Liabilities, (d) Statement of Retained Earnings and (e) Statement of Income.

A certified copy of the resolutions of Applicant's Directors authorizing the transaction with respect to this Application will be filed with Commission as Attachment III to this Application on or about April 15, 2016.

(g) Proposed Order

Applicant has filed as Attachment IV a Proposed Order for adoption by the Commission if this Application is granted.

(h) Notice of Application

Notice of this Application will be published in those newspapers in the Applicant's service territory listed in Section 24.19 of the Commission's Rules within seven (7) days after the date hereof.

PRAYER

WHEREFORE, Applicant respectfully requests that the Idaho Public Utilities Commission issue its Order herein authorizing Applicant to issue and sell for the purposes herein set forth up to \$500,000,000 aggregate principal amount of one or more series of its Bonds and up to \$500,000,000 aggregate principal amount of its Debt Securities; provided, that the total principal amount of the Bonds and Debt Securities to be issued and sold shall not exceed \$500,000,000.

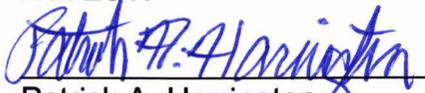
DATED at Boise, Idaho this 25<sup>th</sup> day of March, 2016.

IDAHO POWER COMPANY

By:   
Steven R. Keen  
Sr. Vice President, Chief Financial  
Officer and Treasurer

(CORPORATE SEAL)

ATTEST:

  
Patrick A. Harrington  
Secretary  
Idaho Power Company  
1221 W. Idaho Street  
P.O. Box 70  
Boise, Idaho 83707-0070

# **ATTACHMENT II(a)**

## **Actual and Pro Forma Balance Sheet**

IDAHO POWER COMPANY  
CONDENSED UNCONSOLIDATED BALANCE SHEET  
AS OF DECEMBER 31, 2015

ASSETS

	Actual	Adjustments	After Adjustments
Electric Plant :			
In service (at original cost).....	\$ 5,485,463,707	\$	\$ 5,485,463,707
Accumulated provision for depreciation.....	(1,913,926,816)		(1,913,926,816)
In service - Net.....	3,571,536,891		3,571,536,891
Construction work in progress.....	396,931,372		396,931,372
Held for future use.....	7,090,431		7,090,431
Electric plant - Net.....	3,975,558,694		3,975,558,694
Investments and Other Property:			
Nonutility property.....	1,555,480		1,555,480
Investment in subsidiary companies .....	84,137,401		84,137,401
Other.....	24,552,059		24,552,059
Total investments and other property.....	110,244,940		110,244,940
Current Assets:			
Cash and cash equivalents.....	110,755,983	500,000,000	610,755,983
Receivables:			
Customer.....	73,505,088		73,505,088
Other.....	8,520,381		8,520,381
Notes recievable from related parties.....	1,156,202		1,156,202
Accrued unbilled revenues.....	65,804,608		65,804,608
Materials and supplies (at average cost).....	56,923,547		56,923,547
Fuel stock (at average cost).....	61,818,257		61,818,257
Prepayments.....	17,845,551		17,845,551
Taxes receivable.....	5,431,678		5,431,678
Regulatory assets .....	49,215,398		49,215,398
Other.....	287,792		287,792
Total current assets.....	451,264,485	500,000,000	951,264,485
Deferred Debits:			
American Falls and Milner water rights.....	11,592,186		11,592,186
Company owned life insurance.....	48,566,233		48,566,233
Regulatory assets.....	1,305,210,249		1,305,210,249
Other.....	56,529,654		56,529,654
Total deferred debits.....	1,421,898,322		1,421,898,322
Total.....	\$ 5,958,966,441	\$ 500,000,000	\$ 6,458,966,441

IDAHO POWER COMPANY  
CONDENSED UNCONSOLIDATED BALANCE SHEET  
AS OF December 31, 2015

CAPITALIZATION AND LIABILITIES

	Common Shares Authorized	Common Shares Outstanding	Actual	Adjustments	After Adjustments
Equity Capital:	50,000,000	39,150,812			
Common stock.....			\$ 97,877,030	\$	\$ 97,877,030
Premium on capital stock.....			712,257,435		712,257,435
Capital stock expense.....			(2,096,925)		(2,096,925)
Retained earnings.....			1,127,425,685		1,127,425,685
Accumulated other comprehensive income.....			(21,275,735)		(21,275,735)
<b>Total equity capital.....</b>			<b>1,914,187,490</b>		<b>1,914,187,490</b>
Long-Term Debt:					
First mortgage bonds .....			1,555,000,000	500,000,000	2,055,000,000
Pollution control revenue bonds .....			170,460,000		170,460,000
American Falls bond and Milner note guarantees .....			20,948,636		20,948,636
Unamortized debt issuance costs and discounts on long-term debt.....			(20,998,222)		(20,998,222)
<b>Total long-term debt.....</b>			<b>1,725,410,414</b>	<b>500,000,000</b>	<b>2,225,410,414</b>
Current Liabilities:					
Long-term debt due within one year.....			1,063,637		1,063,637
Notes payable.....			-		-
Accounts payable .....			94,969,604		94,969,604
Notes and accounts payable to related parties.....			1,058,872		1,058,872
Income taxes accrued.....			10,624,096		10,624,096
Interest accrued.....			22,291,985		22,291,985
Accrued compensation.....			42,835,077		42,835,077
Current regulatory liabilities.....			2,216,962		2,216,962
Advances from customers.....			31,213,693		31,213,693
Other.....			15,505,900		15,505,900
<b>Total current liabilities.....</b>			<b>221,779,826</b>		<b>221,779,826</b>
Deferred Credits:					
Regulatory liabilities associated with accumulated deferred investment tax credits .....			79,654,930		79,654,930
Deferred income taxes.....			1,242,625,248		1,242,625,248
Regulatory liabilities.....			336,626,663		336,626,663
Pension and other postretirement benefits.....			394,030,173		394,030,173
Other.....			44,651,697		44,651,697
<b>Total deferred credits.....</b>			<b>2,097,588,711</b>		<b>2,097,588,711</b>
<b>Total.....</b>			<b>\$ 5,958,966,441</b>	<b>\$ 500,000,000</b>	<b>\$ 6,458,966,441</b>

IDAHO POWER COMPANY  
STATEMENT OF ADJUSTING JOURNAL ENTRIES  
As of December 31, 2015  
Giving Effect to the Proposed issuance of  
First Mortgage Bonds

Entry No. 1

Cash.....	\$ 500,000,000	
First Mortgage Bonds.....		\$ 500,000,000

To record the proposed issuance of First Mortgage  
and the receipt of cash.

# **ATTACHMENT II(b)**

## **Statement of Capital Stock and Funded Debt**

STATEMENT OF CAPITAL STOCK AND FUNDED DEBT  
IDAHO POWER COMPANY  
December 31, 2015

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The following statement as to each class of the capital stock of applicant is as of December 31, 2015, the date of the balance sheet submitted with this application:

Common Stock

- (1) Description - Common Stock, \$2.50 par value; 1 vote per share
- (2) Amount authorized - 50,000,000 shares (\$125,000,000 par value)
- (3) Amount outstanding - 39,150,812 shares
- (4) Amount held as reacquired securities - None
- (5) Amount pledged by applicant - None
- (6) Amount owned by affiliated corporations - All
- (7) Amount held in any fund - None

Applicant's Common Stock is held by IDACORP, Inc., the holding company of Idaho Power Company. IDACORP, Inc.'s Common Stock is registered (Pursuant to Section 12(b) of the Securities Exchange Act of 1934) and is listed on the New York Stock Exchange.

STATEMENT OF CAPITAL STOCK AND FUNDED DEBT (Continued)  
IDAHO POWER COMPANY  
December 31, 2015

The following statement as to funded debt of applicant is as of December 31, 2015, the date of the balance sheet submitted with this application.

First Mortgage Bonds

(1) Description	(3) Amount Outstanding
<b>FIRST MORTGAGE BONDS:</b>	
6.15 % Series due 2019, dated as of March 30, 2009, due April 1, 2019	100,000,000
4.50 % Series due 2020, dated as of Nov 20, 2009, due March 30, 2020	130,000,000
3.40 % Series due 2020, dated as of Aug 30, 2010, due Nov 1, 2020	100,000,000
2.95 % Series due 2022, dated as of April 13, 2012, due April 1, 2022	75,000,000
2.50 % Series due 2023, dated as of April 8, 2013, due April 1, 2023	75,000,000
6.00 % Series due 2032, dated as of Nov 15, 2002, due Nov 15, 2032	100,000,000
5.50 % Series due 2033, dated as of May 13, 2003, due April 1, 2033	70,000,000
5.50 % Series due 2034, dated as of March 26, 2004, due March 15, 2034	50,000,000
5.875% Series due 2034, dated as of August 16, 2004, due August 15, 2034	55,000,000
5.30 % Series due 2035, dated as of August 23, 2005, due August 15, 2035	60,000,000
6.30 % Series due 2037, dated as of June 22, 2007, due June 15, 2037	140,000,000
6.25 % Series due 2037, dated as of October 18, 2007, due October 15, 2037	100,000,000
4.85 % Series due 2040, dated as of Aug 30, 2010, due Aug 15, 2040	100,000,000
4.30 % Series due 2042, dated as of April 13, 2012, due April 1, 2042	75,000,000
4.00 % Series due 2043, dated as of April 8, 2013, due April 1, 2043	75,000,000
3.65 % Series due 2045, dated as of March 6, 2015, due March 1, 2045	<u>250,000,000</u>
	<u>1,555,000,000</u>

(2) Amount authorized - Limited within the maximum of \$2,000,000,000 (or such other maximum amount as may be fixed by supplemental indenture) and by property, earnings, and other provisions of the Mortgage.

(4) Amount held as reacquired securities - None

(5) Amount pledged - None

(6) Amount owned by affiliated corporations - None

(7) Amount of sinking or other funds - None

For a full statement of the terms and provisions relating to the respective Series and amounts of applicant's outstanding First Mortgage Bonds above referred to, reference is made to the Mortgage and Deed of Trust dated as of October 1, 1937, and First to Forty-Seventh Supplemental Indentures thereto, by Idaho Power Company to Deutsche Bank Trust Company Americas (formerly known as Bankers Trust Company) and R. G. Page (Stanley Burg, successor individual trustee), Trustees, presently on file with the Commission, under which said bonds were issued.

STATEMENT OF CAPITAL STOCK AND FUNDED DEBT (Continued)  
IDAHO POWER COMPANY  
December 31, 2015

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Pollution Control Revenue Bonds

(A) Variable Rate Series 2000 due 2027:

- (1) Description - Pollution Control Revenue Bonds, Variable Rate Series due 2027, Port of Morrow, Oregon, dated as of May 17, 2000, due February 1, 2027.
- (2) Amount authorized - \$4,360,000
- (3) Amount outstanding - \$4,360,000
- (4) Amount held as reacquired securities - None
- (5) Amount pledged - None
- (6) Amount owned by affiliated corporations - None
- (7) Amount in sinking or other funds - None

(B) 5.15% Series 2003 due 2024:

- (1) Description - Pollution Control Revenue Refunding Bonds, 5.15 Series 2003 due 2024, County of Humboldt, Nevada, dated as of August 20, 2009 due December 1, 2024 (secured by First Mortgage Bonds)
- (2) Amount authorized - \$49,800,000
- (3) Amount outstanding - \$49,800,000
- (4) Amount held as reacquired securities - None
- (5) Amount pledged - None
- (6) Amount owned by affiliated corporations - None
- (7) Amount in sinking or other funds - None

(C) 5.25% Series 2006 due 2026:

- (1) Description - Pollution Control Revenue Bonds, 5.25% Series 2006 due 2026, County of Sweetwater, Wyoming, dated as of August 20, 2009, due July 15, 2026
- (2) Amount authorized - \$116,300,000
- (3) Amount outstanding - \$116,300,000
- (4) Amount held as reacquired securities - None
- (5) Amount pledged - None
- (6) Amount owned by affiliated corporations - None
- (7) Amount in sinking or other funds - None

For a full statement of the terms and provisions relating to the outstanding Pollution Control Revenue Bonds above referred to, reference is made to (A) copies of Trust Indenture by Port of Morrow, Oregon, to the Bank One Trust Company, N. A., Trustee, and Loan Agreement between Port of Morrow, Oregon and Idaho Power Company, both dated May 17, 2000, under which the Variable Rate Series 2000 bonds were issued, (B); Conformed Trust Indenture between Humboldt County, Nevada and Union Bank N.A., Trustee dated October 1, 2003 as amended and supplemented by a First Supplemental Trust Indenture, dated August 20, 2009, and Loan Agreement between Idaho Power Company and Humboldt County, Nevada dated October 1, 2003 under which the 5.15% Series 2003 bonds were reoffered, and (C) Conformed Trust Indenture between Sweetwater County, Wyoming, and Union Bank, N.A., Trustee, as amended and supplemented by a First Supplemental Trust Indenture dated August 20, 2009, and Loan Agreements between Idaho Power Company and Sweetwater County, Wyoming, dated October 1, 2006 under which the 5.25% Series 2006 bonds were reoffered

# **ATTACHMENT II(c)**

## **Commitments and Contingent Liabilities**

CONTINGENT LIABILITIES  
IDAHO POWER COMPANY  
December 31, 2015

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**GUARANTEES**

Through a self-bonding mechanism, Idaho Power guarantees its portion of reclamation activities and obligations at BCC, of which IERCo owns a one-third interest. This guarantee, which is renewed annually with the Wyoming Department of Environmental Quality, was \$73 million at December 31, 2015, representing IERCo's one-third share of BCC's total reclamation obligation. BCC has a reclamation trust fund set aside specifically for the purpose of paying these reclamation costs. At December 31, 2015, the value of the reclamation trust fund was \$70 million. During 2015, the reclamation trust fund distributed approximately \$6 million for reclamation activity costs associated with the BCC surface mine. BCC periodically assesses the adequacy of the reclamation trust fund and its estimate of future reclamation costs. To ensure that the reclamation trust fund maintains adequate reserves, BCC has the ability to add a per-ton surcharge to coal sales, all of which are made to the Jim Bridger plant. Starting in 2010, BCC began applying a nominal surcharge to coal sales in order to maintain adequate reserves in the reclamation trust fund. Because of the existence of the fund and the ability to apply a per-ton surcharge, the estimated fair value of this guarantee is minimal.

Idaho Power enters into financial agreements and power purchase and sale agreements that include indemnification provisions relating to various forms of claims or liabilities that may arise from the transactions contemplated by these agreements. Generally, a maximum obligation is not explicitly stated in the indemnification provisions and, therefore, the overall maximum amount of the obligation under such indemnification provisions cannot be reasonably estimated. Idaho Power periodically evaluates the likelihood of incurring costs under such indemnities based on their historical experience and the evaluation of the specific indemnities. As of December 31, 2015, management believes the likelihood is remote that Idaho Power would be required to perform under such indemnification provisions or otherwise incur any significant losses with respect to such indemnification obligations. Idaho Power has not recorded any liability on their respective consolidated balance sheets with respect to these indemnification obligations.

**CONTINGENCIES**

Idaho Power has in the past and expect in the future to become involved in various claims, controversies, disputes, and other contingent matters. Some of these claims, controversies, disputes, and other contingent matters involve litigation and regulatory or other contested proceedings. The ultimate resolution and outcome of litigation and regulatory proceedings is inherently difficult to determine, particularly where (a) the remedies or penalties sought are indeterminate, (b) the proceedings are in the early stages or the substantive issues have not been well developed, or (c) the matters involve complex or novel legal theories or a large number of parties. In accordance with applicable accounting guidance, Idaho Power establishes an accrual for legal proceedings when those matters proceed to a stage where they present loss contingencies that are both probable and reasonably estimable. In such cases, there may be a possible exposure to loss in excess of any amounts accrued. Idaho Power monitors those matters for developments that could affect the likelihood of a loss and the accrued amount, if any, and adjust the amount as appropriate. If the loss contingency at issue is not both probable and reasonably estimable, Idaho Power does not establish an accrual and the matter will continue to be monitored for any developments that would make the loss contingency both probable and reasonably estimable. As of the date of this report Idaho Power's accruals for loss contingencies are not material to its financial statements as a whole; however, future accruals could be material in

CONTINGENT LIABILITIES (continued)  
IDAHO POWER COMPANY  
December 31, 2015

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a given period. Idaho Power's determination is based on currently available information, and estimates presented in financial statements and other financial disclosures involve significant judgment and may be subject to significant uncertainty. For matters that affect Idaho Power's operations, Idaho Power intends to seek, to the extent permissible and appropriate, recovery through the ratemaking process of costs incurred.

### **Western Energy Proceedings**

High prices for electricity, energy shortages, and blackouts in California and in the western wholesale markets during 2000 and 2001 caused numerous purchasers of electricity in those markets to initiate proceedings to consider requiring refunds and other forms of disgorgement from energy sellers. Some of these proceedings remain pending before the FERC or are on appeal to the United States Court of Appeals for the Ninth Circuit, and thus there remains some uncertainty about the ultimate outcome of the proceedings. Idaho Power and IESCo (as successor to IDACORP Energy L.P.) believe that the current state of the FERC's orders, if maintained, and the settlement releases they have obtained, will restrict potential claims that might result from the pending proceedings. As a result, Idaho Power predicts that these matters will not have a material adverse effect on their respective results of operations or financial condition. However, if unanticipated orders are issued by the FERC or by the Ninth Circuit Court of Appeals or other courts, exposure to indirect claims in the proceedings could exist. These indirect claims would consist of so-called "ripple claims," which involve potential claims for refunds in the Pacific Northwest markets from an upstream seller of power based on a finding that its downstream buyer was liable for refunds as a seller of power during the relevant period. Given the speculative nature of ripple claims and in light of Idaho Power's and IESCo participating in the market as both a buyer and seller of energy, Idaho Power and IESCo are unable to estimate the possible loss or range of loss that could result from the proceedings and have no amount accrued relating to the proceedings. To the extent the availability of any ripple claims materializes, Idaho Power and IESCo will continue to vigorously defend their positions in the proceedings.

### **Hoku Corporation Bankruptcy Claims**

On June 26, 2015, the trustee in the Hoku Corporation chapter 7 bankruptcy case (*In Re: Hoku Corporation*, United States Bankruptcy Court, District of Idaho, Case No. 13-40838 JDP) filed a complaint against Idaho Power, alleging that specified payments made by Hoku Corporation to Idaho Power in the six years prior to Hoku Corporation's bankruptcy filing in July 2013 should be recoverable by the trustee as constructive fraudulent transfers. Hoku Corporation was the parent entity of Hoku Materials, Inc., with which Idaho Power had an electric service agreement approved by the IPUC in March 2009. Under the electric service agreement, Idaho Power agreed to provide electric service to a polysilicon production facility under construction by Hoku Materials in the state of Idaho. Idaho Power also had agreements with Hoku Materials pertaining to the design and construction of apparatus for the provision of electric service to the polysilicon plant. The trustee's complaint against Idaho Power includes alternative causes of action for constructive fraudulent transfer under the federal bankruptcy code, Idaho law, and federal law, with requests for recovery from Idaho Power in amounts up to approximately \$36 million. The complaint alleges that the payments made by Hoku Corporation to Idaho Power are subject to recovery by the trustee on the basis that Hoku Corporation was insolvent at the time of the payments and did not have any legal or equitable title in the polysilicon plant or liability for Hoku Materials' debts, and thus did not receive reasonably equivalent value for the payments it made for or on behalf of Hoku Materials.

CONTINGENT LIABILITIES (continued)  
IDAHO POWER COMPANY  
December 31, 2015

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As of the date of this report, the proceedings are in preliminary stages and it is not possible to determine Idaho Power's potential liability, if any, or to reasonably estimate a possible loss or range of possible loss, if any, within the trustee's alternative prayers for relief. Idaho Power intends to vigorously defend against the claims.

**Other Proceedings**

Idaho Power is party to legal claims and legal and regulatory actions and proceedings in the ordinary course of business that are in addition to those discussed above and, as noted above, record an accrual for associated loss contingencies when they are probable and reasonably estimable. As of the date of this report the companies believe that resolution of those matters will not have a material adverse effect on their respective consolidated financial statements. Idaho Power is also actively monitoring various pending environmental regulations that may have a significant impact on its future operations. Given uncertainties regarding the outcome, timing, and compliance plans for these environmental matters, Idaho Power is unable to estimate the financial impact of these regulations. However, Idaho Power does believe that future capital investment for infrastructure and modifications to its electric generating facilities could be significant to comply with these regulations.

**ATTACHMENT II(d)**

**Statement of Retained Earnings**

IDAHO POWER COMPANY  
Condensed Statement of Unconsolidated Retained Earnings  
and  
Undistributed Subsidiary Earnings  
For the Twelve Months Ended December 31, 2015

Retained Earnings

Retained earnings (at the beginning of period)	\$	952,335,875
Balance transferred from income		18,432,354,019
Dividends received from subsidiary...		6,000,000
Total		114,265,941,519
Dividends:		
Common Stock		96,908,038
Total		96,908,038
Retained earnings (at end of period)	\$	104,575,137,719

Undistributed Subsidiary Earnings

Balance (at beginning of period)	\$	8,101,436,598
Equity in earnings for the period		665,994,181
Dividends paid (Debit)...		(6,000,000)
Balance (at end of period)	\$	8,167,430,779

**ATTACHMENT II(e)**

**Statement of Income**

IDAHO POWER COMPANY  
CONDENSED UNCONSOLIDATED STATEMENT OF INCOME  
For the Twelve Months Ended December 31, 2015

	Actual
Operating Revenues.....	\$ 1,267,505,531
Operating Expenses:	
Purchased power.....	226,470,388
Fuel expense.....	186,230,999
Power cost adjustment.....	16,765,780
Other operation and maintenance expense.....	342,145,933
Energy efficiency programs.....	30,531,891
Depreciation expense.....	130,931,146
Amortization of limited-term electric plant.....	7,178,537
Taxes other than income taxes.....	32,808,301
Income taxes - Federal.....	12,593,365
Income taxes - Other.....	5,986,110
Provision for deferred income taxes.....	86,269,807
Provision for deferred income taxes - Credit.....	(58,085,989)
Investment tax credit adjustment.....	492,099
	1,020,318,367
Total operating expenses.....	
Operating Income.....	247,187,164
Other Income and Deductions:	
Allowance for equity funds used during construction.....	21,785,246
Earnings of unconsolidated equity method investments.....	6,659,942
Income taxes - Other income and deductions.....	2,144,263
Other - Net.....	(5,068,415)
Net other income and deductions.....	25,521,036
Income Before Interest Charges.....	272,708,200
Interest Charges:	
Interest on first mortgage bonds.....	74,370,514
Interest on other long-term debt.....	8,685,291
Interest on short-term debt.....	787,327
Amortization of debt premium, discount and expense, net.....	3,078,637
Other interest expense.....	4,846,724
Total interest charges.....	91,768,493
Allowance for borrowed funds used during construction - Credit.....	10,043,775
Net interest charges.....	81,724,718
<b>Net Income.....</b>	<b>\$ 190,983,482</b>

# **ATTACHMENT IV**

**Proposed Order**

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

IN THE MATTER OF THE APPLICATION	)	
OF IDAHO POWER COMPANY FOR AN	)	
ORDER AUTHORIZING THE ISSUANCE AND	)	CASE NO. IPC-E-16-___
SALE OF UP TO \$500,000,000 OF APPLICANT'S	)	
FIRST MORTGAGE BONDS AND DEBT	)	PROPOSED ORDER
<u>SECURITIES</u>	)	

This matter is before the Commission upon the Application of Idaho Power Company ("Applicant") filed March \_\_\_\_, 2016, for authority to issue and sell from time to time (a) up to \$500,000,000 aggregate principal amount of one or more series of Applicant's first mortgage bonds, which may be designated as secured medium-term notes ("Bonds") and (b) up to \$500,000,000 aggregate principal amount of one or more series of unsecured debt securities of the Applicant ("Debt Securities"); provided however, that the total principal amount of the Bonds and Debt Securities to be issued and sold shall not exceed \$500,000,000. The Commission, having fully considered the Application and attached exhibits, its files and records relating to the Application and the applicable laws and rules, now makes the following:

FINDINGS OF FACT

I.

The Commission has jurisdiction pursuant to Title 61, Idaho Code, Chapters one and nine.

II.

The Applicant is incorporated under the laws of the State of Idaho and is qualified to do business in the states of Oregon, Nevada, Montana and Wyoming in connection with its utility business, with its principal office in Boise, Idaho.

### III.

The Applicant seeks authority to issue and sell, from time to time, (a) up to \$500,000,000 aggregate principal amount of one or more series of the Bonds under its Indenture of Mortgage and Deed of Trust, dated as of October 1, 1937 as supplemented and amended, and as to be further supplemented and amended ("Mortgage"), and (b) up to \$500,000,000 aggregate principal amount of one or more series of Debt Securities under an unsecured debt indenture of Applicant; provided, that the total principal amount of the Bonds and Debt Securities to be issued and sold shall not exceed \$500,000,000.

### IV.

The Applicant will file a registration statement for the Bonds and Debt Securities with the Securities and Exchange Commission ("SEC") pursuant to the shelf registration provisions of Rule 415 of the Securities Act of 1933, as amended (the "Shelf Registration"). This will enable the Applicant to take advantage of attractive market conditions efficiently and rapidly. Under the shelf registration, the Applicant will be able to issue the Bonds and/or Debt Securities at different times without the necessity of filing a new registration statement. The Applicant requests authority to issue the Bonds and/or Debt Securities through May 31, 2019, which will align with the anticipated three-year life of the Shelf Registration.

### V.

The Bonds will be issued pursuant to one or more supplemental indentures to the Mortgage and will be secured equally with the other first mortgage bonds of the Applicant. The Applicant may enter into interest rate hedging arrangements with

respect to the Bonds, including treasury interest rate locks, treasury interest rate caps, treasury interest rate collars, treasury options, forward starting interest rate swaps, and/or swaptions. The Applicant states that price or prices, issuance date or dates, maturity or maturities, interest rate or rates (which may be fixed or variable) and/or the method of determination of such rate or rates, time of payment of interest, whether all or a portion of the Bonds will be discounted, whether all or a portion of the Bonds will be issued in global form, whether interest rate hedging arrangements will apply to the Bonds, repayment terms, redemption terms, if any, and any other special terms of the Bonds have not yet been determined and may be different for each issuance of the Bonds.

#### VI.

The Bonds may be designated as secured medium-term notes. The medium-term notes could have maturities from nine months to thirty years. Before issuing medium-term notes publicly, the Applicant will file a Prospectus Supplement with the SEC setting forth the general terms and conditions of the medium-term notes to be issued. Upon each issuance of the medium-term notes pursuant to the Prospectus Supplement, the Applicant will file a Pricing Supplement with the SEC providing a specific description of the terms and conditions of each issuance of the medium-term notes, as described in paragraph V above. The Applicant will also file a copy of the Prospectus Supplement and Pricing Supplements with the Commission.

#### VII.

The Debt Securities will be unsecured obligations of the Applicant and will be issued under an existing or new unsecured debt indenture of the Applicant. The

Applicant may enter into interest rate hedging arrangements with respect to the Debt Securities, including treasury interest rate locks, treasury interest rate caps, treasury interest rate collars treasury options, forward starting interest rate swaps, and/or swaptions. The Applicant states that price or prices, issuance date or dates, maturity or maturities, interest rate or rates (which may be fixed or variable) and/or the method of determination of such rate or rates, time of payment of interest, whether all or a portion of the Debt Securities will be discounted, whether all or a portion of the Debt Securities will be issued in global form, whether interest rate hedging arrangements will apply to the Debt Securities, repayment terms, redemption terms, if any, and any other special terms of the Debt Securities have not yet been determined and may be different for each issuance of the Debt Securities.

#### VIII.

Applicant states that the Bonds and/or Debt Securities may be sold by public sale or private placement, directly by the Applicant or through agents designated from time to time or through underwriters or dealers. If any agents of the Applicant or any underwriters are involved in the sale of the Bonds and/or Debt Securities, the names of such agents or underwriters, the initial price to the public (if applicable), any applicable commissions or discounts, and the net proceeds to the Applicant will be filed by the Applicant with the Commission. If the Bonds are designated as medium-term notes and sold to an agent or agents as principal, the names of the agents, the price paid by the agents, any applicable commission or discount paid by the Applicant to the agents and the net proceeds to the Applicant will be filed with the Commission.

IX.

The net proceeds to be received by the Applicant from the sale of the Bonds and/or Debt Securities will be used 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. To the extent that the proceeds from the sale of the Bonds or Debt Securities are not immediately so used, they will be temporarily invested in short-term discounted or interest-bearing obligations.

CONCLUSIONS OF LAW

I.

Applicant is incorporated under the State of Idaho and is duly authorized to do business in the states of Oregon, Nevada, Montana and Wyoming in connection with its utility operations.

II.

The Commission has jurisdiction over this Application.

III.

The Commission does not have before it for determination and, therefore, does not determine the effect of the Bonds and/or Debt Securities on rates to be charged by Applicant for electric service to consumers in the State of Idaho.

IV.

The proposed issuance and sale of the Bonds and/or Debt Securities are for a lawful purpose and are within Applicant's corporate powers. The proposed transaction

is in the public interest, and a formal hearing on this matter would serve no public purpose.

V.

All fees have been paid by Applicant in accordance with *Idaho Code* 61-905.

### ORDER

IT IS THEREFORE ORDERED that the Application of Idaho Power Company to issue and sell from time to time (a) up to \$500,000,000 aggregate principal amount of one or more series of the Bonds and (b) up to \$500,000,000 aggregate principal amount of one or more series of the Debt Securities in the ways and for the purposes set forth in its Application be, and the same is hereby granted; provided, that the total principal amount of the Bonds and Debt Securities to be issued and sold shall not exceed \$500,000,000. This authorization shall be through May 31, 2019. Applicant may request an extension of this authorization by letter filed with the Commission prior to the expiration of such three-year period.

IT IS FURTHER ORDERED that Applicant notify the Commission by letter within seven (7) days (or as soon as possible, if the required information is not available within seven (7) days) before the issuance of the Bonds and/or Debt Securities of the likely range of interest rates and other terms for the securities, unless, in the case of Bonds, the Bonds are issued as medium-term notes.

IT IS FURTHER ORDERED that Applicant file a copy of the registration statement with the Commission, as promptly as possible after the Applicant files the registration statement with the SEC.

IT IS FURTHER ORDERED that Applicant file, as promptly as possible after the issuance of each series of Bonds, a copy of the Prospectus Supplement showing the terms of the sale, and the names of the purchasers or underwriters or agents with the Commission. If the Applicant issues Bonds designated as medium-term notes, the Applicant's reporting requirements shall consist of filing with the Commission a copy of the Prospectus Supplement for the medium-term notes as filed with the SEC. The Applicant shall also file with the Commission a copy of the Pricing Supplements filed with the SEC, setting forth the specific terms and conditions for each issuance of the medium-term notes.

IT IS FURTHER ORDERED that Applicant file, as promptly as possible after the issuance of each series of Debt Securities, a copy of the Prospectus Supplement showing the terms of the sale, and the names of the purchasers or underwriters or agents with the Commission.

IT IS FURTHER ORDERED that Idaho Power's existing authorization from the Commission to issue bonds and debt securities under Order No. 33264 in Case No. IPC-E-15-04 ("Existing Order") will extend for a period of twenty-one (21) days following the service date of this order, at which time said authorization under the Existing Order will automatically expire if no petition(s) for reconsideration have been filed in this case as provided in the final paragraph of this order.

IT IS FURTHER ORDERED that nothing in this order shall be construed to obligate the state of Idaho to pay or guarantee in any manner whatsoever any security authorized, issued, assumed, repurchased, defeased 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, services, accounts, evaluation, estimates or determination of costs, 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 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 (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  
\_\_\_\_\_ day of \_\_\_\_\_.

\_\_\_\_\_  
PAUL KJELLANDER, PRESIDENT

\_\_\_\_\_  
KRISTINE RAPER, COMMISSIONER

\_\_\_\_\_  
ERIC ANDERSON, COMMISSIONER

ATTEST:

\_\_\_\_\_  
JEAN D. JEWELL  
Commission Secretary