

DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER
COMMISSIONER RAPER
COMMISSIONER ANDERSON
COMMISSION SECRETARY
LEGAL
WORKING FILE**

FROM: TERRI CARLOCK

DATE: APRIL 21, 2016

**RE: IDAHO POWER COMPANY'S REQUEST TO ISSUE AND SELL UP TO \$500
MILLION IN FIRST MORTGAGE BONDS AND DEBT SECURITIES;
CASE NO. IPC-E-16-05**

On March 28, 2016, Idaho Power Company (Idaho Power, Company) filed an Application requesting authority to issue and sell from time to time (a) up to \$500,000,000 aggregate principal amount of one or more series of First Mortgage Bonds, which may be designated as secured medium-term notes, (b) up to \$500,000,000 aggregate principal amount of one or more series of unsecured debt securities. The total outstanding combined principal amount of the Bonds and the principal amount of the Debt Securities to be issued and sold shall not exceed \$500,000,000. The Company requests the authority be authorized through May 19, 2019 to align with the anticipated three-year life of the Shelf Registration at the Securities Exchange Commission (SEC).

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 Idaho Power. The Bonds and/or Debt Securities may be sold by public sale or private placement, directly by Idaho Power or through agents designated from time to time or through underwriters or dealers. The type and terms of issuance will be determined at the time of issuance. A copy of the Shelf Registration, any Prospectus, Prospectus Supplements, Pricing Supplements, statement of net proceeds and any agent information along with all final documents will be filed with the Commission. The Company is also requesting continued authority to enter interest rate hedging arrangements with respect to the Bonds and/or 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.

Net proceeds 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.

A shelf registration allows a company to issue debt in one or more series and to take advantage of attractive market conditions efficiently and rapidly. This allows issuances to be made at lower cost and still facilitate ongoing review. The current shelf registration authority, approved by Commission Order No. 33264, dated April 1, 2015 was for two years. The Company currently has \$130,000,000 remaining under the existing shelf authority and the Company requests this authority remain in effect for 21 days following the date of the Commission's order when it would automatically expire if no petitions for reconsideration are received.

The Company's outstanding First Mortgage Bonds and unsecured senior debt are currently respectively rated A1 and A3 by Moody's Investors Service and A- and BBB by Standard & Poor's Rating Service. The existing shelf authority has the provision that if any rating falls below investment grade that the Company will make a filing to support the continued authority of unissued amounts. Staff proposes this provision continue especially since the proposed authority will be for three years compared to the current two-year authority.

STAFF RECOMMENDATION

Staff recommends the Commission grant the requested authority for the \$500 million shelf registration through May 31, 2019. This will allow the authority to align with the expected SEC authorization. Staff also recommends the Company be required to file supplemental information if the ratings fall below investment grade.

Staff recommends Idaho Power continue to file copies of all documents as described above. Idaho Power will file by letter seven days or as soon as possible prior to issuance the terms of issuance.

COMMISSION DECISION

Does the Commission approve the \$500 million shelf registration through May 19, 2019?

Does the Commission wish to establish the filing requirements described?


Terri Carlock