(text box: 1)BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)

OF IDAHO POWER COMPANY TO ENTER)

INTO CERTAIN FINANCING TRANSACTIONS)CASE NO. IPC-E-96-11

FOR THE REFUNDING OF NOT TO EXCEED )

$116,300,000  OF SWEETWATER COUNTY,)ORDER NO.  26521

WYOMING POLLUTION CONTROL)

REVENUE BONDS.)

                                                                                          )

On June 19, 1996, Idaho Power Company (“Idaho Power”) filed an Application for authority to enter into certain transactions for the refunding of one or more outstanding issues of pollution control revenue bonds issued by Sweetwater County, Wyoming.  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

The Commission has jurisdiction of this matter pursuant to Title 61, Idaho Code, Chapters 1 and 9.  Idaho Power 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, with its principal office in Boise, Idaho.

Idaho Power proposes to enter into agreements with Sweetwater County, Wyoming whereby Sweetwater County will issue and sell not to exceed $116,300,000 of aggregate principal amount of one or more series of pollution control revenue bonds (the “Refunding Bonds”) and loan the proceeds from such sales to Idaho Power.  Idaho Power will use the loan proceeds to redeem one or more outstanding series of pollution control revenue bonds issued by Sweetwater County (the “Outstanding Bonds”).  The Outstanding Bonds include the following:

1.$27,000,000 Sweetwater County, Wyoming, Pollution Control Revenue Bonds (Idaho Power Company Project) Series 1973.  Amount outstanding: $24,200,000.

2.$24,000,000 Sweetwater County, Wyoming, Pollution Control Revenue Bonds (Idaho Power Company Project) Series 1977.  Amount outstanding: $24,000,000.

3.$60,500,000 Sweetwater County, Wyoming, Flexible Demand Pollution Control Revenue Bonds (Idaho Power Company Project) Series 1983A, 1983B, 1983C and 1983D.  Amount outstanding:  $60,500,000.

4.$7,600,000 Sweetwater County, Wyoming, Flexible Demand Pollution Control Revenue Bonds (Idaho Power Company Project) Series 1984A.  Amount outstanding: $7,600,000.

To the extent that the proceeds of the Refunding Bonds are not immediately applied to the refunding of the Outstanding Bonds, they may be temporarily invested by the trustee in high grade, short-term taxable securities.

Idaho Power proposes to enter into the refunding transactions to secure lower average interest rates for the Refunding Bonds and/or extended average maturities for the Refunding Bonds, in order to achieve a lower overall interest expense for the Refunding Bonds.  The interest rate or rates may be fixed or variable for the initial issuance of the Refunding Bonds, and may be converted to fixed or variable rate(s) during the term(s) of the Refunding Bonds.   Idaho Power will 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 Refunding Bonds of the likely range of interest rates and other terms for said Bonds.

Idaho Power estimates that the Refunding Bonds will be issued in the second half of 1996, for the refunding of one or more series of the Outstanding Bonds, also in the second half of 1996.

Idaho Power will endeavor to extend the average maturities of the Refunding Bonds beyond the existing maturity dates of the Outstanding Bonds, where possible, to take advantage of the lower interest expense of the Refunding Bonds, as compared to Idaho Power’s taxable First Mortgage Bond opportunities.

Idaho Power states that each series of the Refunding Bonds will be issued pursuant to an indenture of trust, between Sweetwater County and a trustee.  Pursuant to loan agreements between Sweetwater County and Idaho Power, the proceeds from the sale of each series of the Refunding Bonds will be loaned to Idaho Power to pay for the refunding of one or more series of the Outstanding Bonds.  Under the loan agreements, Idaho Power will be obligated to pay absolutely and unconditionally, to the extent sufficient funds are not already in the possession of the trustee, the principal of, interest on, and premium, if any, on the Refunding Bonds as well as certain fees and expenses associated with the transactions.  Sweetwater County’s full faith and credit will not be pledged to the payment of the Refunding Bonds.

To achieve favorable ratings by national bond rating agencies for each series of the Refunding Bonds, Idaho Power may collateralize said Bonds with its own First Mortgage Bonds, or it may enter into guarantees, pledges or other security agreements or arrangements to insure timely payment of amounts due in respect of one or more series of the Bonds.  Idaho Power may also enter into letter of credit, insurance or other arrangements with unrelated parties pursuant to which such parties may lend additional credit or liquidity support to one or more series of the Refunding Bonds.  The purpose of such additional credit or liquidity support would be to enhance the credit rating of the Bonds and thereby reduce the interest expense of the Bonds.

The Refunding Bonds will be sold on a negotiated public offering basis by Sweetwater County to Goldman, Sachs & Co. and Morgan Stanley & Co. Incorporated (the “Underwriters”), pursuant to a contract of purchase.

The Underwriters will receive a fee of not greater than 1.00% of the aggregate principal amount of the Refunding Bonds offered.

CONCLUSIONS OF LAW

Idaho Power is an electrical corporation within the definition of Idaho Code § 61-119 and as a public utility within the definition of Idaho Code § 61-129.

The Idaho Public Utilities Commission has jurisdiction over this matter pursuant to the provisions of Idaho Code § 61-901 et seq., and the Application reasonably conforms to Rules 141 through 150 of the Commission’s Rules of Procedure, IDAPA 31.01.01.141-150.

The method of issuance is proper.

The general purposes to which the proceeds will be put are lawful purposes under the Public Utility Law of the state of Idaho and are compatible with the public interest.  However, this general approval of the general purposes to which the proceeds will be put is neither a finding of fact nor a conclusion of law that any particular construction program of the Company which may be benefitted by the approval of this Application has been considered or approved by this Order, and this Order shall not be construed to that effect.

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.

All fees have been paid by Idaho Power in accordance with Idaho Code § 61-905.

O R D E R

IT IS THEREFORE ORDERED that Idaho Power Company is granted authority to  (1) enter into contracts of purchase, loan agreements, letter of credit agreements and security agreements and such other agreements or arrangements as may be reasonably necessary in connection with the loan by Sweetwater County to Idaho Power of the proceeds of up to $116,300,000 aggregate principal amount of pollution control revenue refunding bonds, and (2) assume liability as guarantor, surety or otherwise with respect to the principal of, interest on, and premium, if any, on the Refunding Bonds, all for the purpose of effecting the refunding of one or more series of the Outstanding Bonds, under the terms and conditions of and as set forth in Idaho Power’s Application.

IT IS FURTHER ORDERED that Idaho Power 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 Refunding Bonds of the likely range of interest rates and other terms for the securities.

IT IS FURTHER ORDERED that Idaho Power, as soon as possible after completion of the transactions, shall file final copies of all documents designated in its Application.

IT IS FURTHER ORDERED that nothing in this Order and no provision 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 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 may petition for reconsideration within twenty-one (21) days of the service date of this Order.  Within seven (7) days after any person haspetitioned 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 July 1996.

                                                                                                                                       RALPH NELSON, PRESIDENT

                                                                                            MARSHA H. SMITH, COMMISSIONER

DENNIS S. HANSEN, COMMISSIONER

ATTEST:

Myrna J. Walters

Commission Secretary

vld/O:IPC-E-96-11.tc

**COMMENTS AND ANNOTATIONS**

Text Box 1:

**TEXT BOXES**

Office of the Secretary

Service Date

July 18, 1996