



**IDAHO
POWER**

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IDAHO POWER COMPANY
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PATRICK A. HARRINGTON
Attorney

VIA UPS

Ms. Vikie Bailey-Goggins
Oregon Public Utility Commission
550 Capitol St. NE
Salem, OR 97310-1380

July 17, 2008

Re: In the Matter of the Application of Idaho Power Company for an Order
Authorizing the Issuance and Sale of up to \$350,000,000 of Applicant's First
Mortgage Bonds and Debt Securities

UF 4244

Dear Ms. Bailey-Goggins:

Enclosed herewith for filing with the Commission are an original and four (4) copies of Idaho Power's Post-Issuance Report in the above referenced case. Idaho Power is also e-filing the Post-Issuance Report with the Commission.

Please feel free to contact me if you should have any questions regarding this filing.

Sincerely,


Patrick A. Harrington

Enclosures

c: Steven Storm - OPUC

Idaho Power Company
Post-issuance Report
\$120 million 6.025% Medium-Term Notes due 2018

UF 4244

On July 10, 2008, Idaho Power Company issued \$120 million of 10-year 6.025% Medium-Term Notes (“MTNs”). This was the Company’s first issuance from the \$350 million shelf registration which was approved by the Oregon Public Utility Commission (“Commission”) in Order No. 08-105 (“Order”) in the above referenced case.

Section 5 of the Staff Recommendation attached to the Order states:

Should the Company issue First Mortgage Bonds or Debt Securities having an interest rate exceeding the relevant maximum spread over treasuries (as in Table 2 of Attachment A), but falling within the all-in coupon rate (as in Table 3 of Attachment A), the Company will file a post-issuance Report with the Commission within 10 business days. This report will describe the prevailing market conditions for the Company’s debt, explain the reasons for the high level of spreads over treasuries, relative to the all-in coupon rate, and detail all steps taken by the Company to minimize the overall cost of the issuance.

The all-in coupon rate for the MTNs, including the agent’s commission, was 6.109%. This all-in rate represented a spread of 223.4 bps over the 10-year U.S. treasury, as compared with the 160 bps maximum spread over treasury set forth in Table 2 of the Order. However, the 6.109% all-in coupon rate for the MTNs was well below the maximum coupon rate of 7.00% set forth in Table 3 of the Order.

Because the MTNs exceeded the maximum spread over treasuries set forth in the Order, but fell within the maximum all-in coupon rate, Idaho Power is filing this post-issuance report with the Commission to:

- Describe the prevailing market conditions for the Company’s debt;
- Explain the reasons for the high level of spreads over Treasuries relative to the all-in coupon rate; and
- Detail the steps taken by the Company to minimize the overall cost of this issuance.

Corporate bond spreads, as represented by the JPMorgan JULI Industrial index (excludes financial sector), widened by roughly 130 bps from July 2007 to March 2008 due to the ongoing credit crisis, weakness in the financial and housing sectors, and general economic downturn. Spreads improved as the markets began to stabilize after the Bear Stearns bailout in March; however, renewed concerns related to rising inflation and continued financial sector weakness caused the markets to surrender most of their gains

in June. As market volatility increased, the new issue spread premium necessary to elicit adequate demand for offerings also rose. In early 2007 new issue premiums ranged from 2-10 bps but grew to 15-50 bps as the market weakened. This premium rose in conjunction with widening secondary market spreads, leading to substantially wider new issue spreads.

As the markets have exhibited greater volatility in the last 12 months corporate bond investors have shown a preference for purchasing liquid instruments that could be more easily traded in the open market. Investors have preferred large, liquid offerings from frequent issuers. Given their illiquid nature, smaller sized bond offerings (less than \$250 million) have had to price with an additional spread premium to compensate investors.

However, US Treasury rates moved inversely to spreads over the same time period, helping to buffer all-in yields/coupons of new issues. The 10-year UST yield peaked at 5.3% in June 2007 and fell to a low of 3.3% in March 2008 as investors exhibited a "flight to quality" from the equity market. On the stronger market tone in the second quarter of 2008 the 10-year yield rose to 4.3%; however, the Company was able to capitalize on a recent rally in rates, pricing the MTNs at a 10-year Treasury rate of 3.875%. The company was able to tactically sell the MTNs during a relatively quiet day in the bond market after the July 4th weekend and had strong demand for the MTNs that allowed us to price at the low end of the initial pricing guidance provided by our lead banks. All in all, Idaho Power believes the pricing results for the MTNs were very favorable in the current volatile financial markets.

IDAHO POWER COMPANY



Randy L. Mills
Finance Team Leader