

1 **BEFORE THE PUBLIC UTILITY COMMISSION**  
2 **OF OREGON**

3 **UF \_\_\_\_\_**

4 **IN THE MATTER OF THE**  
5 **INFORMATIONAL FILING OF IDAHO**  
6 **POWER COMPANY REGARDING SHORT-**  
7 **TERM LOANS TO IDAHO ENERGY**  
8 **RESOURCES CO**

9 **INFORMATIONAL FILING**

10 Pursuant to OAR 860-27-0041, Idaho Power Company ("Idaho Power"), hereby makes  
11 an informational filing with the Public Utility Commission of Oregon (the "Commission")  
12 relating to Idaho Power's provision of short-term loans to Idaho Energy Resources Co.  
13 ("IERCo") as described in this informational filing.

14 Idaho Power Company respectfully alleges:

15 (a) The exact name of the Company and the address of its principal business office  
16 are: Idaho Power Company, 1221 W. Idaho Street, P.O. Box 70, Boise, Idaho 83707-0070.  
17 Idaho Power is an electric public utility engaged principally in the generation, purchase,  
18 transmission, distribution and sale of electric energy in an approximately 24,000 square mile  
19 area in southern Idaho and in the counties of Baker, Malheur and Harney in eastern Oregon.

20 (b) The name and address of the person authorized on behalf of Idaho Power to  
21 receive notices, inquiries and communications in respect to this informational filing is:

22 Patrick A. Harrington  
23 Attorney  
24 Idaho Power Company  
25 P.O. Box 70  
26 Boise, ID 83707

(c) IERCo is a wholly-owned subsidiary of Idaho Power. IERCo was formed by  
Idaho Power to participate in the mining operations that supply coal to the Jim Bridger coal-  
fired generation plant near Rock Springs, Wyoming. More specifically, IERCo is a one-third  
partner in Bridger Coal Company ("BCC"), a joint-venture mining company which mines coal

1 at the Bridger coal mine for delivery to the Jim Bridger plant. The Jim Bridger plant is owned  
2 one-third by Idaho Power and two-thirds by PacifiCorp, and BCC is similarly owned one-third  
3 by IERCo and two-thirds by Pacific Minerals, Inc., a wholly-owned subsidiary of PacifiCorp.  
4 Although IERCo is a separate legal entity, it has no separate employees and is included as part  
5 of Idaho Power for ratemaking purposes

6 (d) No officer or director of Idaho Power or IERCo is a party to the contracts between  
7 Idaho Power and IERCo.

8 (e) Idaho Power transfers funds to IERCo on a periodic basis (typically weekly) to  
9 fund IERCo's one-third share of BCC's cost of operations. IERCo then transfers funds back to  
10 Idaho Power (typically monthly), plus interest, from the coal sales proceeds IERCo receives  
11 from BCC. The funds transfers by Idaho Power and repayments with interest by IERCo  
12 basically represent a loan arrangement, and the transfers are accounted for via an inter-company  
13 note. The inter-company note records the funds transfers from Idaho Power to IERCo and the  
14 IERCo repayments to Idaho Power from coal sales proceeds, including accrued interest. In  
15 addition, periodic payments of IERCo income taxes are made by Idaho Power, and tracked  
16 through the inter-company note. Any dividends that are declared by IERCo to Idaho Power are  
17 also accounted for via the inter-company note.

18 (f) Idaho Power typically transfers between \$1 million and \$4 million per month to  
19 IERCo for IERCo's ongoing capital and operating contributions to BCC. The outstanding  
20 principal balance on the Idaho Power-IERCo inter-company note as of June 2005 was  
21 \$29,335,205. The interest rate applied to IERCo's repayments under the inter-company note is  
22 based on the actual daily cost of short-term borrowings at Idaho Power, as calculated by Idaho  
23 Power's Funds Management Department. If Idaho Power is in an investment mode (no short-  
24 term borrowings outstanding), then the interest on the inter-company note is determined using  
25 the daily average interest rate earned on Idaho Power's short-term investments, as calculated by  
26

1 Idaho Power's Funds Management Department. Idaho Power anticipates that the total interest  
2 paid by IERCo under the inter-company note for 2005 will be approximately \$450,000.

3 (g) Idaho Power utilizes the above referenced short-term loan arrangement with  
4 IERCo as the most efficient method for transferring funds to IERCo for the funding of BCC's  
5 coal mining operations, which are critical to the operation of the Jim Bridger power plant.

6 (h) A copy of the inter-company note between Idaho Power and IERCo is attached  
7 hereto as Exhibit A.

8 (i) No resolutions are required in connection with Idaho Power's funds transfers to  
9 IERCo as described in this informational filing.

10 DATED this 21<sup>st</sup> day of October, 2005.

11  
12 ATER WYNNE, LLP

13 /s/ Lisa F. Rackner

14 Lisa Rackner  
15 Ater Wynne, LLP  
16 222 SW Columbia, Suite 1800  
17 Portland, OR 97201  
18 Telephone: (503) 226-8693  
19 FAX: (503) 226-0079  
20 E-mail: [lfr@aterwynne.com](mailto:lfr@aterwynne.com)

21 IDAHO POWER COMPANY

22 Patrick A. Harrington – Attorney  
23 Idaho Power Company  
24 P.O. Box 70  
25 Boise, ID 83707-0070  
26 Telephone: (208) 388-2878  
FAX: (208) 388-6936  
E-mail: [pharrington@idahopower.com](mailto:pharrington@idahopower.com)

October 21, 2005

VIA EMAIL AND US MAIL

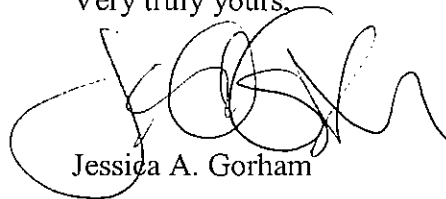
Filing Center  
Oregon Public Utility Commission  
550 Capitol Street NE #215  
PO Box 2148  
Salem, OR 97308-2148

Re: Idaho Power's Informational Filing re: Short-Term Loans to IERCo

Dear Sir or Madam:

Enclosed for filing is the original and three copies of Idaho Power Company's Informational Filing Regarding Short-Term Loans to Idaho Energy Resources Co. Please contact me with any questions.

Very truly yours,



Jessica A. Gorham

Enclosure

## INTER-COMPANY NOTE

between  
Idaho Power Company  
and  
Idaho Energy Resources, Co.

This Inter-Company Note, dated as of October 1, 2005 (the "Note"), is made and entered into between Idaho Power Company, an Idaho corporation ("IPCo") and Idaho Energy Resources, Co., a Wyoming corporation ("IERCo"). The parties agree as follows:

1. Subject to the terms and conditions of this Note, IPCo agrees to loan funds to IERCo for the funding of IERCo's one-third share of expenses of Bridger Coal Company, a joint venture mining company owned one-third by IERCo and two-thirds by Pacific Minerals, Inc. ("Bridger Coal"). The term of this Note shall extend until terminated by either party upon ninety (90) days' written notice to the other party ("Termination Date"). Subject to the terms of this Note, IERCo may borrow, re-pay, and re-borrow at any time on this Note prior to the Termination Date. IERCo shall pay the outstanding balance of principal and interest due, and all other unpaid obligations under this Note, in full on the Termination Date.
2. Borrowings by IERCo under this Note shall bear interest at the actual daily cost of short-term borrowings at IPCo as calculated by IPCo's Funds Management Department. If IPCo is in an investment mode (no short-term borrowings outstanding), then the interest will be the daily average of IPCo's short-term investments, as calculated by IPCo's Funds Management department. Such interest shall be applied monthly to the outstanding balance of principal and interest then due under this Note.
3. IPCo will record the amount and date of each borrowing under this Note, the interest accrued on the borrowing, and the date and amount of the each payment by IERCo with respect to such borrowing; provided, however, that failure to make any such recording shall not limit or otherwise affect IERCo's obligations hereunder. Statements will be provided by IPCo to IERCo regarding this Note whenever requested by IERCo.
4. Upon the occurrence of any of the following specified events of default by IERCo under this Note:
  - (a) IERCo shall fail to pay any amount of principal when due, or interest or any other sums payable within five (5) business days of when due, under this Note;

- (b) IERCo shall commence any bankruptcy, reorganization or similar case or proceeding relating to it or its property under the law of any jurisdiction, or a trustee or receiver shall be appointed for itself or any substantial part of its property, during the term of this Note; or
- (c) Any involuntary bankruptcy, reorganization or similar case or proceeding under the law of any jurisdiction shall have been commenced against IERCo or any substantial part of its property, and such case or proceeding shall not have been dismissed within 60 days, or IERCo shall have consented to such case or proceeding, during the term of this Note;

then the principal of, and any accrued interest on, each borrowing evidenced under this Note shall, unless IPCo shall agree otherwise in writing, become immediately due and payable in full, without protest, presentment, notice or demand, all of which are expressly waived by IERCo. In the event IERCo fails to pay any amount when due under this Note, such unpaid balance shall bear interest of 16% per annum effective from the due date until paid in full; provided, that in no circumstance will any interest rate under this Note exceed the maximum rate permitted by applicable law. If suit is brought to enforce payments due under this Note, the prevailing party shall be entitled to costs and reasonable attorney's fees (including allocated costs for in-house legal services).

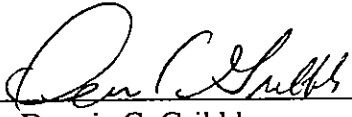
5. All payments to IPCo under this Note shall be made in immediately available funds at Wells Fargo Bank, Boise, ID, ABA Routing No. 121000248 for credit to Account of IPCo, Inc. Account No. 4000033514 or at such other office as IPCo may designate in writing. All advances to IERCo under this Note shall be made in immediately available funds at Wells Fargo Bank, Boise, ID, ABA Routing No. 121000248 for credit to Account of IERCo, Inc., Account No. 4000033522 or at such other office as IERCo may designate in writing. Any payment due hereunder on a day which is not a business day shall be payable on the next succeeding business day.

6. Neither party may assign this Note without the prior written consent of the other party.

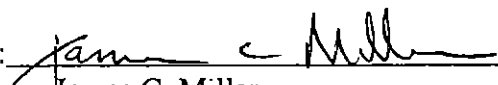
7. This Note shall be construed in accordance with and governed by the laws of the State of Idaho.

8. No provision of this Note may be waived, modified, or discharged orally, by course of dealing or otherwise, except in writing duly executed by both parties.

**IDAHO POWER COMPANY**

By:   
Name: Dennis C. Gribble  
Title: Vice President and Treasurer

**IDAHO ENERGY RESOURCES CO.**

By:   
Name: James C. Miller  
Title: Vice President