ORDER NO. 03-196

ENTERED APR 03 2003

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UF 4196

In the Matter of	)	
	)	
IDAHO POWER COMPANY	)	
	)	ORDER
Application for an Order Authorizing the	)	
Issuance and Sale of up to $300,000,000 of	)	
Applicant's First Mortgage Bonds, Debt	)	
Securities and/or Preferred Stock	)	

DISPOSITION: APPLICATION APPROVED WITH CONDITIONS

On March 3, 2003, Idaho Power Company filed an application with the Public Utility Commission (Commission) under ORS 757.415, seeking authority to issue and sell up to $300 million, in aggregate, among three types of securities (First Mortgage Bonds; Unsecured Debt Securities and/or Preferred Stock). The basis for the current request is detailed in Staff's recommendation memo, attached as Appendix A.

Based on a review of the application and the Commission's records, the Commission finds that this application satisfies applicable statutes and administrative rules. At its public meeting on March 31, 2003, the Commission adopted Staff's recommendation and approved Idaho Power Company's current request.

ORDER

IT IS ORDERED THAT the application of Idaho Power Company for approval to issue and sell up to $300 million in First Mortgage Bonds, Debt Securities and/or Preferred Equity is approved with the following conditions:

1. Idaho Power Company will file the usual Report of Securities Issued and Disposition of Net Proceeds statements as soon as possible after any issuance. Upon each issuance of the medium-term notes pursuant to the Prospectus Supplement, Idaho Power Company will file a Pricing Supplement with the

Commission providing a specific description of the terms and conditions of each issuance of the medium-term notes.

2. Idaho Power Company will demonstrate that the rate(s) it achieves on new securities is consistent with market rates or otherwise demonstrate that the rate it achieves is competitive. The demonstrations shall be filed as soon as possible after each issuance and sale and will include a demonstration that fees for partial issuances are reasonable.

3. Idaho Power Company shall demonstrate that any early refunding or any call provision or required sinking fund placed on the issuance is cost-effective.

4. Idaho Power Company shall demonstrate that the use of any hedging practices are cost effective.

5. The authorization should remain in effect as long as Idaho Power Company maintains debt ratings of at least BBB-/Baa3 (i.e., "investment-grade") from Standard & Poor's and Moody's Investors' Service, Inc., respectively on any debt security type it intends to market, i.e., senior-secured versus unsecured.

6. For ratemaking purposes, the Commission will reserve judgment on the reasonableness of Idaho Power Company's capital costs, capital structure and the commissions and expenses incurred for security issuances. In its next rate proceeding, Idaho Power Company will be required to show that its capital costs, including imbedded expenses, and structure are just and reasonable.

7. The interest rates and commissions will be consistent with the parameters specified in Idaho Power Company's application and detailed in Attachment A.

8. If any agents or underwriters are involved in the sale of the Bonds, the names of such, the initial price to the public, any applicable commissions or discounts and the net proceeds to Idaho Power Company 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 Idaho Power Company to the agents and the net proceeds to Idaho Power Company will be filed with the Commission.

Made, entered and effective ______________________________.

BY THE COMMISSION:

____
Becky L. Beier
Commission Secretary

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A party may appeal this order to a court pursuant to ORS 756.580.

ITEM NO. CA2

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: March 31, 2003

REGULAR ____ **CONSENT** __X__ **EFFECTIVE DATE** ____________________

DATE: March 13, 2003

TO: John Savage through Marc Hellman and Bryan Conway

FROM: Thomas D. Morgan

SUBJECT: IDAHO POWER COMPANY: (Docket No. UF 4196) Application for Authority to Issue and Sell up to $300 Million in Securities.

STAFF RECOMMENDATION:

The Commission should approve Idaho Power's (Idaho or Company) application subject to the following conditions and reporting requirements. All previous conditions remain in effect unless explicitly amended herein:

1) The Company should file the usual Report of Securities Issued and Disposition of Net Proceeds statements as soon as possible after any issuance. Upon each issuance of the medium-term notes pursuant to the Prospectus Supplement, the Company will file a Pricing Supplement with the Commission providing a specific description of the terms and conditions of each issuance of the medium-term notes.

2) The Company will demonstrate that the rate(s) it achieves on new securities is consistent with market rates or otherwise demonstrate that the rate(s) it achieves is competitive. The demonstrations should be filed as soon as possible after each issuance and sale. and will include a demonstration that fees for partial issuances are reasonable.

3) The Company should demonstrate that any early refunding or any call provision or required sinking fund placed on the issuance is cost-effective.

4) The Company should demonstrate that the use of any hedging practices are cost effective.

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5) The authorization should remain in effect as long as the Company maintains debt ratings of at least BBB-/Baa3 (i.e., "investment-grade") from Standard & Poor's and Moody's Investors' Service, Inc., respectively on any debt security type it intends to market, i.e., senior secured versus unsecured.

6) For ratemaking purposes, the Commission will reserve judgment on the reasonableness of the Company's capital costs, capital structure and the commissions and expenses incurred for security issuances. In its next rate proceeding, the Company will be required to show that its capital costs, including imbedded expenses, and structure are just and reasonable.

7) The interest rates and commissions will be consistent with the parameters specified in the Company's application and detailed in Attachment A.

8) If any agents or underwriters are involved in the sale of the Bonds, the names of such, the initial price to the public, any applicable commissions or discounts and the net proceeds to the Company 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 Company to the agents and the net proceeds to the Company will be filed with the Commission.

DISCUSSION:

On March 3, 2003, Idaho filed an application with the Commission, pursuant to Oregon Revised Statute (ORS) 757.415,[1] for the authority to issue and sell up to $300 million, in aggregate, among three types of securities:

1) First Mortgage Bonds, which may be designated as secured medium-term notes (Bonds or MTNs);
2) Unsecured Debt Securities (Debt or Debt Securities); and/or
3) Preferred Stock

The issuances will be made through public offerings pursuant to a shelf registration with the SEC or via private placements exempt from SEC registration.

[1] Purposes allowed by law include the acquisition of utility property, the construction, extension or improvement of utility facilities, the improvement or maintenance of service, the discharge or lawful refunding of obligations that were incurred for utility purposes (such as higher cost debt or preferred stock) or the reimbursement of the Company's treasury for funds used for the foregoing purposes, all as permitted under ORS 757.415(1).

BONDS

The Company's outstanding senior secured senior debt is currently rated "A2" by Moody's Investors Service; and "A" by Standard & Poor's Corporation.

The Company proposes to issue one or more series of the Bonds pursuant to its Indenture of Mortgage and Deed of Trust, dated as of October 1, 1937 between the Company and Bankers Trust Company (now Deutsche Bank Trust Company Americas) (the "Trustee") and R.G. Page (Stanley Burg, successor individual trustee), as trustees, as supplemented and amended.

The Company may enter into interest rate hedging arrangements with respect to the Bonds, including treasury interest rate locks, treasury interest rate caps and/or treasury interest rate collars. The Bonds will be secured equally with the other First Mortgage Bonds of the Company.

The Bonds may be designated as secured medium-term notes (MTNs) with maturities from nine months to thirty years. Upon each issuance of the MTNs pursuant to the Prospectus Supplement, the Company will file a Pricing Supplement with the Commission providing the terms and conditions of each issuance of the MTNs.

The Bonds may be sold by public sale or private placement, directly by the Company or through agents, underwriters or dealers.

The interest rates, underwriting commissions and other expenses will be limited to those detailed in Attachment A.

DEBT SECURITIES

The Company's outstanding unsecured senior debt is currently rated "A3" by Moody's Investors Service; "BBB+" by Standard & Poor's Corporation; and "A-" by Fitch IBCA. Any Debt Securities that may be sold privately will likely not be rated.

The Company may enter into interest rate hedging arrangements with respect to the Debt Securities, including treasury interest rate locks, treasury interest rate caps and/or treasury interest rate collars.

The interest rates, underwriting commissions and other expenses will be limited to those detailed in Attachment A.

PREFERRED STOCK

If the Company chooses to issue Preferred stock, the dividend rate will not exceed 7.25 percent and the all-in cost (including underwriter commissions but excluding other issuance expenses) will be no more than 7.52 percent per annum. The Preferred Stock's effective cost (including other issuance expenses) will be no more than 7.53 percent per annum.

RATES AND FEES

The total expense for issuance, underwriting and insurance is detailed in Attachment A and assumes that all of the debt capacity is used. The Company will be expected to show that expenses on any partial issuance is cost-effective. The total fees appear reasonable based on past Commission approvals. Assuming that all of the capacity approved under this application were to be issued, the total expenses will not be greater than the sum of those itemized, although the approval will not place a ceiling on individual expenses. Condition 6 requires that the total expenses imbedded in any security are reasonable.

No fees or commissions (other than attorneys, accountants and similar technical services) will be paid by Company, other than the underwriters' or agents' commission or spread, for and in connection with the sale of the Bonds, Debt Securities or Preferred Stock.

Based on Staff's review, approval of Idaho's application with the proposed conditions will provide reasonable access to the capital markets and is therefore in the public interest.

PROPOSED COMMISSION MOTION:

Idaho's application for the authority to issue up to $300 million in First Mortgage Bonds, Debt Securities and/or Preferred Equity is approved with Staff's Conditions.

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ATTACHMENT 1

BOND AND DEBT COMMISSIONS

Range of Maturities	Commission (Percentage of Aggregate Principal Amount of Notes Sold)
From 9 months to less than 1 year	.125%
From 1 year to less than 18 months	.150%
From 18 months to less than 2 years	.200%
From 2 years to less than 3 years	.250%
From 3 years to less than 4 years	.350%
From 4 years to less than 5 years	.450%
From 5 years to less than 6 years	.500%
From 6 years to less than 7 years	.550%
From 7 years to less than 10 years	.600%
From 10 years to less than 15 years	.625%
From 15 years to less than 20 years	.675%
20 years and more	.750%

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The cost of issuance of medium-term notes to the Company will fall within the spread over the respective U.S. Treasury bond or note as set forth below, where the cost to the Company is calculated as the cost to maturity reflecting the coupon on the medium-term note and the appropriate commission:

BOND AND DEBT SPREAD LIMITATIONS

Maturity		Maximum Spread Over Benchmark Treasury Yield[2]
Equal to or Greater Than	Less Than	
9 months	2 years	+90 basis points[3]
2 years	3 years	+100 basis points
3 years	4 years	+115 basis points
4 years	6 years	+120 basis points
6 years	9 years	+125 basis points
9 years	10 years	+130 basis points
10 years	11 years	+135 basis points
11 years	15 years	+138 basis points
15 years	20 years	+140 basis points
20 years	30 years	+155 basis points

[2] The Benchmark Treasury Yield with respect to any medium-term note maturity range means the yield to maturity of that issue of direct obligations of the United States which, out of all actively traded issues of such obligations with a remaining term to maturity within such note maturity rate, is generally considered by dealers in such obligations to be the standard for such obligations, whether federal, state or corporate, with approximately the same remaining terms to maturity. With respect to the issuance of any medium-term note, the Benchmark Treasury Yield shall be determined as of the time the commitment to purchase such note is received by the Company and the agents.

[3] Basis point is defined as one-one-hundredth of a percentage point; i.e., 100 basis points equals 1 percent.

BOND AND DEBT TOTAL EXPENSE LIMITS:

Securities and Exchange Commission Fees	$ 75,000
Regulatory Agency Fees	5,000
Company's and Underwriter's Counsel Fees	150,000
Accounting Fees	15,000
Printing and Engraving Fees	15,000
Rating Agency Fees	80,000
Miscellaneous Costs	25,000
TOTAL	$365,000

PREFERRED STOCK TOTAL EXPENSE LIMIT:

Securities and Exchange Commission Fees	$ 27,600
Regulatory Agency Fees	5,000
Company's and Underwriter's Counsel Fees	200,000
Accounting Fees	20,000
Printing and Engraving Fees	55,000
Rating Agency Fees	213,000
Miscellaneous Costs	22,250
TOTAL	$542,850

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