

ORDER NO. 03-766

ENTERED DEC 29 2003

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BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UF 4201

In the Matter of)	
)	
IDAHO POWER COMPANY)	ORDER
)	
Application for authority to issue and sell up to)	
\$40,000,000 of Common Stock.)	

**DISPOSITION: APPLICATION APPROVED WITH CONDITIONS
AND REPORTING REQUIREMENTS**

On December 5, 2003, Idaho Power Company (Idaho) filed an application with the Public Utility Commission of Oregon (Commission), pursuant to ORS 757.415, for the authority to issue and sell up to \$40 million, in aggregate, of common stock to its parent company, IDACORP, Inc. (IDACORP), the sole owner of Idaho Power's common equity.

Idaho represents that the proceeds will only be used for purposes allowed by law. Such purposes 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 Idaho's treasury for funds used for the foregoing purposes. 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 December 18, 2003, the Commission adopted Staff's recommendation and approved Idaho's current request.

ORDER

IT IS ORDERED that the application of Idaho Power Company to issue up to \$40 million in common stock to IDACORP, Inc., is approved with the following conditions and reporting requirements:

1. Idaho Power Company shall file the usual Report of Securities Issued and Disposition of Net Proceeds statements as soon as possible after any issuance. This report shall include the total amount, per unit price, total expenses and net proceeds of the issuance. Idaho Power Company shall include a copy of the report that details the analysis from which the valuation of shares is derived, including underlying assumptions and supporting material.
2. 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.
3. The authorization shall 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.

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. CA3

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 18, 2003**

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** _____ N/A

DATE: December 8, 2003

TO: Lee Sparling through Marc Hellman and Bryan Conway

FROM: Thomas D. Morgan

SUBJECT: IDAHO POWER COMPANY: (Docket UF 4201) Application for the approval to issue up to \$40 Million of common stock to IDACORP, Inc.

STAFF RECOMMENDATION:

The Commission should approve Idaho Power's (Idaho or Company) application subject to the following conditions and reporting requirements:

- 1) The Company shall file the usual Report of Securities Issued and Disposition of Net Proceeds statements as soon as possible after any issuance. This report shall include the total amount, per unit price, total expenses and net proceeds of the issuance. The Company shall include a copy of the report that details the analysis from which the valuation of shares is derived including underlying assumptions and supporting material.
- 2) 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.
- 3) The authorization shall 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.

DISCUSSION:

On December 5, 2003, Idaho filed an application with the Commission, pursuant to Oregon Revised Statute (ORS) 757.415, for the authority to issue and sell up to \$40

million, in aggregate, of common stock to its parent company, IDACORP, Inc. (IDACORP), the sole owner of Idaho Power's common equity.

Idaho represents that the proceeds will only be used for purposes allowed by law. Such purposes 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.

The equity funding, anticipated on or before March 31, 2004, will promote a more balanced Idaho's capital structure, and support Idaho's credit quality.

The issuance will be made directly to IDACORP without the need for underwriters or selling agents. Since the issuance will be private, it will be exempt from SEC registration. No fees or commissions (other than attorneys, accountants and similar technical services) will be paid by Company for and in connection with the sale of the Stock.

The total expense for issuance is expected to be no greater than \$50,000. The total fees are reasonable.

Idaho's application includes an affiliated interest transaction governed by ORS 757.495. The application is consistent with the proper performance by the Company as a regulated public utility, will not impair the ability to perform that service, and is appropriate for the purpose allowed by law. The application details the required information for the affiliated interest transaction and no additional informational filing will be necessary.

Based on Staff's review, approval of Idaho's application with the proposed conditions will provide reasonable access to the capital markets. The application appears fair and reasonable and not contrary to the public interest.

PROPOSED COMMISSION MOTION:

Idaho Power's application for the authority to issue up to \$40 million in Common Equity is approved with Staff's Conditions.

UF 4201 - Idaho Power Application for \$40 Million Equity