

Exhibit M

Applicant's Financial Capability

Boardman to Hemingway Transmission Line Project



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Preliminary Application for Site Certificate

February 2013

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ACRONYMS AND ABBREVIATIONS

Note: Not all acronyms and abbreviations listed will appear in this Exhibit.

°C	degrees Celsius
4WD	4-wheel-drive
A	ampere
A/ph	amperes/phase
AC	alternating current
ACDP	Air Contaminant Discharge Permit
ACEC	Area of Critical Environmental Concern
ACSR	aluminum conductor steel reinforced
AIMP	Agricultural Impact Mitigation Plan
AMS	Analysis of the Management Situation
aMW	average megawatt
ANSI	American National Standards Institute
APE	Area of Potential Effect
APLIC	Avian Power Line Interaction Committee
ARPA	Archaeological Resource Protection Act
ASC	Application for Site Certificate
ASCE	American Society of Civil Engineers
ASP	Archaeological Survey Plan
AST	aboveground storage tank
ASTM	American Society of Testing and Materials
ATC	available transmission capacity
ATV	all-terrain vehicle
AUM	animal unit month
B2H	Boardman to Hemingway Transmission Line Project
BCCP	Baker County Comprehensive Plan
BCZSO	Baker County Zoning and Subdivision Ordinance
BLM	Bureau of Land Management
BMP	best management practice
BPA	Bonneville Power Administration
BOR	Bureau of Reclamation
C and D	construction and demolition
CAA	Clean Air Act
CadnaA	Computer-Aided Noise Abatement
CAFE	Corona and Field Effects
CAP	Community Advisory Process
CBM	capacity benefit margin
CFR	Code of Federal Regulations
CH	critical habitat
CIP	critical infrastructure protection
CL	centerline
cm	centimeter
cmil	circular mil
COA	Conservation Opportunity Area
CO ₂ e	carbon dioxide equivalent

COM Plan	Construction, Operations, and Maintenance Plan
CPCN	Certificate of Public Convenience and Necessity
cps	cycle per second
CRP	Conservation Reserve Program
CRT	cathode-ray tube
CRUP	Cultural Resource Use Permit
CSZ	Cascadia Subduction Zone
CTUIR	Confederated Tribes of the Umatilla Indian Reservation
CWA	<i>Clean Water Act of 1972</i>
CWR	Critical Winter Range
dB	decibel
dBA	A-weighted decibel
DC	direct current
DoD	Department of Defense
DOE	U.S. Department of Energy
DOGAMI	Oregon Department of Geology and Mineral Industries
DPS	Distinct Population Segment
DSL	Oregon Department of State Lands
EA	environmental assessment
EDRR	Early Detection and Rapid Response
EIS	Environmental Impact Statement (DEIS for Draft and FEIS for Final)
EFSC or Council	Energy Facility Siting Council
EFU	Exclusive Farm Use
EHS	extra high strength
EMF	electric and magnetic fields
EPA	Environmental Protection Agency
EPC	Engineer, Procure, Construct
EPM	environmental protection measure
EPRI	Electric Power Research Institute
ERO	Electric Reliability Organization
ERU	Exclusive Range Use
ESA	Endangered Species Act
ESCP	Erosion and Sediment Control Plan
ESU	Evolutionarily Significant Unit
EU	European Union
FAA	Federal Aviation Administration
FCC	Federal Communication Commission
FEMA	Federal Emergency Management Agency
FERC	Federal Energy Regulatory Commission
FFT	find, fix, track, and report
FLPMA	Federal Land Policy and Management Act
Forest Plan	Land and Resource Management Plan
FPA	Forest Practices Act
FSA	Farm Services Agency
FWS	U.S. Fish and Wildlife Service
G	gauss

GeoBOB	Geographic Biotic Observation
GF	Grazing Farm Zone
GHG	greenhouse gas
GHz	gigahertz
GIL	gas insulated transmission line
GIS	geographic information system
GPS	Global Positioning System
GRMW	Grande Ronde Model Watershed
GRP	Grassland Reserve Program
HAC	Historic Archaeological Cultural
HCNRA	Hells Canyon National Recreation Area
HPFF	high pressure fluid-filled
HPMP	Historic Properties Management Plan
HUC	Hydrologic Unit Code
Hz	hertz
I-84	Interstate 84
ICC	International Code Council
ICES	International Committee on Electromagnetic Safety
ICNIRP	International Commission on Non-Ionizing Radiation Protection
IDAPA	Idaho Administrative Procedures Act
IDEQ	Idaho Department of Environmental Quality
IDFG	Idaho Department of Fish and Game
IDWR	Idaho Department of Water Resources
ILS	intensive-level survey
IM	Instructional Memorandum
INHP	Idaho Natural Heritage Program
INRMP	Integrated Natural Resources Management Plan
IPC	Idaho Power Company
IPUC	Idaho Public Utilities Commission
IRP	integrated resource plan
IRPAC	IRP Advisory Council
ISDA	Idaho State Department of Agriculture
JPA	Joint Permit Application
KCM	thousand circular mils
kHz	kilohertz
km	kilometer
KOP	Key Observation Point
kV	kilovolt
kV/m	kilovolt per meter
kWh	kilowatt-hour
L _{dn}	day-night sound level
L _{eq}	equivalent sound level
lb	pound
LCDC	Land Conservation and Development Commission
LDMA	Lost Dutchman's Mining Association
LiDAR	light detection and ranging
LIT	Local Implementation Team

LMP	land management plan
LOLE	Loss of Load Expectation
LRMP	land and resource management plan
LUBA	Land Use Board of Appeals
LWD	large woody debris
m	meter
mA	milliampere
MA	Management Area
MAIFI	Momentary Average Interruption Frequency Index
MCC	Malheur County Code
MCCP	Morrow County Comprehensive Plan
MCE	Maximum Credible Earthquake
MCZO	Morrow County Zoning Ordinance
mG	milligauss
MHz	megahertz
mm	millimeter
MMI	Modified Mercalli Intensity
MP	milepost
MPE	maximum probable earthquake
MRI	magnetic resonance imaging
MVAR	megavolt ampere reactive
Mw	mean magnitude
MW	megawatt
$\mu\text{V/m}$	microvolt per meter
N ₂ O	nitrous oxide
NAIP	National Agriculture Imagery Program
NED	National Elevation Dataset
NEMS	National Energy Modeling System
NEPA	<i>National Environmental Policy Act of 1969</i>
NERC	North American Electric Reliability Corporation
NESC	National Electrical Safety Code
NF	National Forest
NFPA	National Fire Protection Association
NFS	National Forest System
NGDC	National Geophysical Data Center
NHD	National Hydrography Dataset
NHOTIC	National Historic Oregon Trail Interpretive Center
NHT	National Historic Trail
NIEHS	National Institute of Environmental Health Sciences
NIST	National Institute of Standards and Technology
NOAA	National Oceanic and Atmospheric Administration
NOAA Fisheries	National Oceanic and Atmospheric Administration Fisheries Division
NOI	Notice of Intent to File an Application for Site Certificate
NOV	Notice of Violation
NPDES	National Pollutant Discharge Elimination System
NRCS	Natural Resources Conservation Service

NRHP	National Register of Historic Places
NSR	noise sensitive receptor
NTTG	Northern Tier Transmission Group
NWGAP	Northwest Regional Gap Analysis Landcover Data
NWI	National Wetlands Inventory
NWPP	Northwest Power Pool
NWR	National Wildlife Refuge
NWSRS	National Wild and Scenic Rivers System
NWSTF	Naval Weapons Systems Training Facility
O ₃	ozone
O&M	operation and maintenance
OAIN	Oregon Agricultural Information Network
OAR	Oregon Administrative Rules
OATT	Open Access Transmission Tariff
ODA	Oregon Department of Agriculture
ODEQ	Oregon Department of Environmental Quality
ODF	Oregon Department of Forestry
ODFW	Oregon Department of Fish and Wildlife
ODOE	Oregon Department of Energy
ODOT	Oregon Department of Transportation
OHGW	overhead ground wire
OHV	off-highway vehicle
OPGW	optical ground wire
OPRD	Oregon Parks and Recreation Department
OPS	U.S. Department of Transportation, Office of Pipeline Safety
OPUC	Public Utility Commission of Oregon
OR	Oregon (State) Highway
ORBIC	Oregon Biodiversity Information Center
ORS	Oregon Revised Statutes
ORWAP	Oregon Rapid Wetland Assessment Protocol
OS	Open Space
OSDAM	Oregon Streamflow Duration Assessment Methodology
OSHA	Occupational Safety and Health Administration
OSSC	Oregon Structural Specialty Code
OSWB	Oregon State Weed Board
OWC	Oregon Wetland Cover
P	Preservation
PA	Programmatic Agreement
pASC	Preliminary Application for Site Certificate
PAT	Project Advisory Team
PCE	Primary Constituent Element
PEM	palustrine emergent
PFO	palustrine forested
PGA	peak ground acceleration
PGE	Portland General Electric
PGH	Preliminary General Habitats
Pike	Pike Energy Solutions

PNSN	Pacific Northwest Seismic Network
POD	Plan of Development
POMU	Permit to Operate, Maintain and Use a State Highway Approach
PPH	Preliminary Priority Habitats
Project	Boardman to Hemingway Transmission Line Project
PSD	Prevention of Significant Deterioration
PSS	palustrine scrub-shrub
R	Retention
R-F	removal-fill
RCM	Reliability Centered Maintenance
RCRA	Resource Conservation and Recovery Act
ReGAP	Regional Gap Analysis Project
RFP	request for proposal
RLS	reconnaissance-level survey
RMP	resource management plan
ROD	Record of Decision
ROE	right of entry
RNA	research natural area
ROW	right-of-way
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index
SC	Sensitive Critical
SEORMP	Southeastern Oregon Resource Management Plan
SF6	sulfur hexafluoride
Shaw	Shaw Environmental and Infrastructure, Inc.
SHPO	State Historic Preservation Office
SLIDO	Statewide Landslide Inventory Database for Oregon
SMS	Scenery Management System
SMU	Species Management Unit
SPCC	Spill Prevention, Containment, and Countermeasures
SRMA	Special Recreation Management Area
SRSAM	Salmon Resources and Sensitive Area Mapping
SSURGO	Soil Survey Geographic Database
STATSGO	State Soil Geographic Database
SUP	special-use permit
SV	Sensitive Vulnerable
SWPPP	Stormwater Pollution Prevention Plan
T/A/Y	tons/acre/year
TDG	Total Dissolved Gas
TES	threatened, endangered, and sensitive (species)
TG	Timber Grazing
TMIP	Transmission Maintenance and Inspection Plan
TNC	The Nature Conservancy
tpy	tons per year
TSD	treatment, storage, and disposal
TV	television
TVES	Terrestrial Visual Encounter Surveys

TVMP	Transmission Vegetation Management Program
UBAR	Umatilla Basin Aquifer Restoration
UBWC	Umatilla Basin Water Commission
UCDC	Umatilla County Development Code
UCZPSO	Union County Zoning, Partition and Subdivision Ordinance
UDP	Unanticipated Discovery Plan
U.S.	United States
USACE	U.S. Army Corps of Engineers
U.S.C.	United States Code
USDA	U.S. Department of Agriculture
USFS	U.S. Department of Agriculture, Forest Service
USGS	U.S. Geological Survey
UWIN	Utah Wildlife in Need
V/C	volume to capacity
V	volt
VAHP	Visual Assessment of Historic Properties
VMS	Visual Management System
VQO	Visual Quality Objective
VRM	Visual Resource Management
WAGS	Washington ground squirrel
WCU	Wilderness Characteristic Unit
WECC	Western Electricity Coordinating Council
WHO	World Health Organization
WMA	Wildlife Management Area
WOS	waters of the state
WOUS	waters of the United States
WPCF	Water Pollution Control Facility
WR	winter range
WRCC	Western Regional Climate Center
WRD	(Oregon) Water Resources Division
WRP	Wetland Reserve Program
WWE	West-wide Energy
XLPE	cross-linked polyethylene

1 Exhibit M

2 Applicant's Financial Capability

3 1.0 INTRODUCTION

4 Exhibit M demonstrates that the Boardman to Hemingway Transmission Line Project (Project)
5 complies with the approval standards for financial assurance, in compliance with Oregon
6 Administrative Rule (OAR) 345-022-0050, based on information provided pursuant to OAR 345-
7 021-0010(1)(m). Specifically, Exhibit M demonstrates that Idaho Power Company (IPC) has the
8 financial capability to obtain a letter of credit in an amount sufficient to restore the Project site to
9 a useful, non-hazardous condition.

10 As discussed in Exhibit W, the Project is expected to remain in service indefinitely, and for that
11 reason there is no substantial risk that it will ever be retired. Moreover, as described further in
12 Section 3 below, IPC is a rate-regulated public utility under the jurisdiction of the Public Utility
13 Commission of Oregon (OPUC), and as such, there is virtually no risk that IPC will be unable to
14 finance the cost of retirement and restoration in the highly unlikely event that that the Project is
15 retired. Additionally, the cost of maintaining a bond throughout the life of the Project would be
16 prohibitive—and would fall directly on IPC's customers—many of whom are also citizens of
17 Oregon. For these reasons, as discussed in more detail herein, the Energy Facility Siting
18 Council (EFSC or Council) should refrain from requiring IPC to maintain a bond or letter of credit
19 for the retirement and restoration of the Project, and instead should require IPC to demonstrate
20 only that it would have the *ability* to obtain such letter of credit if ever required by the Council.

21 2.0 APPLICABLE RULES AND STATUTES

22 EFSC's Financial Assurance standard is set forth in OAR 345-022-0050(2). This standard
23 requires that, to issue a site certificate, the Council must find that:

24 *The applicant has a reasonable likelihood of obtaining a bond or letter of credit in a form*
25 *and amount satisfactory to the Council to restore the site to a useful, non-hazardous*
26 *condition.*

27 To demonstrate compliance with this standard, and in accordance with OAR 345-021-
28 0010(1)(m), Exhibit M must include the following:

29 *(A) An opinion or opinions from legal counsel stating that, to counsel's best*
30 *knowledge, the applicant has the legal authority to construct and operate the facility*
31 *without violating its bond indenture provisions, articles of incorporation, common*
32 *stock covenants, or similar agreements.*

33 *(B) The type and amount of the applicant's proposed bond or letter of credit to meet*
34 *the requirements of OAR 345-022-0050.*

35 *(C) Evidence that the applicant has a reasonable likelihood of obtaining the*
36 *proposed bond or letter of credit in the amount proposed in paragraph (B), before*
37 *beginning construction of the facility.*

38 The Project Order states that all paragraphs of OAR 345-021-0010(1)(m) apply, and
39 contains no additional direction regarding the preparation of Exhibit M. As documented in
40 Table M-1 (Submittal Requirements Matrix), IPC has drafted Exhibit M to respond to each

1 paragraph of OAR 345-021-0010(1)(m) described above, and the financial assurance
2 standard set forth in OAR 345-022-0050(2).

3 **3.0 ANALYSIS**

4 **3.1 Opinion of Legal Counsel**

5 **OAR 345-021-0010(1)(m)(A)**

6 An opinion or opinions from legal counsel stating that, to the counsel's best knowledge, the applicant
7 has the legal authority to construct and operate the facility without violating its bond indenture
8 provisions, articles of incorporation, common stock covenants, or similar agreements.

9 Attachment M-1 to Exhibit M is an opinion from IPC's legal counsel, Rex Blackburn, stating that
10 to counsel's best knowledge, IPC has the legal authority to construct and operate the Project
11 without violating its bond indenture provisions, as supplemented, articles of incorporation,
12 bylaws (which together with the articles of incorporation contain all covenants pertaining to
13 common stock), credit agreement, or similar agreements.

14 **3.2 Proposed Type and Amount of Bond or Comparable Security**

15 **OAR 345-021-0010(1)(m)(B)**

16 The type and amount of the applicant's proposed bond or letter of credit to satisfy the requirements of
17 OAR 345-022-0050.

18 IPC proposes to satisfy the requirements of OAR 345-022-0050(2) by providing evidence that it
19 has the financial capability to obtain a bond or letter of credit in the amount of the estimated
20 costs of retiring the Project and returning the site to a useful and nonhazardous condition, if
21 such a bond or letter of credit is ever requested by the Council. IPC has provided this evidence
22 below in Section 3.3 of this Exhibit M.

23 IPC's proposed approach to satisfying the Council's financial assurances standard is informed
24 by the following factors, which are discussed in more detail in Attachment M-2:

- 25 • The extremely low risk that, once built, the Project will ever be taken out of service.
- 26 • The extremely low risk that IPC would be without the financial ability to restore the site
27 adequately to a useful, non-hazardous condition in the unlikely event the Project is taken
28 out of service. Not only does IPC maintain very significant financial strength and access
29 to secured and unsecured debt capital, it is a rate-regulated public utility under the
30 jurisdiction of the OPUC and the Idaho Public Utility Commission (IPUC) Both of these
31 agencies are charged with approving rates for IPC--**including the recovery of the**
32 **costs associated with decommissioning facilities.**
- 33 • The fact that the substantial costs associated with maintaining a bond or letter of credit
34 for decommissioning the Project, if required, would be borne by IPC's customers, many
35 of whom are citizens of the State of Oregon.

36 Additionally, IPC proposes to supplement the evidence provided in Section 3.3 with the
37 following commitments:

- 38 • In the unlikely event that the Project will be removed from service, prior to commencing
39 removal of the Project from service, IPC will prepare an EFSC-approved retirement plan,
40 as required by OAR 345-027-0020(9) and OAR 345-027-0110. IPC's plan will include

1 information regarding the availability of adequate funds for completion of retirement
2 activities, which may include a specific decommissioning tariff to be filed with the OPUC
3 to recover the costs of removal of facilities and restoration of the Project site to a useful,
4 non-hazardous condition.¹

- 5 • During construction of the Project, IPC will provide the Council an updated letter in form
6 and substance similar to the letter described in Section 3.3 and provided as Attachment
7 M-3 on an annual basis. This annual letter confirming IPC's ability to obtain a bond or
8 letter of credit will provide reasonable assurance to EFSC that, in the highly unlikely
9 event that Project construction begins but is not completed, any facilities built would be
10 removed and the Project site would be restored to a useful, non-hazardous condition.

11 3.3 Evidence of Reasonable Likelihood of Obtaining Security

12 OAR 345-021-0010(1)(m)(C)

13 Evidence that applicant has a reasonable likelihood of obtaining a bond or other security before
14 beginning construction.

15 IPC submits Attachment M-3, a letter from Wells Fargo Bank, as evidence that IPC has the
16 financial capability to obtain a letter of credit in the amount of the retirement and
17 decommissioning costs estimated for the Project in Exhibit W. The letter states the bank's
18 willingness to furnish or arrange a letter of credit to cover the full costs of retiring the Project and
19 returning the site to a useful and non-hazardous condition.

20 In addition, IPC provides the following information as evidence that it has the capability to meet
21 all requirements for retirement and restoration of the Project site, and if necessary, obtain a
22 bond, letter of credit, or other form of financial assurance acceptable to EFSC:

- 23 • IPC is a vertically integrated, regulated utility that operates a large fleet of assets,
24 including generation, transmission, and distribution facilities. IPC has remained in
25 business without interruption or default for over 100 years.
- 26 • IPC is a rate-regulated utility under the jurisdiction of the IPUC and the OPUC. Both the
27 IPUC and OPUC are required to set rates that include the reasonable costs of providing
28 service to its customers, plus a return on the property used to provide service. The rates
29 set by both state commissions include the costs associated with retiring facilities that are
30 taken out of service.
- 31 • IPC maintains credit ratings that have historically enabled it to access secured and
32 unsecured debt at reasonable rates and under acceptable terms. Historically, IPC has
33 maintained a shelf registration statement with the U.S. Securities and Exchange
34 Commission for the issuance of medium-term secured notes, which has provided IPC
35 with a relatively liquid market for the sale of debt securities.
- 36 • IPC has in place a \$300 million credit facility with a syndicate of large financial
37 institutions, with a termination date of October 2017.
- 38 • IPC may, when necessary, obtain capital contributions from its parent entity, IDACORP,
39 Inc. IDACORP, Inc. has access to debt and equity markets, and has on file a registration
40 statement with the U.S. Securities and Exchange Commission for the issuance of
41 unsecured debt or equity securities. This provides IPC with access to equity capital.

¹ For example, in connection with the decommissioning Portland General Electric's Boardman coal plant (of which IPC owns a 10 percent share), the OPUC approved a decommissioning tariff for IPC's cost of retirement and removal of the plant and related facilities. See OPUC Order No. 12-235.

- 1 • The capability of IPC to successfully finance the construction of the Project is significant
 2 evidence of IPC's financial strength, including its financial capability to retire and remove
 3 the Project, if necessary.

4 **4.0 CONCLUSION**

5 IPC's Exhibit M fulfills the requirements of OAR 345-021-0010(1)(m), and establishes that IPC
 6 has a reasonable likelihood of obtaining a bond or letter of credit in a form and amount
 7 satisfactory to the Council to restore the site to a useful, non-hazardous condition. Therefore,
 8 IPC has demonstrated that it complies with the section of the Retirement and Financial
 9 Assurance approval standard that is set forth in OAR 345-022-0050(2).

10 **5.0 SUBMITTAL AND APPROVAL COMPLIANCE MATRIX**

11 Table M-1 provides cross references between Exhibit submittal requirements of OAR 345-021-
 12 0010 and where discussion can be found in this Exhibit.

13 **Table M-1.** Submittal Requirements Matrix

Requirement	Location
OAR 345-021-0010(1)(m)	
(A) An opinion or opinions from legal counsel stating that, to counsel's best knowledge, the applicant has the legal authority to construct and operate the facility without violating its bond indenture provisions, articles of incorporation, common stock covenants, or similar agreements.	Section 3.1, Attachment M-1
(B) The type and amount of the applicant's proposed bond or letter of credit to meet the requirements of OAR 345-022-0050.	Section 3.2, Attachment M-2 and Attachment M-3
(C) Evidence that the applicant has a reasonable likelihood of obtaining the proposed bond or letter of credit in the amount proposed in paragraph (B), before beginning construction of the facility.	Section 3.3, Attachment M-3
OAR 345-022-0050	
(2) The applicant has a reasonable likelihood of obtaining a bond or letter of credit in a form and amount satisfactory to the Council to restore the site to a useful, non-hazardous condition.	Section 3.3, Attachment M-3

14

15 **6.0 RESPONSE TO COMMENTS FROM REVIEWING AGENCIES AND** 16 **THE PUBLIC**

17 There were no comments from reviewing agencies and the public regarding Exhibit M.

18 **7.0 REFERENCES**

19 None.

**ATTACHMENT M-1
LETTER FROM REX BLACKBURN,
SENIOR VICE PRESIDENT AND GENERAL COUNSEL**

REX BLACKBURN
Sr. Vice President & General Counsel

November 16, 2012

Oregon Department of Energy
625 Marion Street NE
Salem, OR 97310

Re: Application of Idaho Power Company for Site Certificate for the Boardman-to-Hemingway Transmission Line Project (the "Application")

Dear Ladies and Gentlemen:

I am Senior Vice President and General Counsel of Idaho Power Company ("Idaho Power"). This letter is furnished to you in accordance with the requirements of Oregon Administrative Rule ("OAR") 345-021-0010(1)(m)(A), in connection with the above referenced Application.

In rendering the opinion set forth in this letter, I have reviewed or supervised the review of the following documents: (1) Mortgage and Deed of Trust, dated as of October 1, 1937, between Idaho Power Company and Deutsche Bank Trust Company Americas (formerly known as Bankers Trust Company) and R. G. Page, as Trustees (the "Indenture"); (2) Supplemental Indentures numbered First through Forty-Sixth to the Indenture; (3) the Restated Articles of Incorporation of Idaho Power Company, and all amendments, designations, and share exchanges related thereto (the "Articles"); (4) Amended Bylaws of Idaho Power Company, amended on November 15, 2007 and presently in effect (the "Bylaws"), which, together with the Articles, contain all material covenants pertaining to common stock of Idaho Power; (5) Second Amended and Restated Credit Agreement, dated October 26, 2011, among Idaho Power, various lenders, Wells Fargo Bank, National Association, as administrative agent, swingline lender, and LC issuer, JPMorgan Chase Bank, N.A., as syndication agent and LC issuer, KeyBank National Association and Union Bank, N.A., as documentation agents, and Wells Fargo Securities, LLC, J.P. Morgan Securities Inc., Keybank Capital Markets, and Union Bank, N.A. as joint lead arrangers and joint book runners; (6) such other similar agreements that are material to Idaho Power and relate to currently outstanding or available financing arrangements for Idaho Power; (7) such minutes, resolutions, and actions by consent of the board of directors of Idaho Power as were related to the foregoing items (1) through (6) and necessary for the rendering of this opinion; (8) a certificate of existence of Idaho Power, issued by the Secretary of State of the State of Idaho on August 14, 2012; and (9) a certificate of good standing of Idaho Power, issued by the Secretary of State of the State of Oregon on August 14, 2012.

The documents referenced in (1) through (6) above are referred to as the "Finance Governing Instruments." I have also examined such other documents and have made

examination of law as I have deemed necessary to enable the rendering of the opinion expressed below.

Based upon the foregoing and to the best of my knowledge, I am of the opinion that, subject to Idaho Power's meeting all applicable federal, state, and local laws and regulations, Idaho Power has the legal authority to construct and operate the Boardman-to-Hemingway Transmission Line that Idaho Power proposes in the Application, without conflicting with or resulting in the violation of Idaho Power's Indenture, as supplemented, Articles, Bylaws, or other Finance Governing Instruments.

This opinion is limited to the matters stated herein and no opinion is implied or may be inferred beyond the matters expressly stated. This opinion is rendered pursuant to, and shall be deemed limited in scope to, the matters required by OAR 345-021-0010(1)(m)(A). Accordingly, I express no opinion as to the applicability of any federal, state, or local laws or regulations to construction and operation of the project contemplated by the Application or as to the effect of the foregoing laws on such construction and operation. This opinion is rendered solely as of the date hereof, and I assume no obligation to update or supplement this opinion to reflect any actions or events subsequent to the date hereof.

This opinion is being furnished to you solely for your benefit and only with respect to the transaction contemplated by the Application. Accordingly, it may not be relied upon for any other purpose or by any other person, firm, or entity for any purpose, without, in each instance, my prior written consent.

Very truly yours,



Rex Blackburn
Senior Vice President and General Counsel

**ATTACHMENT M-2
FACTORS SUPPORTING IPC'S PROPOSAL FOR FINANCIAL
ASSURANCE DEMONSTRATION FOR THE PROJECT**

Factors Supporting IPC's Proposal for Financial Assurance Demonstration for the Project

EFSC's Financial Assurance standard is set forth in OAR 345-022-0050(2). This standard requires that, to issue a site certificate, the Council must find that:

The applicant has a reasonable likelihood of obtaining a bond or letter of credit in a form and amount satisfactory to the Council to restore the site to a useful, non-hazardous condition.

To demonstrate compliance with this standard, and in accordance with OAR 345-021-0010(1)(m), Exhibit M must include the following:

- (A) *An opinion from legal counsel that the applicant has the legal authority to construct and operate the facility;*
- (B) *The type and amount of the applicant's proposed Bond or letter of credit to satisfy the requirements of OAR 345-022-0050; and*
- (C) *Evidence that applicant has a reasonable likelihood of obtaining a bond or other security before beginning construction.*

In the recent past, it has been the Council's policy to require that an applicant obtain a bond or letter of credit in an amount sufficient to fund the retirement and restoration of the site consistent with the Council's standards. The Council's policy appears to be based on its desire to eliminate any substantial risk that Oregon citizens be required to bear the cost of restoring the site to a useful, nonhazardous condition after retirement. IPC understands and supports the Council's policy—however, IPC believes that in the case of a transmission line owned and operated by a rate-regulated public utility under the jurisdiction of the OPUC, all substantial risk can be eliminated, without requiring the utility to obtain and maintain a bond or letter of credit. The basis of this belief is discussed below:

There is virtually no risk that the Project will ever be retired.

- A 500-kV transmission line, including the structures and the right-of-way, is expected to be in service in perpetuity, and therefore has an indeterminate retirement date. IPC has been unable to discover one instance of a 500-kV transmission line being taken out of service permanently.
- As is the case with all 500-kV transmission lines, the Project is designed to be in service indefinitely and it is not expected that it will ever be retired. As necessary, IPC will repair and replace hardware to ensure that the line continues in use in perpetuity to provide safe and reliable electric service to IPC's customers.
- The Project's purpose is to support a reliable local and regional electric delivery network interconnecting consumer load to new and existing generating resources for the long term.
- The OPUC has acknowledged the need for the Project through IPC's Integrated Resource Plan. The Project is a part of the Western Electric Coordinating Council (WECC) regional foundational transmission projects and is identified as one of seven significant transmission projects in the nation by the federal Interagency Rapid Response Team for Transmission.

In the highly unlikely event that the Project were to be retired, there is virtually no risk that IPC would be without the financial ability to restore the site to a useful and non-hazardous condition.

- IPC is a vertically integrated, regulated utility that operates a large fleet of assets, including generation, transmission and distribution facilities. IPC has remained in business without interruption or default for over 100 years.
- IPC is a rate-regulated utility under the jurisdiction of the Idaho Public Utilities Commission and the OPUC. Both the IPUC and OPUC are required to set rates that include the reasonable costs of providing service to its customers, plus a return on the property used to provide service. The rates set by both state commissions include the costs associated with retiring plant that is taken out of service.
- The capability of IPC to successfully finance the construction of the Project is significant evidence of IPC's financial strength, including its financial capability to retire and remove the Project, if necessary.
- IPC has provided a letter from Wells Fargo Bank providing assurance that if required, IPC will be able to secure a letter of credit in an amount sufficient to retire the Project and restore the site to a useful and non-hazardous condition. Given the above facts, this letter provides the Council with satisfactory assurance that IPC will have the financial ability to retire the Project, if necessary, and to restore the site in compliance with the Council's rules.

**ATTACHMENT M-3
LETTER FROM WELLS FARGO BANK INDICATING WILLINGNESS TO
PROVIDE LETTER OF CREDIT FOR AMOUNT OF ESTIMATED COSTS
OF SITE RESTORATION**



Power and Utilities Group
MAC P6101-066
1300 SW 5th Avenue
6th Floor
Portland, OR 97201

November 16, 2012

Mr. Steven R. Keen
Idaho Power Company
1221 W. Idaho Street
Boise, Idaho 83702

Re: Boardman-to-Hemingway Transmission Project – Financial Assurance Requirements Under EFSC Process

Mr. Keen:

Wells Fargo Bank, National Association (“Wells Fargo Bank”) has a long standing business relationship with Idaho Power Company (“Idaho Power”). Wells Fargo Securities, LLC (“WFS” together with Wells Fargo Bank, collectively “Wells Fargo”) has acted as a joint book-runner for Idaho Power in the placement of senior secured debt and has participated as a direct lender to Idaho Power under various committed credit agreements, including Idaho Power’s \$300 million syndicated credit agreement currently in effect, under which Wells Fargo acts as both a lender and as the administrative agent on behalf of all lenders under the credit facility.

Wells Fargo believes that Idaho Power has always managed its credit relationship with Wells Fargo in a satisfactory manner, and considers Idaho Power to be a client in good standing. Based upon Idaho Power’s current credit ratings, profile, and information we have on the date hereof, and subject to acceptable pricing, terms, and requisite internal approvals, and assuming no market disruption, Wells Fargo confirms to you that it would be willing to arrange (as administrative agent under the existing credit facility or otherwise), and believes it would be successful at arranging, a syndicated letter of credit in an amount up to \$142 million for a period not to exceed three years (the “LC Facility”) for the purpose of ensuring Idaho Power’s obligation that the site of the Boardman-to-Hemingway transmission project be restored to a useful and non-hazardous condition.

This letter does not constitute or give rise to (i) any legal obligation on the Wells Fargo, or any of its affiliates, to arrange, underwrite or provide, or commit to arrange, underwrite or provide, the LC Facility or any other financings; or (ii) any representation or warranties in respect of any of the foregoing. In addition, such obligation or liabilities would arise only under separate written agreements in form and substance satisfactory to Wells Fargo.

This letter may be executed in any number of counterparts (including by facsimile), and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, and all such counterparts together shall constitute one and the same instrument.



Sincerely,

Wells Fargo Bank, National Association

A handwritten signature in black ink, appearing to read 'Y. Blindert', written over a horizontal line.

By: Yann Blindert
Title: Director

Wells Fargo Securities, LLC

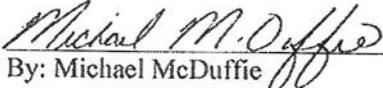
By: Michael McDuffie
Title: Director

Sincerely,

Wells Fargo Bank, National Association

By: Yann Blindert
Title: Director

Wells Fargo Securities, LLC


By: Michael McDuffie
Title: Director