

**STIPULATION AND CONSENT AGREEMENT  
TO BE SUBMITTED TO  
THE FEDERAL ENERGY REGULATORY COMMISSION**

**I.**

The Enforcement Division of the Office of Market Oversight and Investigations (Enforcement), IDACORP, Inc. (IDACORP), Idaho Power Company (Idaho Power) and IDACORP Energy, L.P. (IDACORP Energy) (collectively, IDACORP entities) enter into this Stipulation and Consent Agreement (Agreement). The Agreement resolves all issues arising from a preliminary, non-public investigation (investigation) that Enforcement conducted pursuant to Part 1b of the Commission's regulations, 18 C.F.R. Part 1b (2002), that are specifically addressed herein.

**II.**

Enforcement and the IDACORP entities hereby stipulate and agree to the following:

A. IDACORP, incorporated in 1998 and based in Boise, Idaho, is a holding company and parent of Idaho Power and IDACORP Energy. Idaho Power is a public utility and transmission provider engaged in the generation, transmission and distribution of power to approximately 400,000 customers in Idaho and eastern Oregon. Idaho Power owns 17 hydroelectric facilities, one natural-gas fired plant, the Danskin facility, and has partial ownership interests in three coal-fired generation plants, including the Boardman facility. From January 2000 to June 2001, a wholesale merchant function of Idaho Power arranged for the purchase, sale and transmission of power from outside Idaho Power's control area to balance system resources and load and to make non-operational, off-system purchases and sales. On April 27, 2001, the Commission approved in Docket No. ER01-1329-000 an agreement, subject to modification of certain terms, that permitted a new entity, IDACORP Energy, to serve as a marketer for the same category of transactions and functions as had formerly been executed by the wholesale merchant function. IDACORP Energy, a network transmission customer and marketing affiliate of Idaho Power, markets electricity to wholesale customers throughout the western United States and parts of Canada. IDACORP Energy has announced that it is winding down its operations.

B. During the period January 1, 2000 through April 17, 2002 (the relevant period), Idaho Power permitted particular non-firm imports to qualify for native load priority with respect to non-firm transmission reservations made by its wholesale

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merchant function and by its marketing affiliate, IDACORP Energy (collectively, merchant function), without observing a consistent distinction between native load and non-native load transactions.

1. Non-firm transmission needed to serve the requirements of Idaho Power's local retail market (native load) has priority over other non-firm service. Idaho Power's merchant function invoked native load priority, *see* section 28.4 of Idaho Power's Open Access Transmission Tariff, when it reserved, pre-scheduled and scheduled transmission service into Idaho Power's control area during the relevant period. During the relevant period, merchant function personnel requested Idaho Power schedulers to accord native load priority with respect to particular requests for non-firm transmission service. Idaho Power granted such requests without observing a consistent distinction between transactions needed to serve Idaho Power's native load and transactions needed to serve off-system customers. Idaho Power scheduled power into and out of its system from and to third parties and arranged transmission service for these non-native load transactions under the native load priority. IDACORP Energy's senior management was aware of the use of native load priority designations for non-native load transactions at least as early as November 2001.

2. Idaho Power undertook, pursuant to data requests propounded in the investigation, a series of tests with respect to the invocation of the native load priority on its system during the relevant period. Idaho Power conducted these tests to determine the financial benefit that the IDACORP entities derived from the invocation of native load priority for transactions in which the priority was not needed to serve native load. As explained in greater detail in the following paragraphs, Idaho Power first estimated the amount of non-firm energy that was scheduled during the relevant period but that was not needed to serve native load, and the number of hours in which non-firm energy was scheduled that was not needed to serve native load. Idaho Power then determined the amount of non-firm energy (including the number of hours) associated with requests for non-firm transmission service that, absent the invocation of the native load priority, Idaho Power would not have transmitted. Finally, Idaho Power determined the financial benefit the IDACORP entities derived from transmission requests that were granted but that would have been denied if the native load priority had not been invoked.

3. First, after excluding hours in which Idaho Power made no exports, Idaho Power identified the hours in which the price of the imported energy for which the native load priority was invoked was higher than the incremental costs of its own

resources that were displaced during the relevant period. Idaho Power identified 5,026 such hours of reserved transmission service involving 939,808 MWh of imports. The incremental costs of its own resources that were displaced by these imports during the relevant period were sometimes as high as \$22/MWh and \$43/MWh, Idaho Power's estimated incremental cost of the Danskin combustion turbine facility during the hours at issue. However, generally these costs were \$15.02/MWh, the incremental cost of energy from Idaho Power's 53 MW entitlement in the Boardman coal-fired facility, and after that, \$13.44/MWh, the incremental cost of the next highest cost unit in Idaho Power's Valmy facility.

4. Second, Idaho Power sought to identify the subset of the transactions that would not have occurred but for the invocation of the native load priority. During many of the identified hours, sufficient transmission capacity existed on Idaho Power's system to have enabled Idaho Power to grant requests from its merchant function even if the requests had not been given native load priority designations. For these hours, IDACORP Energy did not benefit from the incorrect invocation of the native load priority in a way that can be reasonably and efficiently quantified with a minimum degree of accuracy. Idaho Power identified 4,487 hours in which Idaho Power's Open Access Same-Time Information System (OASIS) Available Transmission Capacity (ATC) postings displayed 25 MW or more unsold capacity available for hourly non-firm transmission service to the qualified purchasers on all major trading paths in the same direction as the predominant flow on its system. When ATC was 25 MW or more, all transactions, including all merchant function transactions, could be accommodated, regardless of whether native load priority was invoked for any portion of the transactions.

5. The remaining 539 hours were hours in which non-firm transmission reservations that were made by the merchant function could have been denied had it not requested native load priority. For each of these hours, Idaho Power identified its non-affiliated transmission customers' non-firm reservations that were (a) made before the merchant function reserved transmission capacity for which native load priority was requested, and that Idaho Power adjusted, *i.e.*, "bumped," because of the merchant function requests or (b) made after the merchant function reserved transmission capacity requesting the native load priority and which Idaho Power declined because of the merchant function request. Idaho Power imported a total of 27,732 MWh of energy during the 274 hours in which either of these criteria was satisfied. In sum, as determined by applying the measures described in the preceding paragraphs, Idaho Power financially benefitted from the invocation of native load priority in 5.4 percent of the 5,026 hours

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examined. This financial benefit resulted in the transmission of 2.9 percent of the 939,808 MWh reserved examined.

6. Finally, Idaho Power sought to determine the financial benefit that the IDACORP entities derived from importing power during the 274 hours when the invocation of the native load priority proved a *sine qua non* of executed transmission service. The multiplicity of flows into and out of Idaho Power's control area during the relevant period under various contracts, including offsets and other arrangements, deterred a precise determination. Idaho Power sought to match sales with purchases of power during the 274 hours at issue by considering the duration of transactions, *i.e.*, term, day-ahead and real time; quality of energy sale or purchase, *i.e.*, firm, modified firm or non-firm; and receipt or delivery location, *i.e.*, north or south on Idaho Power's system. Sales that were similar in these respects to purchases at issue were matched. Idaho Power estimated the profit that Idaho Power derived from the matched sale transaction by subtracting the matched purchase price from the sales price. However, for certain transactions in 2000, Idaho Power was unable to match purchase and sales prices of similar transactions because its data do not permit one to distinguish between purchases that were delivered to or sold from the Idaho Power system and the purchases that were booked out, *i.e.*, not delivered. For transactions for which Idaho Power retained insufficient data to attempt to effect its matching of transactions, it calculated its benefit by using the Mid-Columbia and Palo Verde index prices for the hours at issue as proxies for the purchase and sales prices. The price spread between these markets was chosen because these markets are common origin and destination markets, respectively, for transmission across Idaho Power's system. Transmission costs incident to the transactions at issue were not subtracted from the estimate of profit. Using these methods, Idaho Power calculated that the IDACORP entities derived a financial benefit of approximately \$ 203,318 from invoking native load priority for transmission service not needed to serve its native load.

7. From April 17, 2002 through the date the IDACORP entities execute the Agreement, Idaho Power has declined to provide native load priority to merchant function requests for non-firm transmission service that were scheduled at times when off-system sales of non-firm energy from Idaho Power generation resources were scheduled.

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C. Idaho Power failed to file 13 ancillary service agreements involving the sale of power for resale in interstate commerce that it was required to file under section 205 of the Federal Power Act.

1. During the period June 3, 2001 through August 1, 2002, Idaho Power and IDACORP Energy executed 420 ancillary service transactions. Most of these transactions were for day ahead or real time service for compensation of less than one thousand dollars. However, 12 of these transactions had a duration of greater than one day. Under the market rate power sales tariffs that Idaho Power and IDACORP Energy have on file with the Commission, power sales between Idaho Power and IDACORP Energy with durations of more than one day require prior Commission approval. In addition, Idaho Power executed an ancillary service agreement with Montana Power Company (Montana Power), as described below.

2. Ten of the 13 transactions at issue were consecutive monthly agreements beginning in November 2001 to provide varying amounts of spinning reserves to Tri-State Electric Cooperative (Tri-State) for \$ 8.25/MWh, including the cost of transmission on the PacifiCorp system, at the rate of \$ 2.025/kW-month. For the month of July 2002, the cost of spinning reserves was \$12.00/MWh. The power provided ranged from 9,600 MWh to 22,320 MWh. IDACORP Energy realized net revenue of \$ 933,165. The agreements between Idaho Power and IDACORP Energy were memorialized in a series of e-mails. Idaho Power and IDACORP Energy originally calculated the net revenue from this sale, net of transmission costs paid to PacifiCorp, at \$ 4.08/MWh. Idaho Power and IDACORP Energy agreed that IDACORP Energy would pay half this amount, or \$2.04/MWh, to Idaho Power.

3. The 11th transaction at issue involved the sale by Idaho Power to IDACORP Energy of 1.7 MW of spinning reserve for the period August 1, 2002 through August 16, 2002. IDACORP Energy used the spinning reserve to back up a sale of bulk power to Truckee Donner Public Utility District (Truckee Donner). The contract price was the Idaho Power Open Access Transmission Tariff rate of \$ 6.53/kW-month. The total cost of the spinning reserve service was \$ 5,730. Idaho Power did not assess transmission charges.

4. With respect to the 12th ancillary service agreement, Idaho Power and Montana Power executed a two-year contract effective January 1, 2001, under which

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Idaho Power provided Montana Power 30 MW of load following service (Montana Power contract).

5. With respect to the 13th ancillary service agreement, Idaho Power, without requesting Commission authorization, assigned the Montana Power contract to IDACORP Energy on June 1, 2001. There was no written contract between Idaho Power and IDACORP Energy with respect Idaho Power's provision of load following capacity under the assigned contract. IDACORP Energy provided service under the contract from June 1, 2001 through December 31, 2002. In May 2002, Idaho Power invoiced IDACORP Energy for the first time the amount of \$6.53/kW-month for the load following service commencing June 1, 2001. IDACORP Energy paid this invoice. In addition, for service provided after December 31, 2001, IDACORP Energy reimbursed Idaho Power \$.97/kW-month for transmission on Idaho Power's system relative to the load following service. The capacity charge rate to Montana Power under the contract was \$8.25/kW-month. On April 15, 2003, Idaho Power and IDACORP Energy rescinded the June 1, 2001 assignment.

D. Idaho Power failed to file 1,182 contracts it assigned to IDACORP Energy for the sale of power for resale in interstate commerce that Idaho Power was required to file under section 203 of the Federal Power Act.

1. During the period prior to June 1, 2001, Idaho Power engaged in speculative wholesale power transactions that were unrelated to balancing native load and system resources or maintaining system reliability for the purpose of serving retail customers in Idaho Power's control area. Idaho Power and IDACORP Energy executed assignments of contracts for speculative wholesale transactions in agreements dated June 1, 2001 and June 11, 2001. Idaho Power assigned the contracts to IDACORP Energy so that Idaho Power would not bear the risk of trading losses which could inure to the detriment of retail customers. The contracts may be said to fall into four groups: The first group consists of confirmations that Idaho Power executed pursuant to the Western Systems Power Pool (WSPP) Agreement and that Idaho Power assigned to IDACORP Energy on June 1, 2001. The second group consists of wholesale contracts entered into by Idaho Power outside of the WSPP Agreement and assigned to IDACORP Energy on June 1, 2001. The third group consists of contracts executed by Idaho Power after June 1, 2001 and assigned to IDACORP Energy on June 11, 2001. The fourth group consists of contracts that have service durations of 29 days or less for which there are no written confirmations. For transactions lasting 29 days or less that are under the California ISO's

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tariff, and for transmission transactions lasting 29 days or less under the transmission tariffs of IDACORP Energy's counterparties, the absence of written confirmations is not uncommon.<sup>1</sup>

2. Idaho Power certifies that it has conducted a thorough search of its records and reviewed its contractual commitments and is aware of no other agreement(s) to which it is a party that it is required to seek approval of under section 203 of the Federal Power Act and for which it has not sought approval through the date that it has executed the Agreement.

E. Idaho Power failed to comply with its standards of conduct on file with the Commission. Standards of conduct are intended to implement the functional separation of transmission function and wholesale merchant functions of public utilities and their affiliated marketers. Interviews with employees of the IDACORP entities and review of documents that the IDACORP entities provided in the investigation indicate conduct inconsistent with Idaho Power's standards of conduct.

1. After regular business hours, on at least several occasions, generation planning employees that were also wholesale merchant function employees had unescorted access to Idaho Power's transmission system control area and similar facilities used for transmission operations or reliability functions. No key was needed to obtain this access. These employees were able to enter this area and these facilities of Idaho Power to speak with transmission function personnel, ask questions and discuss integrated resource planning, among other subjects. This access and these activities were not available on a comparable basis to other open access transmission customers.

2. At least some wholesale merchant function employees had access from their desktop computers to certain points on Idaho Power's Process Information system, which, among other things, depicts flows on Idaho Power's system. One of the reasons that wholesale merchant function employees accessed the Process Information

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<sup>1</sup>On February 26, 2003, the Commission issued an order in Docket Nos. EC03-24-000, EC03-33-000, EC03-34-000 and EC03-38-000 finding that Idaho Power violated section 203 of the Federal Power Act by failing to file the contracts referenced in section II.D of the Agreement. The Commission reserved authority to issue supplemental orders with respect to these violations as appropriate.

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system was to determine if reduction in a certain generation facility's output was due to a transmission limitation. This access was not available on a comparable basis to other open access transmission customers. Idaho Power management personnel were aware in the fall of 2001 that at least some wholesale merchant function personnel had this access. Yet access to the Process Information system was available to at least some wholesale merchant function employees a year later.

3. At least some generation planning employees who were also wholesale merchant function employees discussed unfolding transmission developments on Idaho Power's system with transmission function employees who had knowledge of those developments. Discussions involved resolving system and resource planning matters. For example, one such discussion occurred in October 2001 that involved a transformer failure, how that failure would impact certain activities, and how to back those units as a result of the failure. At least one person not employed or retained by the IDACORP entities participated in this discussion at one point. In another example, transmission and wholesale merchant function employees discussed what happened to the transmission system during a then-recent specific event, including why certain transmission cuts occurred. The information discussed was not available on a comparable basis to other open access transmission customers.

4. Further non-public discussions occurred in 2001 and 2002 between transmission function and wholesale merchant function employees related to integrated resource planning issues. These discussions focused on identifying surpluses and deficiencies and included a transmission system planning leader, a transmission system planning engineer and one or more generation planning employees who were also wholesale merchant function employees. The participants discussed Idaho Power's ability to import power from the Pacific Northwest given a transmission constraint at Brownlee East, a constraint point on Idaho Power's system. At least some of the results of these discussions were included in Idaho Power's "2002 Integrated Resources Plan." While working on this integrated resource planning process, at least one senior generation planning employee who was also a wholesale merchant function employee had and saw documents containing transmission capacity information. The employee gave the documents to IDACORP, Inc.'s legal department and retained workpapers from which some information in the documents was derived. In another instance, power supply planning personnel who were also wholesale merchant function employees looked into the subject of overloads, *i.e.*, conditions that exist when load exceeds capacity. The personnel were given a document that contained transmission capacity information

relevant to this inquiry. Information expressed in the discussions and documents referenced in this paragraph was not available on a comparable basis to other open access transmission customers.

5. Contacts between generation planning employees who were also wholesale merchant function employees arose when the generation planning personnel desired information about Idaho Power's transmission system to solve power supply planning problems. For example, in October or November 2001, power supply planning personnel who were also wholesale merchant function employees wanted to know how much additional capacity existed during periods when Brownlee East was not constrained. Transmission function personnel provided capacity information pursuant to this question to power supply planning personnel. The respective personnel also discussed the subject matter.

6. General lunchtime discussion also occurred regarding then-current events on Idaho Power's transmission system. For example, transmission and wholesale merchant function employees discussed transmission service disruptions caused by fires that were occurring contemporaneously. The discussion centered around impacts on the transmission system that were causing overloads or cuts on the system. Information between transmission function and wholesale merchant function personnel was casually exchanged regarding topics such as the outage of a certain transmission receipt or delivery point. Discussions occurred generally between these categories of personnel regarding how Idaho Power's transmission system operates under certain conditions. In some cases, the information provided by transmission function employees to wholesale merchant function employees in casual contacts regarding Idaho Power's transmission system may have been publicly available but in other cases it was not publicly available.

7. Idaho Power has not posted on its OASIS all transfers of personnel between the transmission and wholesale merchant functions.

8. Transmission function personnel communicated by telephone information to wholesale merchant function personnel regarding the status of wholesale merchant function requests for transmission service made on Idaho Power's OASIS. For example, wholesale merchant function employees asked why Idaho Power denied a particular transmission request, or why service was cut on a confirmed transaction. Transmission function personnel would often answer these questions in telephone conversations. When transmission function employees failed to confirm requests for

hourly service near the deadline for confirming those requests, wholesale merchant function employees would sometimes call transmission function employees to prompt them to act on the request. In some instances, the transmission function employee granted the request and notified the wholesale merchant function caller in the same call. In some, but not all of the instances cited in this paragraph, the information requested may have already been posted on the OASIS. In addition, transmission function employees may have engaged in similar off-OASIS communications with other open access transmission customers.

9. Idaho Power has an employee, an operations analyst for the past three years, who helps Idaho Power comply with the standards of conduct. This employee's responsibilities include keeping organizational charts for Idaho Power and IDACORP Energy, monitoring Idaho Power's OASIS semiannually to assure that postings with respect to the standards of conduct are current, and explaining standards of conduct to employees. This employee told the Commission staff in the investigation that this employee was unaware of any violation of the standards of conduct that had occurred at Idaho Power and had never seen or heard any violation of the standards of conduct.

### **III.**

A. With respect to the transmission priority issues described in section II.B of the Agreement:

1. Idaho Power and IDACORP Energy shall refund to the customers identified in Appendix A to the Agreement the sums of \$150,667 and \$52,651, respectively. They shall disburse the refunds to the customers in the amounts indicated in Appendix A. Within thirty days after the date that the Commission approves the Agreement without modification, and that approval becomes final, Idaho Power and IDACORP Energy shall file certifications in the docket in which the Commission approves the Agreement stating that the refunds described in this paragraph have been made.

2. The method used to prepare Appendix A is as follows: For each hour, the entity for which service was either refused or adjusted was identified. IDACORP Energy's estimated profits for the hour were then assigned to the potentially impacted entity. There were 12 hours (out of 274) in which the service for more than one entity was either adjusted or refused. In these limited instances, a *pro rata* allocation was

made (e.g., if two entities had their schedules adjusted, then each entity was assigned 50 percent of IDACORP Energy's profits during the hour). Hourly values were then summed for each entity. For the January 1, through March 31, 2000 period, adjustment data are not available and Idaho Power's analysis assumed that an entity was adjusted during each relevant hour. IDACORP Energy's estimated profits attributable to the use of native load priority for non-native load transactions during that time period could not be specifically assigned to particular entities (since there is no actual record of any entity being adjusted) and thus were allocated *pro rata* to the entities based on the total amount owed to each entity that was identified during the April 1, 2000 to April 17, 2002 timeframe.

3. As of the date it executes the Agreement, Idaho Power shall grant requests for native load priority for non-firm transmission only when the price of non-firm purchases is less than the incremental operating costs of Idaho Power's own resources that are being displaced or when the non-firm purchase is needed to supplement Idaho Power's own resources to serve native load. Idaho Power shall comply with the procedures, set forth in Appendix B to the Agreement, to monitor compliance with its policy of granting requests for native load priority.

B. With respect to the ancillary service agreements described in section II.C of the Agreement:

1. Regarding the ten ancillary service agreements described in section II.C.2 of the Agreement, IDACORP Energy will transfer to Idaho Power that portion of the \$933,165 net revenue that IDACORP Energy realized under the agreements not yet transferred, so that following such transfer all of the \$933,165 net revenue that IDACORP realized under the agreements will have been transferred to Idaho Power.

2. Regarding the ancillary service agreement described in section II.C.3 of the Agreement, Idaho Power certifies that the \$5,730 charge under that agreement has been transferred from IDACORP Energy to Idaho Power.

3. Regarding the ancillary service agreement described in section II.C.5 of the Agreement, IDACORP Energy shall transfer to Idaho Power the portion of the \$4,887,291 net revenue that IDACORP Energy realized under the agreement that has not yet been transferred, so that following such transfer all of the \$4,887,291 net revenue that

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IDACORP Energy realized under the agreement will have been transferred to Idaho Power.

4. The purpose of the transfers described in the three preceding paragraphs is to assure that Idaho Power's ratepayers benefit from the receipt of these revenues. Within thirty days of the date that the Commission approves the Agreement without modification, and that approval becomes final, Idaho Power shall file a certification in the docket in which the Commission approves the Agreement stating that the transfer described in this paragraph has been made.

5. Idaho Power shall adhere to the compliance plan, attached as Appendix C to the Agreement, which contains measures to help assure that Idaho Power avoids prospective violations of section 205 of the Federal Power Act that involve failures to file agreements that are required to be filed.

6. Insofar as the agreements referenced in section II.C.2, II.C.3, II.C.4 and II.C.5 of the Agreement have expired and the assignment from Idaho Power to IDACORP ENERGY of the agreement between Idaho Power and Montana Power referenced in section II.C.5 of the Agreement has been rescinded, and insofar as measures relative to Idaho Power's failures to file or request Commission authorization with respect to certain agreements are contained in section III.B of the Agreement, Idaho Power need not file the agreements referenced in sections II.C.2, II.C.3, II.C.4 and II.C.5 of the Agreement and need not request Commission authorization with respect to the assignment of the agreement referenced in section II.C.5 of the Agreement.

7. Within thirty days of the date that the Commission approves the Agreement without modification, and that approval becomes final, Idaho Power shall file with the Commission all agreements that it should have filed pursuant to section 205 of the Federal Power Act but that it did not file, aside from the agreements discussed in section III.B.6 of the Agreement. At such time, Idaho Power shall also certify that it has conducted a thorough review of its files and determined that aside from the agreements filed pursuant to this paragraph, it is aware of no other agreements that it is required to file pursuant to section 205 of the Federal Power Act and that it has not filed through the date of the certification.

C. With respect to the 1,182 agreements described in section II.D of the Agreement:

1. Idaho Power shall refund to the counterparty of each agreement, or its successor or assign, the sum of \$ 100 per agreement. The sum of the refunds is \$ 118,200. Idaho Power shall disburse the refunds to the entities identified, and in the amounts indicated, in Appendix D to the Agreement. Within thirty days of the date that the Commission approves the Agreement without modification, and that approval becomes final, Idaho Power shall file a certification in the docket in which the Commission approves the Agreement stating that the refunds described in this paragraph have been made.

2. Idaho Power shall adhere to the compliance plan, attached as Appendix C to the Agreement, which contains measures to help assure that Idaho Power avoids prospective violations of section 203 of the Federal Power Act that involve failures to seek approval of agreements for which section 203 approval is required.

D. With respect to the standards of conduct matters discussed in section II.E of the Agreement:

1. Idaho Power shall adhere to the compliance plan, attached as Appendix E to the Agreement, which contains measures to help assure that Idaho Power avoids prospective violations of its standards of conduct.

2. Idaho Power shall retain an independent firm to conduct an audit of Idaho Power's compliance with its standards of conduct. The period subject to the audit shall commence on the date the Commission approves the Agreement, without modification, and extend thereafter for six months. The audit shall culminate in a report prepared by the independent auditor. Within six months of the date of the Commission's order approving the Agreement without modification, and that approval becomes final, Idaho Power shall file the audit report in the docket in which the Commission approves the Agreement. The audit report shall (1) describe the methods used to assess Idaho Power's compliance with the standards of conduct, including how the audit was conducted, the persons who conducted the audit, and the length of time over which the audit was conducted; (2) describe steps Idaho Power and its employees have taken to implement the compliance plan in Appendix E of the Agreement; (3) characterize, with reference to specific activities and details, the nature and degree of Idaho Power's compliance with the standards of conduct (including a discussion of operational issues raised with respect to compliance, if any); (4) disclose all violations of the standards of conduct, if any, that have occurred during the period of the audit; (5) describe the facts

and circumstances regarding each violation found, if any; (6) describe remedial action, if any, that Idaho Power took upon its discovery of the violation. If no violations were discovered in the audit, that fact should be reported. In addition, Idaho Power shall file a comment paper at the time it files the audit. In the comment paper, Idaho Power shall summarize the audit results and provide any comments, explanations or observations it deems appropriate to make with respect to any statements or conclusions contained in the audit report.

#### **IV.**

A. Idaho Power neither admits nor denies that the facts recited in section II.B of the Agreement regarding transmission priority issues show that it violated any Commission rule, order or requirement, or any statute.

B. Idaho Power admits that it violated section 205 of the Federal Power Act by failing to timely file the agreements described in sections II.C.2, II.C.3, II.C.4 and II.C.5 of the Agreement.

C. Idaho Power admits that it violated section 203 of the Federal Power Act by failing to obtain authorization from the Commission before it assigned to IDACORP Energy the agreement between Idaho Power and Montana Power Company as described in section II.C.5.

D. Idaho Power admits that it violated its code of conduct by failing to invoice IDACORP Energy for services provided for ten months pursuant to the assigned agreement described in section II.C.5 and by failing to charge IDACORP Energy for transmission service on Idaho Power's system for a period in 2001 pursuant to the same assigned agreement.

E. The Commission has previously determined that Idaho Power violated section 203 of the Federal Power Act with respect to its failure to file the agreements referenced in section II.D of the Agreement.

F. Idaho Power admits that the facts recited in section II.E show that it violated its standards of conduct.

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G. Enforcement agrees that the Agreement is a full and complete settlement of all administrative or civil claims the Commission has or may have against IDACORP, Idaho Power or IDACORP Energy, or any of their officers, directors or employees, either before the Commission or in the courts, relating only to the facts recited in section II of the Agreement.

H. Enforcement and the IDACORP entities agree that they enter into this Agreement voluntarily and that other than the agreements set forth herein, no tender, offer, or promise of any kind whatsoever has been made by Enforcement or any of the IDACORP entities, or any member, employee, officer, director, agent, or representative of Enforcement or any of the IDACORP entities, to induce any other party to enter into the Agreement.

I. If the Commission does not issue an order which becomes final approving the Agreement, without modification, the Agreement shall be null and void, unless otherwise agreed in writing between Enforcement and the IDACORP entities.

J. The undersigned representatives of the IDACORP entities affirm that they have each read this Agreement, that all of the matters set forth in the Agreement are true and correct to the best of their knowledge, information and belief, and that they understand that the Agreement is entered into by Enforcement in express reliance on those representations.

K. This Agreement binds the IDACORP entities and their agents, successors and assigns.

L. The IDACORP entities waive judicial review by any court of any Commission order approving the Agreement without modification.

M. Each of the undersigned warrants that he or she is an authorized representative of the entity designated, is authorized to bind such entity, and accepts the Agreement on the entity's behalf.

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N. The Appendices referenced in the Agreement and attached hereto are expressly made part of, and incorporated in, the Agreement.

Agreed to and accepted:

\_\_\_\_\_  
Dennis O'Keefe, Deputy Director  
Investigations and Enforcement

\_\_\_\_\_  
Date

\_\_\_\_\_  
Jan Packwood, President and Chief Executive Officer  
IDACORP, Inc.

\_\_\_\_\_  
Date

\_\_\_\_\_  
LaMont Keen, President  
Idaho Power Company

\_\_\_\_\_  
Date

\_\_\_\_\_  
Sharon Hoyd, President  
IDACORP Energy, L.P.

\_\_\_\_\_  
Date