



MINUTES OF THE IDAHO ENERGY RESOURCES AUTHORITY
DIRECTORS' MEETING – January 9, 2007

The meeting of the Idaho Energy Resources Authority (“IERA” or “Authority”) was called to order by Chairman Robert Mooney at 2:30 p.m.

Directors in attendance were: Robert Mooney, Ralph Williams, Gov. John Evans, Randy Hill, Larry Crowley and Mayor Darrell Kerby. Ron Williams, local counsel to the Authority, was also present.

The board first reviewed the minutes of July 14, 2006. Upon motion and second, the minutes were unanimously approved.

Presentation by Lehman Brothers: Bob Mooney introduced Robert H. Campbell of Lehman Brothers. Mr. Campbell first discussed the possibility of the IERA refinancing the Idaho Power transmission line to the Bogus Basin Mountain Resort. Mr. Mooney noted that he had a conflict of interest in this topic as he is on the board of directors of Bogus Basin. The IERA has proposed a \$2.5 million refinancing to Idaho Power and is waiting to hear back from the Company. Bogus Basin currently pays Idaho Power approximately \$400,000 per year in interest and principle on the line. An IERA refinancing with a lower interest rate and extended loan amortization period would greatly reduce Bogus’ annual payments and enhance its cash flow. Mr. Campbell noted that a \$2.5 bond sale is a relatively small bond issuance with fixed transaction costs. Consequently Lehman proposed that the IERA seek a single purchaser, such as the state of Idaho, to help reduce transactional costs. IERA representatives and Mr. Campbell met with Idaho State Treasurer Ron Crane and proposed that the State act as the purchaser of these Idaho Power backed bonds. Treasurer Crane expressed support for the proposal and confirmed that the State has an appetite for such bonds.

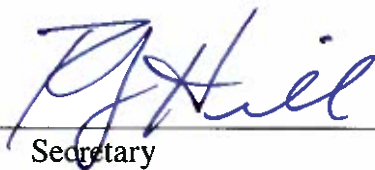
Mr. Campbell next discussed the IERA financing the equity participation of Idaho cooperatives and municipalities in the Intermountain Power Project Unit #3 (IPP3) in Delta, Utah. Financing aggregation through the IERA could provide economies of scale to the Idaho IPP3 participating utilities. Bonds sold by the IERA would be in two series. The first series would be for municipal participants and exempt from state and federal income tax. The second series would be for cooperatives and only exempt from state income tax. The IERA could also “hedge” the interest rates on the 2012 transaction

through a forward interest rate swap that would lock in today's historically low interest rates. Participating Idaho utilities could only enter into the swap with the IERA if they pledge to finance their take-out obligation of IPP3 through the IERA. The interest rate swap can occur once there is a UAMPS (Utah Association of Municipal Power Suppliers) underlying obligation for IPP 3. Idaho municipalities cannot independently enter into a forward interest rate swap, but could do so through the IERA.

Other Potential Projects. Jim Powers from Raft River Electric discussed Raft River's proposed transmission line from the C.J. Strike substation to the Duck Valley Indian Reservation. This line is a 65 mile long 138 kv transmission line expected to cost approximately \$10 million. The Bureau of Indian Affairs is providing a \$3.7 million grant to Raft River to help with the cost of the line. Construction bids for the line will be let in February 2007 with a general contractor selected in March.

IERA Act Legislative Changes. Ron Williams outlined three proposed statutory changes to the IERA enabling statute. The first change would amend the definition of a "facility" in Idaho Code § 67-8903(6) by adding the word "distribution," thus allowing the IERA to also finance distribution facilities. The second change would amend Idaho Code § 67-8910 to allow the IERA to "manage or operate" facilities, at the request of "participating utilities." The change may be necessary for the IERA to exercise certain management and operating powers on behalf of Idaho cooperatives participating in IPP3, a Utah project controlled by UAMPS, an instrumentality of the state of Utah. Beyond the IPP3 project, however, the Board agreed that management and operational ability of the IERA (at the request of a participating utility) could be beneficial to development of in-state resources or assets. The third proposed legislative change is an amendment to Idaho Code § 67-8922 that would allow the State Treasurer to invest in fixed or variable rate bonds of the IERA, provided such bonds are of investment grade. This change is a result of discussions with the State Treasurer concerning the proposed re-financing of the Bogus Basin line. Following discussion, the board concurred in the three proposed changes to the IERA Act.

There being no further business to come before the Board, the meeting was declared adjourned.



Secretary