

Edl, Michele

From: Shepard, Colette [CShepard@idahopower.com]
Sent: Friday, September 26, 2008 9:46 AM
To: Edl, Michele
Subject: RE: SEC submitted document request
Attachments: Guaranty Agmt IPC NYL.pdf

Hi Michele,

Attached is the Guaranty Agreement you requested. Rather than pull the S-3 filing from our record center archives, I have attached just the agreement from our current files. I trust this is the information you are seeking.

Thank you,
 Colette

Colette Shepard
Securityholder Administrator
IDACORP, Inc/Idaho Power Company
Toll-Free 800-635-5406
Direct 208-388-2564
FAX 208-388-6955

From: Edl, Michele [mailto:Michele.Edl@idwr.idaho.gov]
Sent: Wednesday, September 24, 2008 3:29 PM
To: Smith, Barb; Shepard, Colette
Subject: SEC submitted document request

Barbara, Colette,
 I work for the Idaho Department of Water Resources and I have a document request.

I have viewed several of IDACORP Inc. submittals to the SEC lately. They mention Milner Dam Inc and Guaranty Agreement with New York Life Insurance Co. dated February 10, 1992. Apparently that agreement will have an impact on IDACORP balance sheets for several more years. The SEC web page print out I have in front of me has identified the agreement as File number 33-65720 Form S-3, filed on 7/7/93 as Exhibit 10(m)(i).

I would like to see a copy of that agreement but I have not had any luck retrieving it from the SEC website. Although I haven't ruled out operator error and ignorance, I haven't been able to locate a downloadable copy. Could you provide me with a copy of that agreement? Or if it is more appropriate, help me request it from the SEC?

Thank you.

Michele Edl
 Associate Engineer
 Idaho Department of Water Resources
 322 East Front Street
 Boise ID 83720-0098
 208-297-4946

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"EMF <idahopower.com>" made the previous annotations.

9/26/2008

February 10, 1992

GUARANTY AGREEMENT

BETWEEN

IDAHO POWER COMPANY

AND

NEW YORK LIFE INSURANCE COMPANY,

NOTE PURCHASER

Relating to 8.95% Guaranteed Notes
due 2017 of Milner Dam, Inc.
to Finance the Reconstruction of the
Milner Dam on Snake River, Idaho

Dated as of February 10, 1992

THIS GUARANTY AGREEMENT, made and entered into as of February 10, 1992, by and between IDAHO POWER COMPANY, a corporation duly organized and existing under the laws of the State of Idaho ("IPC"), and NEW YORK LIFE INSURANCE COMPANY, the purchaser of the 8.95% Guaranteed Notes due 2017 (the "Notes") of Milner Dam, Inc., an Idaho corporation (hereinafter "MDI"), which owns Milner Dam, Idaho, the proceeds of which Notes will pay the costs of construction of the Milner Dam Rehabilitation Project.

W I T N E S S E T H:

WHEREAS, MDI intends to issue the Notes in an aggregate principal amount of \$11,700,000 under and pursuant to a Note Agreement, dated as of February 10, 1992 (the "Note Agreement"), between MDI, as issuer, and New York Life Insurance Company, as purchaser (together with its successors and assigns, including without limitation any holder from time to time of a Note, the "Note Purchaser"), as required under the Agreement regarding the Ownership, Construction, Operation and Maintenance of the Milner Hydroelectric Project (FERC No. 2899) among IPC, the Twin Falls Canal Company ("TFCC") and North Side Canal Company, Limited ("NSCC"), dated January 22, 1990 ("Milner Hydro Project Agreement"); and

WHEREAS, MDI has delivered to IPC, and IPC hereby acknowledges receipt of, the executed Note Agreement (including all exhibits and schedules thereto); and

WHEREAS, the proceeds to be derived from the sale of the Notes will pay the cost of the rehabilitation of Milner Dam, in part for the benefit of IPC; and

WHEREAS, IPC is desirous that MDI issue the Notes and apply the proceeds as aforesaid and is willing to enter into this Guaranty Agreement in order to enhance the marketability of the Notes and thereby achieve interest cost and other savings to MDI and IPC and as an inducement to the Note Purchaser.

NOW, THEREFORE, in consideration of the premises, IPC does hereby, subject to the terms hereof, covenant and agree with the Note Purchaser as follows:

ARTICLE I

GUARANTY

SECTION 1.1. IPC hereby irrevocably, absolutely and unconditionally guarantees to the Note Purchaser for the benefit of said Note Purchaser strictly in accordance with the terms of the Notes and the Note Agreement (a) the prompt payment in full (whether at stated maturity on an annual payment date, by required acceleration or other-

wise) of the principal of the Notes and (b) the prompt payment in full when due of all interest on the Notes (including, without limitation, any overdue interest). All payments by IPC shall be paid in lawful money of the United States of America at the place specified in the Note Agreement or (if so specified in accordance with the terms of the Note Agreement) directly to the Note Purchaser. Each and every default in payment of the principal of, or interest on, the Notes shall give rise to a separate cause of action hereunder and separate suits may be brought hereunder as each cause of action arises.

SECTION 1.2. IPC agrees that if:

IPC shall (A) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian or the like for itself or its property, (B) admit in writing its inability to pay its debts generally as they become due, (C) make a general assignment for the benefit of creditors, (D) be adjudicated a bankrupt or insolvent or (E) commence a voluntary case under the Federal bankruptcy laws of the United States of America or file a voluntary petition or answer seeking reorganization, an arrangement with creditors or an order for relief or seeking to take advantage of any rehabilitation or insolvency law or file an answer admitting the material allega-

tions of a petition filed against it in any bankruptcy, reorganization, rehabilitation, liquidation or insolvency proceeding; or corporate action shall be taken by it for the purpose of effecting any of the foregoing; or if a proceeding shall be instituted in any court of competent jurisdiction, under any law relating to bankruptcy, insolvency, reorganization, rehabilitation, liquidation or relief of debtors, seeking in respect of IPC an order for relief or an adjudication in bankruptcy, reorganization, dissolution, winding up, rehabilitation, liquidation, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or custodian or the like of IPC or of all or any substantial part of its assets, or other like relief in respect thereof under any bankruptcy, rehabilitation or insolvency law, and, if such proceeding is being contested by IPC, in good faith, the same shall (A) result in the entry of an order for relief or any such adjudication or appointment or (B) continue undismissed, or pending and unstayed, for any period of ninety (90) consecutive days, IPC will forthwith pay to the Note Purchaser, without demand or notice and whether or not there has been any other event of default, the whole amount of the principal of the Notes then outstanding and any unpaid interest

thereon. In the event that IPC shall be required to make any payment to the Note Purchaser pursuant to the foregoing provisions of this Section, it shall, in addition to such payment, pay to the Note Purchaser such further amount as shall be sufficient to cover the costs and expenses of collection, including reasonable fees and expenses of its agents, attorneys and counsel.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF IDAHO POWER COMPANY

SECTION 2.1. IPC hereby represents and warrants that:

(a) it is a corporation duly organized, validly existing and in good standing under the laws of the State of Idaho, is duly qualified to conduct its business and is in good standing in each jurisdiction in which it owns or leases real property or in which the conduct of its business requires such qualification, is not in violation of any provision of its Restated Articles of Incorporation, as amended, or its By-laws, and has the full power and authority to enter into this Guaranty Agreement;

(b) the making by IPC of this Guaranty Agreement and the compliance by IPC with all of the provisions of this Guaranty Agreement have been duly

authorized by all necessary action on its part and do not and will not conflict with or result in a breach or violation of any of the terms or provisions of, or result in the creation of any lien or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which IPC is a party or by which it is bound or to which any of the property or assets of IPC is subject, nor will such action result in any violation of the provisions of the Restated Articles of Incorporation, as amended, or By-laws of IPC or any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over IPC and its properties;

(c) no consent, approval, authorization, order, registration, declaration, filing or qualification of or with any such court or governmental agency or body is required for the consummation by IPC of the transactions contemplated by this Guaranty Agreement, except such orders as have been issued by the Idaho Public Utilities Commission, the Public Utility Commission of Oregon and the Public Service Commission of Wyoming;

(d) other than as described in or contemplated by IPC's reports filed with the Securities and Exchange Commission on Forms 10-K, 8-K or 10-Q, there is no action, proceeding or investigation pending or threatened (or any basis therefor known to IPC) which questions the validity of this Guaranty Agreement, or any action taken or to be taken pursuant to this Guaranty Agreement, or which might result, either in any case or in the aggregate, in any adverse change in the business, operations, affairs, condition (financial or otherwise), properties or assets of IPC or any of its Subsidiaries, or in any liability on the part of IPC or any of its Subsidiaries, which would be material to IPC or any of its Subsidiaries;

(e) neither this Guaranty Agreement nor any other document, certificate or instrument delivered to the Note Purchaser by or on behalf of IPC in connection with the transactions contemplated by this Guaranty Agreement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained in this Guaranty Agreement and in such other documents, certificates or instruments not misleading;

(f) IPC is not a "holding company", or a "subsidiary company" of a "holding company", or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company", as such terms are defined in the Public Utility Holding Company Act of 1935, as amended;

(g) IPC is not an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended; and

(h) the obligations of IPC under this Guaranty Agreement rank pari passu with all other senior unsecured indebtedness of the Guarantor.

ARTICLE III

ASSENT AND WAIVER; SUBROGATION

SECTION 3.1. IPC hereby assents to all the terms and conditions of the Notes and the Note Agreement and waives (i) demand for the payment of the Notes and any claim for interest on any part thereof; (ii) notice of the occurrence of an Event of Default or Potential Event of Default (except to the extent, if any, that such notice is expressly required by Section 12 of the Note Agreement); (iii) protest of the nonpayment of the principal of the Notes and of any claim for interest and any part of any

thereof; (iv) notice of acceptance of this Guaranty Agreement or of the terms and provisions hereof by the Note Purchaser and (v) notice of any indulgences or extensions granted to MDI or IPC. The liability of IPC hereunder shall in no way be affected or impaired by (a) any acceptance by the Note Purchaser of any direct or indirect security for, or other guarantees of, any indebtedness, liability or obligation of the Notes or of any Person to the Note Purchaser, (b) any failure, delay, neglect or omission by the Note Purchaser to realize upon or protect any such indebtedness, liability or obligation or any other notes or other instruments evidencing the same or any direct or indirect security therefor, (c) any approval, consent, waiver or other action taken, or omitted to be taken, by the Note Purchaser, (d) any requirement to exhaust any remedies resulting from any default under the Notes or the Note Agreement, (e) any notice of any sale, transfer or other disposition of any right, title to or interest in any Note by any holder thereof, (f) any release of IPC from its obligations hereunder resulting from any loss by it of its rights of subrogation hereunder or (g) any other circumstance whatsoever which might otherwise constitute a legal or equitable discharge, release or

defense of a guarantor or surety or which might otherwise limit recourse against IPC.

SECTION 3.2. IPC hereby waives, and agrees that it shall not exercise, any rights of subrogation to which it may at any time be entitled arising out of or on account of any sums paid or agreed to be paid by IPC under this Agreement, until such time as all amounts payable under the Notes shall have been duly paid in full.

ARTICLE IV

OBLIGATIONS UNCONDITIONAL; TERM; TERMINATION; NO SET OFF

SECTION 4.1. The obligation of IPC hereunder shall be absolute and unconditional, irrespective of the validity, regularity or enforceability of, or the impossibility of performance by any party of its obligations under, the Notes or the Note Agreement, and shall not be affected by reason of any action taken in the exercise of any right or power therein conferred or by reason of any failure or omission on the part of the Note Purchaser to enforce any rights which it may have under the Notes or the Note Agreement, or by reason of any action of the Note Purchaser against MDI or IPC. The liability of IPC under this Guaranty Agreement shall constitute a guaranty of payment and not of collectability and such liability shall remain in full force and effect until the entire principal

of and interest on the Notes shall have been paid or provided for and shall not be affected, modified, discharged or impaired by the happening from time to time of any event, including, without limitation, any of the following, whether or not with notice to or consent of IPC:

(a) the extension of the time for payment of any principal of or interest on the Notes or under the Note Agreement or this Guaranty Agreement or of the time for performance of any other obligation, covenant or agreement under or arising out of the Note Agreement or this Guaranty Agreement or the extension or the renewal of either;

(b) the modification, amendment, compromise, settlement, release, waiver or termination (whether material or otherwise) of any obligation, covenant or agreement of MDI;

(c) the taking or the failure to take any action (including, without limitation, the failure to give notice to IPC of the occurrence of an event of default under the Note Agreement) permitted or required under this Guaranty Agreement;

(d) the assignment or mortgaging, or the purported assignment or mortgaging, of all or any part

of the interest of IPC in the Milner Hydro Project Agreement;

(e) the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all the assets, marshalling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition with creditors or readjustment of, or other similar proceedings affecting IPC or MDI or any of the assets, of either, or any allegation of the invalidity or contest of the validity of this Guaranty Agreement in any such proceeding;

(f) to the extent permitted by law, the release or discharge whether by operation of law or otherwise of IPC from the performance or observance of any obligation, covenant or agreement under this Guaranty Agreement;

(g) any failure, omission or delay on the part of MDI to enforce, assert or exercise any right, power or remedy conferred on MDI in the Note Agreement or in this Guaranty Agreement, or any other act or acts on the part of MDI or the Note Purchaser;

(h) the default or failure of IPC fully to perform or observe any obligation, covenant or agreement under this Guaranty Agreement;

(i) the falseness or incorrectness of any representation or warranty made by or on behalf of MDI in compliance with or in connection with any of the Operative Agreements or any other instrument or agreement referred to in paragraph (a) above, and any failure, omission or delay on the part of MDI to conform or comply with any term of any of the Operative Agreements or any other instrument or agreement referred to in paragraph (a) above, including, without limitation, failure to give notice to IPC of the occurrence of an Event of Default or Potential Event of Default under the Note Agreement;

(j) any merger or consolidation of MDI or IPC into or with any other corporation, or any sale, lease or transfer of any of the assets of MDI or IPC to any other person;

(k) any change in the ownership of any shares of capital stock of MDI, or any change in the corporate or contractual relationship between MDI and IPC, or any termination of any such existing relationship; or

(1) any other occurrence, circumstance, happening or event whatsoever, whether similar or dissimilar to the foregoing, whether foreseen or unforeseen, and any other circumstance which might otherwise constitute a legal or equitable defense or discharge of the liabilities of a guarantor or surety or which might otherwise limit recourse against IPC.

SECTION 4.2. The obligations of IPC set forth herein constitute the full recourse obligations of IPC enforceable against it to the full extent of all its assets and properties.

SECTION 4.3. Upon the payment or making provision therefor as provided in the Notes or the Note Agreement of the entire principal of and interest on the Notes, this Agreement shall terminate; provided, however, that the liability of IPC under this Guaranty Agreement shall immediately be reinstated in the event that any such amounts shall, for any reason whatsoever, be required to be returned to MDI or to IPC by the recipient thereof.

SECTION 4.4. No set off, counterclaim, reduction or diminution of an obligation, or any defense of any kind or nature which IPC has or may have against MDI shall be available hereunder to IPC against the Note Purchaser.

ARTICLE V

REMEDIES

SECTION 5.1. In the case of an Event of Default arising from the failure to pay any amount of principal of the Notes when and as the same shall become due, whether at the stated maturity thereof, by acceleration, or otherwise, or in the case of any Event of Default arising from the failure to pay any amount of interest or premium (if any) on the Notes when and as the same shall become due, the Note Purchaser may, in its sole discretion, proceed first and directly against IPC under this Guaranty Agreement without proceeding against or exhausting any other remedies which it may have and without resorting to any other security held by the Note Purchaser.

SECTION 5.2. No remedy herein conferred upon or reserved to the Note Purchaser is intended to be exclusive of any other available remedies but each and every such remedy shall be cumulative and shall be in addition to every remedy given under this Guaranty Agreement, the Notes or the Note Agreement, or now or hereafter existing at law or in equity.

ARTICLE VI

COVENANTS OF IDAHO POWER COMPANY

SECTION 6.1. IPC shall fully satisfy and discharge all of the obligations in accordance with the terms of this Guaranty Agreement, it being the intention that such obligations shall be separate and independent covenants from any agreements of IPC with MDI and that such obligations of IPC hereunder shall continue unaffected unless otherwise expressly provided in this Guaranty Agreement.

SECTION 6.2. IPC, at its own expense, shall do such further lawful acts and things and execute and deliver such additional conveyances, assignments, assurances, agreements, financing statements and instruments as the Note Purchaser may at any time reasonably request in connection with the administration and enforcement of this Guaranty Agreement or any part thereof or in order to better assign, assure and confirm to the Note Purchaser the rights, remedies, powers and privileges of the Note Purchaser hereunder or in order to maintain, protect and preserve the guaranty created by this Guaranty Agreement or in order to carry out the intentions and facilitate the performance of the terms of this Guaranty Agreement.

SECTION 6.3. IPC will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all of its assets, and will not consolidate with or merge into another corporation, or permit one or more corporations to consolidate with or merge into it; provided, however, that IPC may, without violating the agreement contained in this Section, consolidate with or merge into another corporation, or permit one or more corporations to consolidate with or merge into it, or sell or otherwise transfer to another corporation all or substantially all of its assets, if the resulting, surviving, or transferee corporation, as the case may be, is a corporation organized and existing under the laws of one of the states of the United States of America or the District of Columbia and is qualified and admitted to do business in the State of Idaho, shall be or as a result of the transaction shall become a public utility, shall have a Consolidated Net Worth immediately subsequent to such consolidation, merger, sale or transfer, at least equal to that of IPC immediately prior to such consolidation, merger, sale or transfer and shall assume in writing all of the obligations of IPC herein.

SECTION 6.4. Except as set forth in Section 6.3., IPC is and will remain qualified to do business and

be subject to service of process in the State of Idaho so long as the Notes are outstanding.

SECTION 6.5. IPC will not, and will not permit any Subsidiary of IPC to, directly or indirectly, incur, create, assume, or guarantee any Funded Debt (other than renewals, extensions or refinancing of Funded Debt of IPC and its Subsidiaries outstanding on the Closing Date, which renewals, extensions and refinancings shall be permitted without regard to the restriction of this Section 6.5 so long as the maximum principal amount of the Funded Debt so renewed, extended or refinanced does not exceed the maximum principal amount thereof immediately prior to such renewal, extension or refinancing) unless immediately thereafter Consolidated Total Funded Debt is not greater than 65% of Consolidated Total Capitalization.

SECTION 6.6. IPC will have Consolidated Net Worth as of the end of each fiscal quarter of not less than \$300,000,000.

ARTICLE VII

FINANCIAL STATEMENTS AND OTHER INFORMATION

SECTION 7.1. IPC will maintain and will cause each of its Subsidiaries to maintain, a system of accounting established and administered in accordance with generally accepted accounting principles, and will accrue, and

will cause each of its Subsidiaries to accrue all such liabilities as shall be required by generally accepted accounting principles. IPC will deliver (in duplicate) to the Note Purchaser, so long as the Note Purchaser shall be entitled to purchase Notes under the Note Agreement or the Note Purchaser or its nominee shall be the holder of any Notes, and to each other holder of any Note or Notes aggregating at least 25% in principal amount of the Notes then outstanding:

(a) within 50 days after the end of each of the first three quarterly fiscal periods in each fiscal year of IPC and its Subsidiaries, the consolidated balance sheet of IPC and its Subsidiaries as at the end of such period and the related consolidated statements of income, retained earnings and cash flows of IPC and its Subsidiaries for the period from the beginning of the current fiscal year to the end of such quarterly period and with respect to the consolidated statements of income (in the case of the second and third quarterly periods) for each such quarterly period setting forth in each case in comparative form the consolidated figures for the corresponding periods of the previous fiscal year, all in reasonable detail and certified by a principal

financial or accounting officer of IPC as presenting fairly, in accordance with generally accepted accounting principles applied (except as specifically set forth therein) on a basis consistent with such prior fiscal periods, the information contained therein, subject to changes resulting from normal year-end audit adjustments;

(b) within 95 days after the end of each fiscal year of IPC, the consolidated balance sheet of IPC and its Subsidiaries as at the end of such year and the related consolidated statements of income, retained earnings and cash flows of IPC and its Subsidiaries for such fiscal year, setting forth in each case in comparative form the consolidated figures for the previous fiscal year, all in reasonable detail and accompanied by a report thereon of Deloitte & Touche or other independent public accountants of recognized national standing selected by IPC, which report shall state that such consolidated financial statements present fairly the financial position of IPC and its Subsidiaries as at the dates indicated and the results of their operations for the periods indicated in conformity with generally accepted accounting principles applied on a basis

consistent with prior years (except as otherwise specified in such report) and that the audit by such accountants in connection with such consolidated financial statements has been made in accordance with generally accepted auditing standards;

(c) together with each delivery of financial statements pursuant to subdivisions (a) and (b) of this Section 7.1, an Officers' Certificate stating that the signers have reviewed the terms of this Guaranty Agreement and the Note Agreement and have made, or caused to be made under their supervision, a review of the transactions and condition of IPC (without undertaking any investigation of the transactions or condition of MDI) during the accounting period covered by such financial statements and that such review has not disclosed the existence during or at the end of such accounting period of any condition or event which constitutes an Event of Default or Potential Event of Default pertaining to IPC, and that the signers do not have knowledge of the existence as at the date of the Officers' Certificate of any condition or event which constitutes an Event of Default or Potential Event of Default, or, if any such condition or event

existed or exists, specifying the nature and period of existence thereof and what action IPC has taken or is taking or proposes to take with respect thereto;

(d) promptly upon their becoming available, copies of all reports on Form 10-K, Form 8-K or Form 10-Q filed by IPC with the Securities and Exchange Commission or any governmental authority succeeding to any of its functions;

(e) immediately upon any principal officer of IPC or any other officer of IPC involved in its financial administration, obtaining knowledge of any condition or event which constitutes an Event of Default, or that the holder of any Note has given any notice or taken any other action with respect to a claimed Event of Default under the Note Agreement or this Guaranty Agreement, an Officer's Certificate describing the same and the period of existence thereof and what action IPC has taken, is taking and proposed to take with respect thereto; and

(f) with reasonable promptness, such other financial reports and information and data with respect to IPC or any of its Subsidiaries as from time to time may be reasonably requested.

SECTION 7.2. (a) IPC will permit any authorized representatives designated by the Note Purchaser, so long as it or its nominee shall be the holder of any Notes, or by any other institutional holder of any Notes:

(i) if no Event of Default shall have occurred and be continuing, to discuss its affairs, finances and accounts with its officers;

(ii) if an Event of Default shall have occurred and be continuing, in addition to the rights set forth in clause (i) above, to discuss its affairs, finances and accounts with its independent public accountants (and by this provision IPC authorizes such accountants to discuss with such representatives the affairs, finances and accounts of IPC, whether or not IPC is present) and to visit and inspect any of the properties of IPC, including its books of account, and, to the extent reasonable, to make copies and take extracts therefrom,

all at such reasonable times, on reasonable notice and as often as may be reasonably requested.

(b) IPC will pay all of IPC's costs and expenses incurred in connection with the exercise by the Note Purchaser or any holder of rights under this Section 7.2, including all fees and expenses of the independent public

accountants of IPC, and all expenses of officers, incurred in connection with such discussions with such accountants and its officers. IPC will not be obligated to pay any travel expenses incurred by the Note Purchaser or any holder in connection with any exercise of such rights.

ARTICLE VIII

AMENDMENT; WAIVER

SECTION 8.1. This Guaranty Agreement shall be amended only upon the written consent of IPC and the holders of at least a majority in principal amount of the Notes at the time outstanding (excluding any Notes directly or indirectly owned by MDI, IPC or any of their respective Subsidiaries or Affiliates). If the Note Purchaser or any other holder of Notes should be requested to enter into any amendment, change or modification of this Guaranty Agreement, it shall be satisfactorily indemnified with respect to expenses. Upon the execution of any such amendment, change or modification as in this Section permitted and provided, this Guaranty Agreement shall be and be deemed to be modified and amended in accordance therewith. Nothing contained herein shall permit or be construed as permitting, without the prior written consent of the holders of all the Notes at the time outstanding (excluding any Notes directly or indirectly owned by MDI,

IPC or any of their respective Subsidiaries or Affiliates), any amendment, change, modification or waiver of this Guaranty Agreement which would (a) reduce the amounts payable by IPC hereunder, (b) change the time for payments of the amounts payable by IPC hereunder or (c) change the absolute and unconditional nature of this Guaranty Agreement.

SECTION 8.2. In the event any provision contained in this Guaranty Agreement should be breached by IPC and thereafter duly waived by the holders of at least a majority in principal amount of the Notes at the time outstanding (excluding any Notes directly or indirectly owned by MDI, IPC or any of their respective Subsidiaries or Affiliates), such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. No waiver, amendment, release or modification of this Guaranty Agreement shall be established by conduct, custom or course of dealing, but solely by an instrument in writing duly executed by the holders of at least a majority in principal amount of the Notes at the time outstanding (excluding any Notes directly or indirectly owned by MDI, IPC or any of their respective Subsidiaries or Affiliates).

ARTICLE IX

DEFINITIONS

Capitalized terms used herein without other definition have the respective meanings given in the Note Agreement; as used herein, the following additional capitalized terms have the following respective meanings:

Consolidated Funded Debt: as at any date of determination, the total of all Funded Debt of IPC and its Subsidiaries outstanding on such date, determined in accordance with generally accepted accounting principles on a consolidated basis, after eliminating all intercompany transactions.

Consolidated Net Worth: as at any date of determination, the net worth of IPC and its Subsidiaries as of such date, determined in accordance with generally accepted accounting principles on a consolidated basis, after eliminating all intercompany transactions.

Consolidated Total Capitalization: as of any date of determination, the sum of (a) Consolidated Net Worth, and (b) Consolidated Funded Debt.

Debt: all obligations which would in accordance with generally accepted accounting principles be classified as debt. Debt will include (i) all debt guaranteed, directly or indirectly (excluding deferred income taxes),

or transactions which are substantially equivalent to, or have similar economic effect of, a guarantee, such as any agreement to (A) purchase debt on property or (B) support or maintain a balance sheet condition, and (ii) Capital Lease obligations. Any debt which is extended or renewed (other than by an option created with the original creation of such debt) will be deemed to have been created when extended or renewed.

Funded Debt: any Debt other than (i) deferred income taxes and (ii) debt which is properly classified as a current liability in accordance with generally accepted accounting principles.

ARTICLE X

MISCELLANEOUS

SECTION 10.1. This Guaranty Agreement is entered into by IPC for the benefit of the Note Purchaser and any successors or assigns, including any holder from time to time of a Note. Said successors, assigns and holders are entitled to enforce performance and observance of this Guaranty Agreement to the same extent as if such successor, assign or holder were a party signatory hereto.

SECTION 10.2. IPC issues, and the Note Purchaser accepts, the guaranty established by this Guaranty Agreement upon the terms and conditions set forth in the

Notes and the Note Agreement, and said provisions are hereby incorporated herein as though set forth in full. To the extent, if any, that any of such provisions may be in conflict with the express provisions hereof, the express provisions of this Guaranty Agreement shall govern.

SECTION 10.3. This Guaranty Agreement constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof, and may be executed in several counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

SECTION 10.4. In the event any one or more phrases, clauses, sentences, Sections or Articles of this Guaranty Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not affect the validity or enforceability of the remaining portions hereof.

SECTION 10.5. THIS GUARANTY AGREEMENT IS BEING DELIVERED IN NEW YORK AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW YORK INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE.

SECTION 10.6. Except as otherwise provided in this Guaranty Agreement, notices and other communications under this Guaranty Agreement shall be in writing and shall be delivered by hand, by telecopy or by first-class mail, postage prepaid, addressed, (a) if to IPC, to it at P.O. Box 70, 1221 West Idaho Street, Boise, Idaho 83707, to the attention of J. LaMont Keen, Vice President, telecopy No. (208) 368-6936 or at such other address, or to the attention of such other officer, as IPC shall have furnished to the Note Purchaser, MDI and each other holder or (b) if to the Note Purchaser, to it at the address set forth in the Schedule of Purchasers attached to the Note Agreement or at such other address as the Note Purchaser shall have furnished to the Company and the Guarantor or (c) if to any other holder of a Note, to it at such address as such holder shall have furnished to MDI and IPC in writing, or (d) if to MDI, to it in care of Twin Falls Canal Company at 163 Second Avenue West, Twin Falls, Idaho 83303-0326, to the attention of President, telecopy No. (208) 736-0041, or at such other address, or to the attention of such other officer, as MDI shall have furnished to IPC, the Note Purchaser and each such other holder in writing. Any notice so addressed and mailed by

first-class mail shall be deemed to be given five business days after being so mailed.

SECTION 10.7. The captions or headings of the Articles and Subsections herein have been inserted for convenience of reference only and shall in no way affect the construction or interpretation of this Agreement.

IN WITNESS WHEREOF, Idaho Power Company and the Note Purchaser have caused this Guaranty Agreement to be executed in their respective corporate names, all as of the date first above written.

IDAHO POWER COMPANY

By: *C. Robert Keen*
Vice President

NEW YORK LIFE INSURANCE
COMPANY

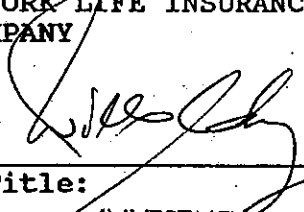
By: _____
Title: _____

IN WITNESS WHEREOF, Idaho Power Company and the Note Purchaser have caused this Guaranty Agreement to be executed in their respective corporate names, all as of the date first above written.

IDAHO POWER COMPANY

By: _____
Vice President

NEW YORK LIFE INSURANCE
COMPANY

By:  _____
Title: INVESTMENT VICE PRESIDENT