

IDAHO POWER CO
Form 10-Q
August 06, 2009

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549
FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2009
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from _____ to _____

	Exact name of registrants as specified	I.R.S. Employer Identification Number
Commission File	in their charters, address of principal	
Number	executive offices, zip code and telephone number	
1-14465	IDACORP, Inc.	82-0505802
1-3198	Idaho Power Company	82-0130980
	1221 W. Idaho Street	
	Boise, ID 83702-5627	
	(208) 388-2200	
	State of Incorporation: Idaho	
	Websites: www.idacorpinc.com, idahopower.com	

None

Former name, former address and former fiscal year, if changed since last report.

Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days. Yes

☒ No ☐

Indicate by check mark whether the registrants have submitted electronically and posted on their corporate Web sites, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrants were required to submit and post such files).

Yes ☐ No ☐

Indicate by check mark whether the registrants are large accelerated filers, accelerated filers, non-accelerated filers, or smaller reporting companies. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act (check one):

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IDACORP, Inc.:

Large accelerated X
filer

Accelerated
filer

Non-accelerated
filer

Smaller reporting
company

Idaho Power Company:

Large accelerated
filer

Accelerated
filer

Non-accelerated X
filer

Smaller reporting
company

Indicate by check mark whether the registrants are shell companies (as defined in Rule 12b-2 of the Exchange Act).
Yes ___ No X

Number of shares of Common Stock outstanding as of June 30, 2009:

IDACORP, Inc.: 47,248,205

Idaho Power Company: 39,150,812, all held by IDACORP, Inc.

This combined Form 10-Q represents separate filings by IDACORP, Inc. and Idaho Power Company. Information contained herein relating to an individual registrant is filed by that registrant on its own behalf. Idaho Power Company makes no representations as to the information relating to IDACORP, Inc.'s other operations.

Idaho Power Company meets the conditions set forth in General Instructions H(1)(a) and (b) of Form 10-Q and is therefore filing this Form with the reduced disclosure format.

COMMONLY USED TERMS

AFUDC	- Allowance for Funds Used During Construction
APCU	- Annual Power Cost Update
Cal ISO	- California Independent System Operator
CalPX	- California Power Exchange
CAMP	- Comprehensive Aquifer Management Plan
CO ₂	- Carbon Dioxide
EIS	- Environmental impact statement
EPS	- Earnings per share
ESA	- Endangered Species Act
ESPA	- Eastern Snake Plain Aquifer
FASB	- Financial Accounting Standards Board
FERC	- Federal Energy Regulatory Commission
FIN	- Financial Accounting Standards Board Interpretation
Fitch	- Fitch Ratings, Inc.
GAAP	- Generally Accepted Accounting Principles in the United States of America
HCC	- Hells Canyon Complex

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Ida-West	-	Ida-West Energy, a subsidiary of IDACORP, Inc.
IDWR	-	Idaho Department of Water Resources
IE	-	IDACORP Energy, a subsidiary of IDACORP, Inc.
IERCO	-	Idaho Energy Resources Co., a subsidiary of Idaho Power Company
IFS	-	IDACORP Financial Services, a subsidiary of IDACORP, Inc.
IPC	-	Idaho Power Company, a subsidiary of IDACORP, Inc.
IPUC	-	Idaho Public Utilities Commission
IRP	-	Integrated Resource Plan
IWRB	-	Idaho Water Resource Board
kW	-	Kilowatt
LGAR	-	Load growth adjustment rate
maf	-	Million acre feet
		Management's Discussion and Analysis of Financial Condition and Results of
MD&A	-	Operations
Moody's	-	Moody's Investors Service
MW	-	Megawatt
MWh	-	Megawatt-hour
NO _x	-	Nitrogen Oxide
NWRFC	-	National Weather Service Northwest River Forecast Center
O&M	-	Operations and Maintenance
OATT	-	Open Access Transmission Tariff
OPUC	-	Oregon Public Utility Commission
PCA	-	Power Cost Adjustment
PCAM	-	Power Cost Adjustment Mechanism
PURPA	-	Public Utility Regulatory Policies Act of 1978
REC	-	Renewable Energy Certificate
RH BART	-	Regional Haze - Best Available Retrofit Technology
RFP	-	Request for Proposal
S&P	-	Standard & Poor's Ratings Services
SFAS	-	Statement of Financial Accounting Standards
SO ₂	-	Sulfur Dioxide
SRBA	-	Snake River Basin Adjudication
Valmy	-	North Valmy Steam Electric Generating Plant
VIEs	-	Variable Interest Entities

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SAFE HARBOR STATEMENT

This Form 10-Q contains forward-looking statements intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. Forward-looking statements should be read with the cautionary statements and important factors included in this Form 10-Q at Part I, Item 2, Management's Discussion

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and Analysis of Financial Condition and Results of Operations - Forward-Looking Information. Forward-looking statements are all statements other than statements of historical fact, including without limitation those that are identified by the use of the words anticipates, believes, estimates, expects, intends, plans, predicts, project, result, may continue and similar expressions.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

IDACORP, Inc.

Condensed Consolidated Statements of Income

(unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2009	2008	2009	2008
	(thousands of dollars except for per share amounts)			
Operating Revenues:				
Electric utility:				
General business	\$ 198,215	\$ 188,748	\$ 386,142	\$ 356,060
Off-system sales	26,667	25,641	55,198	59,004
Other revenues	17,636	14,556	29,207	26,676
Total electric utility revenues	242,518	228,945	470,547	441,740
Other	1,116	1,281	1,661	1,925
Total operating revenues	243,634	230,226	472,208	443,665
Operating Expenses:				
Electric utility:				
Purchased power	25,091	50,089	57,886	95,387
Fuel expense	24,475	28,681	63,608	65,918
Third-party transmission expense	1,776	1,903	2,682	2,399
Power cost adjustment	26,762	(829)	42,621	(18,573)
Other operations and maintenance	74,653	73,714	143,422	142,144
Energy efficiency programs	8,673	3,928	12,731	7,293
Gain on sale of emission allowances	(60)	(346)	(289)	(346)
Depreciation	26,832	26,617	52,795	52,367
Taxes other than income taxes	5,088	4,800	10,150	9,603
Total electric utility expenses	193,290	188,557	385,606	356,192
Other expense	872	1,140	1,495	2,187
Total operating expenses	194,162	189,697	387,101	358,379
Operating Income (Loss):				
Electric utility	49,228	40,388	84,941	85,548
Other	244	141	166	(262)
Total operating income	49,472	40,529	85,107	85,286
Other Income, net	4,058	4,302	10,979	8,044
Losses of Unconsolidated Equity-Method Investments	(2,620)	(3,278)	(2,218)	(7,314)
Interest Expense:				
Interest on long-term debt	18,282	15,744	34,922	32,621
Other interest expense, net of AFUDC	(117)	1,313	719	1,909
Total interest expense	18,165	17,057	35,641	34,530
Income Before Income Taxes	32,745	24,496	58,227	51,486
Income Tax Expense	5,175	6,941	11,970	12,526
Net Income	27,570	17,555	46,257	38,960

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Adjustment for (income) loss attributable to noncontrolling interests	(95)	(40)	102	271
Net Income attributable to IDACORP, Inc.	\$ 27,475	\$ 17,515	\$ 46,359	\$ 39,231
Weighted Average Common Shares Outstanding - Basic (000 s)	46,958	45,052	46,895	45,003
Weighted Average Common Shares Outstanding - Diluted (000 s)	46,977	45,155	46,927	45,101
Earnings Per Share of Common Stock:				
Earnings Attributable to IDACORP, Inc.-Basic	\$ 0.59	\$ 0.39	\$ 0.99	\$ 0.87
Earnings Attributable to IDACORP, Inc.-Diluted	\$ 0.58	\$ 0.39	\$ 0.99	\$ 0.87
Dividends Paid Per Share of Common Stock	\$ 0.30	\$ 0.30	\$ 0.60	\$ 0.60

The accompanying notes are an integral part of these statements.

IDACORP, Inc.
Condensed Consolidated Balance Sheets
(unaudited)

	June 30, 2009	December 31, 2008
Assets	(thousands of dollars)	
Current Assets:		
Cash and cash equivalents	\$ 16,002	\$ 8,828
Receivables:		
Customer	70,777	64,733
Allowance for uncollectible accounts	(1,247)	(1,724)
Other	14,226	10,439
Taxes receivable	99	18,111
Accrued unbilled revenues	48,265	43,934
Materials and supplies (at average cost)	51,251	50,121
	23,331	16,852

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Fuel stock (at average cost)			
Prepayments	9,493	10,059	
Deferred income taxes	14,731	37,550	
Other	8,602	7,381	
Total current assets	255,530	266,284	
Investments	193,548	198,552	
Property, Plant and Equipment:			
Utility plant in service	4,107,992	4,030,134	
Accumulated provision for depreciation	(1,540,469)	(1,505,120)	
Utility plant in service - net	2,567,523	2,525,014	
Construction work in progress	201,155	207,662	
Utility plant held for future use	6,653	6,318	
Other property, net of accumulated depreciation	19,157	19,171	
Property, plant and equipment - net	2,794,488	2,758,165	
Other Assets:			
American Falls and Milner water rights	24,747	26,332	
Company-owned life insurance	28,812	29,482	
Regulatory assets	693,366	696,332	
Long-term receivables (net of allowance of \$1,684 and \$2,478)	5,204	4,012	
Other	46,981	43,686	
Total other assets	799,110	799,844	
Total	\$ 4,042,676	\$ 4,022,845	

The accompanying notes are an integral part of these statements.

IDACORP, Inc.
Condensed Consolidated Balance Sheets
(unaudited)

	June 30, 2009	December 31, 2008
	(thousands of dollars)	
Liabilities and Shareholders' Equity		
Current Liabilities:		
Current maturities of long-term debt	\$ 83,502	\$ 86,528
Notes payable	79,099	151,250
Accounts payable	66,038	96,785
Interest accrued	17,919	16,727
Other	44,069	44,378
Total current liabilities	290,627	395,668
Other Liabilities:		
Deferred income taxes	512,978	515,719
Regulatory liabilities	292,378	276,266
Other	332,626	344,870
Total other liabilities	1,137,982	1,136,855
Long-Term Debt	1,283,570	1,183,451
Commitments and Contingencies		
Shareholders' Equity:		
IDACORP, Inc. shareholders' equity:		
Common stock, no par value (shares authorized 120,000,000; 47,264,189 and 46,929,203 shares issued, respectively)	734,880	729,576
Retained earnings	599,735	581,605
Accumulated other comprehensive loss	(8,179)	(8,707)
Treasury stock (15,984 and 9,022 shares at cost, respectively)	(21)	(37)
Total IDACORP, Inc. shareholders' equity	1,326,415	1,302,437
Noncontrolling interest	4,082	4,434
Total shareholders' equity	1,330,497	1,306,871
Total	\$ 4,042,676	\$ 4,022,845

The accompanying notes are an integral part of these statements.

IDACORP, Inc.
Condensed Consolidated Statements of Cash Flows
(unaudited)

	Six months ended	
	June 30,	
	2009	2008
	(thousands of dollars)	
Operating Activities:		
Net income	\$ 46,257	\$ 38,960
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	55,434	57,050
Deferred income taxes and investment tax credits	7,548	16,777
Changes in regulatory assets and liabilities	38,358	(24,824)
Non-cash pension expense	2,209	1,274
Losses of equity method investments	2,218	7,314
Distributions from equity method investments	7,710	-
Gain on sale of assets	(412)	(3,382)
Other non-cash adjustments to net income	(358)	748
Change in:		
Accounts receivable and prepayments	(8,869)	1,967
Accounts payable and other accrued liabilities	(28,293)	(13,462)
Taxes accrued	18,155	(5,255)
Other current assets	(11,940)	(25,921)
Other current liabilities	(1,464)	3,655

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Other assets	(1,831)	459
Other liabilities	(14,090)	(1,861)
Net cash provided by operating activities	110,632	53,499
Investing Activities:		
Additions to property, plant and equipment	(100,271)	(125,373)
Proceeds from the sale of non-utility assets	2,250	5,690
Investments in affordable housing	(6,174)	(8,486)
Proceeds from the sale of emission allowances	2,341	833
Investments in unconsolidated affiliates	-	(8,725)
Proceeds from the sale of investments	8,965	-
Purchase of held-to-maturity securities	-	(965)
Maturity of held-to-maturity securities	-	2,735
Withdrawal of refundable deposit for tax related liabilities	-	20,000
Other	(3,319)	(1,524)
Net cash used in investing activities	(96,208)	(115,815)
Financing Activities:		
Increase in term loans	-	170,000
Issuance of long-term debt	100,000	-
Retirement of long-term debt	(8,735)	(6,317)
Purchase of pollution control revenue bonds	-	(166,100)
Dividends on common stock	(28,230)	(26,985)
Net change in short-term borrowings	(72,151)	89,076
Issuance of common stock	4,927	4,295
Acquisition of treasury stock	(1,408)	(281)
Other	(1,653)	(414)
Net cash provided by (used in) financing activities	(7,250)	63,274
Net increase in cash and cash equivalents	7,174	958
Cash and cash equivalents at beginning of the period	8,828	7,966
Cash and cash equivalents at end of the period	\$ 16,002	\$ 8,924
Supplemental Disclosure of Cash Flow Information:		
Cash paid (refunded) during the period for:		
Income taxes	\$ (11,785)	\$ 5
Interest (net of amount capitalized)	\$ 32,956	\$ 33,824
Non-cash investing activities		
Additions to property, plant and equipment in accounts payable	\$ 5,578	\$ 9,960
Investments in affordable housing	\$ 6,000	\$ -
The accompanying notes are an integral part of these statements.		

	June 30, 2009	2008
	(thousands of dollars)	
Net Income	\$ 27,570	\$ 17,555
Other Comprehensive Income (Loss):		
Unrealized gains (losses) on securities:		
Net unrealized holding gains (losses) arising during the period, net of tax of \$734 and (\$181)	1,143	(281)
Unfunded pension liability adjustment, net of tax of \$87 and \$67	136	103
Total Comprehensive Income	28,849	17,377
Comprehensive income attributable to noncontrolling interests	(95)	(40)
Comprehensive Income attributable to IDACORP, Inc.	\$ 28,754	\$ 17,337
The accompanying notes are an integral part of these statements.		

IDACORP, Inc.
Condensed Consolidated Statements of Comprehensive Income
(unaudited)

	Six months ended June 30, 2009	2008
	(thousands of dollars)	
Net Income	\$ 46,257	\$ 38,960
Other Comprehensive Income (Loss):		
Unrealized gains (losses) on securities:		
Net unrealized holding gains (losses) arising during the period, net of tax of \$164 and (\$888)	256	(1,384)
Unfunded pension liability adjustment, net of tax of \$174 and \$133	272	207
Total Comprehensive Income	46,785	37,783
Comprehensive loss attributable to noncontrolling interests	102	271
Comprehensive Income attributable to IDACORP, Inc.	\$ 46,887	\$ 38,054
The accompanying notes are an integral part of these statements.		

Idaho Power Company
Condensed Consolidated Statements of Income
(unaudited)

	Three months ended June 30, 20092008 (thousands of dollars)		Six months ended June 30, 20092008	
Operating Revenues:				
General business	\$198,215	\$188,748	\$386,142	\$356,060
Off-system sales	26,667	25,641	55,198	59,004
Other revenues	17,636	14,556	29,207	26,676
Total operating revenues	242,518	228,945	470,547	441,740
Operating Expenses:				
Operation:				
Purchased power	25,091	50,089	57,886	95,387
Fuel expense	24,475	28,681	63,608	65,918
Third-party transmission expense	1,776	1,903	2,682	2,399
Power cost adjustment	26,762	(829)	42,621	(18,573)
Other	54,613	53,575	106,925	107,732
Energy efficiency programs	8,673	3,928	12,731	7,293
Gain on sale of emission allowances	(60)	(346)	(289)	(346)
Maintenance	20,040	20,139	36,497	34,412
Depreciation	26,832	26,617	52,795	52,367
Taxes other than income taxes	5,088	4,800	10,150	9,603
Total operating expenses	193,290	188,557	385,606	356,192

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Income from Operations	49,228	40,388	84,941	85,548
Other Income (Expense):				
Allowance for equity funds used during construction	1,734	232	2,498	1,129
Earnings (losses) of unconsolidated equity-method investments	(649)	(1,070)	2,653	(1,866)
Other income, net	1,648	3,839	7,944	6,599
Total other income	2,733	3,001	13,095	5,862
Interest Charges:				
Interest on long-term debt	18,268	15,409	34,835	31,952
Other interest	1,350	2,252	2,929	4,146
Allowance for borrowed funds used during construction	(1,658)	(1,479)	(2,785)	(3,417)
Total interest charges	17,960	16,182	34,979	32,681
Income Before Income Taxes	34,001	27,207	63,057	58,729
Income Tax Expense	7,675	9,479	17,447	19,730
Net Income	\$ 26,326	\$ 17,728	\$ 45,610	\$ 38,999

The accompanying notes are an integral part of these statements.

Idaho Power Company
Condensed Consolidated Balance Sheets
(unaudited)

	June 30, 2009	December 31, 2008
Assets		
Electric Plant:	(thousands of dollars)	

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In service (at original cost)	\$ 4,107,992	\$ 4,030,134
Accumulated provision for depreciation	(1,540,469)	(1,505,120)
In service - net	2,567,523	2,525,014
Construction work in progress	201,155	207,662
Held for future use	6,653	6,318
Electric plant - net	2,775,331	2,738,994
Investments and Other Property	102,204	106,057
Current Assets:		
Cash and cash equivalents	11,523	3,141
Receivables:		
Customer	70,777	64,433
Allowance for uncollectible accounts	(1,247)	(1,724)
Other	12,375	7,947
Taxes receivable	7,013	41,363
Accrued unbilled revenues	48,265	43,934
Materials and supplies (at average cost)	51,251	50,121
Fuel stock (at average cost)	23,331	16,852
Prepayments	9,287	9,865
Deferred income taxes	3,914	3,852
Other	7,752	4,968
Total current assets	244,241	244,752
Deferred Debits:		
American Falls and Milner water rights	24,747	26,332
Company-owned life insurance	28,812	29,482
Regulatory assets	693,366	696,332
Other	46,148	42,907
Total deferred debits	793,073	795,053
Total	\$ 3,914,849	\$ 3,884,856

The accompanying notes are an integral part of these statements.

	June 30, 2009	December 31, 2008
Capitalization and Liabilities		
Capitalization:		
Common stock equity:		
Common stock, \$2.50 par value (50,000,000 shares authorized; 39,150,812 shares outstanding)	\$ 97,877	\$ 97,877
Premium on capital stock	618,758	618,758
Capital stock expense	(2,097)	(2,097)
Retained earnings	499,281	482,047
Accumulated other comprehensive loss	(8,179)	(8,707)
Total common stock equity	1,205,640	1,187,878
Long-term debt	1,279,570	1,180,691
Total capitalization	2,485,210	2,368,569
Current Liabilities:		
Long-term debt due within one year	81,064	81,064
Notes payable	36,730	112,850
Accounts payable	64,014	96,268
Notes and accounts payable to related parties	1,238	768
Interest accrued	17,902	16,675
Other	43,305	43,274
Total current liabilities	244,253	350,899
Deferred Credits:		
Deferred income taxes	563,104	547,159
Regulatory liabilities	292,378	276,266
Other	329,904	341,963
Total deferred credits	1,185,386	1,165,388
Commitments and Contingencies		
Total	\$ 3,914,849	\$ 3,884,856

The accompanying notes are an integral part of these statements.

Idaho Power Company
Condensed Consolidated Statements of Capitalization
(unaudited)

	June 30, 2009	%	December 31, 2008	%
	(thousands of dollars)			
Common Stock Equity:				
Common stock	\$ 97,877		\$ 97,877	
Premium on capital stock	618,758		618,758	
Capital stock expense	(2,097)		(2,097)	
Retained earnings	499,281		482,047	
Accumulated other comprehensive loss	(8,179)		(8,707)	
Total common stock equity	1,205,640	49	1,187,878	50
Long-Term Debt:				
First mortgage bonds:				
7.20% Series due 2009	80,000		80,000	
6.60% Series due 2011	120,000		120,000	
4.75% Series due 2012	100,000		100,000	
4.25% Series due 2013	70,000		70,000	
6.025% Series due 2018	120,000		120,000	
6.15% Series Due 2019	100,000		-	
6 % Series due 2032	100,000		100,000	
5.50% Series due 2033	70,000		70,000	
5.50% Series due 2034	50,000		50,000	
5.875% Series due 2034	55,000		55,000	
5.30% Series due 2035	60,000		60,000	
6.30% Series due 2037	140,000		140,000	
6.25% Series due 2037	100,000		100,000	
Total first mortgage bonds	1,165,000		1,065,000	
Amount due within one year	(80,000)		(80,000)	
Net first mortgage bonds	1,085,000		985,000	
Pollution control revenue bonds:				
Variable Rate Series 2003 due 2024	49,800		49,800	
Variable Rate Series 2006 due 2026	116,300		116,300	
Variable Rate Series 2000 due 2027	4,360		4,360	
Total pollution control revenue bonds	170,460		170,460	
American Falls bond guarantee	19,885		19,885	
Milner Dam note guarantee	8,509		9,573	
Note guarantee due within one year	(1,064)		(1,064)	
Unamortized premium/discount - net	(3,220)		(3,163)	
Term Loan Credit Facility	166,100		166,100	
Purchase of pollution control revenue bonds	(166,100)		(166,100)	
Total long-term debt	1,279,570	51	1,180,691	50
Total Capitalization	\$ 2,485,210	100	\$ 2,368,569	100

The accompanying notes are an integral part of these statements.

Idaho Power Company
Condensed Consolidated Statements of Cash Flows
(unaudited)

	Six months ended	
	June 30,	
	2009	2008
	(thousands of dollars)	
Operating Activities:		
Net income	\$ 45,610	\$ 38,999
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	55,030	56,650
Deferred income taxes and investment tax credits	3,354	16,050
Changes in regulatory assets and liabilities	38,358	(24,824)
Non-cash pension expense	2,209	1,274
(Earnings) losses of equity method investments	(2,653)	1,866
Distributions from equity method investments	7,460	-
Gain on sale of assets	(412)	(3,381)
Other non-cash adjustments to net income	(1,350)	(1,497)
Change in:		
Accounts receivables and prepayments	(8,665)	3,142
Accounts payable	(29,800)	(13,102)
Taxes accrued	34,350	9,650
Other current assets	(11,940)	(25,921)
Other current liabilities	(1,234)	3,650
Other assets	(1,831)	456
Other liabilities	(14,094)	(1,608)
Net cash provided by operating activities	114,392	61,404
Investing Activities:		
Additions to utility plant	(100,271)	(125,373)
Proceeds from the sale of non-utility assets	2,250	5,690
Proceeds from sale of emission allowances	2,341	833
Investments in unconsolidated affiliates	-	(8,725)
Withdrawal of refundable deposit for tax related liabilities	-	20,000
Other	(3,359)	(1,515)
Net cash used in investing activities	(99,039)	(109,090)
Financing Activities:		
Increase in term loans	-	170,000
Issuance of long-term debt	100,000	-
Retirement of long-term debt	(1,064)	(1,064)
Purchase of pollution control revenue bonds	-	(166,100)
Dividends on common stock	(28,376)	(27,084)
Net change in short term borrowings	(76,120)	73,764

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Other	(1,411)	(413)
Net cash provided by (used in) financing activities	(6,971)	49,103
Net increase in cash and cash equivalents	8,382	1,417
Cash and cash equivalents at beginning of the period	3,141	5,347
Cash and cash equivalents at end of the period	\$ 11,523	\$ 6,764

Supplemental Disclosure of Cash Flow Information:

Cash paid (received) during the period for:

Income taxes received from parent	\$ (18,286)	\$ (6,996)
Interest (net of amount capitalized)	\$ 32,380	\$ 32,026

Non-cash investing activities:

Additions to utility plant in accounts payable	\$ 5,578	\$ 9,960
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The accompanying notes are an integral part of these statements.

Idaho Power Company
Condensed Consolidated Statements of Comprehensive Income
(unaudited)

	Three months ended	
	June 30,	
	2009	2008
	(thousands of dollars)	
Net Income	\$ 26,326	\$ 17,728
Other Comprehensive Income (Loss):		
Unrealized gains (losses) on securities:		
Net unrealized holding gains (losses) arising during the period, net of tax of \$734 and (\$181)	1,143	(281)
Unfunded pension liability adjustment, net of tax of \$87 and \$67	136	103
Total Comprehensive Income	\$ 27,605	\$ 17,550

The accompanying notes are an integral part of these statements.

Idaho Power Company
Condensed Consolidated Statements of Comprehensive Income
(unaudited)

	Six months ended	
	June 30,	
	2009	2008
	(thousands of dollars)	
Net Income	\$ 45,610	\$ 38,999
Other Comprehensive Income (Loss):		
Unrealized gains (losses) on securities:		
Net unrealized holding gains (losses) arising during the period, net of tax of \$164 and (\$888)	256	(1,384)
Unfunded pension liability adjustment, net of tax of \$174 and \$133	272	207
Total Comprehensive Income	\$ 46,138	\$ 37,822

The accompanying notes are an integral part of these statements.

IDACORP, INC. AND IDAHO POWER COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

This Quarterly Report on Form 10-Q is a combined report of IDACORP, Inc. (IDACORP) and Idaho Power Company (IPC). These Notes to the Condensed Consolidated Financial Statements apply to both IDACORP and IPC. However, IPC makes no representation as to the information relating to IDACORP's other operations.

Nature of Business

IDACORP is a holding company formed in 1998 whose principal operating subsidiary is IPC. IDACORP is subject to the provisions of the Public Utility Holding Company Act of 2005, which provides certain access to books and records to the Federal Energy Regulatory Commission (FERC) and state utility regulatory commissions and imposes certain record retention and reporting requirements on IDACORP.

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IPC is an electric utility with a service territory covering approximately 24,000 square miles in southern Idaho and eastern Oregon. IPC is regulated by the FERC and the state regulatory commissions of Idaho and Oregon. IPC is the parent of Idaho Energy Resources Co. (IERCo), a joint venturer in Bridger Coal Company, which supplies coal to the Jim Bridger generating plant owned in part by IPC.

IDACORP's other subsidiaries include:

IDACORP Financial Services, Inc. (IFS), an investor in affordable housing and other real estate investments;

Ida-West Energy Company (Ida-West), an operator of small hydroelectric generation projects that satisfy the requirements of the Public Utility Regulatory Policies Act of 1978 (PURPA); and

IDACORP Energy (IE), a marketer of energy commodities, which wound down operations in 2003.

Principles of Consolidation

IDACORP's and IPC's condensed consolidated financial statements include the accounts of each company, the subsidiaries that the companies control, and any variable interest entities (VIEs) for which the companies are the primary beneficiaries. All significant intercompany balances have been eliminated in consolidation. Investments in subsidiaries that the companies do not control and investments in VIEs for which the companies are not the primary beneficiaries, but have the ability to exercise significant influence over operating and financial policies, are accounted for using the equity method of accounting.

The entities that IDACORP and IPC consolidate consist primarily of the wholly-owned subsidiaries discussed above. In addition, IDACORP consolidates one VIE, Marysville Hydro Partners (Marysville), which is a joint venture owned 50 percent by Ida-West, and 50 percent by Environmental Energy Company (EEC). Marysville has approximately \$25 million of assets, primarily a small hydroelectric plant, and approximately \$17 million of intercompany long-term debt, which is eliminated in consolidation. For this joint venture, Ida-West is considered the primary beneficiary because the ownership of the intercompany note results in it absorbing a majority of the expected losses of the entity.

Through IFS, IDACORP also holds variable interests in VIEs for which it is not the primary beneficiary. These VIEs are affordable housing and historic rehabilitation developments in which IFS holds limited partnership interests ranging from five to 99 percent. These investments are not consolidated because IFS does not absorb a majority of the expected losses of these entities, either because of specific provisions in the partnership agreements or due to not owning a majority interest. These investments were acquired between 1996 and 2009, and are presented as Investments on IDACORP's condensed consolidated balance sheets. IFS's maximum exposure to loss in these developments is limited to its net carrying value, which was \$81 million at June 30, 2009.

In the opinion of IDACORP and IPC, the accompanying unaudited condensed consolidated financial statements contain all adjustments necessary to present fairly their consolidated financial positions as of June 30, 2009, and consolidated results of operations for the three and six months ended June 30, 2009, and 2008, and consolidated cash flows for the six months ended June 30, 2009, and 2008. These adjustments are of a normal and recurring nature. These financial statements do not contain the complete detail or footnote disclosure concerning accounting policies and other matters that would be included in full-year financial statements and should be read in conjunction with the audited consolidated financial statements included in IDACORP's and IPC's Annual Report on Form 10-K for the year ended December 31, 2008. The results of operations for the interim periods are not necessarily indicative of the results to be expected for the full year.

Subsequent Events

In the preparation of these financial statements, IDACORP and IPC evaluate all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet. Subsequent events were evaluated through August 6, 2009, up to the time the financial statements were issued.

Other expense was combined with the other income line in IDACORP's and IPC's condensed consolidated statements of income to present information in a more condensed manner;

Third-party transmission expense was broken out from electric utility other operations and maintenance in IDACORP's condensed consolidated statements of income and from other operation in IPC's condensed consolidated statements of income because third-party transmission costs are now treated as a power supply cost in the power cost adjustment (PCA);

Employee notes – current was combined with other current receivables and employee notes – long-term was combined with other non-current assets in IDACORP's and IPC's condensed consolidated balance sheets due to the employee notes becoming an immaterial balance; and

Uncertain tax positions was combined with other current liabilities in IDACORP's and IPC's condensed consolidated balance sheets due to the uncertain tax positions becoming an immaterial balance.

Earnings Per Share (EPS)

In January 2009, IDACORP adopted FASB Staff Position (FSP) EITF 03-6-1, *Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities*. Under the guidance in FSP EITF 03-6-1, unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and shall be included in the computation of EPS pursuant to the two-class method described in SFAS No. 128, *Earnings per Share*. Prior-period EPS data has been adjusted retrospectively. FSP EITF 03-6-1 did not have a material impact on IDACORP's or IPC's condensed consolidated financial statements.

The following table presents the computation of IDACORP's basic and diluted earnings per share for the three and six months ended June 30, 2009 and 2008 (in thousands, except for per share amounts):

Three months ended	Six months ended
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	June 30, 2009	2008	June 30, 2009	2008
Numerator:				
Net income attributable to IDACORP, Inc.	\$ 27,475	\$ 17,515	\$ 46,359	\$ 39,231
Denominator:				
Weighted-average common shares outstanding - basic	46,958	45,052	46,895	45,003
Effect of dilutive securities:				
Options	9	47	11	48
Restricted Stock	10	56	21	50
Weighted-average common shares outstanding diluted	46,977	45,155	46,927	45,101
Basic earnings per share	\$ 0.59	\$ 0.39	\$ 0.99	\$ 0.87
Diluted earnings per share	\$ 0.58	\$ 0.39	\$ 0.99	\$ 0.87

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The diluted EPS computation excluded 685,581 and 686,533 options for the three and six months ended June 30, 2009, respectively, because the options' exercise prices were greater than the average market price of the common stock during those periods. For the same periods last year, 482,000 options were excluded from the diluted EPS computation for the same reason. In total, 649,281 options were outstanding at June 30, 2009, with expiration dates between 2010 and 2015.

Adoption of SFAS 160

IDACORP and IPC adopted Statement of Financial Accounting Standards (SFAS) No. 160, Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB No. 51, on January 1, 2009. This guidance provides accounting and reporting standards for noncontrolling interests in a consolidated subsidiary (previously referred to as minority interests) and clarifies that noncontrolling interests should be reported as equity on the consolidated financial statements. As a result of adopting this guidance, IDACORP has disclosed in its financial statements the portion of equity and net income attributable to the noncontrolling interests in consolidated subsidiaries and has reclassified \$4 million of noncontrolling interests from other liabilities to shareholders' equity on the December 31, 2008, balance sheet. IPC does not have any noncontrolling interests. The adoption of this guidance modifies financial statements presentation, but does not impact financial statement results.

Shareholders' Equity

The following table presents a reconciliation of the carrying amount of shareholders' equity (in thousands):

	Attributable to IDACORP, Inc.	Attributable to noncontrolling interests	Total
Shareholders' equity at January 1, 2009	\$ 1,302,437	\$ 4,434	\$ 1,306,871
Net income (loss)	46,359	(102)	46,257
Common stock dividends	(28,230)	-	(28,230)

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Common stock issuances	5,250	-	5,250
Common stock acquired	(869)	-	(869)
Unrealized holding gains on securities	256	-	256
Unfunded pension liability adjustment	272	-	272
Other	940	(250)	690
Shareholders' equity at June 30, 2009	\$ 1,326,415	\$ 4,082	\$ 1,330,497
Shareholders' equity at January 1, 2008	\$ 1,207,315	\$ 4,478	\$ 1,211,793
Net income (loss)	39,231	(271)	38,960
Common stock dividends	(27,081)	-	(27,081)
Common stock issuances	4,392	-	4,392
Common stock acquired	(280)	-	(280)
Unrealized holding losses on securities	(1,384)	-	(1,384)
Unfunded pension liability adjustment	207	-	207
Other	2,248	(7)	2,241
Shareholders' equity at June 30, 2008	\$ 1,224,648	\$ 4,200	\$ 1,228,848

Allowance for Funds Used during Construction

AFUDC represents the cost of financing construction projects with borrowed funds and equity funds. With one exception, cash is not realized currently from such allowance, it is realized under the rate-making process over the service life of the related property through increased revenues resulting from a higher rate base and higher depreciation expense. The component of AFUDC attributable to borrowed funds is included as a reduction to interest expense, while the equity component is included in other income. Beginning in February 2009, the IPUC has provided for the current collection of AFUDC in base rates for a specific capital project, as discussed in Note 6, Regulatory Matters.

Revenues

Operating revenues for IPC related to the sale of energy are generally recorded when service is rendered or energy is delivered to customers. IPC accrues unbilled revenues for electric services delivered to customers but not yet billed at period-end. IPC collects franchise fees and similar taxes related to energy

consumption. These amounts are recorded as liabilities until paid to the taxing authority. None of these collections are reported on the income statement as revenue or expense. Beginning in February 2009, IPC is collecting AFUDC in base rates for a specific capital project, as discussed in Note 6, Regulatory Matters. Cash collected is recorded as a regulatory liability.

New Accounting Pronouncements

FSP FAS 132(R)-1: In December 2008, the Financial Accounting Standards Board (FASB) issued FSP FAS 132(R)-1, Employers' Disclosures about Postretirement Benefit Plan Assets. This standard will require companies to provide users of financial statements with an understanding of: a) how investment allocation decisions are made, including the factors that are pertinent to an understanding of investment policies and strategies; b) the major

categories of plan assets; c) the inputs and valuation techniques used to measure the fair value of plan assets; d) the effect of fair value measurements using significant unobservable inputs (Level 3) on changes in plan assets for the period; and e) significant concentrations of risk within plan assets. FSP FAS 132(R)-1 is effective for fiscal years ending after December 15, 2009. IDACORP and IPC do not expect the adoption of FSP FAS 132-(R)-1 to have a material effect on their consolidated financial statements.

SFAS 166: In June 2009, the FASB issued SFAS 166, Accounting for Transfers of Financial Assets, which amends the derecognition guidance in SFAS 140, Accounting for Transfers and Servicing of Financial Assets and Derecognition of Liabilities. SFAS 166 addresses issues entities have encountered when applying SFAS 140 and addresses concerns expressed by the SEC, members of Congress, and financial statement users about the accounting and disclosures required by SFAS 140 in the wake of the subprime mortgage crisis and the deterioration in the global credit markets. For IDACORP and IPC, SFAS 166 is effective for financial asset transfers occurring on or after January 1, 2010 and early adoption is prohibited. IDACORP and IPC do not expect the adoption of SFAS 166 to have a material effect on their consolidated financial statements.

SFAS 167: In June 2009 the FASB issued SFAS 167, Amendments to FASB Interpretation No. 46(R), which amends the consolidation guidance that applies to VIEs. The amendments will significantly affect the overall consolidation analysis under Interpretation 46(R). SFAS 167 will require IDACORP and IPC to reconsider their previous FIN46(R) conclusions, including (1) whether an entity is a VIE, (2) whether the enterprise is the VIE's primary beneficiary, and (3) what type of financial statement disclosures are required. For IDACORP and IPC, SFAS 167 is effective as of January 1, 2010, and early adoption is prohibited. IDACORP and IPC are currently assessing the impact of SFAS 167 on their consolidated financial statements.

SFAS 168: In June 2009 the FASB issued SFAS No. 168, The FASB Accounting Standards CodificationTM and the Hierarchy of Generally Accepted Accounting Principles. The FASB Accounting Standards Codification will become the source of authoritative U.S. generally accepted accounting principles recognized by the FASB to be applied to nongovernmental entities. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative GAAP to SEC registrants. On the effective date of this statement, the Codification supersedes all then-existing non-SEC accounting and reporting standards and all other nongrandfathered, non-SEC accounting literature not included in the codification will become nonauthoritative. This statement is effective for financial statements issued for interim and annual periods ending after September 15, 2009. As SFAS 168 is not intended to change or alter existing GAAP, it will not impact IDACORP's or IPC's results of operations, cash flows or financial positions. The companies will adjust historical GAAP references in their third quarter 2009 Form 10-Q to reflect accounting guidance references included in the codification.

2. INCOME TAXES:

In accordance with interim reporting requirements, IDACORP and IPC use an estimated annual effective tax rate for computing their provisions for income taxes. IDACORP's effective tax rate for the six months ended June 30, 2009, was 20.5 percent, compared to 24.2 percent for the six months ended June 30, 2008. IPC's effective tax rate for the six months ended June 30, 2009, was 27.7 percent, compared to 33.6 percent for the six months ended June 30, 2008. The decrease in the 2009 estimated annual effective tax rates from 2008 was primarily due to an examination settlement, state bonus depreciation, and timing and amount of

other regulatory flow-through tax adjustments at IPC. The decreases were partially offset by additional income tax expense from greater pre-tax earnings at IDACORP and IPC, and lower tax credits from IFS.

In April 2009, the State of Idaho adopted the federal bonus depreciation provisions enacted as part of the American Recovery and Reinvestment Act of 2009. IPC's regulatory tax accounting method allows for the flow-through of certain state tax adjustments, including accelerated depreciation. Due to the application of the bonus depreciation provision, IPC was able to reduce its income tax expense by \$1.5 million as of June 30, 2009.

The Internal Revenue Service (IRS) completed its examination of IDACORP's 2006 tax year in May 2009. The 2006 examination report was submitted for U.S. Congress Joint Committee on Taxation (JCT) review in June. In July, the JCT completed its review and accepted the report without change. As of June 30, 2009, IDACORP considered all uncertain tax positions related to its 2006 tax year effectively settled and decreased IPC's liability for unrecognized tax benefits by \$1.3 million.

In March 2009, the JCT completed its review of IDACORP's 2001-2004 uniform capitalization appeals settlement and 2005 IRS examination report. The JCT accepted both items without change. IDACORP considered these matters effectively settled in 2008 and recorded the related financial effects in its December 31, 2008 financial statements.

The IRS began its examination of IDACORP's 2007-2008 tax years in July 2009. In May 2009, IDACORP formally entered the IRS Compliance Assurance Process (CAP) program for its 2009 tax year. The CAP program provides for IRS examination throughout the year. The 2007-2009 examinations are expected to be completed in 2010. IDACORP and IPC are unable to predict the outcome of these examinations.

3. COMMON STOCK AND STOCK-BASED COMPENSATION:

During the six months ended June 30, 2009, IDACORP entered into the following transactions involving its common stock:

102,128 original issue shares and 24,948 treasury shares were used for awards granted under the 2000 Long-Term Incentive and Compensation Plan.

28,518 original issue shares and 22,550 treasury shares were used for awards granted under the Restricted Stock Plan.

12,936 treasury shares were used for the annual stock grant to directors under the Non-Employee Directors Stock Compensation Plan.

204,340 original issue shares were issued under the Dividend Reinvestment and Stock Purchase Plan and the Employee Savings Plan.

IDACORP has three share-based compensation plans. IDACORP's employee plans are the 2000 Long-Term Incentive and Compensation Plan (LTICP) and the Restricted Stock Plan (RSP). These plans are intended to align employee and shareholder objectives related to IDACORP's long-term growth. IDACORP also has one non-employee plan, the Non-Employee Directors Stock Compensation Plan (DSP). The purpose of the DSP is to increase directors' stock ownership through stock-based compensation.

The LTICP for officers, key employees and directors permits the grant of nonqualified stock options, incentive stock options, stock appreciation rights, restricted stock, restricted stock units, performance units, performance shares and other awards. The RSP permits only the grant of restricted stock or performance-based restricted stock. At June 30, 2009, the maximum number of shares available under the LTICP and RSP were 1,586,556 and 21,677, respectively.

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The following table shows the compensation cost recognized in income and the tax benefits resulting from these plans, as well as the amounts allocated to IPC for those costs associated with IPC's employees (in thousands of dollars). No equity compensation costs have been capitalized:

	IDACORP		IPC	
	Six months ended		Six months ended	
	June 30,		June 30,	
	2009	2008	2009	2008
Compensation cost	\$ 1,929	\$ 2,289	\$ 1,829	\$ 2,160
Income tax benefit	\$ 754	\$ 895	\$ 715	\$ 845

Stock awards: Restricted stock awards have vesting periods of up to three years. Restricted stock awards entitle the recipients to dividends and voting rights, and unvested shares are restricted as to disposition and subject to forfeiture under certain circumstances. The fair value of restricted stock awards is measured based on the market price of the underlying common stock on the date of grant and is charged to compensation expense over the vesting period based on the number of shares expected to vest. The weighted average fair value at date of grant for restricted stock awards granted during 2009 was \$25.48.

Performance-based restricted stock awards have vesting periods of three years. Performance awards entitle the recipients to voting rights, and unvested shares are restricted as to disposition, subject to forfeiture under certain circumstances, and subject to meeting specific performance conditions. Based on the attainment of the performance conditions, the ultimate award can range from zero to 150 percent of the target award. Dividends are accrued during the vesting period and will be paid out only on shares that eventually vest.

The performance goals for these awards are independent of each other and equally weighted, and are based on two metrics, cumulative earnings per share (CEPS) and total shareholder return (TSR) relative to a peer group. The fair value of the CEPS portion is based on the market value at the date of grant, reduced by the loss in time-value of the estimated future dividend payments, using an expected quarterly dividend of \$0.30. The fair value of the TSR portion is estimated using a statistical model that incorporates the probability of meeting performance targets based on historical returns relative to the peer group. Both performance goals are measured over the three-year vesting period and are charged to compensation expense over the vesting period based on the number of shares expected to vest. The weighted average fair value at date of grant for CEPS and TSR awards granted during the first six months of 2009 was \$19.50.

Stock option awards are granted with exercise prices equal to the market value of the stock on the date of grant. The options have a term of 10 years from the grant date and vest over a five-year period. The fair value of each option is amortized into compensation expense using graded-vesting. Stock options are not a significant component of share-based compensation awards under the LTICP.

4. LONG-TERM DEBT:

Long-Term Financing

IDACORP has approximately \$588 million remaining on a shelf registration statement that can be used for the issuance of debt securities or common stock.

On March 30, 2009, IPC issued \$100 million of its 6.15% First Mortgage Bonds, Secured Medium-Term Notes, Series H, due April 1, 2019. IPC used the net proceeds to repay a portion of its short-term debt in anticipation of utilizing short-term debt to repay its \$80 million 7.20% First Mortgage Bonds which mature on December 1, 2009. IPC has \$130 million remaining on a shelf registration statement that can be used for the issuance of first mortgage bonds and unsecured debt.

In February 2009, IFS repaid \$7.2 million of debt related to investments in affordable housing. The debt was scheduled to mature in 2009 and 2010. On May 15, 2009, IFS issued a \$6 million equity funding obligation to finance a portion of its \$12 million investment in affordable housing. The obligation is scheduled to mature in 2010.

Pollution Control Revenue Refunding Bonds

On April 3, 2008, IPC made a mandatory purchase of two series of Pollution Control Revenue Refunding Bonds issued for the benefit of IPC, the \$116.3 million aggregate principal amount of Pollution Control Revenue Refunding Bonds Series 2006 issued by Sweetwater County, Wyoming due 2026 and the \$49.8 million aggregate principal amount of Pollution Control Revenue Refunding Bonds Series 2003 issued by Humboldt County, Nevada due 2024 (together the Pollution Control Bonds). IPC initiated this transaction in order to adjust the interest rate period of the Pollution Control Bonds from an auction interest rate period to a weekly interest rate period, effective April 3, 2008.

This change was made to mitigate the higher-than-anticipated interest costs in the auction mode, which was a result of the financial guarantor's credit ratings deterioration. The Pollution Control Bonds remain outstanding and have not been retired or cancelled. IPC is the current holder of the bonds.

IPC has given notice, subject to rescission, to adjust the interest rate period of the Pollution Control Bonds from a weekly interest rate period to a term interest rate period effective August 20, 2009 in connection with the remarketing of the bonds to investors without the financial guaranty insurance policy.

Term Loan Credit Agreement

IPC entered into a \$170 million Term Loan Credit Agreement, dated as of April 1, 2008, with JPMorgan Chase Bank, N.A., as administrative agent and lender, and Bank of America, N.A., Union Bank of California, N.A. and Wachovia Bank, National Association, as lenders. The Term Loan Credit Agreement provided for the issuance of term loans by the lenders to IPC on April 1, 2008, in an aggregate principal amount of \$170 million. The loans were due on March 31, 2009 and could be prepaid but not reborrowed. IPC used \$166.1 million of the proceeds from the loans to effect the mandatory purchase on April 3, 2008, of the Pollution Control Bonds (as discussed above under "Pollution Control Revenue Refunding Bonds") and \$3.9 million to pay interest, fees and expenses incurred in connection with the Pollution Control Bonds and the Term Loan Credit Agreement.

On February 4, 2009, IPC entered into a new \$170 million Term Loan Credit Agreement with JPMorgan Chase Bank, N.A., as administrative agent and lender, Bank of America, N.A., Union Bank, N.A. and Wachovia Bank, National Association, as lenders. The new Term Loan Credit Agreement replaces the above mentioned Term Loan Credit Agreement. The loans are due on February 3, 2010, but are subject to earlier payment if IPC remarkets the Pollution Control Bonds discussed above. The loans may be prepaid but may not be reborrowed.

The new Term Loan Credit Agreement is a short-term arrangement; however, \$166.1 million was classified as long-term debt as allowed by SFAS 6 Classification of Short-Term Obligations Expected to Be Refinanced. IPC has the ability to refinance the loans on a long-term basis by utilizing its credit facility, provided that the aggregate of the commitments utilizing the credit facility and commercial paper outstanding does not exceed \$300 million. The remaining \$3.9 million of the loans is classified as short-term debt.

5. NOTES PAYABLE:

Credit Facilities

IDACORP has a \$100 million credit facility and IPC has a \$300 million credit facility, both of which expire on April 25, 2012. Commercial paper may be issued up to the amounts supported by the bank credit facilities. Under these facilities the companies pay a facility fee on the commitment, quarterly in arrears, based on its rating for senior unsecured long-term debt securities without third-party credit enhancement as provided by Moody's and S&P.

At June 30, 2009, no loans were outstanding on either IDACORP's facility or IPC's facility. At June 30, 2009, IPC had regulatory authority to incur up to \$450 million of short-term indebtedness.

Balances and interest rates of short-term borrowings were as follows at June 30, 2009, and December 31, 2008 (in thousands of dollars):

	June 30, 2009			December 31, 2008		
	IPC	IDACORP	Total	IPC	IDACORP	Total
Commercial paper outstanding	\$ 32,830	\$ 42,369	\$ 75,199	\$ 108,950	\$ 13,400	\$ 122,350
Other short-term borrowings	3,900	-	3,900	3,900	25,000	28,900
Total	\$ 36,730	\$ 42,369	\$ 79,099	\$ 112,850	\$ 38,400	\$ 151,250
Weighted-avg. interest rate	1.14%	1.09%	1.12%	4.89%	4.29%	4.74%

6. REGULATORY MATTERS:

Idaho 2008 General Rate Case

On January 30, 2009, the IPUC issued an order approving an average annual increase in Idaho base rates, effective February 1, 2009, of 3.1 percent (approximately \$20.9 million annually), a return on equity of 10.5 percent and an overall rate of return of 8.18 percent. On February 19, 2009, IPC filed a request for reconsideration with the IPUC and on March 19, 2009, the IPUC issued an order that increased IPC's Idaho revenue requirement by an additional \$6.1 million to approximately \$27 million for this rate case, raising the average rate increase from 3.1 percent to 4.0 percent.

The IPUC denied reconsideration with respect to a refund of \$3.3 million of fees recovered by IPC from the FERC. On April 2, 2009, IPC filed an application with the IPUC for an accounting order approving amortization of the fees over a five year period beginning October 2006 when IPC received the FERC credit. The IPUC approved IPC's requested amortization period in an order issued on April 28, 2009. In the first quarter of 2009, IPC recorded a charge of approximately \$1.7 million to electric utility other operations expense and a corresponding regulatory liability for the amount to be refunded from February 1, 2009, through the end of the amortization period, September 2011. As the regulatory liability is amortized it will reduce electric utility other operations expense ratably over the remaining amortization period.

The January 30, 2009 order authorized approximately \$15 million related to increases in base net power supply costs. It also allowed IPC to include in rates approximately \$6.8 million (\$10.6 million including income tax gross-up) of 2009 AFUDC relating to the Hells Canyon Complex relicensing project. Typically, AFUDC is not included in rates until a project is in use and benefitting customers, but the IPUC determined that including this amount in current rates is in the public interest. Because AFUDC is already recorded on an accrual basis, this portion of the rate increase will improve cash flows but will not have a current impact on IPC's net income. The amounts collected are being deferred as a regulatory liability and will be recognized in revenues over the life of the new license once it has been issued.

Deferred (Accrued) Net Power Supply Costs

IPC's deferred (accrued) net power supply costs consisted of the following balances, including applicable carrying charges (in thousands of dollars):

	June 30, 2009	December 31, 2008
Idaho PCA current year:		
Deferral for the 2009-2010 rate year	\$ -	\$ 93,657
Accrual for the 2010-2011 rate year	(8,418)	-
Idaho PCA true-up awaiting recovery:		
Authorized in May 2008	-	47,164
Authorized in May 2009	101,719	-
Oregon deferral:		
2001 Costs	536	1,663
2006 Costs	2,369	1,215
2007 Costs	5,985	-
2008 Power cost adjustment mechanism	5,615	5,400
Total deferral	\$ 107,806	\$ 149,099

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Idaho: IPC has a PCA mechanism that provides for annual adjustments to the rates charged to its Idaho retail customers. The PCA tracks IPC's actual net power supply costs (fuel, purchased power and third-party transmission expenses less off-system sales) and compares these amounts to net power supply costs currently being recovered in retail rates.

The annual adjustments are based on two components:

A forecast component, based on a forecast of net power supply costs in the coming year as compared to net power supply costs in base rates; and

A true-up component, based on the difference between the previous year's actual net power supply costs and the previous year's forecast. This component also includes a balancing mechanism so that, over time, the actual collection or refund of authorized true-up dollars matches the amounts authorized. The true-up component is calculated monthly, and interest is applied to the balance.

Prior to February 1, 2009, the PCA mechanism provided that 90 percent of deviations in power supply costs were to be reflected in IPC's rates for both the forecast and the true-up components. Effective February 1, 2009, this sharing percentage was changed to 95 percent.

2009-2010 PCA: On April 15, 2009, IPC filed its 2009-2010 PCA with the IPUC with a requested effective date of June 1, 2009. The filing requested an increase to existing revenues of approximately \$93.8 million or 11.4 percent. IPC subsequently provided its updated April operating plan, which reflected the need for increased revenues of \$84.3 million or 10.2 percent.

The 2009-2010 PCA reflects a new methodology, approved by the IPUC on January 9, 2009 and discussed in PCA Workshops below that utilizes IPC's most recent operating plan to forecast power supply expenses rather than the previous method based on a forecast of Brownlee Reservoir inflow and a regression formula.

On May 29, 2009, the IPUC approved the 2009-2010 PCA of \$84.3 million or 10.2 percent, effective June 1, 2009.

2008-2009 PCA: On May 30, 2008, the IPUC approved IPC's 2008-2009 PCA and an increase to then-existing revenues of \$73.3 million, effective June 1, 2008, which resulted in an average rate increase to IPC's customers of 10.7 percent. The IPUC's order adopted an IPUC Staff proposal to use a forecast for power supply costs that equaled the amounts in current base rates. The revenue increase was net of \$16.5 million of gains from the 2007 sale of excess SO₂ emission allowances, including interest, which the IPUC ordered be applied against the PCA.

PCA Workshops: In its May 30, 2008 order approving IPC's 2008-2009 PCA, the IPUC directed IPC to set up workshops with the IPUC Staff and several of IPC's largest customers (together, the Parties) to address PCA-related issues not resolved in the PCA filing. Workshops were conducted in the fall and a settlement stipulation was filed with the IPUC and approved on January 9, 2009.

The following changes were effective as of February 1, 2009:

PCA sharing methodology of 95/5 - the PCA sharing methodology allocates the costs and benefits of net power supply expenses between customers (95 percent) and shareholders (5 percent). The previous sharing ratio was 90/10.

LGAR - the LGAR is an element of the PCA formula that is intended to eliminate recovery of power supply expenses associated with load growth resulting from changing weather conditions, a growing customer base, or changing customer use patterns. The 2007 general rate case reset the LGAR from \$29.41 to \$62.79 per MWh, but applied that rate to only 50 percent of the load growth beginning in March 2008. In the stipulation, the Parties agreed on the formula for calculating the LGAR. Based on the final rates approved by the IPUC in the 2008 general rate case and the supporting data, the current LGAR is \$26.63 per MWh, effective February 1, 2009.