

IDAHO POWER CO  
 Form 10-Q  
 November 03, 2011

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 September 30, 2011

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number	Exact name of registrants as specified in their charters, address of principal executive offices, zip code and telephone number	I.R.S. Employer Identification Number
1-14465	IDACORP, Inc.	82-0505802
1-3198	Idaho Power Company 1221 W. Idaho Street Boise, Idaho 83702-5627 (208) 388-2200 State of Incorporation: Idaho None	82-0130980

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). IDACORP, Inc.: Yes  No  Idaho Power Company: 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):

IDACORP, Inc.:

Large accelerated filer	<input checked="" type="checkbox"/> Accelerated filer	Non-accelerated filer	Smaller reporting company
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Idaho Power Company:

Large accelerated filer	Accelerated filer	Non-accelerated filer	<input checked="" type="checkbox"/> Smaller reporting company
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Indicate by check mark whether the registrants are shell companies (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Number of shares of common stock outstanding as of October 28, 2011:

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IDACORP, Inc.: 49,768,118  
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 report on Form 10-Q with the reduced disclosure format.

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COMMONLY USED TERMS

The following select abbreviations or acronyms are commonly used in this report:

ADITC	- Accumulated Deferred Investment Tax Credits
AFUDC	- Allowance for Funds Used During Construction
AMI	- Advanced Metering Infrastructure
APCU	- Annual Power Cost Update
BCC	- Bridger Coal Company, a joint venture of IERCo
CAA	- Clean Air Act
CAMP	- Comprehensive Aquifer Management Plan
DSR	- Demand-Side Resources
EGUs	- Electric Utility Steam Generating Units
EPA	- United States Environmental Protection Agency
EPS	- Earnings Per Share
ESPA	- Eastern Snake Plain Aquifer
FASB	- Financial Accounting Standards Board
FCA	- Fixed Cost Adjustment Mechanism
FERC	- Federal Energy Regulatory Commission
GHG	- Greenhouse Gas
HAPs	- Hazardous Air Pollutants
HCC	- Hells Canyon Complex
Ida-West	- Ida-West Energy, a subsidiary of IDACORP, Inc.
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.
IPUC	- Idaho Public Utilities Commission
IRS	- Internal Revenue Service
Joint Committee	- U.S. Congress Joint Committee on Taxation
kW	- Kilowatt
LCAR	- Load Change Adjustment Rate
MD&A	- Management's Discussion and Analysis of Financial Condition and Results of Operations
MW	- Megawatt
MWh	- Megawatt-hour
NSPS	- New Source Performance Standards
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
RES	- Renewable Energy Standard
SEC	- Securities and Exchange Commission
SO <sub>2</sub>	- Sulfur Dioxide
SRBA	- Snake River Basin Adjudication
USBR	- U.S. Bureau of Reclamation
Valmy	- North Valmy Steam Electric Generating Plant
VIEs	- Variable Interest Entities

WECC - Western Electricity Coordinating Council

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SAFE HARBOR STATEMENT	

This Quarterly Report on 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 AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - FORWARD-LOOKING STATEMENTS,” in Part II, Item 1A - “RISK FACTORS,” and in

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IDACORP, Inc.'s and Idaho Power Company's Annual Report on Form 10-K for the year ended December 31, 2010, at Part I, Item 1A - "RISK FACTORS" and Part II, Item 7 - "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS." 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," "projects," "may result," "may continue," or similar expressions.

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## PART I – FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

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

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
	(thousands of dollars except for per share amounts)			
Operating Revenues:				
Electric utility:				
General business	\$252,313	\$266,270	\$649,881	\$674,293
Off-system sales	24,083	12,070	74,648	64,245
Other revenues	31,649	30,128	68,502	63,181
Total electric utility revenues	308,045	308,468	793,031	801,719
Other	1,585	889	3,076	2,354
Total operating revenues	309,630	309,357	796,107	804,073
Operating Expenses:				
Electric utility:				
Purchased power	66,141	62,227	127,658	113,750
Fuel expense	41,195	51,339	90,801	116,083
Power cost adjustment	(10,189)	(20,934)	36,618	55,461
Other operations and maintenance	84,562	71,939	240,695	219,159
Energy efficiency programs	18,504	19,549	31,011	33,348
Depreciation	30,115	29,137	89,272	86,446
Taxes other than income taxes	7,302	5,645	21,696	17,130
Total electric utility expenses	237,630	218,902	637,751	641,377
Other	607	1,462	2,573	3,051
Total operating expenses	238,237	220,364	640,324	644,428
Operating Income	71,393	88,993	155,783	159,645
Other Income, Net	6,010	3,550	15,589	11,042
Earnings (Losses) of Unconsolidated Equity-Method Investments	2,085	3,442	(3,657)	1,444
Interest Expense:				
Interest on long-term debt	19,499	20,135	59,850	59,003
Other interest, net of AFUDC	(2,053)	(1,390)	(5,876)	(3,881)
Total interest expense, net	17,446	18,745	53,974	55,122
Income Before Income Taxes	62,042	77,240	113,741	117,009
Income Tax (Benefit) Expense	(45,372)	10,115	(44,137)	(5,210)
Net Income	107,414	67,125	157,878	122,219
Adjustment for (income) loss attributable to noncontrolling interests	(347)	10	(170)	188
Net Income Attributable to IDACORP, Inc.	\$107,067	\$67,135	\$157,708	\$122,407
Weighted Average Common Shares Outstanding - Basic (000's)	49,520	48,086	49,411	47,917
	49,622	48,252	49,499	48,062

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Weighted Average Common Shares Outstanding - Diluted  
(000's)

Earnings Per Share of Common Stock:

Earnings Attributable to IDACORP, Inc. - Basic	\$2.16	\$1.40	\$3.19	\$2.55
Earnings Attributable to IDACORP, Inc. - Diluted	\$2.16	\$1.39	\$3.19	\$2.55
Dividends Declared Per Share of Common Stock	\$0.30	\$0.30	\$0.90	\$0.90

The accompanying notes are an integral part of these statements.

IDACORP, Inc.

Condensed Consolidated Balance Sheets

(unaudited)

	September 30, 2011	December 31, 2010
	(thousands of dollars)	
Assets		
Current Assets:		
Cash and cash equivalents	\$31,314	\$228,677
Receivables:		
Customer (net of allowance of \$1,378 and \$1,499, respectively)	75,540	62,114
Other (net of allowance of \$205 and \$1,471, respectively)	10,693	10,157
Income taxes receivable	—	12,130
Accrued unbilled revenues	49,368	47,964
Materials and supplies (at average cost)	46,558	45,601
Fuel stock (at average cost)	49,742	27,547
Prepayments	11,245	11,063
Deferred income taxes	3,850	10,715
Current regulatory assets	26,438	6,216
Other	4,507	1,854
Total current assets	309,255	464,038
Investments	192,343	202,944
Property, Plant and Equipment:		
Utility plant in service	4,451,427	4,332,054
Accumulated provision for depreciation	(1,669,123)	(1,614,013)
Utility plant in service - net	2,782,304	2,718,041
Construction work in progress	547,777	416,950
Utility plant held for future use	6,974	7,076
Other property, net of accumulated depreciation	18,991	19,315
Property, plant and equipment - net	3,356,046	3,161,382
Other Assets:		
American Falls and Milner water rights	20,275	22,120
Company-owned life insurance	24,084	26,672
Regulatory assets	880,412	753,172
Long-term receivables (net of allowance of \$3,304 and \$1,861, respectively)	5,041	3,965
Other	39,479	41,762
Total other assets	969,291	847,691
Total	\$4,826,935	\$4,676,055

The accompanying notes are an integral part of these statements.





IDACORP, Inc.  
Condensed Consolidated Balance Sheets  
(unaudited)

	September 30, 2011	December 31, 2010
	(thousands of dollars)	
Liabilities and Equity		
Current Liabilities:		
Current maturities of long-term debt	\$ 1,667	\$ 122,572
Notes payable	51,500	66,900
Accounts payable	90,088	103,100
Income taxes accrued	8,785	—
Interest accrued	23,388	23,937
Uncertain tax positions	—	74,436
Current regulatory liabilities	16,067	8,011
Other	62,966	50,103
Total current liabilities	254,461	449,059
Other Liabilities:		
Deferred income taxes	750,001	566,473
Regulatory liabilities	332,675	298,094
Other	341,442	338,158
Total other liabilities	1,424,118	1,202,725
Long-Term Debt	1,487,468	1,488,287
Commitments and Contingencies		
Equity:		
IDACORP, Inc. shareholders' equity:		
Common stock, no par value (shares authorized 120,000,000; 49,774,042 and 49,419,452 shares issued, respectively)	820,271	807,842
Retained earnings	846,873	733,879
Accumulated other comprehensive loss	(10,268	) (9,568 )
Treasury stock (11,675 and 14,302 shares at cost, respectively)	(29	) (40 )
Total IDACORP, Inc. shareholders' equity	1,656,847	1,532,113
Noncontrolling interests	4,041	3,871
Total equity	1,660,888	1,535,984
Total	\$ 4,826,935	\$ 4,676,055

The accompanying notes are an integral part of these statements.

## IDACORP, Inc.

Condensed Consolidated Statements of Cash Flows  
(unaudited)

	Nine months ended September 30,	
	2011	2010
	(thousands of dollars)	
Operating Activities:		
Net income	\$ 157,878	\$ 122,219
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	92,646	91,257
Deferred income taxes and investment tax credits	(54,340)	) 37,095
Changes in regulatory assets and liabilities	55,044	50,338
Pension and postretirement benefit plan expense	17,279	10,474
Contributions to pension and postretirement benefit plans	(20,194)	) (64,269)
Losses (earnings) of unconsolidated equity-method investments	3,657	(1,444)
Distributions from unconsolidated equity-method investments	2,375	1,280
Allowance for equity funds used during construction	(18,264)	) (11,878)
Other non-cash adjustments to net income, net	3,731	2,104
Change in:		
Accounts receivable and prepayments	(12,121)	) 9,652
Accounts payable and other accrued liabilities	(2,209)	) (5,786)
Taxes accrued/receivable	31,472	(34,799)
Other current assets	(24,556)	) 2,914
Other current liabilities	1,375	21,591
Other assets	4,595	(3,443)
Other liabilities	(3,458)	) (4,776)
Net cash provided by operating activities	234,910	222,529
Investing Activities:		
Additions to property, plant and equipment	(266,991)	) (249,437)
Proceeds from the sale of utility assets	—	18,982
Proceeds from the sale of emission allowances and RECs	5,163	5,399
Investments in affordable housing	(955)	) (9,337)
Other	2,435	3,826
Net cash used in investing activities	(260,348)	) (230,567)
Financing Activities:		
Issuance of long-term debt	—	200,000
Retirement of long-term debt	(121,064)	) (1,064)
Dividends on common stock	(44,808)	) (43,213)
Net change in short-term borrowings	(15,400)	) (49,750)
Issuance of common stock	10,408	38,086
Acquisition of treasury stock	(1,933)	) (846)
Other	872	(2,849)
Net cash (used in) provided by financing activities	(171,925)	) 140,364
Net (decrease) increase in cash and cash equivalents	(197,363)	) 132,326
Cash and cash equivalents at beginning of the period	228,677	52,987
Cash and cash equivalents at end of the period	\$ 31,314	\$ 185,313
Supplemental Disclosure of Cash Flow Information:		
Cash (received) paid during the period for:		

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Income taxes	\$(11,543	) \$836
Interest (net of amount capitalized)	\$52,505	\$47,356
Non-cash investing activities:		
Additions to property, plant and equipment in accounts payable	\$22,715	\$21,551
Investments in affordable housing	\$—	\$1,509

The accompanying notes are an integral part of these statements.

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

	Three months ended September 30, 2011		2010		Nine months ended September 30, 2011		2010	
	(thousands of dollars)							
Net Income	\$ 107,414	\$ 67,125	\$ 157,878	\$ 122,219				
Other Comprehensive Income:								
Net unrealized holding (losses) gains arising during the period, net of tax of (\$1,259), \$632, (\$900), and \$140	(1,961	) 984	(1,401	) 218				
Unfunded pension liability adjustment, net of tax of \$150, \$114, \$450, and \$341	234	177	701	532				
Total Comprehensive Income	105,687	68,286	157,178	122,969				
Comprehensive (income) loss attributable to noncontrolling interests	(347	) 10	(170	) 188				
Comprehensive Income Attributable to IDACORP, Inc.	\$ 105,340	\$ 68,296	\$ 157,008	\$ 123,157				

The accompanying notes are an integral part of these statements.

IDACORP, Inc.  
Condensed Consolidated Statements of Equity  
(unaudited)

	Nine months ended September 30, 2011		2010	
	(thousands of dollars)			
Common Stock				
Balance at beginning of period	\$ 807,842	\$ 756,475		
Issued	10,408	38,086		
Other	2,021	1,954		
Balance at end of period	820,271	796,515		
Retained Earnings				
Balance at beginning of period	733,879	649,180		
Net income attributable to IDACORP, Inc.	157,708	122,407		
Common stock dividends (\$0.90 per share)	(44,714	) (43,321	)	
Balance at end of period	846,873	728,266		
Accumulated Other Comprehensive (Loss) Income				
Balance at beginning of period	(9,568	) (8,267	)	
Unrealized (loss) gain on securities (net of tax)	(1,401	) 218		
Unfunded pension liability adjustment (net of tax)	701	532		
Balance at end of period	(10,268	) (7,517	)	
Treasury Stock				
Balance at beginning of period	(40	) (53	)	
Issued	1,944	882		

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Acquired	(1,933	) (846	)
Balance at end of period	(29	) (17	)
Total IDACORP, Inc. shareholders' equity at end of period	1,656,847	1,517,247	
Noncontrolling Interests			
Balance at beginning of period	3,871	4,209	
Net income (loss) attributable to noncontrolling interests	170	(188	)
Balance at end of period	4,041	4,021	
Total equity at end of period	\$1,660,888	\$1,521,268	

The accompanying notes are an integral part of these statements.

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Idaho Power Company  
Condensed Consolidated Statements of Income  
(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
	(thousands of dollars)			
<b>Operating Revenues:</b>				
General business	\$ 252,313	\$ 266,270	\$ 649,881	\$ 674,293
Off-system sales	24,083	12,070	74,648	64,245
Other revenues	31,649	30,128	68,502	63,181
Total operating revenues	308,045	308,468	793,031	801,719
<b>Operating Expenses:</b>				
<b>Operation:</b>				
Purchased power	66,141	62,227	127,658	113,750
Fuel expense	41,195	51,339	90,801	116,083
Power cost adjustment	(10,189 )	(20,934 )	36,618	55,461
Other operations and maintenance	84,562	71,939	240,695	219,159
Energy efficiency programs	18,504	19,549	31,011	33,348
Depreciation	30,115	29,137	89,272	86,446
Taxes other than income taxes	7,302	5,645	21,696	17,130
Total operating expenses	237,630	218,902	637,751	641,377
Income from Operations	70,415	89,566	155,280	160,342
<b>Other Income (Expense):</b>				
Allowance for equity funds used during construction	6,570	3,858	18,264	11,878
Earnings of unconsolidated equity-method investments	3,741	5,402	1,172	7,738
Other expense, net	(293 )	(766 )	(2,669 )	(1,937 )
Total other income	10,018	8,494	16,767	17,679
<b>Interest Charges:</b>				
Interest on long-term debt	19,499	20,135	59,850	59,003
Other interest	1,026	852	3,551	2,883
Allowance for borrowed funds used during construction	(3,188 )	(2,303 )	(9,777 )	(7,781 )
Total interest charges	17,337	18,684	53,624	54,105
Income Before Income Taxes	63,096	79,376	118,423	123,916
Income Tax (Benefit) Expense	(41,776 )	14,726	(36,997 )	2,216
Net Income	\$ 104,872	\$ 64,650	\$ 155,420	\$ 121,700

The accompanying notes are an integral part of these statements.

Idaho Power Company  
Condensed Consolidated Balance Sheets  
(unaudited)

	September 30, 2011	December 31, 2010
	(thousands of dollars)	
Assets		
Electric Plant:		
In service (at original cost)	\$4,451,427	\$4,332,054
Accumulated provision for depreciation	(1,669,123	) (1,614,013 )
In service - net	2,782,304	2,718,041
Construction work in progress	547,777	416,950
Held for future use	6,974	7,076
Electric plant - net	3,337,055	3,142,067
Investments and Other Property	116,124	120,641
Current Assets:		
Cash and cash equivalents	24,993	224,233
Receivables:		
Customer (net of allowance of \$1,378 and \$1,499, respectively)	75,540	62,114
Other (net of allowance of \$205 and \$142, respectively)	10,577	8,835
Income taxes receivable	—	21,063
Accrued unbilled revenues	49,368	47,964
Materials and supplies (at average cost)	46,558	45,601
Fuel stock (at average cost)	49,742	27,547
Prepayments	11,132	10,910
Deferred income taxes	3,837	7,334
Current regulatory assets	26,438	6,216
Other	4,507	1,238
Total current assets	302,692	463,055
Deferred Debits:		
American Falls and Milner water rights	20,275	22,120
Company-owned life insurance	24,084	26,672
Regulatory assets	880,412	753,172
Other	38,531	40,666
Total deferred debits	963,302	842,630
Total	\$4,719,173	\$4,568,393

The accompanying notes are an integral part of these statements.



Idaho Power Company  
Condensed Consolidated Balance Sheets  
(unaudited)

	September 30, 2011	December 31, 2010
	(thousands of dollars)	
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	688,758	688,758
Capital stock expense	(2,097	) (2,097 )
Retained earnings	740,911	630,259
Accumulated other comprehensive loss	(10,268	) (9,568 )
Total common stock equity	1,515,181	1,405,229
Long-term debt	1,487,468	1,488,287
Total capitalization	3,002,649	2,893,516
Current Liabilities:		
Long-term debt due within one year	1,064	121,064
Accounts payable	89,615	102,474
Accounts payable to related parties	1,812	1,110
Income taxes accrued	3,986	—
Interest accrued	23,388	23,930
Uncertain tax positions	—	74,436
Current regulatory liabilities	16,067	8,011
Other	62,316	48,733
Total current liabilities	198,248	379,758
Deferred Credits:		
Deferred income taxes	846,324	661,165
Regulatory liabilities	332,675	298,094
Other	339,277	335,860
Total deferred credits	1,518,276	1,295,119
Commitments and Contingencies		
Total	\$4,719,173	\$4,568,393

The accompanying notes are an integral part of these statements.

Idaho Power Company  
Condensed Consolidated Statements of Capitalization  
(unaudited)

	September 30, 2011	December 31, 2010	
	(thousands of dollars)		
Common Stock Equity:			
Common stock	\$97,877	\$97,877	
Premium on capital stock	688,758	688,758	
Capital stock expense	(2,097)	(2,097)	)
Retained earnings	740,911	630,259	
Accumulated other comprehensive loss	(10,268)	(9,568)	)
Total common stock equity	1,515,181	1,405,229	
Long-Term Debt:			
First mortgage bonds:			
6.60% Series due 2011	—	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	100,000	
4.50 % Series due 2020	130,000	130,000	
3.40% Series due 2020	100,000	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	
4.85% Series due 2040	100,000	100,000	
Total first mortgage bonds	1,295,000	1,415,000	
Amount due within one year	—	(120,000)	)
Net first mortgage bonds	1,295,000	1,295,000	
Pollution control revenue bonds:			
5.15% Series due 2024	49,800	49,800	
5.25% Series 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	6,382	7,446	
Note guarantee due within one year	(1,064)	(1,064)	)
Unamortized premium/discount - net	(3,195)	(3,440)	)
Total long-term debt	1,487,468	1,488,287	
Total Capitalization	\$3,002,649	\$2,893,516	

The accompanying notes are an integral part of these statements.

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

	Nine months ended September 30,	
	2011	2010
	(thousands of dollars)	
Operating Activities:		
Net income	\$ 155,420	\$ 121,700
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	92,232	90,785
Deferred income taxes and investment tax credits	(56,078	) 67,516
Changes in regulatory assets and liabilities	55,044	50,338
Pension and postretirement benefit plan expense	17,279	10,474
Contributions to pension and postretirement benefit plans	(20,194	) (64,269 )
Earnings of unconsolidated equity-method investments	(1,172	) (7,738 )
Distributions from unconsolidated equity-method investments	1,075	455
Allowance for equity funds used during construction	(18,264	) (11,878 )
Other non-cash adjustments to net income	1,383	(729 )
Change in:		
Accounts receivables and prepayments	(12,213	) 8,830
Accounts payable	(2,120	) (5,652 )
Taxes accrued/receivable	35,496	(80,853 )
Other current assets	(24,556	) 2,914
Other current liabilities	1,375	21,590
Other assets	4,595	(3,443 )
Other liabilities	(2,702	) (4,206 )
Net cash provided by operating activities	226,600	195,834
Investing Activities:		
Additions to utility plant	(266,991	) (249,437 )
Proceeds from the sale of utility assets	—	18,982
Proceeds from the sale of emission allowances and RECs	5,163	5,399
Other	1,820	3,274
Net cash used in investing activities	(260,008	) (221,782 )
Financing Activities:		
Issuance of long-term debt	—	200,000
Retirement of long-term debt	(121,064	) (1,064 )
Dividends on common stock	(44,768	) (43,325 )
Capital contribution from parent	—	30,000
Other	—	(2,746 )
Net cash (used in) provided by financing activities	(165,832	) 182,865
Net (decrease) increase in cash and cash equivalents	(199,240	) 156,917
Cash and cash equivalents at beginning of the period	224,233	21,625
Cash and cash equivalents at end of the period	\$ 24,993	\$ 178,542
Supplemental Disclosure of Cash Flow Information:		
Cash (received) paid during the period for:		
Income taxes	\$ (6,689	) \$ 21,815
Interest (net of amount capitalized)	\$ 52,148	\$ 46,338

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Non-cash investing activities:

Additions to property, plant and equipment in accounts payable	\$22,715	\$21,551
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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 September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
	(thousands of dollars)			
Net Income	\$104,872	\$64,650	\$155,420	\$121,700
Other Comprehensive Income:				
Net unrealized holding (losses) gains arising during the period, net of tax of (\$1,259), \$632, (\$900), and \$140	(1,961	) 984	(1,401	) 218
Unfunded pension liability adjustment, net of tax of \$150, \$114, \$450, and \$341	234	177	701	532
Total Comprehensive Income	\$103,145	\$65,811	\$154,720	\$122,450

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 (Idaho Power). Therefore, these Notes to Condensed Consolidated Financial Statements apply to both IDACORP and Idaho Power. However, Idaho Power 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 Idaho Power. Idaho Power is an electric utility with a service territory covering approximately 24,000 square miles in southern Idaho and eastern Oregon. Idaho Power is regulated by the Federal Energy Regulatory Commission (FERC) and the state regulatory commissions of Idaho and Oregon. Idaho Power is the parent of Idaho Energy Resources Co. (IERCo), a joint venturer in Bridger Coal Company (BCC), which mines and supplies coal to the Jim Bridger generating plant owned in part by Idaho Power.

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 Idaho Power's 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. 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 Idaho Power 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 \$20 million of assets, primarily a hydroelectric plant, and approximately \$16 million of intercompany long-term debt, which is eliminated in consolidation. EEC has borrowed amounts from Ida-West to fund a portion of its required capital contributions to Marysville. The loans are payable from EEC's share of distributions and are secured by the stock of EEC and EEC's interest in Marysville. Ida-West is the primary beneficiary because the ownership of the intercompany note and the EEC note result in it controlling the entity. Creditors of Marysville have no recourse to the general credit of IDACORP and there are no other arrangements that could require IDACORP to provide financial support to Marysville or expose IDACORP to losses.

Through IERCo, Idaho Power holds a variable interest in BCC, a VIE for which it is not the primary beneficiary. IERCo is not the primary beneficiary because the power to direct the activities that most significantly impact the economic performance of BCC is shared with the joint venture partner. The carrying value of BCC is \$91 million at September 30, 2011, and Idaho Power's maximum exposure to loss is the carrying value, plus any additional future

contributions to BCC and a \$63 million guarantee for mine reclamation costs, which is discussed further in Note 8 – “Commitments.”

Through IFS, IDACORP also holds variable interests in VIEs for which it is not the primary beneficiary. These VIEs are affordable housing developments and other real estate investments in which IFS holds limited partnership interests ranging from 5 to 99 percent. As a limited partner, IFS does not control these entities and they are not consolidated. These investments were acquired between 1996 and 2010. IFS’s maximum exposure to loss in these developments is limited to its net carrying value, which was \$66 million at September 30, 2011.

## Financial Statements

In the opinion of management of IDACORP and Idaho Power, the accompanying unaudited condensed consolidated financial statements contain all adjustments necessary to present fairly each company's consolidated financial positions as of September 30, 2011, consolidated results of operations for the three and nine months ended September 30, 2011 and 2010, and consolidated cash flows for the nine months ended September 30, 2011 and 2010. 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 Idaho Power's Annual Report on Form 10-K for the year ended December 31, 2010. The results of operations for the interim periods are not necessarily indicative of the results to be expected for the full year.

## Use of Estimates

The preparation of condensed consolidated financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities, as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results experienced could differ materially from those estimates.

## Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation, including amounts related to regulatory assets and liabilities in the condensed consolidated balance sheets. Net income, cash flows, and shareholders' equity were not affected by these reclassifications.

## New Accounting Pronouncements

The Financial Accounting Standards Board (FASB) has issued the following accounting guidance, which is effective for periods beginning after December 15, 2011:

In May 2011, the FASB issued guidance to provide a consistent definition of fair value and ensure that the fair value measurement and disclosure requirements are similar between generally accepted accounting principles in the United States and International Financial Reporting Standards. The guidance changes certain fair value measurement principles and enhances the disclosure requirements, particularly for Level 3 fair value measurements. IDACORP and Idaho Power are currently assessing the impact of the guidance but do not believe that the adoption of this guidance will have a material effect on their consolidated financial statements.

In June 2011, the FASB issued guidance on the presentation of comprehensive income in an entity's financial statements. The guidance requires that comprehensive income be presented either in one continuous statement or in two separate but consecutive statements presenting the components of net income and its total, the components of other comprehensive income and its total, and total comprehensive income. The guidance also requires that reclassification adjustments from other comprehensive income to net income be presented in both the components of net income and the components of other comprehensive income. IDACORP and Idaho Power do not expect the adoption of this guidance to have a material effect on their consolidated financial statements.

## 2. INCOME TAXES

In accordance with interim reporting requirements, IDACORP and Idaho Power use an estimated annual effective tax rate for computing their provisions for income taxes. An estimate of annual income tax expense (or benefit) is made each interim period using estimates for annual pre-tax income, income tax adjustments, and tax credits. The estimated annual effective tax rates do not include discrete events such as tax law changes, examination settlements, or method changes. Discrete events are recorded in the interim period in which they occur.

The estimated annual effective tax rate is applied to year-to-date pre-tax income to determine income tax expense (or benefit) for the interim period consistent with the annual estimate. In subsequent interim periods, income tax expense (or benefit) for the period is computed as the difference between the year-to-date amount reported for the previous interim period and the current period's year-to-date amount.



## Income Tax Expense

An analysis of income tax expense (benefit) for the three and nine months ended September 30 is as follows (in thousands of dollars):

	IDACORP		Idaho Power	
	2011	2010	2011	2010
Three months ended September 30,				
Income tax at statutory rates (federal and state)	\$24,123	\$30,204	\$24,671	\$31,036
Additional ADITC amortization reversal	6,750	—	6,750	—
Accounting method change	—	(7,374 )	—	(7,374 )
Examination settlement - uniform capitalization	(56,898 )	—	(56,898 )	—
Other	(19,347 )	(12,715 )	(16,299 )	(8,936 )
Income tax (benefit) expense	\$(45,372 )	\$10,115	\$(41,776 )	\$14,726
Effective tax rate	(73.5 )%	13.1 %	(66.2 )%	18.6 %
Nine months ended September 30,				
Income tax at statutory rates (federal and state)	\$44,407	\$45,824	\$46,303	\$48,451
Accounting method change	—	(32,561 )	—	(32,561 )
Examination settlement - capitalized repairs	(3,428 )	—	(3,428 )	—
Examination settlement - uniform capitalization	(56,898 )	—	(56,898 )	—
Other	(28,218 )	(18,473 )	(22,974 )	(13,674 )
Income tax (benefit) expense	\$(44,137 )	\$(5,210 )	\$(36,997 )	