

IDAHO POWER CO
 Form 10-Q
 August 04, 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 June 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 1-14465 1-3198	Exact name of registrants as specified in their charters, address of principal executive offices, zip code and telephone number IDACORP, Inc. Idaho Power Company 1221 W. Idaho Street Boise, Idaho 83702-5627 (208) 388-2200 State of Incorporation: Idaho None	I.R.S. Employer Identification Number 82-0505802 82-0130980
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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 Accelerated filer Non-accelerated filer Smaller reporting company
 Idaho Power Company:
 Large accelerated filer Accelerated filer Non-accelerated 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

Number of shares of common stock outstanding as of July 29, 2011:

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IDACORP, Inc.: 49,711,638
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.

1

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
Cal ISO	- California Independent System Operator
CalPX	- California Power Exchange
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
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
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 ₂	- Sulfur Dioxide
SRBA	- Snake River Basin Adjudication
USBR	- United States Bureau of Reclamation
Valmy	- North Valmy Steam Electric Generating Plant
VIEs	- Variable Interest Entities

WECC - Western Electricity Coordinating Council

2

TABLE OF CONTENTS

	Page
Part I. Financial Information:	
Item 1. Financial Statements (unaudited)	
IDACORP, Inc.:	
Condensed Consolidated Statements of Income	<u>4</u>
Condensed Consolidated Balance Sheets	<u>5</u>
Condensed Consolidated Statements of Cash Flows	<u>7</u>
Condensed Consolidated Statements of Comprehensive Income	<u>8</u>
Condensed Consolidated Statements of Equity	<u>9</u>
Idaho Power Company:	
Condensed Consolidated Statements of Income	<u>10</u>
Condensed Consolidated Balance Sheets	<u>11</u>
Condensed Consolidated Statements of Capitalization	<u>13</u>
Condensed Consolidated Statements of Cash Flows	<u>14</u>
Condensed Consolidated Statements of Comprehensive Income	<u>15</u>
Notes to the Condensed Consolidated Financial Statements	<u>16</u>
Reports of Independent Registered Public Accounting Firm	<u>37</u>
Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations	<u>39</u>
Item 3. Quantitative and Qualitative Disclosures About Market Risk	<u>67</u>
Item 4. Controls and Procedures	<u>68</u>
Part II. Other Information:	
Item 1. Legal Proceedings	<u>68</u>
Item 1A. Risk Factors	<u>68</u>
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	<u>68</u>
Item 5. Other Information	<u>69</u>
Item 6. Exhibits	<u>70</u>
Signatures	<u>71</u>
Exhibit Index	<u>72</u>
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,” and in IDACORP, Inc.’s and Idaho Power Company’s

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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.

3

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

IDACORP, Inc.

Condensed Consolidated Statements of Income

(unaudited)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2011	2010	2011	2010
	(thousands of dollars except for per share amounts)			
Operating Revenues:				
Electric utility:				
General business	\$ 194,296	\$ 204,277	\$ 397,568	\$ 408,022
Off-system sales	20,720	17,769	50,565	52,175
Other revenues	18,908	18,744	36,853	33,053
Total electric utility revenues	233,924	240,790	484,986	493,250
Other	1,059	963	1,491	1,466
Total operating revenues	234,983	241,753	486,477	494,716
Operating Expenses:				
Electric utility:				
Purchased power	36,423	30,349	61,517	51,523
Fuel expense	19,704	27,558	49,606	64,744
Power cost adjustment	15,501	28,071	46,807	76,395
Other operations and maintenance	85,472	75,125	156,133	147,219
Energy efficiency programs	5,796	8,765	12,507	13,799
Depreciation	29,693	28,726	59,157	57,309
Taxes other than income taxes	7,182	5,805	14,394	11,485
Total electric utility expenses	199,771	204,399	400,121	422,474
Other	913	749	1,966	1,590
Total operating expenses	200,684	205,148	402,087	424,064
Operating Income	34,299	36,605	84,390	70,652
Other Income, Net	5,041	3,012	9,579	7,493
(Losses) Earnings of Unconsolidated Equity-Method Investments	(4,447	) 380	(5,741	) (1,998
Interest Expense:				
Interest on long-term debt	19,504	19,427	40,351	38,868
Other interest, net of AFUDC	(1,936	) (2,038	) (3,823	) (2,491
Total interest expense, net	17,568	17,389	36,528	36,377
Income Before Income Taxes	17,325	22,608	51,700	39,770
Income Tax (Benefit) Expense	(3,652	) (16,629	) 1,235	(15,324
Net Income	20,977	39,237	50,465	55,094
Adjustment for (income) loss attributable to noncontrolling interests	(76	) (28	) 176	178
Net Income Attributable to IDACORP, Inc.	\$ 20,901	\$ 39,209	\$ 50,641	\$ 55,272
Weighted Average Common Shares Outstanding - Basic (000's)	49,420	47,888	49,355	47,831
Weighted Average Common Shares Outstanding - Diluted (000's)	49,516	48,048	49,436	47,966

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Earnings Per Share of Common Stock:

Earnings Attributable to IDACORP, Inc. - Basic	\$0.42	\$0.82	\$1.03	\$1.16
Earnings Attributable to IDACORP, Inc. - Diluted	\$0.42	\$0.82	\$1.02	\$1.15
Dividends Declared Per Share of Common Stock	\$0.30	\$0.30	\$0.60	\$0.60

The accompanying notes are an integral part of these statements.

4

IDACORP, Inc.
Condensed Consolidated Balance Sheets
(unaudited)

	June 30, 2011	December 31, 2010
	(thousands of dollars)	
Assets		
Current Assets:		
Cash and cash equivalents	\$ 58,316	\$ 228,677
Receivables:		
Customer (net of allowance of \$1,075 and \$1,499, respectively)	61,691	62,114
Other (net of allowance of \$168 and \$1,471, respectively)	8,050	10,157
Income taxes receivable	—	12,130
Accrued unbilled revenues	49,779	47,964
Materials and supplies (at average cost)	45,650	45,601
Fuel stock (at average cost)	48,356	27,547
Prepayments	10,976	11,063
Deferred income taxes	7,411	10,715
Current regulatory assets	35,060	6,216
Other	1,284	1,854
Total current assets	326,573	464,038
Investments	198,305	202,944
Property, Plant and Equipment:		
Utility plant in service	4,388,461	4,332,054
Accumulated provision for depreciation	(1,653,298)	(1,614,013)
Utility plant in service - net	2,735,163	2,718,041
Construction work in progress	545,649	416,950
Utility plant held for future use	7,081	7,076
Other property, net of accumulated depreciation	19,099	19,315
Property, plant and equipment - net	3,306,992	3,161,382
Other Assets:		
American Falls and Milner water rights	20,536	22,120
Company-owned life insurance	26,689	26,672
Regulatory assets	717,401	753,172
Long-term receivables (net of allowance of \$3,266 and \$1,861, respectively)	5,041	3,965
Other	40,787	41,762
Total other assets	810,454	847,691
Total	\$ 4,642,324	\$ 4,676,055

The accompanying notes are an integral part of these statements.

IDACORP, Inc.
Condensed Consolidated Balance Sheets
(unaudited)

	June 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	66,400	66,900
Accounts payable	87,014	103,100
Income taxes accrued	22,911	—
Interest accrued	22,277	23,937
Uncertain tax positions	56,898	74,436
Current regulatory liabilities	14,036	8,011
Other	68,496	50,103
Total current liabilities	339,699	449,059
Other Liabilities:		
Deferred income taxes	586,856	566,473
Regulatory liabilities	307,724	298,094
Other	353,871	338,158
Total other liabilities	1,248,451	1,202,725
Long-Term Debt	1,487,387	1,488,287
Commitments and Contingencies		
Equity:		
IDACORP, Inc. shareholders' equity:		
Common stock, no par value (shares authorized 120,000,000; 49,715,327 and 49,419,452 shares issued, respectively)	816,891	807,842
Retained earnings	754,771	733,879
Accumulated other comprehensive loss	(8,541	) (9,568
Treasury stock (10,455 and 14,302 shares at cost, respectively)	(29	) (40
Total IDACORP, Inc. shareholders' equity	1,563,092	1,532,113
Noncontrolling interests	3,695	3,871
Total equity	1,566,787	1,535,984
Total	\$ 4,642,324	\$ 4,676,055

The accompanying notes are an integral part of these statements.

IDACORP, Inc.

Condensed Consolidated Statements of Cash Flows
(unaudited)

	Six months ended	
	June 30,	
	2011	2010
	(thousands of dollars)	
Operating Activities:		
Net income	\$ 50,465	\$ 55,094
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	61,390	61,023
Deferred income taxes and investment tax credits	(21,994	) (19,726
Changes in regulatory assets and liabilities	52,068	78,974
Pension and postretirement benefit plan expense	9,897	6,032
Contributions to pension and postretirement benefit plans	(1,510	) (3,080
Losses of unconsolidated equity-method investments	5,741	1,998
Allowance for equity funds used during construction	(11,694	) (8,020
Other non-cash adjustments to net income, net	1,920	(148
Change in:		
Accounts receivable and prepayments	(954	) 6,613
Accounts payable and other accrued liabilities	(13,843	) (8,495
Taxes accrued/receivable	38,543	9,279
Other current assets	(22,365	) (3,081
Other current liabilities	12,276	18,215
Other assets	546	(2,512
Other liabilities	(3,592	) (4,951
Net cash provided by operating activities	156,894	187,215
Investing Activities:		
Additions to property, plant and equipment	(186,043	) (166,687
Proceeds from the sale of utility assets	—	19,230
Proceeds from the sale of emission allowances and RECs	3,497	3,497
Investments in affordable housing	(905	) (6,147
Investments in unconsolidated affiliates	(1,100	) (2,020
Other	1,689	3,468
Net cash used in investing activities	(182,862	) (148,659
Financing Activities:		
Retirement of long-term debt	(121,064	) (1,064
Dividends on common stock	(29,962	) (28,830
Net change in short-term borrowings	(500	) (36,250
Issuance of common stock	8,254	5,299
Acquisition of treasury stock	(1,933	) (846
Other	812	(364
Net cash used in financing activities	(144,393	) (62,055
Net decrease in cash and cash equivalents	(170,361	) (23,499
Cash and cash equivalents at beginning of the period	228,677	52,987
Cash and cash equivalents at end of the period	\$ 58,316	\$ 29,488
Supplemental Disclosure of Cash Flow Information:		
Cash paid (received) during the period for:		
Income taxes	\$(12,696) \$(3,387
Interest (net of amount capitalized)	\$ 36,848	\$ 33,662

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Non-cash investing activities:

Additions to property, plant and equipment in accounts payable	\$32,681	\$21,435
Investments in affordable housing	\$—	\$3,168

The accompanying notes are an integral part of these statements.

7

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

	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
	(thousands of dollars)			
Net Income	\$ 20,977	\$ 39,237	\$ 50,465	\$ 55,094
Other Comprehensive Income:				
Net unrealized holding gains (losses) arising during the period, net of tax of \$4, (\$758), \$359, and (\$492)	6	(1,181)	560	(765)
Unfunded pension liability adjustment, net of tax of \$150, \$114, \$300, and \$227	234	177	467	354
Total Comprehensive Income	21,217	38,233	51,492	54,683
Comprehensive (income) loss attributable to noncontrolling interests	(76)	(28)	176	178
Comprehensive Income Attributable to IDACORP, Inc.	\$ 21,141	\$ 38,205	\$ 51,668	\$ 54,861

The accompanying notes are an integral part of these statements.

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

	Six months ended June 30,	
	2011	2010
	(thousands of dollars)	
Common Stock		
Balance at beginning of period	\$ 807,842	\$ 756,475
Issued	8,254	5,299
Other	795	1,129
Balance at end of period	816,891	762,903
Retained Earnings		
Balance at beginning of period	733,879	649,180
Net income attributable to IDACORP, Inc.	50,641	55,272
Common stock dividends (\$0.60 per share)	(29,749)	) (28,851)
Balance at end of period	754,771	675,601
Accumulated Other Comprehensive Income (Loss)		
Balance at beginning of period	(9,568)	) (8,267)
Unrealized gain (loss) on securities (net of tax)	560	(765)
Unfunded pension liability adjustment (net of tax)	467	354
Balance at end of period	(8,541)	) (8,678)
Treasury Stock		
Balance at beginning of period	(40)	) (53)
Issued	1,944	882
Acquired	(1,933)	) (846)
Balance at end of period	(29)	) (17)
Total IDACORP, Inc. shareholders' equity at end of period	1,563,092	1,429,809
Noncontrolling Interests		
Balance at beginning of period	3,871	4,209
Net loss attributable to noncontrolling interests	(176)	) (178)
Balance at end of period	3,695	4,031
Total equity at end of period	\$ 1,566,787	\$ 1,433,840

The accompanying notes are an integral part of these statements.

Idaho Power Company
Condensed Consolidated Statements of Income
(unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
	(thousands of dollars)			
Operating Revenues:				
General business	\$ 194,296	\$ 204,277	\$ 397,568	\$ 408,022
Off-system sales	20,720	17,769	50,565	52,175
Other revenues	18,908	18,744	36,853	33,053
Total operating revenues	233,924	240,790	484,986	493,250
Operating Expenses:				
Operation:				
Purchased power	36,423	30,349	61,517	51,523
Fuel expense	19,704	27,558	49,606	64,744
Power cost adjustment	15,501	28,071	46,807	76,395
Other operations and maintenance	85,472	75,125	156,133	147,219
Energy efficiency programs	5,796	8,765	12,507	13,799
Depreciation	29,693	28,726	59,157	57,309
Taxes other than income taxes	7,182	5,805	14,394	11,485