IDAHO POWER CO
Form 10-K
February 28, 2008

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

(Mark One)

X ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2007
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	IRS Employer Identification 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 and www.idahopower.com	

		Name of exchange on which registered
SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:		
IDACORP, Inc.:	Common Stock, without par value	New York
	Preferred Share Purchase Rights	
SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:		
Idaho Power Company:	Preferred Stock	

Indicate by check mark whether the registrants are well-known seasoned issuers, as defined in Rule 405 of the Securities Act.

IDACORP, Inc. Yes ( ) No (X) Idaho Power Company Yes ( ) No (X)
Indicate by check mark if the registrants are not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

IDACORP, Inc. Yes ( ) No (X) Idaho Power Company Yes ( ) No (X)
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 (X) No ( )

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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrants' knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. (X)

Indicate by check mark whether the registrants are large accelerated filers, accelerated filers, non-accelerated filers, or smaller reporting companies.

IDACORP, Inc.:							
	Large accelerated filer	(X)	Accelerated filer	( )	Non-accelerated filer	( )	Smaller reporting company ( )
Idaho Power Company:							
	Large accelerated filer	( )	Accelerated filer	( )	Non-accelerated filer	(X)	Smaller reporting company ( )

Indicate by check mark whether the registrants are shell companies (as defined in Rule 12b-2 of the Act).

IDACORP, Inc. Yes ( ) No (X) Idaho Power Company Yes ( ) No (X)

Aggregate market value of voting and non-voting common stock held by nonaffiliates (June 30, 2007):

IDACORP, Inc.: $1,410,558,106 Idaho Power Company: None

Number of shares of common stock outstanding at January 31, 2008:

IDACORP, Inc.: 45,069,259

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

Documents Incorporated by Reference:

Part III, Items 10 - 14 - Portions of IDACORP, Inc.'s definitive proxy statement to be filed pursuant to Regulation 14A for the 2008 Annual Meeting of Shareholders to be held on May 15, 2008.

This combined Form 10-K 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 representation as to the information relating to IDACORP, Inc.'s other operations.

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

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COMMONLY USED TERMS

AFDC	-	Allowance for Funds Used During Construction
CAMP	-	Comprehensive Aquifer Management Plan
CEP	-	Continuous Equity Program
cfs	-	Cubic feet per second
EIS	-	Environmental impact statement
Energy Act	-	Energy Policy Act of 2005
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, Inc.
FPA	-	Federal Power Act
GAAP	-	Generally Accepted Accounting Principles
Ida-West	-	Ida-West Energy, a subsidiary of IDACORP, Inc.
IDEQ	-	Idaho Department of Environmental Quality
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
ITI	-	IDACORP Technologies, Inc.
IWRB	-	Idaho Water Resource Board
kW	-	Kilowatt
maf	-	Million acre feet
MD&A	-	Management's Discussion and Analysis of Financial Condition and Results of Operations
Moody's	-	Moody's Investors Service
MW	-	Megawatt
MWh	-	Megawatt-hour
NEPA	-	National Environmental Policy Act of 1996
O&M	-	Operations and Maintenance
OPUC	-	Oregon Public Utility Commission
PCA	-	Power Cost Adjustment
PCAM	-	Power Cost Adjustment Mechanism
PURPA	-	Public Utility Regulatory Policies Act of 1978
RFC	-	River Forecast Center
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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*Except as indicated in Item 12, IDACORP, Inc. information is incorporated by reference to IDACORP, Inc.'s definitive proxy statement for the 2008 Annual Meeting of Shareholders.

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SAFE HARBOR STATEMENT

This Form 10-K 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-K at Part II, Item 7- "Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) - 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," "projects," "may result," "may continue," or similar expressions.

PART I - IDACORP, Inc. and Idaho Power Company

ITEM 1. BUSINESS

OVERVIEW:

IDACORP, Inc. (IDACORP) is a holding company formed in 1998 whose principal operating subsidiary is Idaho Power Company (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.

IPC is an electric utility engaged in the generation, transmission, distribution, sale and purchase of electric energy and 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 (Bridger Coal), 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.

IDACORP's strategy emphasizes IPC as IDACORP's core business. IPC is experiencing moderate customer growth in its service area, and this corporate strategy recognizes that IPC must make substantial investments in infrastructure to ensure adequate electricity supply and reliable service. IPC's regulatory plans for 2008 include finalizing the 2007 general rate case as well as additional initiatives designed to speed recovery of the financial and operating costs of new facilities and system improvements. IFS and Ida-West remain components of the corporate strategy.

On July 20, 2006, IDACORP completed the sale of all of the outstanding common stock of IDACORP Technologies, Inc. to IdaTech UK Limited, a wholly-owned subsidiary of Investec Group Investments (UK) Limited, and on February 23, 2007, IDACORP completed the sale of all of the outstanding common stock of IDACOMM, Inc. to American Fiber Systems, Inc. IDACORP's consolidated financial statements reflect the reclassification of the results of these businesses as discontinued operations for all periods presented. Discontinued operations are discussed in more detail in Note 16 to IDACORP's and IPC's Consolidated Financial Statements.

At December 31, 2007, IDACORP had 2,044 full-time employees, 2,028 of which were employed by IPC.

IDACORP's only reportable business segment is IPC, which contributed $77 million to income from continuing operations in 2007.

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IDACORP and IPC make available free of charge their Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as soon as reasonably practicable after the reports are electronically filed with or furnished to the Securities and Exchange Commission, through IDACORP's website at www.idahocorpinc.com and through a link to the IDACORP website from the IPC website at www.idahopower.com.

UTILITY OPERATIONS:

IPC was incorporated under the laws of the state of Idaho in 1989 as successor to a Maine corporation organized in 1915. IPC's service territory covers a 24,000 square mile area in southern Idaho and eastern Oregon, with an estimated population of 982,000. IPC holds franchises in 71 cities in Idaho and nine cities in Oregon and holds certificates from the respective public utility regulatory authorities to serve all or a portion of 25 counties in Idaho and three counties in Oregon. As of December 31, 2007, IPC supplied electric energy to approximately 482,000 general business customers.

IPC is one of the nation's few investor-owned utilities with a predominantly hydroelectric generating base. IPC owns and operates 17 hydroelectric generation developments, two natural gas-fired plants and one diesel-powered generator and shares ownership in three coal-fired generating plants. These generating plants and their capacities are listed in Item 2 - "Properties." IPC's coal-fired plants are in Wyoming, Oregon and Nevada, and use low-sulfur coal from Wyoming and Utah.

The primary influences on electricity sales are weather, customer growth and economic conditions. Extreme temperatures increase sales to customers who use electricity for cooling and heating, and moderate temperatures decrease sales. Increased precipitation levels during the agricultural growing season reduce electricity sales to customers who use electricity to operate irrigation pumps.

IPC's principal commercial and industrial customers are involved in food processing, electronics and general manufacturing, forest products, beet sugar refining and winter recreation.

Regulation

IPC is under the regulatory jurisdiction (as to rates, service, accounting and other general matters of utility operation) of the FERC, the Idaho Public Utilities Commission (IPUC) and the Oregon Public Utility Commission (OPUC). IPC is also under the regulatory jurisdiction of the IPUC, the OPUC and the Public Service Commission of Wyoming as to the issuance of debt and equity securities. IPC is subject to the provisions of the Federal Power Act (FPA) as a "public utility" as therein defined. IPC's retail rates are established under the jurisdiction of the state regulatory commissions and its wholesale and transmission rates are regulated by the FERC (see "Rates" below). Pursuant to the requirements of Section 210 of PURPA, the state regulatory commissions have each issued orders and rules regulating IPC's purchase of power from cogeneration and small power production (CSPP) facilities.

IPC is subject to the provisions of the FPA as a "licensee" as therein defined. As a licensee under the FPA, IPC and its licensed hydroelectric projects are subject to the provisions of Part I of the FPA. All licenses are subject to conditions set forth in the FPA and related FERC regulations. These conditions and regulations include provisions relating to condemnation of a project upon payment of just compensation, amortization of project investment from excess project earnings, possible takeover of a project after expiration of its license upon payment of net investment, severance damages and other matters.

The state of Oregon has a Hydroelectric Act providing for licensing of hydroelectric projects in that state. IPC's Brownlee, Oxbow and Hells Canyon facilities are on the Snake River where it forms the boundary between Idaho and Oregon and occupy lands in both states. With respect to project property located in Oregon, these facilities are subject to the Oregon Hydroelectric Act. IPC has obtained Oregon licenses for these facilities and these licenses are not in conflict with the FPA or IPC's FERC licenses (see Part II, Item 7 - "MD&A - REGULATORY MATTERS - Relicensing of Hydroelectric Projects").

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Rates

The rates IPC charges to its general business customers are determined by the IPUC and the OPUC. Significant rate cases and proceedings are discussed in more detail in Part II, Item 7 - "MD&A - REGULATORY MATTERS." Approximately 95 percent of IPC's general business revenue comes from customers in Idaho. IPC has a Power Cost Adjustment (PCA) mechanism that provides for annual adjustments to the rates charged to its Idaho retail customers. These adjustments are based on forecasts of net power supply costs, which are fuel and purchased power less off-system sales, and the true-up of the prior year's forecast. During the year, approximately 90 percent of the difference between the actual and forecasted costs is deferred with interest. The ending balance of this deferral, called the true-up for the current year's portion and the true-up of the true-up for the prior years' unrecovered or over-recovered portion, is then included in the calculation of the next year's PCA. IPC has also applied to the OPUC to implement a PCA mechanism in Oregon similar to the one in Idaho.

Power Supply

IPC meets its system load requirements using a combination of its own generation, mandated purchases from private developers (see "CSPP Purchases" below) and purchases from other utilities and power wholesalers. IPC's generating plants and capacities are listed in Item 2 - "Properties."

IPC's system is dual peaking, with the larger peak demand occurring in the summer. The all-time system peak demand is 3,193 megawatts (MW), set on July 13, 2007. The previous hourly system peak of 3,084 MW was set in 2006. The all-time winter peak demand is 2,464 MW set on January 24, 2008. The previous hourly system winter peak of 2,459 MW was set in 1998. IPC expects total system average load to grow 2.1 percent annually over the next three years.

Because of its reliance on hydroelectric generation, IPC's generation operations can be significantly affected by weather conditions. The availability of hydroelectric power depends on the amount of snow pack in the mountains upstream of IPC's hydroelectric facilities, reservoir storage, springtime snow pack run-off, river base flows, spring flows, rainfall and other weather and stream flow management considerations. During low water years, when stream flows into IPC's hydroelectric projects are reduced, IPC's hydroelectric generation is reduced. This results in less generation from IPC's resource portfolio (hydroelectric, coal-fired and gas-fired) available for off-system sales and, most likely, an increased use of purchased power to meet load requirements. Both of these situations - a reduction in off-system sales and an increased use of more expensive purchased power - result in increased power supply costs.

The following table presents IPC's system generation for the last three years:

	MWh			Percent of total generation		
	2007	2006	2005	2007	2006	2005
	(thousands of MWhs)					
Hydroelectric	6,181	9,207	6,199	46%	57%	46%
Thermal	7,367	7,021	7,315	54%	43%	54%
Total system generation	13,548	16,228	13,514	100%	100%	100%

Under normal stream flow conditions, IPC's system generation mix is approximately 55 percent hydroelectric and 45 percent thermal.

The generation from IPC's hydroelectric facilities in 2007 was reduced due to poor stream flow conditions. The observed stream flow data released on August 1, 2007, by the National Weather Service's Northwest River Forecast Center (RFC) indicated that Brownlee reservoir inflow for April through July 2007 was 2.8 million acre-feet (maf), or 44 percent of the RFC average. Brownlee reservoir inflow for 2007 totaled 8.5 maf, or 56 percent of the RFC average.

Streamflow projections for 2008 are somewhat improved. Storage in selected federal reservoirs upstream of Brownlee as of February 10, 2008 was 76 percent of average. The stream flow forecast released on February 14, 2008, by the RFC predicts that Brownlee reservoir inflow for April through July 2008 will be 5.7 maf, or 90 percent of the RFC average.

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IPC's generating facilities are interconnected through its integrated transmission system and are operated on a coordinated basis to achieve maximum load-carrying capability and reliability. IPC's transmission system is directly interconnected with the transmission systems of the Bonneville Power Administration, Avista Corporation, PacifiCorp, NorthWestern Energy and Sierra Pacific Power Company. Such interconnections, coupled with transmission line capacity made available under agreements with some of the above entities, permit the interchange, purchase and sale of power among all major electric systems in the west. IPC is a member of the Western Electricity Coordinating Council, the Western Systems Power Pool, the Northwest Power Pool, the Northern Tier Transmission Group, and the North American Energy Standards Board. These groups have been formed to more efficiently coordinate transmission reliability and planning throughout the western grid. See "Competition - Wholesale" below.

Fuel: IPC, through its subsidiary IERCO, owns a one-third interest in Bridger Coal, which owns the Jim Bridger mine that supplies coal to the Jim Bridger generating plant (one-third owned by IPC) in Wyoming. The mine, located near the Jim Bridger plant, operates under a long-term sales agreement that provides for delivery of coal over a 51-year period ending in 2024 from surface, high-wall, and underground sources. The Jim Bridger mine has sufficient reserves to provide coal deliveries for the term of the sales agreement. IPC also has a coal supply contract providing for annual deliveries of coal through 2009 from the Black Butte Coal Company's Black Butte and Leucite Hills mines located near the Jim Bridger plant. This contract supplements the Bridger Coal deliveries and provides another coal supply to operate the Jim Bridger plant. The Jim Bridger plant's rail load-in facility and unit coal train allow the plant to take advantage of potentially lower-cost coal from other mines for tonnage requirements above established contract minimums.

The Bridger Coal mine experienced difficulties in meeting its production volume and operating cost goals during early 2008. The problems stemmed from soft floor and roof stability issues that began in late December 2007 in the underground longwall mining operation (longwall). The impact on December 2007 production was relatively minor; however the problems persisted and January 2008 production volume was approximately 20 percent of forecast. As of late February 2008, the longwall was operating at normal production. IPC believes Bridger Coal's overall 2008 production and cost objectives are achievable by modifying the surface mine operation plan to offset the underground mining difficulties. Using coal from both mine and plant stockpiles, planned deliveries to the Jim Bridger power plant continue and generation is not expected to be negatively impacted.

Sierra Pacific Power Company, as operator of the North Valmy generating plant, has an agreement with Arch Coal Sales Company, Inc. to supply coal to the plant through 2011. IPC, 50 percent owner of the plant, is obligated to purchase one-half of the coal, ranging from 515,000 tons to 762,500 tons annually. Sierra Pacific Power Company also has a coal supply contract with Black Butte Coal Company's Black Butte Mine for deliveries through 2009. IPC is obligated to purchase one-half of the coal purchased under this agreement, ranging from 450,000 to 600,000 tons annually.

The Boardman generating plant receives coal from the Powder River Basin through annual contracts. Portland General Electric, as operator of the Boardman plant, has an agreement with Buckskin Mining Company to supply all of Boardman's coal requirements through 2008. As 10 percent owner of the plant, IPC is obligated to purchase ten percent of the coal purchased under this agreement, ranging from 230,000 to 270,000 tons annually. A Request for Proposal to secure coal for the period 2009-2013 is in process.

IPC owns and operates the Danskin and Bennett Mountain combustion turbines, which are supplied gas through the Northwest Pipeline GP's pipeline. Gas is purchased as needs are identified for summer peaks or to meet system requirements. The gas is transported under a long-term agreement with Northwest Pipeline GP for 24,523 million British thermal units (MMBtu) per day. This agreement runs through February 28, 2022, with annual extensions at IPC's sole discretion. IPC also has the ability to flow a total of 73,569 MMBtu as alternate firm basis without incurring a reservation charge on the additional amount. In addition to this agreement, IPC has entered into a long-term agreement with Northwest Pipeline GP for 131,453 MMBtu of total storage capacity at the Jackson Prairie Storage Project located in Lewis County, Washington. As the project is developed, storage capacity will be phased into service and allocated to IPC on a monthly basis. IPC's current storage allotment is approximately 18 percent of its total, and its full allotment is expected to be reached by January 2011. The firm storage contract extends through November 1, 2043, with bilateral termination rights at the end of the contract. Storage gas will be purchased and stored with the intent of fulfilling needs as identified for summer peaks or to meet system requirements.

Water Rights: Except as discussed below, IPC has acquired water rights under applicable state law for all waters used in its hydroelectric generating facilities. In addition, IPC holds water rights for domestic, irrigation, commercial and other necessary purposes related to other land and facility holdings within the state. The exercise and use of all of these water rights are subject to prior rights, and with respect to certain hydroelectric generating facilities, IPC's water rights for power generation are subordinated to certain future upstream diversions of water for irrigation and other recognized consumptive uses.

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Over time, increased irrigation development and other consumptive diversions have resulted in a reduction in the stream flows available to fulfill IPC's water rights at certain hydroelectric generating facilities. In reaction to these reductions, IPC initiated and continues to pursue a course of action to determine and protect its water rights. As part of this process, IPC and the state of Idaho signed the Swan Falls agreement on October 25, 1984, which provided a level of protection for IPC's hydropower water rights at specified plants by setting minimum stream flows and establishing an administrative process governing the future development of water rights that may affect IPC's hydroelectric generation. In 1987, Congress passed, and the President signed into law, House Bill 519. This legislation permitted implementation of the Swan Falls agreement and further provided that during the remaining term of certain of IPC's project licenses the relationship established by the agreement would not be considered by the FERC as being inconsistent with the terms of IPC's project licenses or imprudent for the purposes of determining rates under Section 205 of the FPA. The FERC entered an order implementing the legislation on March 25, 1988.

In addition to providing for the protection of IPC's hydroelectric water rights, the Swan Falls agreement contemplated the initiation of a general adjudication of all water uses within the Snake River basin. In 1987, the director of the Idaho Department of Water Resources filed a petition in state district court asking that the court adjudicate all claims to water rights, whether based on state or federal law, within the Snake River basin. The court signed a commencement order initiating the Snake River Basin Adjudication on November 19, 1987. This legal proceeding was authorized by state statute based upon a determination by the Idaho Legislature that the effective management of the waters of the Snake River basin required a comprehensive determination of the nature, extent and priority of all water uses within the basin. The adjudication is proceeding and is expected to continue for at least the next several years. IPC has filed claims to its water rights within the basin and is actively participating in the adjudication in an effort to ensure that its water rights and the operation of its hydroelectric facilities are not adversely impacted. In certain instances, the adjudication of water rights in the Snake River Basin Adjudication (SRBA) results in the initiation of litigation, called subcases, to determine the scope and nature of a particular water right. IPC is involved in subcases involving not only its water rights but also the water rights of other claimants. One such subcase involves IPC's water rights at the Swan Falls project on the Snake River and several other upstream hydroelectric projects that are the subject of the Swan Falls Agreement. IPC also has initiated legal action against the U.S. Bureau of Reclamation (USBR) over the interpretation and effect of a 1923 contract with the USBR on the operation of the American Falls Reservoir and the release of water from that reservoir to be used at IPC's downstream hydroelectric projects.

Please see Part II, Item 7 - "MD&A - LEGAL AND ENVIRONMENTAL ISSUES - Environmental Issues - Idaho Water Management Issues" and "MD&A - REGULATORY MATTERS - Relicensing of Hydroelectric Projects."

Integrated Resource Plan (IRP): The IRP is IPC's business plan for resource acquisition and is the starting point for demonstrating prudence in IPC's resource decisions. IPC filed its 2006 IRP with the IPUC in September 2006 and with the OPUC in October 2006. Prior to filing, the IRP requires extensive involvement by IPC, the IPUC Staff, the OPUC Staff, and customer and environmental representatives, as well as input on the cost of generation technologies. The 2006 IRP identified IPC's forecast load and resource situation for the next twenty years, analyzed potential supply-side and demand-side options and identified near-term and long-term actions. The two primary goals of the 2006 IRP were to (1) identify sufficient resources to reliably serve the growing demand for electric service within IPC's service area throughout the 20-year planning period and (2) ensure that the portfolio of resources selected balances cost, risk and environmental concerns.

The IPUC accepted the 2006 IRP in March 2007. The OPUC acknowledged the 2006 IRP in September 2007 with the stipulation that IPC not commit to the construction of a 250-MW pulverized coal resource, identified to come on-line in 2013, until IPC presents an update of the 2006 IRP to the OPUC no later than June 2008. With its acceptance of the 2006 IRP, the IPUC requested that IPC align the submittal of its next IRP with those submitted by other utilities. To comply with this request IPC intends to provide an update on the status of the 2006 IRP to both the IPUC and OPUC no later than June 2008 and file a new IRP in June 2009.

In a departure from the 2006 IRP, IPC plans to construct a natural gas-fired combined cycle combustion turbine located close to its load center in southern Idaho. IPC determined that coal-fired generation was not the best technology to meet its resource needs by 2013 due to escalating construction costs, potential permitting issues, and continued uncertainty surrounding future greenhouse gas laws and regulations. See further discussion in Part II - Item 7 - "MD&A - REGULATORY MATTERS - Integrated Resource Plan."

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CSPP Purchases: As mandated by the enactment of PURPA and the adoption of avoided cost rates by the IPUC and the OPUC, IPC has entered into contracts for the purchase of energy from a number of private developers. Under these contracts, IPC is required to purchase all of the output from the facilities located inside the IPC service territory. For projects located outside the IPC service territory, IPC is required to purchase the output that IPC has the ability to receive at the facility's requested point of delivery on the IPC system. The IPUC jurisdictional portion of the costs associated with CSPP contracts are fully recovered through base rates and the PCA. For IPUC jurisdictional contracts, projects that generate up to ten average MW of energy monthly are eligible for IPUC Published Avoided Costs for up to a 20-year contract term. The OPUC jurisdictional portion of the costs associated with CSPP contracts is recovered through general rate case filings. For OPUC jurisdictional contracts, projects with a nameplate rating of up to ten MW of capacity are eligible for OPUC Published Avoided Costs for up to a 20-year contract term. The Published Avoided Cost is a price established by the IPUC and OPUC to estimate IPC's cost of developing additional generation resources. If a PURPA project does not qualify for Published Avoided Costs, then IPC is required to negotiate the terms, prices and conditions with the developer of that project. These negotiations reflect the characteristics of the individual projects (i.e., operational flexibility, location and size) and the benefits to the IPC system and must be consistent with other similar energy alternatives. During 2007 the IPUC issued orders increasing the Published Avoided Cost and requiring differentiation between heavy load and light load hour energy prices. See Part II - Item 7 - "MD&A - REGULATORY MATTERS - Wind Integration Costs and PURPA Avoided Cost Rate Computation."

On August 4, 2005, the IPUC granted a temporary reduction in the eligible CSPP project size to 100 kW for intermittent generation resources (such as wind) only and ordered IPC to study the impacts of integrating this type of resource. IPC completed and filed with the IPUC a wind generation integration study report on February 6, 2007. Public workshops were conducted, comments were filed with the IPUC, and information request responses were submitted to the IPUC. A proposed settlement of this issue has been presented to the IPUC for its consideration.

In 2007, as required by the OPUC, IPC filed new avoided costs for the state of Oregon and new standard contracts. The OPUC has approved the new rates and standard contracts.

As of December 31, 2007, IPC had signed agreements to purchase energy from 94 CSPP facilities with contracts ranging from one to 30 years. Seventy-six of these facilities, with a combined nameplate capacity of 231 MW, were on-line at the end of 2007; the other 18 facilities under contract, with a combined nameplate capacity of 267 MW, are projected to come on-line between 2008 and 2010. The majority of the new facilities will be wind resources which will generate on an intermittent basis. During 2007, IPC purchased 777,147 megawatt-hours (MWh) from these projects at a cost of $45 million, resulting in a blended price of 5.9 cents per kilowatt hour.

Wholesale Energy Market Activities: Guided by a risk management policy and frequently updated operating plans, IPC participates in the wholesale energy market by buying power to help meet load demands and selling power that is in excess of load demands. IPC's market activities are influenced by its customer loads, market prices, and cost and availability of generating resources. Some of IPC's hydroelectric generation facilities are operated to optimize the water that is available by choosing when to run generation units and when to store water in reservoirs. These decisions affect the timing and volumes of market purchases and market sales. Even in below normal water years, there are opportunities to vary water usage to maximize generation unit efficiency, capture marketplace economic benefits and meet load demand. Compliance factors, such as allowable river stage elevation changes and flood control

requirements, and wholesale energy market prices influence these dispatch decisions.

Due to the uncertainty regarding the regulation requirements of anticipated wind generation, IPC terminated the wholesale contract for load following services provided to NorthWestern Energy, effective December 31, 2007. The load following contract required IPC to increase or decrease its generation by up to 30 MW to react to NorthWestern's system load changes.

IPC has one firm wholesale power sales contract. The sales contract is with the Raft River Electric Cooperative for up to 15 MW. This contract expires in September 2008; however, Raft River Electric Cooperative has provided notice that it intends to renew the contract, as allowed in the original agreement, through September 2010.

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IPC has one wholesale reserve sales contract. The reserve contract is with United Materials of Great Falls, Inc. (United Materials). This agreement requires IPC to carry up to 0.45 MW of reserves associated with an energy sales agreement dated January 2004 between IPC and United Materials from the Horseshoe Bend Wind Farm. The term of this agreement began in January 2008, and runs seasonally through May 2013.

IPC has one firm wholesale purchased power contract. This contract is with PPL Montana, LLC for 83 MW per hour during heavy load hours, to address increased demand during June, July and August. The term of this contract began in June 2004 and runs through August 2009.

Transmission Services

IPC provides wholesale transmission service and provides firm and non-firm wheeling services for eligible transmission customers. IPC's system lies between and is interconnected with the winter-peaking northern and summer-peaking southern regions of the western power system. This geographic position allows IPC to provide transmission services and to reach a broad power market.

IPC holds rights-of-way from Midpoint substation in south-central Idaho through eastern Nevada to the Dry Lake area northeast of Las Vegas, Nevada, known as the Southwest Intertie Project (SWIP). In 2004, the Bureau of Land Management granted a five-year extension to begin construction of a proposed 500-kilovolt transmission line within the rights-of-way to December 2009. IPC obtained the rights-of-way to construct a transmission line along this corridor, but no longer plans to build the line. On March 31, 2005, IPC entered into an agreement with White Pine Energy Associates, LLC (White Pine), an affiliate of LS Power Development, LLC, which provides White Pine a three-year exclusive option to purchase the SWIP rights-of-way from IPC. The option may be exercised in part or as a whole and, if fully exercised, will result in a net pre-tax gain to IPC of approximately $6 million.

Environmental Regulation

IPC's activities are subject to a broad range of federal, state, regional and local laws and regulations designed to protect, restore and enhance the quality of the environment. Environmental regulation continues to impact IPC's operations due to the cost of installation and operation of equipment and facilities required for compliance with such regulations, and the modification of system operations to accommodate such regulations. IPC's compliance costs will continue to be significant for the foreseeable future.

Based upon present environmental laws and regulations, IPC estimates its 2008 capital expenditures for environmental matters, excluding Allowance for Funds Used During Construction (AFDC), will total $26 million. Studies and measures related to environmental concerns at IPC's hydroelectric facilities account for $15 million, and investments in environmental equipment and facilities at the thermal plants account for $11 million. For 2009 and 2010, environmental-related capital expenditures, excluding AFDC, are estimated to be $65 million. Anticipated expenses related to IPC's hydroelectric facilities account for $29 million, and thermal plant expenses are expected to total $36 million.

IPC anticipates approximately $20 million in annual operating costs for environmental facilities during 2008. Hydroelectric facility expenses and thermal plant expenses account for the majority of the costs at approximately $13 million and $7 million, respectively. For 2009 and 2010, total environmental related operating costs are estimated to

be approximately $54 million. Expenses related to the hydroelectric facilities are expected to be $39 million, and thermal plant expenses are expected to be $15 million during this period.

Air Quality Issues: IPC owns two natural gas combustion turbine power plants and co-owns three coal-fired power plants that are subject to air quality regulation. The natural gas-fired plants, Danskin and Bennett Mountain, are located in Idaho. The coal-fired plants are: Jim Bridger located in Wyoming; Boardman located in Oregon; and North Valmy located in Nevada. Please see Part II, Item 7 - "MD&A - LEGAL AND ENVIRONMENTAL ISSUES - Environmental Issues - Air Quality Issues" for a discussion of these matters.

Water: As required under the Federal Water Pollution Control Act Amendments of 1972, IPC has received necessary environmental permits and authorizations and has prepared necessary plans relating to operations and water quality, such as effluent discharge, spill prevention and countermeasures, and storm water pollution prevention.

The FERC licenses issued for IPC's American Falls and Cascade hydroelectric generating plants require aeration of turbine water to meet dissolved oxygen standards in the tail waters downstream from the plants. In order to comply with the licenses, IPC installed and operates aeration equipment at both plants and submits compliance reports to the appropriate regulatory agencies.

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The FERC licenses issued for IPC's Milner, Shoshone Falls, Twin Falls, Upper Salmon, Lower Salmon, Bliss and CJ Strike hydroelectric projects require dissolved oxygen and temperature monitoring and reporting. IPC submits compliance reports to the appropriate regulatory agencies.

The FERC license for the CJ Strike project also requires monitoring of total dissolved gas during spill periods. IPC installs monitors during periods of spill that record gas levels in spilled water and reports the results to the appropriate regulatory agencies.

Hazardous/Toxic Wastes and Substances: Under the Toxic Substances Control Act, the EPA has adopted regulations governing the use, storage, inspection and disposal of electrical equipment that contains polychlorinated biphenyls (PCBs). The regulations permit the continued use and servicing of certain equipment (including transformers and capacitors) that contain PCBs. IPC continues to meet federal requirements of the Toxic Substances Control Act for the continued use of equipment containing PCBs. IPC continues to eliminate PCBs as part of its long-term strategy. This program will reduce costs associated with the long-term monitoring of PCB-containing equipment, responding to spills and reporting to the EPA. In 2007, IPC spent approximately $0.8 million identifying and eliminating PCBs.

For a discussion of other environmental issues, including air quality, endangered species, and climate change, please see Part II, Item 7 - "MD&A - Legal and Environmental Issues - Environmental Issues."

Energy Efficiency

In 2007, IPC spent approximately $15.6 million to promote energy efficiency and summer peak reduction through its Demand Side Management (DSM) programs. Major funding for program development, implementation and administration comes from the Idaho and Oregon tariff riders for DSM. From 2001 to March 2007, when funding was discontinued due to the suspension of investor-owned utilities' participation in the Residential Exchange Program of the Bonneville Power Administration (BPA), IPC also received funding from the Conservation and Renewables Discount Program of the BPA.

Approximately $1.8 million was spent on research, analysis and development, technology evaluation, market transformation, and general overhead expenses. A portion of this activity was accomplished in conjunction with the Northwest Energy Efficiency Alliance (NEEA). IPC contributed $0.9 million to the NEEA.

The following energy efficiency programs target savings across the entire year for a wide range of customer segments with an emphasis on reducing energy during the summer peak:

Approximately $4.0 million was devoted to achieving summer peak reduction through focusing on irrigation pumping and residential air conditioning equipment control measures.

The residential energy efficiency programs targeted new and existing homes, focusing on customer education and the application of energy efficiency remediation, including energy efficient building techniques, insulation

augmentation, air duct sealing, and the use of efficient lighting. This segment's 2007 spending was approximately $3.3 million.

Programs for new or existing industrial and commercial facilities focus on application of energy efficient techniques and technologies as well as operational and management processes to reduce energy consumption. Approximately $4.5 million was spent on these programs.

Approximately $2.0 million was devoted to irrigation efficiency programs. Irrigation customers can receive financial incentives for either improving the energy efficiency of an irrigation system or installing a new energy efficiency system.

In 2007, IPC's energy efficiency programs reduced energy usage by approximately 91,000 MWh and the targeted demand reduction programs resulted in a summer peak reduction of about 48 MW.

Competition

Retail: Electric utilities have historically been recognized as natural monopolies and have operated in a highly regulated environment in which they have an obligation to provide electric service to their customers in return for an exclusive franchise within their service territory with an opportunity to earn a regulated rate of return.

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Some state regulatory authorities are in the process of changing utility regulations in response to federal and state statutory changes and evolving competitive markets. These statutory changes and conforming regulations may result in increased retail competition. However, restructuring of the electric industry has stalled at both the national level and in the Pacific Northwest.

Wholesale: The 1992 National Energy Policy Act and the FERC's rulemaking activities have established the regulatory framework to open the wholesale energy market to competition. This act permits entities to develop independent electric generating plants for sales to wholesale customers, and authorizes the FERC to order transmission access for third parties to transmission facilities owned by another entity. This act does not, however, permit the FERC to require transmission access to retail customers. Open-access transmission for wholesale customers provides energy suppliers with opportunities to sell and deliver electricity at market-based prices. IPC actively monitors and participates, as appropriate, in energy industry developments, to maintain and enhance its ability to effectively participate in wholesale energy markets in a manner consistent with its business goals.

For more information, see Part II, Item 7 - "MD&A - REGULATORY MATTERS - FERC Proceedings."

Utility Operating Statistics

The following table presents IPC's revenues and energy use by customer type for the last three years. IPC's operations are discussed further in Part II, Item 7 - "MD&A - RESULTS OF OPERATIONS - Utility Operations:"

	Years Ended December 31,		
	2007	**2006**	**2005**
Revenues (thousands of dollars)			
Residential	$ 308,208	$ 299,594	$ 299,488
Commercial	170,001	162,391	173,268
Industrial	101,409	102,958	118,259
Irrigation	88,685	71,432	76,255
Total general business	668,303	636,375	667,270
Off-system sales	154,948	260,717	142,794
Other	52,150	23,381	27,619
Total	$ 875,401	$ 920,473	$ 837,683
Energy use (thousands of MWh)			
Residential	5,227	5,068	4,760
Commercial	3,937	3,761	3,639
Industrial	3,454	3,475	3,423
Irrigation	1,924	1,635	1,467
Total general business	14,542	13,939	13,289
Off-system sales	2,744	5,821	2,774
Total	17,286	19,760	16,063

IFS:

IFS invests primarily in affordable housing developments, which provide a return principally by reducing federal and state income taxes through tax credits and accelerated tax depreciation benefits. IFS generated tax credits of $15 million, $19 million and $20 million in 2007, 2006 and 2005, respectively. IFS's portfolio also includes historic rehabilitation projects such as, the Empire Building in Boise, Idaho. IFS did not make any new investments during 2007.

IFS has focused on a diversified approach to its investment strategy in order to limit both geographic and operational risk. Over 90 percent of IFS's investments have been made through syndicated funds. At December 31, 2007, the gross amount of IFS's portfolio equaled $175 million in tax credit investments. These investments cover 49 states, Puerto Rico and the U.S. Virgin Islands. The underlying investments include over 700 individual properties, of which all but three are administered through syndicated funds.

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IDA-WEST:

Ida-West operates and has a 50 percent interest in nine hydroelectric plants with a total generating capacity of 45 MW. Four of the projects are located in Idaho and five are in northern California. All nine projects are "qualifying facilities" under PURPA. IPC purchased all of the power generated by Ida-West's four Idaho hydroelectric projects at a cost of $8 million in both 2007 and 2006, and $7 million in 2005.

ITEM 1A. RISK FACTORS

The following are factors that could have a significant impact on the operations and financial results of IDACORP, Inc. and Idaho Power Company and could cause actual results or outcomes to differ materially from those discussed in any forward-looking statements:

Reduced hydroelectric generation can reduce revenues and increase costs. Idaho Power Company has a predominately hydroelectric generating base. Because of Idaho Power Company's heavy reliance on hydroelectric generation, the weather can significantly affect its operations. When hydroelectric generation is reduced, Idaho Power Company must increase its use of generally more expensive thermal generating resources and purchased power. Through its power cost adjustment in Idaho, Idaho Power Company can expect to recover approximately 90 percent of the increase in its Idaho jurisdictional net power supply costs, which are fuel and purchased power less off-system sales, above the level included in its base rates. The power cost adjustment recovery includes both a forecast and deferrals that are subject to the regulatory process. However, recovery of amounts above forecast in one power cost adjustment year does not occur until the subsequent power cost adjustment year. The non-Idaho net power supply costs are subject to periodic recovery from the Oregon and Federal Energy Regulatory Commission jurisdictional customers.

Continuing declines in stream flows and over-appropriation of water in Idaho may reduce hydroelectric generation and revenues and increase costs. The combination of declining Snake River base flows, over-appropriation of water and drought conditions have led to disputes among surface water and ground water irrigators, and the state of Idaho. Recharging the Eastern Snake Plain Aquifer, which contributes to Snake River flows, by diverting surface water to porous locations and permitting it to sink into the aquifer is one proposed solution to the dispute. Diversions from the Snake River for aquifer recharge may further reduce Snake River flows available for hydroelectric generation and reduce Idaho Power Company's revenues and increase costs. Idaho Power Company is also involved in legal actions involving the water rights it holds for hydroelectric purposes. One such action, initiated in the Snake River Basin Adjudication, involves Idaho Power Company's water rights at the Swan Falls project on the Snake River and several other upstream hydroelectric projects that are the subject of a 1984 agreement with the state of Idaho known as the Swan Falls Agreement. Idaho Power Company also has initiated legal action against the U.S. Bureau of Reclamation over the interpretation and effect of a 1923 contract with the U.S. Bureau of Reclamation on the operation of the American Falls Reservoir and the release of water from that reservoir to be used at Idaho Power Company's downstream hydroelectric projects. The resolution of these legal actions may affect Snake River flows available for hydroelectric generation and thereby reduce Idaho Power Company revenues and increase costs.

Load growth in Idaho Power Company's service territory exposes it to greater market and operational risk and could increase costs and reduce earnings and cash flows. Increases in both the number of customers and the demand for energy have resulted and may continue to result in increased reliance on purchased power to meet customer load requirements.

o Through its annual power cost adjustment in Idaho, Idaho Power Company can expect to recover approximately 90 percent of the increase in its Idaho jurisdictional net power supply costs, which are fuel and purchased power less off-system sales, above the level included in its base rates. The remaining ten percent is absorbed by Idaho Power Company.

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o Idaho Power Company's load growth adjustment rate adjusts the net power supply costs Idaho Power Company includes in its annual power cost adjustment for differences between actual load and the load used in calculating base rates. In periods of growing load, the marginal energy costs of serving new Idaho retail customers are subtracted from the power cost adjustment leaving Idaho Power Company with no opportunity between general rate case filings to recover these costs. If the Idaho Public Utilities Commission increases the rate or modifies the method used to calculate the load growth adjustment rate, or if customer load is higher than the load used to calculate base rates, Idaho Power Company's earnings and cash flows could be reduced.

o Since the Federal Energy Regulatory Commission implemented market-based wholesale power rates in 1997, the price volatility of electricity has substantially increased from what it was at the inception of the power cost adjustment. As Idaho Power Company's reliance on purchased power continues to increase, the risks associated with the remaining ten percent not recovered through the power cost adjustment could increase costs and reduce earnings and cash flows.

o Increased load growth can result in the need for additional investments in Idaho Power Company's infrastructure to serve the new load. If Idaho Power Company were unable to secure timely rate relief from the Idaho Public Utilities Commission, the Oregon Public Utility Commission or the Federal Energy Regulatory Commission to recover the costs of these additional investments, the resulting regulatory lag would have a negative effect on earnings and cash flow.

o Increased and unexpected load growth can create planning and operating difficulties for Idaho Power Company that can impact its ability to reliably serve customers.

Idaho Power Company's reliance on coal and natural gas to fuel its power generation facilities exposes it to risk of increased costs and reduced earnings. In addition to hydroelectric generation, Idaho Power Company relies on coal and natural gas to fuel its generation facilities. Market price increases in coal and natural gas can result in reduced earnings. Increases in demand for natural gas, including increases in demand due to greater industry reliance on natural gas for power generation, may result in market price increases and/or supply availability issues. In addition, delivery of coal and natural gas depends upon gas pipelines, rail lines, rail cars and roadways. Any disruption in Idaho Power Company's fuel supply may require the company to find alternative fuel sources at higher costs, to produce power from higher cost generation facilities or to purchase power from other sources.

Changes in temperature and precipitation can reduce power sales and revenues. Warmer than normal winters, cooler than normal summers and increased rainfall during the irrigation seasons will reduce retail revenues from power sales.

Climate change could affect customer demand and hydroelectric generation and lead to restrictions on generation resources. Long-term climate change could significantly affect Idaho Power Company's business because changes in temperature, precipitation and snow pack conditions could affect customer demand and the amount and timing of hydroelectric generation. In addition, legislative and/or regulatory developments related to climate change could place restrictions on construction of new generation resources, the expansion of existing resources, or operation of generation resources.

If the Idaho Public Utilities Commission, the Oregon Public Utility Commission or the Federal Energy Regulatory Commission grant less rate recovery in rate case filings than Idaho Power Company needs to cover increased costs of providing services, earnings and cash flows may be reduced and economic expansion may be limited. If the Idaho Public Utilities Commission, the Oregon Public Utility Commission or the Federal Energy

Regulatory Commission were to grant less rate recovery in rate case filings than Idaho Power Company needs to cover increased costs of providing services, it may have a negative effect on earnings and cash flow and could result in downgrades of IDACORP, Inc.'s and Idaho Power Company's credit ratings. Failure to obtain regular and timely rate relief may limit Idaho Power Company's possibilities for economic expansion.

Conditions that may be imposed in connection with hydroelectric license renewals may require large capital expenditures and reduce earnings and cash flows. Idaho Power Company is currently involved in renewing federal licenses for several of its hydroelectric projects. The Federal Energy Regulatory Commission may impose conditions with respect to environmental, operating and other matters in connection with the renewal of Idaho Power Company's licenses. These conditions could have a negative effect on Idaho Power Company's operations, require large capital expenditures and reduce earnings and cash flows.

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The cost of complying with environmental regulations can increase capital expenditures and operating costs and reduce earnings and cash flows. IDACORP, Inc. and Idaho Power Company are subject to extensive federal, state and local environmental statutes, rules and regulations relating to air quality, water quality, natural resources and health and safety. Compliance with these environmental statutes, rules and regulations involves significant capital and operating expenditures. These expenditures could become even more significant in the future if legislation and enforcement policies change. For instance, considerable attention has been focused on emissions from coal-fired generating plants, including carbon dioxide, and their potential role in contributing to global warming. The effects of mercury and other pollutant emissions from coal-fired plants are also being discussed. Governmental and non-governmental entities closely scrutinize these plants and bring enforcement actions to ensure compliance. The adoption of new statutes, rules and regulations to implement carbon dioxide, mercury or other emission controls could result in increased capital expenditures and could increase the cost of operating coal-fired generating plants, and reduce earnings and cash flows.

IDACORP, Inc., IDACORP Energy and Idaho Power Company are subject to costs and other effects of legal and regulatory proceedings, settlements, investigations and claims, including those that have arisen out of the western energy situation. IDACORP, Inc., IDACORP Energy and Idaho Power Company are involved in a number of proceedings including the California refund proceeding at the Federal Energy Regulatory Commission, which has been settled with the largest portion of the market participants but which has appeals pending at the United States Court of Appeals for the Ninth Circuit; a refund proceeding affecting sellers of wholesale power in the spot market in the Pacific Northwest, in which the Federal Energy Regulatory Commission directed that no refunds be paid, but in connection with which the United States Court of Appeals for the Ninth Circuit issued a decision remanding the matter to the Federal Energy Regulatory Commission and which is presently the subject of rehearing applications pending before the United States Court of Appeals for the Ninth Circuit; show cause proceedings at the Federal Energy Regulatory Commission, which have been settled but have been appealed; claims pending before the United States Court of Appeals for the Ninth Circuit that the Federal Energy Regulatory Commission ordered refund period should have been expanded to include a longer time period; and the reversal by the United States Court of Appeals for the Ninth Circuit of Federal Energy Regulatory Commission rulings that market-based sellers' transactional reports satisfy the Federal Energy Regulatory Commission's filed-rate doctrine requirements as a means of expanding refunds from all sellers of wholesale power, which rulings have been remanded to the Federal Energy Regulatory Commission. To the extent the companies are required to make payments, earnings and cash flows will be negatively affected. It is possible that additional proceedings related to the western energy situation may be filed in the future against IDACORP, Inc., IDACORP Energy or Idaho Power Company.

Idaho Power Company's business is subject to substantial governmental regulation and may be adversely affected by increased costs resulting from, or liability under, existing or future regulations or requirements. Idaho Power Company is subject to extensive federal and state laws, policies, and regulations, as well as regulatory actions and regulatory audits, including those of the Federal Energy Regulatory Commission, the Environmental Protection Agency, the North American Electric Reliability Corporation, the Western Electricity Coordinating Council and the public utility commissions in Idaho, Oregon and Wyoming. Some of these regulations are changing or subject to interpretation, and failure to comply may result in penalties or other adverse consequences. Compliance with these requirements directly influences Idaho Power Company's operating environment and may significantly increase Idaho Power Company's operating costs.

Increased capital expenditures can significantly affect liquidity. Increases in both the number of customers and the demand for energy require expansion and reinforcement of transmission and, distribution systems and generating facilities. If Idaho Power Company does not receive timely regulatory recovery, Idaho Power Company will have to rely more on external financing for its future utility construction expenditures. These large planned

expenditures may weaken the consolidated financial profile of IDACORP, Inc. and Idaho Power Company. Additionally, a significant portion of Idaho Power Company's facilities were constructed many years ago. Aging equipment, even if maintained in accordance with industry practices, may require significant capital expenditures. Failure of equipment or facilities used in Idaho Power Company's system could potentially increase repair and maintenance expenses, purchased power expenses and capital expenditures.

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As a holding company, IDACORP, Inc. does not have its own operating income and must rely on the upstream cash flows from its subsidiaries to pay dividends and make debt payments. IDACORP, Inc. is a holding company and thus its primary assets are shares or other ownership interests of its subsidiaries, primarily Idaho Power Company. Consequently, IDACORP, Inc.'s ability to pay dividends and its ability to service its debt is dependent upon dividends and other payments received from its subsidiaries. IDACORP, Inc.'s subsidiaries are separate and distinct legal entities and have no obligation to pay any amounts to IDACORP, Inc., whether through dividends, loans or other payments. The ability of IDACORP, Inc.'s subsidiaries to pay dividends or make distributions to IDACORP, Inc. depends on several factors, including their actual and projected earnings and cash flow, capital requirements and general financial condition, and the prior rights of holders of their existing and future first mortgage bonds and other debt securities.

A downgrade in IDACORP, Inc.'s and Idaho Power Company's credit ratings could negatively affect the companies' ability to access capital and increase their cost of borrowing. On January 31, 2008, Standard & Poor's Ratings Services lowered the corporate credit rating and long-term ratings of IDACORP, Inc. and Idaho Power Company. In addition, two series of pollution control bonds issued for Idaho Power Company's benefit are supported by financial guaranty insurance policies. The interest rates on these bonds have increased significantly because of the ratings downgrades of the bond insurer. IDACORP, Inc. and Idaho Power Company also have borrowing arrangements that rely on the ability of the banks to fund loans or support commercial paper. Current or future downgrades of IDACORP, Inc.'s or Idaho Power Company's credit ratings, or those affecting bond insurers or relationship banks, could limit the companies' ability to access capital, including the commercial paper markets, and require IDACORP, Inc. and Idaho Power Company to pay a higher interest rate on their debt.

Terrorist threats and activities could result in reduced revenues and increased costs. IDACORP, Inc. and Idaho Power Company are subject to direct and indirect effects of terrorist threats and activities. Potential targets include generation and transmission facilities. The effects of terrorist threats and activities could prevent Idaho Power Company from purchasing, generating or transmitting power and result in reduced revenues and increased costs.

Adverse results of income tax audits could reduce earnings and cash flows. The outcome of ongoing and future income tax audits could differ materially from the amounts currently recorded, and the difference could reduce IDACORP's and Idaho Power Company's earnings and cash flows.

Employee workforce factors could increase costs and reduce earnings. Idaho Power Company is subject to workforce factors, including loss or retirement of key personnel, availability of qualified personnel, and an aging workforce. Demographic factors in the workplace present challenges to employers nationwide and are of particular concern to the electric utility industry. Approximately one-half of the industry's workforce is age 45 or older, making the median age of utility workers higher than the national average. Idaho Power Company is confronted with the challenge of retaining its skilled workforce while recruiting new talent to offset critical losses due to retirements. The costs of attracting and retaining appropriately qualified employees to replace an aging workforce could reduce earnings and cash flows.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None

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ITEM 2. PROPERTIES

IPC's system is comprised of 17 hydroelectric generating plants located in southern Idaho and eastern Oregon, two natural gas-fired plants located in southern Idaho and interests in three coal-fired steam electric generating plants located in Wyoming, Nevada and Oregon. The system also includes approximately 4,747 miles of high-voltage transmission lines, 23 step-up transmission substations located at power plants, 20 transmission substations, eight switching stations, 222 energized distribution substations (excluding mobile substations and dispatch centers)and approximately 64,672 miles of distribution lines.

IPC holds FERC licenses for all of its hydroelectric projects that are subject to federal licensing. These projects and the other generating stations and their nameplate capacities are listed below:

Project	Nameplate Capacity (4) (kW)	License Expiration
Hydroelectric Developments:		
Properties subject to federal licenses:		
Lower Salmon	60,000	2034
Bliss	75,000	2034
Upper Salmon	34,500	2034
Shoshone Falls	12,500	2034
CJ Strike	82,800	2034
Upper Malad - Lower Malad	21,770	2035
Brownlee-Oxbow-Hells Canyon	1,166,900	2005(1)
Swan Falls	27,170	2010
American Falls	92,340	2025
Cascade	12,420	2031
Milner	59,448	2038
Twin Falls	52,897	2040
Other Hydroelectric:		
Clear Lakes - Thousand Springs	11,300	
Total Hydroelectric	1,709,045	
Steam and Other Generating Plants:		
Jim Bridger (coal-fired) (2)	770,501	
Valmy (coal-fired) (2)	283,500	
Boardman (coal-fired) (2)	64,200	
Danskin (gas-fired)(3)	261,800	
Salmon (diesel-internal combustion)	5,000	
Bennett Mountain (gas-fired)	172,800	
Total Steam and Other	1,557,801	
Total Generation	3,266,846	

(1) Licensed on an annual basis while application for new multi-year license is pending.
(2) IPC's ownership interests are 33 percent for Jim Bridger, 50 percent for Valmy and 10 percent for Boardman. Amounts

shown represent IPC's share.
(3) Includes unit under construction (estimated at 170,000 kW and commercial acceptance on April 1, 2008).
(4) Nameplate capacity has been updated as part of the NERC reliability standards FAC-008 and 009 review process.
See discussion of relicensing in Part II, Item 7 - "MD&A - REGULATORY MATTERS - Relicensing of Hydroelectric Projects."

At December 31, 2007, the composite average ages of the principal parts of IPC's system, based on dollar investment, were: production plant, 25 years; transmission lines and substations, 23 years; and distribution lines and substations, 20 years. IPC considers its properties to be well-maintained and in good operating condition.

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IPC owns in fee all of its principal plants and other important units of real property, except for portions of certain projects licensed under the FPA and reservoirs and other easements. IPC's property is also subject to the lien of its Mortgage and Deed of Trust and the provisions of its project licenses. In addition, IPC's property is subject to minor defects common to properties of such size and character that do not materially impair the value to, or the use by, IPC of such properties.

Idaho Energy Resources Co. owns a one-third interest in Bridger Coal Company and coal leases near the Jim Bridger generating plant in Wyoming from which coal is mined and supplied to the plant.

Ida-West holds 50 percent interests in nine operating hydroelectric plants with a total generating capacity of 45 MW. These plants are located in Idaho and California.

See Note 1 to IDACORP's and IPC's Consolidated Financial Statements for a discussion of the property of IDACORP's consolidated Variable Interest Entities.

ITEM 3. LEGAL PROCEEDINGS

See Note 7 to IDACORP's and IPC's Consolidated Financial Statements.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

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EXECUTIVE OFFICERS OF THE REGISTRANTS

The names, ages and positions of all of the executive officers of IDACORP, Inc. and Idaho Power Company are listed below along with their business experience during the past five years. Mr. J. LaMont Keen and Mr. Steven R. Keen are brothers. There are no other family relationships among these officers, nor is there any arrangement or understanding between any officer and any other person pursuant to which the officer was elected.

J. LAMONT KEEN President and Chief Executive Officer, appointed July 1, 2006. Mr. Keen also serves as President and Chief Executive Officer of Idaho Power Company, appointed November 17, 2005. Mr. Keen was Executive Vice President of IDACORP, Inc., from March 1, 2002, to July 1, 2006, and President and Chief Operating Officer of Idaho Power Company from March 1, 2002, to November 17, 2005. Mr. Keen was Senior Vice President - Administration and Chief Financial Officer of IDACORP, Inc. and Idaho Power Company from May 5, 1999, to March 1, 2002. Mr. Keen also serves on the Board of Directors of both IDACORP, Inc. and Idaho Power Company. Age 55.

DARREL T. ANDERSON Senior Vice President - Administrative Services and Chief Financial Officer of IDACORP, Inc. and Idaho Power Company, appointed July 1, 2004. Mr. Anderson was Vice President, Chief Financial Officer and Treasurer of IDACORP, Inc. and Idaho Power Company from March 1, 2002, to July 1, 2004, and Vice President - Finance and Treasurer of IDACORP, Inc. and Idaho Power Company from May 5, 1999, to March 1, 2002. Age 49.

THOMAS R. SALDIN Senior Vice President and General Counsel of IDACORP, Inc. and Idaho Power Company, appointed October 1, 2004. Mr. Saldin was Executive Vice President and General Counsel of Albertson's Inc., a supermarket chain, from January 29, 1999, to his retirement on August 31, 2001. Age 61.

JAMES C. MILLER Senior Vice President - Power Supply of Idaho Power Company, appointed July 1, 2004. Mr. Miller was Senior Vice President - Delivery of Idaho Power Company from October 1, 1999, to July 1, 2004. Age 53.

DANIEL B. MINOR Senior Vice President - Delivery of Idaho Power Company, appointed July 1, 2004. Mr. Minor was Vice President - Administrative Services & Human Resources of IDACORP, Inc. and Idaho Power Company from November 20, 2003, to July 1, 2004, Vice President - Corporate Services of Idaho Power Company from May 15, 2003, to November 20, 2003, and Director of Audit Services of Idaho Power Company from July 2001, to May 15, 2003. Age 50.

STEVEN R. KEEN Vice President and Treasurer of IDACORP, Inc. and Idaho Power Company, appointed June 1, 2006. Mr. Keen was President of IDACORP Financial Services from September 8, 1998 to May 31, 2007. Age 47.

PATRICK A. HARRINGTON Corporate Secretary of IDACORP, Inc. and Idaho Power Company, appointed March 15, 2007. Mr. Harrington was Senior Attorney from June 7, 2003, to March 15, 2007, and Attorney III from 1996 to June 7, 2003. Age 47.

DENNIS C. GRIBBLE Vice President and Chief Information Officer of IDACORP, Inc. and Idaho Power Company, appointed June 1, 2006. Mr. Gribble was Vice President and Treasurer of IDACORP, Inc. and Idaho Power Company, from July 15, 2004, to June 1, 2006 and Finance Controller of Idaho Power Company from January 1, 1997, to July 15, 2004. Age 55.

LORI D. SMITH Vice President - Corporate Planning and Chief Risk Officer of IDACORP, Inc. and Idaho Power Company, appointed January 1, 2008. Ms. Smith was Vice President - Finance and Chief Risk Officer of IDACORP, Inc. and Idaho Power Company from July 15, 2004, to January 1, 2008, and Director of Strategic Analysis of Idaho Power Company from January 1, 2000 to July 15, 2004. Age 47.

LUCI K. MCDONALD Vice President - Human Resources of IDACORP, Inc. and Idaho Power Company, appointed December 6, 2004. Ms. McDonald was Corporate Staff Director of Human Resources of Boise Cascade Corporation, a forest products company, from September 16, 1999, to November 19, 2004. Age 50.

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GREGORY W. PANTER Vice President - Public Affairs of IDACORP, Inc. and Idaho Power Company, appointed April 1, 2001. Age 59.

NAOMI SHANKEL Vice President, Audit and Compliance of IDACORP, Inc. and Idaho Power Company, appointed September 21, 2006. Ms. Shankel was Director, Audit Services of IDACORP, Inc. and Idaho Power Company from July 2003, to September 21, 2006. Ms. Shankel was a member of the Finance Department of Idaho Power Company from April 4, 2001, to July 2003. Age 36.

JOHN R. GALE Vice President - Regulatory Affairs of Idaho Power Company, appointed March 15, 2001. Age 57.

LISA A. GROW Vice President - Delivery Engineering and Operations of Idaho Power Company, appointed July 20, 2005. Ms. Grow was General Manager of Grid Operations and Planning of Idaho Power Company from October 23, 2004, to July 20, 2005, Operations Manager (Grid Ops) of Idaho Power Company from March 2, 2002, to October 23, 2004, and Control Area Operations Leader from October 13, 2001, to March 2, 2002. Age 42.

WARREN KLINE Vice President - Customer Service and Regional Operations of Idaho Power Company, appointed July 20, 2005. Mr. Kline was General Manager of Regional Operations of Idaho Power Company from March 2, 2002, to July 20, 2005 and General Manger of Customer Service and Metering from January 9, 1999, to March 2, 2002. Age 52.

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

IDACORP's common stock, without par value, is traded on the New York Stock Exchange. On February 22, 2008, there were 14,839 holders of record and the stock price was $30.80 per share.

The outstanding shares of IPC's common stock, $2.50 par value, are held by IDACORP and are not traded. IDACORP became the holding company of IPC on October 1, 1998.

The amount and timing of dividends payable on IDACORP's common stock are within the sole discretion of IDACORP's Board of Directors. The Board of Directors reviews the dividend rate quarterly to determine its appropriateness in light of IDACORP's current and long-term financial position and results of operations, capital requirements, rating agency requirements, legislative and regulatory developments affecting the electric utility industry in general and IPC in particular, competitive conditions and any other factors the Board of Directors deems relevant. The ability of IDACORP to pay dividends on its common stock is dependent upon dividends paid to it by its subsidiaries, primarily IPC.

A covenant under the IDACORP and IPC Credit Facilities described in "MD&A - LIQUIDITY AND CAPITAL RESOURCES - Financing Programs - Debt Covenants" requires IDACORP and IPC to maintain leverage ratios of consolidated indebtedness to consolidated total capitalization of no more than 65 percent at the end of each fiscal quarter. IPC's ability to pay dividends on its common stock held by IDACORP and IDACORP's ability to pay dividends on its common stock are limited to the extent payment of such dividends would cause their leverage ratios to exceed 65 percent. At December 31, 2007, the leverage ratios for IDACORP and IPC were both 53 percent.

IPC's articles of incorporation contain restrictions on the payment of dividends on its common stock if preferred stock dividends are in arrears. IPC has no preferred stock outstanding. IPC paid dividends to IDACORP of $53 million, $51 million and $51 million in 2007, 2006 and 2005, respectively.

The following table shows the reported high and low sales price of IDACORP's common stock and dividends paid for 2007 and 2006 as reported in the consolidated transaction reporting system.

	2007 Quarters			
Common Stock, without par value:	1st	2nd	3rd	4th
High	$39.19	$35.18	$36.57	$36.72
Low	32.00	31.22	30.07	32.36
Dividends paid per share	0.30	0.30	0.30	0.30

	2006 Quarters			
Common Stock, without par value:	1st	2nd	3rd	4th
High	$33.28	$35.20	$38.81	$40.17
Low	28.97	32.00	34.00	37.61
Dividends paid per share	0.30	0.30	0.30	0.30

Issuer Purchases of Equity Securities:

None

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Performance Graph

The following performance graph shows a comparison of the five-year cumulative total shareholder return for IDACORP common stock, the S&P 500 Index and the Edison Electric Institute (EEI) Electric Utilities Index. The data assumes that $100 was invested on December 31, 2002, with beginning-of-period weighting of the peer group indices (based on market capitalization) and monthly compounding of returns.

Source: Bloomberg and Edison Electric Institute

	IDACORP	S & P 500	EEI Electric Utilities Index
2002	$ 100.00	$ 100.00	$ 100.00
2003	128.86	128.67	123.48
2004	137.11	142.65	151.68
2005	136.92	149.66	176.02
2006	186.71	173.27	212.56
2007	176.26	182.78	247.76

The foregoing performance graph and data shall not be deemed "filed" as part of this Form 10-K for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section and should not be deemed incorporated by reference into any other filing of IDACORP or IPC under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent IDACORP or IPC specifically incorporates it by reference into such filing.

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ITEM 6. SELECTED FINANCIAL DATA

IDACORP, Inc.
SUMMARY OF OPERATIONS
(thousands of dollars except per share amounts)

	2007	2006	2005	2004	2003
Operating revenues	$ 879,394	$ 926,291	$ 842,864	$ 827,856	$ 823,002
Operating income	152,078	169,704	154,653	106,233	84,062
Income from continuing operations	82,272	100,075	85,716	80,781	49,732
Diluted earnings per share from continuing operations	1.86	2.34	2.02	2.10	1.30
Dividends declared per share	1.20	1.20	1.20	1.20	1.70
Financial Condition:					
Total assets					