

IDAHO POWER CO
Form 10-K
February 23, 2010

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, 2009

OR

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

For the transition period from to

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

State of incorporation: Idaho
Websites: www.idacorpinc.com and www.idahopower.com

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SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:	Name of exchange on which registered
IDACORP, Inc.: Common Stock, without par value	New York

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 Idaho Power Company Yes No

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 Idaho Power Company Yes No

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 registrant has submitted electronically and posted on its corporate Web site, 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 registrant was required to submit and post such files).
Yes ___ No ___

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, 2009):

IDACORP, Inc.: \$1,224,885,216

Idaho Power Company: None

Number of shares of common stock outstanding at January 31, 2010:

IDACORP, Inc.: 47,951,829

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 Annual Meeting of

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Shareholders to be held on May 20, 2010.

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.

COMMONLY USED TERMS

AFUDC	-	Allowance for Funds Used During Construction
APCU	-	Annual Power Cost Update
Cal ISO	-	California Independent System Operator
CalPX	-	California Power Exchange
CAMP	-	Comprehensive Aquifer Management Plan
CO ₂	-	Carbon Dioxide
cfs	-	Cubic feet per second
EIS	-	Environmental impact statement
EPS	-	Earnings per share
ESA	-	Endangered Species Act
ESPA	-	Eastern Snake Plain Aquifer
FASB	-	Financial Accounting Standards Board
FCA	-	Fixed Cost Adjustment mechanism
FERC	-	Federal Energy Regulatory Commission
FIN	-	Financial Accounting Standards Board Interpretation
Fitch	-	Fitch, Inc.
FPA	-	Federal Power Act
GAAP	-	Generally Accepted Accounting Principles
HCC	-	Hells Canyon Complex
Ida-West	-	Ida-West Energy, a subsidiary of IDACORP, Inc.
IDWR	-	Idaho Department of Water Resources
IE	-	IDACORP Energy, a subsidiary of IDACORP, Inc.
		Idaho Energy Resources Co., a subsidiary of Idaho Power
IERCo	-	Company
		IDACORP Financial Services, a subsidiary of IDACORP,
IFS	-	Inc.
IPUC	-	Idaho Public Utilities Commission
IRP	-	Integrated Resource Plan
IWRB	-	Idaho Water Resource Board
kW	-	Kilowatt
LGAR	-	Load Growth Adjustment Rate
maf	-	Million acre feet
		Management's Discussion and Analysis of Financial
MD&A	-	Condition and Results of Operations
Moody's	-	Moody's Investors Service
MW	-	Megawatt
MWh	-	Megawatt-hour

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NOx	-	Nitrogen Oxide
		National Weather Service Northwest River Forecast
NWRFC	-	Center
O&M	-	Operations and Maintenance
OATT	-	Open Access Transmission Tariff
OPUC	-	Oregon Public Utility Commission
PCA	-	Power Cost Adjustment
PCAM	-	Power Cost Adjustment Mechanism
PURPA	-	Public Utility Regulatory Policies Act of 1978
RH BART	-	Regional Haze - Best Available Retrofit Technology
RFP	-	Request for Proposal
S&P	-	Standard & Poor's Ratings Services
SFAS	-	Statement of Financial Accounting Standards
SO ₂	-	Sulfur Dioxide
SRBA	-	Snake River Basin Adjudication
Valmy	-	North Valmy Steam Electric Generating Plant
VIEs	-	Variable Interest Entities
WECC	-	Western Electricity Coordinating Council

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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 2010 Annual Meeting of Shareholders.

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 - 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, 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 (Idaho Power). 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.

Idaho Power was incorporated under the laws of the state of Idaho in 1989 as successor to a Maine corporation organized in 1915. Idaho Power 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. Idaho Power 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 Idaho Power.

IDACORP's other subsidiaries include:

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

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

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

IDACORP's business strategy emphasizes Idaho Power as IDACORP's core business. Idaho Power is IDACORP's only reportable business segment, contributing 98.6 percent of IDACORP's income from continuing operations in 2009. Segment data is presented in Note 17 to the consolidated financial statements. At December 31, 2009, IDACORP had 1,994 full-time employees, 1,979 of which were employed by Idaho Power.

Idaho Power detailed a three-part strategy of responsible planning, responsible development and protection of resources, and responsible energy use to ensure adequate energy supplies. Idaho Power continues to evaluate and refine its business strategy to ensure coordination among and integration of all functional areas of the company. Idaho Power's business strategy balances the interests of owners, customers and employees while maintaining the company's financial stability and flexibility. The strategy includes:

RESPONSIBLE PLANNING: Idaho Power's planning process is intended to ensure adequate generation and transmission resources to meet population growth and increasing electricity demand. This planning process now integrates Idaho Power's regulatory strategy and financial planning, including the consideration of regional economic development in the growing communities we serve.

RESPONSIBLE DEVELOPMENT AND PROTECTION OF RESOURCES: Idaho Power's business strategy has included the development and protection of generation, transmission, distribution and associated infrastructure, and the natural resources Idaho Power depends upon. The strategy now includes specific consideration of workforce planning, development and retention related to these strategic elements.

RESPONSIBLE ENERGY USE: Idaho Power's business strategy has included energy efficiency and demand response programs and preparation for potential carbon and renewable portfolio standard legislation. The strategy now includes targeted reductions relating to carbon emission intensity and public disclosure of these reductions.

IDACORP and Idaho Power 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. IDACORP's website is www.idacorpinc.com and can also be accessed through a link to the IDACORP website on the Idaho Power website at www.idahopower.com.

UTILITY OPERATIONS

Idaho Power's service territory covers approximately 24,000 square miles in southern Idaho and eastern Oregon, with an estimated population of one million. Idaho Power 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, 2009, Idaho Power supplied electric energy to approximately 490,000 general business customers. Idaho Power's principal commercial and industrial customers are involved in food processing, electronics and general manufacturing, forest products, beet sugar refining and winter recreation.

Weather, customer demand and economic conditions impact electricity sales. 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.

Rates and Revenues

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. Idaho Power is under the retail jurisdiction (as to rates, service, accounting and other general matters of utility operation) of the Idaho Public Utilities Commission (IPUC) and the Oregon Public Utility Commission (OPUC) and as a regulated electric utility, Idaho Power is generally not subject to retail competition. The IPUC and the OPUC determine the rates that Idaho Power charges to its general business customers. Idaho Power is also under the retail regulatory jurisdiction of the IPUC, the OPUC and the Public Service Commission of Wyoming as to the issuance of debt and equity securities.

Approximately 95 percent of Idaho Power's general business revenue comes from customers located in Idaho. Idaho Power uses general rate cases, power cost adjustment mechanisms, a fixed cost adjustment (FCA) mechanism, and subject-specific filings to recover its costs of providing service and to earn a return on investment. Significant rate cases and proceedings are discussed in more detail in Note 3 to the consolidated financial statements.

Special Customer Electric Service Agreements

Micron: The IPUC authorized Idaho Power to amend temporarily an electric service agreement with one of its largest customers, Micron Technology, Inc. (Micron) for the period January 2009 through June 2009, to provide Micron flexibility in restructuring its operations. Subsequently, the IPUC approved an extension of the temporary amendment through December 31, 2009. The amendments did not have a significant impact on Idaho Power's 2009 earnings and are not expected to have a significant impact on 2010 earnings. The IPUC approved a replacement agreement between Idaho Power and Micron on February 12, 2010, providing operating and planning benefits to Idaho Power while allowing Micron to reduce its contract demand from 85 MW to 60 MW.

Hoku: In September 2008, Idaho Power entered into an electric service agreement with a new customer, Hoku Materials, Inc. (Hoku), to provide electric service to Hoku's polysilicon production facility under construction in Pocatello, Idaho. The IPUC approved the electric service agreement in March 2009. The initial term of the agreement was four years beginning June 1, 2009, (this date was subsequently changed to December 1, 2009) with a maximum demand obligation during the initial term of 82 MW.

Hoku was still not taking service on December 1, 2009, and Idaho Power agreed to temporarily waive the minimum billed energy charge in the Hoku special contract, effective December 1, 2009. The temporary waiver would remain in effect until the month the contract load factor first exceeds 70 percent of the total contract demand, or March 31, 2011, whichever comes first. The IPUC has approved this waiver. While the multi-month delay in the starting date for Hoku's required energy purchases reduces Idaho Power's revenues, the revenue reductions are largely offset by corresponding reductions in Idaho Power's costs of providing service to Hoku.

Wholesale

As a public utility under Part II of the Federal Power Act (FPA), Idaho Power has authority to charge market-based rates for wholesale energy sales under its FERC tariff and to provide transmission services under its Open Access Transmission Tariff (OATT). Idaho Power's OATT is revised each year based on financial and operational data Idaho Power files annually with the FERC in its Form 1. The Energy Policy Act of 2005 (Energy Act) granted the FERC increased statutory authority to implement mandatory transmission and reliability standards, as well as enhanced oversight of power and transmission markets, including protection against market manipulation. Significant rate cases and proceedings are discussed in more detail in Note 3 to the consolidated financial statements.

Idaho Power has one firm wholesale power sales contract with Raft River Electric Cooperative for up to 15 MW. This contract expires in September 2010. However, Raft River Electric Cooperative has provided notice that it intends to renew the contract, as allowed in the original agreement, through September 2011.

Idaho Power has one wholesale reserve sales contract, with Unit