IDAHO POWER CO
Form 10-Q
May 03, 2012

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q
(Mark One)
X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2012
OR
TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from __________ to __________

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

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

Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days. Yes X No __

Indicate by check mark whether the registrants have submitted electronically and posted on their corporate Web sites, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrants were required to submit and post such files).
IDACORP, Inc.: Yes X No ___ Idaho Power Company: Yes X No ___

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

IDACORP, Inc.:
Large accelerated filer 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 Exchange Act).
Yes No X

Number of shares of common stock outstanding as of April 27, 2012:
IDACORP, Inc.: 50,095,905
Idaho Power Company: 39,150,812, all held by IDACORP, Inc.

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

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

COMMONLY USED TERMS

The following select abbreviations, terms, or acronyms are commonly used or found in multiple locations in this report:

ADITC	-	Accumulated Deferred Investment Tax Credits
AFUDC	-	Allowance for Funds Used During Construction
BCC	-	Bridger Coal Company, a joint venture of IERCo
CAMP	-	Comprehensive Aquifer Management Plan
CO_2	-	Carbon Dioxide
CSPP	-	Cogeneration and Small Power Production
EGUs	-	Electric Utility Steam Generating Units
EPA	-	U.S. Environmental Protection Agency
EPS	-	Earnings Per Share
ESPA	-	Eastern Snake Plain Aquifer
FCA	-	Fixed Cost Adjustment
FERC	-	Federal Energy Regulatory Commission
GHG	-	Greenhouse Gas
HAPs	-	Hazardous Air Pollutants
HCC	-	Hells Canyon Complex
IDACORP	-	IDACORP, Inc., an Idaho corporation
Idaho Power	-	Idaho Power Company, an Idaho corporation
Idaho ROE	-	Idaho-jurisdiction return on year-end equity
Ida-West	-	Ida-West Energy, a subsidiary of IDACORP, Inc.
IE	-	IDACORP Energy, a subsidiary of IDACORP, Inc.
IERCo	-	Idaho Energy Resources Co., a subsidiary of Idaho Power Company
IFS	-	IDACORP Financial Services, a subsidiary of IDACORP, Inc.
IPUC	-	Idaho Public Utilities Commission
IRS	-	U.S. Internal Revenue Service
kW	-	Kilowatt
MD&A	-	Management's Discussion and Analysis of Financial Condition and Results of Operations
MW	-	Megawatt
MWh	-	Megawatt-hour
NOx	-	Nitrous Oxide
NSPS	-	New Source Performance Standards
O&M	-	Operations and Maintenance
OATT	-	Open Access Transmission Tariff
OPUC	-	Oregon Public Utility Commission
PCA	-	Power Cost Adjustment
PURPA	-	Public Utility Regulatory Policies Act of 1978
REC	-	Renewable Energy Certificate
SEC	-	U.S. Securities and Exchange Commission
SO_2	-	Sulfur Dioxide
USBR	-	U.S. Bureau of Reclamation
Valmy	-	North Valmy Steam Electric Generating Plant
VIEs	-	Variable Interest Entities

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SAFE HARBOR STATEMENT

This Quarterly Report on Form 10-Q contains “forward-looking statements” intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. Forward-looking statements should be read with the cautionary statements and important factors included in this Form 10-Q at Part I, Item 2 - “MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF

OPERATIONS" and in IDACORP, Inc.'s and Idaho Power Company's Annual Report on Form 10-K for the year ended December 31, 2011, at Part I, Item 1A - "RISK FACTORS" and Part II, Item 7 - "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS." Forward-looking statements are all statements other than statements of historical fact, including, without limitation, those that are identified by the use of the words "anticipates," "believes," "estimates," "expects," "intends," "plans," "predicts," "projects," "may result," "may continue," or similar expressions.

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	Three months ended March 31, 2012	2011
	(thousands of dollars except for per share amounts)	
Operating Revenues:		
Electric utility:		
General business	$197,429	$203,272
Off-system sales	27,708	29,845
Other revenues	15,346	17,945
Total electric utility revenues	240,483	251,062
Other	657	432
Total operating revenues	241,140	251,494
Operating Expenses:		
Electric utility:		
Purchased power	34,277	25,094
Fuel expense	32,751	29,902
Power cost adjustment	9,008	31,306
Other operations and maintenance	78,514	70,661
Energy efficiency programs	4,477	6,711
Depreciation	30,542	29,464
Taxes other than income taxes	8,100	7,211
Total electric utility expenses	197,669	200,349
Other	1,127	1,054
Total operating expenses	198,796	201,403
Operating Income	42,344	50,091
Other Income, Net	6,593	4,538
Earnings (Losses) of Unconsolidated Equity-Method Investments	1,419	(1,294)
Interest Expense:		
Interest on long-term debt	19,499	20,847
Other interest, net of AFUDC	(2,294)	(1,888)
Total interest expense, net	17,205	18,959
Income Before Income Taxes	33,151	34,376
Income Tax Expense	8,333	4,888
Net Income	24,818	29,488
Adjustment for loss attributable to noncontrolling interests	112	252
Net Income Attributable to IDACORP, Inc.	$24,930	$29,740
Weighted Average Common Shares Outstanding - Basic (000’s)	49,860	49,290
Weighted Average Common Shares Outstanding - Diluted (000’s)	49,905	49,356
Earnings Per Share of Common Stock:		
Earnings Attributable to IDACORP, Inc. - Basic	$0.50	$0.60

Earnings Attributable to IDACORP, Inc. - Diluted	$0.50	$0.60
Dividends Declared Per Share of Common Stock	$0.33	$0.30

The accompanying notes are an integral part of these statements.

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

	Three months ended March 31,	
	2012	2011
	(thousands of dollars)	
Net Income	$ 24,818	$ 29,488
Other Comprehensive Income:		
Net unrealized holding gains arising during the period, net of tax of $874 and $355	1,362	553
Unfunded pension liability adjustment, net of tax of $170 and $150	265	234
Total Comprehensive Income	26,445	30,275
Comprehensive loss attributable to noncontrolling interests	112	252
Comprehensive Income Attributable to IDACORP, Inc.	$ 26,557	$ 30,527

The accompanying notes are an integral part of these statements.

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IDACORP, Inc.
Condensed Consolidated Balance Sheets
(unaudited)

	March 31, 2012	December 31, 2011
	(thousands of dollars)	
Assets		
Current Assets:		
Cash and cash equivalents	$ 8,857	$ 27,813
Receivables:		
Customer (net of allowance of $1,369 and $1,239, respectively)	68,246	66,296
Other (net of allowance of $187 and $196, respectively)	14,102	8,197
Income taxes receivable	786	421
Accrued unbilled revenues	37,078	46,441
Materials and supplies (at average cost)	48,428	46,490
Fuel stock (at average cost)	56,531	47,865
Prepayments	11,323	12,405
Deferred income taxes	37,359	16,159
Current regulatory assets	35,958	34,279
Other	4,617	4,606
Total current assets	323,285	310,972
Investments	195,978	199,931
Property, Plant and Equipment:		
Utility plant in service	4,476,618	4,466,873
Accumulated provision for depreciation	(1,696,788)	(1,677,609)
Utility plant in service - net	2,779,830	2,789,264
Construction work in progress	614,851	591,475
Utility plant held for future use	7,107	6,974
Other property, net of accumulated depreciation	18,817	18,877
Property, plant and equipment - net	3,420,605	3,406,590
Other Assets:		
American Falls and Milner water rights	18,691	20,015
Company-owned life insurance	23,678	24,060
Regulatory assets	963,055	953,068
Long-term receivables (net of allowance of $2,783 and $2,743, respectively)	5,621	5,621
Other	39,708	40,352
Total other assets	1,050,753	1,043,116
Total	$ 4,990,621	$ 4,960,609

The accompanying notes are an integral part of these statements.

IDACORP, Inc.
Condensed Consolidated Balance Sheets
(unaudited)

	March 31, 2012	December 31, 2011
	(thousands of dollars)	
Liabilities and Equity		
Current Liabilities:		
Current maturities of long-term debt	$ 1,064	$ 101,064
Notes payable	63,000	54,200
Accounts payable	71,275	100,432
Income taxes accrued	2,837	505
Interest accrued	23,434	21,797
Current regulatory liabilities	49,487	29,738
Other	72,847	60,511
Total current liabilities	283,944	368,247
Other Liabilities:		
Deferred income taxes	806,495	772,047
Regulatory liabilities	332,153	332,057
Pension and other postretirement benefits	335,456	363,209
Other	71,509	75,805
Total other liabilities	1,545,613	1,543,118
Long-Term Debt	1,486,568	1,387,550
Commitments and Contingencies		
Equity:		
IDACORP, Inc. shareholders' equity:		
Common stock, no par value (shares authorized 120,000,000; 50,092,260 and 49,964,172 shares issued, respectively)	831,296	828,389
Retained earnings	849,327	840,916
Accumulated other comprehensive loss	(9,995)	(11,622)
Treasury stock (3,362 and 12,177 shares at cost, respectively)	(60)	(29)
Total IDACORP, Inc. shareholders' equity	1,670,568	1,657,654
Noncontrolling interests	3,928	4,040
Total equity	1,674,496	1,661,694
Total	$ 4,990,621	$ 4,960,609

The accompanying notes are an integral part of these statements.

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

	Three months ended March 31, 2012	2011
	(thousands of dollars)	
Operating Activities:		
Net income	$24,818	$29,488
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	31,875	31,592
Deferred income taxes and investment tax credits	5,008	1,266
Changes in regulatory assets and liabilities	15,586	35,850
Pension and postretirement benefit plan expense	7,673	4,553
Contributions to pension and postretirement benefit plans	(35,203)	(593)
(Earnings) Losses of unconsolidated equity-method investments	(1,419)	1,294
Distributions from unconsolidated equity-method investments	9,050	—
Allowance for equity funds used during construction	(7,616)	(5,329)
Other non-cash adjustments to net income, net	827	724
Change in:		
Accounts receivable and prepayments	365	(4,774)
Accounts payable and other accrued liabilities	(23,215)	(26,910)
Taxes accrued/receivable	10,352	22,665
Other current assets	(1,242)	54
Other current liabilities	4,812	8,440
Other assets	305	(109)
Other liabilities	(4,326)	(4,992)
Net cash provided by operating activities	37,650	93,219
Investing Activities:		
Additions to property, plant and equipment	(48,382)	(101,880)
Proceeds from the sale of emission allowances and RECs	785	2,055
Investments in affordable housing	(350)	(905)
Investments in unconsolidated affiliates	—	(300)
Other	(1,034)	1,026
Net cash used in investing activities	(48,981)	(100,004)
Financing Activities:		
Retirement of long-term debt	(1,064)	(121,064)
Dividends on common stock	(16,800)	(15,147)
Net change in short-term borrowings	8,800	7,200
Issuance of common stock	2,487	2,215
Acquisition of treasury stock	(2,062)	(1,904)
Other	1,014	749
Net cash used in financing activities	(7,625)	(127,951)
Net decrease in cash and cash equivalents	(18,956)	(134,736)
Cash and cash equivalents at beginning of the period	27,813	228,677
Cash and cash equivalents at end of the period	$8,857	$93,941
Supplemental Disclosure of Cash Flow Information:		
Cash paid (received) during the period for:		
Income taxes	$198	$(12,700)
Interest (net of amount capitalized)	$14,943	$18,430

Non-cash investing activities:		
Additions to property, plant and equipment in accounts payable	$21,241	$24,641

The accompanying notes are an integral part of these statements.

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

	Three months ended March 31, 2012	2011
	(thousands of dollars)	
Common Stock		
Balance at beginning of period	$ 828,389	$ 807,842
Issued	2,487	2,215
Other	420	(83)
Balance at end of period	831,296	809,974
Retained Earnings		
Balance at beginning of period	840,916	733,879
Net income attributable to IDACORP, Inc.	24,930	29,740
Common stock dividends ($0.33 and $0.30 per share)	(16,519)	(14,855)
Balance at end of period	849,327	748,764
Accumulated Other Comprehensive (Loss) Income		
Balance at beginning of period	(11,622)	(9,568)
Unrealized gain on securities (net of tax)	1,362	553
Unfunded pension liability adjustment (net of tax)	265	234
Balance at end of period	(9,995)	(8,781)
Treasury Stock		
Balance at beginning of period	(29)	(40)
Issued	2,031	1,944
Acquired	(2,062)	(1,904)
Balance at end of period	(60)	—
Total IDACORP, Inc. shareholders’ equity at end of period	1,670,568	1,549,957
Noncontrolling Interests		
Balance at beginning of period	4,040	3,871
Net loss attributable to noncontrolling interests	(112)	(252)
Balance at end of period	3,928	3,619
Total equity at end of period	$ 1,674,496	$ 1,553,576

The accompanying notes are an integral part of these statements.

Idaho Power Company
Condensed Consolidated Statements of Income
(unaudited)

	Three months ended March 31, 2012	2011
	(thousands of dollars)	
Operating Revenues:		
General business	$ 197,429	$ 203,272
Off-system sales	27,708	29,845
Other revenues	15,346	17,945
Total operating revenues	240,483	251,062
Operating Expenses:		
Operation:		
Purchased power	34,277	25,094
Fuel expense	32,751	29,902
Power cost adjustment	9,008	31,306
Other operations and maintenance	78,514	70,661
Energy efficiency programs	4,477	6,711
Depreciation	30,542	29,464
Taxes other than income taxes	8,100	7,211
Total operating expenses	197,669	200,349
Income from Operations	42,814	50,713
Other Income (Expense):		
Allowance for equity funds used during construction	7,616	5,329
Earnings of unconsolidated equity-method investments	4,293	858
Other expense, net	(1,479)	(1,013)
Total other income	10,430	5,174
Interest Charges:		
Interest on long-term debt	19,499	20,847
Other interest	1,560	1,213
Allowance for borrowed funds used during construction	(3,949)	(3,214)
Total interest charges	17,110	18,846
Income Before Income Taxes	36,134	37,041
Income Tax Expense	10,315	7,193
Net Income	$ 25,819	$ 29,848

The accompanying notes are an integral part of these statements.

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

	Three months ended March 31,	
	2012	2011
	(thousands of dollars)	
Net Income	$ 25,819	$ 29,848
Other Comprehensive Income:		
Net unrealized holding gains arising during the period, net of tax of $874 and $355	1,362	553
Unfunded pension liability adjustment, net of tax of $170 and $150	265	234
Total Comprehensive Income	$ 27,446	$ 30,635

The accompanying notes are an integral part of these statements.

Idaho Power Company
Condensed Consolidated Balance Sheets
(unaudited)

	March 31, 2012	December 31, 2011
	(thousands of dollars)	
Assets		
Electric Plant:		
In service (at original cost)	$4,476,618	$4,466,873
Accumulated provision for depreciation	(1,696,788)	(1,677,609)
In service - net	2,779,830	2,789,264
Construction work in progress	614,851	591,475
Held for future use	7,107	6,974
Electric plant - net	3,401,788	3,387,713
Investments and Other Property	127,295	128,674
Current Assets:		
Cash and cash equivalents	2,991	19,316
Receivables:		
Customer (net of allowance of $1,369 and $1,239, respectively)	68,246	66,296
Other (net of allowance of $187 and $196, respectively)	13,925	8,011
Income taxes receivable	17,555	4,644
Accrued unbilled revenues	37,078	46,441
Materials and supplies (at average cost)	48,428	46,490
Fuel stock (at average cost)	56,531	47,865
Prepayments	11,093	12,274
Deferred income taxes	16,486	14,099
Current regulatory assets	35,958	34,279
Other	4,617	4,606
Total current assets	312,908	304,321
Deferred Debits:		
American Falls and Milner water rights	18,691	20,015
Company-owned life insurance	23,678	24,060
Regulatory assets	963,055	953,068
Other	38,385	38,988
Total deferred debits	1,043,809	1,036,131
Total	$4,885,800	$4,856,839

The accompanying notes are an integral part of these statements.

Idaho Power Company
Condensed Consolidated Balance Sheets
(unaudited)

	March 31, 2012	December 31, 2011
	(thousands of dollars)	
Capitalization and Liabilities		
Capitalization:		
Common stock equity:		
Common stock, $2.50 par value (50,000,000 shares authorized; 39,150,812 shares outstanding)	$97,877	$97,877
Premium on capital stock	712,258	704,758
Capital stock expense	(2,097)	(2,097)
Retained earnings	744,553	735,304
Accumulated other comprehensive loss	(9,995)	(11,622)
Total common stock equity	1,542,596	1,524,220
Long-term debt	1,486,568	1,387,550
Total capitalization	3,029,164	2,911,770
Current Liabilities:		
Long-term debt due within one year	1,064	101,064
Notes payable	1,500	—
Accounts payable	70,796	99,716
Accounts payable to affiliates	2,479	1,512
Interest accrued	23,434	21,797
Current regulatory liabilities	49,487	29,738
Other	72,411	59,785
Total current liabilities	221,171	313,612
Deferred Credits:		
Deferred income taxes	898,786	863,044
Regulatory liabilities	332,153	332,057
Pension and other postretirement benefits	335,456	363,209
Other	69,070	73,147
Total deferred credits	1,635,465	1,631,457
Commitments and Contingencies		
Total	$4,885,800	$4,856,839

The accompanying notes are an integral part of these statements.

Idaho Power Company
Condensed Consolidated Statements of Capitalization
(unaudited)

	March 31, 2012	December 31, 2011
	(thousands of dollars)	
Common Stock Equity:		
Common stock	$97,877	$97,877
Premium on capital stock	712,258	704,758
Capital stock expense	(2,097)	(2,097)
Retained earnings	744,553	735,304
Accumulated other comprehensive loss	(9,995)	(11,622)
Total common stock equity	1,542,596	1,524,220
Long-Term Debt:		
First mortgage bonds:		
4.75% Series due 2012	100,000	100,000
4.25% Series due 2013	70,000	70,000
6.025% Series due 2018	120,000	120,000
6.15% Series due 2019	100,000	100,000
4.50% Series due 2020	130,000	130,000
3.40% Series due 2020	100,000	100,000
6% Series due 2032	100,000	100,000
5.50% Series due 2033	70,000	70,000
5.50% Series due 2034	50,000	50,000
5.875% Series due 2034	55,000	55,000
5.30% Series due 2035	60,000	60,000
6.30% Series due 2037	140,000	140,000
6.25% Series due 2037	100,000	100,000
4.85% Series due 2040	100,000	100,000
Total first mortgage bonds	1,295,000	1,295,000
Amount due within one year	—	(100,000)
Net first mortgage bonds	1,295,000	1,195,000
Pollution control revenue bonds:		
5.15% Series due 2024	49,800	49,800
5.25% Series due 2026	116,300	116,300
Variable Rate Series 2000 due 2027	4,360	4,360
Total pollution control revenue bonds	170,460	170,460
American Falls bond guarantee	19,885	19,885
Milner Dam note guarantee	5,318	6,382
Note guarantee due within one year	(1,064)	(1,064)
Unamortized premium/discount - net	(3,031)	(3,113)
Total long-term debt	1,486,568	1,387,550
Total Capitalization	$3,029,164	$2,911,770

The accompanying notes are an integral part of these statements.

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

	Three months ended March 31,	
	2012	2011
	(thousands of dollars)	
Operating Activities:		
Net income	$25,819	$29,848
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	31,723	31,435
Deferred income taxes and investment tax credits	25,114	2,259
Changes in regulatory assets and liabilities	15,586	35,850
Pension and postretirement benefit plan expense	7,673	4,553
Contributions to pension and postretirement benefit plans	(35,203)	(593)
Earnings of unconsolidated equity-method investments	(4,293)	(858)
Distributions from unconsolidated equity-method investments	9,050	—
Allowance for equity funds used during construction	(7,616)	(5,329)
Other non-cash adjustments to net income	559	303
Change in:		
Accounts receivables and prepayments	317	(6,107)
Accounts payable	(22,998)	(26,700)
Taxes accrued/receivable	(4,564)	33,601
Other current assets	(1,241)	54
Other current liabilities	4,813	8,443
Other assets	305	(109)
Other liabilities	(4,105)	(4,151)
Net cash provided by operating activities	40,939	102,499
Investing Activities:		
Additions to utility plant	(48,382)	(101,880)
Proceeds from the sale of emission allowances and RECs	785	2,055
Investments in unconsolidated affiliates	—	(300)
Other	(1,033)	405
Net cash used in investing activities	(48,630)	(99,720)
Financing Activities:		
Retirement of long-term debt	(1,064)	(121,064)
Dividends on common stock	(16,570)	(14,922)
Net change in short term borrowings	1,500	—
Capital contribution from parent	7,500	—
Other	—	(8)
Net cash used in financing activities	(8,634)	(135,994)
Net decrease in cash and cash equivalents	(16,325)	(133,215)
Cash and cash equivalents at beginning of the period	19,316	224,233
Cash and cash equivalents at end of the period	$2,991	$91,018
Supplemental Disclosure of Cash Flow Information:		
Cash (received) paid during the period for:		
Income taxes	$(3,008)	$(22,323)
Interest (net of amount capitalized)	$14,848	$18,310
Non-cash investing activities:		

Additions to property, plant and equipment in accounts payable	$ 21,241	$ 24,641

The accompanying notes are an integral part of these statements.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Nature of Business

IDACORP is a holding company formed in 1998 whose principal operating subsidiary is Idaho Power. Idaho Power is an electric utility with a service territory covering approximately 24,000 square miles in southern Idaho and eastern Oregon. Idaho Power's utility operations are regulated primarily by the Federal Energy Regulatory Commission (FERC) and the state regulatory commissions of Idaho and Oregon. Idaho Power is the parent of Idaho Energy Resources Co. (IERCo), a joint venturer in Bridger Coal Company (BCC), which mines and supplies coal to the Jim Bridger generating plant owned in part by Idaho Power.

IDACORP’s other subsidiaries include IDACORP Financial Services, Inc. (IFS), an investor in affordable housing and other real estate investments; Ida-West Energy Company (Ida-West), an operator of small hydroelectric generation projects that satisfy the requirements of the Public Utility Regulatory Policies Act of 1978 (PURPA); and IDACORP Energy (IE), a marketer of energy commodities, which wound down operations in 2003.

Principles of Consolidation

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

The entities that IDACORP and Idaho Power consolidate consist primarily of the wholly-owned subsidiaries discussed above. In addition, IDACORP consolidates one VIE, Marysville Hydro Partners (Marysville), which is a joint venture owned 50 percent by Ida-West and 50 percent by Environmental Energy Company (EEC). Marysville has approximately $20 million of assets, primarily a hydroelectric plant, and approximately $15 million of intercompany long-term debt, which is eliminated in consolidation. EEC has borrowed amounts from Ida-West to fund a portion of its required capital contributions to Marysville. The loans are payable from EEC’s share of distributions and are secured by the stock of EEC and EEC’s interest in Marysville. Ida-West is the primary beneficiary because the ownership of the intercompany note and the EEC note result in it controlling the entity. Creditors of Marysville have no recourse to the general credit of IDACORP and there are no other arrangements that could require IDACORP to provide financial support to Marysville or expose IDACORP to losses.

Through IERCo, Idaho Power holds a variable interest in BCC, a VIE for which it is not the primary beneficiary. IERCo is not the primary beneficiary because the power to direct the activities that most significantly impact the economic performance of BCC is shared with the joint venture partner. The carrying value of BCC was $97 million at March 31, 2012, and Idaho Power's maximum exposure to loss is the carrying value, plus any additional future contributions to BCC and a $63 million guarantee for mine reclamation costs, which is discussed further in Note 8.

Through IFS, IDACORP also holds variable interests in VIEs for which it is not the primary beneficiary. These VIEs are affordable housing developments and other real estate investments in which IFS holds limited partnership interests ranging from 5 to 99 percent. As a limited partner, IFS does not control these entities and they are not consolidated. These investments were acquired between 1996 and 2010. IFS’s maximum exposure to loss in these developments is limited to its net carrying value, which was $60 million at March 31, 2012.

Regulation of Utility Operations

IDACORP's and Idaho Power's financial statements reflect the effects of the different ratemaking principles followed by the jurisdictions regulating Idaho Power. The application of accounting principles related to regulated operations sometimes results

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in Idaho Power recording expenses and revenues in a different period than when an unregulated enterprise would otherwise record expenses and revenues. In these instances, the amounts are deferred as regulatory assets or regulatory liabilities on the balance sheet and recorded on the income statement when recovered or returned in rates. Additionally, regulators can impose regulatory liabilities upon a regulated company for amounts previously collected from customers and for amounts that are expected to be refunded to customers. The effects of applying these regulatory accounting principles to Idaho Power's operations are discussed in more detail in Note 3.

Financial Statements

In the opinion of management of IDACORP and Idaho Power, the accompanying unaudited condensed consolidated financial statements contain all adjustments necessary to present fairly each company's consolidated financial position as of March 31, 2012, consolidated results of operations and cash flows for the three months ended March 31, 2012 and 2011. These adjustments are of a normal and recurring nature. These financial statements do not contain the complete detail or footnote disclosure concerning accounting policies and other matters that would be included in full-year financial statements and should be read in conjunction with the audited consolidated financial statements included in IDACORP’s and Idaho Power’s Annual Report on Form 10-K for the year ended December 31, 2011. The results of operations for the interim period are not necessarily indicative of the results to be expected for the full year.

Use of Estimates

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

2. INCOME TAXES

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

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

Income Tax Expense

Set forth below is a summary of income tax expense for the three months ended March 31 (in thousands of dollars):

	IDACORP		Idaho Power	
	2012	2011	2012	2011
Income tax at statutory rates (federal and state)	$13,006	$13,540	$14,128	$14,483
Additional ADITC amortization	(825)	(3,855)	(825)	(3,855)
Other	(3,848)	(4,797)	(2,988)	(3,435)
Income tax expense	$8,333	$4,888	$10,315	$7,193
Effective tax rate	25.1%	14.1%	28.5%	19.4%

The increase in first quarter 2012 income tax expense as compared to the same period in 2011 was primarily due to lower utilization of additional ADITC amortization (discussed below) at Idaho Power. Net regulatory flow-through tax adjustments at Idaho Power and tax credits at IFS for the three months ended March 31, 2012 were comparable to the same period in 2011.

Idaho Power's December 2011 settlement agreement with the Idaho Public Utilities Commission (IPUC) and other parties provides for additional amortization of accumulated deferred investment tax credits (ADITC) if Idaho Power's actual return on year-end equity in its Idaho jurisdiction is below 9.5 percent in any calendar year from 2012 to 2014. Under the settlement

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agreement, Idaho Power has up to $25 million of additional ADITC amortization available for use in 2012. Idaho Power recorded $0.8 million of additional ADITC amortization in the first quarter of 2012 based on its estimate of 2012 Idaho jurisdictional return on year-end equity.

3. REGULATORY MATTERS

Recent and Pending Idaho Regulatory Matters

Idaho General Rate Case Settlement

On June 1, 2011, Idaho Power filed a general rate case and proposed rate schedules with the IPUC, Case No. IPC-E-11-08. On September 23, 2011, Idaho Power, the IPUC Staff, and other interested parties publicly filed a settlement stipulation with the IPUC resolving most of the key contested issues in the Idaho general rate case. On December 30, 2011, the IPUC issued an order approving the settlement stipulation. The settlement stipulation provides for a 7.86 percent authorized rate of return on an Idaho-jurisdictional rate base of approximately $2.36 billion. The approved settlement stipulation resulted in a 4.07 percent, or $34.0 million, overall increase in Idaho Power's annual Idaho jurisdictional base rate revenues, effective January 1, 2012. While both are final, neither the order nor the settlement stipulation specified an authorized rate of return on equity.

Settlement Stipulation -- Investment Tax Credits and Idaho Sharing Mechanism

On January 13, 2010, the IPUC approved a rate settlement agreement among Idaho Power, several of Idaho Power's customers, the IPUC Staff, and other parties. The settlement agreement provided for (a) the use of additional ADITC to help achieve a minimum 9.5 percent return on year-end equity in the Idaho jurisdiction, and (b) an equal sharing between Idaho Power and its customers of any Idaho jurisdiction earnings exceeding a return on year-end equity of 10.5 percent in the Idaho jurisdiction. The sharing and ADITC amortization provisions of the January 2010 settlement agreement terminated on December 31, 2011.

On November 2, 2011, Idaho Power filed an application with the IPUC requesting an extension of the two elements of the January 2010 settlement agreement described above. On December 27, 2011, the IPUC issued an order, separate from the then-pending Idaho general rate case proceeding, approving a settlement stipulation that provides as follows:

- if Idaho Power's actual rate of return on year-end equity in the Idaho jurisdiction (Idaho ROE) for 2012, 2013, or 2014 is less than 9.5 percent, then Idaho Power may amortize additional ADITC to help achieve a minimum 9.5 percent Idaho ROE in the applicable year. Idaho Power would be permitted to amortize additional ADITC in an aggregate amount up to $45 million over the three-year period, but could use no more than $25 million in 2012;
- if Idaho Power's actual Idaho ROE for 2012, 2013, or 2014 exceeds 10.0 percent, the amount of Idaho Power's Idaho jurisdictional earnings exceeding a 10.0 percent but less than a 10.5 percent Idaho ROE for the applicable year would be shared equally between Idaho Power and its Idaho customers; and
- if Idaho Power's actual Idaho ROE for 2012, 2013, or 2014 exceeds 10.5 percent, the amount of Idaho Power's Idaho jurisdictional earnings exceeding a 10.5 percent Idaho ROE for the applicable year would be allocated 25 percent to Idaho Power and 75 percent to benefit Idaho customers through an offset in the pension balancing account.

The settlement stipulation provides that the Idaho ROE thresholds (9.5 percent, 10.0 percent, and 10.5 percent) will be automatically adjusted prospectively in the event the IPUC approves a change to Idaho Power's authorized return on equity as part of a general rate case proceeding seeking a rate change effective prior to January 1, 2015. The automatic adjustments would be as follows: (a) the 9.5 percent Idaho ROE trigger in the settlement stipulation would be replaced by the percentage equal to 95 percent of the new authorized rate of return on equity; (b) the 10.0 percent Idaho ROE trigger in the settlement stipulation would be re-established at the new authorized rate of return on equity; and (c) the

10.5 percent Idaho ROE trigger in the settlement stipulation would be replaced by the percentage equal to 105 percent of the new authorized rate of return on equity.

Annual Power Cost Adjustment Mechanism Filing

Idaho Power has power cost adjustment (PCA) mechanisms in its Idaho and Oregon jurisdictions that address the volatility of power supply costs and provide for annual adjustments to the rates charged to retail customers. In the Idaho jurisdiction, the annual PCA adjustments are based on (a) a forecast component, based on a forecast of net power supply costs in the coming year as compared to net power supply costs in base rates, and (b) a true-up component, based on the difference between the previous year's actual net power supply costs and the previous year's forecast. The latter component also includes a balancing mechanism so that, over time, the actual collection or refund of authorized true-up dollars matches the amounts authorized. On April 13, 2012, Idaho Power made its annual Idaho PCA filing with the IPUC, requesting a $43.0 million increase to Idaho

PCA rates, effective for the period from June 1, 2012 to May 31, 2013. The PCA rates in effect from June 1, 2011 to May 31, 2012 were based on a May 31, 2011 IPUC order approving Idaho Power's requested $40.4 million Idaho PCA rate decrease.

Fixed Cost Adjustment Filings

The fixed cost adjustment (FCA) began as a pilot program for Idaho Power’s Idaho residential and small general service customers, running from 2007 through 2009. The FCA is designed to remove Idaho Power’s disincentive to invest in energy efficiency programs by separating (or decoupling) the recovery of fixed costs from the variable kilowatt-hour charge and linking it instead to a set amount per customer. The FCA is adjusted each year to collect, or refund, the difference between the allowed fixed-cost recovery amount and the actual fixed costs recovered by Idaho Power during the year.

On April 29, 2010, the IPUC approved a two-year extension of the FCA pilot program, retroactively effective from January 1, 2010, through December 31, 2011. On October 19, 2011, Idaho Power filed an application with the IPUC requesting that the FCA pilot program become permanent for residential and small general service customer classes effective January 1, 2012. On March 30, 2012, the IPUC issued an order approving the FCA as a permanent program. The IPUC noted in its order, however, that the FCA does not isolate or identify changes in cost recovery associated solely with Idaho Power's energy efficiency programs, and instead responds to all changes in load reduction. While the IPUC rejected the IPUC Staff's proposal that FCA results be shared 50 percent with customers, the IPUC's order directed Idaho Power to file with the IPUC a proposal to adjust the FCA to address the exclusion of changes in load not related to energy efficiency programs. The order also maintained the existing 3 percent cap on the FCA adjustment.

On March 2, 2012, Idaho Power filed an application with the IPUC requesting an order authorizing Idaho Power to increase the annual FCA collection to $10.3 million, a $1.2 million increase in FCA rates, for the period from June 1, 2012 to May 31, 2013. As of the date of this report, a determination and order from the IPUC is pending.

Langley Gulch Power Plant Cost Recovery Filing - Idaho

On September 1, 2009, Idaho Power received pre-approval from the IPUC to include $396.6 million of construction costs in Idaho Power’s rate base when the Langley Gulch natural gas-fired power plant, currently under construction, achieves commercial operation. On March 2, 2012, Idaho Power filed an application with the IPUC requesting an increase in annual Idaho-jurisdiction base rates of $59.9 million, effective July 1, 2012, for recovery of Idaho Power's investment in the Langley Gulch power plant. Idaho Power's application stated that its estimated investment in the plant through June 2012 will be approximately $398 million. After the impact of depreciation, deferred income taxes, amounts currently included in rates, and an Idaho-jurisdictional cost allocation, Idaho Power's application requests a $336.7 million increase in Idaho jurisdiction rate base. Idaho Power's requested base rate increase is based on an overall rate of return of 7.86 percent, as authorized by a prior IPUC order. As of the date of this report, Idaho Power is unable to determine the outcome of the proceeding. The IPUC has, however, approved Idaho Power's request to process the application under modified procedure.

Energy Efficiency and Demand Response Programs

Idaho Power manages a wide range of opportunities for its customers to participate in energy efficiency and demand response programs. On March 15, 2012, Idaho Power filed an application with the IPUC requesting an order designating Idaho Power's 2011 demand-side management expenditures of $42.6 million as prudently incurred. As of the date of this report, a determination and order from the IPUC is pending. Idaho Power's previous application filed in March 2011, which was approved by the IPUC in August 2011, designated Idaho Power's 2010 Idaho energy efficiency rider expenditures of approximately $42 million as prudently incurred expenses.

Cost Recovery for Cessation of Boardman Coal-Fired Operations

In December 2010, the Oregon Environmental Quality Commission approved a plan to cease coal-fired operations at the Boardman power plant not later than December 31, 2020. The plan for a 2020 shutdown of coal-fired operations at the Boardman plant results in increased revenue requirements for Idaho Power related to accelerated depreciation expense, additional plant investments, and decommissioning costs. As a result, in response to an application filed by Idaho Power, on February 15, 2012 the IPUC issued an order accepting Idaho Power's regulatory accounting and cost recovery plan associated with the early plant shut-down and approving the establishment of a balancing account whereby incremental costs and benefits associated with the early shut-down will be tracked for recovery in a subsequent proceeding. On February 15, 2012, Idaho Power filed an application with the IPUC requesting a $1.6 million annual increase in Idaho-jurisdiction base rates to recover the incremental Idaho jurisdictional annual revenue deficiency associated with early shut-down. As of the date of this report, a determination and order from the IPUC is pending. As of March 31, 2012, Idaho Power's net book value in the Boardman plant was approximately $22.5 million.

Idaho Depreciation Rate Filings

The advanced metering infrastructure (AMI) project provides the means to automatically retrieve energy consumption information, eliminating manual meter reading expense. On February 12, 2009, the IPUC approved Idaho Power’s application requesting a Certificate of Public Convenience and Necessity for the deployment of AMI technology and approval of accelerated depreciation of existing non-AMI metering equipment. Commencing June 1, 2009, the IPUC approved a rate increase, allowing Idaho Power to recover the three-year accelerated depreciation of the existing non-AMI metering equipment and to begin earning a return on its AMI investment. On April 27, 2012, the IPUC approved Idaho Power's February 15, 2012 application requesting approval of a $10.6 million decrease in rates for specified customer classes, effective June 1, 2012, as a result of the removal of accelerated depreciation expense associated with non-AMI metering equipment.

In connection with a depreciation study authorized by Idaho Power and conducted by a third party, on February 15, 2012, Idaho Power filed an application with the IPUC seeking to institute revised depreciation rates for electric plant-in-service, based upon updated service life estimates and net salvage percentages for all plant assets, and adjust Idaho-jurisdictional base rates to reflect the revised depreciation rates. Idaho Power's application requested a $2.7 million increase in Idaho-jurisdictional base rates, with new rates effective June 1, 2012. As of the date of this report, a determination and order from the IPUC is pending.

Recent and Pending Oregon Regulatory Matters

Oregon General Rate Case Filing

On July 29, 2011, Idaho Power filed a general rate case and proposed rate schedules with the OPUC, Case No. UE 233. The filing requested a $5.8 million increase in annual Oregon jurisdictional revenues and an authorized rate of return on equity of 10.5 percent, with an Oregon retail rate base of approximately $121.9 million. Idaho Power, the OPUC Staff, and other interested parties executed and filed a partial settlement stipulation with the OPUC on February 1, 2012, resolving all matters in the general rate case other than the prudence of costs associated with pollution control investments at the Jim Bridger coal-fired power plant. The settlement stipulation provided for a $1.8 million base rate increase, a return on equity of 9.9 percent, and an overall rate of return of 7.757 percent in the Oregon jurisdiction. On February 23, 2012, the OPUC issued an order adopting the settlement stipulation. New rates in conformity with the settlement stipulation went into effect on March 1, 2012. The OPUC will conduct a second phase of the proceedings to address the prudence of Idaho Power's pollution control investments at the Jim Bridger plant.

Langley Gulch Power Plant Cost Recovery Filing - Oregon

On March 9, 2012, Idaho Power filed an application with the OPUC requesting an annual increase in Oregon-jurisdictional revenues of $3.0 million, for inclusion of the Langley Gulch power plant in Idaho Power's rate base. As of the date of this report, Idaho Power is unable to determine the outcome of the proceeding. A scheduling order issued by the OPUC provides for an OPUC decision by January 2013 and inclusion in rates by March 31, 2013.

4. LONG-TERM DEBT

As of March 31, 2012, IDACORP had approximately $539 million remaining on a shelf registration statement filed with the U.S. Securities and Exchange Commission (SEC) that can be used for the issuance of debt securities or

IDACORP common stock.

In May 2010, Idaho Power registered with the SEC up to $500 million of first mortgage bonds and debt securities. On June 17, 2010, Idaho Power entered into a selling agency agreement with ten banks named in the agreement in connection with the potential issuance and sale from time to time of up to $500 million aggregate principal amount of first mortgage bonds. At March 31, 2012, $300 million remained on Idaho Power's shelf registration for the issuance of first mortgage bonds and debt securities. On April 13, 2012, Idaho Power issued $75 million of 2.95% first mortgage bonds, medium-term notes, Series I, maturing on April 1, 2022, and $75 million of 4.30% first mortgage bonds, medium-term notes, Series I, maturing on April 1, 2042. The first mortgage bonds were issued under Idaho Power's shelf registration statement. As a result of this issuance, as of the date of this report $150 million remained on Idaho Power's shelf registration for the issuance of first mortgage bonds and debt securities.

In April 2012, Idaho Power issued an irrevocable notice of redemption to redeem, prior to maturity, its $100 million in principal amount of 4.75% first mortgage bonds, medium-term notes due November 2012. Idaho Power intends to use a portion of the net proceeds of the April 2012 sale of first mortgage bonds, medium-term notes to effect the redemption. As a result, the $100 million of 4.75% first mortgage bonds, medium-term notes due November 2012 are reported as long-term debt in the condensed consolidated balance sheets, instead of as current maturities of long-term debt.

5. NOTES PAYABLE

Credit Facilities

IDACORP and Idaho Power have $125 million and $300 million credit facilities, respectively, which may be used for general corporate purposes and commercial paper backup. IDACORP's credit facility consists of a revolving line of credit not to exceed the aggregate principal amount at any one time outstanding of $125 million, including swingline loans in an aggregate principal amount at any time outstanding not to exceed $15 million, and letters of credit in an aggregate principal amount at any time outstanding not to exceed $50 million. Idaho Power's credit facility consists of a revolving line of credit, through the issuance of loans and standby letters of credit, not to exceed the aggregate principal amount at any one time outstanding of $300 million, including swingline loans in an aggregate principal amount at any time outstanding not to exceed $30 million. IDACORP and Idaho Power have the right to request an increase in the aggregate principal amount of the facilities to $150 million and $450 million, respectively, in each case subject to certain conditions. The credit facilities mature on October 26, 2016, although IDACORP and Idaho Power have the right to request up to two one-year extensions of the credit agreement, in each case subject to certain conditions.

The IDACORP and Idaho Power credit agreements have similar terms and conditions. The interest rates for any borrowings under the facilities are based on either (1) a floating rate that is equal to the highest of the prime rate, federal funds rate plus 0.5 percent, or LIBOR rate plus 1.0 percent, or (2) the LIBOR rate, plus, in each case, an applicable margin. The margin is based on IDACORP's or Idaho Power's, as applicable, senior unsecured long-term indebtedness credit rating by Moody's Investors Service, Inc., Standard and Poor's Ratings Services, and Fitch Rating Services, Inc., as set forth on a schedule to the credit agreements. Under their respective facilities, the companies pay a facility fee on the commitment based on the respective company's credit rating for senior unsecured long-term debt securities.

At March 31, 2012, no loans were outstanding under either IDACORP's or Idaho Power's facilities then in effect. At March 31, 2012, Idaho Power had regulatory authority to incur up to $450 million principal amount of short-term indebtedness at any one time outstanding. Balances and interest rates of IDACORP’s and Idaho Power's short-term borrowings were as follows at March 31, 2012 and December 31, 2011 (in thousands of dollars):

	March 31, 2012			December 31, 2011		
	Idaho Power	IDACORP	Total	Idaho Power	IDACORP	Total
Commercial paper outstanding	$1,500	$61,500	$63,000	$—	$54,200	$54,200
Weighted-average annual interest rate	0.41 %	0.46 %	0.46 %	— %	0.47 %	0.47 %

6. COMMON STOCK

IDACORP Common Stock

During the three months ended March 31, 2012, IDACORP issued an aggregate of 128,088 shares of common stock pursuant to its IDACORP, Inc. Dividend Reinvestment and Stock Purchase Plan, Idaho Power Company Employee Savings Plan, IDACORP, Inc. Restricted Stock Plan, and IDACORP, Inc. 2000 Long-Term Incentive and Compensation Plan.

IDACORP enters into sales agency agreements as a means of selling its common stock from time to time pursuant to a continuous equity program. IDACORP's current sales agency agreement is with BNY Mellon Capital Markets, LLC. As of March 31, 2012, there were approximately 3 million shares remaining available to be sold under the current sales agency agreement. No shares were issued under the sales agency agreement during the three months ended March 31, 2012.

Restrictions on Dividends

A covenant in each of IDACORP's credit facility and Idaho Power's credit facility requires IDACORP and Idaho Power to maintain leverage ratios of consolidated indebtedness to consolidated total capitalization, as defined therein, of no more than 65 percent at the end of each fiscal quarter. Idaho Power'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 violate the covenants in their respective credit facilities or Idaho Power's Revised Code of Conduct. At March 31, 2012, the leverage ratios for IDACORP and Idaho Power were 48 percent and 49 percent, respectively. Based on these restrictions, IDACORP's and Idaho Power's dividends were limited to $836 million and $741 million, respectively, at March 31, 2012. There are additional facility covenants, subject to exceptions, that prohibit or restrict specified investments or acquisitions, mergers, or the sale or disposition of property without consent; the creation of specified forms of liens; and any agreements restricting dividend payments to the company from any material subsidiary. At March 31, 2012, IDACORP and Idaho Power were in compliance with all facility covenants.

Idaho Power's Revised Code of Conduct, approved by the IPUC on April 21, 2008, states that Idaho Power will not pay any dividends to IDACORP that will reduce Idaho Power's common equity capital below 35 percent of its total adjusted capital without IPUC approval. Further, Idaho Power must obtain approval of the OPUC before it could directly or indirectly loan funds or issue notes or give credit on its books to IDACORP.

Idaho Power's articles of incorporation contain restrictions on the payment of dividends on its common stock if preferred stock dividends are in arrears. Idaho Power has no preferred stock outstanding.

In addition to contractual restrictions on the amount and payment of dividends, the Federal Power Act prohibits the payment of dividends from "capital accounts." The term "capital accounts" is undefined in the Federal Power Act, but if conservatively interpreted could limit the payment of dividends by Idaho Power to the amount of Idaho Power's retained earnings.

7. EARNINGS PER SHARE

The table below presents the computation of IDACORP's basic and diluted earnings per share (EPS) for the three months ended March 31, 2012 and 2011 (in thousands, except for per share amounts).

	Three months ended March 31,	
	2012	2011
Numerator:		
Net income attributable to IDACORP, Inc.	$24,930	$29,740
Denominator:		
Weighted-average common shares outstanding - basic	49,860	49,290
Effect of dilutive securities:		
Options	5	14
Restricted Stock	40	52
Weighted-average common shares outstanding - diluted	49,905	49,356
Basic earnings per share	$0.50	$0.60
Diluted earnings per share	$0.50	$0.60

The diluted EPS computation for the three months ended March 31, 2011 excludes 265,089 options because the options' exercise prices were greater than the average market price of the common stock during that period. In total, 20,806 options were outstanding at March 31, 2012, with expiration dates between 2013 and 2015.

8. COMMITMENTS

Purchase Obligations

Only one material change to long-term purchase commitments occurred during the three months ended March 31, 2012. In March 2012, the power purchase agreement with a solar energy project was terminated, which reduced Idaho Power's contractual payment obligations by approximately $90 million over the 25-year life of the contract.

Guarantees

Idaho Power has agreed to guarantee a portion of the performance of reclamation activities and obligations at BCC, of which IERCo owns a one-third interest. This guarantee, which is renewed each December, was $63 million at March 31, 2012, representing IERCo's one-third share of BCC's total reclamation obligation. BCC has a reclamation trust fund set aside specifically for the purpose of paying these reclamation costs. At March 31, 2012, the value of the reclamation trust fund totaled $88 million. BCC periodically assesses the adequacy of the reclamation trust fund and its estimate of future reclamation costs. To ensure that the reclamation trust fund maintains adequate reserves, BCC has the ability to add a per-ton surcharge to coal sales. Starting in 2010, BCC began applying a nominal surcharge to coal sales in order to maintain adequate reserves in the reclamation trust fund. Because of the existence of the fund and the ability to apply a per-ton surcharge, the estimated fair value of this guarantee is minimal.

IDACORP and Idaho Power enter into financial agreements and power purchase and sale agreements that include indemnification provisions relating to various forms of claims or liabilities that may arise from the transactions contemplated by these agreements. Generally, a maximum obligation is not explicitly stated in the indemnification provisions and, therefore, the overall maximum amount of the obligation under such indemnification provisions cannot be reasonably estimated. IDACORP and Idaho Power periodically evaluate the likelihood of incurring costs under such indemnities based on their historical experience and the evaluation of the specific indemnities. As of March 31, 2012, management believes the likelihood is remote that IDACORP or Idaho Power would be required to perform under such indemnification provisions or otherwise incur any significant losses with respect to such indemnification obligations. Neither IDACORP nor Idaho Power has recorded any liability on their respective condensed consolidated balance sheets with respect to these indemnification obligations.

9. CONTINGENCIES

IDACORP and Idaho Power have in the past and expect in the future to become involved in various claims, controversies, disputes, and other contingent matters, including the items described in this Note 9. Some of these claims, controversies, disputes, and other contingent matters involve litigation and regulatory or other contested proceedings. IDACORP and Idaho Power intend to vigorously protect and defend their interests and pursue their rights. However, the ultimate resolution and outcome of litigation and regulatory proceedings is inherently difficult to determine, particularly where (a) the remedies or penalties sought are indeterminate, (b) the proceedings are in the early stages or the substantive issues have not been well developed, or (c) the matters involve complex or novel legal theories or a large number of parties. In accordance with applicable accounting guidance, IDACORP and Idaho Power, as applicable, establish an accrual for legal proceedings when those matters proceed to a stage where they present loss contingencies that are both probable and reasonably estimable. In such cases, there may be a possible exposure to loss in excess of any amounts accrued. IDACORP and Idaho Power monitor those matters for developments that could affect the likelihood of a loss and the accrued amount, if any, thereof, and adjust the amount as appropriate. If the loss contingency at issue is not both probable and reasonably estimable, IDACORP and Idaho Power do not establish an accrual and the matter will continue to be monitored for any developments that would make the loss contingency both probable and reasonably estimable. As of the date of this report, IDACORP's and Idaho Power's accruals for legal proceedings are not material to their financial statements as a whole; however, future accruals could be material in a given period. IDACORP's and Idaho Power's determination is based on currently available information, and estimates presented in financial statements and other financial disclosures involve significant judgment and may be subject to significant uncertainty. As available information changes, the matters for which IDACORP and Idaho Power are able to estimate the loss may change, and the estimates themselves may change.

For certain of those matters described in this report for which IDACORP or Idaho Power have determined a loss contingency may, in the future, be at least reasonably possible, IDACORP and Idaho Power have stated that they are unable to estimate the possible loss or a range of possible loss that may result from those matters. Depending on a range of factors, such as the complexity of the facts, the unique nature of the legal theories, the pace of discovery, the timing of decisions of the court or arbiter, and the adverse party's willingness to negotiate towards a resolution, it may be months or years after the filing of a case or commencement of a proceeding before IDACORP or Idaho Power may be in a position to estimate the possible loss or range of possible loss for those matters.

Given the substantial or indeterminate amounts sought in certain of the matters described below, and the inherent unpredictability of such matters, an adverse outcome in certain of these matters could have a material adverse effect on IDACORP's and Idaho Power's financial condition, results of operations, or cash flows in particular quarterly or annual periods. For matters that affect Idaho Power’s operations, Idaho Power intends to seek, to the extent permissible and appropriate, recovery of incurred costs through the ratemaking process.

Pacific Northwest Refund Proceedings

On July 25, 2001, the FERC issued an order establishing a proceeding to determine whether there may have been unjust and unreasonable charges for spot market sales in the Pacific Northwest during the period December 25, 2000 through June 20, 2001, because the spot market in the Pacific Northwest was affected by the dysfunction in the California market. During that period, Idaho Power or IE both sold and purchased electricity in the Pacific Northwest. In 2003, the FERC terminated the proceeding and declined to order refunds, but in 2007 the Ninth Circuit issued an opinion, in Port of Seattle, Washington v. FERC, remanding to the FERC the orders that declined to require refunds. The Ninth Circuit's opinion instructed the FERC to consider whether evidence of market manipulation would have altered the agency's conclusions about refunds and directed the FERC to include sales originating in the Pacific Northwest to the California Department of Water Resources (CDWR) in the scope of the proceeding. The Ninth Circuit officially returned the case to the FERC on April 16, 2009. On October 3, 2011, the FERC issued its order on remand. The FERC ordered that the record be re-opened to permit parties seeking refunds to submit seller-specific evidence in support of their claims for sales made during the period confined to December 25, 2000 through June 20, 2001. The seller-specific claims must show that a seller engaged in unlawful market activity with a causal connection to have directly affected the negotiation of the specific contract or contracts to which the seller was a party. IE and Idaho Power understand the order to provide that neither claims of general dysfunction in the California markets nor in the Pacific Northwest market will be sufficient to support claims. While directing a trial-type hearing, the FERC also directed that the hearings be held in abeyance so that the matter may be presented to a settlement judge. On November 2, 2011, each of the City of Seattle, Washington, the City of Tacoma, Washington, the Port of Seattle, and the California Parties (consisting of the California Attorney General and the California Public Utilities Commission) filed requests for rehearing, seeking to expand the scope of the October 3, 2011 order. The designated settlement judge has met with the parties and convened a settlement conference to establish settlement procedures. The FERC's Chief Administrative Law Judge memorialized certain settlement procedures to which the parties agreed in an order issued on November 23, 2011.

IE and Idaho Power intend to continue to defend their positions in the Pacific Northwest refund proceedings vigorously. Idaho Power does not believe that claims conforming to the requirements of the FERC's October 3, 2011 order have been submitted, and the FERC's order remains subject to rehearing and reconsideration. Idaho Power and IE are unable to predict when and how the FERC will act on the rehearing requests, which contracts would be subject to refunds, whether the FERC will order refunds, or how the refunds would be calculated. As a result of these factors, as of the date of this report Idaho Power and IE are unable to estimate the reasonably possible loss or range of losses that Idaho Power or IE could incur as a result of this matter. However, in the first quarter of 2012 Idaho Power reached a tentative settlement, subject to review and approval by the FERC, with one party to the proceedings. While Idaho Power is unable to quantify or determine the outcome of claims made by parties that have not yet settled, the settlement amount agreed upon by Idaho Power and the settling party was immaterial to IDACORP's and Idaho Power's financial statements.

Water Rights - Snake River Basin Adjudication

Idaho Power holds water rights, acquired under applicable state law, for its hydroelectric projects. In addition, Idaho Power holds water rights for domestic, irrigation, commercial, and other necessary purposes related to project lands and other holdings within the states of Idaho and Oregon. Idaho Power's water rights for power generation are, to varying degrees, subordinated to future upstream appropriations for irrigation and other authorized consumptive uses.

Over time, increased irrigation development and other consumptive uses within the Snake River watershed led to a reduction in flows of the Snake River. In the late 1970's and early 1980's these reduced flows resulted in a conflict between the exercise of Idaho Power's water rights at certain hydroelectric projects on the Snake River and upstream consumptive diversions. The Swan Falls Agreement, signed by Idaho Power and the State of Idaho on October 25, 1984, resolved the conflict and provided a level of protection for Idaho Power's hydropower water rights at specified projects on the Snake River through the establishment of minimum stream flows and an administrative process governing future development of water rights that may affect those minimum stream flows. In 1987, Congress enacted legislation directing the FERC to issue an order approving the Swan Falls settlement together with a finding that the agreement was neither inconsistent with the terms and conditions of Idaho Power's project licenses nor the Federal Power Act. The FERC entered an order implementing the legislation in March 1988.

The Swan Falls Agreement provided that the resolution and recognition of Idaho Power's water rights together with the State Water Plan provided a sound comprehensive plan for management of the Snake River watershed. The Swan Falls Agreement also recognized, however, that in order to effectively manage the waters of the Snake River basin, a general adjudication to determine the nature, extent, and priority of the rights of all water uses in the basin was necessary. Consistent with that recognition, in 1987 the State of Idaho initiated the Snake River Basin Adjudication (SRBA), and pursuant to the commencement order issued by the SRBA court that same year, all claimants to water rights within the basin were required to file water rights claims in the SRBA. Idaho Power has filed claims to its water rights and has been actively participating in the SRBA since its commencement. Questions concerning the effect of the Swan Falls Agreement on Idaho Power's water rights claims, including the nature and extent of the subordination of Idaho Power's rights to upstream uses, resulted in the filing of litigation in the SRBA in 2007 between Idaho Power and the State of Idaho. This litigation was resolved by the Framework Reaffirming the Swan Falls Settlement (Framework) signed by Idaho Power and the State of Idaho on March 25, 2009. In that Framework, the parties acknowledged that the effective management of Idaho's water resources remains critical to the public interest of the State of Idaho by sustaining economic growth, maintaining reasonable electric rates, protecting and preserving existing water rights, and protecting water quality and environmental values. The Framework further provided that the State of Idaho and Idaho Power would cooperate in exploring approaches to resolve issues of mutual concern relating to the management of Idaho's water resources. Idaho Power continues to work with the State of Idaho and other interested parties on these issues.

One such issue involves the management of the Eastern Snake Plain Aquifer (ESPA), a large underground aquifer in southeastern Idaho that is hydrologically connected to the Snake River. House Concurrent Resolution No. 28, adopted by the Idaho Legislature in 2007, directed the Idaho Water Resource Board to pursue the development of a comprehensive management plan for the ESPA, to include measures that would enhance aquifer levels, springs, and river flows on the eastern Snake River plain to the benefit of both agricultural development and hydropower generation. In May of 2007, the Idaho Water Resource Board appointed an advisory committee, charged with the responsibility of developing a management plan for the ESPA. Idaho Power was a member of that committee. In January 2009, the Idaho Water Resource Board, based on the committee's recommendations, adopted a Comprehensive Aquifer Management Plan (CAMP) for the ESPA. The Idaho Legislature approved the CAMP that same year. Idaho Power is a member of the CAMP Implementation Committee and continues to work with the Idaho Water Resource Board, other stakeholders, and the Idaho Legislature in exploring opportunities for implementation of the CAMP management plan.

Idaho Power also continues its active participation in the SRBA in seeking to ensure that its water rights are protected and that the operation of its hydroelectric projects is not adversely impacted. While Idaho Power cannot predict the outcome, Idaho Power does not anticipate any material modification of its water rights as a result of the SRBA process.

Other Legal Proceedings

IDACORP and Idaho Power are parties to legal claims, actions, and proceedings in addition to those discussed above. However, as of the date of this report the companies believe that resolution of these matters will not have a material adverse effect on their consolidated financial positions, results of operations, or cash flows.

10. BENEFIT PLANS

Idaho Power has a noncontributory defined benefit pension plan covering most employees. The benefits under the plan are based on years of service and the employee’s final average earnings. In addition, Idaho Power has a nonqualified defined benefit plan for certain senior management employees and directors called the Senior Management Security Plan (SMSP). Idaho Power also maintains a defined benefit postretirement plan (consisting of health care and death benefits) that covers all employees who were enrolled in the active group plan at the time of retirement as well as their spouses and qualifying dependents. Idaho Power also has an Employee Savings Plan that complies with Section 401(k) of the Internal Revenue Code and covers substantially all employees. Idaho Power matches specified percentages of employee contributions to the Employee Savings Plan.

The table below shows the components of net periodic benefit costs for the pension, SMSP, and postretirement benefits plans for the three months ended March 31 (in thousands of dollars).

	Pension Plan		Senior Management Security Plan		Postretirement Benefits	
	2012	2011	2012	2011	2012	2011
Service cost	$6,441	$5,165	$538	$488	$351	$372
Interest cost	7,892	7,551	805	773	818	893
Expected return on plan assets	(7,712)	(7,951)	—	—	(604)	(667)
Amortization of transition obligation	—	—	—	—	510	510
Amortization of prior service cost	87	130	53	61	(105)	(99)
Amortization of net loss	3,463	2,094	382	323	143	171
Net periodic benefit cost	10,171	6,989	1,778	1,645	1,113	1,180
Costs not recognized due to the effects of regulation (1)	(5,389)	(5,260)	—	—	—	—
Net periodic benefit cost recognized for financial reporting (1)	$4,782	$1,729	$1,778	$1,645	$1,113	$1,180

(1) Net periodic benefit costs for the pension plan are recognized based upon the authorization of each regulatory jurisdiction Idaho Power operates within. Under IPUC order, income statement recognition of pension plan costs has been deferred until costs are recovered through rates.

During the three months ended March 31, 2012, Idaho Power contributed $34 million to its pension plan, which is consistent with its total estimated pension contribution requirements for 2012.

11. INVESTMENTS IN EQUITY SECURITIES

Investments in securities classified as available-for-sale securities are reported at fair value, using either specific identification or average cost to determine the cost for computing gains or losses. Any unrealized gains or losses on available-for-sale securities are included in other comprehensive income.

The table below summarizes investments in equity securities by IDACORP and Idaho Power as of March 31, 2012 and December 31, 2011 (in thousands of dollars).

	March 31, 2012			December 31, 2011		
	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
Available-for-sale securities	$6,455	$—	$26,687	$4,220	$1	$22,205

At the end of each reporting period, IDACORP and Idaho Power analyze securities in loss positions to determine whether they have experienced a decline in market value that is considered other-than-temporary. At March 31, 2012, no securities were in an unrealized loss position. At December 31, 2011, one security was in an immaterial unrealized loss position. No other-than-temporary impairment was recognized for this security due to the limited severity and duration of the unrealized loss position.

There were no sales of available-for-sale securities during the three months ended March 31, 2012 or 2011.

12. DERIVATIVE FINANCIAL INSTRUMENTS

Commodity Price Risk

Idaho Power is exposed to market risk relating to electricity, natural gas, and other fuel commodity prices, all of which are heavily influenced by supply and demand. Market risk may also be influenced by market participants' nonperformance of their contractual obligations and commitments, which affects the supply of or demand for the commodity. Idaho Power uses derivative instruments, such as physical and financial forward contracts, for both electricity and fuel to manage the risks relating to these commodity price exposures. The objective of Idaho Power's energy purchase and sale activity is to meet the demand of retail electric customers, maintain appropriate physical reserves to ensure reliability, and make economic use of temporary surpluses that may develop.

All commodity-related derivative instruments not meeting the normal purchases and normal sales exception to derivative accounting are recorded at fair value on the balance sheet. Because of Idaho Power's PCA mechanisms, unrealized gains and losses associated with the changes in fair value of these derivative instruments are recorded as regulatory assets or liabilities.

With the exception of forward contracts for the purchase of natural gas for use at Idaho Power’s natural gas generation facilities, Idaho Power’s physical forward contracts qualify for the normal purchases and normal sales exception.

All of Idaho Power's derivative instruments have been entered into for the purpose of economically hedging forecasted purchases and sales, though none of these instruments have been designated as cash flow hedges under derivative accounting guidance. Idaho Power offsets fair value amounts recognized on its balance sheet related to derivative instruments executed with the same counterparty under the same master netting agreement.

Derivative Instrument Summary

The table below presents the fair values and locations of derivative instruments not designated as hedging instruments recorded on the balance sheets at March 31, 2012 and December 31, 2011 (in thousands of dollars).

	Asset Derivatives		Liability Derivatives	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
March 31, 2012				
Current:				
Financial swaps	Other current assets	$6,374	Other current assets	$1,444
Financial swaps	Other current liabilities	5,379	Other current liabilities	9,740
Forward contracts	Other current assets	31	Other current liabilities	2,256
Forward contracts	Other current liabilities	116		
Long-term:				
Financial swaps	Other assets	13	Other liabilities	385
Financial swaps	Other liabilities	76		
Forward contracts	Other assets	248		
Total		$12,237		$13,825
December 31, 2011				
Current:				
Financial swaps	Other current assets	$4,361	Other current assets	$1,036
Financial swaps	Other current liabilities	1,526	Other current liabilities	4,755
Forward contracts	Other current assets	70	Other current liabilities	1,370
Long-term:				
Financial swaps	Other assets	359	Other liabilities	108
Total		$6,316		$7,269

The table below presents the gains and losses on derivatives not designated as hedging instruments for the three months ended March 31, 2012 and 2011 (in thousands of dollars).

		Gain/(Loss) on Derivatives Recognized in Income[1]	
	Location of Gain/(Loss) on Derivatives Recognized in Income	March 31, 2012	2011
Financial swaps	Off-system sales	$4,439	$6,721
Financial swaps	Purchased power	(993)	(167)
Financial swaps	Fuel expense	(84)	—
Financial swaps	Other operations and maintenance	(45)	—

(1) Excludes changes in fair value of derivatives, which are recorded on the balance sheet as regulatory assets or regulatory liabilities.

Settlement gains and losses on electricity swap contracts are recorded on the income statement in off-system sales or purchased power depending on the forecasted position being economically hedged by the derivative contract. Settlement gains and losses on both financial and physical contracts for natural gas are reflected in fuel expense. Settlement gains and losses on diesel derivatives are recorded in other operations and maintenance expense. See Note 13 for additional information concerning the determination of fair value for Idaho Power's assets and liabilities from price risk management activities.

Idaho Power had volumes of derivative commodity forward contracts and swaps outstanding at March 31, 2012 and 2011 set forth in the table below.

		March 31,	
Commodity	Units	2012	2011
Electricity purchases	MWh	256,200	486,000
Electricity sales	MWh	1,417,270	501,250
Natural gas purchases	MMBtu	10,082,392	1,867,316
Natural gas sales	MMBtu	913,379	—
Diesel purchases	Gallons	807,978	804,146

Credit Risk

At March 31, 2012, Idaho Power did not have material credit exposure from financial instruments, including derivatives. Idaho Power monitors credit risk exposure through reviews of counterparty credit quality, corporate-wide counterparty credit exposure, and corporate-wide counterparty concentration levels. Idaho Power manages these risks by establishing appropriate credit and concentration limits on transactions with counterparties and requiring contractual guarantees, cash deposits, or letters of credit from counterparties or their affiliates, as deemed necessary. Idaho Power's physical power contracts are under Western Systems Power Pool agreements, physical gas contracts are under North American Energy Standards Board contracts, and financial transactions are under International Swaps and Derivatives Association, Inc. contracts. These contracts all contain adequate assurance clauses requiring collateralization if a counterparty has debt that is downgraded below investment grade by at least one rating agency.

Credit-Contingent Features

Certain of Idaho Power's derivative instruments contain provisions that require Idaho Power's unsecured debt to maintain an investment grade credit rating from Moody's Investors Service and Standard & Poor's Ratings Services. If Idaho Power's unsecured debt were to fall below investment grade, it would be in violation of these provisions, and the counterparties to the derivative instruments could request immediate payment or demand immediate and ongoing full overnight collateralization on derivative instruments in net liability positions. The aggregate fair value of all derivative instruments with credit-risk-related contingent features that were in a liability position at March 31, 2012, was $14.0 million. Idaho Power posted no collateral related to this amount. If the credit-risk-related contingent features underlying these agreements were triggered on March 31, 2012, Idaho Power would have been required to post $7.3 million of additional cash collateral to its counterparties.

13. FAIR VALUE MEASUREMENTS

IDACORP and Idaho Power have categorized their financial instruments into a three-level fair value hierarchy, based on the priority of the inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the condensed consolidated balance sheets are categorized based on the inputs to the valuation techniques as follows:

- Level 1: Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that IDACORP and Idaho Power has the ability to access.

- Level 2: Financial assets and liabilities whose values are based on the following:

a) Quoted prices for similar assets or liabilities in active markets;
b) Quoted prices for identical or similar assets or liabilities in non-active markets;
c) Pricing models whose inputs are observable for substantially the full term of the asset or liability; and
d) Pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability.

IDACORP and Idaho Power Level 2 inputs are based on quoted market prices adjusted for location using corroborated, observable market data.

• Level 3: Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

An item recorded at fair value is reclassified between levels when changes in the nature of valuation inputs cause the item to no longer meet the criteria for the level in which it was previously categorized. There have been no material reclassifications between levels during the current period.

Idaho Power's derivatives are contracts entered into as part of its management of loads and resources. Electricity swaps are valued on the Intercontinental Exchange with quoted prices in an active market. Natural gas and diesel derivative valuations are performed using New York Mercantile Exchange (NYMEX) pricing, adjusted for location basis, which are also quoted under NYMEX. Trading securities consist of employee-directed investments held in a Rabbi Trust and are related to an executive deferred compensation plan. Available-for-sale securities are related to the SMSP and are held in a Rabbi Trust and are actively traded money market and equity funds with quoted prices in active markets. Notes receivable are related to Ida-West and are valued based on unobservable inputs, including discounted cash flows, which are partially based on forecasted hydroelectric conditions. Long-term debt is not traded on an exchange and is valued using quoted rates for similar debt in active markets. There were no material changes in valuation techniques or inputs during the quarter ended March 31, 2012 or the year ended December 31, 2011.

The table below presents information about IDACORP's and Idaho Power's assets and liabilities measured at fair value on a recurring basis as of March 31, 2012 and December 31, 2011 (in thousands of dollars). IDACORP's and Idaho Power's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy. There were no material transfers between levels for the periods presented.

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
March 31, 2012				
Assets:				
Derivatives	$3,202	$381	$—	$3,583
Money market funds	100	—	—	100
Trading securities: Equity securities	2,370	—	—	2,370
Available-for-sale securities: Equity securities	26,687	—	—	26,687
Liabilities:				
Derivatives	$275	$6,534	$—	$6,809
December 31, 2011				
Assets:				
Derivatives	$3,654	$100	$—	$3,754
Money market funds	100	—	—	100
Trading securities: Equity securities	3,439	—	—	3,439
Available-for-sale securities: Equity securities	22,205	—	—	22,205
Liabilities:				

Derivatives	$405	$4,302	$—	$4,707

The table below presents the carrying value and estimated fair value of financial instruments that are not reported at fair value, as of March 31, 2012 and December 31, 2011, using available market information and appropriate valuation methodologies. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts. Cash and cash equivalents, deposits, customer and other receivables, notes payable, accounts payable, interest accrued, and taxes accrued are reported at their carrying value as these are a reasonable estimate of their fair value. The estimated fair values for notes receivable and long-term debt are based upon quoted market prices of the same or similar issues or discounted cash flow analysis as appropriate.

	March 31, 2012		December 31, 2011	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
	(thousands of dollars)			
IDACORP				
Assets:				
Notes receivable [1]	$3,097	$3,097	$3,097	$3,097
Liabilities:				
Long-term debt [1]	1,490,663	1,678,075	1,491,727	1,737,912
Idaho Power				
Liabilities:				
Long-term debt [1]	$1,490,663	$1,678,075	$1,491,727	$1,737,912

[1] Notes receivable and long-term debt are categorized as Level 3 and Level 2, respectively, of the fair value hierarchy, as defined earlier in this financial statement footnote.

14. SEGMENT INFORMATION

IDACORP's only reportable segment is utility operations. The utility operations segment's primary source of revenue is the regulated operations of Idaho Power. Idaho Power's regulated operations include the generation, transmission, distribution, purchase, and sale of electricity. This segment also includes income from IERCo, a wholly-owned subsidiary of Idaho Power that is also subject to regulation and is a one-third owner of BCC, an unconsolidated joint venture.

IDACORP's other operating segments are below the quantitative and qualitative thresholds for reportable segments and are included in the "All Other" category in the table below. This category is comprised of IFS's investments in affordable housing developments and historic rehabilitation projects, Ida-West's joint venture investments in small hydroelectric generation projects, the remaining activities of energy marketer IE, which wound down its operations in 2003, and IDACORP's holding company expenses.

The table below summarizes the segment information for IDACORP's utility operations and the total of all other segments, and reconciles this information to total enterprise amounts (in thousands of dollars).

	Utility Operations	All Other	Eliminations	Consolidated Total
Three months ended March 31, 2012:				
Revenues	$240,483	$657	$—	$241,140
Net income (loss) attributable to IDACORP, Inc.	25,819	(889)	—	24,930
Total assets as of March 31, 2012	4,885,800	120,997	(16,176)	4,990,621
Three months ended March 31, 2011:				
Revenues	$251,062	$432	$—	$251,494
Net income (loss) attributable to IDACORP, Inc.	29,848	(108)	—	29,740

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
IDACORP, Inc.
Boise, Idaho

We have reviewed the accompanying condensed consolidated balance sheet of IDACORP, Inc. and subsidiaries (the "Company") as of March 31, 2012, and the related condensed consolidated statements of income, comprehensive income, equity, and cash flows for the three-month periods ended March 31, 2012 and 2011. These interim financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to such condensed consolidated interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of IDACORP, Inc. and subsidiaries as of December 31, 2011, and the related consolidated statements of income, comprehensive income, equity, and cash flows for the year then ended (not presented herein); and in our report dated February 22, 2012, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2011 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ DELOITTE & TOUCHE LLP

Boise, Idaho
May 3, 2012

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholder of
Idaho Power Company
Boise, Idaho

We have reviewed the accompanying condensed consolidated balance sheet and statement of capitalization of Idaho Power Company and subsidiary (the "Company") as of March 31, 2012, and the related condensed consolidated statements of income, comprehensive income, and cash flows for the three-month periods ended March 31, 2012 and 2011. These interim financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to such condensed consolidated interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet and statement of capitalization of Idaho Power Company and subsidiary as of December 31, 2011, and the related consolidated statements of income, comprehensive income, retained earnings, and cash flows for the year then ended (not presented herein); and in our report dated February 22, 2012, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet and statement of capitalization as of December 31, 2011 is fairly stated, in all material respects, in relation to the consolidated balance sheet and statement of capitalization from which it has been derived.

/s/ DELOITTE & TOUCHE LLP

Boise, Idaho
May 3, 2012

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(Megawatt-hours (MWh) and dollar amounts, other than earnings per share, are in thousands unless otherwise indicated.)

FORWARD-LOOKING STATEMENTS

In addition to the historical information contained in this report, this report contains (and oral communications made by IDACORP, Inc. and Idaho Power Company may contain) statements that relate to future events and expectations, such as statements regarding projected or future financial performance, cash flows, capital expenditures, dividends, capital structure or ratios, strategic goals, challenges, and objectives, and plans for future operations. Such statements constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions, or future events or performance, often, but not always, through the use of words or phrases such as "anticipates," "believes," "estimates," "expects," "intends," "plans," "predicts," "projects," "may result," "may continue," or similar expressions, are not statements of historical facts and may be forward-looking. Forward-looking statements are not guarantees of future performance and involve estimates, assumptions, risks, and uncertainties. Actual results, performance, or outcomes may differ materially from the results discussed in the statements. In addition to any assumptions and other factors and matters referred to specifically in connection with such forward-looking statements, factors that could cause actual results or outcomes to differ materially from those contained in forward-looking statements include those factors set forth in this report; IDACORP's and Idaho Power's Annual Report on Form 10-K for the year ended December 31, 2011, particularly Item 1A - "Risk Factors" and Part II, Item 7 - "Management's Discussion and Analysis of Financial Condition and Results of Operations"; subsequent reports filed by IDACORP and Idaho Power with the Securities and Exchange Commission; and the following important factors:

- the effect of regulatory decisions by the Idaho Public Utilities Commission, the Oregon Public Utility Commission, the Federal Energy Regulatory Commission, and other regulators affecting Idaho Power's ability to recover costs and/or earn a reasonable rate of return;
- variable hydrological conditions and over-appropriation of surface and groundwater in the Snake River basin, which can impact stream flows and the amount of generation from Idaho Power's hydroelectric facilities;