IDAHO POWER CO
Form 10-Q
August 05, 2010

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 June 30, 2010
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, ID 83702-5627	
	(208) 388-2200	
	State of Incorporation: Idaho	
	Websites: www.idacorpinc.com, www.idahopower.com	

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 ____ 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 July 31, 2010:

IDACORP, Inc.:	48,184,956
Idaho Power Company:	39,150,812, all held by IDACORP, Inc.

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

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

COMMONLY USED TERMS

ADITC	-	Accumulated Deferred Investment Tax Credits
AFUDC	-	Allowance for Funds Used During Construction
APCU	-	Annual Power Cost Update
BCC	-	Bridger Coal Company, a joint venture of IERCo
Cal ISO	-	California Independent System Operator
CalPX	-	California Power Exchange

CAMP	-	Comprehensive Aquifer Management Plan
CO_2	-	Carbon Dioxide
EIS	-	Environmental Impact Statement
EPA	-	Environmental Protection Agency
EPS	-	Earnings per share
ESA	-	Endangered Species Act
ESPA	-	Eastern Snake Plain Aquifer
FCA	-	Fixed Cost Adjustment mechanism
FERC	-	Federal Energy Regulatory Commission
GHG	-	Greenhouse gas
HCC	-	Hells Canyon Complex
Ida-West	-	Ida-West Energy, a subsidiary of IDACORP, Inc.
IE	-	IDACORP Energy, a subsidiary of IDACORP, Inc.
IERCo	-	Idaho Energy Resources Co., a subsidiary of Idaho Power Company
IFS	-	IDACORP Financial Services, a subsidiary of IDACORP, Inc.
IPUC	-	Idaho Public Utilities Commission
IRP	-	Integrated Resource Plan
IRS	-	Internal Revenue Service
IWRB	-	Idaho Water Resource Board
kW	-	Kilowatt
MD&A	-	Management s Discussion and Analysis of Financial Condition and Results of Operations
MW	-	Megawatt
MWh	-	Megawatt-hour
NOx	-	Nitrogen Oxide
O&M	-	Operations and Maintenance
OATT	-	Open Access Transmission Tariff
OPUC	-	Oregon Public Utility Commission
PCA	-	Power Cost Adjustment
PCAM	-	Power Cost Adjustment Mechanism
PURPA	-	Public Utility Regulatory Policies Act of 1978
REC	-	Renewable Energy Certificate
RH BART	-	Regional Haze - Best Available Retrofit Technology
RPS	-	Renewable Portfolio Standards
SEC	-	Securities and Exchange Commission
SO_2	-	Sulfur Dioxide
SRBA	-	Snake River Basin Adjudication
Valmy	-	North Valmy Steam Electric Generating Plant
VIEs	-	Variable Interest Entities
WECC	-	Western Electricity Coordinating Council

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SAFE HARBOR STATEMENT

This report on Form 10-Q contains forward-looking statements intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. Forward-looking statements should be read with the cautionary statements and important factors included in this Form 10-Q at Part I, Item 2- MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - FORWARD-LOOKING INFORMATION, and Part II, Item 1A RISK FACTORS, and in IDACORP Inc. s and Idaho Power Company s Annual Report on Form 10-K for the year ended December 31, 2009, at Part I, Item 1A- RISK FACTORS. 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, pla 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 June 30,		Six months ended June 30,	
	2010	2009	2010	2009
	(thousands of dollars except for per share amounts)			
Operating Revenues:				
Electric utility:				
General business	$ 204,277	$ 198,215	$ 408,022	$ 386,142
Off-system sales	17,769	26,667	52,175	55,198
Other revenues	18,744	17,636	33,053	29,207
Total electric utility revenues	240,790	242,518	493,250	470,547
Other	963	1,116	1,466	1,661
Total operating revenues	241,753	243,634	494,716	472,208
Operating Expenses:				
Electric utility:				
Purchased power	30,349	26,867	51,523	60,568
Fuel expense	27,558	24,475	64,744	63,608
Power cost adjustment	28,071	26,762	76,395	42,621
Other operations and maintenance	75,125	74,593	147,219	143,133
Energy efficiency programs	8,765	8,673	13,799	12,731
Depreciation	28,726	26,832	57,309	52,795
Taxes other than income taxes	5,805	5,088	11,485	10,150
Total electric utility expenses	204,399	193,290	422,474	385,606
Other expense	749	872	1,590	1,495
Total operating expenses	205,148	194,162	424,064	387,101
Operating Income	36,605	49,472	70,652	85,107
Other Income, Net	3,012	4,058	7,493	10,979
Earnings (Losses) of Unconsolidated Equity-Method Investments	380	(2,620)	(1,998)	(2,218)
Interest Expense:				
Interest on long-term debt	19,427	18,282	38,868	34,922
Other interest expense, net of AFUDC	(2,038)	(117)	(2,491)	719
Total interest expense	17,389	18,165	36,377	35,641
Income Before Income Taxes	22,608	32,745	39,770	58,227
Income Tax (Benefit) Expense	(16,629)	5,175	(15,324)	11,970

Net Income	39,237	27,570	55,094	46,257
Adjustment for (income) loss attributable to noncontrolling interests	(28)	(95)	178	102
Net Income Attributable to IDACORP, Inc.	$ 39,209	$ 27,475	$ 55,272	$ 46,359
Weighted Average Common Shares Outstanding- Basic (000 s)	47,888	46,958	47,831	46,895
Weighted Average Common Shares Outstanding- Diluted (000 s)	48,048	46,977	47,966	46,927
Earnings Per Share of Common Stock:				
Earnings Attributable to IDACORP, Inc.-Basic	$ 0.82	$ 0.59	$ 1.16	$ 0.99
Earnings Attributable to IDACORP, Inc.-Diluted	$ 0.82	$ 0.58	$ 1.15	$ 0.99
Dividends Declared Per Share of Common Stock	$ 0.30	$ 0.30	$ 0.60	$ 0.60

The accompanying notes are an integral part of these statements.

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IDACORP, Inc.
Condensed Consolidated Balance Sheets
(unaudited)

Assets	June 30, 2010 (thousands of dollars)	December 31, 2009
Current Assets:		
Cash and cash equivalents	$ 29,488	$ 52,987
Receivables:		
Customer (net of allowance of $1,311 and $1,805, respectively)	64,216	74,987
Other (net of allowance of $1,457 and $1,073, respectively)	23,171	11,922
Taxes receivable	1,874	-
Accrued unbilled revenues	51,399	51,272
Materials and supplies (at average cost)	47,436	48,054
Fuel stock (at average cost)	29,206	25,634
Prepayments	10,340	11,111
Deferred income taxes	31,817	31,773
Other	5,917	2,666
Total current assets	294,864	310,406
Investments	197,657	195,298
Property, Plant and Equipment:		
Utility plant in service	4,212,394	4,160,178
Accumulated provision for depreciation	(1,586,118)	(1,558,538)
Utility plant in service- net	2,626,276	2,601,640
Construction work in progress	363,982	289,188
Utility plant held for future use	7,106	7,151
Other property, net of accumulated depreciation	18,807	19,029
Property, plant and equipment- net	3,016,171	2,917,008
Other Assets:		
American Falls and Milner water rights	22,641	24,226
Company-owned life insurance	27,079	26,654
Regulatory assets	676,820	720,401
	3,993	4,217

Long-term receivables (net of allowance of $1,861 and $2,157, respectively)				
Other	41,562		40,517	
Total other assets	772,095		816,015	
Total	$	4,280,787	$	4,238,727

The accompanying notes are an integral part of these statements.

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IDACORP, Inc.
Condensed Consolidated Balance Sheets
(unaudited)

	June 30, 2010	**December 31, 2009**
Liabilities and Equity	**(thousands of dollars)**	
Current Liabilities:		
Current maturities of long-term debt	$ 129,800	$ 9,340
Notes payable	17,500	53,750
Accounts payable	78,075	83,818
Taxes accrued	21,456	10,184
Interest accrued	21,821	20,056
Other	70,323	41,081
Total current liabilities	338,975	218,229
Other Liabilities:		
Deferred income taxes	559,862	574,450
Regulatory liabilities	301,568	287,780
Other	357,740	346,994
Total other liabilities	1,219,170	1,209,224
Long-Term Debt	1,288,802	1,409,730
Commitments and Contingencies		
Equity:		
IDACORP, Inc. shareholders equity:		
Common stock, no par value (120,000,000 shares authorized; 48,164,439 and 47,925,882 shares issued, respectively)	762,903	756,475
Retained earnings	675,601	649,180
Accumulated other comprehensive loss	(8,678)	(8,267)
Treasury stock (7,365 and 29,191 shares at cost, respectively)	(17)	(53)
Total IDACORP, Inc. shareholders equity	1,429,809	1,397,335
Noncontrolling interest	4,031	4,209
Total equity	1,433,840	1,401,544
Total	$ 4,280,787	$ 4,238,727

The accompanying notes are an integral part of these statements.

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

	Six months ended June 30,	
	2010	**2009**
Operating Activities:	**(thousands of dollars)**	
Net income	$ 55,094	$ 46,257
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	61,023	55,434
Deferred income taxes and investment tax credits	(19,726)	7,548
Changes in regulatory assets and liabilities	78,974	38,358
Non-cash pension expense	2,952	2,209
Losses of unconsolidated equity-method investments	1,998	2,218
Distributions from unconsolidated equity-method investments	-	7,710
Allowance for other funds used during construction	(8,020)	(2,498)
Other non-cash adjustments to net income, net	(148)	1,728
Change in:		
Accounts receivable and prepayments	6,613	(8,869)
Accounts payable and other accrued liabilities	(8,495)	(28,293)
Taxes accrued/receivable	9,279	18,155
Other current assets	(3,081)	(11,940)
Other current liabilities	18,215	(1,464)
Other assets	(2,512)	(1,831)
Other liabilities	(4,951)	(14,090)
Net cash provided by operating activities	187,215	110,632
Investing Activities:		
Additions to property, plant and equipment	(166,687)	(100,271)
Proceeds from the sale of utility assets	19,230	-
Proceeds from the sale of non-utility assets	-	2,250
Investments in affordable housing	(6,147)	(6,174)
Proceeds from the sale of emission allowances and renewable energy certificates	3,497	2,341
Investments in unconsolidated affiliates	(2,020)	-
Proceeds from the sale of available-for-sale securities	-	8,965
Other	3,468	(3,319)
Net cash used in investing activities	(148,659)	(96,208)
Financing Activities:		
Issuance of long-term debt	-	100,000
Retirement of long-term debt	(1,064)	(8,735)
Dividends on common stock	(28,830)	(28,230)

Net change in short-term borrowings	(36,250)	(72,151)
Issuance of common stock	5,299	4,927
Acquisition of treasury stock	(846)	(1,408)
Other	(364)	(1,653)
Net cash used in financing activities	(62,055)	(7,250)
Net (decrease) increase in cash and cash equivalents	(23,499)	7,174
Cash and cash equivalents at beginning of the period	52,987	8,828
Cash and cash equivalents at end of the period	$ 29,488	$ 16,002
Supplemental Disclosure of Cash Flow Information:		
Cash (received) paid during the period for:		
Income taxes	$ (3,387)	$ (11,785)
Interest (net of amount capitalized)	$ 33,662	$ 32,956
Non-cash investing activities		
Additions to property, plant and equipment in accounts payable	$ 21,435	$ 5,578
Investments in affordable housing	$ 3,168	$ 6,000

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 June 30,	
	2010	**2009**
	(thousands of dollars)	
Net Income	$ 39,237	$ 27,570
Other Comprehensive Income (Loss):		
Net unrealized holding (losses) gains arising during the period, net of tax of ($758) and $734	(1,181)	1,143
Unfunded pension liability adjustment, net of tax of $114 and $87	177	136
Total Comprehensive Income	38,233	28,849
Comprehensive income attributable to noncontrolling interests	(28)	(95)
Comprehensive Income Attributable to IDACORP, Inc.	$ 38,205	$ 28,754

The accompanying notes are an integral part of these statements.

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

	Six months ended June 30,	
	2010	**2009**
	(thousands of dollars)	
Net Income	$ 55,094	$ 46,257
Other Comprehensive Income (Loss):		
Net unrealized holding (losses) gains arising during the period, net of tax of ($492) and $164	(765)	256
Unfunded pension liability adjustment, net of tax of $227 and $174	354	272

Total Comprehensive Income	54,683	46,785
Comprehensive loss attributable to noncontrolling interests	178	102
Comprehensive Income Attributable to IDACORP, Inc.	$ 54,861	$ 46,887

The accompanying notes are an integral part of these statements.

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

	Six months ended June 30, 2010	2009
	(thousands of dollars)	
Common Stock		
Balance at beginning of period	$ 756,475	$ 729,576
Issued	5,299	4,927
Other	1,129	377
Balance at end of period	762,903	734,880
Retained Earnings		
Balance at beginning of period	649,180	581,605
Net income attributable to IDACORP, Inc.	55,272	46,359
Common stock dividends ($0.60 per share)	(28,851)	(28,229)
Balance at end of period	675,601	599,735
Accumulated Other Comprehensive Income (Loss)		
Balance at beginning of period	(8,267)	(8,707)
Unrealized (loss) gain on securities (net of tax)	(765)	256
Unfunded pension liability adjustment (net of tax)	354	272
Balance at end of period	(8,678)	(8,179)
Treasury Stock		
Balance at beginning of period	(53)	(37)
Issued	882	1,424
Acquired	(846)	(1,408)
Balance at end of period	(17)	(21)
Total IDACORP, Inc. shareholders equity at end of period	1,429,809	1,326,415
Noncontrolling Interests		
Balance at beginning of period	4,209	4,434
Net loss attributed to noncontrolling interest	(178)	(102)
Other	-	(250)
Balance at end of period	4,031	4,082
Total equity at end of period	$ 1,433,840	$ 1,330,497

The accompanying notes are an integral part of these statements.

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Idaho Power Company
Condensed Consolidated Statements of Income
(unaudited)

	Three months ended June 30,		**Six months ended June 30,**	
	2010	**2009**	**2010**	**2009**
	(thousands of dollars)			
Operating Revenues:				
General business	$ 204,277	$ 198,215	$ 408,022	$ 386,142
Off-system sales	17,769	26,667	52,175	55,198
Other revenues	18,744	17,636	33,053	29,207
Total operating revenues	240,790	242,518	493,250	470,547
Operating Expenses:				
Operation:				
Purchased power	30,349	26,867	51,523	60,568
Fuel expense	27,558	24,475	64,744	63,608
Power cost adjustment	28,071	26,762	76,395	42,621
Other operations and maintenance	75,125	74,593	147,219	143,133
Energy efficiency programs	8,765	8,673	13,799	12,731
Depreciation	28,726	26,832	57,309	52,795
Taxes other than income taxes	5,805	5,088	11,485	10,150
Total operating expenses	204,399	193,290	422,474	385,606
Income from Operations	36,391	49,228	70,776	84,941
Other Income (Expense):				
Allowance for equity funds used during construction	4,362	1,734	8,020	2,498
Earnings (losses) of unconsolidated equity-method investments	1,987	(649)	2,335	2,653
Other (expense) income, net	(1,410)	1,648	(1,171)	7,944
Total other income	4,939	2,733	9,184	13,095
Interest Charges:				
Interest on long-term debt	19,427	18,268	38,868	34,835
Other interest	1,178	1,350	2,031	2,929
Allowance for borrowed funds used during construction	(3,287)	(1,658)	(5,478)	(2,785)
Total interest charges	17,318	17,960	35,421	34,979
Income Before Income Taxes	24,012	34,001	44,539	63,057
Income Tax (Benefit) Expense	(14,816)	7,675	(12,510)	17,447
Net Income	$ 38,828	$ 26,326	$ 57,049	$ 45,610

The accompanying notes are an integral part of these statements.

Idaho Power Company
Condensed Consolidated Balance Sheets
(unaudited)

	June 30, 2010	**December 31, 2009**
Assets	**(thousands of dollars)**	
Electric Plant:		
In service (at original cost)	$ 4,212,394	$ 4,160,178
Accumulated provision for depreciation	(1,586,118)	(1,558,538)
In service- net	2,626,276	2,601,640
Construction work in progress	363,982	289,188
Held for future use	7,106	7,151
Electric plant- net	2,997,364	2,897,979
Investments and Other Property	108,921	108,299
Current Assets:		
Cash and cash equivalents	25,118	21,625
Receivables:		
Customer (net of allowance of $1,311 and $1,805, respectively)	64,216	74,987
Other (net of allowance of $202 and $185, respectively)	21,810	10,463
Taxes receivable	21,640	3,585
Accrued unbilled revenues	51,399	51,272
Materials and supplies (at average cost)	47,436	48,054
Fuel stock (at average cost)	29,206	25,634
Prepayments	10,141	10,960
Deferred income taxes	7,931	7,887
Other	5,409	2,115
Total current assets	284,306	256,582
Deferred Debits:		
American Falls and Milner water rights	22,641	24,226
Company-owned life insurance	27,079	26,654
Regulatory assets	676,820	720,401
Other	40,384	39,249
Total deferred debits	766,924	810,530
Total	$ 4,157,515	$ 4,073,390

The accompanying notes are an integral part of these statements.

Idaho Power Company
Condensed Consolidated Balance Sheets
(unaudited)

Capitalization and Liabilities	**June 30, 2010**	**December 31, 2009**
	(thousands of dollars)	
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	648,758	638,758
Capital stock expense	(2,097)	(2,097)
Retained earnings	575,876	547,695
Accumulated other comprehensive loss	(8,678)	(8,267)
Total common stock equity	1,311,736	1,273,966
Long-term debt	1,288,802	1,409,730
Total capitalization	2,600,538	2,683,696
Current Liabilities:		
Long-term debt due within one year	121,064	1,064
Accounts payable	77,564	83,128
Notes and accounts payable to related parties	1,473	1,736
Taxes accrued	9,366	-
Interest accrued	21,821	20,056
Other	69,252	40,002
Total current liabilities	300,540	145,986
Deferred Credits:		
Deferred income taxes	599,328	611,749
Regulatory liabilities	301,568	287,780
Other	355,541	344,179
Total deferred credits	1,256,437	1,243,708
Commitments and Contingencies		
Total	$ 4,157,515	$ 4,073,390

The accompanying notes are an integral part of these statements.

Idaho Power Company
Condensed Consolidated Statements of Capitalization
(unaudited)

	June 30, 2010	December 31, 2009
	(thousands of dollars)	
Common Stock Equity:		
Common stock	$ 97,877	$ 97,877
Premium on capital stock	648,758	638,758
Capital stock expense	(2,097)	(2,097)
Retained earnings	575,876	547,695
Accumulated other comprehensive loss	(8,678)	(8,267)
Total common stock equity	1,311,736	1,273,966
Long-Term Debt:		
First mortgage bonds:		
6.60% Series due 2011	120,000	120,000
4.75% Series due 2012	100,000	100,000
4.25% Series due 2013	70,000	70,000
6.025% Series due 2018	120,000	120,000
6.15% Series due 2019	100,000	100,000
4.50 % Series due 2020	130,000	130,000
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
Total first mortgage bonds	1,215,000	1,215,000
Amount due within one year	(120,000)	-
Net first mortgage bonds	1,095,000	1,215,000
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	7,446	8,509
Note guarantee due within one year	(1,064)	(1,064)
Unamortized premium/discount- net	(2,925)	(3,060)

Total long-term debt	1,288,802	1,409,730
Total Capitalization	$ 2,600,538	$ 2,683,696

The accompanying notes are an integral part of these statements.

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Idaho Power Company

Condensed Consolidated Statements of Cash Flows
(unaudited)

	Six months ended June 30,	
	2010	**2009**
Operating Activities:	**(thousands of dollars)**	
Net income	$ 57,049	$ 45,610
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	60,709	55,030
Deferred income taxes and investment tax credits	(17,559)	3,354
Changes in regulatory assets and liabilities	78,974	38,358
Non-cash pension expense	2,952	2,209
Earnings of unconsolidated equity-method investments	(2,335)	(2,653)
Distributions from unconsolidated equity-method investments	-	7,460
Allowance for other funds used during construction	(8,020)	(2,498)
Other non-cash adjustments to net income	(2,474)	736
Change in:		
Accounts receivables and prepayments	6,250	(8,665)
Accounts payable	(8,315)	(29,800)
Taxes accrued/receivable	(8,791)	34,350
Other current assets	(3,081)	(11,940)
Other current liabilities	18,211	(1,234)
Other assets	(2,512)	(1,831)
Other liabilities	(4,309)	(14,094)
Net cash provided by operating activities	166,749	114,392
Investing Activities:		
Additions to utility plant	(166,687)	(100,271)
Proceeds from the sale of utility assets	19,230	-
Proceeds from the sale of non-utility assets	-	2,250
Proceeds from the sale of emission allowances and renewable energy certificates	3,497	2,341
Investments in unconsolidated affiliates	(2,020)	-
Other	2,890	(3,359)
Net cash used in investing activities	(143,090)	(99,039)
Financing Activities:		
Issuance of long-term debt	-	100,000
Retirement of long-term debt	(1,064)	(1,064)
Dividends on common stock	(28,869)	(28,376)
Net change in short term borrowings	-	(76,120)

Capital contribution from parent	10,000	-
Other	(233)	(1,411)
Net cash used in financing activities	(20,166)	(6,971)
Net increase in cash and cash equivalents	3,493	8,382
Cash and cash equivalents at beginning of the period	21,625	3,141
Cash and cash equivalents at end of the period	$ 25,118	$ 11,523
Supplemental Disclosure of Cash Flow Information:		
Cash paid (received) during the period for:		
Income taxes	$ 15,335	$ (18,286)
Interest (net of amount capitalized)	$ 32,706	$ 32,380
Non-cash investing activities:		
Additions to property, plant and equipment in accounts payable	$ 21,435	$ 5,578

The accompanying notes are an integral part of these statements.

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

	Three months ended June 30,	
	2010	**2009**
	(thousands of dollars)	
Net Income	$ 38,828	$ 26,326
Other Comprehensive Income (Loss):		
Net unrealized holding (losses) gains arising during the period, net of tax of ($758) and $734	(1,181)	1,143
Unfunded pension liability adjustment, net of tax of $114 and $87	177	136
Total Comprehensive Income	$ 37,824	$ 27,605

The accompanying notes are an integral part of these statements.

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

	Six months ended June 30,	
	2010	**2009**
	(thousands of dollars)	
Net Income	$ 57,049	$ 45,610
Other Comprehensive Income (Loss):		
Net unrealized holding (losses) gains arising during the period, net of tax of ($492) and $164	(765)	256
Unfunded pension liability adjustment, net of tax of $227 and $174	354	272
Total Comprehensive Income	$ 56,638	$ 46,138

The accompanying notes are an integral part of these statements.

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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, the Notes to the 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. IDACORP is subject to the provisions of the Public Utility Holding Company Act of 2005, which provides certain access to books and records to the Federal Energy Regulatory Commission (FERC) and state utility regulatory commissions and imposes certain record retention and reporting requirements on IDACORP.

Idaho Power is an electric utility with a service territory covering approximately 24,000 square miles in southern Idaho and eastern Oregon. Idaho Power provided electric service to 490,470 general business customers as of June 30, 2010. Idaho Power is regulated by the FERC and the state regulatory commissions of Idaho and Oregon. Idaho Power is the parent of Idaho Energy Resources Co. (IERCo), a joint venturer in Bridger Coal Company (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. All 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.

In January 2010, IDACORP and Idaho Power adopted amendments to prior consolidation guidance. The amendments affected the overall consolidation analysis of VIEs and required IDACORP and Idaho Power to reconsider their previous conclusions relating to the consolidation of VIEs, including (1) whether an entity is a VIE, (2) whether either IDACORP or Idaho Power are the VIE s primary beneficiary, and (3) what type of financial statement disclosures are required. The adoption of this guidance did not change the entities that IDACORP or Idaho Power consolidate.

The entities that IDACORP and Idaho Power consolidate consist primarily of the wholly-owned subsidiaries discussed above. In addition, IDACORP consolidates one VIE, Marysville Hydro Partners (Marysville), which is a joint venture owned 50 percent by Ida-West and 50 percent by Environmental Energy Company (EEC). Marysville has approximately $20 million of assets, primarily a hydroelectric plant, and approximately $16 million of intercompany long-term debt, which is eliminated in consolidation. EEC has borrowed amounts from Ida-West to fund a portion of its required capital contributions to Marysville. The loans are payable from EEC s share of distributions and are secured by the stock of EEC and EEC s interest in Marysville. Ida-West is the primary beneficiary because the ownership of the intercompany note and the EEC note result in it controlling the entity. Creditors of Marysville have no recourse to the general credit of IDACORP and there are no other arrangements that could require IDACORP to provide financial support to Marysville or expose IDACORP to losses.

Through IERCo, Idaho Power holds a variable interest in BCC, a VIE for which it is not the primary beneficiary. IERCo is not the primary beneficiary because the power to direct the activities that most significantly impact the economic performance of BCC is shared with the joint venture partner. IERCo s carrying value is $88 million and its maximum exposure to loss at BCC is the carrying value, any additional future contributions to the mine, and the $63 million guarantee for reclamation costs at the mine that is discussed further in Note 8 Commitments.

Through IFS, IDACORP also holds variable interests in VIEs for which it is not the primary beneficiary. These VIEs are historic rehabilitation and affordable housing developments in which IFS holds limited partnership interests ranging from five 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 $79 million at June 30, 2010.

Financial Statements

In the opinion of IDACORP and Idaho Power, the accompanying unaudited condensed consolidated financial statements contain all adjustments necessary to present fairly their consolidated financial positions as of June 30, 2010, consolidated results of operations for the three and six months ended June 30, 2010, and 2009, and consolidated cash flows for the six months ended June 30, 2010, and 2009. 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, 2009. The results of operations for the interim periods are not necessarily indicative of the results to be expected for the full year.

Use of Estimates

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

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation. The reclassifications did not impact IDACORP s and Idaho Power s net income or total equity, and include the following:

- Third-party transmission expense was combined with purchased power in IDACORP and Idaho Power s condensed consolidated statements of income as the balance of the third party transmission expense alone is immaterial;
- Gain on sale of emission allowances was combined with other operations and maintenance in IDACORP and Idaho Power's condensed consolidated statements of income as the balance of gain on sale of emission allowances alone is immaterial;
- Other operations and maintenance in the operating expenses section of Idaho Power s condensed consolidated statements of income were combined to be consistent with presentation in IDACORP's condensed consolidated statements of income;
- Allowance for uncollectible accounts was offset against associated accounts receivable and presented in a parenthetical notation in IDACORP and Idaho Power's condensed consolidated balance sheets;
- Excess tax benefits from share-based payment arrangements was combined with other non-cash adjustments to net income in the operating section and with other in the financing section of IDACORP's condensed consolidated statements of cash flows; and

- Amortization of affordable housing was removed from depreciation and amortization and combined with undistributed earnings of unconsolidated subsidiaries, the total of which was then separated into losses of unconsolidated equity-method investments and distributions from unconsolidated equity method investments in the operating section of IDACORP's condensed consolidated statements of cash flows.

New Accounting Pronouncements

In July 2010, the Financial Accounting Standards Board issued guidance that significantly expands the required disclosures concerning the credit quality of certain types of receivables and the allowance for credit losses. This guidance is effective for IDACORP and Idaho Power as follows: (1) disclosures concerning end-of-period information are effective for the December 31, 2010, financial statements; and (2) disclosures about activity occurring during a reporting period are effective beginning with the quarter ending March 31, 2011. Because this guidance relates only to disclosures, it is not expected to have a material effect on IDACORP s and Idaho Power s consolidated financial statements.

2. INCOME TAXES:

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

The estimated annual effective tax rate is applied to year-to-date pre-tax income to achieve 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.

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

	IDACORP				**Idaho Power**			
	2010		**2009**		**2010**		**2009**	
Income tax provision	$	4,046	$	5,175	$	5,859	$	7,675
ADITC amortization reversal		4,512		-		4,512		-
Accounting method change		(25,187)		-		(25,187)		-
Income tax (benefit) expense	$	(16,629)	$	5,175	$	(14,816)	$	7,675
Effective tax rate		(73.6)%		15.8%		(61.7)%		22.6%

An analysis of income tax expense for the six months ended June 30 is as follows (in thousands of dollars):

	IDACORP		**Idaho Power**	
	2010	**2009**	**2010**	**2009**

Income tax provision	$	8,960	$	11,970	$	11,774	$	17,447
Accounting method change		(25,187)		-		(25,187)		-
Medicare Part D subsidy		903		-		903		-
Income tax (benefit) expense	$	(15,324)	$	11,970	$	(12,510)	$	17,447
Effective tax rate		(38.4)%		20.5%		(28.1)%		27.7%

The decrease in the 2010 estimated annual effective tax rates as compared to the same periods of 2009 is primarily due to Idaho Power s tax accounting method change for repair-related expenditures (discussed below), and lower pre-tax earnings at IDACORP and Idaho Power, partially offset by a charge related to the federal health care legislation enacted in the first quarter of 2010. Regulatory flow-through tax adjustments at Idaho Power and tax credits at IFS for the six months ended June 30, 2010 were comparable to the same period in 2009.

Based on its current estimate of 2010 return on equity, Idaho Power does not expect to amortize any additional accumulated deferred investment tax credits (ADITC). Accordingly, the $4.5 million of additional ADITC amortization recorded in the first quarter of 2010 was reversed in the second quarter of 2010. For further information regarding ADITC amortization, see Note 3 Regulatory Matters - Idaho Settlement Agreement.

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Tax Accounting Method Change

In June 2010, Idaho Power completed its evaluation of a tax accounting method change for its 2009 tax year that would allow a current income tax deduction for repair-related expenditures on its utility assets that are currently capitalized for financial reporting and tax purposes. Idaho Power intends to make this method change following the automatic consent procedures with the filing of IDACORP s 2009 consolidated federal income tax return in September 2010. For the three months ended June 30, 2010, Idaho Power recorded an estimated net tax benefit of $25.2 million related to the cumulative method change adjustment (tax years 1999 through 2009) and has included an annual deduction estimate in its 2010 income tax provision, which resulted in a $3.6 million net tax benefit. Idaho Power s prescribed regulatory accounting treatment requires immediate income recognition for temporary tax differences of this type. A regulatory asset is established to reflect Idaho Power s ability to recover increased income tax expense when such temporary differences reverse. Idaho Power expects to recognize cash tax benefits associated with the method change by the end of 2010 through offsets to current estimated tax payments and direct tax refunds.

In conjunction with recording the estimated tax benefit for the method change, Idaho Power also increased its current liability for uncertain tax positions by $10.9 million. If recognized, the $10.9 million balance of unrecognized tax benefits would affect the effective tax rate. The tax method is currently being audited under IDACORP s 2009 Compliance Assurance Process (CAP) examination (discussed below) and, on a national level, aspects of the method related to electric utility transmission and distribution property are the subject of an Internal Revenue Service (IRS) Industry Issue Resolution program.

Status of Audit Proceedings

In May 2009, IDACORP formally entered the IRS CAP program for its 2009 tax year. The CAP program provides for IRS examination throughout the year. The 2009 examination is expected to be completed in 2010. In January 2010, IDACORP was accepted into CAP for its 2010 tax year. IDACORP and Idaho Power are unable to predict the outcome of these examinations.

Specifically within the 2009 CAP examination, the IRS began its audit of Idaho Power s current method of uniform capitalization. In September 2009, the IRS issued Industry Director Directive #5 (IDD), which discusses the IRS s compliance priorities and audit techniques related to the allocation of mixed service costs in the uniform capitalization methods of electric utilities. The IRS and Idaho Power are jointly working through the impact the IDD guidance has on Idaho Power s uniform capitalization method. Initial estimates indicate the potential income and cash benefits associated with settlement of this matter to be in excess of the repairs method change recorded in the second quarter. Idaho Power expects that the examination of this method will be completed during the third quarter of 2010; however, the timing of final settlement with the IRS, and thereby the recognition of the income and cash impacts, has yet to be determined. Resolution of this matter would also result in a $1.1 million decrease to Idaho Power s unrecognized tax benefits for its 2009 uniform capitalization deduction.

Tax Impacts of Health Care Acts

As discussed further in Note 10 Benefit Plans, the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act were enacted in March 2010. As a result of this legislation, in the first quarter of 2010, Idaho Power reduced its deferred tax asset related to future deductible retiree prescription drug expenses by $2.3 million, increased regulatory assets by $2.4 million, increased deferred tax liabilities by $1 million, and incurred a charge of $0.9 million. No charges resulting from the legislation were incurred in the second quarter of 2010.

3. REGULATORY MATTERS:

Deferred Net Power Supply Costs

Changes in deferred net power supply costs for the six months ended June 30, 2010 were as follows (in thousands of dollars):

		Idaho		Oregon[1]		Total
Balance at December 31, 2009	$	**71,412**	$	**13,221**	$	**84,633**
Impact of current period net power supply costs		(23,282)		(593)		(23,875)
Prior costs expensed and recovered through rates		(51,671)		(849)		(52,520)
SO_2 allowances and REC sales credited to account		(2,307)		-		(2,307)
Interest and other		106		428		534
Balance at June 30, 2010	$	**(5,742)**	$	**12,207**	$	**6,465**

(1) Oregon power supply cost deferrals are subject to a statute that specifically limits rate amortizations of deferred costs to six percent of gross Oregon revenue per year (approximately $2 million). Deferrals are amortized sequentially.

Idaho Settlement Agreement

On January 13, 2010, the Idaho Public Utilities Commission (IPUC) approved a settlement agreement among Idaho Power, several of Idaho Power s customers, the IPUC Staff, and other parties. Significant elements of the settlement agreement include:

- A general rate moratorium in effect until January 1, 2012. The moratorium does not apply to other specified revenue requirement proceedings, such as the power cost adjustment (PCA), the fixed cost adjustment (FCA), pension funding, advanced metering infrastructure (AMI), energy efficiency rider, and government imposed fees.
- A specified distribution of the expected reduction in 2010 PCA rates that would reduce customer rates, provide some general rate relief to Idaho Power, and reset base power supply costs for the PCA. This provision anticipated a significant reduction in PCA rates for the 2010-2011 PCA year. The PCA reduction and base rate adjustment is discussed in 2010 Idaho PCA Filing and Order below.
- A provision to share with Idaho customers 50 percent of any Idaho-jurisdictional earnings in excess of a 10.5 percent return on equity in any calendar year from 2009 to 2011.

- A provision to allow additional amortization of ADITC if Idaho Power s actual return on equity in its Idaho jurisdiction is below 9.5 percent in any calendar year from 2009 to 2011. Idaho Power is permitted to amortize additional ADITC in an amount up to $45 million over the three-year period, but could use no more that $15 million in any one year unless there is a carryover. Carryover amounts are added to the $15 million annual allowance up to a maximum amortization of $25 million in any one year.

Because Idaho Power s 2009 Idaho-jurisdiction return on equity was between 9.5 and 10.5 percent, the sharing and additional amortization provisions were not triggered, and the ADITC available for additional amortization in 2010 is $25 million. Idaho Power recorded additional ADITC amortization of $4.5 million in the first quarter of 2010, but reversed the entire $4.5 million in the second quarter based on updated estimates of annual 2010 return on equity. The actual amount of additional ADITC recorded in the full year 2010 and 2011 will depend on Idaho Power s annual return on year-end equity and the amounts recorded in each quarter will vary and may ultimately be reversed.

The settlement agreement also included a provision to reestablish the base level for net power supply costs effective with the June 1, 2010, PCA rate change.

2010 Idaho PCA Filing and Order

On May 28, 2010, the IPUC issued an order approving a $146.9 million decrease in the PCA, along with a base rate increase of $88.7 million. The net effect of these two rate adjustments was an overall decrease in customer rates of $58.2 million, or 6.49 percent, effective June 1, 2010. Idaho Power s PCA application was approved as filed with the IPUC, with the exception of a $0.2 million interest expense adjustment relating to base power supply costs.

Other Idaho 2010 Filings and Orders

Rate Filings and Orders: On May 28, 2010, the IPUC issued the following orders approving rate filings made in March 2010:

- Fixed Cost Adjustment: Idaho Power s FCA filing for the 2009 calendar year proposed to collect $6.3 million for one year, a $3.6 million annual increase over current rates. The $6.3 million reflects amounts accrued in 2009 under the mechanism. Beginning June 1, 2010, Idaho Power implemented the rate increase to residential and small general service customers. The IPUC also extended the FCA pilot program for two years, through December 31, 2011.
- Pension: Idaho Power filed a request to recover $5.4 million of pension contributions that it is required to make on or before September 15, 2010. In accordance with prior IPUC orders, Idaho Power had been deferring its Idaho-jurisdiction pension expense to a regulatory asset. On February 17, 2010, the IPUC approved a recovery methodology that would permit Idaho Power to include in future rate cases a reasonable recovery and amortization of cash contributions. The IPUC approved Idaho Power s request to increase rates by $5.4 million, or 0.77 percent, effective June 1, 2010. The IPUC s order provided that the allowance of recovery of this contribution does not guarantee that the IPUC will similarly approve future recovery of contributions, without further justification, but reiterated its authorization to continue regulatory treatment of current pension expenses. In addition to the $5.4 million of regulatory assets approved for recovery discussed above, as of June 30, 2010, Idaho Power had $46.6 million of Idaho jurisdiction regulatory assets associated with deferred pension expenses that, based on its evaluation, are probable of recovery.
- AMI: Idaho Power filed for a $2.4 million annual increase in base rates for costs related to AMI. The IPUC approved Idaho Power s application as submitted, authorizing the rate increase effective June 1, 2010.

Energy Efficiency Prudency Determination: On March 15, 2010, Idaho Power filed an application with the IPUC requesting an order designating energy efficiency expenditures of $50.7 million incurred in 2008 and 2009 as prudently incurred expenses. A determination and order from the IPUC is pending.

On April 14, 2010, the IPUC completed its review of energy efficiency rider expenditures that Idaho Power made from 2002 through 2007. All rider expenditures during that time period were found to be prudently incurred and approved for ratemaking purposes.

Oregon Regulatory Matters

Oregon 2009 General Rate Case Settlement: In connection with Idaho Power s general rate case filing, on February 24, 2010, the Oregon Public Utility Commission (OPUC) approved a $5 million, or 15.4 percent, increase in Oregon base rates. The new rates were effective March 1, 2010, and are based on a return on equity of 10.175 percent and an overall rate of return of 8.061 percent.

Oregon Power Cost Recovery Mechanisms: Idaho Power s power cost recovery mechanism in Oregon has two components- the power cost adjustment mechanism (PCAM) and the annual power cost update (APCU). On February 26, 2010, Idaho Power filed its PCAM application for the 2009 year with the OPUC. The filing stated that actual net power supply costs were within the deadband, which is the range of deviations within which Idaho Power absorbs power supply cost increases or decreases, resulting in no request for a deferral. On April 15, 2010, Idaho Power filed with the OPUC a stipulation combining its March power supply cost forecast and 2009 October update. The stipulation was approved on May 24, 2010, and resulted in an overall increase of $2.2 million, or 5.5 percent, in Oregon rates, effective June 1, 2010.

Annual OATT Update

On June 1, 2010, Idaho Power posted its Draft Informational Filing (DIF) for its Open Access Transmission Tariff (OATT) on its Open Access Same-Time Information System (OASIS) Internet platform. The DIF is the draft computation of Idaho Power s transmission rate for service under its OATT, which is updated annually. The new draft rate submitted by Idaho Power was $19.60 per kW/yr, a 23.8 percent increase over the present rate of $15.83

per kW/yr. Several third parties have submitted data requests in connection with Idaho Power s DIF, and Idaho Power is currently responding to those data requests. If approved by the FERC, the new rates would be effective as of October 1, 2010 for a one year period.

4. LONG-TERM DEBT:

As of June 30, 2010, IDACORP had approximately $574 million remaining on a shelf registration statement that can be used for the issuance of debt securities or common stock.

In April 2010, Idaho Power received approval from the IPUC, the OPUC, and the Public Service Commission of Wyoming for the issuance of up to $500 million in aggregate principal amount of one or more series of first mortgage bonds and unsecured debt securities. The order from the IPUC approved the issuance of the securities over a two-year period, beginning on April 19, 2010, subject to extension upon request to the IPUC. On May 12, 2010, Idaho Power filed a shelf registration statement with the Securities and Exchange Commission (SEC) for the sale of up to $500 million of first mortgage bonds and debt securities. The SEC declared the registration statement effective on May 25, 2010. To facilitate the issuance of the first mortgage bonds, 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, secured medium term notes, Series I, under Idaho Power s Indenture of Mortgage and Deed of Trust, dated as of October 1, 1937, as amended and supplemented. As of August 5, 2010, Idaho Power had not sold any first mortgage bonds or debt securities under the May 2010 shelf registration statement.

5. NOTES PAYABLE:

Credit Facilities

IDACORP has a $100 million credit facility and Idaho Power has a $300 million credit facility, both of which expire on April 25, 2012. Commercial paper may be issued up to the amounts supported by the credit facilities. Under these facilities the companies pay a facility fee on the commitment, quarterly in arrears, based on its rating for senior unsecured long-term debt securities without third-party credit enhancement as provided by Moody s Investors Service and Standard & Poor s Ratings Services.

At June 30, 2010, no loans were outstanding on either IDACORP s facility or Idaho Power s facility. At June 30, 2010, Idaho Power had regulatory authority to incur up to $450 million of short-term indebtedness.

Balances and interest rates of IDACORP s short-term borrowings were as follows at June 30, 2010, and December 31, 2009 (in thousands of dollars).

		June 30, 2010	December 31, 2009
IDACORP			
	Commercial paper outstanding	$ 17,500	$ 53,750
	Weighted-average annual interest rate	0.46%	0.41%

Idaho Power had no short-term borrowings under its facility at either date.

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6. COMMON STOCK:

IDACORP Common Stock

The following table summarizes shares of IDACORP common stock issued during the six months ended June 30, 2010:

	Shares issued
Balance at December 31, 2009	**47,925,882**
Dividend reinvestment and stock purchase plan	77,273
Employee savings plan	55,248
Long-term incentive and compensation plan (LTICP) (1)	92,743
Restricted stock plan	13,293
Balance at June 30, 2010	**48,164,439**

(1) Included in the LTICP activity are 15,800 shares that were issued pursuant to the exercise of stock options on December 30, 2009, and settled on January 4, 2010.

IDACORP enters into sales agency agreements as a means of selling its common stock from time to time. As of June 30, 2010, there were 2.1 million shares remaining available to be sold under the current sales agency agreement.

Idaho Power Common Stock

On June 28, 2010, IDACORP contributed $10 million of additional equity to Idaho Power. No additional shares of Idaho Power common stock were issued.

Restrictions on Dividends

A covenant under 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 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.

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 June 30, 2010, the leverage ratios for IDACORP and Idaho Power were 50 percent and 52 percent, respectively. Based on these restrictions, IDACORP s and Idaho Power s dividends were limited to $657 million and $553 million, respectively, at June 30, 2010. There are additional covenants, subject to exceptions, that prohibit or restrict: certain investments or acquisitions, mergers or sale or disposition of property without consent; the creation of certain liens; and any agreements restricting dividend payments to the company from any material subsidiary. At June 30, 2010, IDACORP and Idaho Power were in compliance with all facility covenants.

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.

7. EARNINGS PER SHARE:

The following table presents the computation of IDACORP s basic and diluted earnings per share (EPS) for the three and six months ended June 30, 2010 and 2009 (in thousands, except for per share amounts):

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
Numerator:				
Net income attributable to IDACORP, Inc.	$39,209	$27,475	$55,272	$46,359
Denominator:				
Weighted-average common shares outstanding - basic	47,888	46,958	47,831	46,895
Effect of dilutive securities:				
Options	41	9	41	11
Restricted Stock	119	10	94	21
Weighted-average common shares outstanding - diluted	48,048	46,977	47,966	46,927
Basic earnings per share	$0.82	$0.59	$1.16	$0.99
Diluted earnings per share	$0.82	$0.58	$1.15	$0.99

The diluted EPS computation excludes 343,835 and 344,918 options for the three and six months ended June 30, 2010, respectively, because the options exercise prices were greater than the average market price of the common stock during that period. For the same periods in 2009, there were 685,581 and 686,533 options excluded from the diluted EPS computation for the same reason. In total, 574,704 options were outstanding at June 30, 2010, with expiration dates between 2010 and 2015.

8. COMMITMENTS:

Purchase Obligations

The following items are the only material changes to purchase obligations made outside of the ordinary course of business during the first six months of 2010:

Idaho Power entered into a power purchase agreement with USG Oregon, LLC for the purchase of energy from the Neal Hot Springs Unit #1 geothermal electric generation facility. The project will be located near Vale, Oregon and the expected output will be approximately 22 megawatts (MW), with an estimated on-line date of late 2012. Idaho Power s purchases under the contract are expected to total $569 million from 2012 to 2037. On May 20, 2010, the IPUC issued an order approving the purchase of energy under the agreement and stated that the purchases would be allowed as prudently incurred expenses for ratemaking purposes.

In the second quarter, Idaho Power entered into several purchased power agreements with wind and other alternate energy developers. These agreements are expected to total approximately $109 million from 2011 to 2031.

In April 2010, Idaho Power entered into multiple service agreements with Northwest Pipeline for rate schedule TF-1, Firm Transportation. Idaho Power estimates it will spend approximately $32 million on the firm transportation service agreements. The service agreements commence in 2011 with varying end dates ranging through 2042.

In June 2010, Idaho Power entered into a contract with Union Pacific Corporation for the transportation of coal. Idaho Power has agreed to spend approximately $47 million over the term of the contract from 2011 to 2014.

Guarantees

Idaho Power has agreed to guarantee 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 June 30,

2010. BCC has a reclamation trust fund set aside specifically for the purpose of paying these reclamation costs. BCC continually 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. 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 certain 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 indemnifications 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 June 30, 2010, 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 indemnifications. Neither IDACORP nor Idaho Power has recorded any liability on their respective condensed consolidated balance sheets with respect to these indemnifications.

9. CONTINGENCIES:

In the course of their respective businesses, IDACORP, Idaho Power, and their respective subsidiaries 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. Some of these claims, controversies, disputes, and other contingent matters involve litigation or other contested proceedings. IDACORP, Idaho Power, and their respective subsidiaries intend to vigorously protect and defend their interests and pursue their rights. However, no assurance can be given as to the ultimate outcome of any particular matter because litigation and other contested proceedings are inherently subject to numerous uncertainties. 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.

Western Energy Proceedings at the FERC

In this report, the term western energy situation is used to refer to the California energy crisis that occurred during 2000 and 2001, and the energy shortages, high prices, and blackouts in the western United States. High prices for electricity in California and in western wholesale markets during 2000 and 2001 caused numerous purchasers of electricity in those markets to initiate proceedings seeking refunds or other forms of relief and the FERC to initiate its own investigations. Some of these proceedings (referred to in this report as the western energy proceedings) remain pending before the FERC or on appeal to the United States Court of Appeals for the Ninth Circuit (Ninth Circuit).

There are more than 200 petitions pending in the Ninth Circuit for review of numerous FERC orders regarding the western energy situation. Decisions in these appeals may have implications with respect to other pending cases, including those to which Idaho Power or IE are parties. Idaho Power and IE intend to vigorously defend their positions in these proceedings, but are unable to predict the outcome of these matters. Except as to the matters described below under Pacific Northwest Refund, Idaho Power and IE believe that settlement releases they have obtained that are described below under California Refund and Market Manipulation will restrict potential claims that might result from the disposition of the pending Ninth Circuit review petitions and that these matters will not have a material adverse effect on their consolidated financial positions, results of operations, or cash flows.

California Refund: This proceeding originated with an effort by agencies of the State of California and investor-owned utilities in California to obtain refunds for a portion of the spot market sales from sellers of electricity into California markets from October 2, 2000, through June 20, 2001. The FERC has issued numerous orders establishing price mitigation plans for sales in the California wholesale electricity market, including the methodology for determining refunds. IE and numerous other parties have petitioned the Ninth Circuit for review of the FERC s orders on California refunds. As additional FERC orders have been issued, further petitions for review have been filed before the Ninth Circuit, which from time to time has identified discrete cases that can proceed to briefing and decision while it stayed action on the other consolidated cases.

On May 22, 2006, the FERC approved an Offer of Settlement between and among IE and Idaho Power, the California Parties (consisting of Pacific Gas & Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, the California Public Utilities Commission, the California Electricity Oversight Board, the California Department of Water Resources (CDWR), and the California Attorney General) and additional parties that elected to be bound by the settlement. The settlement disposed of matters encompassed by the California refund proceeding, as well as market manipulation claims and investigations relating to the western energy situation among and between the parties agreeing to be bound by it. Although many market participants agreed to be bound by the settlement, other market participants, representing a small minority of potential refund claims, initially elected not to be bound by the settlement. From time to time, as the California Parties have reached settlements with those other market participants, they have elected to opt into the IE-Idaho Power-California Parties settlement. The settlement provided for approximately $23.7 million of IE s and Idaho Power s estimated $36 million rights to accounts receivable from the California Independent System Operator (Cal ISO) and the California Power Exchange (CalPX) to be assigned to an escrow account for refunds and for an additional $1.5 million of accounts receivable to be retained by the CalPX until the conclusion of the litigation. The additional $1.5 million of accounts receivable retained by the CalPX is available to fund the claims of non-settling parties if they prevail in the remaining litigation of these California market matters. Any additional amounts owed to non-settling parties would be funded by other amounts owed to IE and Idaho Power by the Cal ISO and CalPX, or directly by IE and Idaho Power, and any excess funds remaining at the end of the case would be returned to IE and Idaho Power. The remaining IE and Idaho Power receivables were paid to IE and Idaho Power under the settlement.

In an August 2006 decision, the Ninth Circuit ruled that all transactions that occurred within the CalPX and the Cal ISO markets from October 2, 2000 to June 21, 2001 were proper subjects of the refund proceeding. In that decision the Ninth Circuit refused to expand the proceedings into the bilateral market, required the FERC to consider claims that some market participants had violated governing tariff obligations at an earlier date than the refund effective date, and expanded the scope of the refund proceeding to include transactions within the CalPX and Cal ISO markets outside the limited 24-hour spot market and energy exchange transactions. Parts of the decision exposed sellers to increased claims for potential refunds. The Ninth Circuit issued its mandate on April 15, 2009, thereby officially returning the cases to the FERC for further action consistent with the court s decision.

On November 19, 2009, the FERC issued an order to implement the Ninth Circuit s remand. The remand order established a trial-type hearing in which participants will be permitted to submit information regarding (i) specified tariff violations committed by any public utility seller from January 1, 2000 to October 2, 2000 resulting in a transaction that set a market clearing price for the trading period when the violation occurred, and (ii) claims for refunds for multi-day transactions and energy exchange transactions entered into during the refund period (October 2, 2000 to June 20, 2001). Numerous parties, including IE and Idaho Power, filed motions to clarify the FERC s order. Although IE and Idaho Power are unable to predict when or how the FERC will rule on these motions, the effect of the remand order for IE and Idaho Power is confined to the minority of market participants that are not bound by the IE-Idaho Power-California Parties settlement described above. On July 16, 2010, the FERC Chief Administrative Law Judge designated a presiding administrative law judge to establish hearing procedures. IE and Idaho Power believe the remanded proceedings will not have a material adverse effect on their consolidated financial positions, results of operations, or cash flows.

In 2005, the FERC established a framework for sellers wanting to demonstrate that the generally applicable FERC refund methodology interfered with the recovery of costs. IE and Idaho Power made such a cost filing, which was rejected by the FERC. On June 18, 2009, FERC issued an order stating that it was not ruling on IE's and Idaho

Power's request for rehearing of the cost filing rejection because their request had been withdrawn in connection with the IE-Idaho Power-California Parties' settlement. On July 8, 2009, IE and Idaho Power sought further rehearing at the FERC because their withdrawal pertained only to the parties with whom IE and Idaho Power had settled. On June 18, 2009, in a separate order, the FERC ruled that only net refund recipients were responsible for the costs associated with cost filings. While most net refund recipients are bound by the settlement, until the Cal ISO completes its refund calculations it is uncertain whether there are any net refund recipients who are not bound by the settlement. If there are no such parties, then IE's and Idaho Power's request for rehearing will be moot. On May 18, 2010, the FERC denied rehearing. On June 25, 2010, IE and Idaho Power filed a petition for review of the pertinent FERC orders in the Ninth Circuit. IE and Idaho Power are unable to predict how or when the Ninth Circuit might rule, but the effect of any such ruling is confined to obligations of IE and Idaho Power to the small minority of

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claims of market participants that are not bound by the settlement. Accordingly, IE and Idaho Power believe this matter will not have a material adverse effect on their consolidated financial positions, results of operations, or cash flows.

Market Manipulation: On June 25, 2003, the FERC ordered approximately 50 entities that participated in the western wholesale power markets between January 1, 2000 and June 20, 2001, including Idaho Power, to show cause why certain trading practices did not constitute gaming or other forms of proscribed market behavior in concert with another party (partnership) in violation of the Cal ISO and CalPX Tariffs. In 2004, the FERC dismissed the partnership show cause proceeding against Idaho Power. Later in 2004, the FERC approved a settlement of the gaming proceeding without finding of wrongdoing by Idaho Power.

The orders establishing the scope of the show cause proceedings are presently the subject of review petitions in the Ninth Circuit. On March 29, 2010, IE and Idaho Power filed a motion with the Ninth Circuit to dismiss 11 of the 12 petitions for review of the FERC s orders establishing the scope of the show cause proceedings as they relate to IE and Idaho Power. Although IE and Idaho Power had obtained the consent to the motion from the 11 petitioners in those proceedings, the Ninth Circuit misconstrued the motion and instead granted on April 1, 2010 a motion to withdraw IE and Idaho Power interventions in the review proceedings. On April 9, 2010, with the consent of the same 11 petitioners, IE and Idaho Power filed a motion for reconsideration with the Ninth Circuit, again requesting dismissal of the 11 petitions as they pertain to IE and Idaho Power. On May 28, 2010, the Ninth Circuit denied reconsideration. Although IE and Idaho Power are unable to predict how or when the Ninth Circuit will act on the review petitions, in light of the settlement described above, IE and Idaho Power believe this matter will not have a material adverse effect on their consolidated financial positions, results of operations, or cash flows.

On June 25, 2003, the FERC also issued an order instituting an investigation of anomalous bidding behavior and practices in the western wholesale markets for the time period May 1, 2000 through October 1, 2000, but the FERC terminated its investigations as to Idaho Power on May 12, 2004. California government agencies and California investor-owned utilities have appealed the FERC s termination of this investigation as to Idaho Power and more than 30 other market participants. IE and Idaho Power are unable to predict the outcome of these petitions for review proceedings, but believe that the settlement releases govern any potential claims that might arise and that this matter will not have a material adverse effect on their consolidated financial positions, results of operations, or cash flows.

Pacific Northwest Refund: On July 25, 2001, the FERC issued an order establishing a proceeding separate from the California refund 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. 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 CDWR in the scope of proceeding. The Ninth Circuit officially returned the case to the FERC on April 16, 2009. On September 4, 2009, IE and Idaho Power joined with a number of other parties in a joint petition for a writ of certiorari to the U.S. Supreme Court, which was denied on January 11, 2010.

In separate filings, the California Parties, which no longer include the California Electricity Oversight Board, and the City of Tacoma, Washington (Tacoma) and the Port of Seattle, Washington (Port of Seattle) asked the FERC to reorganize and restructure the case to enable them to pursue claims that all spot market sales in the Cal ISO and CalPX markets and in the Pacific Northwest from January 1, 2000 through June 20, 2001 should be subject to refund and repriced, because market manipulation and tariff violations affected spot market prices. Their requests would expand the scope of the refund period in the Pacific Northwest proceeding from the December 25, 2000 through June 20, 2001 period previously considered by the FERC. On May 22, 2009, the California Parties filed a motion with the FERC to sever claims regarding sales originating in the Pacific Northwest to CDWR from the remainder of the Pacific Northwest proceedings and to consolidate their claims regarding these sales with ongoing proceedings in cases that IE and Idaho Power have settled, as well as with a new complaint filed on May 22, 2009 by the California Attorney General against parties with whom the California Parties have not settled (Brown Complaint). IE and Idaho Power, along with a number of other parties, filed their opposition to the motion of the California Parties.

Many other parties also filed responses to the motion of the California Parties. Tacoma and the Port of Seattle jointly filed a motion on August 4, 2009 with the FERC in connection with the California refund proceeding, the *Lockyer* remand pending before the FERC (involving claims of failure to file quarterly transaction reports with the FERC, from which IE and Idaho Power previously were dismissed), the Brown Complaint, and the Pacific Northwest refund remand proceeding. The Tacoma and the Port of Seattle motion asks the FERC to require refunds from all sellers in the Pacific Northwest spot markets for the expanded period (January 1, 2000 through June 20, 2001). IE and Idaho Power joined with a number of other sellers in the Pacific Northwest markets during 2000 and 2001 in opposing the motion of Tacoma and the Port of Seattle. On April 19, 2010, the California Parties filed a motion with the FERC renewing the requests contained in their May 22, 2009 motion and on May 3, 2010, IE and Idaho Power joined with a number of other parties opposing the renewal request. On July 21, 2010, the Port of Seattle and Tacoma once again filed a motion requesting that the FERC either summarily dispose of the case or set it for hearing, and the California Parties, answering a pleading in the Brown Complaint, renewed their request for consolidation. The FERC has not acted on the Ninth Circuit remand or the motions. IE and Idaho Power intend to vigorously defend their positions in these proceedings but are unable to predict the outcome of these matters or estimate the impact these matters may have on their consolidated financial positions, results of operations, or cash flows.

Sierra Club Lawsuit Bridger

In February 2007, the Sierra Club and the Wyoming Outdoor Council filed a complaint against PacifiCorp in the U.S. District Court for the District of Wyoming alleging thousands of violations by PacifiCorp of air quality opacity standards at the Jim Bridger coal-fired plant in Sweetwater County, Wyoming. Opacity is an indication of the amount of light obscured by the flue gas of a power plant. The complaint sought a declaration that PacifiCorp had violated opacity limits, a permanent injunction ordering PacifiCorp to comply with such limits, civil penalties and reimbursement of plaintiffs costs of litigation. Idaho Power was not a party to this proceeding but has a one-third ownership interest in the plant. PacifiCorp owns a two-thirds interest and is the operator of the plant. On April 15, 2010, the parties jointly filed a proposed consent decree resolving the pending litigation, and the consent decree was entered by the court on June 8, 2010. Idaho Power is fully reserved for the contingency, and entry of the consent decree will not have a material adverse effect on Idaho Power s consolidated financial position, results of operations, or cash flows.

Sierra Club Lawsuit Boardman

In September 2008, the Sierra Club and four other non-profit corporations filed a complaint against Portland General Electric Company (PGE) in the U.S. District Court for the District of Oregon alleging opacity permit limit violations at the Boardman coal-fired plant located in Morrow County, Oregon. The complaint also alleged violations of the Clean Air Act, related federal regulations, and the Oregon State Implementation Plan relating to PGE s construction and operation of the plant. The complaint sought a declaration that PGE had violated opacity limits, a permanent injunction ordering PGE to comply with such limits, injunctive relief requiring PGE to remediate alleged environmental damage and ongoing impacts, civil penalties of up to $32,500 per day per violation, and reimbursement of plaintiffs costs of litigation, including reasonable attorneys fees. Idaho Power is not a party to this proceeding but has a 10 percent ownership interest in the Boardman plant. PGE owns 65 percent of the plant and is the operator of the plant. On December 5, 2008, PGE filed a motion to dismiss nine of the twelve claims asserted by the plaintiffs in their complaint, and on September 30, 2009, the court denied most of PGE s motion to dismiss. Idaho Power continues to monitor the status of this matter but is unable to predict its outcome or what effect this matter may have on its consolidated financial position, results of operations, or cash flows.

Snake River Basin Adjudication

Idaho Power is engaged in the Snake River Basin Adjudication (SRBA), a general stream adjudication commenced in 1987, to define the nature and extent of water rights in the Snake River Basin in Idaho, including the water rights of Idaho Power.

On March 25, 2009, Idaho Power and the State of Idaho entered into a settlement agreement with respect to the 1984 Swan Falls Agreement and Idaho Power's water rights under the Swan Falls Agreement, which settlement agreement is subject to certain conditions discussed below. The settlement agreement will also resolve litigation between Idaho Power and the State of Idaho relating to the Swan Falls Agreement that was filed by Idaho Power on May 10, 2007, with the Idaho District Court for the Fifth Judicial Circuit, which has jurisdiction over SRBA matters, including the Swan Falls case.

The settlement agreement resolves the pending litigation by clarifying that Idaho Power s water rights in excess of minimum flows at its hydroelectric facilities between Milner Dam and Swan Falls Dam are subordinate to future upstream beneficial uses, including aquifer recharge. The agreement commits the State of Idaho and Idaho Power to further discussions on important water management issues concerning the Swan Falls Agreement and the management of water in the Snake River Basin. It also recognizes that water management measures that enhance aquifer levels, springs and river flows, such as aquifer recharge projects, benefit both agricultural development and hydropower generation and deserve study to determine their economic potential, their impact on the environment, and their impact on hydropower generation. These will be a part of the Comprehensive Aquifer Management Plan (CAMP) approved by the Idaho Water Resource Board for the Eastern Snake Plain Aquifer (ESPA), which includes limits on the amount of aquifer recharge. Idaho Power is a member of the ESPA CAMP advisory committee and implementation committee.

On April 24, 2009, the Governor of Idaho signed into law legislation approving provisions contained in the settlement agreement. On May 6, 2009, as part of the settlement, Idaho Power, the Governor of Idaho, and the Idaho Water Resource Board executed a memorandum of agreement relating to future aquifer recharge efforts and further assurances as to limitations on the amount of aquifer recharge. Idaho Power and the State of Idaho also filed a joint motion to the SRBA court to dismiss the Swan Falls case and enter the stipulated water right decrees set forth in the settlement agreement. Parties representing groundwater users in the Eastern Snake Plain Aquifer objected to some of the language proposed by Idaho Power and the State of Idaho relating to water rights in the decrees to be entered by the SRBA court as contemplated by the settlement agreement. Specifically, the concerns relate to the language describing the subordination of the rights and its interplay with the original Swan Falls settlement document and implementing legislation. On January 4, 2010, the court issued an order approving the overall settlement subject to certain modifications to the draft water right decrees proposed by the company and the State of Idaho. Idaho Power continues to work with the State of Idaho and the parties to reach an agreement consistent with the court s order regarding the language of the decrees.

U.S. Bureau of Reclamation Proceedings

Idaho Power filed a complaint on October 15, 2007, and an amended complaint on September 30, 2008, in the U.S. District Court of Federal Claims in Washington, D.C. against the U.S. Bureau of Reclamation (USBR). The complaint relates to a 1923 contract right for delivery of water to Idaho Power s hydropower projects on the Snake River, to recover damages from the USBR for the lost generation resulting from reduced flows, and for a prospective declaration of contractual rights and obligations of the parties. Over the past several months, Idaho Power has been working with the U.S. and Idaho interests (including the State of Idaho and upstream water users) in an effort to resolve certain state water right issues pending in the SRBA that are common to both the SRBA and the pending federal case. Current discussions primarily relate to modification to state policy and the Idaho water plan that promote more efficient operation of the upper Snake River reservoir system to optimize the release and shaping of Snake River flows for hydroelectric generation downstream during the high-load winter months. In an effort to promote efficiency, the parties have agreed to present certain legal issues associated with the 1923 contract to the court in the SRBA case that are expected to resolve issues in the pending federal case. The SRBA court has scheduled the presentation of these issues to the court by the fall of 2010. Idaho Power and the USBR have agreed to stay further proceedings in the federal case pending the resolution of these issues in the SRBA case. Idaho Power is unable to predict the outcome of this matter or what effect it may have on its financial position, results of operations, or cash flows.

Oregon Trail Heights Fire

On August 25, 2008, a fire ignited beneath an Idaho Power distribution line in Boise, Idaho. It was fanned by high winds and spread rapidly, resulting in one death, the destruction of 10 homes, and damage or alleged fire-related losses to approximately 30 others. Following the investigation, the Boise Fire Department determined that the fire was linked to a piece of line hardware on one of Idaho Power's distribution poles and that high winds contributed to the fire and its resultant damage. Idaho Power has received notice of claims from a number of the homeowners and

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their insurers and while it has continued investigation of these claims, Idaho Power has reached settlements with a number of the individuals or their insurers who have alleged damages resulting from the fire. Idaho Power is insured up to policy limits against liability for claims in excess of its self-insured retention. Idaho Power has accrued a reserve for any loss that is probable and reasonably estimable, including insurance deductibles, and believes this matter will not have a material adverse effect on its consolidated financial position, results of operations, or cash flows.

Other Legal Proceedings

IDACORP, Idaho Power, and/or IE are parties to legal claims, actions, and proceedings in addition to those discussed above. Resolution of any of these matters will take time and the companies cannot predict the outcome of any of these proceedings. The companies currently believe that their reserves are adequate for these matters and that resolution of these matters, taking into account existing reserves, will not have a material adverse effect on IDACORP s or Idaho Power s 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 deferred compensation 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 following table shows the components of net periodic benefit costs for the pension, SMSP, and postretirement benefits plans for the three months ended June 30 (in thousands of dollars):

	Pension Plan		**Senior Management Security Plan**		**Postretirement Benefits**	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**
Service cost	$ 4,277	$ 4,052	$ 386	$ 403	$ 340	$ 278
Interest cost	7,229	6,985	751	713	897	900
Expected return on plan assets	(6,277)	(5,895)	-	-	(640)	(545)
Amortization of transition obligation	-	-	-	-	510	510
Amortization of prior service cost	162	163	58	58	(134)	(133)
Amortization of net loss	1,913	2,308	233	165	144	231

Net periodic benefit cost		7,304		7,613		1,428		1,339		1,117		1,241
Costs not recognized due to the effects of regulation [1]		(6,599)		(7,613)		-		-		-		-
Net periodic benefit cost recognized for financial reporting [2]	$	705	$	-	$	1,428	$	1,339	$	1,117	$	1,241

(1) Under IPUC order, income statement recognition of Pension Plan costs has been deferred until costs are recovered through rates. See Note 3 - "Regulatory Matters" for information on Idaho Power's 2010 pension rate filing.

(2) Net periodic benefit costs for the pension plan are recognized for the Oregon jurisdiction and non-regulated subsidiaries, and beginning in June 2010, for the Idaho and FERC jurisdictions.

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The following table shows the components of net periodic benefit costs for the six months ended June 30 (in thousands of dollars):

	Pension Plan				Senior Management Security Plan				Postretirement Benefits			
	2010		2009		2010		2009		2010		2009	
Service cost	$	8,836	$	8,257	$	771	$	805	$	680	$	610
Interest cost		14,560		13,932		1,502		1,427		1,795		1,782
Expected return on plan assets		(12,577)		(11,983)		-		-		(1,280)		(1,073)
Amortization of transition obligation		-		-		-		-		1,020		1,020
Amortization of prior service cost		325		326		116		116		(268)		(267)
Amortization of net loss		3,838		4,428		466		330		287		421
Net periodic benefit cost		14,982		14,960		2,855		2,678		2,234		2,493
Costs not recognized due to the effects of regulation(1)		(14,026)		(14,960)		-		-		-		-
Net periodic benefit cost recognized for financial reporting (2)	$	956	$	-	$	2,855	$	2,678	$	2,234	$	2,493