IDAHO POWER CO
Form 10-Q
October 28, 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 September 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 1221 W. Idaho Street Boise, ID 83702-5627 (208) 388-2200 State of Incorporation: Idaho Websites: www.idacorpinc.com, www.idahopower.com None	82-0130980

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 October 20, 2010:

IDACORP, Inc.:	49,116,468
Idaho Power Company:	39,150,812, all held by IDACORP, Inc.

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

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

COMMONLY USED TERMS

ADITC	-	Accumulated Deferred Investment Tax Credits
AFUDC	-	Allowance for Funds Used During Construction
APCU	-	Annual Power Cost Update
ARRA	-	American Recovery and Reinvestment Act of 2009
BCC	-	Bridger Coal Company, a joint venture of IERCo
BLM	-	United States Bureau of Land Management
CAA	-	Clean Air Act
Cal ISO	-	California Independent System Operator
CalPX	-	California Power Exchange
CAMP	-	Comprehensive Aquifer Management Plan
CO_2	-	Carbon Dioxide
EIS	-	Environmental Impact Statement
EPA	-	United States 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
LTICP	-	Long-term Incentive and Compensation Plan
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
RES	-	Renewable Energy Standard
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
USBR	-	United States Bureau of Reclamation
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 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, as supplemented by the factors included in IDACORP, Inc. s and Idaho Power Company s Quarterly Report on Form 10-Q for the quarter ended June 30, 2010 at Part II, 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, plans, predicts, projects, may result, may continue, or similar e

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements

IDACORP, Inc.

Condensed Consolidated Statements of Income

(unaudited)

	Three months ended September 30,		**Nine months ended September 30,**	
	2010	**2009**	**2010**	**2009**
	(thousands of dollars except for per share amounts)			
Operating Revenues:				
Electric utility:				
General business	$ 266,270	$ 277,676	$ 674,293	$ 663,818
Off-system sales	12,070	23,691	64,245	78,888
Other revenues	30,128	21,761	63,181	50,969
Total electric utility revenues	308,468	323,128	801,719	793,675
Other	889	1,381	2,354	3,042
Total operating revenues	309,357	324,509	804,073	796,717
Operating Expenses:				
Electric utility:				
Purchased power	62,227	76,274	113,750	136,843
Fuel expense	51,339	49,530	116,083	113,138
Power cost adjustment	(20,934)	1,614	55,461	44,236
Other operations and maintenance	71,939	68,970	219,159	212,103
Energy efficiency programs	19,549	12,202	33,348	24,933
Depreciation	29,137	28,837	86,446	81,631
Taxes other than income taxes	5,645	5,600	17,130	15,749
Total electric utility expenses	218,902	243,027	641,377	628,633
Other expense	1,462	1,879	3,051	3,374
Total operating expenses	220,364	244,906	644,428	632,007
Operating Income	88,993	79,603	159,645	164,710
Other Income, Net	3,550	4,569	11,042	15,548
Earnings of Unconsolidated Equity-Method Investments	3,442	2,866	1,444	648
Interest Expense:				
Interest on long-term debt	20,135	18,840	59,003	53,762
Other interest expense, net of AFUDC	(1,390)	(239)	(3,881)	481
Total interest expense, net	18,745	18,601	55,122	54,243
Income Before Income Taxes	77,240	68,437	117,009	126,663
Income Tax Expense (Benefit)	10,115	13,730	(5,210)	25,700
Net Income	67,125	54,707	122,219	100,963

Adjustment for loss (income) attributable to noncontrolling interests	10		(229)		188		(126)	
Net Income Attributable to IDACORP, Inc.	$	67,135	$	54,478	$	122,407	$	100,837
Weighted Average Common Shares Outstanding - Basic (000 s)	48,086		47,068		47,917		46,953	
Weighted Average Common Shares Outstanding - Diluted (000 s)	48,252		47,141		48,062		46,999	
Earnings Per Share of Common Stock:								
Earnings Attributable to IDACORP, Inc. - Basic	$	1.40	$	1.16	$	2.55	$	2.15
Earnings Attributable to IDACORP, Inc. - Diluted	$	1.39	$	1.16	$	2.55	$	2.15
Dividends Declared Per Share of Common Stock	$	0.30	$	0.30	$	0.90	$	0.90

The accompanying notes are an integral part of these statements.

IDACORP, Inc.

Condensed Consolidated Balance Sheets

(unaudited)

Assets	**September 30, 2010**	**December 31, 2009**
	(thousands of dollars)	
Current Assets:		
Cash and cash equivalents	$ 185,313	$ 52,987
Receivables:		
Customer (net of allowance of $1,507 and $1,805, respectively)	69,263	74,987
Other (net of allowance of $1,436 and $1,073, respectively)	6,405	11,922
Income taxes receivable	37,758	-
Accrued unbilled revenues	46,663	51,272
Materials and supplies (at average cost)	45,331	48,054
Fuel stock (at average cost)	30,052	25,634
Prepayments	9,983	11,111
Deferred income taxes	31,219	31,773
Other	5,901	2,666
Total current assets	467,888	310,406
Investments	198,928	195,298
Property, Plant and Equipment:		
Utility plant in service	4,291,987	4,160,178
Accumulated provision for depreciation	(1,602,268)	(1,558,538)
Utility plant in service - net	2,689,719	2,601,640
Construction work in progress	370,950	289,188
Utility plant held for future use	7,082	7,151
Other property, net of accumulated depreciation	19,428	19,029
Property, plant and equipment - net	3,087,179	2,917,008
Other Assets:		
American Falls and Milner water rights	22,381	24,226
Company-owned life insurance	26,646	26,654
Regulatory assets	724,977	720,401
Long-term receivables (net of allowance of $1,861 and $2,157, respectively)	3,993	4,217
Other	42,401	40,517
Total other assets	820,398	816,015
Total	$ 4,574,393	$ 4,238,727

The accompanying notes are an integral part of these statements.

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IDACORP, Inc.

Condensed Consolidated Balance Sheets

(unaudited)

	September 30, 2010	December 31, 2009
Liabilities and Equity	(thousands of dollars)	
Current Liabilities:		
Current maturities of long-term debt	$ 126,615	$ 9,340
Notes payable	4,000	53,750
Accounts payable	80,892	83,818
Income taxes accrued	-	3,502
Interest accrued	26,250	20,056
Uncertain tax positions	75,136	1,138
Other	69,557	46,625
Total current liabilities	382,450	218,229
Other Liabilities:		
Deferred income taxes	582,808	574,450
Regulatory liabilities	296,861	287,780
Other	302,801	346,994
Total other liabilities	1,182,470	1,209,224
Long-Term Debt	1,488,205	1,409,730
Commitments and Contingencies		
Equity:		
IDACORP, Inc. shareholders equity:		
Common stock, no par value (shares authorized 120,000,000; 49,124,529 and 47,925,882 shares issued, respectively)	796,515	756,475
Retained earnings	728,266	649,180
Accumulated other comprehensive loss	(7,517)	(8,267)
Treasury stock (10,012 and 29,191 shares at cost, respectively)	(17)	(53)
Total IDACORP, Inc. shareholders equity	1,517,247	1,397,335
Noncontrolling interest	4,021	4,209
Total equity	1,521,268	1,401,544
Total	$ 4,574,393	$ 4,238,727

The accompanying notes are an integral part of these statements.

IDACORP, Inc.

Condensed Consolidated Statements of Cash Flows

(unaudited)

	Nine months ended September 30,	
	2010	**2009**
Operating Activities:	**(thousands of dollars)**	
Net income	$ 122,219	$ 100,963
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	91,257	86,485
Deferred income taxes and investment tax credits	37,095	14,797
Changes in regulatory assets and liabilities	50,338	37,721
Pension and postretirement benefit plan expense	10,474	7,756
Contributions to pension and postretirement benefit plans	(64,269)	(4,680)
Earnings of unconsolidated equity-method investments	(1,444)	(648)
Distributions from unconsolidated equity-method investments	1,280	9,415
Allowance for other funds used during construction	(11,878)	(4,629)
Other non-cash adjustments to net income, net	2,104	3,448
Change in:		
Accounts receivable and prepayments	9,652	(22,065)
Accounts payable and other accrued liabilities	(5,786)	(24,636)
Taxes accrued/receivable	(34,799)	38,812
Other current assets	2,914	(11,817)
Other current liabilities	21,591	5,850
Other assets	(3,443)	678
Other liabilities	(4,776)	(14,924)
Net cash provided by operating activities	222,529	222,526
Investing Activities:		
Additions to property, plant and equipment	(249,437)	(155,591)
Proceeds from the sale of utility assets	18,982	-
Proceeds from the sale of non-utility assets	-	2,250
Investments in affordable housing	(9,337)	(6,176)
Proceeds from the sale of emission allowances and RECs	5,399	2,382
Proceeds from the sale of available-for-sale securities	-	8,956
Other	3,826	683

Net cash used in investing activities	(230,567)	(147,496)
Financing Activities:		
Issuance of long-term debt	200,000	100,000
Remarketing of pollution control revenue bonds	-	166,100
Decrease in term loans	-	(170,000)
Retirement of long-term debt	(1,064)	(9,174)
Dividends on common stock	(43,213)	(42,414)
Net change in short-term borrowings	(49,750)	(110,570)
Issuance of common stock	38,086	16,738
Acquisition of treasury stock	(846)	(1,441)
Other	(2,849)	(4,228)
Net cash provided by (used in) financing activities	140,364	(54,989)
Net increase in cash and cash equivalents	132,326	20,041
Cash and cash equivalents at beginning of the period	52,987	8,828
Cash and cash equivalents at end of the period	$ 185,313	$ 28,869
Supplemental Disclosure of Cash Flow Information:		
Cash paid (received) during the period for:		
Income taxes	$ 836	$ (21,356)
Interest (net of amount capitalized)	$ 47,356	$ 41,227
Non-cash investing activities		
Additions to property, plant and equipment in accounts payable	$ 21,551	$ 19,990
Investments in affordable housing	$ 1,509	$ 6,000

The accompanying notes are an integral part of these statements.

IDACORP, Inc.

Condensed Consolidated Statements of Comprehensive Income

(unaudited)

	Three months ended September 30, 2010	Three months ended September 30, 2009
	(thousands of dollars)	
Net Income	$ 67,125	$ 54,707
Other Comprehensive Income:		
Net unrealized holding gains arising during the period, net of tax of $632 and $734	984	1,143
Unfunded pension liability adjustment, net of tax of $114 and $87	177	136
Total Comprehensive Income	68,286	55,986
Comprehensive loss (income) attributable to noncontrolling interests	10	(229)
Comprehensive Income Attributable to IDACORP, Inc.	$ 68,296	$ 55,757

The accompanying notes are an integral part of these statements.

IDACORP, Inc.

Condensed Consolidated Statements of Comprehensive Income

(unaudited)

	Nine months ended September 30, 2010	Nine months ended September 30, 2009
	(thousands of dollars)	
Net Income	$ 122,219	$ 100,963

Other Comprehensive Income:		
Net unrealized holding gains arising during the period,		
net of tax of $140 and $898	218	1,399
Unfunded pension liability adjustment, net of tax		
of $341 and $261	532	408
Total Comprehensive Income	122,969	102,770
Comprehensive loss (income) attributable to noncontrolling interests	188	(126)
Comprehensive Income Attributable to IDACORP, Inc.	$ 123,157	$ 102,644

The accompanying notes are an integral part of these statements.

IDACORP, Inc.

Condensed Consolidated Statements of Equity

(unaudited)

	Nine months ended September 30,	
	2010	**2009**
	(thousands of dollars)	
Common Stock		
Balance at beginning of period	$ 756,475	$ 729,576
Issued	38,086	16,738
Other	1,954	1,088
Balance at end of period	796,515	747,402
Retained Earnings		
Balance at beginning of period	649,180	581,605
Net income attributable to IDACORP, Inc.	122,407	100,837
Common stock dividends ($0.90 per share)	(43,321)	(42,413)
Balance at end of period	728,266	640,029
Accumulated Other Comprehensive Income (Loss)		
Balance at beginning of period	(8,267)	(8,707)
Unrealized gain on securities (net of tax)	218	1,399
Unfunded pension liability adjustment (net of tax)	532	408
Balance at end of period	(7,517)	(6,900)
Treasury Stock		
Balance at beginning of period	(53)	(37)
Issued	882	1,425
Acquired	(846)	(1,441)
Balance at end of period	(17)	(53)
Total IDACORP, Inc. shareholders equity at end of period	1,517,247	1,380,478
Noncontrolling Interests		
Balance at beginning of period	4,209	4,434

Net (loss) income attributed to noncontrolling interest	(188)	126
Other	-	(249)
Balance at end of period	4,021	4,311
Total equity at end of period	$ 1,521,268	$ 1,384,789

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 September 30,		**Nine months ended September 30,**	
	2010	**2009**	**2010**	**2009**
	(thousands of dollars)			
Operating Revenues:				
General business	$ 266,270	$ 277,676	$ 674,293	$ 663,818
Off-system sales	12,070	23,691	64,245	78,888
Other revenues	30,128	21,761	63,181	50,969
Total operating revenues	308,468	323,128	801,719	793,675
Operating Expenses:				
Operation:				
Purchased power	62,227	76,274	113,750	136,843
Fuel expense	51,339	49,530	116,083	113,138
Power cost adjustment	(20,934)	1,614	55,461	44,236
Other operations and maintenance	71,939	68,970	219,159	212,103
Energy efficiency programs	19,549	12,202	33,348	24,933
Depreciation	29,137	28,837	86,446	81,631
Taxes other than income taxes	5,645	5,600	17,130	15,749
Total operating expenses	218,902	243,027	641,377	628,633
Income from Operations	89,566	80,101	160,342	165,042
Other Income (Expense):				
Allowance for equity funds used during construction	3,858	2,131	11,878	4,629
Earnings of unconsolidated equity-method investments	5,402	4,328	7,738	6,980
Other (expense) income, net	(766)	1,717	(1,937)	9,662
Total other income	8,494	8,176	17,679	21,271
Interest Charges:				
Interest on long-term debt	20,135	18,826	59,003	53,661
Other interest	852	1,302	2,883	4,230
	(2,303)	(1,654)	(7,781)	(4,439)

Allowance for borrowed funds used during construction				
Total interest charges	18,684	18,474	54,105	53,452
Income Before Income Taxes	79,376	69,803	123,916	132,861
Income Tax Expense	14,726	18,746	2,216	36,194
Net Income	$ 64,650	$ 51,057	$ 121,700	$ 96,667

The accompanying notes are an integral part of these statements.

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Idaho Power Company
Condensed Consolidated Balance Sheets

(unaudited)

Assets	September 30, 2010 (thousands of dollars)	December 31, 2009
Electric Plant:		
In service (at original cost)	$ 4,291,987	$ 4,160,178
Accumulated provision for depreciation	(1,602,268)	(1,558,538)
In service - net	2,689,719	2,601,640
Construction work in progress	370,950	289,188
Held for future use	7,082	7,151
Electric plant - net	3,067,751	2,897,979
Investments and Other Property	113,706	108,299
Current Assets:		
Cash and cash equivalents	178,542	21,625
Receivables:		
Customer (net of allowance of $1,507 and $1,805, respectively)	69,263	74,987
Other (net of allowance of $144 and $185, respectively)	5,078	10,463
Income taxes receivable	97,576	3,585
Accrued unbilled revenues	46,663	51,272
Materials and supplies (at average cost)	45,331	48,054
Fuel stock (at average cost)	30,052	25,634
Prepayments	9,817	10,960
Deferred income taxes	7,331	7,887
Other	5,334	2,115
Total current assets	494,987	256,582
Deferred Debits:		
American Falls and Milner water rights	22,381	24,226
Company-owned life insurance	26,646	26,654
Regulatory assets	724,977	720,401

Other	41,267	39,249
Total deferred debits	815,271	810,530
Total	$ 4,491,715	$ 4,073,390

The accompanying notes are an integral part of these statements.

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Idaho Power Company

Condensed Consolidated Balance Sheets

(unaudited)

	September 30, 2010	December 31, 2009
Capitalization and Liabilities	**(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	668,758	638,758
Capital stock expense	(2,097)	(2,097)
Retained earnings	626,065	547,695
Accumulated other comprehensive loss	(7,517)	(8,267)
Total common stock equity	1,383,086	1,273,966
Long-term debt	1,488,205	1,409,730
Total capitalization	2,871,291	2,683,696
Current Liabilities:		
Long-term debt due within one year	121,064	1,064
Accounts payable	80,336	83,128
Notes and accounts payable to related parties	1,351	1,736
Interest accrued	26,250	20,056
Uncertain tax positions	75,136	1,138
Other	68,347	38,864
Total current liabilities	372,484	145,986
Deferred Credits:		
Deferred income taxes	650,526	611,749
Regulatory liabilities	296,861	287,780
Other	300,553	344,179
Total deferred credits	1,247,940	1,243,708
Commitments and Contingencies		

Total	$	4,491,715	$	4,073,390

The accompanying notes are an integral part of these statements.

Idaho Power Company

Condensed Consolidated Statements of Capitalization

(unaudited)

	September 30, 2010	**December 31, 2009**
	(thousands of dollars)	
Common Stock Equity:		
Common stock	$ 97,877	$ 97,877
Premium on capital stock	668,758	638,758
Capital stock expense	(2,097)	(2,097)
Retained earnings	626,065	547,695
Accumulated other comprehensive loss	(7,517)	(8,267)
Total common stock equity	1,383,086	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
3.40% Series Due 2020	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	-
Total first mortgage bonds	1,415,000	1,215,000
Amount due within one year	(120,000)	-
Net first mortgage bonds	1,295,000	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	(3,522)	(3,060)
Total long-term debt	1,488,205	1,409,730
Total Capitalization	$ 2,871,291	$ 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)

	Nine months ended September 30,	
	2010	**2009**
	(thousands of dollars)	
Operating Activities:		
Net income	$ 121,700	$ 96,667
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	90,785	85,922
Deferred income taxes and investment tax credits	67,516	12,419
Changes in regulatory assets and liabilities	50,338	37,721
Pension and postretirement benefit plan expense	10,474	7,756
Contributions to pension and postretirement benefit plans	(64,269)	(4,680)
Earnings of unconsolidated equity-method investments	(7,738)	(6,980)
Distributions from unconsolidated equity-method investments	455	8,340
Allowance for other funds used during construction	(11,878)	(4,629)
Other non-cash adjustments to net income	(729)	1,671
Change in:		
Accounts receivables and prepayments	8,830	(21,940)
Accounts payable	(5,652)	(26,283)
Taxes accrued/receivable	(80,853)	41,996
Other current assets	2,914	(11,817)
Other current liabilities	21,590	6,029
Other assets	(3,443)	678
Other liabilities	(4,206)	(14,983)
Net cash provided by operating activities	195,834	207,887
Investing Activities:		

Additions to utility plant	(249,437)	(155,591)
Proceeds from the sale of utility assets	18,982	-
Proceeds from the sale of non-utility assets	-	2,250
Proceeds from the sale of emission allowances and RECs	5,399	2,382
Other	3,274	648
Net cash used in investing activities	(221,782)	(150,311)
Financing Activities:		
Issuance of long-term debt	200,000	100,000
Remarketing of pollution control revenue bonds	-	166,100
Decrease in term loans	-	(170,000)
Retirement of long-term debt	(1,064)	(1,064)
Dividends on common stock	(43,325)	(42,560)
Net change in short term borrowings	-	(108,950)
Capital contribution from parent	30,000	20,000
Other	(2,746)	(3,909)
Net cash provided by (used in) financing activities	182,865	(40,383)
Net increase in cash and cash equivalents	156,917	17,193
Cash and cash equivalents at beginning of the period	21,625	3,141
Cash and cash equivalents at end of the period	$ 178,542	$ 20,334
Supplemental Disclosure of Cash Flow Information:		
Cash paid (received) during the period for:		
Income taxes	$ 21,815	$ (11,668)
Interest (net of amount capitalized)	$ 46,338	$ 40,505
Non-cash investing activities:		
Additions to property, plant and equipment in accounts payable	$ 21,551	$ 19,990

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 September 30,	
	2010	**2009**
	(thousands of dollars)	
Net Income	$ 64,650	$ 51,057
Other Comprehensive Income:		
Net unrealized holding gains arising during the period, net of tax of $632 and $734	984	1,143
Unfunded pension liability adjustment, net of tax		

of $114 and $87	177		136	
Total Comprehensive Income	$	65,811	$	52,336

The accompanying notes are an integral part of these statements.

Idaho Power Company

Condensed Consolidated Statements of Comprehensive Income

(unaudited)

	Nine months ended September 30,			
	2010		**2009**	
	(thousands of dollars)			
Net Income	$	121,700	$	96,667
Other Comprehensive Income:				
Net unrealized holding gains arising during the period, net of tax of $140 and $898	218		1,399	
Unfunded pension liability adjustment, net of tax of $341 and $261	532		408	
Total Comprehensive Income	$	122,450	$	98,474

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 access to books and records to the Federal Energy Regulatory Commission (FERC) and state utility regulatory commissions and imposes 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 491,183 general business customers as of September 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. The carrying value of BCC is $91 million at September 30, 2010, and the 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 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 $76 million at September 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 September 30, 2010, consolidated results of operations for the three and nine months ended September 30, 2010, and 2009, and consolidated cash flows for the nine months ended September 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;

Other accrued taxes, that are not income tax accruals, were removed from taxes accrued and included in other current liabilities in the IDACORP condensed consolidated balance sheets. Taxes accrued and taxes receivable were relabeled in IDACORP and Idaho Power s condensed consolidated balance sheets to be income taxes accrued and income taxes receivable, respectively, to provide greater comparability between statements;

Uncertain tax positions have been separately presented and are no longer included within other current liabilities in IDACORP and Idaho Power s condensed consolidated balance sheets as the uncertain tax positions are significant as of September 30, 2010;

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 September 30 is as follows (in thousands of dollars):

	IDACORP		**Idaho Power**	
	2010	**2009**	**2010**	**2009**
Income tax provision	$ 17,489	$ 13,730	$ 22,100	$ 18,746
Accounting method change	(7,374)	-	(7,374)	-
Income tax expense	$ 10,115	$ 13,730	$ 14,726	$ 18,746
Effective tax rate	13.1%	20.1%	18.6%	26.9%

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

	IDACORP		**Idaho Power**	
	2010	**2009**	**2010**	**2009**
Income tax provision	$ 26,448	$ 25,700	$ 33,874	$ 36,194
Accounting method change	(32,561)	-	(32,561)	-
Medicare Part D subsidy	903	-	903	-
Income tax (benefit) expense	$ (5,210)	$ 25,700	$ 2,216	$ 36,194
Effective tax rate	(4.4%)	20.3%	1.8%	27.2%

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. Net regulatory flow-through tax adjustments at Idaho Power and tax credits at IFS for the nine months ended September 30, 2010 were comparable to the same period in 2009.

Tax Accounting Method Change for Repair-Related Expenditures

In June 2010, Idaho Power completed its evaluation of a tax accounting method change for its 2009 tax year that allows a current income tax deduction for repair-related expenditures on its utility assets that are currently capitalized for financial reporting and tax purposes and planned 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. Accordingly, in the second quarter of 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 included an annual deduction estimate in its 2010 income tax provision, which resulted in a $3.6 million net tax benefit. In conjunction with recording the estimated tax benefit for the method change adjustment, Idaho Power increased its current liability for uncertain tax positions by $9.7 million.

In September 2010, Idaho Power adopted this method concurrent with the filing of IDACORP s 2009 consolidated federal income tax return. For the three months ended September 30, 2010, Idaho Power recorded an additional net tax benefit of $7.4 million related to the filed deduction for the cumulative method change adjustment and a $3.1 million net tax benefit for the annual deduction estimate included in its 2010 income tax provision. Idaho Power s current liability for uncertain tax positions was also increased by $2.2 million related to the method change adjustment.

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.

If recognized, $14 million of the unrecognized tax benefits for capitalized repairs 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 and Uniform Capitalization Method Change

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. In January 2010, IDACORP was accepted into the CAP program for its 2010 tax year. With the exception of Idaho Power s capitalized repairs method (discussed above) and uniform capitalization method (discussed below), IDACORP and Idaho Power believe there are no remaining tax uncertainties for the 2009 tax year and expect that the 2009 examination may conclude in the fourth quarter of 2010 or during fiscal year 2011. IDACORP and Idaho Power are unable to predict the outcome of the 2010 examination.

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. Since that time the IRS and Idaho Power have jointly worked through the impact the IDD guidance had on Idaho Power s uniform capitalization method and reached agreement during the third quarter of 2010. The agreement provided that Idaho Power change its uniform capitalization method to the agreed upon method under the IDD with the filing of IDACORP s 2009 consolidated federal income tax return. Due to the method change agreement with the IRS, Idaho Power reversed the uncertain tax position liability for its 2009 uniform capitalization deduction resulting in a $1.1 million tax benefit as of September 30, 2010.

The resulting tax deductions available under the agreed upon uniform capitalization method were significantly greater than Idaho Power s prior method. For the three months ended September 30, 2010, Idaho Power recorded a net tax benefit of $65.3 million related to the cumulative method change adjustment (tax years 1986 through 2009) for this method. The prescribed regulatory accounting treatment for this method is the same as discussed earlier for the capitalized repairs method.

Idaho Power has also provided a current uncertain tax position liability equal to the $65.3 million net tax benefit recorded for the uniform capitalization method change. While Idaho Power has an agreement with the IRS for examination and tax return filing purposes, it is awaiting U.S. Congress Joint Committee on Taxation approval of its method or approval of methods filed by similarly-situated companies under the IDD before concluding that the new method is effectively settled for financial reporting purposes. IDACORP and Idaho Power cannot predict when such approval will materialize, but believe it is possible in the fourth quarter of 2010 or, more likely, in 2011. If recognized, $61 million of the unrecognized tax benefits for uniform capitalization would affect the effective tax rate.

Cash Impacts of Tax Method Changes

IDACORP and Idaho Power will realize federal and state cash benefits associated with the 2009 capitalized repairs and uniform capitalization method changes of $33 million and $42 million, respectively. The majority of this cash benefit has been realized through reductions to cash payments that would have otherwise been owed to the taxing authorities for the 2009 tax year, except for a federal refund of $24 million that is expected to be received in the fourth quarter of 2010. Additionally, approximately $9 million of state cash benefits are expected to be substantially realized through reduced tax payments for the 2010 tax year.

The capitalized repairs and uniform capitalization method changes produced an income statement tax benefit of $44.5 million and $65.3 million respectively, prior to the accrual for uncertain tax positions. A portion of this earnings benefit relates to previously deferred income tax expense being flowed through the income statement which does not deliver any cash benefits. In addition, federal tax credits of $17 million previously recognized were restored due to the reduction of 2009 taxable income by the two method changes. The restored credits were a reduction to cash received in 2010, but will be available to deliver cash benefits in future periods.

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 Medicare Part D 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 income tax charges resulting from the legislation were incurred in the second or third quarters of 2010.

3. REGULATORY MATTERS:

Deferred Net Power Supply Costs

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

		Idaho		Oregon[1]		Total
Balance at December 31, 2009	$	**71,412**	$	**13,221**	$	**84,633**
Current period net power supply costs deferred		4,459		-		4,459

Prior costs expensed and recovered through rates		(58,572)		(1,348)		(59,920)
SO_2 allowances and REC sales credited to account		(3,250)		-		(3,250)
Interest and other		109		687		796
Balance at September 30, 2010	$	**14,158**	$	**12,560**	$	**26,718**

(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 and 2010 PCA

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 up to a $25 million general increase in annual base rates, and reset base power supply costs for the PCA, effective with the June 1, 2010 PCA rate change. This provision anticipated a significant reduction in PCA rates for the 2010-2011 PCA year.

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 accumulated deferred investment tax credit (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 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 year-end equity was between 9.5 and 10.5 percent, the sharing and additional amortization provisions were not triggered. As a result, 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. Idaho Power did not record any additional ADITC amortization in the third quarter of 2010. If additional ADITC amortization is not utilized in the fourth quarter of 2010, the ADITC available for additional amortization in 2011 will be $25 million.

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 base rate increase reflects a $63.7 million increase in base power supply costs and a $25 million increase in general rates. The net effect of these two rate adjustments was an overall decrease in Idaho jurisdiction customer rates of $58.2 million, or 6.49 percent, effective June 1, 2010.

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 the current rates at the time of filing. 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 was 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 to the pension plan. The IPUC approved Idaho Power s request to increase rates by $5.4 million, effective June 1, 2010. Including the $3.6 million remaining of the $5.4 million of regulatory assets approved for recovery discussed above, as of September 30, 2010, Idaho Power had $56.3 million of Idaho jurisdiction regulatory assets associated with deferred pension expenses that, based on its evaluation, are probable of recovery.

AMI: The IPUC approved Idaho Power s application for a $2.4 million annual increase in base rates for costs related to AMI, with 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. An order from the IPUC is pending.

In two separate orders issued in February 2009 and April 2010, the IPUC approved for ratemaking purposes energy efficiency rider expenditures, totaling $29 million, Idaho Power made from 2002 through 2007.

***Retirement Plan Prudency Filing*:** The IPUC s May 28, 2010 order approving Idaho Power s request to increase rates for pension contribution recovery provided that the allowance of recovery of a $5.4 million contribution for 2009 does not guarantee that the IPUC will similarly approve future recovery of contributions, without further justification. The order reiterated Idaho Power s authorization to continue regulatory treatment of current pension expenses. On October 1, 2010, Idaho Power filed an application with the IPUC requesting an order accepting Idaho Power s 2011 retirement benefits package, but without seeking specific recovery of additional contributions to Idaho Power s retirement benefit plans.

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. 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 in Oregon rates, effective June 1, 2010. On October 15, 2010, Idaho Power filed its October power cost update with the OPUC, requesting an increase in base rates of $1.6 million.

Annual OATT Update

On August 26, 2010, Idaho Power submitted its annual Final Information Filing for its Open Access Transmission Tariff (OATT) on its Open Access Same-Time Information System Internet platform. The new rate submitted by Idaho Power was $19.60 per kW/year, an increase over the prior $15.83 per kW/year OATT rate, and was effective as of October 1, 2010 for a period of one year. For the nine months ended September 30, 2010, revenues from the transmission rate for service under the OATT were $11 million. In September 2010, Idaho Power made corrections to its OATT rates for the period beginning October 1, 2007 through September 30, 2010 that resulted in the issuance of refunds, including interest, to transmission customers of $0.5 million.

4. LONG-TERM DEBT:

As of September 30, 2010, IDACORP had approximately $547 million remaining on a shelf registration statement filed with the Securities and Exchange Commission (SEC) that can be used for the issuance of debt securities or common stock.

In May 2010, Idaho Power registered with the SEC the sale of 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. On August 30, 2010, Idaho Power issued $100 million of 3.40% First Mortgage Bonds, Secured Medium-Term Notes, Series I due 2020 and $100 million of 4.85% First Mortgage Bonds, Secured Medium-Term Notes, Series I due 2040 under the shelf registration statement. As of September 30, 2010, $300 million remained on Idaho Power s shelf registration for the issuance of first mortgage bonds and debt securities.

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 September 30, 2010, no loans were outstanding on either IDACORP s facility or Idaho Power s facility. At September 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 September 30, 2010, and December 31, 2009 (in thousands of dollars):

		September 30, 2010	December 31, 2009
IDACORP			
	Commercial paper outstanding	$ 4,000	$ 53,750
	Weighted-average annual interest rate	0.46%	0.41%

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

6. COMMON STOCK:

IDACORP Common Stock

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

	Shares issued
Balance at December 31, 2009	**47,925,882**
Continuous equity program	768,612
Dividend reinvestment and stock purchase plan	110,769
Employee savings plan	81,322
Long-term incentive and compensation plan (LTICP) (1)	224,651
Restricted stock plan	13,293
Balance at September 30, 2010	**49,124,529**

(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. Under the current agreement IDACORP sold 768,612 shares in September 2010 at an average price of $35.21 for aggregate net proceeds of approximately $27 million. As of September 30, 2010, there were approximately 1.4 million shares remaining available to be sold under the current sales agency agreement.

Idaho Power Common Stock

On June 28, 2010 and on September 30, 2010, IDACORP contributed $10 million and $20 million, respectively, 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 September 30, 2010, the leverage ratios for IDACORP and Idaho Power were 52 percent and 54 percent, respectively. Based on these restrictions, IDACORP s and Idaho Power s dividends were limited to $646 million and $517 million, respectively, at September 30, 2010. There are additional covenants, subject to exceptions, that prohibit or restrict specified investments or acquisitions, mergers, or 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 September 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 nine months ended September 30, 2010 and 2009 (in thousands, except for per share amounts):

	Three months ended September 30,		Nine months ended September 30,	
	2010	2009	2010	2009
Numerator:				
Net income attributable to IDACORP, Inc.	$ 67,135	$ 54,478	$ 122,407	$ 100,837

Denominator:				
Weighted-average common shares outstanding - basic	48,086	47,068	47,917	46,953
Effect of dilutive securities:				
Options	30	15	37	12
Restricted Stock	136	58	108	34
Weighted-average common shares outstanding - diluted	48,252	47,141	48,062	46,999
Basic earnings per share	$ 1.40	$ 1.16	$ 2.55	$ 2.15
Diluted earnings per share	$ 1.39	$ 1.16	$ 2.55	$ 2.15

The diluted EPS computation excludes 321,891 and 337,242 options for the three and nine months ended September 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, the computation excludes 548,957 and 640,674 options for the same reason. In total, 417,796 options were outstanding at September 30, 2010, with expiration dates between 2011 and 2015.

8. COMMITMENTS:

Purchase Obligations

The following items are material changes to purchase obligations outside of the ordinary course of business during the nine months ended September 30, 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 stating that the purchases would be allowed as prudently incurred expenses for ratemaking purposes.

In 2010, Idaho Power entered into several purchased power agreements with wind and other alternate energy developers. Payments by Idaho Power under these agreements are expected to total approximately $493 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. Payments by Idaho Power under these service agreements are expected to total approximately $32 million from 2011 to 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 September 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 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 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 September 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 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. Some of these claims, controversies, disputes, and other contingent matters involve litigation or other contested proceedings. IDACORP and Idaho Power 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. After designating a presiding administrative law judge to establish hearing procedures in July 2010, on August 19, 2010, the FERC s Chief Administrative Law Judge suspended the hearing procedures and, in response to a solicitation from the FERC, on September 22, 2010, IE and Idaho Power, along with a number of other parties, submitted comments to the FERC regarding the scope of the proceedings. Although IE and Idaho Power are unable to predict when or how the FERC will rule on these motions and the later comments, 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. 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 direct effect of any such ruling is confined to obligations of IE and Idaho Power to the small minority of 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. In August 2010, at the request of IE and Idaho Power, the petitioners in all but one of the petitions for review of the FERC s orders establishing the scope of the show cause proceedings filed to withdraw their petitions as they relate to IE and Idaho Power. Although IE and Idaho Power are unable to predict how or when the Ninth Circuit will act on the requested withdrawals or the review petitions, in light of the settlement described above and the withdrawal requests, 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. On August 12, 2010, in response to a request by IE and Idaho Power, the California government agencies and California investor-owned utilities filed a request to withdraw their petition for review solely as it relates to IE and Idaho Power. IE and Idaho Power are unable to predict the outcome of these petitions for review proceedings or the withdrawal request, 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 and EPA Notice of Violation 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 (CAA), 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 September 28, 2010, the U.S. Environmental Protection Agency (EPA) issued a Notice of Violation to PGE, alleging that PGE has violated the New Source Performance Standards (NSPS) and operating permit requirements under the CAA, as a result of modifications made to the plant in 1998 and 2004. The Notice of Violation states the maximum civil penalties the EPA is authorized to impose under the CAA for violations of the NSPS (which range from $25,000 to $37,500 per day), but does not impose any penalties, or specify the amount of any proposed penalties with respect to the alleged violations.

Idaho Power continues to monitor the status of these matters but is unable to predict their outcome or what effect these matters 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 Idaho Power 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

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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 in December 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 notices of claims from a number of the homeowners and their insurers and has reached settlements with most 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 and Idaho Power 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 September 30 (in thousands of dollars):

	Pension Plan		**Senior Management Security Plan**		**Postretirement Benefits**	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**
Service cost	$ 4,417	$ 4,129	$ 385	$ 402	$ 340	$ 306
Interest cost	7,279	6,966	751	714	898	892
Expected return on plan assets	(7,270)	(5,991)	-	-	(641)	(538)
Amortization of transition obligation	-	-	-	-	510	510
Amortization of prior service cost	163	162	59	58	(133)	(134)
Amortization of net loss	1,918	2,215	232	164	143	211
Net periodic benefit cost	6,507	7,481	1,427	1,338	1,117	1,247
Costs not recognized due to the effects of regulation (1)	(4,624)	(7,481)	-	-	-	-
Net periodic benefit cost recognized for financial reporting (2)	$ 1,883	$ -	$ 1,427	$ 1,338	$ 1,117	$ 1,247

(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.

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

	Pension Plan		Senior Management Security Plan		Postretirement Benefits	
	2010	2009	2010	2009	2010	2009
Service cost	$ 13,253	$ 12,386	$ 1,156	$ 1,207	$ 1,020	$ 916
Interest cost	21,839	20,898	2,253	2,141	2,693	2,674
Expected return on plan assets	(19,847)	(17,974)	-	-	(1,921)	(1,611)
Amortization of transition obligation	-	-	-	-	1,530	1,530
Amortization of prior service cost	488	488	175	174	(401)	(401)
Amortization of net loss	5,756	6,643	698	494	430	632
Net periodic benefit cost	21,489	22,441	4,282	4,016	3,351	3,740
Costs not recognized due to the						

effects of regulation[1]	(18,650)	(22,441)	-	-	-	-
Net periodic benefit cost recognized for financial reporting [2]	$ 2,839	$ -	$ 4,282	$ 4,016	$ 3,351	$ 3,740

[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.

Pension Contribution

On September 15, 2010, Idaho Power contributed $60 million to its pension plan. The contribution was in excess of the $6 million minimum contribution required to be made in 2010 for the 2009 plan year. Idaho Power elected to contribute more than the minimum requirement in order to bring the pension plan to a more funded position, to reduce future required contributions, and to reduce Pension Benefit Guaranty Corporation premiums. Unless Idaho Power elects an alternative amortization schedule under the new legislation discussed below, minimum required contributions to the pension plan are estimated to be $2 million, $44 million, $37 million, and $36 million in 2011, 2012, 2013, and 2014, respectively, after giving effect to the September 2010 contribution. Idaho Power may elect to make contributions earlier than the required dates.

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Benefit Plan-Related Legislation

The Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act were enacted in March 2010. One provision of this legislation eliminates the deductibility of employer health care costs for retiree prescription drug expenses that are covered by federal subsidy payments equivalent to Medicare Part D. While this provision is not effective until 2013, relevant income tax accounting guidance requires recognition of the future effects of new law in the period of enactment. Due to the regulatory treatment of postretirement benefit costs, the increase in certain postretirement costs relating to the legislation is deferred as a regulatory asset. See Note 2 Income Taxes for the tax impacts recorded as a result of this legislation.

In June 2010, the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010 was signed into law, which permits employers to choose between two alternative funding options for defined benefit pension plans for any two plan years between 2008 and 2011, either (i) amortizing the funding shortfall for the applicable years over 15 years or (ii) paying interest only on the applicable plan years funding shortfall for two plan years followed by amortization of the actual shortfall for 7 years. If an alternate funding option is elected, it would reduce near-term required contributions to the plan by spreading them over a longer time period. The legislation does not eliminate Idaho Power s obligation to fully fund the pension plan. In addition, the legislation outlines penalties in the form of increased pension contributions from an employer that elects one of the funding relief options at the same time that employer (or entities within its ERISA-controlled group) awards excess employee compensation (generally compensation over $1 million per year paid to an employee), grants excessive dividends, or effects specified stock redemptions. Idaho Power will evaluate the legislation and its alternatives further prior to electing an alternative, if any. See Note 3 - Regulatory Matters for a discussion of Idaho Power s recovery of pension plan contributions through the ratemaking process.

11. INVESTMENTS IN DEBT AND 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.

Investments classified as held-to-maturity securities are reported at amortized cost. Held-to-maturity securities are investments in debt securities for which the companies have the positive intent and ability to hold the securities until maturity.

The following table summarizes investments in debt and equity securities of IDACORP and Idaho Power as of September 30, 2010 and December 31, 2009 (in thousands of dollars):

	September 30, 2010			December 31, 2009		
	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
Available-for-sale securities	$ 3,347	$ -	$ 17,066	$ 2,989	$ -	$ 18,842

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 September 30, 2010 and December 31, 2009, no securities were in an unrealized loss position.

The following table summarizes sales of available-for-sale securities for the three and nine months ended September 30, 2010 and 2009 (in thousands of dollars):

	Three months ended September 30,		Nine months ended September 30,	
	2010	2009	2010	2009
Proceeds from sales	$ -	$ 15	$ -	$ 9,030
Gross realized gains from sales	-	-	-	11
Gross realized losses from sales	-	-	-	35

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. 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, including renewable energy certificates, qualify for the normal purchases and normal sales exception. Because of Idaho Power s power cost adjustment mechanisms, unrealized gains and losses associated with the changes in fair value of these derivative instruments are recorded as regulatory assets or liabilities.

Idaho Power had the following volumes of derivative commodity forward contracts, entered into for the purpose of economically hedging forecasted purchases and sales, outstanding at September 30, 2010 and 2009:

Derivative Commodity Contracts

		September 30,	
Commodity	**Units**	**2010**	**2009**
Electricity purchases	MWh	443,250	604,650
Electricity sales	MWh	237,000	473,750
Natural gas purchases	MMBtu	325,500	1,147,000
Diesel purchases	Gallons	208,980	225,564

The following tables present the fair values and locations of derivative instruments recorded in the balance sheets at September 30, 2010 and December 31, 2009 (in thousands of dollars):

Commodity Derivatives	**Asset Derivatives**			**Liability Derivatives**		
	Balance Sheet	**Fair**		**Balance Sheet**	**Fair**	
September 30, 2010	**Location**	**Value**		**Location**	**Value**	
Current:						
Financial swaps	Other current assets	$	999	Other current assets	$	497
Financial swaps	Other current liabilities		3,136	Other current liabilities		6,301
Forward contracts	Other current liabilities		-	Other current liabilities		549
Long-term:						
Financial swaps	Other assets		71	Other assets		22
Total		$	4,206		$	7,369
December 31, 2009						
Current:						
Financial swaps	Other current assets	$	2,931	Other current assets	$	2,087
Financial swaps	Other current liabilities		9	Other current liabilities		610
Forward contracts	Other current liabilities		354	Other current liabilities		-
Long-term:						
Financial swaps	Other assets		442	Other assets		229
Total		$	3,736		$	2,926

The following table presents the gains and losses on derivatives for the three and nine months ended September 30, 2010 and 2009 (in thousands of dollars):

Commodity Derivatives	**Location of Gain/(Loss) on Derivatives Recognized in Income**	**Gain/(Loss) on Derivatives Recognized in Income** (1)	
Three months ended September 30, 2010:			
Financial swaps	Off-system sales	$	2,332
Financial swaps	Purchased power		(6,749)
Financial swaps	Fuel expense		(101)

	Forward contracts	Fuel expense		(721)
Three months ended September 30, 2009:				
	Financial swaps	Off-system sales		1,017
	Financial swaps	Purchased power		(876)
	Financial swaps	Fuel expense		(986)
	Forward contracts	Fuel expense		(5,794)
Nine months ended September 30, 2010:				
	Financial swaps	Off-system sales	$	3,284
	Financial swaps	Purchased power		(9,135)
	Financial swaps	Fuel expense		(101)
	Forward contracts	Fuel expense		(721)
Nine months ended September 30, 2009:				
	Financial swaps	Off-system sales		3,304
	Financial swaps	Purchased power		3,296
	Financial swaps	Fuel expense		(986)
	Forward contracts	Fuel expense		(5,794)

(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, which are recorded in fuel stock on the balance sheet, were immaterial for the three and nine months ended September 30, 2010. See Note 13 - Fair Value Measurements for additional information concerning the determination of fair value for Idaho Power s assets and liabilities from price risk management activities.

Credit Risk

At September 30, 2010, 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. The majority of Idaho Power s contracts are under the form of the Western Systems Power Pool agreement that provides for adequate assurances if a counterparty has debt that is downgraded to below investment grade by at least one rating agency. Idaho Power also requires North American Energy Standards Board contracts as necessary for physical gas transactions, and International Swaps and Derivatives Association, Inc. contracts as needed for financial transactions.

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 are in a liability position at September 30, 2010, was $7 million. Idaho Power had posted $4 million of collateral related to this

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amount. If the credit-risk-related contingent features underlying these agreements were triggered on September 30, 2010, Idaho Power would have been required to post $0.6 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.

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 basis location, which are also quoted under NYMEX. Trading securities consists 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.

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 September 30, 2010, and December 31, 2009 (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 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
September 30, 2010					
IDACORP					
Assets:					
	Derivatives	$ 551	$ -	$ -	$ 551
	Money market funds	87,802	-	-	87,802
	Trading securities: Equity securities	4,996	-	-	4,996
	Available-for-sale securities: Equity securities	17,066	-	-	17,066
Liabilities:					
	Derivatives	$ (32)	$ (549)	$ -	$ (581)
Idaho Power					
Assets:					
	Derivatives	$ 551	$ -	$ -	$ 551
	Money market funds	85,000	-	-	85,000
	Trading securities: Equity securities	4,428	-	-	4,428
	Available-for-sale securities: Equity securities	17,066	-	-	17,066
Liabilities:					
	Derivatives	$ (32)	$ (549)	$ -	$ (581)
December 31, 2009					
IDACORP					
Assets:					
	Derivatives	$ 1,056	$ 354	$ -	$ 1,410
	Money market funds	38,221	-	-	38,221
	Trading securities: Equity securities	6,286	-	-	6,286
	Available-for-sale securities: Equity securities	18,842	-	-	18,842
Liabilities:					
	Derivatives	$ (601)	$ -	$ -	$ (601)
Idaho Power					
Assets:					
	Derivatives	$ 1,056	$ 354	$ -	$ 1,410
	Money market funds	19,364	-	-	19,364

	Trading securities: Equity securities		5,217		-		-		5,217
	Available-for-sale securities: Equity securities		18,842		-		-		18,842
Liabilities:									
	Derivatives	$	(601)	$	-	$	-	$	(601)

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The table below presents the carrying value and estimated fair value of financial instruments that are not reported at fair value, as of September 30, 2010 and December 31, 2009, 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 analyses as appropriate.

	September 30, 2010		December 31, 2009	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
	(thousands of dollars)			
IDACORP				
Assets:				
Notes receivable	$ 2,946	$ 2,946	$ 2,946	$ 2,946
Liabilities:				
Long-term debt	1,618,342	1,732,023	1,422,130	1,406,815
Idaho Power				
Liabilities:				
Long-term debt	$ 1,612,790	$ 1,726,508	$ 1,413,854	$ 1,398,681

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. 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 following table 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 September 30, 2010:							
Revenues	$	308,468	$	889	$	-	$ 309,357
Income attributable to IDACORP, Inc.		64,650		2,485		-	67,135
Total assets at September 30, 2010		4,491,715		102,985		(20,307)	4,574,393
Three months ended September 30, 2009:							
Revenues	$	323,128	$	1,381	$	-	$ 324,509
Income attributable to IDACORP, Inc.		51,057		3,421		-	54,478
Nine months ended September 30, 2010:							
Revenues	$	801,719	$	2,354	$	-	$ 804,073
Income attributable to IDACORP, Inc.		121,700		707		-	122,407
Nine months ended September 30, 2009:							
Revenues	$	793,675	$	3,042	$	-	$ 796,717
Income attributable to IDACORP, Inc.		96,667		4,170		-	100,837

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 September 30, 2010, and the related condensed consolidated statements of income and comprehensive income for the three-month and nine-month periods ended September 30, 2010 and 2009, and of equity and cash flows for the nine-month periods ended September 30, 2010 and 2009. 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, 2009, 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 23, 2010, we expressed an unqualified opinion on those consolidated financial statements, which included an explanatory paragraph related to the adoption of accounting guidance for noncontrolling interests in consolidated financial statements and guidance for accounting for uncertainty in income taxes. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2009 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

October 28, 2010

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 September 30, 2010, and the related condensed consolidated statements of income and comprehensive income for the three-month and nine-month periods ended September 30, 2010 and 2009, and of cash flows for the nine-month periods ended September 30, 2010 and 2009. 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, 2009, 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 23, 2010, we expressed an unqualified opinion on those consolidated financial statements, which included an explanatory paragraph related to the adoption of guidance for accounting for uncertainty in income taxes. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet and statement of capitalization as of December 31, 2009 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

October 28, 2010

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.)

INTRODUCTION

In Management s Discussion and Analysis of Financial Condition and Results of Operations (MD&A), the general financial condition and results of operations for IDACORP, Inc. and its subsidiaries (collectively, IDACORP) and Idaho Power Company and its subsidiary (collectively, Idaho Power) are discussed.

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. IDACORP s common stock is listed and trades on the New York Stock Exchange under the trading symbol IDA.

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 approximately 491,000 general business customers as of September 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. Idaho Power generates revenues and cash flows primarily from the sale and distribution of electricity to customers in its Oregon and Idaho service territory, as well as from the wholesale sale and transmission of electricity. Idaho Power s revenues and income from operations are subject to fluctuations during the year due to the impacts of seasonal weather conditions on demand for electricity, price changes, customer usage patterns (which are affected in large part by the condition of the local economy), and the availability and price of purchased power and fuel. Idaho Power is a dual peaking utility that typically experiences its highest retail energy sales during the summer irrigation and cooling season, with a lower peak in the winter that generally results from heating demand. IDACORP s and Idaho Power s financial condition is also affected by regulatory decisions, through which Idaho Power seeks to recover its costs, including purchased power and fuel costs, on a timely basis, and to earn an authorized return on investment, and by the ability to obtain financing through the issuance of debt and/or equity securities.

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

While re