

# FINAL TRANSCRIPT

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## **IDA - Q1 2009 IDACORP, Inc. Earnings Conference Call**

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## CORPORATE PARTICIPANTS

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*IDACORP, Inc. - IR Director*

**LaMont Keen**

*IDACORP, Inc. - President and CEO*

**Darrel Anderson**

*IDACORP, Inc. - SVP Administrative Services and CFO*

**Ric Gale**

*Idaho Power - VP Regulatory Affairs*

**Lisa Grow**

*Idaho Power - VP Delivery Engineering and Operations*

**Jim Miller**

*Idaho Power - SVP Power Supply*

**Kenneth Petersen**

*IDACORP, Inc. - Corporate Controller*

## CONFERENCE CALL PARTICIPANTS

**Paul Ridzon**

*KeyBanc Capital Markets - Analyst*

**Steve Gambuzza**

*Longbow Capital - Analyst*

**Emily Christy**

*RBC Capital Markets - Analyst*

**James Bellessa**

*D.A. Davidson & Company - Analyst*

## PRESENTATION

**Operator**

Good day, and welcome, everyone, to the IDACORP First Quarter 2009 Conference Call. Today's call is being recorded and will be Webcast live. A complete replay will also be available from the end of the day for a period of 12 months on the Company's Website at [www.idacorpinc.com](http://www.idacorpinc.com). (Operator Instructions).

At this time, I would like to turn the call over to the Director of Investor Relations, Mr. Lawrence Spencer. Please go ahead, sir.

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**Lawrence Spencer** - *IDACORP, Inc. - IR Director*

Thank you, Melissa, and good afternoon, everyone. Welcome to our May 7 first quarter 2009 earnings release conference call.

We issued our earnings release before the markets opened today, and that document is now posted to our IDACORP Website at [www.idacorpinc.com](http://www.idacorpinc.com). We also filed a Form 10-Q with the SEC this morning, and that document is also posted to our IDACORP site.

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On the call today, we have LaMont Keen, IDACORP and Idaho Power President and CEO, and Darrel Anderson, IDACORP and Idaho Power Senior Vice President of Administrative Services and CFO. We also have other officers available to help answer your questions during the Q&A period.

Before turning the presentation over to LaMont, I'll cover a few details with you. First, our presentation today may contain forward-looking statements, and it is important to note that the Corporation's future results could differ materially from those discussed. A full discussion of the factors that could cause future results to differ materially can be found in our filings with the Securities and Exchange Commission.

Now I'll briefly discuss the financial results from today's earnings press release.

IDACORP's 2009 net income attributable to IDACORP was \$18.9 million, \$2.8 million less than last year. Idaho Power's first quarter 2009 net income was \$19.3 million, compared to \$21.3 million in 2008. IDACORP earnings decreased by \$0.08 per diluted share quarter over quarter to \$0.40 per diluted share.

I'll now turn the presentation over to LaMont.

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**LaMont Keen** - IDACORP, Inc. - President and CEO

Thanks, Larry, and greetings to our call participants. We thank you for your interest in IDACORP.

There are certainly many challenges to face today - a prolonged national and local economic recession, weakened and still unsettled capital markets, and looming impacts on the energy industry as the nation addresses climate change.

The good news is that, out of these challenges, opportunities lie ahead as well. We have adapted to the challenging circumstances to create many successes, ensuring that we are prepared to seize the opportunities presented when the economy eventually turns around.

For example, we anticipated the economic slowdown early last year and began adjusting our operations last spring. Those actions continue today as we aggressively manage our costs. We will emerge from this downturn a leaner but equally capable organization.

We also pressed ahead with our regulatory agenda to get our prices reflective of our costs. As a result of those efforts, we have improved our power supply costs, or PCA mechanisms, in Idaho and Oregon.

We achieved general rate relief in Idaho, most recently in March, as the Idaho Public Utilities Commission granted additional recovery in our petition for reconsideration of certain issues in the 2008 general rate case. You may recall that the IPUC denied some of our request for recovery, but our petition for reconsideration resulted in \$6.1 million in additional annual revenue.

During this first quarter, we also filed for rate increases for the Idaho PCA, our FCA decoupling mechanism, our energy-efficiency rider, and to collect more than \$11 million in annual revenues with the inclusion of automated metering infrastructure-related investments in base rates.

And we are working toward filing an Oregon general rate case later this year to address some of the same issues we identified in the Idaho general rate case.

Another positive development for the Company that prepares the way for future success is the Idaho legislature's passing of Senate Bill 1123, locally referred to as prior-approval legislation. This ratemaking legislation establishes an additional voluntary

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process for consideration of utility capital expenditures, whereby the IPUC may authorize and pre-approve qualified capital projects.

As we plan for future generations, we have been reaching out to communities to create strong, collaborative solutions. For example, the Swan Falls settlement agreement with the state of Idaho demonstrates our resolve to tackle tough issues and to work with other interested parties to reach mutually beneficial solutions. The agreement shapes the future of important water-management issues for the benefit of Idahoans for generations to come. Specifically, for Idaho Power Company, the agreement reduces litigation risk and expense and creates stability and continuity when it comes to our water rights.

Changing tracks just a little bit, the economic downturn has had a significant impact on new customers connecting to our system, and our customer count is essentially flat thus far in 2009. The slowdown is not desirable, obviously, for the local economy long term, but, in the short run on our system, it reduces capital expenditures, upward pressure on prices, and regulatory lag. Additionally, our FCA decoupling mechanism addresses deviations if average usage declines in the residential and small commercial customer groups and allows us to aggressively pursue conservation and energy efficiency.

We are also taking advantage of the slowdown to review and revise our plans for 2009 and beyond. The current economic climate does not diminish our obligation to look ahead. Instead, these times require foresight, diligence, and courage to act in order to fulfill our mission. To that end, we continue to pursue several actions.

We asked both the Idaho and Oregon Commissions to allow us to delay the filing of our 2009 integrated resource plan from June to December to accommodate new information and forecasts, given the current economic environment and evolving climate change regulation.

Also, the Boardman to Hemingway 500-kilovolt transmission line's in-service date has been revised from 2013 to 2015, as we reassess the timeline for permitting siting and construction.

We continue to move forward with site selection for the 1,000-mile Gateway West 500-KV transmission project with PacifiCorp.

Progress on the 300-megawatt Langley Gulch combined-cycle power plant also continues according to schedule. We recently filed the Langley Gulch Certificate of Public Convenience and Necessity, or CPCN, application, asking the IPUC to authorize Idaho Power to construct, own, and operate the plant. In the filing, Idaho Power requested specific ratemaking treatment for the plant under the provisions of the new prior-approval legislation previously discussed. We expect the IPUC to issue an order on our [CPCN] application in the third quarter of 2009.

To conclude, our commitment to responsible stewardship of IDACORP is seen not only in our actions to better position the Company immediately but also in our foresight in preparing for the curves in the road ahead. We apply ourselves very day to prepare and position IDACORP to succeed, whatever the future holds.

And, with that, I will now turn it over to Darrel Anderson, who will update you on our financial results.

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**Darrel Anderson** - IDACORP, Inc. - SVP Administrative Services and CFO

Thanks, LaMont, and good afternoon, everyone. Today I will discuss the first quarter 2009 earnings drivers, current liquidity, and financing activities and then provide an update on the 2009 key operating and financial metrics. We will then take your questions.

Idaho Power Company accounted for \$2 million of the \$2.8-million decrease in net income as compared to the first quarter 2008 results. The largest contributor to the lack of comparability in earnings between quarters is the result of a May 2008 Idaho Public Utility Commission Order that changed the allocation method for recording base power supply costs. This change

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impacted the PCA expense level during the first and second quarter of 2008. As a result, approximately \$6.4 million of lower PCA expense was recorded in the first quarter of 2008 than what would have been recorded had the order been effective by the end of that quarter.

General business revenues increased \$20.6 million over 2008 levels. The increase is attributable to a number of factors, including changes in retail base rates in March 2008 and February 2009, combined with PCA rate increases in June 2008; all told, adding approximately \$30 million in revenues. A 1% growth in customers quarter over quarter accounts for an additional \$2.2 million in general business revenues. However, these increases were offset by a 5% reduction in energy sales due to weather-related factors and a slowing economic climate, accounting for a decrease in revenues of \$9.8 million.

Commercial and industrial customers accounted for almost 70% of the decrease in sales volume. The impact of the decline in sales volume is partially mitigated by the load growth adjustment rate and the fixed-cost adjustment decoupling mechanism.

Even though hydroelectric generation in the first quarter of 2009 was almost 5% less than last year's first quarter, the net power supply costs, which consist of fuel, purchased power, and third-party transmission expenses, less off system sales, fell by \$5.3 million, or 11%, as the Company both sold and purchased less power at reduced prices. The price paid and received per megawatt hour fell by almost 25% quarter over quarter.

Other operation and maintenance expenses increased less than 1%, or \$300,000, over 2008 levels as a result of our emphasis on cost management and the impact of the fixed-cost adjustment mechanism. Included in expenses is an accrual for \$1.7 million for the FERC fee refund required by the recent Idaho Public Utility Commission General Rate Order.

Overall, Idaho Power's operating income decreased from \$45.2 million to \$35.7 million, a decline of approximately \$9.5 million quarter over quarter. Helping offset this reduction was a \$4.1-million increase from Bridger Coal Company, increased interest income from a \$1.9-million federal income tax refund, and \$2.2 million in benefits from life insurance policies.

I'll now discuss IDACORP's liquidity for first quarter 2009.

Cash flow from operations improved to \$44.4 million from \$20.9 million, comparing first quarter 2008 to the same period in 2009. The increase is primarily the result of a \$24-million improvement in the collection of previously deferred power supply costs and \$13 million from federal income tax refunds. These improvements were partially offset by the refund of \$13 million to transmission customers related to a final order from the Federal Energy Regulatory Commission on Idaho Power's open-access transmission tariff.

Cash used for investing activities decreased by \$24.5 million in the first quarter compared to the same period in 2008. Idaho Power's expenditures for utility plant were \$3.3 million less than the first quarter in 2008, reflecting the slowdown in new customer connections. The outflows were partially offset by \$4.8 million received from the sale of bond investments at IDACORP Financial and \$2.3 million in proceeds from the sale of emission allowances by Idaho Power.

Cash provided by financing activities improved \$32.9 million quarter over quarter. On March 30, 2009, Idaho Power issued \$100 million of 6.15% first mortgage bonds maturing in 2019. This was partially offset by common dividends paid of \$14 million and a retirement of \$7 million in notes at IDACORP Financial. Commercial paper outstanding at March 31 was \$48.2 million for IDACORP and \$98.7 million for Idaho Power. Current revolving credit facilities at IDACORP and Idaho Power are \$100 million and \$300 million, respectively, with \$51.9 million available at IDACORP and \$177.1 million available at Idaho Power at March 31. Both of these facilities expire in April 2012.

I would now like to kind of turn and talk a little bit about the key operating and financial metrics for 2009. These are also shown in the earnings release and our Form 10-Q issued earlier today.

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We have not changed our outlook for any of our key operating metrics. Our expected range of capital expenditures at Idaho Power Company remains unchanged, with the caveat that, if we receive the Certificate of Public Convenience and Necessity from the Idaho Public Utility Commission this fall, the capital spent at Langley Gulch is expected to be in the range of \$45 million to \$50 million, raising the capital expenditure range from \$220 million to \$230 million to \$265 million to \$280 million. We expect to finance the capital program with a combination of internally generated funds, equity, and debt.

We continue to have access to our continuous equity program with approximately 2.6 million shares of common stock available. Based on current operating cash flow estimates, we expect 2009 internal cash generation will provide the majority of our remaining capital requirements, including estimates for the Langley Gulch power plant, with little, if any, need to access the equity capital markets outside of our dividend reinvestment programs and employee-related plans.

Our long-term goal is to achieve a capital structure that is roughly 50% debt and 50% equity. As of March 31, our capital structure was 54% debt and 46% equity at IDACORP.

We are evaluating a number of long-term financing options for the Langley Gulch power plant. Our preference at this time is to own baseload-generating resources. With the estimated in-service date of the Boardman to Hemingway transmission line extending to 2015, our longer-term capital expenditure requirements are expected to be more in line with our ability to effectively manage and execute with a more traditional financing approach.

While we are not changing the expected range of hydroelectric generation, which, in a normal year is 8.5 million megawatt hours, the current range of hydro projections are based on current Snake River Basin snowpack at 91% of average on April 30, with reservoir storage levels approximately 8% above normal.

This concludes the financial update, and we would now like to respond to your questions.

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## QUESTIONS AND ANSWERS

### Operator

Thank you. (Operator Instructions). Your first question comes from the line of Paul Ridzon with KeyBanc Capital Markets.

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**Paul Ridzon** - KeyBanc Capital Markets - Analyst

Good afternoon. What was the period that the FERC refund relates to? Is that prior-year periods?

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**Lawrence Spencer** - IDACORP, Inc. - IR Director

The first refund?

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**Darrel Anderson** - IDACORP, Inc. - SVP Administrative Services and CFO

The tax refund?

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**Paul Ridzon** - KeyBanc Capital Markets - Analyst

The FERC refund.

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**Darrel Anderson** - IDACORP, Inc. - SVP Administrative Services and CFO

Oh the FERC refund -- I'm sorry. It goes back to -- just a second.

**Kenneth Petersen** - IDACORP, Inc. - Corporate Controller

It goes back to 2006.

**Darrel Anderson** - IDACORP, Inc. - SVP Administrative Services and CFO

2006.

**Kenneth Petersen** - IDACORP, Inc. - Corporate Controller

June of 2006.

**Paul Ridzon** - KeyBanc Capital Markets - Analyst

And, relative to last year's second quarter as we look forward, the second quarter of '08 kind of double booked the PCA redesign. Is that correct?

**Darrel Anderson** - IDACORP, Inc. - SVP Administrative Services and CFO

That's correct.

**Darrel Anderson** - IDACORP, Inc. - SVP Administrative Services and CFO

Yeah, Paul, this is Darrel. What we said when we filed the 8-K a while back, what we said in that 8-K was we laid out a table that kind of indicated the expected spread of those base power supply costs. And, in there, we talk about the fact that in the second quarter we accrued the \$6.4 million that would otherwise have been related to the first quarter. So that is included in second quarter results last year.

**Paul Ridzon** - KeyBanc Capital Markets - Analyst

And that \$6.4 million is an after-tax number. Correct?

**Darrel Anderson** - IDACORP, Inc. - SVP Administrative Services and CFO

No. That is a pretax number.

**Paul Ridzon** - KeyBanc Capital Markets - Analyst

Okay. Thank you very much.

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**Darrel Anderson** - IDACORP, Inc. - SVP Administrative Services and CFO

Ok, thanks Paul.

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**Operator**

Your next question comes from the line of Steve Gambuzza, with Longbow Capital.

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**Steve Gambuzza** - Longbow Capital - Analyst

You mentioned that you're delaying one transmission project and that you're working through the siting on Gateway West still. Can you just update us on why the one project got delayed and remind me what the scope of that project was and, then, just talk about your capital plans for Gateway West in a little bit more detail?

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**Darrel Anderson** - IDACORP, Inc. - SVP Administrative Services and CFO

Steve, this is Darrel. I'll start, and then I'm going to flip it over to Lisa Grow, who heads up our transmission area there, who is actively engaged with both the Gateway project and the Boardman to Hemingway project.

But, just to give you a flavor, the primary reason for the delay is really to accommodate the siting schedule and working with all the various parties involved. And so it's really a function of identifying the appropriate schedule for siting. The need requirement that we have hasn't changed as it stands today. So the bottom line is it's really kind of focused on siting sides of things.

I'll have Lisa kind of talk a little bit more about that and then also talk about the Gateway-- where we're at with Gateway West. And then we can come back a little bit on the capital side.

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**Lisa Grow** - Idaho Power - VP Delivery Engineering and Operations

Ok, I don't have too much to add on the Boardman to Hemingway. Just to review what the project is, it goes from just south of Boise near a town called Melba. That's where the new Hemingway station is separately being built. And then it will go approximately 300 miles to Boardman, Oregon. And, again, it's being built at 500-KV, and it's really-- Projects of this size haven't been built for a number of years in the northwest and, arguably, most parts of the west, and so we're just having to take the time and work through the issues with all kinds of interest groups, whether it's private landowners, environmental concerns, et cetera. So we just realized that our current schedule just didn't allow enough time, and so we needed to shift it.

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**Steve Gambuzza** - Longbow Capital - Analyst

And, your prior schedule was 2013 completion date?

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**Lisa Grow** - Idaho Power - VP Delivery Engineering and Operations

That's correct.

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**Steve Gambuzza** - Longbow Capital - Analyst

And when was construction supposed to start under the prior schedule?

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**Lisa Grow** - Idaho Power - VP Delivery Engineering and Operations

It would have started, probably, late in 2010 or early 2011.

**Steve Gambuzza** - Longbow Capital - Analyst

Okay. And so now everything is kind of pushed back two years?

**Lisa Grow** - Idaho Power - VP Delivery Engineering and Operations

That's correct.

**Steve Gambuzza** - Longbow Capital - Analyst

Okay. Have you already gone through the process of selecting contractors on that, or was that not yet done?

**Lisa Grow** - Idaho Power - VP Delivery Engineering and Operations

We have not done that. We do have some-- the environmental engineering consultant that's on board, and we do have an owners engineer on board. But we haven't done any sort of EPC or anything like that. We're not to that stage.

**Steve Gambuzza** - Longbow Capital - Analyst

Okay. And you mentioned that was the Boardman plant. Is that right?

**Darrel Anderson** - IDACORP, Inc. - SVP Administrative Services and CFO

Yes. That's the Boardman to Hemingway line; the other line is the Gateway West line.

**Steve Gambuzza** - Longbow Capital - Analyst

Okay. And, on Gateway West, can you just update us on the status of when you expect to begin spending?

**Lisa Grow** - Idaho Power - VP Delivery Engineering and Operations

That one's probably within the same timeframe for certain segments. There are segments that are to the far east that are probably going to be the first ones to be built. But we're going through similar siting activities with our partner, PacifiCorp. And so that project is really as we described before. We segment it into-- We're going to permit it all now, and then we will build the segments as they're needed. And we anticipate that the first segment would start probably in the 2013 area. However, right now, that is looking at the Populus to Utah segment of the Gateway South project.

I don't mean to sound too confusing here, but there are three projects that have the Gateway name on it, one of which we are partners with. So PacifiCorp has the Gateway South, sort of Gateway Central, and then Gateway West. And we are, again, only partners in the Gateway West part of it. So other parts of the Gateway may start in 2013. We may not be the partners in that segment.

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**Steve Gambuzza** - *Longbow Capital - Analyst*

Okay. I guess I was confused. Gateway South-- my understanding is there's already work underway on that piece.

**Lisa Grow** - *Idaho Power - VP Delivery Engineering and Operations*

That's the Central.

**Steve Gambuzza** - *Longbow Capital - Analyst*

Okay, Gateway Central. Excuse me.

**Lisa Grow** - *Idaho Power - VP Delivery Engineering and Operations*

Yes.

**Steve Gambuzza** - *Longbow Capital - Analyst*

And so--

**Lisa Grow** - *Idaho Power - VP Delivery Engineering and Operations*

That's the Populus station.

**Steve Gambuzza** - *Longbow Capital - Analyst*

Exactly. So that's ongoing. I guess I had assumed-- I had thought of them all as kind of interlinked. But it sounds like you're not involved with that, and the earliest you'd start-- you'd see your segment start going is in the '13 timeframe?

**Lisa Grow** - *Idaho Power - VP Delivery Engineering and Operations*

At this point, possibly. Yes.

**Darrel Anderson** - *IDACORP, Inc. - SVP Administrative Services and CFO*

Steve, this is Darrel. One thing I would-- A couple of things along those lines around what we're participating in and what's included in some of the capital numbers that we've provided to you. For instance, in the three-year numbers that we've provided that are in the Q and in the K, they really reference-- On the Boardman to Hemingway line, it's really focused on the permitting and siting costs is what's in there today. And that takes us out through that period. As Lisa said, we don't expect to start construction until '13 at this point in time.

And on the Gateway West side of things, our number-- We expect in and around \$40 million for that 2009 to 2011 time period-- are the numbers that we're looking at. And there's-- We've got some pretty extensive discussions in the 10-Q, if you get a chance to look at that, where we talk about those projects and attempt to lay out what we expect the capital requirements to be over the next three years.

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**Steve Gambuzza** - *Longbow Capital - Analyst*

Okay. But, I guess, in terms of-- not a lot of capital in the next three years. And it seems like there's little-- Given the technical complexity of the project and the magnitude of it and the siting, little chance of it getting the lion's share of the CapEx moving forward into the 2012/2013 timeframe.

**Darrel Anderson** - *IDACORP, Inc. - SVP Administrative Services and CFO*

That's when those would begin to kick in. That's correct. That would be the earliest for those. That's what we're saying-- My comments earlier-- Based on that, it actually kind of levelizes some of our capital over the next few years.

**Steve Gambuzza** - *Longbow Capital - Analyst*

Okay. And I know your neighbors in Oregon recently indicated that they're going to be proposing a 300-megawatt to 500-megawatt, combined-cycle unit at Boardman to meet their capacity needs in the 2013 to '15 timeframe. And they indicated they may be looking for partners. Do you see a need for baseload capacity in the near term? Is that something that you guys are considering?

**Darrel Anderson** - *IDACORP, Inc. - SVP Administrative Services and CFO*

Well one of the things I'd say-- One of the things we are doing right now is-- Part of the delay in our IRP process is to go back and reassess where we are in all aspects. And part of that will be an assessment of what our needs are on a baseload requirement standpoint. We know we have the Langley need as it stands today, and so we know that's in the plan. If you look at our 20-year plan on our last IRP, it has another baseload resource built in there that's not named.

And Jim Miller is here, who heads up the power supply side. I'll let him comment on the Boardman side of things.

**Jim Miller** - *Idaho Power - SVP Power Supply*

This is Jim Miller. As far as that plant goes, we've told them we would be interested in talking with them but don't see a direct need to participate right now.

**Steve Gambuzza** - *Longbow Capital - Analyst*

And do you see any chance that the existing coal units at Boardman get retired early?

**Jim Miller** - *Idaho Power - SVP Power Supply*

That's one of the options based on some of the environmental issues going on in the state of Oregon.

**Steve Gambuzza** - *Longbow Capital - Analyst*

Okay. It's an entirely Oregon proceeding, even though you take power from that? It's not something that Idaho has a say on?

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**Jim Miller** - Idaho Power - SVP Power Supply

Well, we're a 10% owner in the plant, and we are participating in those discussions with Portland General and our other partner. But, right now, it's on the table, but there's been no decision.

**Steve Gambuzza** - Longbow Capital - Analyst

Ok.

**Jim Miller** - Idaho Power - SVP Power Supply

If it did get shut down, it would be out a lot longer that, at least, our short-term planning horizon. We're talking like in the 2020 range.

**Steve Gambuzza** - Longbow Capital - Analyst

Okay. You see that as the earliest date something like that would happen?

**Jim Miller** - Idaho Power - SVP Power Supply

That's one of the off-ramps that we're talking about right now.

**Steve Gambuzza** - Longbow Capital - Analyst

Thank you very much for your time.

**Darrel Anderson** - IDACORP, Inc. - SVP Administrative Services and CFO

Thanks Steve.

**Operator**

(Operator Instructions). Your next question comes from the line of Emily Christy with RBC Capital Markets.

**Emily Christy** - RBC Capital Markets - Analyst

I'm wondering about the Idaho economy and how that's looking now in terms of unemployment, housing, and such.

**Darrel Anderson** - IDACORP, Inc. - SVP Administrative Services and CFO

Right now, we are sitting on-- The Idaho unemployment rate is right around 7% as it stands right now. And that varies kind of in regions. In the Boise metropolitan area, it's kind of upwards, north of that number, around 8%-plus, which is about double where it was a year ago. So it's fair to say that it's kind of in and around where the national averages are, we would say, but some parts are harder impacted than others.

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**Emily Christy** - RBC Capital Markets - Analyst

Okay. And, in terms of Senate Bill 1123, I'm wondering how the preauthorization/preapproval process works. Is it considered separately-- the plant would be considered separately, and then you'd have a separate-- Are we approved ahead of time, or is that just a guarantee that it's going to be in your rate base the next time you go for a rate case? How exactly is that going to play out?

**Darrel Anderson** - IDACORP, Inc. - SVP Administrative Services and CFO

Emily, that's a great question. I'm going to have Ric Gale, who heads up our regulatory side of things, kind of speak to that Bill.

**Ric Gale** - Idaho Power - VP Regulatory Affairs

Hi Emily. We actually are applying that new ability with our Langley Gulch proceeding. We supplemented our testimony since the governor signed it into law, and we are asking for very specific ratemaking treatment in that supplemental testimony that includes an expectation of the plant going into rate base at a specified number, a soft cap where we could argue that any excess could be still be prudent, but that would be the obligation on us. We specified the treatment of fuel. We specified the treatment of how-- of the expected ROE. So all those things are part of our request for Langley. They're all provided for in the legislation. And we expect the Commission to take them into consideration as they work towards an order the first part of September.

**Emily Christy** - RBC Capital Markets - Analyst

Okay. And just one more question, switching gears to energy efficiency. I know you've made some changes in those programs recently. I'm just kind of wondering how you approach them going forward. Different states have mechanisms for earnings on different programs like this. I'm just kind of wondering how you're looking at that.

**Darrel Anderson** - IDACORP, Inc. - SVP Administrative Services and CFO

We're going to pass that on to Ric also. He's been active on the regulatory front with respect to our most recent energy efficiency filing.

**Ric Gale** - Idaho Power - VP Regulatory Affairs

Emily, we've been pursuing a three-part regulatory process for energy efficiency for a while. Actually, we've been doing it with some help from some of the environmental community. First of all, we pursued a real-time expense recovery through our rider. And, if you've been watching us, our rider has virtually escalated each year as we continue to ramp up programs and make more investments in energy efficiency and demand-side resources and demand response. In fact, we have-- Well, it's one of our filings this spring, which we expect to have a ruling on June 1. So the first part is real-time recovery.

The second two parts we've been piloting. One of them is the decoupling, or FCA mechanism that LaMont spoke to in his opening remarks. Basically, that breaks the disincentive for the Company to conserve or embark upon energy efficiency.

And the last one's a little tougher nugget for us to figure out, and that is the profit piece. We've been pursuing a performance pilot on a small program. Ultimately, you're looking for a business case for energy efficiency, where you could actually make a dollar on doing that aspect of the business.

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**Emily Christy** - RBC Capital Markets - Analyst

Okay. Thank you very much.

**Darrel Anderson** - IDACORP, Inc. - SVP Administrative Services and CFO

Thanks Emily.

**Operator**

Next question comes from the line of James Bellessa with D.A. Davidson & Co.

**James Bellessa** - D.A. Davidson & Company - Analyst

Good afternoon. The decline in kilowatt-hour sales - partly weather/partly economy. Can you divide up the two and tell us what portion of the decline is attributed to each?

**Darrel Anderson** - IDACORP, Inc. - SVP Administrative Services and CFO

Yeah, Jim, we can give you some estimates there. We estimate that the impact of the economy of that 5% decline is approximately 3%, and the weather is about 2%.

**James Bellessa** - D.A. Davidson & Company - Analyst

The hydro conditions that you cite here in your footnote-- Are those yours, your forecasts - your internal hydrologist?

**Darrel Anderson** - IDACORP, Inc. - SVP Administrative Services and CFO

The range that we provided represents our internal estimate of what we think the range of hydro generation will be.

**James Bellessa** - D.A. Davidson & Company - Analyst

And the footnote talking about snowpack and reservoir levels--

**Darrel Anderson** - IDACORP, Inc. - SVP Administrative Services and CFO

Yes, those are our observed levels of snowpack and reservoir storage.

**James Bellessa** - D.A. Davidson & Company - Analyst

Do you have a comparison against where it was last year at this time?

**Darrel Anderson** - IDACORP, Inc. - SVP Administrative Services and CFO

I don't have that handy with me, Jim.

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**James Bellessa** - *D.A. Davidson & Company - Analyst*

This financing for Langley, if it gets approved, what are your plans?

**Darrel Anderson** - *IDACORP, Inc. - SVP Administrative Services and CFO*

Right now, we're evaluating a number of different options. For the balance of this year, we would expect to basically use internally generated funds for the balance. We still have to work through a number of options. And one of those would be a traditional debt/equity financing as the costs come over the next couple of years. That's one option that we're looking at. And, if things go the way they are, we think that could be a way to approach that project.

**James Bellessa** - *D.A. Davidson & Company - Analyst*

It's a pretty good-sized plant.

**Darrel Anderson** - *IDACORP, Inc. - SVP Administrative Services and CFO*

Yes, it is.

**James Bellessa** - *D.A. Davidson & Company - Analyst*

At some time, you'd have to have equity, wouldn't you?

**Darrel Anderson** - *IDACORP, Inc. - SVP Administrative Services and CFO*

Yes. If we go down the path of traditional finance projects, yes, we would have to go out and issue equity in order to fund that project.

**James Bellessa** - *D.A. Davidson & Company - Analyst*

And the time for approving that is 2011 or 2012?

**Darrel Anderson** - *IDACORP, Inc. - SVP Administrative Services and CFO*

Right now, we expect an online date late 2012. And construction would start, in essence, upon receipt of our certificate.

**James Bellessa** - *D.A. Davidson & Company - Analyst*

And the benefit from Bridger Coal Company-- Can you characterize how that might go and play out for the rest of the year?

**Darrel Anderson** - *IDACORP, Inc. - SVP Administrative Services and CFO*

What happened, as you recall, last year when we were sitting here at this time, we were having some problems with the long-wall mining operations over there. So that was increasing the cost of production. And so they have since fixed that, and that's why you see the net benefit. But what happened last year is there was a smoothing over last year over the balance of the year. So

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we did recover some of that lesser performance over the balance of last year. So I would not say that-- I think it will be somewhat, I think, at the end of the day, comparable this year versus last.

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**James Bellessa** - *D.A. Davidson & Company - Analyst*

Do you plan any more life insurance benefits for the rest of the year?

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**Darrel Anderson** - *IDACORP, Inc. - SVP Administrative Services and CFO*

I can't predict those.

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**James Bellessa** - *D.A. Davidson & Company - Analyst*

Okay. Thank you very much.

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**Darrel Anderson** - *IDACORP, Inc. - SVP Administrative Services and CFO*

Thanks Jim.

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**Operator**

Your next question comes from Paul Ridzon with KeyBanc Capital Markets.

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**Paul Ridzon** - *KeyBanc Capital Markets - Analyst*

I just had a follow-up. Your irrigation load was way down. Is there anything fundamental there happening in the Ag business, or is that just a function of precip?

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**Darrel Anderson** - *IDACORP, Inc. - SVP Administrative Services and CFO*

The first quarter, irrigation sales generally aren't very significant. But what I will point you to-- And we don't think it's necessarily going to reduce loads overall, but we do have some programs going into place this year on the peak reduction program, where we're looking to kind of move some of the irrigators out of the peak. And we have as part of our energy efficiency program—So, we don't expect overall loads to go down. We're just kind of moving that peak. But, as it relates to the first quarter now, there's no real significant items there that we could report on, other than timing of precip. It's just not a big irrigation period.

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**Paul Ridzon** - *KeyBanc Capital Markets - Analyst*

Okay. Thanks.

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**Darrel Anderson** - *IDACORP, Inc. - SVP Administrative Services and CFO*

You bet, Paul.

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**Operator**

That concludes the question and answer session for today. We have no further questions in the queue. Mr. Keen, I will now turn the conference back to you.

**LaMont Keen - IDACORP, Inc. - President and CEO**

All right. Thank you, all, for participating on our call this afternoon. We look forward to providing you further updates throughout the year. So, once again, thank you for your interest in IDACORP, and good day.

**Operator**

That concludes today's conference. Thank you for your participation.

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