

IDAHO POWER CO
Form 8-K
January 16, 2007

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): January 9, 2007

| Commission File Number | Exact name of registrants as specified in their charters, address of principal executive offices and registrants' telephone number | IRS 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 | 82-0130980 |

State or Other Jurisdiction of Incorporation: Idaho
None

Former name or former address, if changed since last report.

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2.):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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ITEM 8.01 OTHER EVENTS

As previously reported, Idaho Power Company (Idaho Power) filed a petition with the Idaho Public Utilities Commission (IPUC) in April 2006 requesting modification of one component of its Power Cost Adjustment mechanism (PCA) referred to as the Load Growth Adjustment Rate (LGAR). The LGAR subtracts the cost of serving new Idaho retail customers from the power supply costs Idaho Power is allowed to include in its PCA.

The LGAR was set at \$16.84 per megawatt-hour when the PCA began in 1993. This amount was established as the projected marginal cost of serving each new customer and is subtracted from each year's PCA expense. In its April 2006 petition, Idaho Power requested using the embedded cost of serving the new load rather than the projected marginal cost and to lower the rate to \$6.81 per megawatt-hour. The IPUC Staff recommended against changing to the embedded cost approach; Staff also recommended increasing the rate to \$40.87 per megawatt-hour.

On January 9, 2007, the IPUC issued its final order in this matter. The IPUC maintained the marginal cost methodology and set the new LGAR at \$29.41 per megawatt-hour. The new rate becomes effective on April 1, 2007 and will first affect customer rates on June 1, 2008.

The impact of the new LGAR on Idaho Power will ultimately be determined by future load growth. Assuming an average 40 megawatt load growth, the new rate would result in approximately \$10.3 million subtracted from the next PCA, a pre-tax increase of \$4.4 million over the current amount. The impact of the new LGAR can be partially offset by Idaho Power through more frequent general rate case filings with the IPUC or from less customer growth. In its order the IPUC stated that it expected Idaho Power to update its load growth adjustment in all future general rate cases.

Certain statements contained in this Current Report on Form 8-K, including statements with respect to future earnings, ongoing operations, and financial conditions, are "forward-looking statements" within the meaning of federal securities laws. Although IDACORP and Idaho Power believe that the expectations and assumptions reflected in these forward-looking statements are reasonable, these statements involve a number of risks and uncertainties, and actual results may differ materially from the results discussed in the statements. Factors that could cause actual results to differ materially from the forward-looking statements include: changes in governmental policies, including new interpretations of existing policies, and regulatory actions and regulatory audits, including those of the Federal Energy Regulatory Commission, the Idaho Public Utilities Commission, the Oregon Public Utility Commission and the Internal Revenue Service with respect to allowed rates of return, industry and rate structure, day-to-day business operations, acquisition and disposal of assets and facilities, operation and construction of plant facilities, relicensing of hydroelectric projects, recovery of purchased power expenses, recovery of other capital investments, present or prospective wholesale and retail competition (including but not limited to retail wheeling and transmission costs) and other refund proceedings; changes arising from the Energy Policy Act of 2005; litigation and regulatory proceedings, including those resulting from the energy situation in the western United States, and settlements that influence business and profitability; changes in and compliance with environmental, endangered species and safety laws and policies; weather variations affecting hydroelectric generating conditions and customer energy usage; over-appropriation of surface and groundwater in the Snake River Basin resulting in reduced generation at hydroelectric facilities; construction of power generating, transmission and distribution facilities including inability to obtain required governmental permits and approvals, and risks related to contracting, construction and start-up; operation of power generating facilities including breakdown or failure of equipment, performance below expected levels, competition, fuel supply, including availability, transportation and prices, and transmission; impacts from the potential formation of a regional transmission organization and the dissolution of Grid West; population growth rates and demographic patterns; market demand and prices for energy, including structural market changes; changes in operating expenses and capital expenditures and fluctuations in sources and uses of cash; results of financing efforts, including the ability to obtain financing on favorable terms, which can be affected by factors such as credit ratings and general economic conditions; actions by credit rating agencies, including changes in rating criteria and new interpretations of existing criteria; homeland security, natural disasters, acts of war or terrorism; market conditions and technological developments that could affect the operations and prospects of IDACORP's subsidiaries or their competitors; increasing health care costs and the resulting effect on medical benefits paid for employees; performance of the stock market and the changing interest rate environment, which affect the amount of required contributions to pension plans, as well as the reported costs of providing pension and other postretirement benefits; increasing costs of insurance, changes in coverage terms and the ability to obtain insurance; changes in tax rates or policies, interest rates or rates of inflation; adoption of or changes in critical accounting policies or estimates; and new accounting or Securities and Exchange Commission requirements, or new interpretation or application of existing requirements. Any such forward-looking statement should be considered in light of such factors and others noted in the company's Annual Report on Form 10-K for the year ended December 31, 2005, the Quarterly Reports on Form 10-Q for the quarters ended March 31, June 30, 2006 and September 30, 2006 and other reports on file with the Securities and Exchange Commission. Any forward-looking statement speaks only as of the date on which such statement is made. New factors emerge from time to time and it is not possible for management to predict all such factors, nor can it assess the impact of any such factor on the business or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned hereunto duly authorized.

Dated: January 16, 2007

IDACORP, Inc.

By: /s/ Darrel T. Anderson
Darrel T. Anderson

Senior Vice President -

Administrative Services and

Chief Financial Officer

Idaho Power Company

By: /s/ Darrel T. Anderson
Darrel T. Anderson

Senior Vice President -

Administrative Services and

Chief Financial Officer