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EDITED TRANSCRIPT

IDA - Q3 2017 Idacorp Inc Earnings Call

EVENT DATE/TIME: NOVEMBER 02, 2017 / 8:30PM GMT

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PRESENTATION

Operator

Welcome to IDACORP's Third Quarter 2017 Conference Call. Today's call is being recorded and webcast live. A complete replay will be available from the end of the day for a period of 12 months on the company's website at idacorpinc.com. (Operator Instructions)

Now I will turn the call over to Justin Forsberg, Director of Investor Relations.

Justin Forsberg

Thanks, Gary. Before the markets opened today, we issued and posted to the IDACORP website both our third quarter 2017 earnings release and Form 10-Q. The slides we'll be using to supplement today's call are also available on our website. We'll refer to those slides by number during the call.

As noted on Slide 2, our presentation today will include forward-looking statements, which represent our current views on what the future holds. These forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from statements made today, some of which are listed on Slide 2, and are supplemented by information in our filings with the Securities and Exchange Commission, which we encourage you to review. We caution you against placing undue reliance on any forward-looking statements.

As shown on Slide 3, on today's call we have Darrel Anderson, President and Chief Executive Officer; and Steve Keen, Senior Vice President, Chief Financial Officer and Treasurer; along with other individuals available to help answer your questions during the question-and-answer period.

On Slide 4, we present our quarterly financial results. IDACORP's 2017 third quarter earnings per diluted share were $1.80, an increase of $0.15 per share from last year's third quarter. For the first 9 months of 2017, earnings per diluted share were $3.44, $0.16 higher than the first 9 months of 2016.

I will now turn the presentation over to Steve.

Steven R. Keen - *IdaCorp, Inc. - CFO, SVP, Treasurer, CFO of Idaho Power Co., SVP of Idaho Power Co. and Treasurer of Idaho Power Co.*

Thanks, Justin. Our positive third quarter results have put us in a good position for a strong finish in 2017. Earnings last quarter exceeded our internal expectations, with warmer-than-normal weather and strong economic activity driving higher results. In addition, we continue to see ongoing earnings benefits from rate base additions approved earlier in the year.

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On Slide 5, you'll see a reconciliation of income from the third quarter of 2016 to the third quarter of 2017. I'll now walk you through those changes. At Idaho Power, 1.8% annual customer growth in our service area provided an increase of $2.3 million to operating income. Higher sales volumes for most customer classes also increased operating income by $12 million. Temperatures during the quarter were higher-than-normal and when compared with the prior year, contributing to much of the 12% increase in residential usage per customer. Higher usage also contributed to increased revenues per megawatt-hour as many residential customers were in higher rate tiers during the summer months. We attribute economic growth to a respective 8% and 6% increase in industrial and commercial use per customer over 2016. And the Idaho fixed cost adjustment mechanism, or FCA, tempered the benefit from increased usage by residential and small commercial customers by $7.4 million.

Ongoing benefits resulting from the North Valmy settlement stipulations approved by the Idaho and Oregon Public Utility Commissions earlier this year are reflected in the $14.3 million increase in revenue per megawatt-hour as well as the $4.2 million increase in depreciation expense further down the table. We continued to expect the settlement stipulations to add $5.2 million to 2017 net income when compared with our estimate without this settlement. This includes an after-tax increase in net income of $1.3 million for the third quarter and an estimated $1.4 million of additional benefit to be recorded during the fourth quarter of 2017. We expect the Valmy settlement stipulations to provide gradually smaller earnings benefit in future years through the end of the stipulation period, which is 2028 in Idaho.

In addition to these changes in general business revenues, Idaho Power's operating income benefited from a $2.1 million increase in transmission wheeling due to increases in both wheeling volumes and in the transmission wheeling rate, which became effective in October 2016. The Federal Energy Regulatory Commission, or FERC, approved a further increase in the transmission wheeling rate this October. The magnitude of these tariff rate changes is largely attributable to the transmission asset swap we entered into with PacifiCorp during the fourth quarter of 2015 and will serve to better align revenues collected on wheeling with the cost of providing the service to transmission customers. We cannot yet estimate the impact, if any, these rate increases will have on wheeling volumes going forward.

Operating and maintenance expenses at Idaho Power decreased $2.9 million for the quarter, largely related to lower generation at the thermal plant and the timing of maintenance at the coal plant, while O&M is flat year-to-date compared to 2016. Overall, Idaho Power's operating income was higher by $21.6 million when compared with the third quarter of 2016.

Earnings of unconsolidated equity method investments was lower by $7 million. This change primarily relates to timing of Bridger Coal Company earnings. We expect full year 2017 earnings from Bridger Coal Company to be slightly below the full year 2016.

Income taxes were $5.6 million higher, primarily related to higher pretax earnings. In addition, Idaho Power did not record any additional accumulated deferred investment tax credit, or ADITC, amortization during the third quarter or year-to-date. This compares to 2016 when we recorded $1 million of additional ADITC amortization during the third quarter and $1.5 million for the first 9 months. Idaho Power does not expect to record any additional ADITC amortization in 2017.

Also in 2016, IDACORP recorded $1.6 million of tax benefits from distributions from fully amortized, affordable housing investments, which did not recur in this year's third quarter. Overall, these changes combined to increase both Idaho Power's and IDACORP's net income by $8.3 million and $7.5 million, respectively, over last year's third quarter. IDACORP and Idaho Power continue to maintain strong balance sheets, including good liquidity and investment grade credit ratings.

On Slide 6, we show IDACORP's operating cash flows along with our liquidity positions at the end of the third quarter. Cash flow from operations for the first 9 months of 2017 increased $73.4 million, mostly due to changes in regulatory assets and liabilities, income tax accounts and the timing of working capital receipts and payments. IDACORP and Idaho Power currently have in place credit facilities of $100 million and $300 million, respectively, to meet short-term liquidity and operating requirements. The liquidity available under the credit facility is shown on the bottom of Slide 6.

Slide 7 shows the updated financial and operating metrics for the full year 2017. We are increasing IDACORP's earnings guidance to a range of $4.05 to $4.15 per diluted share. Earnings within this range would result in IDACORP's 10th consecutive year of earnings growth. For both O&M and capital, our estimates remain the same, and we continue to expect no need for additional amortization of ADITCs. We did tighten our expected

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hydroelectric generation range to a range of 8.5 million to 9 million megawatt-hours. These guidance assumptions reflect strong financial and operating results to date and the continued positive impacts of the approved rate base additions.

Current estimates indicate we will be within the earnings deadband of between 9.5% and 10% return on Idaho jurisdictional year-end equity. Preservation of the authorized ADITC balance benefits both customers and shareholders, and remain the key focus in our efforts to effectively manage cost and grow revenues.

I'll now turn the presentation over to Darrel.

Darrel T. Anderson - *IdaCorp, Inc. - CEO, President and Director*

Thanks, Steve, and good afternoon, everyone, and thanks for joining us on today's call.

I'd like to start by sharing some economic and growth updates from our area. You will see on Slide 8 that economic activity remained strong in Idaho Power service area. Frequent customer growth stories continue to highlight the many reasons people and companies are choosing to grow their business or relocate to Idaho. For example, Jayco, a manufacturer of towable and motorized recreational vehicles, announced plans to expand their manufacturing footprint in Twin Falls, Idaho, after considering several other western state locations.

Also, recently, eCobalt announced plans to develop a cobalt mining operation and refinery in our service area. According to the company's release, the mine is the only environmentally permitted primary cobalt project in the United States. Cobalt is used in the production of rechargeable batteries, among other usage. Looking forward, we have seen a continued increase in large load requests from both potential new customers and existing customers desiring to expand. We have a number of new large projects -- new large load projects that are forecasted to begin taking energy service in the fourth quarter with more set to begin taking service over the next year and beyond.

As Steve noted previously, Idaho Power's overall customer growth rate in the third quarter was 1.8% over the past 12 months. This economic growth translates to an increase in sales, which in turn contributed to recording a new peak demand record on July 7, reaching 3,422 megawatts, an increase from the previous record of 3,407 megawatts set in July 2013.

Unemployment in our service area was 2.8% compared with 4.2% at the national level. Compared to this time last year, employment in our service area increased approximately 2.6%. Idaho continues to show solid economic and residential growth. Gross domestic product grew 3.8% over last year's third quarter, while Moody's Analytics projects 2018 and 2019 GDP growth to be 4.3% and 3.1%, respectively.

In August, Bloomberg named Idaho as the top performing economy in the nation, partly reflecting the increasingly dynamic companies having transformed Idaho to manufacturing and services from commodities and agriculture, according to the article. In the analysis, Idaho's economic health improved 9.7%, almost 4 percentage points above the #2 state, and personal income among Idahoans increased at the fastest rate in the nation since the data was first compiled in 1948.

Idaho also came in at #6 on CNBC's recent list of Americas 10 Cheapest States to Live in 2017, which used a variety of factors to calculate a cost-of-living score. One of those factors was the average cost of residence monthly energy bills. Idaho had the second lowest rates on that list, and we certainly see low energy cost as a significant factor driving business expansion interest in our service area. Idaho continued to be mentioned in several other business-ranking categories from a variety of sources as reported on the Idaho Department of Commerce website, including the #2 state for tech sector growth, the fifth ranked state for business friendliness and #1 in fastest job growth. These are all indicators that our economy is moving in the right direction.

Now, turning to Slide 9. Shareholders are continuing to benefit from our earnings growth in the form of increased dividends. In September, IDACORP's Board of Directors approved a quarterly dividend increase of $0.04 per share from $0.55 to $0.59 per share. This increase, when combined with increases approved by the board since 2011, represents a 97% increase in the dividend rate. We continue to expect to recommend to the board future annual increases of 5% or more until we get near the upper end of the target payout ratio of between 50% and 60% of sustainable IDACORP earnings.

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Now for some regulatory and large project updates on Slide 10. As part of the annual application process related to the Energy Efficiency Rider in our Idaho jurisdiction, the Idaho Public Utilities Commission, or IPUC, had previously deferred decisions regarding the prudence of energy efficiency related labor increases. Last month, the IPUC approved an order determining that the 2011 through 2016 Idaho rider-funded labor increases of $1.9 million were prudently incurred and eligible for collection. This pretax amount is expected to benefit 2017 earnings as Idaho Power had previously expensed these labor increases each year since 2011. We believe this outcome further encourages Idaho Power to continue to be diligent in its efforts to offer cost-effective energy efficiency programs.

As a result of this order, we expect full year 2017 operating income to benefit by $2.3 million. This amount is included in the earnings guidance that Steve referred to earlier. We expect the Bureau of Land Management to issue a record of decision for our proposed Boardman to Hemingway, or B2H, transmission line project by the end of this year. This decision will be an important milestone from a federal regulatory perspective for this key project, which would allow us to meet the needs of our customers consistent with the results of our Integrated Resource Plan. The process for obtaining approval from the state of Oregon is well underway, and we continue to expect B2H in-service date to be in 2024 or beyond.

Moving to our Hells Canyon relicensing efforts. Settlement proceedings related to the prudence of our expenditures through 2015 are ongoing and to date have been productive. We are also continuing to work with the states of Idaho and Oregon regarding the water quality certification portion of the relicensing effort to reach a sensible solution. The continued growth in customers and the effective management of operating expenses continue to be important components in our evaluation of the need and timing of filing general rate cases in Idaho and Oregon. At this time, we do not expect to file a general rate case in either Idaho or Oregon in the near-term.

I will close with a look at weather projections. As outlined on Slide 11, the projected November to January weather outlook suggests that there's a greater-than-33% chance for above-normal precipitation throughout Idaho Power service area and, generally, between a 33% and 40% chance of above-normal temperatures. As we begin a new water year, reservoir levels across our region are currently higher than normal, thanks to last year's heavy snowpack. That storage, combined with a favorable precipitation forecast, should bode well for another good water year in 2018.

With that, Steve and I and others on the call will be happy to answer your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) The first question comes from Paul Ridzon with KeyBanc Capital.

Paul Thomas Ridzon - *KeyBanc Capital Markets Inc., Research Division - VP and Equity Research Analyst*

Steve, you said that the outlook for the rest of the year for the Valmy, I think you said 1.3 million and 1.4 million? Was the balance of that recognized in the second quarter? I'm trying to get my timing right.

Steven R. Keen - *IdaCorp, Inc. - CFO, SVP, Treasurer, CFO of Idaho Power Co., SVP of Idaho Power Co. and Treasurer of Idaho Power Co.*

Yes. Yes. The full year amount we gave is the sum of the 3 quarters, yes. And we haven't changed that number since we originally talked about it.

Paul Thomas Ridzon - *KeyBanc Capital Markets Inc., Research Division - VP and Equity Research Analyst*

And just -- FCA kind of decoupling mechanism, just break down when you get to the point where you're in the higher tiers?

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Steven R. Keen - *IdaCorp, Inc. - CFO, SVP, Treasurer, CFO of Idaho Power Co., SVP of Idaho Power Co. and Treasurer of Idaho Power Co.*

What it does is -- certainly, from a pure volume standpoint, it gives and takes. And when we sell more, that returns some of that higher cost of the customers' pay back to customers; that's how the mechanism works. When we sell less, it helps us. It replaces some of that. But we do get benefits, and that's why we mentioned the tiering. The fact that it drives people to higher tiers, that portion is not really impacted by the FCA. So we would argue there's still positive benefits from an earnings standpoint as we have higher usage in the summer, but it certainly mitigates it some. But I can tell you that having had a couple of winters where we didn't necessarily see it exactly like we thought, it clearly helps there as well and it gives you more predictable stream.

Paul Thomas Ridzon - *KeyBanc Capital Markets Inc., Research Division - VP and Equity Research Analyst*

Can we assume that you're going to be in the customer-sharing ROE bands?

Steven R. Keen - *IdaCorp, Inc. - CFO, SVP, Treasurer, CFO of Idaho Power Co., SVP of Idaho Power Co. and Treasurer of Idaho Power Co.*

What we've said today is that we're in between -- we are in the deadband is what we -- that's where we sit right now, is between the 9.5% and the 10%.

Darrel T. Anderson - *IdaCorp, Inc. - CEO, President and Director*

Yes. Given -- Paul, this is Darrel. Given the guidance that Steve provided, where that puts us is in within that deadband, between earning up to the almost the sharing levels. So we're not there yet, given the range that we're providing right now.

Steven R. Keen - *IdaCorp, Inc. - CFO, SVP, Treasurer, CFO of Idaho Power Co., SVP of Idaho Power Co. and Treasurer of Idaho Power Co.*

Right. We did move beyond -- Paul, we move beyond the credit need is why this is actually giving us the ability to show a little bit higher earnings. And there is a point when that moves into the sharing band, but we're in kind of in between those 2 right now.

Paul Thomas Ridzon - *KeyBanc Capital Markets Inc., Research Division - VP and Equity Research Analyst*

And that band is 9.5% to 10.5%?

Steven R. Keen - *IdaCorp, Inc. - CFO, SVP, Treasurer, CFO of Idaho Power Co., SVP of Idaho Power Co. and Treasurer of Idaho Power Co.*

To 10%.

Darrel T. Anderson - *IdaCorp, Inc. - CEO, President and Director*

9.5% to 10%, yes.

Paul Thomas Ridzon - *KeyBanc Capital Markets Inc., Research Division - VP and Equity Research Analyst*

And Darrel, appreciate your commentary on rate case activity. But how do you think about near-term?

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Darrel T. Anderson - *IdaCorp, Inc. - CEO, President and Director*

That's a good question, Paul. So, I think, as we sit here right now, what I would tell you is, first, I have to think about what the timing of our regulatory process is. It's -- from the time you file, it's about 7 months. Then you have to give advance notice and all those sorts of things. So obviously, we're not looking to do anything through the balance of this year in the -- from the standpoint of filing. And then we will assess '18. But I would -- I think right now, you have to think about how long a lead time there is. So we would have to signal early in '18 if we're going to do something for '19. So stay tuned for that. But I would just tell you, given what we would hope to see as continued strong economic activity and if we can continue to manage the expenses like we have done this year, we would hope to not have to go in. And those are going to be a couple of the key drivers to us. But as I -- the reason we focus on economic activity is because we are seeing a lot, and that is allowing us to not have to go in and file. As you noted, we started out the year thinking we were going to use credits. Well, because of our management of expenses and the continued benefits we saw with the economy, we have -- and also, the additional rate base that went into effect, that's allowed us not to have to file. So we will do everything we can not to file, and that's -- our whole goal is not to have to raise prices for customers. So that's where our focus is. And so I -- so I don't want to say with any sense of specificity as, Yes, we're going to file on this date, but we're going to continue to manage it like we have."

Paul Thomas Ridzon - *KeyBanc Capital Markets Inc., Research Division - VP and Equity Research Analyst*

And then, certainly, that 1.8% customer growth is a nice tailwind to keep you out of the regulatory arena. Is there still more dry powder on the cost front?

Steven R. Keen - *IdaCorp, Inc. - CFO, SVP, Treasurer, CFO of Idaho Power Co., SVP of Idaho Power Co. and Treasurer of Idaho Power Co.*

Paul, it's -- we have done a good job in holding it fairly level, and I would say that has become more challenging each year. But I would say we're targeted more on not having major increases than we are a massive reduction. And recall that you've heard us say in meetings in the past, we've attempted to do this by rightsizing what we do. We're not cutting things that are going to impact customers or cause problems with the system. We're trying to be creative. We've taken advantage of retirements that -- as the baby boom era hit us and we had people leaving. We have looked for every opportunity to capture savings where we could, but we're not in the massive cut mode. In fact, if anything, we're maintaining the system and improving service to customers. So there's some limits to how far down. But I tell you, I'm starting to believe that we have found a new focus that has let us continue to have each year be kind of in line with where we were before. But it's challenging, I have to admit that.

Darrel T. Anderson - *IdaCorp, Inc. - CEO, President and Director*

Paul, I'll just add one thing on that because Steve mentioned the labor side of the equation. One of the things, we obviously disclose our headcount from time to time, and our headcount's been fairly flat the last 4 or 5 years, despite all the pressures, whether -- on some of these things that are coming at us, whether they be in areas of security, new compliance regulations. A lot of those things create more work to do, and we're just trying to continue to try to find out better ways in which to do some of that work. And so I -- even as we sit today, our headcount is down from where we were last year. Part of that's timing, open positions and what have you. But we are keeping a real track of that and leadership and -- is really focused on doing that, but at the same time, not putting the business at risk.

Operator

The next question comes from Ashar Khan with Visium.

Ashar Khan

I wanted to find out 2 questions. One is out of this new guidance, which the midpoint is $4.10. Is there any onetime item? Or does this -- I'm trying to see, can we build from this new guidance as we look at next year? Or you would attribute some portion of it to be onetime in nature. And as we model the base, I'm trying to see, is the base good enough, this new guidance, to build off or no?

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Steven R. Keen - *IdaCorp, Inc. - CFO, SVP, Treasurer, CFO of Idaho Power Co., SVP of Idaho Power Co. and Treasurer of Idaho Power Co.*

Ashar, with the mechanism that we have in place, I would say the most typical way people have used to get any sort of triangulation on the future is to try to estimate that year-end equity. And even a onetime item, to the extent it closes into equity this year, becomes a part of next year's computation, because it's -- the support level brings you the 9.5% of -- actually, the following year is year-end equity. It's year-end equity in the year that you're in. But I would say in this year, there's not really significant items. We did have one that we called out that was a settlement related to some wages that we had in place on DSM charges, demand-side management charges. And that's an item that had a catch-up element to it and that it looked back to wages over a number of years. So that's really -- that would be considered a onetime. So you're not going to see that same amount fall into next year. But again, it drops into the equity and it's really -- rather than trying to guess all the items, it's kind of easier to try to guess the 9.5% and the 10% line and you can triangulate that way.

Ashar Khan

Understood. But I just wanted to check in, right? The reason that your estimate is higher this year right now in the third quarter versus what you started off in the beginning of the year, is that the because of higher growth? Or -- the 1.8? I'm trying to see what is driving that extra -- the higher estimate for the year as you close out the year?

Steven R. Keen - *IdaCorp, Inc. - CFO, SVP, Treasurer, CFO of Idaho Power Co., SVP of Idaho Power Co. and Treasurer of Idaho Power Co.*

Well, one item that you did hear us talk about is the weather clearly had an impact. And we don't ever forecast weather. And so that's an add that wouldn't be there early in the year. In terms of rate settlements, we did add some dollars to rate base in the middle of the year that weren't there, so that also comes into the picture. It's a number of things that have gotten us to where, at this point of the year, we now feel confident in giving a higher number.

Darrel T. Anderson - *IdaCorp, Inc. - CEO, President and Director*

Ashar, this is Darrel. I'll just add, the one thing I -- the other thing that Steve did mention in his comments is, we are managing the O&M side of things. I mean, that's also contributing to the lift. And as we had responded earlier to Paul's question, there is pressure on that number, but -- and we'll give you updates on what our O&M estimates are; we'll do that in February for you. But that's another reason we have seen a bit of the lift this year because we are doing a good job of managing those O&M expenses. Part of them are because of reduced operations at our thermal plate, which does provide a benefit, but we also have -- there's upward pressures in other areas, too. So we're doing a decent job of that. But that's helped, and we will continue to do that.

Steven R. Keen - *IdaCorp, Inc. - CFO, SVP, Treasurer, CFO of Idaho Power Co., SVP of Idaho Power Co. and Treasurer of Idaho Power Co.*

I was just going to say a little color with the O&M side is, thinking back, you kind of forget things a few quarters later. But when we had the good news of all the snow that we accumulated this winter, that put some pressure on things early in the year. I mean, dealing with the snow, it was so much that it was actually a challenge in many places, and that was putting pressure on O&M the other direction. So you don't, in the midst of that, project that you're necessarily going to take it back down. And we need to wait and see. Now as we've moved through the year, we found ways to balance things out, and it looks good at this point.

Ashar Khan

Okay. And then Darrel, my next question was that I hope we are growing nicely with the stock. But one issue we always face is liquidity. And don't you think it's kind of -- I'm trying to understand the management's view on a stock split over here to provide us with a little bit more liquidity to trade the stock, which would be helpful. Any thoughts on that, please?

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Darrel T. Anderson - *IdaCorp, Inc. - CEO, President and Director*

Yes, Ashar. We look at that from time to time, and we are obviously aware of that. And we have our internal conversations. We actually seek feedback from others, and we look at that and weigh the pros and cons of doing that. And so to date, we have elected not to. It does obviously enhance liquidity, but at the same time there's a cost to doing that at the same time. And so we're trying to weigh the cost and the value proposition of that. But it's a question we get somewhat frequently these days, given kind of where we are trading at. But -- so I would just tell you, we're continuing to evaluate it. But -- and any feedback you have for us, obviously, we would take that. As to your pros and cons of it, that's always helpful for us, too, because it's important to understand the investors' perspective on this. As you know, stock splits don't do a lot for -- I mean, obviously, you have the same value before the split and after the split, and where you go from there depends. But -- so there is -- we do talk about it quite frequently.

Steven R. Keen - *IdaCorp, Inc. - CFO, SVP, Treasurer, CFO of Idaho Power Co., SVP of Idaho Power Co. and Treasurer of Idaho Power Co.*

And Ashar, I would also just say there are competing opinions on the liquidity side. I have seen one study that actually says your liquidity drops. I think there's more that say you get some liquidity benefit, but even they are very -- pointing to very mild changes. It's not -- it's almost hard to attribute it to anything real. It almost could be just modeling error. It doesn't appear to be really significant.

Ashar Khan

No, no. But from your perspective, the cons are cost; is that correct? Is that what you identified Darrel? (inaudible) cost of implementing it. Okay.

My only thing is that if you get to 100 right now, right, I don't think so you can historically go back and look at it. But if I look at my screen, it is NextEra, which has the highest stock price, which is, of course, the largest market cap company in the whole sector. And if I'm correct, after NextEra, it is you, which is one of the smallest market cap companies in this sector. So it makes it harder for the retail guy and the utility average guy to buy the stock, which, I don't know, should help with liquidity because we, on a relative basis, versus the rest of the sector are very, very high versus our market cap on, I think. So we are skewed way, way from that perspective. So I don't know. This is my just general thought. But anyways, great results and look forward to seeing you.

Operator

The next question comes from Chris Ellinghaus with Williams Capital.

Christopher Ronald Ellinghaus - *The Williams Capital Group, L.P., Research Division - Senior Equity Research Analyst of Power and Natural Gas*

Can I follow up on Ashar's question? Have you got an estimate for what a split would cost?

Darrel T. Anderson - *IdaCorp, Inc. - CEO, President and Director*

We do, but I don't -- we wouldn't be inclined to share it at this point. We do -- we have determined what the approximate cost would be.

And the other -- just the other thing, just to follow on Ashar's comment, Chris, is the other thing we -- we do look at our current ownership split between the institutional side and the retail side; that's the other component. As you know, we're heavily institutional today. And so any -- again, we always -- are always open to feedback on this and it's important to understand it, but we haven't seen yet the compelling story at which to do so at this time.

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Steven R. Keen - *IdaCorp, Inc. - CFO, SVP, Treasurer, CFO of Idaho Power Co., SVP of Idaho Power Co. and Treasurer of Idaho Power Co.*

Yes. In fact, I would add one other thing. As you know, Chris, as we did our dividend strategy, the way we have approached that, we spent a lot of time hearing from our -- particularly our largest shareholder. And when we've had this discussion with them, it borders on indifference to some saying, they don't know why we would do it. So I do think it's a place we're listening. If there's feedback we need to hear, we'll pay attention.

Christopher Ronald Ellinghaus - *The Williams Capital Group, L.P., Research Division - Senior Equity Research Analyst of Power and Natural Gas*

Okay. Can I add, Darrel, I'm shocked and astonished that there will be no ADITC recognition this year?

Darrel T. Anderson - *IdaCorp, Inc. - CEO, President and Director*

We appreciate your comment, Chris.

Christopher Ronald Ellinghaus - *The Williams Capital Group, L.P., Research Division - Senior Equity Research Analyst of Power and Natural Gas*

I did wanted to sort of follow up in terms of this being the new baseline for earnings. Do you have an estimate for the third quarter in particular, given, I would call them, somewhat unique conditions? Do you have sort of estimate what the third quarter weather looked like versus normal -- or what the earnings impact might have been versus normal? Did you consider this quarter normal? Where did that fall into the spectrum of your expectations?

Steven R. Keen - *IdaCorp, Inc. - CFO, SVP, Treasurer, CFO of Idaho Power Co., SVP of Idaho Power Co. and Treasurer of Idaho Power Co.*

Chris, we don't -- that is a place that we don't typically isolate the weather exactly. And it's -- there are ways to get approximations, but it's just not something we've typically done. It did help the quarter.

Darrel T. Anderson - *IdaCorp, Inc. - CEO, President and Director*

Yes. But as you know, if you look at our Q, we talk about cooling degree days for the -- in the third quarter. And obviously we were up significantly from where we were last year, up significantly from normal, when you take a look at that. And like Steve said, it's not the easiest thing to do. So how you tie that right specifically to weather? But it's fair to say yes, we have -- there is a weather impact in the third quarter. But attempting to quantify that is a really tough thing to do. Part of it -- again, I would say is part of that's mitigated in the residential small business with the FCA, so we don't quite get that same level of lift.

I think what the other piece I would continue to look at is what I am focused on is what are we doing on it? What's happening on the growth side of things? And we attempted to capture our best estimate of that in our schedule. And I think that's the thing that does help, maybe inch up what that baseline could look like. But to try and quantify the weather is really a difficult thing for us to do. We do some internal estimates, but we aren't comfortable enough to really share those on the outside.

Christopher Ronald Ellinghaus - *The Williams Capital Group, L.P., Research Division - Senior Equity Research Analyst of Power and Natural Gas*

Right. Yes. Given the FCA, I was thinking more in terms of, did you have any qualitative sort of thought about where irrigation fell in the quarter or anything like that?

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Darrel T. Anderson - *IdaCorp, Inc. - CEO, President and Director*

Well, as you know, we had a couple of things going on in irrigation throughout the year. Part of it was the start of the growing season was delayed because of weather. And then obviously, we did sell more in the -- when you take just slightly in the third quarter over last year's third quarter, but not much, actually slightly down actually, slightly down. And so even despite the warmer-than-normal weather, we didn't sell more kilowatts in the irrigation side.

Christopher Ronald Ellinghaus - *The Williams Capital Group, L.P., Research Division - Senior Equity Research Analyst of Power and Natural Gas*

Okay. You hit upon sort of the NOAA forecast for precipitation. I was going to ask you about this. Given where reservoirs are and sort of NOAA's outlook, should -- do you think it's fair to sort of be thinking about 2018 already as in some ways a replication of 2017?

And secondly, do you think that the reservoir levels, along with the NOAA forecast, is going to influence crop planting plans for next year?

Darrel T. Anderson - *IdaCorp, Inc. - CEO, President and Director*

I would say, Chris, it's a little really too early to really comment on that directly. But I would say that I don't think -- last year was a pretty anomalous year from a snowpack perspective in a lot of our regions. And so I think we -- I'm not sure we'll repeat last year, but I think -- I do think we're going to have a good water year. And I believe, again, the ag communities sees the reservoir carryover as it stands today, so I think they have a sense as to what it is. Part of it will be where commodity prices are doing, too; what the forecast is on commodity prices are going to be. That drives it as much as weather in some cases. So -- but I think we do believe it'll be a pretty -- a decent water year, barring some drop-off in NOAA's forecast of what precipitation and temperatures might look like. But based on what we know today, yes, we're optimistic.

Operator

(Operator Instructions) That concludes the question-and-answer session for today.

Mr. Anderson, I will turn the conference back to you.

Darrel T. Anderson - *IdaCorp, Inc. - CEO, President and Director*

Thanks, Gary, and thanks for all of you guys for participating. We know you've been really, really busy today, but we appreciate you taking the time to participate with us today. We absolutely look forward to seeing many of you at the EEI Financial Conference next week. Again, thanks a lot and hope you have a good rest of your day.

Operator

That concludes today's conference. Thank you for your participation. You may now disconnect.

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