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IDA - Q4 2019 Idacorp Inc Earnings Call

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PRESENTATION

Operator

Welcome to IDACORP's Fourth Quarter and Year-End 2019 Earnings Conference Call. Today's call is being recorded and webcast live. A complete replay will be available later today and for a period of 12 months on the company's website at idacorpinc.com. (Operator Instructions) I will now turn the call over to Justin Forsberg, Director of Investor Relations and Treasury. Please go ahead.

Justin S. Forsberg - IDACORP, Inc. - Director of IR

Thanks, Gary, and good afternoon, everyone. Before the markets opened this morning, we issued and posted at IDACORP's website both our fourth quarter and full year 2019 earnings release and annual report on Form 10-K. The slides that accompany today's call are also available on our website. We'll refer to those slides by number throughout the call.

As noted on Slide 2, our discussion today includes forward-looking statements, including earnings guidance, which reflect our current views on what the future holds but are subject to several risks and uncertainties. This cautionary note is also included in more detail for your review in our filings with the Securities and Exchange Commission. These risks and uncertainties may cause actual results to differ materially from statements made today, and we caution against placing undue reliance on any forward-looking statements.

As shown on Slide 3, on today's call, we have Darrel Anderson, IDACORP's President and Chief Executive Officer; Lisa Grow, President of Idaho Power Company; and Steve Keen, Senior Vice President and Chief Financial Officer. We also have other company representatives available to help answer any questions you may have after Steve, Lisa and Darrel provide updates.

On Slide 4, we present our quarterly and annual financial results. IDACORP's 2019 fourth quarter earnings per diluted share were \$0.93, an increase of \$0.41 per share over last year's fourth quarter. IDACORP's earnings per diluted share for the full year 2019 were \$4.61, an increase of \$0.12 per share over 2018. These full year results represent the 12th straight year of earnings growth for IDACORP and are the highest achieved in its history. IDACORP's cumulative average growth rate in diluted earnings per share is 7.9% since 2007.

Today, we also initiated our full year 2020 IDACORP earnings guidance estimate to be in the range of \$4.45 to \$4.65 per diluted share with our expectation that Idaho Power will not need to utilize any of the tax credits in 2020 that are available to support earnings in Idaho under its settlement stipulation with the Idaho Public Utilities Commission.



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I will now turn the call over to Darrel.

Darrel Thomas Anderson - IDACORP, Inc. - President, CEO & Director

Hey, thanks, Justin, and thanks, everyone, for joining us on today's call. Last week, we announced that after 24 years with the company that I would retire effective June 1 of this year. In connection with this decision, our Board of Directors selected Lisa Grow to succeed me as President and CEO of IDACORP and Idaho Power effective June 1 and also appointed her to the Boards of Directors of both companies effective last week.

She's an electrical engineer by training and she's got over 32 years of experience at Idaho Power. Not only does she have a long tenure at the company, she also has a long history with Idaho Power as her grandfather was a lineman with the company for 30 years prior to Lisa joining the company.

She has contributed significantly to the operational and financial success of Idaho Power since becoming an officer in 2005. She has earned the opportunity to take over the reins as we move forward into 2020 and beyond. Many of you have met Lisa, and I welcome you to join me in congratulating her in her new roles.

I look forward to continuing to serve as a member of the Board of Directors once I step away from my executive roles. With that short introduction, I will now turn the time over to Lisa for some updates on the company as well as ongoing economic activities.

Lisa A. Grow - Idaho Power Company - President & Director

Thank you, Darrel. I am honored by the opportunity to succeed you, and I look forward to the exciting times ahead. In addition to the financial success noted by Justin, Idaho Power set records across several of our important metrics: safety, customer satisfaction and reliability.

On Slide 5, we see details of the company's record employee safety results in 2019. We are very excited and proud to see injuries at an all-time low as we continue to spend significant time on our safety culture and to emphasize the importance of safety at work and at home.

Our record-setting results in residential and business customer satisfaction are shown on Slide 6. As the population within our service area continues to grow, Idaho Power is working hard to meet our customers' evolving needs. Most Idaho Power customers experienced -- most Idaho customers experienced an overall price decrease for the second consecutive year in 2019 with business customers' rates going down by at least 5%. Idaho Power's efforts to keep prices affordable, provide personal service and improve the customer experience are paying off as overall customer satisfaction metrics continue to rank near the top of the list among our peer utilities.

Reliability is a key piece of the customer satisfaction puzzle and is also included on Slide 6, which shows another outstanding year. Idaho Power kept customers' lights on 99.975% of the time in 2019, and overall system reliability was among the best in company history, finishing very close to 2018's record results.

As noted on Slide 7, Idaho Power service area continues to experience substantial customer growth. For the third year in a row, Idaho remains the fastest-growing state in the nation, and Idaho Power's customer base grew 2.5% in 2019, including a 2.7% growth rate for our residential customer segment.

Idaho Power now has more than 570,000 customers, and we view the reliable, affordable, clean energy that our company provides as a key driver for continuing to attract new customers. The economy is thriving within Idaho Power's service area, and Moody's GDP forecast calls for sustained economic growth.

In 2019, Idaho Power experienced sales growth in its commercial and industrial sectors through a balanced mix of new business and expanded -- and expansion projects across the food processing, manufacturing, distribution and technology sectors. Moody's current forecast of GDP in Idaho



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Power's service area predicts growth of 4.4% in 2020 and another 4.4% in 2021. Meanwhile, employment increased 3.2%, and the unemployment rate was 2.8% at the end of 2019 compared with 3.5% nationally.

Turning to Slide 8. Idaho Power's most recent integrated resource plan calls for continued work toward a unit-by-unit early exit from the Jim Bridger plant located in Wyoming by 2030. In 2019, the company ended its participation in Unit 1 of the North Valmy plant in Nevada, which was a significant milestone in our path away from coal. We also have an agreement to exit Unit 2 by 2025.

The Boardman plant in Oregon is also scheduled to cease operations this year. In both cases, Idaho Power has State Public Utility Commission's support for a cost recovery framework to be applied through the end of their useful life, which we believe could provide a blueprint for a similar approach for Bridger. We are continuing to explore options with PacifiCorp, the co-owner of Bridger, as we plan the end-of-life for the entire Jim Bridger plant. PacifiCorp's IRP, as published last fall, showed early shutdown dates for 2 Bridger units as well.

Idaho Power's overall coal-fired generation has decreased for 6 consecutive years. As recently as 2013, coal was our largest energy source at 47% of our total energy mix. Today, that number is around 16%. Our path away from coal, which is driven by the economics of the plant, aligns with our Clean Today, Cleaner Tomorrow plan to provide 100% clean energy by 2045.

Another key project in our Cleaner Tomorrow plan is the Boardman to Hemingway transmission project or B2H, which made solid progress in 2019. The Oregon Department of Energy recommended approval of the 300-mile line. The department is expected to release a proposed order, which is the next step in the permitting process, authorizing the transmission line this year. If the permitting process remains on track, we expect the Oregon Energy Facility Siting Council to issue a final order and site certificate in 2021. Following preconstruction activities, construction is expected to begin as early as 2023, with the line expected to be in service in 2026 or sometime thereafter.

The IRP we amended and filed at the end of last month also plans for us to include 120 megawatts of solar from the Jackpot Solar power purchase agreement. Idaho Power evaluated purchasing the project and elected not to pursue it. We do not expect Idaho Power to file a general rate case in Idaho or Oregon in the next 12 months. The influx of new customers, constructive regulatory outcomes and effective cost management all play significant roles in this decision.

With that, I will turn the time to Steve, who will go through the 2019 financial results.

Steven R. Keen - IDACORP, Inc. - Senior VP, CFO & Treasurer

Thanks, Lisa, and good afternoon, everyone. We had excellent 2019 results. Weather challenges through the year were more than offset by a very good final quarter. I'll walk you through the drivers year-over-year on Slide 9.

Strong net customer growth of 2.5% added \$18.8 million to operating income in 2019. A decline in usage per customer, mostly related to lower irrigation sales, decreased operating income by \$21.4 million. Greater precipitation and more moderate spring and summer temperatures led to 11% less use per customer for those in the agricultural irrigation class this year.

Further down the table, net retail revenues per megawatt hour decreased operating income by \$2.8 million. As anticipated, the settlement stipulations associated with income tax reform reduced revenues more significantly in 2019.

Idaho Power's open access transmission tariff rates declined by 10% in October of 2018 and again by 13% in October 2019, lowering transmission wheeling-related revenues by \$5.3 million. These rates reset each year to align revenues with the cost of the transmission system. To a lesser extent, lower transmission volumes also contributed to an overall reduced wheeling revenue this year.

Next on the table, other operating and maintenance expenses decreased \$8.7 million as our team's continued focus on cost management resulted in lower expenses across several areas. Contributing to this decrease was lower bad debt expense of \$1.1 million due to a strong economy and the nonrecurrence of a 2018 O&M expense of \$4 million for a noncash amortization of regulatory deferrals related to tax reform.



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Idaho Power's 2019 return on year-end equity in Idaho landed between the 9.5% tax credit support level and the 10% customer sharing line under the Idaho regulatory settlement stipulation. So we did not record any additional tax credit amortization or provision against revenues for sharing with Idaho customers this year. Last year, we recorded a \$5 million provision against revenues for sharing, which did not recur.

Idaho Power has the full \$45 million of approved credits available to support earnings in future years. As a reminder, the tax credit support line will be at 9.4% for 2020. These items collectively resulted in a year-over-year increase to Idaho Power's operating income of \$2.3 million.

Nonoperating income and expenses netted to a \$9.9 million improvement to pretax earnings due to several items. A \$4.2 million charge in 2018 related to Idaho Power's post-retirement plan did not recur. This was anticipated and reflected in our prior earnings guidance ranges.

Next, our allowance for equity funds used during construction increased \$2.7 million as the average construction work in progress balance was higher throughout 2019. Finally, stronger asset returns this year led to \$2.1 million of higher investment income from the Rabbi Trust associated with Idaho Power's nonqualified defined benefit pension plans.

On the next line, you will see income taxes were higher by \$10.1 million. Remember that 2018 included \$5.7 million of benefits from remeasurement of deferred taxes at Idaho Power due to income tax reform as well as \$1.3 million of tax-deductible bond redemption costs incurred last year. There was no such remeasurement or bond redemption in 2019. Amortization of newly funded vintage investment tax credits helped lower tax expense in the current year, while higher pretax income primarily contributed to the remainder of the increases.

Finally, at IDACORP Financial Services, distributions from the sale of low-income housing properties led to approximately \$3 million higher net income at that subsidiary. While the nature, timing and amount of the underlying property sales at IFS are difficult to predict and are controlled by third parties, we do not expect them to be as significant in 2020.

Overall, Idaho Power's and IDACORP's net income were \$2.1 million and \$6.1 million higher than last year, respectively. IDACORP and Idaho Power continue to maintain strong balance sheets, including investment-grade credit ratings and sound liquidity, which enable us to fund ongoing capital expenditures and dividend payments.

Regarding dividends, you'll note that in addition to the latest dividend increase of 6.3% announced by the Board of Directors last September, the Board also increased IDACORP's target dividend payout ratio to 60% to 70% of sustainable earnings. This reflects several years of our steady upward trajectory of dividend increases. We expect to recommend an annual dividend increase of 5% or more to the Board of Directors in the coming year.

On Slide 10, we show IDACORP's operating cash flows along with our liquidity positions as of the end of 2019. Cash flows from operations were \$125 million lower than 2018. These were mostly related to changes in regulatory assets and liabilities like those resulting from the power cost adjustment mechanism and the timing of working capital receipts and payments.

The liquidity available under IDACORP's and Idaho Power's credit facilities is shown on the bottom of Slide 10. At this time, we do not anticipate issuing additional equity in 2020 other than relatively nominal amounts under the compensation plans.

Slide 11 shows our first look at full year 2020 earnings guidance and our key financial and operating metrics estimates. We are initiating IDACORP's 2020 earnings guidance in the range of \$4.45 to \$4.65 per diluted share, which is up roughly 4% over prior year guidance range and assumes no use of additional tax credits under normal weather conditions. Our record 12 years of earnings growth is something that sets us apart from our peers.

We expect O&M expenses to be in the range of \$350 million to \$360 million, which would keep O&M relatively flat for the ninth straight year. We expect capital expenditures will lift somewhat to the range of \$300 million to \$310 million. You'll note that our updated 5-year forecast of capital expenditures is also higher than our previous plan, now forecasted to range from \$1.6 billion to \$1.7 billion over that time. This forecast still does not include the majority of costs to build the major infrastructure projects, such as Boardman to Hemingway or increased compliance costs associated with the new Hells Canyon license due to the uncertainty and the exact timing of that spend.



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Finally, our current reservoir storage and stream flow forecast suggests that hydropower generation should be in the range of 6.5 million to 8.5 million megawatt hours.

With that, I'll turn the time back to Darrel.

Darrel Thomas Anderson - IDACORP, Inc. - President, CEO & Director

Thank you, Steve. There is much to be proud of as we look back on the outstanding results of 2019. I want to thank our investors for their continued support and our employees for their hard work and dedication throughout another record-setting year.

While the energy industry is rapidly evolving, IDACORP continues to meet challenges and opportunities while delivering unparalleled results for customers and investors alike. From meeting financial targets to striving for a cleaner energy future, we believe that our employees and our ongoing business strategy will help sustain our success into the future.

I will close with a look at weather on Slide 12. The latest projections from the National Oceanic and Atmospheric Administration suggests an equal chance of above or below normal precipitation levels and a 40% to 50% chance of above normal temperatures from March to May. We have seen a lot of snow and rain in recent weeks. The welcome precipitation, along with snowpack currently showing slightly above normal levels and strong reservoir storage in the system, should continue to provide favorable conditions for generating low cost, clean, dispatchable hydropower throughout 2020.

As a reminder, our power cost adjustment mechanisms in Idaho and Oregon significantly reduced earnings volatility related to changes in our resource mix and associated power supply costs that can fluctuate greatly due to weather.

With that, Steve, Lisa and I and others here today will be happy to answer questions you may have.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) The first question is from Chris Ellinghaus with Siebert Williams.

Christopher Ronald Ellinghaus - Siebert Williams Shank & Co., L.L.C., Research Division - Principal & Senior Equity Utility Analyst

Steve, I think you had mentioned that some of the vintage tax credits that benefited the fourth quarter helped to offset that \$10 million net change in taxes. What was that number for the tax credit benefit?

Steven R. Keen - IDACORP, Inc. - Senior VP, CFO & Treasurer

No, let me just point you to the spot in the K, and I think it will be the best way to get you there. If you go to Note 2, I don't know if you happen to have that with you. But under Note 2, there's a line item for investment tax credits.

Christopher Ronald Ellinghaus - Siebert Williams Shank & Co., L.L.C., Research Division - Principal & Senior Equity Utility Analyst

Okay. You didn't book much about...



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Steven R. Keen - IDACORP, Inc. - Senior VP, CFO & Treasurer

And what you'll see there is about a \$3 million difference, Chris.

Darrel Thomas Anderson - IDACORP, Inc. - President, CEO & Director

Chris, it's around Page 92, if you have it in front of you, on the 10-K.

Steven R. Keen - IDACORP, Inc. - Senior VP, CFO & Treasurer

Yes. And that's an item that you -- it's not that you won't see that change from time to time, but we wouldn't expect that same level of change to occur certainly in this next year we're looking at. That were a little larger than normal, kind of came out after we got our tax return done and saw the amount of tax credits we actually consumed and what we could then be able to have the parent purchase from Idaho Power.

Christopher Ronald Ellinghaus - Siebert Williams Shank & Co., L.L.C., Research Division - Principal & Senior Equity Utility Analyst

Okay. You guys didn't address business development very much. Have you got any color on what you're seeing for sizable new C&I customers?

Darrel Thomas Anderson - IDACORP, Inc. - President, CEO & Director

Chris, this is Darrel. We actually have a -- still have a significant amount of activity that is taking place across our service territory. I mean if you would drive across, you would see probably more cranes in the sky lines than I've seen in a lot of times. So to say that there are some big announcements, we definitely don't have some of those going on right now, but there is a lot of activity.

As Lisa had shared, we continue to be the fastest-growing state in the country, and that doesn't seem to be slowing down much as we look across. I mean you talk to anybody who's driving around these days, they are always having to detour because of construction here and there and everywhere. So just from that perspective, there's a lot.

And then our -- as we look at what's coming online over the next couple years, there's still pretty healthy level of activity. But -- and the good news is, it's not necessarily driven by any one large entity right now, which is a nice thing to see.

And I don't know, Adam Richins is here with us. I don't know if he wants to...

Adam J. Richins - IDACORP, Inc. - VP of Customer Operations & Business Development - Idaho Power

Yes. I would just add, Chris, that it's very diverse in what we're seeing. So we're seeing manufacturing, food processing. We're seeing technology, dairies, mining. So one of the things that, I think, is nice to see out there is not only the growth, but it's diverse growth in our service territory.

Christopher Ronald Ellinghaus - Siebert Williams Shank & Co., L.L.C., Research Division - Principal & Senior Equity Utility Analyst

Okay. Steve, you talked about the 4% EPS growth that's sort of implied by the guidance range. Can we assume -- or correct me if I'm wrong. I'm making this assumption out of the gate here. Is that sort of slightly below trend as a function of the step down in the stipulation ROE causing sort of a onetime slowdown in the growth for this year?



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Steven R. Keen - IDACORP, Inc. - Senior VP, CFO & Treasurer

Chris, it's only modest, if anything, that it's down. I looked back -- going back to 2016, we had 1 year at 4%, this year at 4%, 1 year was under 3%, was about 2.6%, and then we had a couple that were up, closer to 5%. So it's a fairly steady march up.

And because the guidance ranges don't move by pennies, they tend -- we tend to move on nickels that it's not a perfect science, but in that \$0.15 to \$0.20 range is what it's moved most years. And as we sit here today, this is a \$0.20 move granted off of a larger number than it was a couple of years ago. So the percentage is probably coming down slightly. But we do view that as really the positive trend continuing for accounting.

You can look at actuals against actuals and get even a little better number because we have tended to overperform sometimes. And that always gives us a little -- as we come out of the gate with a number that we beat the prior year. That trend of the earnings projections maybe doesn't look as good against that one number.

But interesting, our actual to actual is up even a little bit more. Those ranges have been above 7% a few times and be it the 2 low years, one was just under 3% and one was over 5%. So they're both moving along together, a little ebb and flow in how we do against plan, whether we beat it by a lot or a little bit.

Christopher Ronald Ellinghaus - Siebert Williams Shank & Co., L.L.C., Research Division - Principal & Senior Equity Utility Analyst

Okay. Lisa, you talked about the solar decision. Can you elaborate a little bit about what got you to the conclusion on that asset or that PPA that led you to where you are?

Lisa A. Grow - Idaho Power Company - President & Director

I would say just generally, it was the risk and the economics of the plan just didn't really fit with our investments.

Operator

The next question is from Brian Russo with Sidoti.

Brian J. Russo - Sidoti & Company, LLC - Research Analyst

Obviously, you guys have done an excellent job of managing O&M, et cetera. And when I look at the coal plant shutdown plan on Slide 8, you had quite a bit of ownership interest in these plants that are going to retire or the units that will retire over the next -- through the end of the decade. And I'm curious, there's got to be O&M expense savings related to these facilities that could help support your ongoing O&M management trends?

Steven R. Keen - IDACORP, Inc. - Senior VP, CFO & Treasurer

Brian, I would just -- this is Steve. I would say there's -- it's a little bit of a mixed bag in the Valmy plant particularly. There, it's more of a -- it's a give and take. So we are giving back the -- some of the O&M savings will trickle back in, and that's part of it. It balances out also with what we spend. So then the trade-off, as you're getting rate base, as we go through the process, can grow, but you may have some O&M that gets offset against it and disappears.

Boardman is a little different. It doesn't have that same sort of mechanism. And so there are some costs there that once they're gone, will likely be absorbed by some other costs that -- as you still have to serve the same load that you had with it. So those costs would be available to reallocate somewhere else. So they're not exactly the same.



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Brian J. Russo - *Sidoti & Company, LLC - Research Analyst*

Okay. Got it. Remind me, what percentage ownership do you have in Boardman?

Lisa A. Grow - *Idaho Power Company - President & Director*

10%.

Steven R. Keen - *IDACORP, Inc. - Senior VP, CFO & Treasurer*

10% is Boardman.

Brian J. Russo - *Sidoti & Company, LLC - Research Analyst*

Okay. Great. And any comments on your participation in the EIM?

Darrel Thomas Anderson - *IDACORP, Inc. - President, CEO & Director*

It -- Brian, it continued to do what we thought it would do, even it's somewhat better. And those benefits flow back to our customers via the power cost adjustment mechanism. So it's been working as advertised and a little bit better. And so as more participants joined, I think that just sort of spreads it out over a bigger footprint and allows for what I would argue in a lot of ways as this -- as the renewables and the clean energy starts coming online, it allows us to -- the area to better utilize that energy.

Brian J. Russo - *Sidoti & Company, LLC - Research Analyst*

Okay. I got it. And the Boardman to Hemingway line, I know what's your preferred scenario in the IRP. But what happens if there's further delays that are out of your control in terms of permitting, et cetera? I mean how does that play into any net short position you might have in 2026 and/or criteria to be a member of the EIM?

Lisa A. Grow - *Idaho Power Company - President & Director*

This is Lisa. First of all, we do our IRP every 2 years. So we are constantly running scenarios to figure out what would be that next portfolio. We look at both with and without Boardman to Hemingway throughout that process. If something happened where it was going to delay it too far and we couldn't serve our load in -- as we're looking down into the future, we would -- more than likely, it would be a gas plant. I don't know, Mitch, do you have anything you'd add to that?

Mitch Colburn - *IDACORP, Inc. - Resource Planning and Operations Director of Idaho Power*

I would add...

Darrel Thomas Anderson - *IDACORP, Inc. - President, CEO & Director*

This is Mitch Colburn here, who kind of runs our IRP processes, is on the line with us today also.



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Mitch Colburn - IDACORP, Inc. - Resource Planning and Operations Director of Idaho Power

I would echo Lisa's comment that we are looking every 2 years we produce IRP. We look at alternate futures with and without B2H. Also, that Bridger unit, the second unit that we have in our IRP exit, that's connected with B2H. So we do need replacement resource when we get out of that second unit. So that's identified to B2H, so the time of that is associated. So we would look at that second unit as well.

Steven R. Keen - IDACORP, Inc. - Senior VP, CFO & Treasurer

It's fair to say as well, Brian, that we're going to watch all the technologies. Battery technologies today maybe doesn't work as well, but you're talking a few years out and things can change. So we will be looking at all of those resources. But the bottom line is we have to make the system work. So we'll do what we need to do in time, and this plan will probably ship with time as well. That's typically what happened.

Brian J. Russo - Sidoti & Company, LLC - Research Analyst

Okay. And I think you got the current long-term debt of \$100 million. And I think you're -- we're expecting you to refinance that sometime in 2020. Could you just remind us what that is? And I assume there's going to be some interest rate savings.

Steven R. Keen - IDACORP, Inc. - Senior VP, CFO & Treasurer

Yes, it's \$100 million...

Darrel Thomas Anderson - IDACORP, Inc. - President, CEO & Director

There's a 10-year tranche.

Steven R. Keen - IDACORP, Inc. - Senior VP, CFO & Treasurer

Yes, it was one of our -- let me flip back here a second. It's not one of our higher rate bonds to refinance. But I would expect we see some improvement. It's not going to be -- it's not going to have the tax deduction...

Darrel Thomas Anderson - IDACORP, Inc. - President, CEO & Director

It's at 3.4%.

Steven R. Keen - IDACORP, Inc. - Senior VP, CFO & Treasurer

That we've seen some time.

Darrel Thomas Anderson - IDACORP, Inc. - President, CEO & Director

Yes. It's at 3.4% today, Brian, that we owe \$100 million.

Steven R. Keen - IDACORP, Inc. - Senior VP, CFO & Treasurer

\$100 million, yes.



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Darrel Thomas Anderson - IDACORP, Inc. - President, CEO & Director

So it's in there today to keep on rate.

Steven R. Keen - IDACORP, Inc. - Senior VP, CFO & Treasurer

And then we also -- sometimes when we re-up those, we'll take a look and see if we need other capital for anything else going on. So it might not be exactly that size when it comes to pass. And we'll probably look at a full array of options on how we finance it.

Brian J. Russo - Sidoti & Company, LLC - Research Analyst

Options in terms of what, like first mortgage bonds or green bonds maybe?

Steven R. Keen - IDACORP, Inc. - Senior VP, CFO & Treasurer

Well, I think it's -- you got to remember, it's not -- it's probably not going to size up to be in the range that like green bonds, I typically see those -- the people that are buying those the most are looking for the bigger tranches and that are in the market. We'd have to get above, was it [\$350 million] now, to be there. But we can look at all tenors.

We have a wide open counter. We could bring in things short. We can go as long as 30 years or longer. So we have everything available, we'll be looking at the rates and seeing what really works. We have had some people talk to us about getting our bond issuances into higher categories. So layering bonds, maybe you go short and then try to pull it with something else coming down the road such that in a few years, you do have a market index eligible bond that people can -- that would bring other buyers in. So we're looking at all those options. We haven't made up our mind, and we'll pick one that works.

Brian J. Russo - Sidoti & Company, LLC - Research Analyst

Okay. And also, the new dividend policy. Looking at your balance sheet, very strong liquidity. You got over \$200 million of cash at year-end 2019. While the stated payout target is 60% to 70%, you're going to recommend at least 5% increase.

How should we kind of profile the payout increasing to the midpoint of your target? Is that going to be gradual? Or for example, you increased the dividend 6.3% in September while only recommending 5% or more? Just trying to triangulate all that.

Steven R. Keen - IDACORP, Inc. - Senior VP, CFO & Treasurer

Yes. Brian, we have had a pretty steady as she goes approach to the dividends. We have done more than the 5%. I think that's been a safer spot to say, but I wouldn't expect a really oversized amount. I would say it's going to be in the range of what we've been doing. And we'll kind of gauge whether it's a little over 5% or we'll look at how the year is rolling out and how the future is playing as well.

But our goal really has been to give a steady return out of that dividend increase, just like we've been delivering through the growth in earnings. So we want them both to be there and be something you can count on, which actually sort of discourages you from overdoing in 1 year. You want a steady delivery over time.

Brian J. Russo - Sidoti & Company, LLC - Research Analyst

Okay. So the next dividend increase we should expect to be announced in September of 2021?



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Steven R. Keen - IDACORP, Inc. - Senior VP, CFO & Treasurer

That's what the board has been...

Darrel Thomas Anderson - IDACORP, Inc. - President, CEO & Director

2020.

Steven R. Keen - IDACORP, Inc. - Senior VP, CFO & Treasurer

In 2020.

Darrel Thomas Anderson - IDACORP, Inc. - President, CEO & Director

Yes, we -- the September meeting has shaped up to be a good one to take it to the Board.

Brian J. Russo - Sidoti & Company, LLC - Research Analyst

Okay, great. And Darrel, good luck to you in the future. It was a pleasure working with you.

Darrel Thomas Anderson - IDACORP, Inc. - President, CEO & Director

Thank you, Brian. I appreciate that. Thank you very much.

Operator

The next question is from Ashar Kahn with Verition.

Ashar Khan - Verition Fund Management LLC - Portfolio Manager

Darrel, I just wanted to congratulate you. Long association going back to, I think, to 2005 and...

Darrel Thomas Anderson - IDACORP, Inc. - President, CEO & Director

Right. Thank you, Ashar.

Ashar Khan - Verition Fund Management LLC - Portfolio Manager

And thanks a lot. I think -- so the company did a huge step forward under you. And Lisa, congratulations on the new spot.

Lisa A. Grow - Idaho Power Company - President & Director

Thank you.



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Ashar Khan - Verition Fund Management LLC - Portfolio Manager

And I would just say that, I don't know, I think -- so we have some challenges, but the average CAGR is around 5% from [UTES]. So Lisa, it would be my -- I think -- so my advice would be is as you start with this new step or split, if you can work towards getting us towards the 5% CAGR, which everyone is these days around you, that would be great as an investor.

Lisa A. Grow - Idaho Power Company - President & Director

Thank you for that advice. We will get to work.

Steven R. Keen - IDACORP, Inc. - Senior VP, CFO & Treasurer

Ashar, I've been reminding everybody to be sure that CAGR is coming off of something you like because there aren't many that have gone up every year. In fact, I'm not sure there are any in our peers. And when you go down, it's a lot easier to have a better CAGR off a down here than it is off of a continual up. So be sure and do your math looking back too.

Ashar Khan - Verition Fund Management LLC - Portfolio Manager

Okay. I will, I will. We look forward, right? That's what people are going to compare you with. So I just want us to be -- I want us to be at least the average, not below average.

Operator

(Operator Instructions) That concludes the question-and-answer session for today. Mr. Anderson, I will turn the conference back to you.

Darrel Thomas Anderson - IDACORP, Inc. - President, CEO & Director

Thank you, Gary, and thank you all for participating on our call today. We appreciate your continued interest in IDACORP. We hope we have a great rest of the day. Thank you much.

Operator

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

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