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IDACORP INC
Form 424B5
December 10, 2004

Filed Pursuant to Rule 424(b) (5)
Registration No. 333-83434

PROSPECTUS SUPPLEMENT

(To Prospectus dated March 6, 2002)

3,500,000 Shares
[IDACORP Logo]
IDACORP, Inc.
COMMON STOCK

IDACORP, Inc. is offering 3,500,000 shares of its common stock.

Our common stock is listed on the New York Stock Exchange and the Pacific Exchange under the symbol "IDA." On December 9, 2004, the last reported sale price of our common stock on the New York Stock Exchange was \$30.15 per share.

Investing in our common stock involves risks. Before buying any shares you should carefully read the discussion of material risks of investing in our common stock under the heading "Risk Factors" beginning on page S-8 of this prospectus supplement.

PRICE \$30.00 A SHARE

| | Price to Public | Underwriting Discounts and Commissions | Proceeds to IDACORP, Inc. |
|----------------|-----------------|--|------------------------------|
| | ----- | ----- | ----- |
| Per Share..... | \$30.00 | \$1.20 | \$28.80 |
| Total..... | \$105,000,000 | \$4,200,000 | \$100,800,000 |

We have granted the underwriters the right to purchase up to an additional 525,000 shares of our common stock at the public offering price, less underwriting discounts and commissions payable by us, to cover over-allotments.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares to purchasers on or about December 15, 2004.

MORGAN STANLEY

WACHOVIA SECURITIES
A.G. EDWARDS

KEYBANC CAPITAL MARKETS
D.A. DAVIDSON & CO.

Prospectus Supplement dated December 9, 2004

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ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement is a supplement to the prospectus, which is also a part of this document. This prospectus supplement and the accompanying prospectus are part of a registration statement that we filed with the Securities and Exchange Commission using the shelf registration process. Under the shelf registration process, we may offer, from time to time, shares of common stock, unsecured senior debt securities and purchase contracts, up to an aggregate amount of \$500,000,000, of which this offering is a part. In the accompanying prospectus, we provide you with a general description of the securities we may offer from time to time under our shelf registration statement. In this prospectus supplement, we provide you with specific information about the shares of our common stock that we are selling in this offering. Both this prospectus supplement and the accompanying prospectus include important information about us, the common stock that we are offering and other information you should know before investing. This prospectus supplement also adds, updates and changes information contained in the

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prospectus. You should read the entire prospectus supplement and the accompanying prospectus, and the documents incorporated by reference, which are described under "Where You Can Find More Information" and "Information Incorporated by Reference" in this prospectus supplement. To the extent there is a conflict between the information contained in this prospectus supplement and the information contained in or incorporated by reference into the accompanying prospectus, the information in this prospectus supplement shall control.

This prospectus supplement and the accompanying prospectus contain or incorporate forward-looking statements. Please read forward-looking statements with the cautionary statements and important factors included in this prospectus supplement under "Forward-Looking Statements."

Unless we indicate otherwise, or the context otherwise requires, references in this prospectus supplement and the accompanying prospectus to "IDACORP," "we," "us" and "our" or similar terms are to IDACORP, Inc. and its subsidiaries.

Except as otherwise noted, all information in this prospectus supplement assumes no exercise of the underwriters' over-allotment option.

You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any other person to provide you with information that is different. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer of the shares of our common stock in any state that does not permit their offer or sale. The information contained in or incorporated by reference in this document is accurate only as of the date of this prospectus supplement, regardless of the time of delivery of this prospectus supplement or of any sale of our common stock.

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FORWARD-LOOKING STATEMENTS

In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, we are hereby filing cautionary statements identifying important factors that could cause actual results to differ materially from those projected in forward-looking statements made or incorporated by reference in this prospectus supplement or the accompanying prospectus. Any statements that express, or involve discussions as to expectations, beliefs, plans, objectives, assumptions or future events or performance, often, but not always, through the use of words or phrases such as "anticipates," "believes," "estimates," "expects," "intends," "plans," "predicts," "projects," "will likely result," "will continue" or similar expressions, are not statements of historical fact and may be forward-looking. Forward-looking statements involve estimates, assumptions and uncertainties and are qualified in their entirety by reference to, and are accompanied by, the following important factors, which are difficult to predict, contain uncertainties, are beyond our control and may cause actual results to differ materially from those contained in forward-looking statements:

- o Changes in governmental policies and regulatory actions, including those of the Federal Energy Regulatory Commission, the Idaho Public Utilities Commission and the Oregon Public Utility Commission, with respect to allowed rates of return, industry and rate structure, acquisition and disposal of assets and facilities, operation and construction of plant facilities, relicensing of hydroelectric projects, recovery of purchased power, recovery of other capital

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- investments, present or prospective wholesale and retail competition, including but not limited to retail wheeling and transmission costs, and other refund proceedings;
- o Litigation and regulatory proceedings resulting from the energy situation in the western United States;
 - o Economic, geographic and political factors and risks;
 - o Changes in compliance with environmental, endangered species and safety laws and policies;
 - o Weather variations affecting hydroelectric generating conditions and customer energy usage;
 - o Construction of power generating facilities including inability to obtain required governmental permits and approvals, and risks related to contracting, construction and start-up;
 - o Operation of power generating facilities including breakdown or failure of equipment, performance below expected levels, competition, fuel supply and transmission;
 - o System conditions and operating costs;
 - o Population growth rates and demographic patterns;
 - o Pricing and transportation of commodities;
 - o Market demand and prices for energy, including structural market changes;
 - o Changes in capacity, fuel availability and prices;
 - o Changes in tax rates or policies, interest rates or rates of inflation;
 - o Performance of the stock market and the changing interest rate environment, which affect the amount of required contributions to our pension plans, as well as the reported costs of providing pension and other postretirement benefits;
 - o Adoption of or changes in critical accounting policies or estimates;
 - o Exposure to operational, market and credit risk;
 - o Changes in operating expenses and capital expenditures;
 - o Capital market conditions;
 - o Rating actions by Moody's Investors Service, Standard & Poor's Ratings Services and Fitch, Inc.;
 - o Competition for new energy development opportunities;
 - o Results of financing efforts, including the ability to obtain financing on favorable terms, which can be affected by various factors, including credit ratings and general economic conditions;
 - o Homeland security, natural disasters, acts of war or terrorism;
 - o Fluctuations in sources and uses of cash;
 - o Impacts from the potential formation of a regional transmission organization;
 - o Increasing health care costs and the resulting effect on health insurance premiums paid for employees;
 - o Increasing costs of insurance, changes in coverage terms and the ability to obtain insurance;
 - o Technological developments that could affect the operations and prospects of our subsidiaries or their competitors;

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- o Over appropriation of surface and groundwater in the Snake River Basin resulting in reduced generation at hydroelectric facilities;
- o Legal and administrative proceedings, whether civil or criminal, and settlements that influence business and profitability; and
- o New accounting or Securities and Exchange Commission requirements, or new interpretation or application of existing requirements.

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

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for management to predict all such factors, nor can it assess the impact of any such factor on our business or the extent to which any factor, or combination of factors, including those discussed under "Risk Factors" in this prospectus supplement, may cause results to differ materially from those contained in any forward-looking statement.

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ABOUT IDACORP

We are a successor registrant to, and a holding company owning all of the outstanding common stock of, Idaho Power Company. In 1998, we exchanged one share of our common stock for each share of Idaho Power Company's common stock, and Idaho Power Company became our wholly-owned subsidiary.

Idaho Power Company is an electric public utility incorporated under the laws of the state of Idaho in 1989 as successor to a Maine corporation organized in 1915. Idaho Power Company is involved in the generation, purchase, transmission, distribution and sale of electric energy in a 20,000 square mile area, primarily in southern Idaho and eastern Oregon, with an estimated population of 883,000. Idaho Power Company holds franchises in 71 cities in Idaho and nine cities in Oregon and holds certificates from the respective public utility regulatory authorities to serve all or a portion of 25 counties in Idaho and three counties in Oregon.

Idaho Power Company owns and operates 17 hydroelectric power plants and one gas-fired generating plant and shares ownership in three coal-fired generating plants. Idaho Power Company relies heavily on hydroelectric power for its generating needs and is one of the nation's few investor-owned utilities with a predominantly hydro base.

Our other operating subsidiaries include:

- o IdaTech - developer of integrated fuel cell systems;
- o IDACORP Financial Services - affordable housing and other real estate investments;
- o IDACOMM - provider of telecommunications services and owner of Velocitus, a commercial and residential Internet service provider;
- o Ida-West Energy - operator of independent power projects, which discontinued its project development operations in 2003 and is managing its independent power projects with a reduced workforce; and
- o IDACORP Energy - marketer of electricity and natural gas that wound down its operations during 2003.

Our principal executive offices are located at 1221 West Idaho Street, Boise, Idaho 83702-5627, and our telephone number is (208) 388-2200.

RECENT DEVELOPMENTS

Shareholder Lawsuits

On May 26, 2004 and June 22, 2004, respectively, two shareholder lawsuits were filed against us and certain of our directors and officers. The lawsuits, captioned Powell, et al. v. IDACORP, Inc., et al. and Shorthouse, et al. v. IDACORP, Inc., et al., raise largely similar allegations. The lawsuits are putative class actions brought on behalf of purchasers of our common stock between February 1, 2002 and June 4, 2002, which we refer to as the class period, and were filed in the United States District Court for the District of Idaho. The named defendants in each suit, in addition to us, are Jon H. Miller,

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Jan B. Packwood, J. LaMont Keen and Darrel T. Anderson.

The complaints alleged that, during the class period, we and/or certain of our officers and/or directors made materially false and misleading statements or omissions about our financial outlook in violation of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended, and Rule 10b-5, thereby causing investors to purchase our common stock at artificially inflated prices. More specifically, the complaints alleged that we failed to disclose and misrepresented the following material adverse facts which were known to us or recklessly disregarded by us: (1) we failed to appreciate the negative impact that lower volatility and reduced pricing spreads in the western wholesale energy market would have on our marketing subsidiary, IDACORP Energy; (2) we would be forced to limit our origination activities to shorter-term transactions due to increasing regulatory uncertainty and continued deterioration of creditworthy counterparties; (3) we failed to discount for the fact that Idaho Power Company might not recover from the lingering effects of the prior year's regional drought; and (4) as a result of the foregoing, we lacked a reasonable basis for positive statements about our earnings projections. The Powell complaint also alleged

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that our conduct artificially inflated the price of our common stock. The actions seek an unspecified amount of damages, as well as other forms of relief. By order dated August 31, 2004, the court consolidated the Powell and Shorthouse cases for pretrial purposes and ordered the plaintiffs to file a consolidated complaint within 60 days.

On November 1, 2004, we and the directors and officers named in the Powell and Shorthouse complaints were served with a purported consolidated complaint captioned Powell et al. v. IDACORP, Inc. et al., which was filed in the United States District Court for the District of Idaho.

The new complaint alleges that during the class period we and/or certain of our officers and/or directors made materially false and misleading statements or omissions about our business operations, and specifically IDACORP Energy financial outlook, in violation of Rule 10b-5, thereby causing investors to purchase our common stock at artificially inflated prices. The new complaint alleges that we failed to disclose and misrepresented the following material adverse facts which were known to us or recklessly disregarded by us: (1) we falsely inflated the value of energy contracts held by IDACORP Energy in order to report higher revenues and profits; (2) we permitted Idaho Power Company to inappropriately grant native load priority for certain energy transactions to IDACORP Energy; (3) we failed to file 13 ancillary service agreements involving the sale of power for resale in interstate commerce that we were required to file under Section 205 of the Federal Power Act; (4) we failed to file 1,182 contracts that Idaho Power Company assigned to IDACORP Energy for the sale of power for resale in interstate commerce that Idaho Power Company was required to file under Section 203 of the Federal Power Act; (5) we failed to ensure that IDACORP Energy provided appropriate compensation from IDACORP Energy to Idaho Power Company for certain affiliated energy transactions; and (6) we permitted inappropriate sharing of certain energy pricing and transmission information between Idaho Power Company and IDACORP Energy. These activities allegedly allowed IDACORP Energy to maintain a false perception of continued growth that inflated our earnings. In addition, the new complaint alleges that those earnings press releases, earnings release conference calls, analyst reports and revised earnings guidance releases issued during the class period were false and misleading. The action seeks an unspecified amount of damages, as well as other forms of relief.

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Although no assurance can be given as to the ultimate outcome of these cases, we and the other named defendants intend to defend ourselves vigorously against these allegations.

Ratings

On December 3, 2004, Moody's Investors Service announced that it had lowered our corporate credit ratings from Baal, with negative outlook, to Baa2, with stable outlook and Idaho Power Company's corporate credit ratings from A3, with negative outlook, to Baal, with stable outlook. Moody's Investors Service also lowered Idaho Power Company's and our long-term ratings and Idaho Power Company's commercial paper ratings, but affirmed our commercial paper ratings at P-2. At the same time, Moody's Investors Service assigned a Baa2 rating to our three-year \$150 million senior unsecured bank credit facility and assigned a Baal rating to Idaho Power Company's three-year \$200 million senior unsecured bank credit facility.

Moody's Investors Service stated that the downgrade of Idaho Power Company's ratings reflects (1) expected weaker cash flow coverage of interest and debt; (2) the likelihood for continued negative free cash flow over the next few years, with internally generated funds falling short of meeting our dividend requirements and significant utility-related capital spending; (3) persistent drought conditions that are likely to result in higher supply costs, not all of which are recoverable under Idaho Power Company's power cost adjustment mechanism; (4) the final resolution this fall of Idaho Power Company's rate case, which resulted in a revenue increase of a little more than half of its updated request; and (5) the likely need for additional support from the Idaho Public Utilities Commission in future rate proceedings as Idaho Power Company adds new generation and transmission infrastructure to help meet customer and load growth and ensure reliability of service.

On November 29, 2004, Standard & Poor's Ratings Services announced that it had lowered Idaho Power Company's and our corporate credit ratings from A-, with negative outlook, to BBB+, with stable outlook. At the same time, Standard & Poor's Ratings Services also lowered Idaho Power Company's and our long-term ratings, but affirmed Idaho Power Company's and our commercial paper ratings at A-2.

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Standard & Poor's stated that its decision reflects weakened financial ratios that have resulted from a combination of (1) sustained drought conditions on the Snake River that have depressed Idaho Power Company's hydro production and increased deferred power costs; (2) a disappointing general rate case ruling by the Idaho Public Utilities Commission, partly mitigated by the approval of a settlement agreement on September 29, 2004, which granted Idaho Power Company's position on income tax issues; and (3) more than \$600 million of expected capital requirements by Idaho Power Company. Standard & Poor's stated that these pressures resulted in a financial profile that is weak even for the current 'BBB+' corporate credit rating. Further, Standard & Poor's stated that two key issues that would determine future ratings movement were water flows in the Snake River and future rate case rulings by the Idaho Public Utilities Commission.

These security ratings reflect the views of the rating agencies. An explanation of the significance of these ratings may be obtained from each rating agency. Such ratings are not a recommendation to buy, sell or hold securities. Any rating can be revised upward or downward or withdrawn at any time by a rating agency if it decides that the circumstances warrant the change.

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Each rating should be evaluated independently of any other rating.

These downgrades are expected to increase the cost of new debt and other issued securities going forward.

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THE OFFERING

| | |
|--|--|
| Company | IDACORP, Inc. |
| Common stock offered | 3,500,000 shares |
| Common stock outstanding after this offering | 41,692,022 shares (1) (2) |
| Over-allotment option | 525,000 shares (2) |
| New York Stock Exchange symbol | IDA |
| Use of proceeds | We will use the net proceeds that we receive from this offering to repay a portion of our short-term debt and to make a capital contribution to Idaho Power Company. Idaho Power Company will use the capital contribution to repay a portion of its short-term debt and to fund a portion of its capital requirements. If we do not use the proceeds immediately, we may temporarily invest them in short-term debt instruments. As of November 30, our consolidated short-term debt was \$119 million. |
| Risk Factors | See "Risk Factors," beginning on page S-8 of this prospectus supplement for a discussion of factors you should carefully consider before deciding to invest in shares of our common stock. |
| Current indicated annual dividend rate | \$1.20 per share (3) |

(1) The number of shares outstanding after this offering is based on 38,192,022 shares outstanding as of December 9, 2004 and excludes:

- o 3,725,198 shares of common stock reserved for issuance under our dividend reinvestment plan, which is currently using open market purchases, but may use original issue stock commencing in 2005;
- o 2,337,116 shares of common stock reserved for issuance under our employee stock plan, which is currently using open market purchases;

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- o 314,114 shares of common stock reserved for issuance under our restricted stock plan, which is currently using open market purchases; and
 - o 2,042,600 shares of common stock reserved for issuance under our long-term incentive and compensation plan, of which 1,216,600 shares were subject to outstanding options at a weighted average exercise price of \$32.67 per share as of September 30, 2004. We are currently using original issue stock for this plan.
- (2) Except as otherwise noted, all information in this prospectus supplement assumes no exercise of the underwriters' over-allotment option.
- (3) Based upon the current quarterly dividend rate of \$0.30. The amount and timing of dividends payable on our common stock are within the sole discretion of our board of directors. Our ability to pay dividends on our common stock depends upon dividends paid to us by our subsidiaries.

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SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The consolidated financial information below is taken from our audited financial statements for the years ended December 31, 2001 through December 31, 2003 and our unaudited financial statements for the nine months ended September 30, 2003 and September 30, 2004. This information is only a summary. You should read it in connection with our historical financial statements and related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations," which we incorporate by reference in this prospectus supplement and the accompanying prospectus. See "Where You Can Find More Information" and "Information Incorporated by Reference" in this prospectus supplement.

| | Nine Months Ended September 30, ----- | | Year Decemb ----- | |
|---|---|--------------|-------------------------|-----------|
| | 2004 ---- | 2003 ---- | 2003 ---- | 20 --- |
| | (unaudited) | | | |
| | (in thousands, except per share d | | | |
| Consolidated Statement of Income Data: | | | | |
| Total electric utility revenues | \$ 631,701 | \$ 615,911 | \$ 782,720 | \$ 86 |
| Total operating revenues | \$ 646,738 | \$ 651,432 | \$ 823,002 | \$ 92 |
| Total electric utility expenses | \$ 551,945 | \$ 518,222 | \$ 661,026 | \$ 73 |
| Total operating expenses | \$ 576,204 | \$ 578,023 | \$ 738,940 | \$ 85 |
| Total operating income | \$ 70,534 | \$ 73,409 | \$ 84,062 | \$ 7 |
| Net Income | \$ 58,717 | \$ 42,824 | \$ 46,578 | \$ 6 |
| Average common shares outstanding (000's) | 38,193 | 38,227 | 38,186 | 3 |
| Earnings per share of common stock (basic and diluted) | \$ 1.54 | \$ 1.12 | \$ 1.22 | \$ |

As of

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September 30,

2004

(unaudited)

(in thousands)

Consolidated Balance Sheet Data:

| | | | |
|-------------------------------------|----|-----------|----|
| Cash and cash equivalents | \$ | 20,949 | \$ |
| Property, plant and equipment - net | | 2,177,564 | |
| Total assets | | 3,125,919 | |
| Long-term debt | | 985,487 | |
| Total shareholders' equity | | 887,142 | |

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RISK FACTORS

Before you participate in this offering, you should be aware there are risks in making an investment in our common stock, including the ones listed below. You should carefully consider these risk factors and other information contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus in evaluating this offering.

The risks and uncertainties that we describe below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations. If any of the following risks actually occur, our business, financial condition and results of operations could be materially and adversely affected. In that case, the value of our common stock and your investment could decline.

Risks Relating to our Company

Pending shareholder litigation could be costly, time consuming and, if adversely decided, result in substantial liabilities.

As we describe more fully in "Recent Developments - Shareholder Lawsuits," two securities shareholder lawsuits consolidated by order dated August 31, 2004 and a purported consolidated complaint have been filed against us and certain of our officers and directors. Securities litigation can be costly, time-consuming and disruptive to normal business operations. Certain costs below a self-insured retention are not covered by insurance policies. While we cannot predict the outcome of these matters and these matters will take time to resolve, damages arising from these lawsuits if resolved against us or in connection with any settlement, absent insurance coverage or damages in excess of insurance coverage, could have a material adverse effect on our financial position, results of operations or cash flows.

Reduced hydroelectric generation can reduce revenues and increase costs.

Idaho Power Company has a predominately hydroelectric generating base. Because of Idaho Power Company's heavy reliance on hydroelectric generation, the weather can significantly affect Idaho Power Company's operations. Idaho Power Company is experiencing its fifth consecutive year of below normal water conditions. When hydroelectric generation is reduced, Idaho Power Company must increase its use of more expensive thermal generating resources and purchased power. Through its power cost adjustment in Idaho, Idaho Power Company can expect to recover approximately 90 percent of the increase in its Idaho jurisdictional net power supply costs, which are fuel and purchased power less

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off-system sales, above the level included in its base rates. The power cost adjustment recovery includes both a forecast and deferrals that are subject to the regulatory process. The non-Idaho power supply costs, which are fuel and purchased power less off-system sales, are subject to periodic recovery from its Oregon and Federal Energy Regulatory Commission jurisdictional customers.

Changes in temperature can reduce power sales and revenues.

Warmer than normal winters or cooler than normal summers will reduce retail revenues from power sales.

The Idaho Public Utilities Commission's grant of less rate relief than requested will reduce Idaho Power Company's projected earnings and cash flows.

Because the Idaho Public Utilities Commission did not grant the full amount of rate relief requested, Idaho Power Company's projected earnings and cash flows will be reduced and the rating agencies have downgraded or may downgrade Idaho Power Company's and our credit ratings. If the Idaho Public Utilities Commission were to rule against Idaho Power Company in any future requests for relief, it could have a negative effect on earnings and cash flow.

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A downgrade in Idaho Power Company's and our credit ratings could negatively affect the companies' ability to access capital.

During the second quarter of 2004, Moody's Investors Service, Standard & Poor's Ratings Services and Fitch, Inc. placed certain of Idaho Power Company's and our ratings under review for possible downgrade. On November 29, 2004, Standard & Poor's Ratings Services downgraded Idaho Power Company's and our credit ratings and on December 3, 2004 Moody's Investors Service downgraded Idaho Power Company's and our credit ratings. These downgrades, and any future downgrade of Idaho Power Company's or our credit ratings, could limit Idaho Power Company's and our ability to access the capital markets, including the commercial paper markets. In addition, we and Idaho Power Company would likely be required to pay a higher interest rate on existing variable rate debt and in future financings.

Conditions that may be imposed in connection with hydroelectric license renewals may require large capital expenditures and reduce earnings and cash flows.

Idaho Power Company is currently involved in renewing federal licenses for several of its hydroelectric projects. Conditions with respect to environmental, operating and other matters that the Federal Energy Regulatory Commission may impose in connection with the renewal of Idaho Power Company's licenses could have a negative effect on Idaho Power Company's operations, require large capital expenditures and reduce earnings and cash flows.

The cost of complying with environmental regulations can harm cash flows and earnings.

Idaho Power Company is subject to extensive federal, state and local environmental statutes, rules and regulations relating to air quality, water quality, natural resources and health and safety. Compliance with these environmental statutes, rules and regulations involves significant capital, operating and other costs, and those costs could be even more significant in the future as a result of changes in legislation and enforcement policies and additional requirements imposed in connection with the relicensing of Idaho Power Company's hydroelectric projects.

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Terrorist threats and activities could result in lost revenues and increased costs.

Idaho Power Company is subject to direct and indirect effects of terrorist threats and activities. Potential targets include generation and transmission facilities. The effects of terrorist threats and activities could prevent Idaho Power Company from purchasing, generating or transmitting power and result in lost revenues and increased costs.

We, IDACORP Energy and Idaho Power Company are subject to costs and other effects of legal and regulatory proceedings, settlements, investigations and claims, including those that have arisen out of the western energy situation.

We, IDACORP Energy and Idaho Power Company are involved in a number of proceedings including a complaint filed against sellers of power in California, based on California's unfair competition law, a cross-action wholesale electric antitrust case against various sellers and generators of power in California and the California refund proceeding at the Federal Energy Regulatory Commission. Other cases that are the direct or indirect result of the western energy situation include a refund proceeding affecting sellers of wholesale power in the spot market in the Pacific Northwest, in which the Federal Energy Regulatory Commission directed that no refunds be paid, but which is now pending on appeal before the United States Court of Appeals for the Ninth Circuit; efforts by certain public parties to reform or terminate contracts for the purchase of power from IDACORP Energy or claiming violations of state and federal antitrust acts and dysfunctional energy markets as the result of market manipulation; show cause proceedings at the Federal Energy Regulatory Commission, which have been settled but are the subject of motions for rehearing or have been appealed and efforts by the California Attorney General to secure a reversal from the United States Court of Appeals for the Ninth Circuit of Federal Energy Regulatory Commission rulings that market-based sellers' transactional reports satisfy the Federal Energy Regulatory Commission's filed-rate doctrine requirements as a means of expanding refunds from all sellers of wholesale power. To the extent the companies are required to make payments, earnings will be negatively affected. It is possible that additional

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proceedings related to the western energy situation may be filed in the future against IDACORP Energy, Idaho Power Company or us.

Litigation relating to stray voltage, if adversely decided, could result in liabilities, reducing earnings, and encourage the commencement of additional lawsuits.

In three instances, dairy farmers have brought actions against Idaho Power Company claiming loss of milk production and other damages to livestock due to stray voltage from Idaho Power Company's electrical system. In the first proceeding, the jury ruled in Idaho Power Company's favor. In the second proceeding, a jury verdict was entered in favor of the plaintiffs. A third is in the early stages of discovery. Adverse court rulings in such proceedings could increase the number of future claims. The costs of defending these lawsuits could be significant, and certain costs, such as those below a deductible amount, are not covered by insurance policies.

Increased capital expenditures can significantly affect liquidity.

Increases in both the number of customers and the demand for energy require

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expansion and reinforcement of transmission, distribution and generating systems. Because the Idaho Public Utilities Commission did not grant the full amount of rate relief Idaho Power Company requested, Idaho Power Company will have to rely more on external financing for its planned utility construction expenditures in the 2004 through 2006 period; these large planned expenditures may weaken Idaho Power Company's and our consolidated financial profile. Additionally, a significant portion of Idaho Power Company's facilities was constructed many years ago. Aging equipment, even if maintained in accordance with good engineering practices, may require significant capital expenditures. Failure of equipment or facilities used in Idaho Power Company's systems could potentially increase repair and maintenance expenses, purchased power expenses and capital expenditures.

If we are unable to complete our assessment as to the adequacy of our internal control over financial reporting as required by Section 404 of the Sarbanes-Oxley Act of 2002, or if we complete the assessment and identify and report material weaknesses, investors could lose confidence in the reliability of our financial statements, which could decrease the value of our common stock.

As directed by Section 404 of the Sarbanes-Oxley Act of 2002, the Securities and Exchange Commission has adopted rules requiring public companies to include a report of management on the company's internal control over financial reporting in their annual reports on Form 10-K. This report is required to contain management's assessment of the effectiveness of the company's internal control over financial reporting as of the end of the most recent fiscal year. In addition, the independent registered public accounting firm auditing a public company's financial statements must also attest to and report on management's assessment of the effectiveness of the company's internal control over financial reporting. We have expended significant resources in developing and implementing the testing procedures and documentation required by Section 404. Effective internal controls are necessary for us to provide reliable financial reports and to prevent and detect fraud. If we fail to have an effectively designed and operating system of internal control over financial reporting, we will be unable to comply with the requirements of Section 404 in a timely manner. Our failure to complete our assessment or design internal controls effectively could preclude the independent registered public accounting firm from issuing an unqualified opinion on the effectiveness of our internal controls. This could result in decreased confidence in the reliability of our financial statements, which could cause the market price of our common stock to decline.

Risks Relating to this Offering of Common Stock

We are a holding company and have no operating income of our own.

We are a holding company, exempt from registration as a public utility holding company pursuant to Section 3(a)(1) of the Public Utility Holding Company Act of 1935, and we do not have any operating income of our own. Consequently, our ability to pay our indebtedness and to pay dividends on our common stock is dependent on dividends and other payments received from our subsidiaries. Our subsidiaries are separate and distinct legal entities and have no obligation to pay any amounts to us, whether through dividends, loans or other payments. Our subsidiaries' ability to pay dividends or make distributions to us will depend on, among other things:

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- o their actual and projected earnings and cash flow, capital requirements and general financial condition; and
- o the prior rights of holders of their existing and future

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preferred stock, first mortgage bonds and other debt securities.

Future sales of our common stock in the public market could lower our stock price.

We may sell additional shares of common stock in subsequent public offerings, through our dividend reinvestment plan or to finance future transactions. We cannot predict the size of future issuances of our common stock, or the effect, if any, that future issuances and sales of shares of our common stock will have on the market price of our common stock. Sales of substantial amounts of our common stock, or the perception that such sales could occur, may adversely affect the prevailing market price of our common stock.

The market price for our common stock is uncertain and may fluctuate significantly, and you could lose all or part of your investment.

Volatility in the market price of our common stock may prevent you from being able to sell your shares at or above the price you paid for them. We cannot predict whether the market price of our common stock will rise or fall. Numerous factors influence the trading price of our common stock. These factors may include changes in our financial condition, results of operations and prospects, legal and administrative proceedings and political, economic, financial and other factors that can affect the capital markets generally, the stock exchanges on which our common stock is traded and our business segments.

Our charter and bylaws, rights plan and Idaho law could delay or prevent a change in control that you may favor.

The terms of some of the provisions in our articles of incorporation and bylaws and provisions of the Idaho Business Corporation Act could delay or prevent a change in control that you may favor or may impede the ability of the holders of our common stock to change our management.

In particular, the provisions of our amended articles of incorporation and amended bylaws:

- o authorize our board of directors to issue up to 20,000,000 shares of preferred stock in one or more series without further action by shareholders;
- o divide the members of our board of directors into three classes having staggered terms, with directors in each class elected to three-year terms;
- o limit the shareholders' right to remove directors, fill vacancies and increase or reduce the number of directors;
- o regulate how shareholders may present proposals or nominate directors for election at shareholders' meetings; and
- o require a supermajority vote of shareholders to amend certain provisions.

In addition, each share of our outstanding common stock includes one preferred share purchase right. The rights become exercisable after a third party acquires or announces an offer to acquire 20% or more of our stock. The rights, when exercisable, entitle the holder to purchase our A series preferred stock, our common stock or, under some circumstances, common stock of the acquiring company. The rights cause substantial dilution to a person or group that attempts to acquire us on terms our board of directors does not approve and make it significantly more expensive for that person or group to acquire control of us.

We are subject to the provisions of the Idaho Control Share Acquisition Law and the Idaho Business Combination Law. The Idaho Control Share Acquisition Law is designed to protect minority shareholders if someone acquires 20% or more of

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our voting stock. An acquiring person must disclose to us its identity, acquisition plans and financing. The acquiring person cannot vote a number of shares exceeding the applicable percentages, unless two-thirds of the outstanding voting stock, excluding shares owned by the acquiring person, approves of such voting power. The Idaho Business Combination Law prohibits us from engaging in certain business combinations

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with a person who owns 10% or more of our outstanding voting stock for three years after that person acquired the shares, unless our board of directors approved of the business combination or the acquisition in advance. The Idaho Business Corporation Act provides that certain notice and informational requirements and special shareholder meeting and voting procedures must be followed prior to consummation of a proposed "merger or share exchange," as defined in the Idaho Business Corporation Act.

Statutory and regulatory factors will limit another party's ability to acquire us and could deprive you of the opportunity to gain a takeover premium for your shares of common stock.

Even if our board of directors favors a sale of the company, the sale requires approval of a number of federal and state regulatory agencies, including the Federal Energy Regulatory Commission, the Idaho Public Utilities Commission, the Oregon Public Utility Commission and the Wyoming Public Service Commission. The approval process could be lengthy and the outcome uncertain, which may deter otherwise interested parties from proposing or attempting a business combination. In addition, provisions of the Public Utility Holding Company Act of 1935, as amended, could require a buyer of our shares or Idaho Power Company shares to register as a "public utility holding company" or merge Idaho Power Company or us directly into its parent company. These regulatory constraints may result in a limited number of potential buyers.

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USE OF PROCEEDS

We estimate the net proceeds from this offering of common stock, after deducting the underwriting discounts and estimated offering expenses payable by us, will be approximately \$100.5 million, or \$115.6 million if the underwriters' over-allotment option is exercised in full.

We will use the net proceeds that we receive from this offering to repay a portion of our short-term debt and to make a capital contribution to Idaho Power Company. Idaho Power Company will use the capital contribution to repay a portion of its short-term debt and to fund a portion of its capital requirements.

If we do not use the proceeds immediately, we may temporarily invest them in short-term debt instruments. As of November 30, 2004, our consolidated short-term debt was \$119 million.

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CAPITALIZATION

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The following table presents as of September 30, 2004 on a consolidated basis:

- o our actual capitalization and
- o our capitalization as adjusted to give effect to the sale of the common stock in this offering, without giving effect to the underwriters' over-allotment option, at a public offering price of \$30.00 per share, less the underwriting discounts and estimated offering expenses payable by us, and our repayment of \$52 million in our consolidated short-term debt.

This information is only a summary. You should read it in connection with our historical financial statements and related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Form 10-K for the year ended December 31, 2003 and our Form 10-Q for the quarter ended September 30, 2004, which we incorporate by reference in this prospectus supplement. See "Information Incorporated by Reference" in this prospectus supplement.

| | Actual | As of September 30, (unaudited) As Ad |
|---|----------------|---|
| | ----- | ----- |
| | (in thousands) | |
| Cash and cash equivalents | \$ 20,949 | \$ |
| <hr/> | | |
| Debt: | | |
| Current maturities of long-term debt | \$ 77,510 | \$ |
| Notes payable | 82,135 | |
| Long-term debt | 985,487 | |
| <hr/> | | |
| Total Debt | 1,145,132 | |
| | | |
| Shareholders' equity: | | |
| Common stock, no par value (shares authorized 120,000,000; 38,348,758 issued, as adjusted 41,848,758) | 474,666 | |
| Retained earnings | 421,504 | |
| Accumulated other comprehensive loss | (3,525) | |
| Treasury stock (156,736 shares at cost) | (4,578) | |
| Unearned compensation | (925) | |
| <hr/> | | |
| Total shareholders' equity | 887,142 | |
| <hr/> | | |
| Total capitalization | \$ 2,032,274 | \$ |

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PRICE RANGE OF COMMON STOCK AND DIVIDENDS

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Our common stock is listed and traded on the New York Stock Exchange and Pacific Exchange under the symbol "IDA." The following table provides, for the calendar quarters indicated, the high and low prices per share as reported on the New York Stock Exchange as composite transactions and the amount of dividends paid.

| Period ----- | High ---- | Low --- | Divide ----- |
|---|--------------|------------|-----------------|
| 2002: | | | |
| First Quarter | \$ 40.86 | \$ 37.26 | \$ 0.4 |
| Second Quarter | 40.99 | 25.71 | 0.4 |
| Third Quarter | 28.60 | 21.58 | 0.4 |
| Fourth Quarter | 26.60 | 20.87 | 0.4 |
| 2003: | | | |
| First Quarter | \$ 26.35 | \$ 20.60 | \$ 0.4 |
| Second Quarter | 27.92 | 22.65 | 0.4 |
| Third Quarter | 27.25 | 23.15 | 0.4 |
| Fourth Quarter | 30.19 | 25.42 | 0.3 |
| 2004: | | | |
| First Quarter | \$ 32.05 | \$ 29.32 | \$ 0.3 |
| Second Quarter | 30.66 | 25.30 | 0.3 |
| Third Quarter | 29.95 | 26.05 | 0.3 |
| Fourth Quarter (through December 9, 2004) | 32.95 | 29.05 | 0.3 |

On December 9, 2004, the last reported sale price on the New York Stock Exchange for our common stock was \$30.15 per share. At December 9, 2004, there were 38,192,022 shares of common stock outstanding. At December 9, 2004, our common stock outstanding was held by approximately 18,100 shareholder accounts of record.

The amount and timing of dividends payable on our common stock are within the sole discretion of our board of directors. Our board of directors reviews the dividend rate quarterly to determine its appropriateness in light of our current and long-term financial position and results of operations, capital requirements, rating agency requirements, legislative and regulatory developments affecting the electric utility industry in general and Idaho Power Company in particular, competitive conditions and any other factors our board of directors deems relevant. In September 2003, we announced a decrease in the annual dividend from \$1.86 to \$1.20 per share in order to strengthen our financial position and our ability to fund Idaho Power Company's growing capital expenditure needs, improve cash flows and help maintain credit ratings. This decreased rate is equivalent to a quarterly dividend of \$0.30 per share. Our ability to pay dividends on our common stock is dependent upon dividends paid to us by our subsidiaries, primarily Idaho Power Company.

Idaho Power Company's articles of incorporation contain restrictions on the payment of dividends on its common stock if preferred stock dividends are in arrears. Idaho Power Company paid dividends to us of \$65 million in 2003 and \$70 million in 2002 and 2001.

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DESCRIPTION OF COMMON STOCK

The following description of our common stock is not complete, and we refer you to our articles of incorporation, as amended, our amended bylaws and our rights agreement, each of which is on file with the Securities and Exchange Commission and is incorporated by reference in this prospectus supplement. We also refer you to the laws of the state of Idaho.

Our articles of incorporation authorize us to issue 120,000,000 shares of common stock, without par value, and 20,000,000 shares of preferred stock, without par value. Each outstanding share of our common stock currently has attached to it one right issued pursuant to our rights agreement, which we describe below under "Certain Matters That Could Delay or Prevent a Change in Control - Preferred Share Purchase Rights".

Dividend Rights. Subject to the prior rights of the preferred stock, holders of our common stock are entitled to receive any dividends our board of directors may declare on the common stock. The board of directors may declare dividends from any property legally available for this purpose.

Voting Rights. The common stock has one vote per share. The holders of our common stock are entitled to vote on all matters to be voted on by shareholders. The holders of our common stock are not entitled to cumulative voting in the election of directors.

Holders of our preferred stock will not have any right to vote except as established by our board of directors or as provided in our articles of incorporation or bylaws or by state law. The A series preferred stock, if issued, will have voting rights.

A majority of the outstanding shares entitled to vote on a particular matter at a meeting constitutes a quorum. Action on a matter is approved if the votes cast favoring the action exceed the votes cast opposing the action, unless our articles of incorporation, the Idaho Business Corporation Act or our bylaws require a greater number of affirmative votes. A plurality of the votes cast determines the election of directors.

Liquidation Rights. Subject to the prior rights of the preferred stock, if we liquidate, dissolve or wind up, whether this is voluntary or not, the holders of the common stock will be entitled to receive any net assets available for distribution to shareholders.

Other Rights. The common stock is not liable to further calls or assessment. The holders of our common stock are not entitled to subscribe for or purchase additional shares of our capital stock. Our common stock is not subject to redemption and does not have any conversion or sinking fund provisions.

Transfer Agent and Registrar. Wells Fargo Bank is the transfer agent and registrar for the common stock.

Certain Matters That Could Delay or Prevent a Change in Control

Although it is not the intention of the board of directors to discourage legitimate offers to enhance shareholder value, the existence of unissued common stock, the ability of the board to issue preferred stock without further shareholder action and other provisions of our articles of incorporation and bylaws may discourage transactions aimed at obtaining control of us.

Preferred Stock. Our board of directors has the authority, without further action by shareholders, to issue up to 20,000,000 shares of preferred stock in one or more series. The board of directors has the authority to determine the terms of each series of preferred stock, within the limits of the articles of

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incorporation and the laws of the state of Idaho. These terms include the number of shares in a series, dividend rights, liquidation preferences, terms of redemption, conversion rights and voting rights.

If we issue preferred stock, it may negatively affect the holders of our common stock. These possible negative effects include diluting the voting power of shares of our common stock and affecting the market price of

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our common stock. In addition, the ability of our board of directors to issue preferred stock without shareholder approval may delay or prevent a change in control.

Although there are no shares of preferred stock currently outstanding, we have reserved 1,200,000 shares of A series preferred stock for issuance in connection with our shareholder rights plan.

Classified Board. We have divided the members of our board of directors into three classes having staggered terms. The number of directors in each class is as nearly equal as possible. Directors in each class are elected for a three-year term.

This classification of the board of directors may prevent shareholders from changing the membership of the entire board of directors in a relatively short period of time. At least two annual meetings, instead of one, generally will be required to change the majority of directors. The classified board provisions could have the effect of prolonging the time required for a shareholder with significant voting power to gain majority representation on the board of directors. Where majority or supermajority board of directors approval is necessary for a transaction, such as an interested shareholder business combination, the inability to immediately gain majority representation on the board of directors could discourage takeovers and tender offers.

Number of Directors, Vacancies, Removal of Directors. Our bylaws provide that the board of directors will have at least 9 and at most 15 directors. The size of the board may be changed by a two-thirds vote of shareholders entitled to vote, or by a majority vote of the board of directors. A majority of the board decides the exact number of directors at a given time. The board fills any new directorships it creates and any vacancies.

Directors may be removed by the shareholders only for cause and only if at least two-thirds of the shares of our outstanding voting stock approve the removal.

These provisions may delay or prevent a shareholder from gaining control of the board.

Calling of a Special Meeting. The president, a majority of the board of directors or the chairman of the board may call a special meeting of the shareholders at any time. Holders of at least 20% of the outstanding shares entitled to vote may call a special meeting if such holders sign, date and deliver to our secretary one or more written demands describing the purpose(s) of the proposed meeting. Upon receipt of one or more written demands from such holders, our secretary is responsible for determining whether such demand or demands conform to the requirements of the Idaho Business Corporation Act, our articles of incorporation and bylaws. After making an affirmative determination, our secretary will prepare, sign and deliver the notices for such meeting. The shareholders may suggest a time and place in their demand(s), but the board of

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directors will determine the time and place of any such meeting by resolution. These provisions for calling a special meeting may delay or prevent a person from bringing matters before a shareholder meeting.

No Cumulative Voting. Our articles of incorporation do not provide for cumulative voting. This could prevent directors from being elected by a relatively small group of shareholders.

Advance Notice Provisions. Our bylaws require that for a shareholder to nominate a director or bring other business before an annual meeting, the shareholder must give notice to our secretary not later than the close of business on the 120th day prior to the first anniversary of the date on which we first mailed proxy materials for the preceding year's annual meeting. If the date of the annual meeting is more than 30 days before or after the anniversary date of the preceding year's annual meeting, the shareholder must deliver notice no later than the close of business on the 10th day following the day on which we first publicly announce the date of such meeting.

Our bylaws also limit business at a special meeting to the purposes stated in the notice of the special meeting.

These advance notice provisions may delay a shareholder from bringing matters before a shareholder meeting. The provisions may provide enough time for our board of directors to begin litigation or take other steps to

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respond to these matters, or to prevent them from being acted upon, if our board of directors finds it necessary or desirable for any reason.

Amendment of Articles of Incorporation. Our articles of incorporation require an 80% vote of shareholders entitled to vote in order to amend the provisions relating to the board of directors and the amendment of our articles of incorporation, unless such amendment is recommended by two-thirds of the continuing directors, as defined.

Amendment of Bylaws. Amendment of the bylaws relating to the board of directors or advance notice provisions for shareholder meetings requires a two-thirds vote of shareholders entitled to vote or a majority vote of the board of directors.

Preferred Share Purchase Rights. On September 10, 1998, our board of directors declared a dividend distribution of one preferred share purchase right for each share of our common stock outstanding as of October 1, 1998. Since that time, we have issued and will continue to issue one right with each additional share of common stock we issue until the rights expire, are redeemed or exchanged or become exercisable. We have authorized and reserved 1,200,000 shares of our A series preferred stock for issuance if the rights become exercisable.

The rights become exercisable on the earlier of ten business days after a third party announces its acquisition of 20% or more of our outstanding voting stock and ten business days after a third party makes a tender offer or exchange offer to acquire 20% or more of our outstanding voting stock. Each right, when it becomes exercisable, entitles its holder, other than the third party that has acquired 20% or more of our voting stock, to purchase from us one one-hundredth of a share of our A series preferred stock at a price of \$95. The value of this one one-hundredth of a share is intended to approximate the value of one share of common stock. However, when a third party has acquired, or obtained the right

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to acquire, 20% or more of our voting stock, a holder who exercises this right for \$95 will have the right to receive the number of shares of our common stock, and/or, at our option, A series preferred stock, that have a market value of \$190. Rights owned by the third party will be null and void. Also, under the following circumstances, a holder who exercises this right for \$95 will have the right to receive the number of shares of common stock of an acquiring company that have a market value of \$190, instead of one one-hundredth of a share of our A series preferred stock or shares of our common stock:

- o we merge with another person and we are not the surviving entity;
- o we merge with another person and we are the surviving entity in the transaction, and our common stock is exchanged for shares of another company or cash or other property;
- o we sell or transfer 50% or more of our assets or earning power;
- o a person who has acquired, or obtained the right to acquire, 20% or more of our outstanding voting stock engages in some types of transactions with us which benefit the person due to its ownership of our stock; or
- o the proportionate share of a person who has acquired, or obtained the right to acquire, 20% or more of our outstanding voting stock is increased by more than 1% as a result of reclassification of securities or recapitalization or other transaction.

As a result, the rights have the effect of causing substantial dilution to a person or group that attempts to acquire us on terms our board of directors does not approve and making it significantly more expensive for that person or group to acquire control of us.

For example, assuming the price of our common stock is \$38 per share at the time of determination, each holder of our common stock will have the right to purchase for \$95 the number of shares equal to \$190, divided by \$38, or five shares. Consequently, a shareholder would effectively obtain \$190 in value for \$95. Assuming there are approximately 38 million shares of our common stock outstanding, each with a right attached, holders of our common stock collectively have an aggregate value in their rights of approximately \$3.6 billion. That is, regardless of the market price for our common stock, whenever the rights become exercisable, our shareholders collectively have the ability to spend \$3.6 billion to acquire \$7.2 billion in stock. That dilution could make it significantly more expensive for a hostile takeover to occur. The rights should not interfere with any merger or other business combination our board of directors approves since our board of directors may elect to redeem the rights at \$0.01 per

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right until ten business days after a third party announces its acquisition of 20% or more of our outstanding voting stock. The rights expire on September 10, 2008, unless we redeem or exchange them earlier.

We may adjust the \$95 purchase price and the number of shares that may be purchased.

The description of our preferred share purchase rights is contained in the registration statement on Form 8-A filed on September 15, 1998, as amended by amendment no. 1 on Form 8-A/A filed on October 20, 1999 and amendment no. 2 on Form 8-A/A filed on September 28, 2004, and in the Rights Agreement, dated as of September 10, 1998, between Wells Fargo Bank, N.A., as successor to The Bank of New York, as rights agent, and us.

Idaho Control Share Acquisition Law. We are subject to the provisions of

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the Idaho Control Share Acquisition Law. This law is designed to protect minority shareholders in the event that a person acquires or proposes to acquire shares of voting stock giving it at least 20%, at least 33 1/3%, or more than 50% of the voting power in the election of our directors. Under this law, an acquiring person must deliver to us an information statement that includes the acquiring person's identity, its acquisition plans and its financing. The acquiring person cannot vote the shares it holds that are greater than the applicable percentages unless two-thirds of the outstanding voting stock, excluding shares owned by the acquiring person, approves of such voting power. If the acquiring person so requests and complies with other requirements, we must hold a special meeting within 55 days of receiving the information statement from the acquiring person for the shareholders to vote. If the acquiring person does not deliver the information statement, or our shareholders do not approve such voting power, we may redeem all of the acquiring person's shares that exceed the applicable percentage at their fair market value.

Idaho Business Combination Law. We are also subject to the Idaho Business Combination Law. This law prohibits us from engaging in certain business combinations with a person who owns 10% or more of our outstanding voting stock for a three-year period after the person acquires the shares. This prohibition does not apply if our board of directors approved of the business combination or the acquisition of our shares before the person acquired 10% of the shares. After the three-year period, we could engage in a business combination with the person only if two-thirds of our outstanding voting stock, excluding shares owned by the person, approve, or the business combination meets minimum price requirements.

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UNDERWRITING

We and the underwriters named below have entered into an underwriting agreement with respect to the shares being offered. Subject to certain conditions, each underwriter has severally agreed to purchase the number of shares indicated in the following table. Morgan Stanley & Co. Incorporated is acting as representative of the underwriters.

| Underwriters | Number of Shares |
|--|------------------|
| Morgan Stanley & Co. Incorporated | 1,400,000 |
| Wachovia Capital Markets, LLC | 875,000 |
| KeyBanc Capital Markets, a division of McDonald Investments Inc. | 700,000 |
| A.G. Edwards & Sons, Inc. | 350,000 |
| D.A. Davidson & Co. | 175,000 |
| | |
| Total | 3,500,000 |

The underwriters are committed to take and pay for all of the shares being offered, if any are taken. However, the underwriters are not required to take or pay for the shares of common stock covered by the underwriters' over-allotment option described below.

Shares sold by the underwriters to the public will initially be offered at

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the initial price to public set forth on the cover of this prospectus supplement. Any of these securities dealers may resell any shares purchased from the underwriters to other brokers or dealers at a discount of up to \$0.67 per share from the initial public offering price. If all the shares are not sold at the offering price, the representative may change the offering price and other selling terms.

We have granted to the underwriters an option to purchase from us within 30 days from the date of this prospectus supplement up to an aggregate of 525,000 additional shares of common stock at the initial price to public set forth on the cover of this prospectus supplement less underwriting discounts and commissions. The underwriters may exercise this option solely to cover over-allotments, if any, made in connection with this offering. If the option is exercised, each underwriter will become obligated, subject to certain conditions, to purchase approximately the same percentage of additional shares of common stock as the number listed next to the underwriter's name in the preceding table bears to the total number of shares of common stock offered by all the underwriters. The following table presents the per share and total underwriting discounts and commissions we will pay to the underwriters assuming both no exercise and full exercise of the underwriters' option to purchase up to 525,000 additional shares:

| | No Exercise ----- | Full Exercise ----- |
|----------------|----------------------|------------------------|
| Per share..... | \$ 1.20 | \$ 1.20 |
| Total..... | \$ 4,200,000 | \$ 4,830,000 |

We estimate that the total expenses of this offering payable by us, excluding underwriting discounts and commissions, will be approximately \$300,000.

We and our Section 16 officers and directors have agreed that, without the prior written consent of Morgan Stanley & Co. Incorporated on behalf of the underwriters, we and they will not, during the period ending 90 days after the date of this prospectus supplement:

- o offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any shares of our common stock or any securities convertible into or exercisable or exchangeable for our common stock; or

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- o enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of common stock,

whether any transaction described above is to be settled by delivery of common stock or such other securities, in cash or otherwise.

The restrictions described in the immediately preceding paragraph do not apply to:

- o the sale of shares to the underwriters;
- o transactions relating to shares of common stock or other securities acquired in open market transactions after the completion of this offering;

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- o the issuance by us of shares of common stock upon the exercise of an option or warrant or the conversion of a security outstanding on the date of this prospectus supplement;
- o grants of employee or director stock options or issuances of shares of our common stock to employees or directors, in each case pursuant to the terms of a plan in effect on the date of this prospectus supplement;
- o the sale of shares of common stock pursuant to our dividend reinvestment plan;
- o transfers by our Section 16 officers or directors of shares of common stock or any security convertible into common stock as a bona fide gift or for no consideration; provided each transferee signs and delivers a lock-up letter to the underwriters agreeing to the restrictions described in the immediately preceding paragraph; or
- o transfers by our Section 16 officers or directors of shares of common stock to any trust for the direct or indirect benefit of our Section 16 officers or directors or the immediate family of our Section 16 officers or directors or from any trust to a beneficiary of such trust; provided that the transfer does not involve a disposition for value and each transferee signs and delivers a lock-up letter to the underwriters agreeing to the restrictions described in the immediately preceding paragraph.

In order to facilitate the offering of the common stock, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the common stock. Specifically, the underwriters may sell more shares than they are obligated to purchase under the underwriting agreement, creating a short position. A short sale is covered if the short position is no greater than the number of shares available for purchase by the underwriters under the over-allotment option. The underwriters can close out a covered short sale by exercising the over-allotment option or purchasing shares in the open market. In determining the source of shares to close out a covered short sale, the underwriters will consider, among other things, the open market price of shares compared to the price available under the over-allotment option. The underwriters may also sell shares in excess of the over-allotment option, creating a naked short position. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in the offering. The underwriters may also initiate a syndicate covering transaction by placing a bid on behalf of the underwriting syndicate or by effecting a purchase to reduce a short position created in connection with the offering. In addition, to stabilize the price of the common stock, the underwriters may bid for, and purchase, shares of our common stock in the open market. Finally, the underwriting syndicate may reclaim selling concessions allowed to an underwriter or a dealer for distributing the common stock in this offering, if the syndicate repurchases previously distributed common stock to cover syndicate short positions or to stabilize the price of the common stock. Any of these activities may stabilize or maintain the market price of the common stock above independent market levels. The underwriters are not required to engage in these activities, and may end any of these activities at any time.

A prospectus supplement and accompanying prospectus in electronic format may be made available on the websites maintained by one or more of the underwriters. The underwriters may agree to allocate a number of shares to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the representative to underwriters that may make Internet distributions on the same basis as other allocations. Other than the prospectus supplement and the accompanying prospectus in electronic format, the information on any of these websites and any other information contained on a website maintained by an underwriter or syndicate member

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is not part of this prospectus supplement and the accompanying prospectus. In addition, shares may be sold by the underwriters to securities dealers who resell shares to online brokerage account holders.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended, or to contribute to payments the underwriters may be required to make because of any of those liabilities.

In the ordinary course of their business, certain of the underwriters and their affiliates have provided, or may in the future provide, investment banking and other financial services to us or our subsidiaries, including underwriting, the provision of financial advice and the extension of credit. These underwriters and their affiliates have received, and may in the future receive, customary fees and commissions for their services.

Affiliates of certain of the underwriters are currently agents and lenders under our credit facility. Specifically, Wachovia Bank, National Association, an affiliate of Wachovia Securities, Inc.; Wachovia Capital Markets, LLC, an affiliate of Wachovia Securities, Inc.; and KeyBanc National Association, an affiliate of KeyBanc Capital Markets, a division of McDonald Investments Inc. are lenders, agents or arrangers under our credit facility. The underwriters and their affiliates perform various other financial advisory, investment banking and commercial banking services for us and our affiliates from time to time, for which they have received customary fees.

From time to time an affiliate of Morgan Stanley & Co. Incorporated engages in energy trading transactions in which it sells energy to, or purchases energy from, Idaho Power Company.

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WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission. Our Securities and Exchange Commission filings are available to the public from the Securities and Exchange Commission's website at <http://www.sec.gov>. You may also read and copy any document we file at the Securities and Exchange Commission's public reference room in Washington, D.C. located at 450 Fifth Street, N.W., Washington D.C. 20549. Please call the Securities and Exchange Commission at 1-800-SEC-0330 for further information on the public reference room. Our common stock is listed and traded on the New York Stock Exchange and the Pacific Exchange. You may also inspect the information we file with the Securities and Exchange Commission at the New York Stock Exchange's offices at 20 Broad Street, New York, New York 10005. Information about us is also available at our website at <http://www.idacorpinc.com>. However, the information on our website is not a part of this prospectus supplement or the accompanying prospectus.

INFORMATION INCORPORATED BY REFERENCE

The Securities and Exchange Commission allows us to incorporate by reference the information we file with it, which means that we can disclose important information to you by referring to those documents. The information

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incorporated by reference is an important part of this prospectus supplement and the accompanying prospectus, and information that we file later with the Securities and Exchange Commission will automatically update and supersede this information. We incorporate by reference the following documents that we filed with the Securities and Exchange Commission (SEC file number 1-14465):

- o Annual Report on Form 10-K for the year ended December 31, 2003, filed on March 4, 2004.
- o Quarterly Reports on Form 10-Q for the quarters ended March 31, 2004, June 30, 2004 and September 30, 2004, filed on May 6, 2004, August 5, 2004 and November 4, 2004, respectively.
- o Current Reports on Form 8-K filed on March 22, 2004, April 1, 2004, April 13, 2004, May 19, 2004, May 26, 2004, May 27, 2004, June 9, 2004, June 16, 2004, June 23, 2004, July 14, 2004, July 16, 2004, July 30, 2004, August 12, 2004, August 18, 2004, September 3, 2004, September 30, 2004, November 30, 2004, December 6, 2004 and December 7, 2004.
- o Description of our common stock contained in the registration statement on Form 8-A, dated and filed on October 20, 1999, as amended by amendment no. 1 on Form 8-A/A, dated and filed on September 28, 2004.
- o Description of our preferred share purchase rights contained in the registration statement on Form 8-A, dated and filed on September 15, 1998, as amended by amendment no. 1 on Form 8-A/A, dated and filed on October 20, 1999 and amendment no. 2 on Form 8-A/A, dated and filed on September 28, 2004.
- o All documents we file under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, after the date of this prospectus supplement and before we terminate the offering.

We will provide to each person, including any beneficial owner, to whom this prospectus supplement and the accompanying prospectus is delivered, a copy of any or all of the information that has been incorporated by reference in this prospectus supplement and the accompanying prospectus but not delivered with this prospectus supplement and the accompanying prospectus. You may obtain a copy of any of these documents at no cost, by written or oral request to us at the following address:

Shareowner Services
IDACORP, Inc.
1221 W. Idaho Street
Boise, ID 83702
Telephone (208) 388-2200

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LEGAL MATTERS

Thomas R. Saldin, our Senior Vice President, General Counsel and Secretary, and LeBoeuf, Lamb, Greene & MacRae, L.L.P., New York, New York, a limited liability partnership including professional corporations, will pass upon the validity of the common stock and other legal matters for us. Sullivan & Cromwell LLP, New York, New York, will pass upon the validity of the common stock and other legal matters for the underwriters. LeBoeuf, Lamb, Greene & MacRae, L.L.P. and Sullivan & Cromwell LLP may, for matters governed by the laws of Idaho, rely upon the opinion of Mr. Saldin.

EXPERTS

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The consolidated financial statements as of December 31, 2003 and 2002, and for each of the three years in the period ended December 31, 2003 and the related consolidated financial statement schedule incorporated in this prospectus supplement by reference from our Annual Report on Form 10-K for the year ended December 31, 2003 have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference, which report expresses an unqualified opinion and includes an explanatory paragraph referring to the 2002 change in the method of accounting for goodwill and the 2003 change in the method of accounting and presentation of asset retirement obligations, and have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

With respect to the unaudited interim financial information for the periods ended March 31, 2004 and 2003, June 30, 2004 and 2003 and September 30, 2004 and 2003 which is incorporated herein by reference, Deloitte & Touche LLP have applied limited procedures in accordance with standards of the Public Company Accounting Oversight Board (United States) for a review of such information. However, as stated in their reports, included in our quarterly reports on Form 10-Q for the quarters ended March 31, 2004, June 30, 2004 and September 30, 2004 and incorporated by reference herein, they did not audit and they do not express an opinion on that interim financial information. Accordingly, the degree of reliance on their reports on such information should be restricted in light of the limited nature of the review procedures applied. Deloitte & Touche LLP is not subject to the liability provisions of Section 11 of the Securities Act of 1933, as amended, for their reports on the unaudited interim financial information because those reports are not "reports" or a "part" of the registration statement prepared or certified by an accountant within the meaning of Sections 7 and 11 of the Securities Act of 1933, as amended.