



December 11, 2013

Public Company Accounting Oversight Board
Office of the Secretary
1666 K Street, NW
Washington, DC 20006-2803

Subject: **PCAOB Rulemaking Docket No. 034**

Dear Secretary,

As chairman of the audit committee for IDACORP, Inc. and Idaho Power Company, I am pleased to provide comments on behalf of the Audit Committee on the two proposed audit standards under the above referenced Docket.

IDACORP is an investor-owned utility holding company, with approximately \$5.5 billion in assets, \$1.1 billion in annual revenues, and serving 500,000 electric customers in Idaho and Oregon. IDACORP's principal subsidiary, Idaho Power, has a 98-year history as a hydro-based electric utility with significant facilities along the Snake River.

Below are my comments based on audit committee experience at IDACORP since 2008, but also as a board member for several other public companies, including International Rectifiers Corp. and DineEquity, Inc.

Auditor Reporting Standard (Critical Audit Matters, or CAMs)

Docket 34's Introduction lays out underlying rationale for the proposal to enhance the standard audit report with disclosures of key areas that the auditor found "the most difficult, subjective or complex" and "found to be challenging". The docket assumes that this type of disclosure "could help to alleviate the information asymmetry that exists between company management and investors." (Page 6, first and third paragraphs).

My first and primary concern with the proposal is that it undermines the foundation upon which the current rules (SEC, FASB) and the current roles of auditor and Audit Committee combine to effectively protect the integrity of financial reporting to the investing public. To increase auditor reporting by requiring our auditors to provide supplementary information that led them to their unqualified opinion, is tantamount to having investors read the auditor's required communications to the Audit Committee. Additionally, when the Audit Committee reviews such currently required written communications, we also get to hear and ask questions about the context which gives rise to any difficult to audit areas, or significant management estimates. Without the context discussion, the auditor report would be confusing and require additional language to provide adequate context for investors. Asking auditors to reduce this

robust and engaging governing process down to a written subset for investors will become difficult and problematic in my opinion. I envision that in an absence of bright lines or clear definitions in matters of auditor judgment, reporting will tend toward over-kill and lead to marginal value CAM disclosures. I also believe that investors who may be frustrated that the current level of audit report language is uninformative, will soon grow frustrated with the expanded version as well. The current governance process - well defined under the charter of a public company Audit Committee - serves the investing public well, and should not become the domain of the auditor to communicate.

My second concern is the price tag. Each and every disclosure that our company makes to our auditors (for example, through the quarterly representation letter) and vice versa, that they make to the company (for example, a comfort letter for bank loan reporting) goes through a vetting process that includes senior management, audit partners, Audit Committee members, and internal and sometimes external legal counsel for these parties. A single word change at the last moment may ripple through another lap through senior level management, Audit partners and legal reviews. I anticipate that unscripted CAM language will trigger senior management process reviews that will become a regular part of the quarterly reporting cycle – driving up fees and slowing down the reporting cycle at precisely the time when issuers were poised to file with the SEC. The untimely delay and additional costs will not justify the value of the incremental information provided. Over time, I believe that the CAM language in the auditor's report will tend to mirror the company's language in disclosures of critical accounting estimates, policies, fair value measurements and risk factors.

Third, the current law governing the content and clarity of financial reporting is well established and comprehensive, and is the domain of the SEC and the FASB. If investors seek additional disclosures, these would be best addressed through the financial reporting model, its rulemaking bodies, and implemented by management. Management should remain fully responsible for disclosures to investors, and auditors should remain fully responsible to attest on such disclosures. It is my view that the current rules governing the various roles of management, Audit Committee, and auditors, working together, provide for a full and complete disclosure to serve the information needs of investors.

Lastly, I couldn't help but comment on the idea of information asymmetry between management and investors. Is this really a substantive issue that requires a remedy? The company must at all times maintain custody of the detailed information that runs the business, and investors will always need a summarized view of key details. It seems to me that there is a natural asymmetry here. Using this rationale to seek additional auditor disclosure is vague and frankly, a black hole that cannot possibly be filled with virtually any amount of additional information. Again, if more detailed disclosures are needed, they should remain the sole responsibility of management and be imposed through the well-understood and accountable rulemaking processes of the FASB and SEC.

Other Information Standard

“The proposed other information standard would respond to investors’ interests in obtaining information regarding the auditor’s responsibilities for other information outside the financial statements” (page 7, first full paragraph).

The current standard requiring our auditors to read and consider other information for consistency has been effective in my experience to raise areas of concern prior to issuing a report. The Audit Committee has been the proper venue for discussing and remediating any inconsistencies that have historically occurred. In no situations, have we allowed any concerns that were raised by our auditors to remain unaddressed in a final report. While I would not object to adding language into the audit report to describe and clarify this scope undertaken by the auditor, I would object to adding language to this requirement that might be construed as increasing the scope of review procedures. Increasing a system of internal controls over narrative information becomes problematic. The difficulty to define and make a bright line test over adequacy of narrative disclosures, will drive over-reporting and over-controlled reporting processes – driving up costs. Historically, we have remedied any discovered inconsistencies prior to issuing any report, and thus there is no need to report the process and issues to investors – they are gone by the time investors receive such disclosures. I do not see any justification here to increase compliance costs, or to delay reporting cycle time, both of which would ultimately be negative for investors.

I would like to thank the PCAOB for the opportunity to comment and invite your board or staff to further discuss these matters. I would be pleased to also discuss these comments if the need arises.

Sincerely,



Richard J. Dahl

Chairman, Audit Committee, IDACORP Inc. and Idaho Power Company

cc: Robert A. Tinstman, Chairman of the Board, IDACORP Inc. & Idaho Power Company
Joan H. Smith, Audit Committee board member
Thomas J. Wilford, Audit Committee board member
C. Stephen Allred, Audit Committee board member

J. LaMont Keen, President and CEO, IDACORP Inc., CEO, Idaho Power Company
Darrel T. Anderson, President and CFO, Idaho Power Company