



# Idaho Economic Outlook

## Economic Outlook and Revenue Assessment Committee

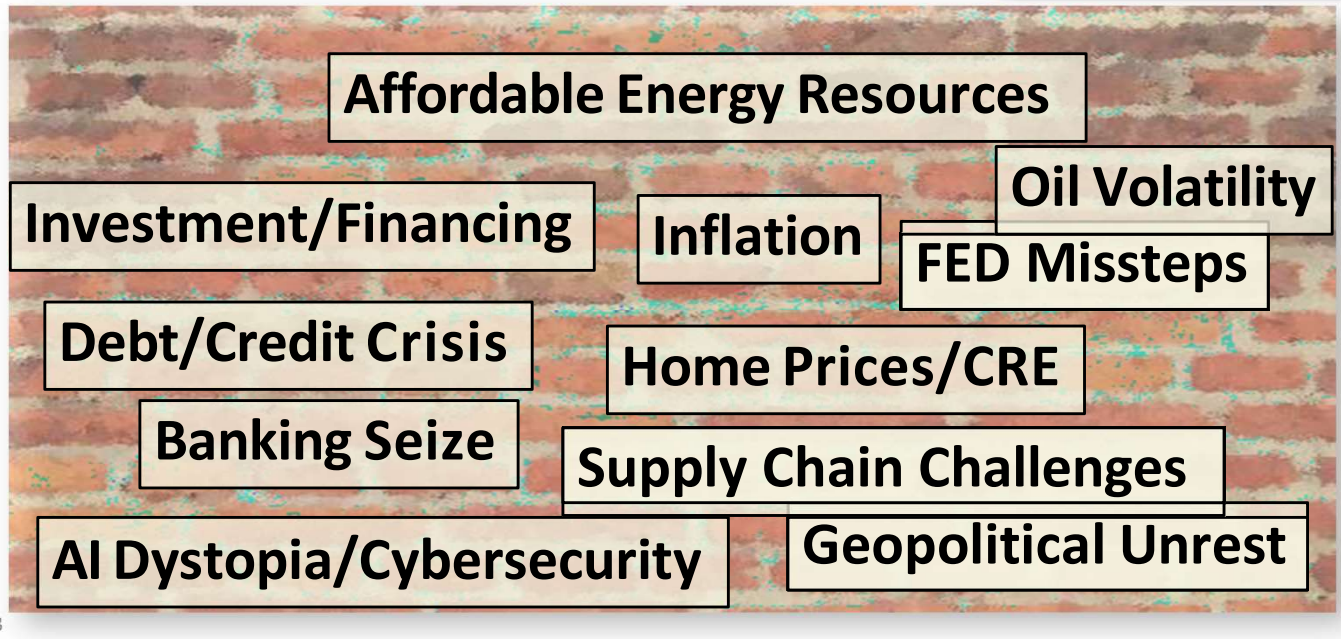
*Jordan Prassinos – Manager, Load (Demand) Forecast and Principal Economist*  
Idaho Power Company  
Jan 4, 2024



## Disclaimer

Important Note: Forecasts, opinions, and estimates offered in this presentation and slides constitute the judgment of the author and are subject to change without notice, as are statements of economic and financial market trends, which are based on current market conditions. While the author has relied on market data in developing the information in this presentation and associated slides, neither the author nor Idaho Power Company warrant its accuracy or completeness, nor do they warrant the accuracy or completeness of any information provided by third parties. This material has been prepared for informational purposes only and is not intended to provide, and should not be relied on for, accounting, legal, or tax advice or interpreted as a recommendation.

## Wall of Worry – High Stress Points



3

## Recession Watch Lanes

Risks that cause a recession

### 01 Shocks/Overheating

- Policy Error / Inflation(Deflation)
- Supply Side\*

### 02 Consumerism/Psychology

If you build it, they will come

### 03 Imbalances

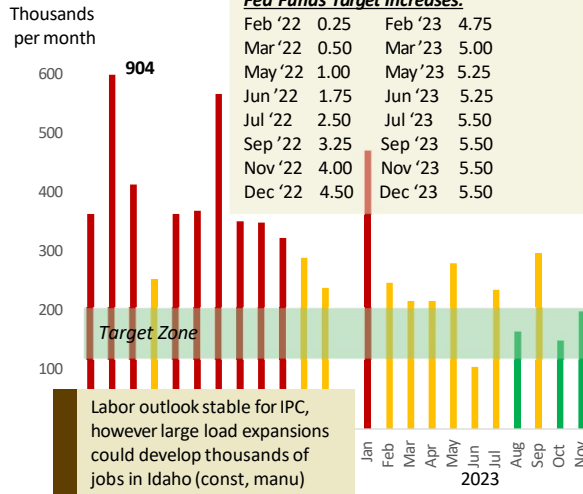
*CRE, Banking/Non-Bank*

4

# Primary Indicators for FED

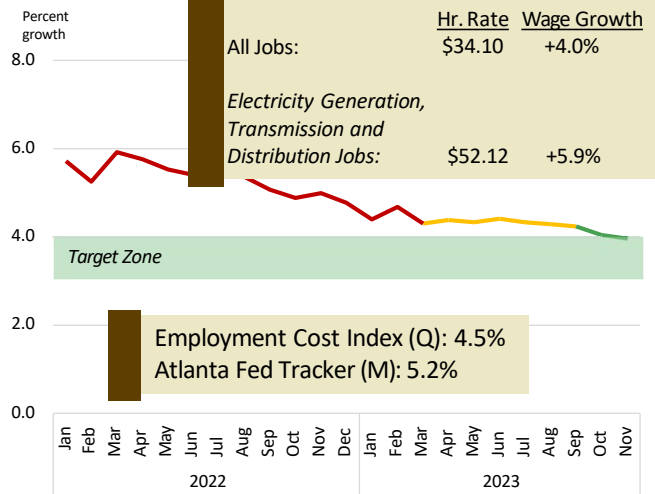
01 Shocks/Overheating

## Federal Employment Additions



Source: Bureau of Labor Statistics Establishments Survey

## Hourly Wage Growth

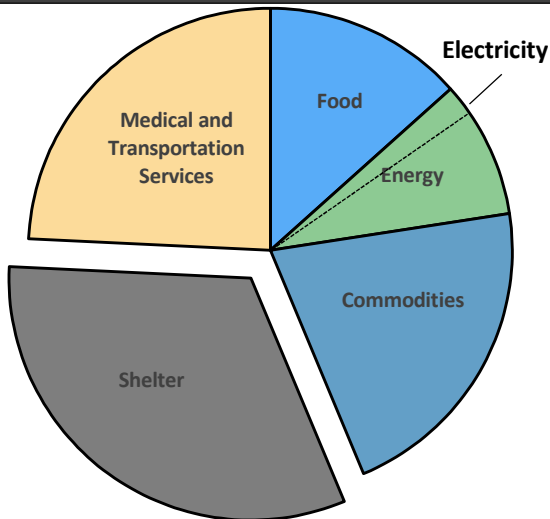


Source: Bureau of Labor Statistics Avg Hourly Wages

# Inflation's Intricacies

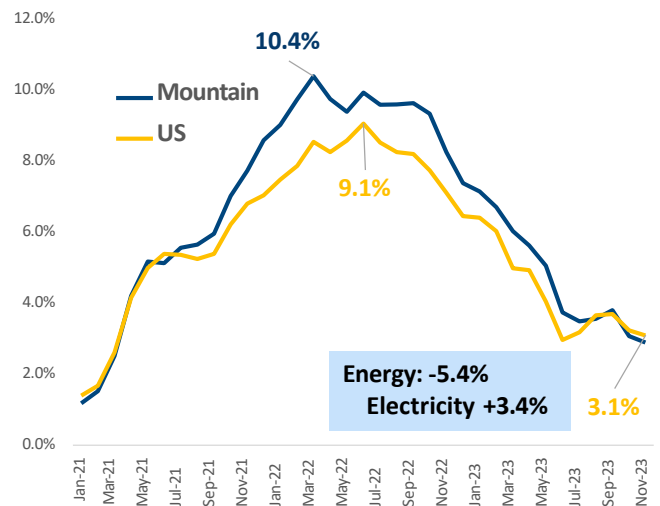
01 Shocks/Overheating

## Composition of the CPI Basket of Goods



Source - Bureau of Labor Statistics. 2023 Basket of Consumer Price Index - Urban Consumers

## Regional CPI

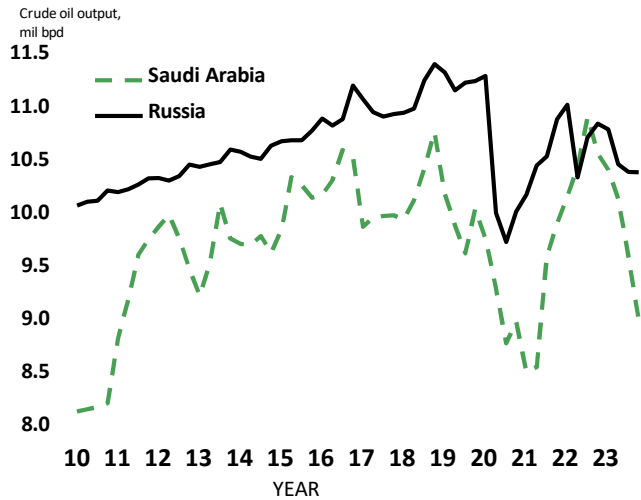


Source: Bureau of Labor Statistics. Nov 2023 Consumer Price Index Regional Report

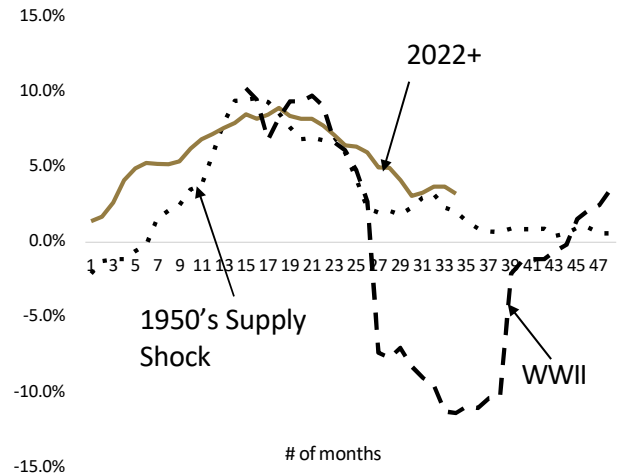
# Energy Impact on Inflation's Future Path

01 Shocks/Overheating

## Oil Impact



## Historic CPI Inflation

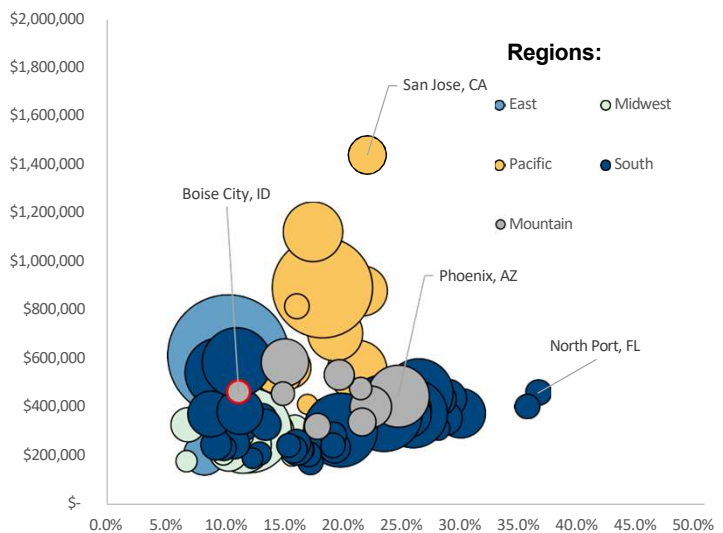


7

# Relative Home Value Growth

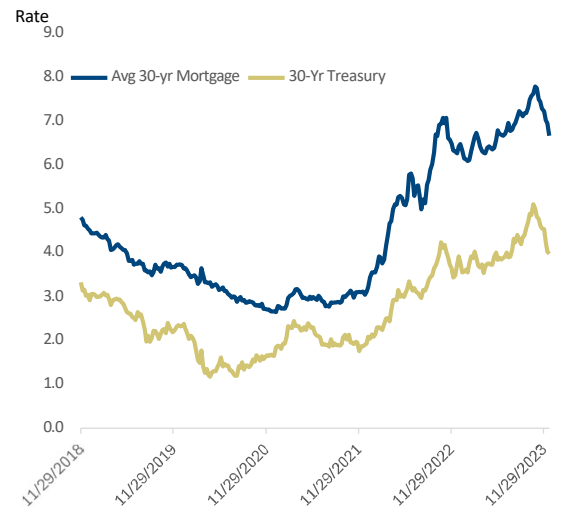
01 Shocks/Overheating

## Top 100 US Cities Home Value Growth



SOURCE: Zillow research. Zillow Home Value Index (ZHVI) of single-family homes. Author's calculations.

## Conventional Mortgage Spreads



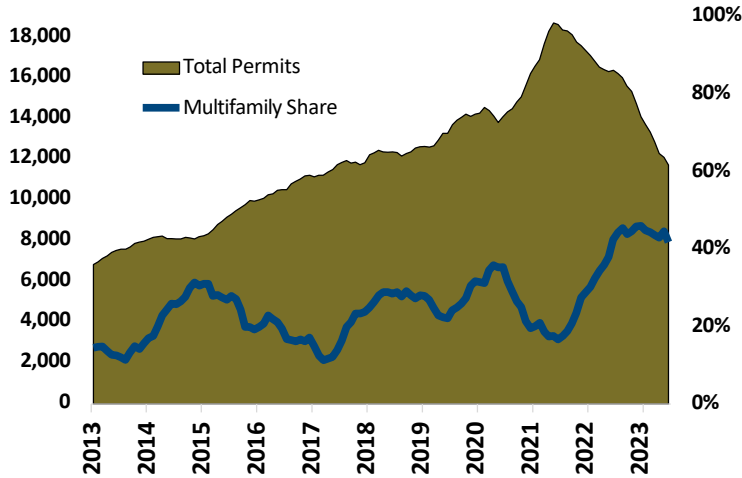
SOURCE: St. Louis Federal Reserve. FRED

8

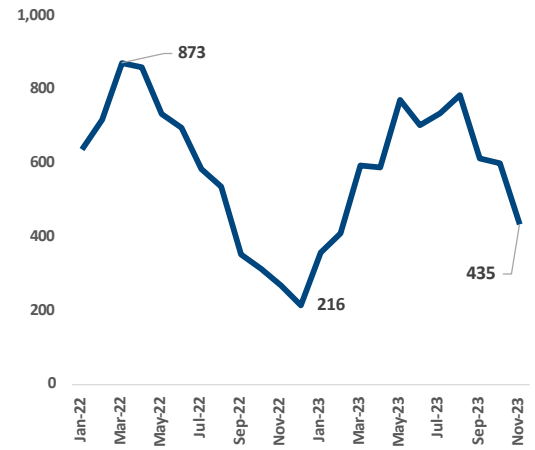
# Residential Housing Permits

01 Shocks/Overheating

Annual Residential Permits Rolling 12-Month



Monthly Residential Permits

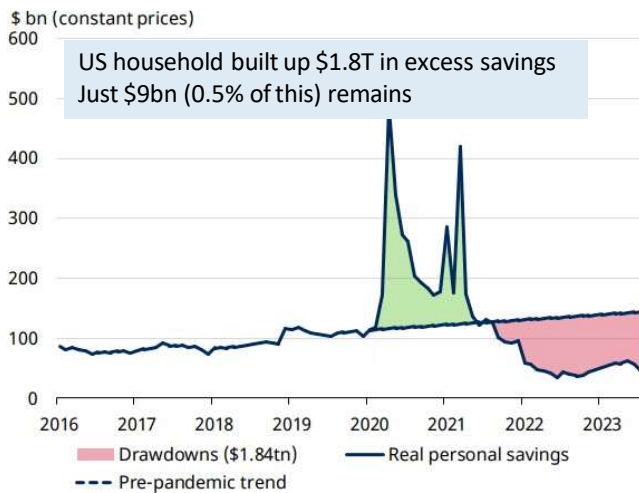


Residential Housing Permits – Available IPCo Territory (Ada, Bannock, Bingham, Blaine, Boise, Canyon, Cassia, Elmore, Gem, Gooding, Jerome, Oneida, Payette, Twin Falls, Valley)

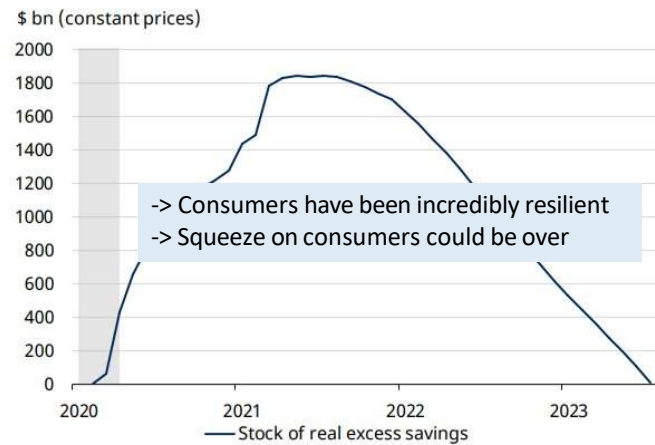
# Consumer Spending

02 Psychology/Consumerism

Excess Savings Build Up



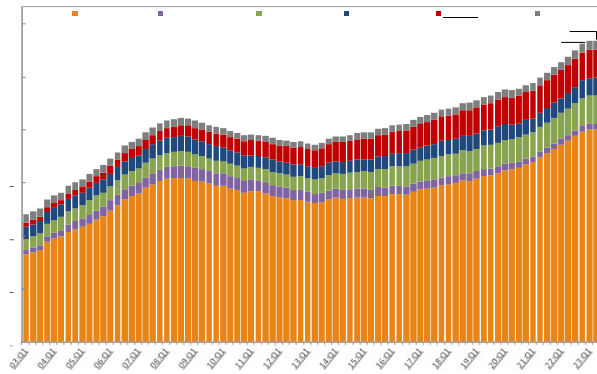
Excess Savings Draw Down



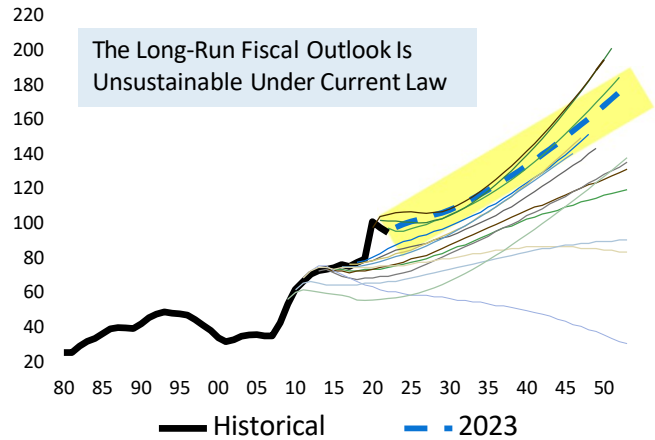
# US Private And Public Debt

03 Imbalances

Private Debt Balance and its Composition



Debt held by the public, % of GDP

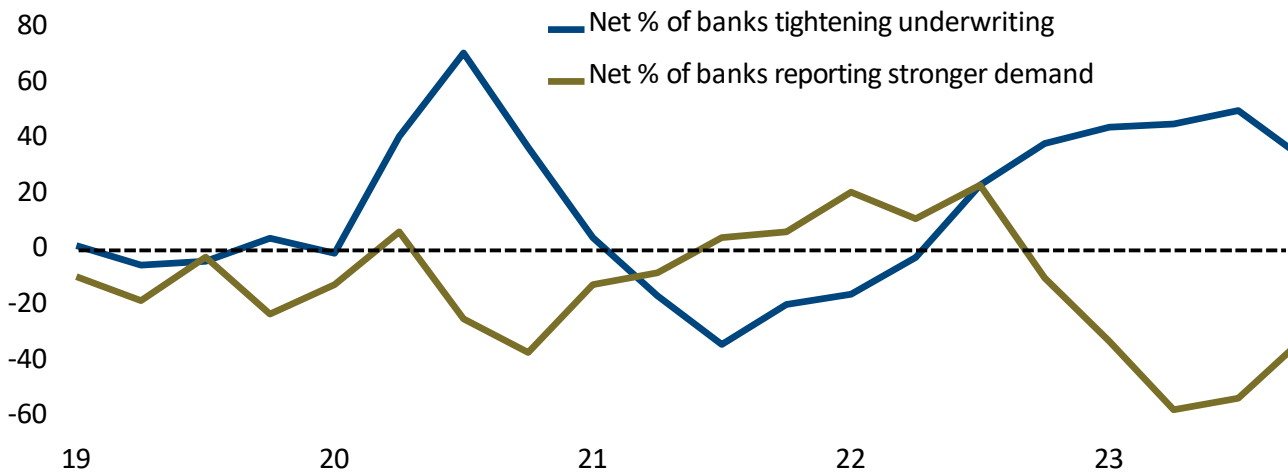


11

# Loans and Banking

03 Imbalances

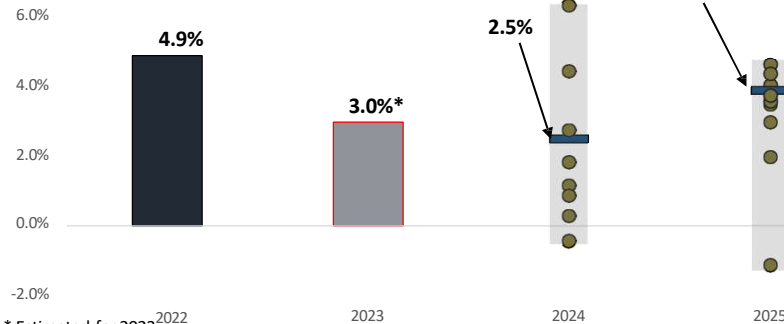
Commercial & industrial loans to midsize and large businesses



# Idaho Gross State Product

## Idaho GSP Sensitivity Analysis

Idaho Power fills a fundamental position as electricity plays critical role in all aspects of growth. Essential service.

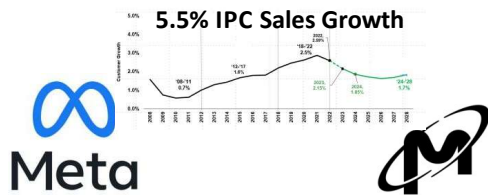


\* Estimated for 2023  
Source: Moody's Analytics. Notes: Base case assumption of 2024 and 2025 US GDP 1.1% and 2.4%

Econ Case	Prob	Major Assumptions
Upside 4	<5%	<ul style="list-style-type: none"> <li>Fed funds rate stays until Q4'24</li> <li>Supply chain issues diminish [China 0]</li> </ul>
Upside 10	10%	<ul style="list-style-type: none"> <li>Fed funds rate stays slower</li> <li>Supply chain issues diminish [China 0]</li> </ul>
Slower Trend Growth	25%	<ul style="list-style-type: none"> <li>Bank Failures weaken consumer confidence</li> <li>25bp hike to terminal</li> </ul>
Stagflation	10%	<ul style="list-style-type: none"> <li>Inflation elevated as economy falls below full employment</li> </ul>
Downside 96	<5%	<ul style="list-style-type: none"> <li>Weak consumer confidence</li> <li>Not full employment until 2032</li> </ul>

# Idaho Power Growth Expectations

## Migration, Meta, Micron



## Financing Growth

Date	Type	Value
03/23	Public/Private Debt	\$522M
09/23	Public Debt	\$350M
11/23	Forward Equity	\$299M

## Resource Expansions

Year	Project A	Project 1
2023	91MW batteries (80 Hemmingway, 11 distributed)	40MW solar + 40MW batteries (Black Mesa)
2024	100MW solar + 60MW batteries (Franklin)	36MW batteries (Hemmingway)
2025	227MW batteries (150 Kuna, 77 Happy Valley)	200MW solar (Pleasant Valley 1)
2026	Convert Valmy coal units 1 & 2 to natural gas	B2H

# Outlook on Personal Income

## Summary Points

- **Nominal personal income growth** in state ranges from +4.4% to +5.7% in FY'24.  
→ 5.3% and 5.1%, for FY '24 and FY '25 respectively, the most probable outcomes

Period	Percent Change	Level (\$ 000,000)
FY'24	5.3%	\$119.5
FY'25	5.0%	\$125.6
FY'26	5.1%	\$132.0