

For Immediate Release

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**Idaho Power Files General Rate Increase Request,
Implementation Not Expected Until January 2008**

- Higher reliability standards and infrastructure growth drives need for increase
- Residential rates projected to increase 4.5 percent
- Company stresses importance of efficient use of electricity

BOISE—Idaho Power today filed an application with the Idaho Public Utilities Commission (IPUC) to increase the company's base rate for electricity an average of 10.35 percent for its Idaho customers. By law, the commission could take up to seven months to consider the company's request.

The proposed 4.5 percent increase for Idaho Power's residential customers would average \$2.86 per month. If approved, the monthly bill for a typical residential customer using 1,050 kilowatt-hours (kWh) per month would increase from \$64.42 to \$67.22 during non-summer months and from \$69.61 to \$72.65 per month during June, July and August. Other customer groups' increases will vary by electricity usage. (see chart below)

"As our population and demand for energy services have continued to increase, we have made new investments to upgrade our existing infrastructure and to add new facilities," said Idaho Power President and Chief Executive Officer LaMont Keen. "This rate increase will allow us to begin recovering the investments necessary not only to respond to growth, but also to address new, higher reliability standards and other increased costs associated with operating an increasingly complex electrical system."

Since Idaho Power's last general rate case in 2005, the company projects that it will have placed in service an additional \$300 million of investment in its electrical system during 2006 and 2007. This includes:

- more than \$200 million in the company's distribution and transmission system, including nearly 650 miles of new transmission and distribution lines and 10 new substations, and
- \$80 million for maintenance and improvements at its existing power plants, including:
 - \$47 million for equipment upgrades, environmental protection measures and other investments at the company's coal- and gas-fired plants, and
 - \$34 million of relicensing and equipment investments related to its hydroelectric projects.

Operating and maintenance expenses have increased substantially over the same two-year period driven by increased levels of power purchases, continued rapid customer growth and inflation.

"Each of these investments in our generation, transmission and distribution systems means better system reliability, and each means increased expense to our company," Keen said.

The company's proposal would increase its revenues \$64 million annually in order to begin recovery of its capital investments and higher operating costs.

Efficient Use Of Electricity Can Reduce Impacts Of Increase

Acknowledging that the requested increase would add to customers' energy costs, Keen reaffirmed the company's commitment to helping customers take action to use energy as efficiently as possible and thereby reduce their costs.

"We have long advocated the wise use of electricity," said Keen. "We have existing programs that can help customers in each of our customer groups learn ways to reduce their energy use, and therefore save money."

Keen said he encouraged customers to visit the "Energy Center" of the company's Web site – www.idahopower.com – to learn more about the programs offered and energy savings tips.

Rates Most Likely Will Remain Among Nation's Lowest

According to Keen the proposed new rates would not change Idaho Power's standing as a provider of low-cost energy.

"Recent surveys show that our prices remain among the nation's lowest for investor-owned utilities," Keen said. "With other utilities across the country facing similar issues and escalating costs, our customers will continue to benefit from energy prices that are among the lowest in the nation."

Change Varies Among Customer Groups

A portion of today's requested increase reflects increased energy-related expenses that are a part of the company's base rates. Although Idaho Power is seeking an average increase of 10.35 percent to its base rates, the overall percentage increases differ among customer groups because the costs of serving different customer groups vary. Costs vary due to differences in the way customer groups receive and use electricity. Idaho Power's specific rate proposals for customer groups aim to more closely align customers' rates with the costs of providing them electrical service.

The chart below shows an average charge by kilowatt-hour (kWh) for these various customer groups.

Customer Group	Current Average Base Rate	Proposed Average Base Rate	Overall Percentage of Increase
Residential	5.92¢	6.19¢	4.5%
Small Commercial	7.39¢	8.50¢	15.0%
Large Commercial	4.03¢	4.56¢	13.1%
Industrial	3.07¢	3.53¢	15.0%
Irrigation	4.60¢	5.52¢	20.0%

PCA Component Not Reflected In Request

The proposed rates do not include the Power Cost Adjustment (PCA) that adjusts rates on June 1 every year. Filed on April 15, the PCA varies annually and is largely driven by snow pack and resulting stream flow conditions in the Snake River. The amount of water flowing in the river determines the amount of electricity the company can generate from its system of 17 hydroelectric facilities.

Regulatory Review and Public Comment

This filing is a proposal, subject to IPUC review. Following today's filing, the IPUC will begin a comprehensive review of the application and will seek public input on the company's request. The process ensures that customers and regulators have the opportunity to review the company's costs.

Copies of the filing are available at Idaho Power's website (www.idahopower.com), at the IPUC website (www.puc.state.id.us), or at the commission offices 472 W. Washington St., Boise. Copies also are available at Idaho Power's corporate headquarters, 1221 W. Idaho St., Boise or at Idaho Power facilities in Nampa, Payette, McCall, Mountain Home, Gooding, Hailey, Twin Falls, Pocatello, Blackfoot or Salmon.