

MAR 15 2010

Boise, Idaho

BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION

CASE NO. IPC-E-10-07

IDAHO POWER COMPANY

ATTACHMENT NO. 3

PRESS RELEASE AND CUSTOMER NOTICE



NEWS RELEASE

Idaho Public Utilities Commission
Office of the Secretary
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MAR 15 2010

Boise, Idaho

FOR IMMEDIATE RELEASE

Media Contact: Stephanie McCurdy
Corporate Communication
388-6973 or SMcCurdy@idahopower.com

Idaho Power Submits Three Energy Efficiency-Related Actions To IPUC *Filings complement expanded energy efficiency activities*

BOISE, ID, Monday, March 15, 2010—Today Idaho Power filed three energy efficiency-related actions with the Idaho Public Utilities Commission (IPUC), including the company's Demand-Side Management 2009 Annual Report. This report highlights the past year's accomplishments and recognizes the company's energy efficiency achievements and those of its customers. As in the past, Idaho Power is stepping forward on all fronts, continuing its commitment to diligent execution of energy efficiency initiatives and demonstrating its commitment to securing our energy future.

The Demand-Side Management 2009 Annual Report shows significant achievements accomplished by Idaho Power in partnership with its customers. It illustrates the value of participation in energy efficiency programs, as well as successes in the service area that demonstrate how being energy efficient empowers everyone to control costs and conserve precious resources. An announcement detailing impressive specifics of 2009 achievements in energy efficiency will be released later this week.

Also today, Idaho Power filed applications requesting commission approval of two additional energy efficiency-related initiatives. One seeks an adjustment to current rates under the pilot Fixed Cost Adjustment (FCA) or decoupling mechanism. The second seeks rate recovery for the continued installation of advanced or "smart" meters, which will provide the technical platform for additional energy efficiency and demand response programs in the future. A separate rate action addressing pension funding was filed.

Fixed Cost Adjustment (FCA)

The FCA is a pilot program designed to allow the company to invest in energy efficiency programs and activities. The program achieves this by reimbursing Idaho Power when it doesn't recover its commission-authorized fixed costs of providing electricity due to reduced energy consumption encouraged through energy efficiency. Idaho Power has applied with IPUC to make the FCA permanent.

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Page 2 of 3

The FCA annually adjusts customer electric rates up or down. If, because of reduced electricity use during the year, Idaho Power under-collects the authorized fixed cost amount, it can collect the difference through a surcharge. If the company over-collects the authorized amount, it refunds the difference to customers through a credit.

During 2009, Idaho Power's energy use per customer decreased, in part due to increased energy efficiency; the company under-collected fixed costs from both residential and small general service customers. The filing proposes to collect \$6.3 million for one year, or an additional \$3.6 million over currently billed amounts. If the company's request is approved, beginning June 1 the residential class would receive an FCA charge of 0.1218 cents per kilowatt-hour (kWh) and the small general service class would receive an FCA charge of 0.1535 cents per kWh above base rates.

Advanced Metering Infrastructure (AMI)

Responding to a changing technological environment and past directives from the IPUC, Idaho Power continues to install advanced metering infrastructure, including smart meters, for customers across its service area. This technology will provide enhanced customer and environmental benefits, reduce operating costs associated with meter reading and improve meter reading accuracy, outage monitoring and restoration.

Customers with smart meters currently have detailed access to their usage, and will eventually be able to become more energy aware and save money by adjusting their usage to take advantage of lower price periods if time-of-use rates are implemented for all customers. Smart meters also will allow more customers to participate in more demand-side management programs, such as our A/C Cool Credit air conditioner cycling program.

If approved, this action will increase residential, small business and irrigation customers' rates uniformly by an average of 0.41 percent over base rates, and will produce an estimated \$2.4 million in additional revenue per year.

Pension Funding

Pensions help Idaho Power attract and retain high quality employees, ensuring our ability to provide customers reliable, responsible, fair-priced electric service on-demand.

The IPUC has authorized Idaho Power to account for its defined benefit pension expense on a cash basis, and to defer and account for accrued pension expense on a cash basis. The commission also has acknowledged that it is appropriate for us to request rate recovery for reasonably and prudently incurred cash contributions for pension expenses. This increase would be recovered through a uniform increase to base rates of 0.77 percent or \$5.4 million.

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Idaho Power Submits Three Energy Efficiency-Related Actions To IPUC

Page 3 of 3

Overall Impact of These Actions

If approved, these requests collectively will have differing impacts on the rates paid by our customers. The table below shows the average percentage change in amounts currently billed:

	Residential Service	Small General Service	Large General Service	Large Power Service	Irrigation Service	Overall Change
FCA	0.82%	0.99%	0.00%	0.00%	0.00%	0.39%
AMI	0.34%	0.35%	0.28%	0.00%	0.33%	0.27%
Pension Funding	0.63%	0.66%	0.60%	0.55%	0.61%	0.61%
Overall Change	1.79%	2.00%	0.88%	0.55%	0.94%	1.26%

For a typical residential customer using 1,050 kWh of energy each month, the monthly bill would increase by \$1.59 per month during June, July and August and by \$1.53 during non-summer months.

Idaho Power's applications are filings open to public review and comment and subject to IPUC approval. They are available on the company's Web page at www.idahopower.com/idahoratefilings or at the commission's Web page at www.puc.state.id.us. Copies also are available at Idaho Power offices or at the IPUC office in Boise.

IDACORP, Inc. (NYSE: IDA), Boise, Idaho-based and formed in 1998, is a holding company comprised of Idaho Power Company, a regulated electric utility; IDACORP Financial, a holder of affordable housing projects and other real estate investments; and Ida-West Energy, an operator of small hydroelectric generation projects that satisfy the requirements of the Public Utility Regulatory Policies Act of 1978. IDACORP's origins lie with Idaho Power and operations beginning in 1916. Today, Idaho Power employs approximately 1,994 people to serve a 24,000 square-mile service area in southern Idaho and eastern Oregon. With 17 low-cost hydroelectric projects as the core of its generation portfolio, Idaho Power's 490,000 residential, business and agricultural customers pay some of the nation's lowest prices for electricity. To learn more about Idaho Power or IDACORP, visit www.idahopower.com or www.idacorpinc.com.

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Boise, Idaho



Important Information About Your Bill

Idaho Power is committed to providing energy efficiency initiatives and programs for our customers. This partnership with customers demonstrates our commitment to securing our energy future in the communities we serve. Meeting these commitments requires periodic filings with the Idaho Public Utilities Commission (IPUC) and sometimes involves changing the rates we all pay for electric service.

Idaho Power filed three requests with the IPUC on March 15 which may affect your rates. Two of these rate actions expand our energy efficiency activities and underscore our commitment to helping our customers increase their energy efficiency, providing more opportunity for them to control their electric energy usage and costs.

Fixed Cost Adjustment (FCA)

The FCA is a pilot program designed to allow Idaho Power to invest in energy efficiency programs and activities without experiencing negative financial impacts. The program achieves this by reimbursing the company when it doesn't recover its commission-authorized fixed costs of providing energy due to reduced energy consumption encouraged through energy efficiency. Idaho Power has applied with the IPUC to make the FCA permanent.

The FCA annually adjusts residential and small general service customer electric rates up or down. If, because of reduced energy use during the year, Idaho Power under-collects the authorized fixed cost amount, it can collect the difference through a surcharge. If the company over-collects the authorized amount, it refunds the difference to customers through a credit.

During 2009, Idaho Power's energy use per customer decreased, in part due to increased energy efficiency; the company under-collected fixed costs from both residential and small general service customers. The filing proposes to collect \$6.3 million for one year, or an additional \$3.6 million over currently billed amounts. Beginning June 1, the company proposes to receive an additional 0.1218 cents/kilowatt-hour (kWh) from residential customers and 0.1535 cents/kWh from the small general service class.

Advanced Metering Infrastructure (AMI)

Responding to a changing technological environment and past directives from the IPUC, Idaho Power continues to install advanced



metering infrastructure (AMI), including smart meters, for customers across its service area. This technology will provide enhanced customer and environmental benefits, reduce operating costs associated with meter reading and improve meter reading accuracy, outage monitoring and restoration.

Customers with smart meters currently have detailed access to their usage, and will eventually be able to become more energy efficient and save money by adjusting their usage to take advantage of lower price periods. Smart meters also will allow more customers to participate in more energy efficiency and peak demand reduction programs.

If approved, this action will increase residential, small business and irrigation customers' rates uniformly by 0.41 percent over base rates, and will produce an estimated \$2.4 million in additional revenue per year.

Pension Funding

Pensions help Idaho Power attract and retain high quality employees, ensuring our ability to provide customers reliable, responsible, fair-priced electric service on-demand.

The IPUC has acknowledged that it is appropriate for Idaho Power to request rate recovery for reasonably and prudently incurred cash contributions for pension expenses. This would be recovered through a uniform base rate increase of 0.77 percent or \$5.4 million.

Overall Impact of These Actions

If approved, these requests collectively will have differing impacts on the rates paid by our customers. The table below shows the average percentage change in amounts currently billed:

For a typical residential customer using 1,050 kWh of energy each month, the monthly bill would increase by \$1.59 per month during June, July and August and by \$1.53 during non-summer months.

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