

IPC-E-10-12



RECEIVED

April 15, 2010

2010 APR 15 PM 12:53

IDAHO PUBLIC UTILITIES COMMISSION

Idaho Power Proposes \$58 Million Rate Reduction For Customers

On April 15, Idaho Power submitted its annual Power Cost Adjustment (PCA) proposal for approval by the Idaho Public Utilities Commission (IPUC). The PCA, an annual filing in place since 1992, is strictly a cost recovery mechanism that passes on both the benefits and costs of supplying energy to Idaho Power customers.

If our filing is approved by the commission, customer rates will be reduced by \$58 million, or an average of 6.5 percent overall beginning June 1.

The typical residential customer using 1,050 kilowatt-hours of energy per month will see a decrease of approximately \$3.05 on their monthly bill. The actual percentage of change will vary by customer group based upon the rate they pay.

PCA impact when combined with previous 2010 filings

In March, Idaho Power submitted three rate increase proposals with the IPUC totaling \$11.4 million, or an average of 1.3 percent overall. If approved, these changes will also go into effect June 1. The three proposals are the Fixed Cost Adjustment (FCA), funding for continued installation of Advanced Metering Infrastructure (AMI), including smart meters and a filing for pension funding.

If the three proposals are approved along with the proposed PCA reduction, customers will experience a \$46.6 million overall rate reduction, or an average of 5.2 percent.

PCA and Settlement Background Information

Idaho Power actively manages its system operations to help lower power supply costs without jeopardizing its system reliability, service quality or obligation to serve customers.

A number of factors contribute to this year's proposed decrease in rates. Although the forecasted power supply costs are projected to be higher this year, last year's forecast was far more accurate than in recent years due to new forecasting methodology. As a result, the true-up portion of the PCA provides for a significant decrease in rates.

Earlier this year, the commission approved a settlement agreement that provides for revenue sharing between Idaho Power and its customers. The combined impact of changes in rates from forecast to forecast and true-up to true-up is a \$146.7 million total rate reduction. Based upon a predetermined and stipulated revenue sharing allocation of this amount, customers will receive \$58 million of that benefit. The remaining \$88.7 million will offset the first year of a permanent rate increase with \$25 million allocated to address general increases in the company's cost of service and \$63.7 million allocated to cover underestimated base power supply expenses.

Overall Results of 2010 PCA and Settlement Compliance Filing

If approved, the PCA filing will result in a rate decrease of \$58 million, or an average of 6.5 percent for the company's Idaho customers. The chart below illustrates the overall average percentage decrease for each major customer group as a result of the PCA filing. The varying percentages of overall decrease for each customer class reflect the difference in the price each group pays for electricity.

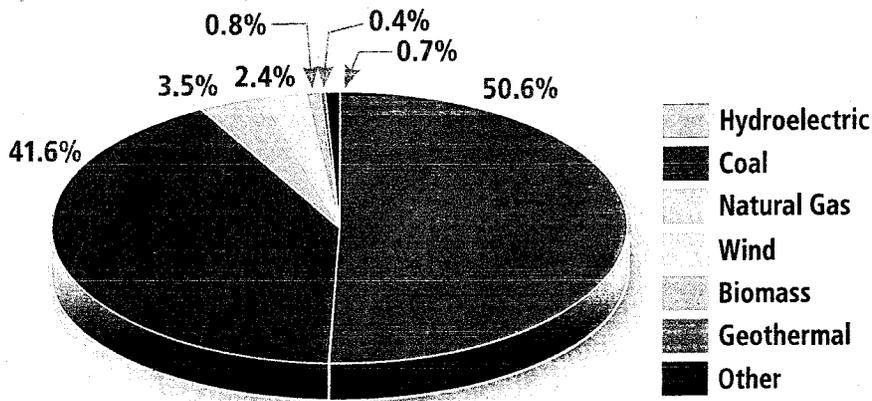
REVENUE IMPACT BY CLASS					
Percentage Change from Current Rates					
Residential	Small General Service	Large General Service	Large Power	Irrigation	Overall Change
-3.22%	-0.49%	-7.89%	-14.00%	-6.17%	-6.47%

Where Does Idaho Power's Electricity Come From?

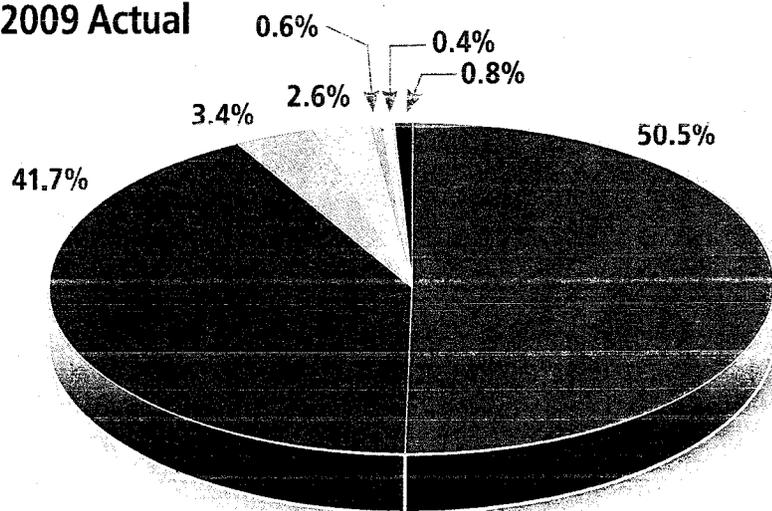
Idaho Power obtains energy from a diverse set of generation resources. In above average water years, our base of 17 clean, low-cost hydroelectric plants on the Snake River is typically our largest source of electricity. We also utilize our natural gas and coal-fired plants and a combination of short-term market purchases and long-term power purchase contracts from independent producers.

The estimated fuel mix for Idaho Power's resource portfolio under normal and 2009 actual water conditions¹ is shown below² (see back panel for footnotes).

Normal Expectation



2009 Actual





Opportunities for Public Review

Idaho Power's filing is subject to public review and approval by the IPUC. Copies of the application are available to the public at the IPUC offices (472 W. Washington, Boise ID), Idaho Power offices or on Idaho Power's Web site, www.idahopower.com or the IPUC Web site, www.puc.idaho.gov. A press release on the filing is available at www.idahopower.com/NewsCommunity/News/mediaCenter/NewsReleases.

Thank you for taking the time to read this notice.
We appreciate your business.

¹ Long-term power purchases with a known fuel source have been identified by fuel type; market purchases have been assigned the Northwest Power Pool Net System Mix for 2008.

² This is an estimate of the fuel mix of Idaho Power's portfolio of generation supply, including market purchases. Because Idaho Power intends to sell the Renewable Energy Certificates (RECs) that it owns in the near-term with proceeds benefiting retail customers, and since Idaho Power does not own the RECs for the other qualified renewable resources represented in the above Resource Portfolio Fuel Mix charts, Idaho Power cannot and does not represent that electricity produced by the above fuel mix was delivered to its retail customers in 2009. For more information on the energy delivered to retail customers see "Energy Delivered to Retail Customers" on our Web site at www.idahopower.com.