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IDAHO PUBLIC UTILITIES COMMISSION

# NEWS RELEASE

## Idaho Power Files Annual Fixed Cost Adjustment

*This annual filing adjusts electric rates for Idaho Residential and Small General Service customers. The Fixed Cost Adjustment updates rates based on changes in energy use per customer during the previous year.*

BOISE, Idaho, March 15, 2016 -- Today Idaho Power filed its annual Fixed Cost Adjustment (FCA) with the Idaho Public Utilities Commission (IPUC). This year's FCA filing represents an increase of about \$11.2 million for Residential and Small General Service customers. If the proposal is approved as filed, the price change for an average Idaho Power residential customer in Idaho using 1,000 kilowatt-hours of energy a month would be an increase of about \$2.16 per month beginning June 1, 2016.

### Revenue Impact By Class: Percentage Change from Current Billed Rates

	Residential	Small General Service	Overall Change*
<b>Fixed Cost Adjustment (FCA)</b>	2.20%	2.25%	2.20%

\*The overall percentage change for Residential and Small General Service customers

In May 2015, the IPUC approved a settlement stipulation that modified the FCA mechanism by replacing weather-normalized sales with actual sales in the calculation to determine the FCA amount. This methodology change will impact the new rates effective June 1, 2016.

The FCA "decouples," or separates, energy sales from revenue in order to remove financial disincentives that exist when Idaho Power promotes energy efficiency programs and activities. Idaho Power encourages the wise use of electricity through the company's energy efficiency programs and efforts, but as customer energy use goes down, the fixed costs still must be recovered. Fixed costs include those associated with long lasting-infrastructure — things like generation plants, power lines, substations, and other equipment — as well as certain administrative costs.

If, because of reduced energy use per customer during the prior year, Idaho Power collects less

## Idaho Power Files Annual Fixed Cost Adjustment

Page 2 of 2

than the level of fixed costs authorized by the IPUC, the company is provided an opportunity to collect the difference through a surcharge. If Idaho Power collects more than the authorized amount, the company refunds the difference to customers through a credit.

### Opportunities for Public Review

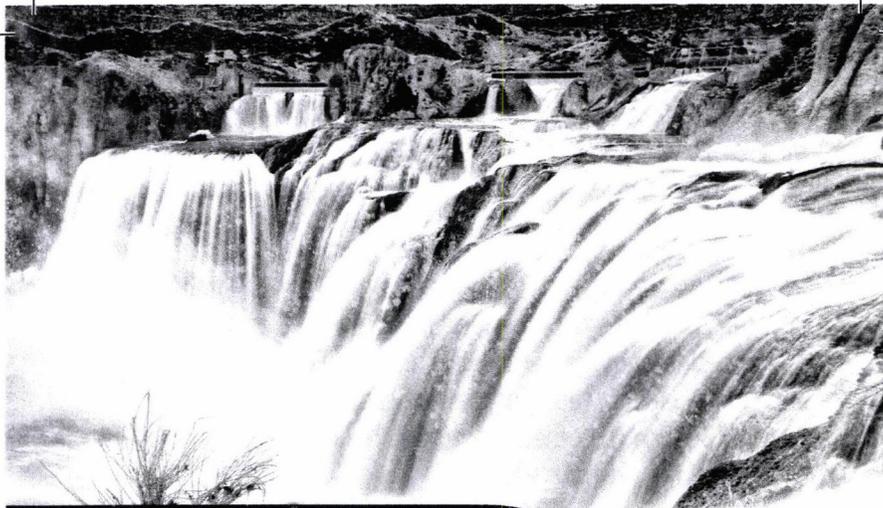
Idaho Power's filing is a proposal that is subject to public review and approval by the IPUC. Copies of the application are available to the public at the IPUC offices (472 W. Washington St., Boise, Idaho, 83702), Idaho Power offices or on Idaho Power's website, [idahopower.com](http://idahopower.com) or the IPUC website, [puc.idaho.gov](http://puc.idaho.gov). Customers also may subscribe to the IPUC's RSS feed to receive periodic updates via email about the case. Written comments regarding Idaho Power's application may be filed with the IPUC. You can view additional related materials about the filing at [idahopower.com/rates](http://idahopower.com/rates).

### About Idaho Power Company:

Idaho Power, headquartered in Boise, Idaho, and locally operated since 1916, is an electric utility that employs more than 2,000 people who serve nearly 525,000 customers throughout a 24,000-square-mile area in southern Idaho and eastern Oregon. With 17 low-cost hydroelectric projects as the core of its diverse generation portfolio, Idaho Power's residential, business and agricultural customers pay among the nation's lowest rates for electricity. IDACORP, Inc. (NYSE: IDA), Idaho Power's independent publicly traded parent company, is also headquartered in Boise, Idaho. To learn more, visit [idahopower.com](http://idahopower.com) or [idacorpinc.com](http://idacorpinc.com).

**Contact:** Stephanie McCurdy  
Communication Specialist  
Idaho Power  
208-388-6973 and [SMcCurdy@idahopower.com](mailto:SMcCurdy@idahopower.com)  
1-800-458-1443 media line

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## Important Information about Idaho Power Rates

### To Our Valued Customers:

On March 15, Idaho Power filed its annual Fixed Cost Adjustment (FCA) with the Idaho Public Utilities Commission (IPUC). This year's FCA filing represents an increase of about \$11.2 million for Residential and Small General Service customers. If the FCA proposal is approved as filed, a typical residential customer in Idaho using 1,000 kilowatt-hours a month will see about a \$2.16 increase to their monthly bill beginning June 1, 2016.

### Overall Impact

2016 FCA REVENUE IMPACT BY CLASS		
Percentage Change from Current Billed Rates		
Residential	Small General Service	Overall Change*
2.20%	2.25%	2.20%

\*The overall percentage change for Residential and Small General Service customers

In May 2015, the IPUC approved a settlement stipulation that modified the FCA mechanism by replacing weather-normalized sales with actual sales in the calculation to determine the FCA amount. This methodology change will impact the new rates effective June 1, 2016.



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## FCA Background

The FCA is a true-up mechanism that “decouples,” or separates, energy sales from revenue to remove financial disincentives that exist when the company invests in demand-side management resources. The FCA annually adjusts the electric rates for Idaho Residential and Small General Service customers based on changes in energy use during the previous year.

Idaho Power encourages the wise use of electricity through our energy efficiency programs and efforts. But as customer energy use goes down, our fixed costs still must be recovered. Fixed costs include those associated with long lasting infrastructure — things like generation plants, power lines, substations, and other equipment — as well as certain administrative costs.

The FCA provides Idaho Power an opportunity to recover the IPUC-authorized level of fixed costs. If Idaho Power collects less than the authorized fixed-cost amount because of reduced energy use per-customer during the prior year, we’re allowed to collect the difference through a surcharge. If we collect more than the authorized amount, we’ll refund the difference to customers through a credit. In the past nine years, both scenarios have happened. In 2015, Idaho Power collected less than the authorized fixed cost amount.

Idaho Power values demand-side management, energy efficiency and education programs. The FCA mechanism allows us to pursue those programs without experiencing negative financial impacts, providing for a robust energy efficiency portfolio.

### **Opportunities for Public Review**

Idaho Power’s filing is a proposal that 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 St., Boise, Idaho, 83702), Idaho Power offices or on the IPUC’s website, [puc.idaho.gov](http://puc.idaho.gov) or Idaho Power’s website, [idahopower.com](http://idahopower.com). Customers also may subscribe to the IPUC’s RSS feed to receive periodic updates via e-mail about the case. Written comments regarding Idaho Power’s application may be filed with the IPUC. You can view additional, related materials, including a news release about the filing at [idahopower.com/rates](http://idahopower.com/rates).

***We value your business and appreciate you taking the time to read this notice. Thank you.***