

APR 12 2018

Boise, Idaho



## NEWS RELEASE

### Tax Reform to Reduce Rates for Idaho Power Customers

April 13, 2018

BOISE, Idaho — Idaho Power has filed a settlement agreement with the Idaho Public Utilities Commission (IPUC) that, if approved, will result in reduced rates for customers within the company's Idaho service area in 2018 stemming from recent federal and Idaho state tax rate changes.

According to an agreement between Idaho Power, IPUC Staff and the Industrial Customers of Idaho Power, customers will see a total benefit associated with reduced tax expense of \$33.9 million, provided through: 1) a base rate reduction of approximately \$18.7 million, 2) an additional \$7.8 million decrease that will be provided through the 2018 Power Cost Adjustment mechanism, and 3) a non-cash annual benefit of \$7.4 million in the form of an offset to other deferred costs.

If the proposal is approved by the IPUC as filed, the typical Idaho residential customer using 950 kilowatt-hours (kWh) of energy per month will see a monthly bill decrease of \$2.15, beginning June 1.

<b>2018 TAX REFORM REVENUE IMPACT BY CLASS</b> <i>Percentage Change from Current Billed Revenue</i>					
Residential	Small General Service	Large General Service <sub>1</sub>	Large Power <sub>2</sub>	Irrigation	Overall Change
-2.15%	-2.10%	-2.29%	-2.25%	-2.33%	-2.22%

<sub>1</sub> Includes lighting schedules; <sub>2</sub> Includes special contracts

The cash-related direct rate reductions result in a customer benefit of about \$26.5 million beginning in June of 2018. The new tax rates also required an adjustment to deferred tax expense, reducing amounts customers will owe in the future. Non-cash tax benefits of approximately \$7.4 million will accumulate to serve as an offset to other current or future deferred expenses, reducing future amounts that would otherwise be owed by customers.

In addition to rate reductions resulting from tax reform, Idaho Power and parties have agreed to extend the revenue sharing program beyond 2019. The current program, in place since 2009, allows the company to use its accumulated investment tax credits to shore up its rate of return or share revenue with customers when that return exceeds certain levels.

Idaho Power has proposed three rate decreases this spring related to the following issues — tax reform benefits, the annual Power Cost Adjustment (PCA) and the annual Fixed Cost Adjustment (FCA). If all three proposals are approved by the IPUC as filed, residential customers will see a total price decrease of 7.04 percent effective June 1, 2018. Other customer classes are impacted as follows:

<b>COMBINED IMPACT OF 2018 RATE FILINGS</b> <i>Percentage Change from Current Billed Revenue</i>				
Residential	Small General Service	Large General Service <sub>1</sub>	Large Power <sub>2</sub>	Irrigation
<b>Fixed Cost Adjustment (FCA)</b>				
-3.60%	-3.73%	N/A	N/A	N/A
<b>Power Cost Adjustment (PCA)</b>				
-1.29%	-0.80%	-2.20%	-3.27%	-1.91%
<b>Tax Reform</b>				
-2.15%	-2.10%	-2.29%	-2.25%	-2.33%
<b>COMBINED IMPACT</b> Totals may not add up exactly due to rounding				
<b>-7.04%</b>	<b>-6.63%</b>	<b>-4.48%</b>	<b>-5.52%</b>	<b>-4.25%</b>

<sub>1</sub> Includes lighting schedules; <sub>2</sub> Includes special contracts

#### **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.

#### **About Idaho Power:**

Idaho Power, headquartered in Boise, Idaho, and locally operated since 1916, is an electric utility that employs approximately 2,000 people who serve roughly 545,000 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).

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## What will be the Combined Effect of these Rate Decreases?

Pending IPUC approval, the proposed 1.29 percent reduction of the PCA and 2.15 percent reduction resulting from tax reform will be added to the 3.6 percent reduction proposed earlier this spring by Idaho Power's annual Fixed Cost Adjustment (FCA) mechanism. If approved as filed, the three filings would result in a total rate reduction of 7.04 percent for Idaho residential customers starting June 1. Other customer classes are impacted as follows:

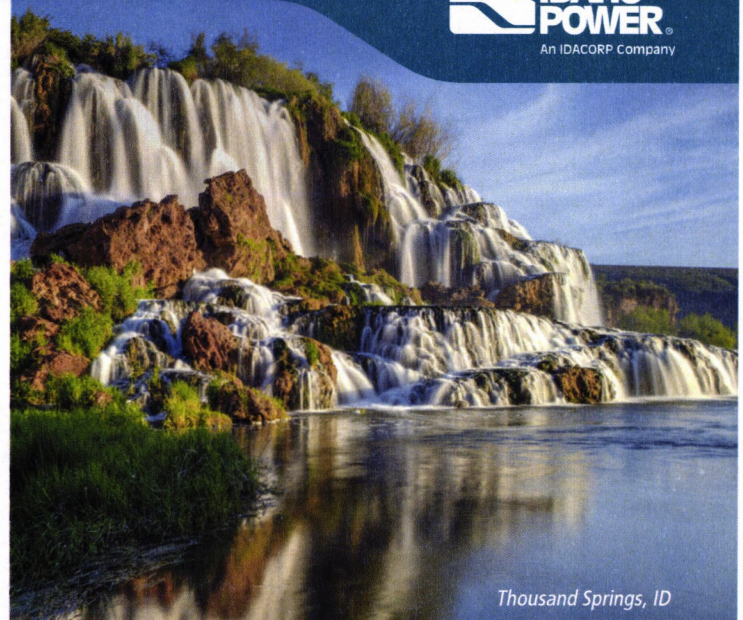
COMBINED EFFECT OF ALL THREE FILINGS				
Percentage Change from Current Billed Revenue				
Residential	Small General Service	Large General Service <sup>1</sup>	Large Power <sup>2</sup>	Irrigation
FIXED COST ADJUSTMENT (FCA)				
-3.60%	-3.73%	N/A	N/A	N/A
POWER COST ADJUSTMENT (PCA)				
-1.29%	-0.80%	-2.20%	-3.27%	-1.91%
TAX REFORM FILING				
-2.15%	-2.10%	-2.29%	-2.25%	-2.33%
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*Thank you for reading this notice. We value your business!*



Thousand Springs, ID

## Idaho Power Files Two Proposals to Decrease Rates

Idaho Power is proposing rate decreases for its Idaho customers this spring through the annual Power Cost Adjustment (PCA) and stemming from recent federal and Idaho state tax rate changes.

Pending approval from the Idaho Public Utilities Commission (IPUC), both of these rate decreases will go into effect on June 1, 2018. The combined rate reduction resulting from the PCA and tax reform will be added to the reduction proposed earlier this spring through the annual Fixed Cost Adjustment mechanism — read the back panel of this brochure to see the cumulative impact of these reductions.

## Annual Power Cost Adjustment Calls for Rate Decrease

On April 12, Idaho Power filed its annual PCA with the IPUC. The PCA is a cost recovery tool that passes on both the benefits and costs of supplying energy to Idaho Power customers. Neither Idaho Power nor its shareholders receive any financial return on this filing — money collected from the surcharge can be used only to pay power supply expenses.

## How the 2018 PCA will Change Prices

If the PCA proposal is approved by the IPUC as filed, the typical Idaho residential customer using 950 kilowatt-hours (kWh) of energy per month will see a \$1.29 decrease on their monthly bill, beginning June 1. The amount all Idaho customer classes pay for electric service will decrease by \$22.6 million; the actual percentage of change will depend on a customer's class and the rate they pay.

PROPOSED 2018 PCA REVENUE IMPACT BY CLASS					
Percentage Change from Current Billed Revenue					
Residential	Small General Service	Large General Service <sup>1</sup>	Large Power <sup>2</sup>	Irrigation	Overall Change
-1.29%	-0.80%	-2.20%	-3.27%	-1.91%	-1.90%

<sup>1</sup> Includes lighting schedules; <sup>2</sup> Includes special contracts

## Why is the PCA a Decrease this Year?

The PCA has two main components: the forecast and the true-up. The forecast reflects Idaho Power's anticipated fuel costs, purchased power costs and customer benefits from sales of surplus energy for the coming April through March. The true-up brings last year's forecasted costs in balance with costs actually incurred by the company by looking back at what happened the previous April through March. Prices are established based on the forecast and the true-up to align actual collection with actual costs.

### There are a few main factors contributing to this year's PCA decrease:

Last year's actual power supply costs were less than anticipated, primarily due to better-than-expected water conditions, which resulted in Idaho Power having more low-cost hydro generation available to serve customers. This cost reduction is reflected in the true-up portion and is partially offset by an increase in the forecast component of the PCA, as well as the elimination of a one-time refund of energy efficiency rider funds provided through last year's PCA. For the 2018 PCA, the combined impact of the change in each of the PCA components results in a \$22.6 million decrease in the amount all Idaho customer classes pay for electric service.

## How will Tax Reform Impact Rates?

According to an agreement between Idaho Power, IPUC Staff and the Industrial Customers of Idaho Power, customers will see a total benefit associated with reduced tax expense of \$33.9 million, provided through: (1) a base rate reduction of approximately \$18.7 million, (2) an additional \$7.8 million decrease that will be provided through the 2018 Power Cost Adjustment mechanism, and (3) a non-cash annual benefit of \$7.4 million in the form of an offset to other deferred costs.

If the proposal is approved by the IPUC as filed, the typical Idaho residential customer using 950 kilowatt-hours (kWh) of energy per month will see a monthly bill decrease of \$2.15, beginning June 1.

PROPOSED 2018 TAX REFORM REVENUE IMPACT BY CLASS					
Percentage Change from Current Billed Revenue					
Residential	Small General Service	Large General Service <sup>1</sup>	Large Power <sup>2</sup>	Irrigation	Overall Change
-2.15%	-2.10%	-2.29%	-2.25%	-2.33%	-2.22%

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## What are the Components of the Tax Reform Rate Changes?

The cash-related direct rate reductions result in a customer benefit of about \$26.5 million beginning in June of 2018. The new tax rates also required an adjustment to deferred tax expense, reducing amounts customers will owe in the future. Non-cash tax benefits of approximately \$7.4 million will accumulate to serve as an offset to other current or future deferred expenses, reducing future amounts that would otherwise be owed by customers.

In addition to rate reductions resulting from tax reform, Idaho Power and parties have agreed to extend the revenue sharing program beyond 2019. The current program, in place since 2009, allows the company to use its accumulated investment tax credits to shore up its rate of return or share revenue with customers when that return exceeds certain levels.

## Idaho Power Files Two Proposals to Decrease Rates

Idaho Power is proposing rate decreases for its Idaho customers this spring through the annual Power Cost Adjustment (PCA) and stemming from recent federal and Idaho state tax rate changes. Pending approval from the Idaho Public Utilities Commission (IPUC), both rate decreases will go into effect on June 1, 2018.

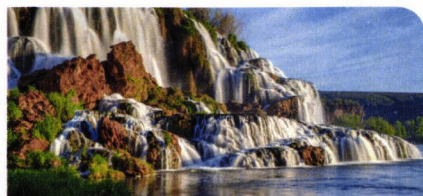
### How the 2018 PCA Will Change Prices

On April 12, Idaho Power filed its annual PCA with the IPUC. The PCA is a cost recovery tool that passes on both the benefits and costs of supplying energy to Idaho Power customers.

If the PCA proposal is approved by the IPUC as filed, the typical Idaho residential customer using 950 kilowatt-hours (kWh) of energy per month will see a \$1.29 decrease on their monthly bill, beginning June 1. The amount all Idaho customer classes pay for electric service will decrease by \$22.6 million; the actual percentage of change will depend on a customer's class and the rate they pay.

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### How will Federal Tax Reform Impact Customer Rates?

Idaho Power customers within the company's Idaho service area will experience a rate decrease in 2018 as a result of Federal Tax Reform and Idaho state tax rate changes. Customers will see a total benefit associated with tax reform of \$33.9 million, provided through: (1) a base rate reduction of approximately \$18.7 million, (2) an additional \$7.8 million decrease that will be provided through the 2018 Power Cost Adjustment mechanism, and (3) a non-cash annual benefit of \$7.4 million.

If the proposal is approved by the IPUC as filed, the typical Idaho residential customer using 950 kWh of energy per month will see a \$2.15 decrease on their monthly bill, beginning June 1.

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### What will be the Combined Effect of these Rate Reductions?

Pending IPUC approval, the proposed 1.29 percent reduction of the PCA and 2.15 percent reduction resulting from tax reform will be added to the 3.6 percent reduction proposed earlier this spring by Idaho Power's annual Fixed Cost Adjustment (FCA) mechanism. If approved as filed, the three filings would result in a total rate reduction of 7.04 percent for Idaho residential customers starting June 1. Rate reductions range from 4.25 to 6.63 percent for other customer classes.

COMBINED EFFECT OF ALL THREE FILINGS				
Percentage Change from Current Billed Revenue				
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### Important Information:

**Please Note:** We want to ensure all of our customers have sufficient time to submit comments to the IPUC. Because your bill is processed toward the end of the IPUC's review of our request, you will receive this notification twice: first in this postcard and then in an insert in your bill later this month.