IDAHO POWER
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For Immediate Release

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For Immediate Release
Dennis Lopez
208-388-2464
dlopez@idahopower.com

Idaho Power Files Annual Power Cost Adjustment;
Poor Hydro Conditions Mean Higher PCA Rate In 2007

BOISE— Idaho Power today submitted an annual Power Cost Adjustment (PCA) filing to the Idaho Public Utilities Commission (IPUC) that reflects the impact of last winter's poor snow pack on the company's ability to generate power from its hydroelectric system.

If approved, today's filing will result in a rate increase of slightly more than six-tenths of a cent per kilowatt hour (0.6108 cents) for the company's Idaho customers. For the average residential customer using 1,050 kilowatt-hours of electricity each month, the monthly increase will be approximately $6.41.Overall, this year's filing will increase PCA rates by $77.5 million, or 14.5 percent on average, although the actual percentage of change varies by customer group based upon the rate they pay for electricity.

"Our PCA filing this year reflects just how bad the winter snow pack was for Idaho Power and ultimately our customers," said Idaho Power Vice President for Regulatory Affairs Ric Gale. "The forecast runoff from the mountains upstream of Brownlee Reservoir is only 3.3 million acre-feet (maf) during the important April-through-July period. That's the time when we count on our low-cost hydroelectric system the most to meet our heavy summer loads."

Gale said that by comparison last year's forecast for runoff into Brownlee Reservoir was 8.4 maf. The runoff projections are provided by the US Weather Service's Northwest River Forecast Center (NRFC) in Portland, Ore. According to NRFC records, the 30-year average stream flow into Brownlee during the April-through-July period is 6.3 maf.

In years when water is plentiful Idaho Power can use its 17-dam hydroelectric system more fully, the company's power production costs are lower and Idaho Power shares those benefits with its customers. In 2006, for example, the company's PCA filing decreased Idaho customers' rates by approximately 19.3 percent on average.

However, when hydro generating conditions are poor, Idaho Power must use more expensive methods to meet its customers need for electricity. Those options include greater reliance upon the company's portion of three jointly-owned coal fired plants in Nevada, Oregon and Wyoming, or upon wholesale power purchases.

"The PCA addresses both the strengths and the weaknesses of hydropower," Gale said. "It passes on the benefits of good water years when we can use our hydro system to its fullest, and in times when hydro generating conditions are poor, the excess costs for power are shared by the company and its customers when we must use other means to provide electricity."

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Customers Benefit From Emission Credit Sales

Idaho Power co-owns three coal generating plants that, due to highly efficient emissions reduction equipment, earn excess clean air credits from the US Environmental Protection Agency. Surplus credits can be sold to companies the need them to reach minimum clean air standards.

Idaho Power sold some of these surplus credits and is sharing 90 percent of the $76.7 million benefit of those sales with its customers

Below is the typical monthly amount paid by a typical residential customer using 1,050 kilowatt-hours (kWh) per month. It reflects both summer and non-summer seasons under the current PCA rates compared to the new rates expected to go into effect on June 1.

Season	Current Bill	Bill after June 1, 2007
Summer	$63.20	$69.61
Non-Summer	$58.01	$64.42

This chart illustrates the overall percentage increase for each major customer group as a result of the proposed PCA.

Customer Group	Current PCA	Proposed PCA	Overall Increase
Residential	-0.3689¢	0.2419¢	11.0%
Small Commercial			8.8%
Large Commercial			16.6%
Industrial			22.5%
Irrigation			14.6%

The public can review the company's PCA application at the offices of the IPUC or Idaho Power or on the company's "Regulatory Information" Web page at www.idahopower.com.

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Lower Snow Pack Results In Increase In PCA Rate

On April 13, 2007, Idaho Power submitted its annual Power Cost Adjustment (PCA) filing to the Idaho Public Utilities Commission (IPUC). This filing reflects the company's costs of purchasing fuel for our coal or natural gas fired generating plants as well as our costs of buying power from the wholesale energy market. These total purchase costs are reduced by any sales of surplus electricity to other utilities.

With IPUC approval, the revised PCA will show as a monthly charge of twenty-four one-hundredths of a cent (0.2419¢) per kilowatt-hour (kWh) of electricity used and would become effective on June 1. For the average residential customer using 1,050 kWh of electricity per month, the monthly increase will be approximately $6.41.

Available Water Determines Costs

The balance between a good supply of water in the Snake River and your power rates is clearly evident this year. The upward adjustment in the PCA rate is primarily caused by a below-average snow pack in the mountains upstream of Brownlee Reservoir. Just 3.3 million acre-feet (maf) of water are projected to flow through the reservoir between April and July, critical months for hydroelectric generation. Last year 8.4 maf was expected to flow through Brownlee during the same period. By comparison, the 30-year average for the period is 6.3 maf.*

In years when water is plentiful and our company can more fully utilize its 17-dam hydroelectric system, our power production costs are lower and Idaho Power shares those benefits with its customers. In 2006, for example, the company's PCA filing decreased Idaho customers' rates by approximately 19.3 percent on average.

However, in years like the current one, when water is in short supply due to less than normal spring runoff, Idaho Power must use more costly methods of generating electricity. In those situations, the higher costs of supplying power by more expensive means are reflected through increased PCA rates.

Customers Benefit From Sale Of Emission Credits

Other factors also can influence the amount of the PCA. For example, Idaho Power owns part of three coal-fired power plants located in Nevada, Oregon and Wyoming that use highly efficient emissions reduction equipment and therefore earn an excess of federal clean air "credits." These credits have a financial value as they can be sold to other companies needing credits to offset their environmental impacts. Through the PCA mechanism, Idaho Power is sharing with its customers 90 percent of the benefits of previous sales of its clear air credits in the amount of $76.7 million. Without this benefit, the revised PCA rate would have been considerably higher.

If this filing is approved as submitted, Idaho customers' rates will increase by approximately $77.5 million, or 14.5 percent on average. This chart illustrates the overall percentage increase for each major customer group as a result of the proposed PCA. The varying amount of overall increase reflects the difference that each group pays for electricity.

Customer Group	Current PCA	Proposed PCA	Overall PCA Increase
Residential	-0.3689¢	0.2419¢	11.0%
Small Commercial	-0.3689¢	0.2419¢	8.8%
Large Commercial	-0.3689¢	0.2419¢	16.6%
Industrial	-0.3689¢	0.2419¢	22.5%
Irrigation	-0.3689¢	0.2419¢	14.6%

*all inflow data is provided by the independent Northwest River Forecast Center located in Portland, Ore.

Idaho Power's proposal is subject to public review and approval by the IPUC. A copy of the application is available at the offices of the IPUC and Idaho Power, and on the company's "Regulatory Information" Web page at www.idahopower.com.