

August 5, 2009

Dear Valued Customer:

I am writing to let you know that on July 31, 2009, Idaho Power filed with the Public Utility Commission of Oregon (OPUC) a request to increase the base rates our company charges Oregon customers. This is the first such base rate request in approximately five years, and we are asking for a 22.6 percent increase. We understand challenging economic conditions make the timing of this particular rate request difficult. That's why I personally want to share with you the reasons we need to ask for this increase.

Under regulation, Idaho Power invests up front to serve customers and recovers the cost of the investment, along with a fair return, later. We also need to pay our expenses as they occur. Two major expenses for the company are fuel costs and the cost of power we buy on the open market to serve customers. These costs are so high that the company spent three of the last five years working with the OPUC to create a mechanism that allows for annual rate updates to reflect current fuel and purchased power costs. During that same time, the company did not update its base rates to reflect other increases in expenses and investment. After years of growing demand on our system, we are in the position of trying to catch up while building for the future.

During the last five years, we invested approximately \$800 million in infrastructure to make sure you, our customers, have reliable power on-demand. We also experienced escalating costs associated with providing service since the last Oregon base rate change in 2005. Our customers in Idaho experienced a number of base rate increases totaling 21.5 percent over the past five years while the base rates of our Oregon customers remained unchanged.

If the company's request is approved, Idaho Power's rates for electric service in Oregon will increase by approximately \$7.3 million per year or an average of 22.6 percent. On the back of this letter you will find information about the specific changes proposed for each of our customer groups. Idaho Power's filing can be found on our Web site at www.idahopower.com/oregonratefiling.

OPUC rules provide you with a public involvement process including public meetings and other ways to share your opinion on this proposed rate increase. We support this process, value your input and encourage your participation.

Idaho Power historically provided among the lowest—if not the lowest—electric rates in the nation. Even with this current request for rate recovery, we anticipate being able to maintain our low rate position.

In addition, Idaho Power is committed to helping all customers through a variety of ongoing energy assistance initiatives. The most important is helping consumers use energy efficiently and take advantage of programs that can help cut costs by reducing consumption. Go to www.idahopower.com/energycenter for information on programs and tools to help make wise energy choices and save energy and money for your home or business.

We value your business and appreciate you taking the time to read this letter. If you have additional questions about Idaho Power's filing, please contact me directly by calling (208) 388-2887, by e-mail at RicGale@idahopower.com or by mail at P. O. Box 70, Boise, ID, 83707.

Sincerely,



Ric Gale

Vice President of Regulatory Affairs

Summary of proposed changes to Oregon rates

Residential (Schedule 1)

- A new rate design that divides customer's monthly energy use into two tiers based on how many kilowatt-hours (kWh) of energy the household uses: 0-800 kWh and 800+ kWh.
- Proposed rates vary by summer and non-summer. The summer season is June, July and August and the non-summer season is September through May. Summer rates reflect the higher costs of electricity during these high-demand months.
- A proposed overall average increase for residential customers of 37.34 percent. This would increase today's average residential customer's bill, using 1,230 kWh a month, from \$75.47 to \$110.38 during the summer and to \$97.12 during the rest of the year.

Small General Service (Schedule 7)

- A two tier rate design year-round. The proposed rate for the first 300 kWh of monthly usage during the summer and non-summer months is the same.
- A proposed overall increase of 41.16 percent.

Large General Service (Secondary) (Schedule 9)

- No change in the basic rate structure.
- A proposed overall increase of 9.80 percent.

Large General Service (Primary and Transmission) (Schedule 9)

- The implementation of seasonal time-of-use rates.
- A proposed overall increase of 22.19 percent.

Industrial Service (Schedule 19)

- A proposed overall increase of 8.75 percent for Secondary and Primary Service level customers.
- No increase for Transmission Service level customers.

Agricultural Irrigation Service (Schedule 24)

- Implementation of seasonal load-factor pricing during in-season months (June, July, August and September) which encourages irrigators to operate their systems more efficiently during the irrigation season.
- The proposed in-season energy rate is one rate for the first 164 kWh used per kilowatt (kW) and a lower rate for all other kWhs used during a billing month.
- Elimination of the out-of-season demand charge.
- A proposed overall increase of 44.69 percent.

Idaho Power's testimony and exhibits are available for customer review at the company's Payette Operations Center, 1550 S. Main St., Payette, Idaho, and at its corporate headquarters at 1221 W. Idaho St., Boise, Idaho.

In addition to contacting Idaho Power for more information, you may also obtain additional information regarding this application by calling OPUC's toll-free number, 1-800-522-2404, or by mailing your request to the Public Utility Commission of Oregon, 550 Capitol St. N.E. #215, P. O. Box 2148, Salem, Ore., 97308-2148.

Si le gustaría esta información en Español, favor de llamar Idaho Power al 1-800-488-6151, gratis.

This notice is to provide Idaho Power's Oregon customers with general information about a recently proposed rate increase and how, if approved, it would affect customers. Calculations and statements made in this notice will not be binding upon the Public Utility Commission of Oregon (OPUC).