

Request for Proposals for the Lease of Water

February 9, 2010

Identity of Requestor and Statement of Interest

Idaho Power Company (“Idaho Power” or the “Company”), an Idaho corporation, is a public utility regulated by the Idaho Public Utilities Commission and the Oregon Public Utility Commission with its principal offices located in Boise, Idaho. Idaho Power provides electric energy to over 480,000 customers located in southern Idaho and eastern Oregon. Approximately 54% of Idaho Power’s generation comes from 17 hydropower facilities owned by Idaho Power and located on the Snake River and its tributaries. A map showing the location of these hydropower facilities is attached.

Idaho Power is seeking to acquire water through lease, in part to offset the impact of drought and changing water use patterns in southern Idaho that have diminished the Company’s ability to meet mid-summer electrical demands, but also to improve water quality and temperature conditions in the Snake River as part of ongoing relicensing efforts associated with the Hells Canyon Complex. Idaho Power believes that maintaining and enhancing its hydropower generation will be the most reliable, the cleanest, and the lowest cost alternatives for meeting existing customer needs and future load growth.

Proposal Requirements

Idaho Power seeks licensed water rights through this Request for Proposals (“RFP”), but will consider permitted water rights where proof of beneficial use has been filed with the Idaho Department of Water Resources (“IDWR”) and the water has been placed to beneficial use under the permitted water right. In the instance of a water right permit, Idaho Power may require the lessor to secure IDWR review and licensing recommendations before proceeding with the lease of the water right.

All water rights considered for lease must either be direct diversions from the Snake River or diversions from surface water sources with direct hydraulic connections to the Snake River upstream of the Hells Canyon Complex and must have been put to the beneficial use specified in the water right within the last 5 years. Idaho Power will consider the lease of surface storage water, and ground water through this RFP. Lease proposals of 10,000 acre-feet or greater, long-term leases, and summer peak period leases are of more value to Idaho Power and will be given higher consideration.

Any lease of a water right by Idaho Power shall be contingent on acquiring all approvals from the IDWR and/or other authorities that may be required by state or federal law, rule or regulation for the rental, release, delivery and use of the water for hydro-electric generation purposes; including the appropriate administration of the water right to ensure delivery of the water to Idaho Power’s hydropower facilities.

Idaho Power will consider proposals submitted by individuals, partnerships, associations, irrigation districts, canal companies or other legal entities that hold water rights. Submitted proposals should at a minimum contain the following information:

- Name, address and phone number of the party submitting the proposal (“Respondent”);
- Copy of the decree, license or permit for the water right, and for those water rights subject to the Snake River Basin Adjudication (“SRBA”), a copy of the SRBA water right claim and any recommendation filed by IDWR for the water right;
- Legal description of the point of diversion (township, range, section);
- Legal description of the place of use (township, range, section);
- Designated beneficial use and season of use;
- Allowed volume or diversion rate;
- Estimate of actual yearly diversions and consumptive use (if a consumptive water right);
- Proof that the water right has been put to the designated use within the last five (5) years; and
- Proposed cost, terms and conditions for the lease of water including time frame for any proposed lease.

All proposals should be submitted to:

Idaho Power Company
Proposal to Lease Water
Attn: Jonathon C. Bowling
P.O. Box 70
Boise, ID 83707

Selection Process

Idaho Power will review and evaluate proposals based on cost, amount of water, location of diversion and place of use, water right priority date, any terms, conditions, or legal issues associated with the proposed leases, and any other information considered relevant by Idaho Power, including the potential for such offers to increase flows in the Snake River and enhance the electrical generation at Idaho Power’s hydropower facilities. All Respondents will be notified in writing that their proposals have been received and are currently under review. All decisions with regard to the lease of a water right shall be at Idaho Power’s sole discretion. All Respondents will be notified in writing on the final disposition regarding their proposals.

This RFP will continue indefinitely. All documents submitted in response to this RFP shall become the property of Idaho Power, except for proprietary documents which Idaho Power shall return upon request of the Respondent.

Reservation of Rights

Nothing contained in this RFP shall be construed to require or obligate Idaho Power to select any proposal(s). The Company reserves the right, without qualification and in its sole and exclusive discretion, to accept or reject any or all proposals for any reason without explanation to the Respondent, or to make the award to that Respondent, who, in the opinion of the Company, will provide the most value to the Company and its customers. Idaho Power reserves the right to withdraw and terminate this RFP at any time prior to the execution of any agreement.

Idaho Power reserves the right to make an award to other than the lowest price offer if it determines that to do so would result in the greatest value to the Company and its customers. Idaho Power may make an award of contract without further discussion at any time in the RFP process.

Idaho Power reserves the right to reject any, all, or portions of the proposals received for failure to meet any criteria set forth in this RFP and makes no guarantee that an agreement award will result from this RFP. Idaho Power may decline to enter into a lease agreement with any or all Respondents and may abandon the RFP process in its entirety at any time.

During all stages of the RFP process, Idaho Power reserves the right to request additional information from individual Respondents or to request all Respondents to submit supplemental materials in fulfillment of the content requirements of this RFP or to meet additional information needs. Idaho Power also reserves the unilateral right to waive any technical or format requirements contained in the RFP. Idaho Power will review and may utilize all information, if any, submitted by a Respondent that is not specifically requested as a part of this RFP.

Those who submit proposals do so without recourse against Idaho Power Company, IDACORP Inc. or any of the IDACORP Inc. subsidiary companies or affiliates for either rejection of their proposal or proposals or for failure to execute a lease agreement for any reason. All offers shall be valid and binding upon the Respondent through contract negotiations and contract execution.

Questions

Questions about this request for proposals should be directed to Jon Bowling at 208-388-2905 or jbowling@idahopower.com.

Idaho Power Hydroelectric Facilities

