

Thank you for your attention to this important information regarding the prices you pay for electricity. Idaho Power urges you to use energy wisely. For information about using electricity more efficiently, please visit our Web site (www.idahopower.com).

You may contact Idaho Power (for additional information):

Write:
Idaho Power Company
PO Box 70
Boise, ID 83707-0070

Call:
208.388.2323 or 800.488.6151

E-Mail:
www.idahopower.com

You may contact the IPUC (to comment on the proceedings):

Write:
Idaho Public Utilities Commission
PO Box 83720
Boise, ID 83720-0074

Call:
208.334.0300 or 800.432.0369

E-Mail:
www.puc.idaho.gov



CCD 212/04-05/432k



3`ZML.5)S(! (H! (!
AžZ`i (!



**Electricity Rates
April 2005**

Important Information

**About
Changes
To Your
Electricity Rates**



Idaho Power Retail Rate Information



This brochure has been prepared to provide you with information about several rate proceedings, one that has been decided previously by the Idaho Public Utilities Commission (IPUC) and two that are awaiting a decision from the commission.

Pending are decisions related to the annual Power Cost Adjustment, or PCA, and a request to include the new Bennett Mountain Power Plant's costs in rates. Previously, the IPUC authorized the company to begin on June 1 including in rates certain income tax expenses. We want you to be aware of these changes and the reasons for them.

The Annual Power Cost Adjustment

The Power Cost Adjustment or simply the PCA allows the company and its customers to share the benefits of good water years through a downward adjustment of the PCA portion of electricity rates. However, as the Northwest enters into its sixth year of drought, Idaho Power and other utilities that rely on stream flows for hydroelectric generation must use other more expensive ways to generate electricity such as coal or natural gas-fired power plants or make purchases from the wholesale electricity market. As a result, Idaho Power has incurred and will incur, higher power supply costs that normally would be shared through the PCA.

This year the collective impact of the ongoing drought-related costs and other IPUC-ordered PCA revenues and expenses would normally increase this year's PCA by \$28.6 million over the present levels. This would

represent a PCA-related increase of 4.75 percent to your current rates.

However, in recognition of other rate actions anticipated this year and the sustained upward pressure on prices created by the prolonged drought, Idaho Power has asked the IPUC for permission to postpone collection of the additional \$28.6 million until next year. This means that with IPUC approval, the PCA portion of your rates as of June 1 will remain the same, slightly more than 6/10ths of a cent per kilowatt-hour, or \$0.006039 per kWh, until the PCA is revisited during the next annual rate adjustment June 1, 2006.

The PCA occurs annually and is only one component of customers' rates. The major component is the base rate which covers such business costs as power plants, labor, and the equipment and infrastructure used to deliver electricity to homes, farms or businesses. Adjustments to base rates occur less frequently than the PCA. The following information about the Bennett Mountain Power Plant and income tax issues is specific to the company's base rates.

The Bennett Mountain Power Plant Request

In March Idaho Power applied to the IPUC to place the construction costs of the Bennett Mountain Power Plant into its base rates – an annual increase of \$9.6 million. This plant is needed to meet expected increasing peak loads as usage on the company's system continues to rise.

Bennett Mountain is capable of producing 164 megawatts of electricity at times when customers use the most power, namely hot summer afternoons when air conditioning and irrigation use are at their highest.

This request is still pending before the IPUC and if it is approved would increase your rates by approximately 1.84 percent. You have until May 6 to submit written comments to the commission

regarding this request. The IPUC contact information is located at the end of this brochure.

Prior IPUC Decision Related to Income Tax Expense Also Will Affect Rates

In 2003, Idaho Power filed for a general rate increase that took effect June 1, 2004. A portion of that rate case involved Idaho Power's federal income tax expense. Subsequent to last year's June 1 rate change, the company asked the commission to reconsider that portion of the case and the IPUC granted an ongoing income tax-related rate adjustment and a one-year income tax-related rate adjustment to begin on June 1, 2005. Together, these tax-related adjustments will increase rates by 4.45 percent (2.25 percent for the ongoing portion and 2.2 percent for the one-year portion). The 2.2 percent portion of this adjustment is temporary and will expire on June 1, 2006.

Overall Potential Impact

If Idaho Power's PCA, Bennett Mountain, and tax adjustment recommendations are approved, there will be an average increase of 6.3 percent on an annual basis beginning June 1, 2005. Of this increase, 2.2 percent is a one-year rate adjustment and 4.1 percent is an ongoing rate adjustment.

If these rate actions are approved, the electricity bill for an average residential customer who uses 1,200 kWh per month would increase from \$77.34 to \$81.68 during summer months and from \$71.59 to \$75.68 during non-summer months.