

February 25, 2009



Mr. J. LaMont Keen  
President and Chief Executive Officer  
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Dear Mr. Keen,

As shareholders of Idacorp Inc. with combined holdings of approximately 300,000 shares, and as members of the Investor Network on Climate Risk - a \$5 trillion network of investors that promotes better understanding of the financial risks and opportunities posed by climate change - we are writing to inquire how our company is managing its energy portfolio allocation.

We applaud IDACORP's decision in 2007 to indefinitely delay its proposed 250 MW pulverized coal generation facility and its efforts to substantially enhance its customer energy efficiency efforts over the last few years. Yet, we believe that IDACORP needs to significantly reduce its greenhouse gas emissions and that its heavy reliance on fossil fuels causes undue financial risk to IDACORP shareholders and consumers. We believe that reallocating to a portfolio with higher percentage of renewables and lower reliance on coal and fossil fuels mitigates these risks and will provide economic benefits to the state of Idaho and its residents.

**Financial risks of continued reliance on coal:** As noted in the 2009 Integrated Resource Plan Advisory Council presentation, Idaho is attractive to businesses in part due to it having the lowest cost for electricity of the 50 states. Yet that privileged position is tenuous due to IDACORP's energy allocation. IDACORP's owned resources are 53% coal, 46% large hydroelectric, and 1% natural gas opening the company to financial risk fees that could be imposed for emissions levels. In addition, 28% of the energy supplied to customers is purchased on the open market. This leaves customers open to price fluctuations that will have an impact on their utility bills.

IDACORP's 10 year resource plan acknowledges that it has not kept up with building the power plants needed in order to meet load growth. IDACORP's reliance on regional markets is not a financially strong or sustainable position. The current portfolio mix is vulnerable to price pressures from: volatility in the wholesale electric power market, limitations in the hydropower system, price variability in natural gas, emissions costs related to coal-fired plants, instability in petroleum supply sources and pipeline vulnerabilities. As noted in the 2009 IRP, "adequate power is not always available in the company's timelines" and continued reliance on the current portfolio only puts customers at greater risk.

Increased investments in local, renewable resources will provide economic benefits to the state, grow jobs in predominantly rural areas, and prevent approximately \$2.7 billion each year from going outside of the state to pay for resources.

**Regulations:** With the new Obama administration and Democratic Congress, there is increasing probability of federal regulation of carbon dioxide and other greenhouse gas emissions. Due to Idaho's reliance on coal-fired electric plants, Idaho and Idahoans will be hit hard by fees incurred in such regulations.

A study by Washington Post, ABC News, and Stanford University found that 7 out of 10 Americans want the federal government to take more action on global warming. The poll showed that policies to combat global

warming can command majority public support in the US, and that action targeting electricity generation is more popular than action targeting private vehicles.

**Alternatives exist:** Augmenting the electricity from renewable resources in Idaho is possible in terms of the availability of renewables, the cost, and the future load potential. As renewables grow in the energy market, the cost of getting them online continues to decrease. Studies have identified that Idaho has significant untapped resources for renewable energies. Wind resources alone have been estimated from 5594 aMW to 18,000 aMW – almost two to six times the state’s total expected load in 2015 of 3,242 aMW. Biomass could contribute over 300 million gallons of fuel, Geothermal has the potential for 860 MW, and there are approximately 2100 aMW of potential hydroelectric power untapped in the state.

Currently, Idaho Power receives RECS for 101 MW of wind generation and 13 MW of geothermal. Given the state’s resources, investment in renewable technologies would serve IDACORP through its increased number of renewable energy certificates, stabilizing the cost of electricity for customers due to less reliance on public markets, and protecting the company from the risks of downgraded bonds and higher borrowing costs.

Given these increasing concerns and possible solutions, we are writing to inquire how our company is managing these issues and risks. We are interested, specifically in the following questions:

Fossil Fuels:

1. What are the details of IDACORP’s plans to reduce greenhouse gas emissions?
2. What are the economic risks and opportunities associated with a federal renewable portfolio standard, carbon cap and trade, and carbon tax programs? And does the company anticipate net revenue gains or losses under such programs?
3. What steps is the company taking to mitigate any loss and to what extent would those measures mitigate loss?
4. What risks to both shareholders and consumers do you see as a result of adding a baseload natural gas plant?

Renewable Energy:

5. Does IDACORP have a plan to fully optimize in-state renewable resources given that the 2007 Idaho Energy Plan says the state has the potential to meet Idaho’s future energy needs
6. What are IDACORP’s renewable portfolio projections not including large-scale hydro?
7. In particular, what does IDACORP believe to be the ultimate potential of wind procurement; and have the changing economics of solar / thermal energy been incorporated into your renewable goals?
8. Does IDACORP have a plan to deliver electricity derived from renewable resources to its customers, or will it continue to hold on to its Renewable Energy Certificates (RECs) for future sales?

Efficiency:

9. What plans (in strategy or early implementation) does the company have to use efficiency to clip peak loads?
10. What is the company doing in terms of energy efficiency and smart grid installations to enable the company to incorporate more renewables into its portfolio?

It is our position that reducing coal in the energy portfolio allocation not only has significant environmental and health benefits, but also reduces financial risk to IDACORP shareholders and customers, and to the state of Idaho enabling it to continue to attract new businesses and investments due to its competitive costs of doing business. Reducing reliance on coal and fossil fuels and increasing renewable resources will protect Idahoans against likely emissions charges, fluctuations for energy in the open market, and significantly and positively raise IDACORP’s environmental profile, enhancing its reputation and competitive position.

We welcome the opportunity to discuss these issues with you further. We believe that an open dialogue will enable us to both learn from you and to provide you with resources that could assist IDACORP in addressing these important questions.

We look forward to hearing from you by March 27 about measures IDACORP is taking to address its energy portfolio allocation.

Sincerely,



Michael Passoff  
Associate Director  
Corporate Social Responsibility Program

Amy Galland  
Research Director  
Corporate Social Responsibility Program

And on behalf of:

Shelley Alpern  
Vice President  
Trillium Asset Management

Rebecca Henson  
Environment Analyst  
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