

**CHARTER OF THE
COMPENSATION COMMITTEE
OF THE BOARD OF DIRECTORS OF IDACORP, INC.
AND IDAHO POWER COMPANY
ADOPTED AS OF JULY 17, 2003
AND AMENDED AS OF NOVEMBER 20, 2003, NOVEMBER 18, 2004
AND NOVEMBER 17, 2005**

I. PURPOSE OF THE COMMITTEE

The purposes of the Compensation Committee (the "Committee") of the Board of Directors (the "Board") of IDACORP, Inc. and Idaho Power Company (collectively the "Company") shall be to have direct responsibility to review and approve corporate goals and objectives relevant to Chief Executive Officer compensation, evaluate the Chief Executive Officer's performance in light of those goals and objectives, and, either as a committee or together with the other independent directors (as directed by the Board), determine and approve the Chief Executive Officer's compensation level based on this evaluation; to make recommendations to the Board with respect to non-CEO executive officer compensation, and incentive-compensation and equity-based plans that are subject to Board approval; to produce the Compensation Committee report on executive officer compensation as required by the Securities and Exchange Commission ("SEC") to be included in the Company's proxy statement for the annual meeting of shareholders; and to oversee the Company's compensation and employee benefit plans and practices.

II. COMPOSITION OF THE COMMITTEE

The Committee shall be comprised of three or more directors who qualify as independent directors ("Independent Directors") under the listing standards of the New York Stock Exchange (the "NYSE"). All members of the Committee shall also qualify as "non-employee directors" within the meaning of Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended, and "outside directors" within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended, and shall satisfy any other necessary standards of independence under the federal securities and tax laws.

The members of the Committee shall be elected annually to one-year terms by majority vote of the Board at the first meeting of the Board to be held following the annual meeting of shareholders. Vacancies on the Committee shall be filled by majority vote of the Board at the next meeting of the Board following the occurrence of the vacancy or by unanimous written consent of the Board. No member of the Committee shall be removed from the Committee except by majority vote of the Independent Directors then in office or by unanimous written consent of the Board.

III. MEETINGS AND PROCEDURES OF THE COMMITTEE

The Committee shall meet at least three times per year or more frequently as circumstances require. The Board shall designate one member of the Committee as its Chairperson on an annual basis. The Chairperson of the Committee or a majority of the members

of the Committee may also call a special meeting of the Committee. A majority of the members of the Committee present in person or by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other shall constitute a quorum. The Committee shall act on the affirmative vote of a majority of members present at a meeting at which a quorum is present. Without a meeting, the Committee may act by unanimous written consent of all members.

The Committee may request that any director, officer or employee of the Company, or other person whose advice and counsel is sought by the Committee, attend any meeting of the Committee to provide such pertinent information as the Committee requests.

Following each of its meetings, the Committee shall deliver a report on the meeting to the Board, including a description of all actions taken by the Committee at the meeting. The Committee shall keep written minutes of its meetings, which minutes shall be maintained with the books and records of the Company.

The Committee may delegate its functions to one or more members of the Committee if permitted by law. Such member(s) shall report on all actions taken at the next meeting of the Committee.

IV. COMMITTEE RESPONSIBILITIES

A. Executive Compensation

The Committee shall have the following duties and responsibilities with respect to the Company's executive compensation:

- (1) To establish and review at least annually the Company's executive officer compensation program including the goals and objectives with respect to such program, and any peer group of companies to which the Company compares itself, and amend, or recommend that the Board amend, the program and/or the goals and objectives if the Committee deems it appropriate.
- (2) To review and approve at least annually the corporate goals and objectives relevant to the compensation of the Chief Executive Officer.
- (3) To evaluate the Chief Executive Officer's performance in light of those goals and objectives.
- (4) Either as a committee or together with the other Independent Directors (as directed by the Board), to determine and approve the Chief Executive Officer's compensation level based on the Committee's evaluation. This includes base salary, bonuses and any short and long-term incentive awards. In determining the long-term incentive component of the Chief Executive Officer's compensation, the Committee should consider any factors it believes relevant in determining the appropriate level of such compensation, including the Company's strategic objectives, the Company's performance and relative shareholder return, the value of similar incentive awards to chief executive officers of comparable companies,

the awards given to the Chief Executive Officer of the Company in past years, and the economic and business conditions in which the Company has been and will be operating. The Committee's responsibility to discuss the Chief Executive Officer's compensation either as a committee or together with the other Independent Directors (as directed by the Board) shall not be deemed to prevent the Committee from discussing the Chief Executive Officer's compensation with the Board generally.

- (5) To review at least annually the evaluations of the other executive officers of the Company in light of the goals and objectives of the Company's executive officer compensation program.
- (6) To make recommendations to the Board with respect to the compensation level of each other executive officer. This includes base salary, bonus and any short and long-term incentive awards that are subject to Board approval. To the extent that long-term incentive compensation is a component of such executive officer's compensation, the Committee may consider any factors it believes relevant in determining the appropriate level of such compensation.
- (7) To perform such duties and responsibilities as may be assigned to the Committee under the terms of any executive officer compensation program.

B. Incentive-Compensation And Equity-Based Plans

The Committee shall have the following responsibilities with respect to the Company's incentive-compensation and equity-based plans that are subject to Board approval:

- (1) To establish, or recommend that the Board establish, and review at least annually the Company's incentive-compensation and equity-based plans including the goals and objectives of these programs and any peer group of companies to which the Company compares itself, and amend, or recommend that the Board amend, these plans and/or the goals and objectives if the Committee deems it appropriate, subject to shareholder approval if required.
- (2) To perform such duties and responsibilities as may be assigned to the Committee under the terms of any incentive-compensation and equity-based plan.

C. Other Matters

The Committee shall have the following responsibilities with respect to other compensation and related matters:

- (1) To review, at least annually, the form and appropriate level of compensation for Board and Committee service by non-employee members of the Board and recommend for the Board's consideration the appropriate level of compensation and the general principles for determining the form and amount of such compensation. The Committee shall consider director compensation in light of the

applicable definitions of "independence" and other requirements of the NYSE, the Sarbanes-Oxley Act of 2002 and the SEC.

- (2) To review, at least annually, the design of or amendments to, investment policies, objectives, fund performance and funding level as appropriate for the Idaho Power Company Employee Savings Plan, Retirement Plan and Security Plan for Senior Management Employees.
- (3) To review at least annually the design of or amendments to, investment policies, objectives, investment performance, and funding level for the retiree sections of the medical and dental components of the Group Health Plan of Idaho Power Company as funded by the Voluntary Employee Beneficiary Association Trust.
- (4) To review any retention, severance, termination, indemnification or change in control arrangements to be made with any employee or Board member of the Company and approve or recommend for the Board's consideration any such arrangement.
- (5) To review any retirement and supplemental retirement plans for any officer of the Company and approve or recommend for the Board's consideration any such plan.
- (6) To review any material change in benefit plans for officers and/or employees and approve or recommend for the Board's consideration any such change.
- (7) To review any employment agreement with any employee of the Company and approve or recommend for the Board's consideration any such agreement.
- (8) To review any perquisites or other personal benefits in excess of \$10,000 in value proposed to be provided to a Company employee and approve or recommend for the Board's consideration any such perquisite or benefit.
- (9) To review any salary and/or bonus arrangement for any single employee which in the aggregate exceeds \$150,000 and approve or recommend for the Board's consideration any such arrangement. The Committee or the Committee together with the other Independent Directors (as directed by the Board) has sole discretion to approve any salary or bonus arrangement for the Chief Executive Officer.
- (10) To produce the Compensation Committee report on executive officer compensation as required by the SEC for inclusion in the Company's annual proxy statement, in accordance with all applicable rules and regulations.
- (11) To perform such other duties and responsibilities as may be assigned to the Committee by the Board.

D. Employee Compensation and Benefit Plans

The Committee shall have the following responsibilities with respect to the Company's employee compensation and benefit plans:

- (1) To establish and review at least annually the Company's general compensation program and other employee benefit programs including the goals and objectives of these programs, and amend or recommend that the Board amend these programs and/or the goals and objectives if the Committee deems it appropriate.
- (2) To perform such duties and responsibilities as may be assigned to the Committee under the terms of the Company's general compensation programs and other employee benefit programs or by the Board.

V. EVALUATION OF THE COMMITTEE

The Committee shall, on an annual basis, evaluate its performance. In conducting this review, the Committee shall evaluate whether this Charter appropriately addresses the matters that are or should be within its scope. The Committee shall address all matters that the Committee considers relevant to its performance, including at least the following: the adequacy, appropriateness and quality of the information and recommendations presented by the Committee to the Board, the manner in which they were discussed or debated, and whether the number and length of meetings of the Committee were adequate for the Committee to complete its work in a thorough and thoughtful manner.

The Committee shall report to the Board the results of its evaluation, including any recommended amendment to this Charter and any recommended change to the Company's or the Board's policies or procedures.

VI. STUDIES AND OUTSIDE ADVISORS

The Committee may authorize studies of matters within the Committee's scope of responsibilities, and may retain, at the Company's expense, such independent counsel or other outside advisors as it deems necessary. The Committee shall have the sole authority to retain and terminate a compensation consultant to assist the Committee in carrying out its responsibilities, including sole authority to approve the consultant's fees and other retention terms, such fees to be borne by the Company.