

Risk Factors Comparison 2025-02-20 to 2024-02-15 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text Section**

IDACORP and Idaho Power operate in a highly regulated industry and business environment that involves significant risks, many of which are beyond the companies' control. The circumstances and factors set forth below should not be considered a complete list of potential risks that the companies may encounter. These risk factors, as well as additional risks and uncertainties either not known as of the date of this report or that are currently believed to not be material to the business, may have a material impact on the business, financial condition, or results of operations of IDACORP and Idaho Power and could cause actual results or outcomes to differ materially from those discussed in any forward- looking statements. These risk factors, as well as other information in this report, including without limitation, in the " Cautionary Note Regarding Forward- Looking Statements" and Part II- Item 7- MD & A, and in other reports the companies file with the SEC, should be considered carefully when making any investment decisions relating to IDACORP or Idaho Power. Below are certain important utility- specific regulatory, operational, legal and compliance, financial and investment, and general business risks that may cause IDACORP' s and Idaho Power' s future business results to be different than anticipated as of the date of this report. Utility- Specific Regulatory Risks

Utility- specific regulatory risk includes the risks that federal, state, or local regulators may impose additional requirements and costs on Idaho Power and the utility industry, reduce authorized rates of return or otherwise adversely affect recovery of costs and the opportunity to earn a return on investments, or require Idaho Power as a utility to make adverse changes to its business models, strategies, and practices. State or federal regulators may not approve customer rates that provide timely or sufficient recovery of Idaho Power' s costs or allow Idaho Power to earn a reasonable rate of return, which could adversely affect IDACORP' s and Idaho Power' s financial condition and results of operations. The prices that the IPUC and OPUC authorize Idaho Power to charge customers for its retail services, and the tariff rate that the FERC permits Idaho Power to charge for its transmission services, are significant factors influencing IDACORP' s and Idaho Power' s business, results of operations, liquidity, and financial condition. Idaho Power' s ability to recover its costs and earn a reasonable rate of return can be affected by many regulatory factors, including the time between when Idaho Power incurs costs and when Idaho Power recovers those costs in customers' rates (often called" regulatory lag" in the utility industry), and differences between the costs included in rates and the amount of actual costs incurred. Idaho Power expects to incur increasing costs, which is likely to occur before the IPUC, OPUC, or FERC approve the recovery of those costs, such as construction costs for new facilities and transmission resources, costs associated with changes in the long- term cost- effectiveness or operating conditions of Idaho Power' s assets that could result in early retirements of utility facilities, costs of compliance with legislative and regulatory requirements, fuel and wholesale power costs, and increased funding levels of Idaho Power' s defined benefit pension plan. The IPUC, OPUC, and FERC may not allow Idaho Power to recover some or all of those costs or costs that have already been deferred as regulatory assets if they find Idaho Power did not reasonably or prudently incur those costs or for other reasons. The IPUC and OPUC may adopt different methods of calculating the allocation of the total utility costs in their respective jurisdictions, resulting in certain costs excluded in both states. Ratemaking has generally been premised on estimates of historic costs based on a test year, so if a given year' s actual costs are higher than historic costs, rates may not be sufficient to cover actual costs. While rate regulation is also premised on the assumption that rates established are fair, just, and reasonable, regulators have considerable discretion in applying this standard. Economic, political, legislative, public policy, or regulatory pressures may lead stakeholders to seek rate reductions or refunds, limits on rate increases, or lower allowed rates of return on investments for Idaho Power. The ratemaking process typically involves multiple intervening parties, including governmental bodies, consumer advocacy groups, and customers, generally with the common objective of limiting rate increases or even reducing rates. **While Idaho Power reached a settlement stipulation for its 2023 general rate case in Idaho that was approved by the IPUC, with ~~With~~ the large amount of ongoing ~~and projected~~ investments and the associated regulatory lag in cost recovery, Idaho Power ~~has filed~~ **rate cases in Idaho in 2023 and 2024 and Oregon in 2023 and expects that it will likely file rate cases or seek other types of regulatory relief on a regular basis** general rate case in Oregon and on February 14, 2024, Idaho Power provided notice to the **next few years** IPUC of its intent to file a general rate case or limited issue rate proceeding in Idaho on or after June 1, 2024.** There can be no assurance that any rate case filed by Idaho Power will result in an outcome that is satisfactory for Idaho Power. In the past, Idaho Power has been denied recovery, or required to defer recovery pending the next general rate case, including denials or deferrals related to capital expenditures for long- term project expenses. Adverse outcomes in regulatory proceedings, or significant regulatory lag, may cause Idaho Power to incur unrecovered project costs or result in cancellation of projects, or to record an impairment of its assets or otherwise adversely affect cash flows and earnings. This may also result in lower credit ratings, reduced access to capital, higher financing costs, and reductions or delays in planned capital expenditures. For additional information relating to Idaho Power' s state and federal regulatory framework and regulatory matters, see Part I- Item 1- " Business- Utility Operations," Part II- Item 7- MD & A- " Regulatory Matters," and Note 3- " Regulatory Matters" to the consolidated financial statements of Part II- Item 8 in this report. Idaho Power' s regulatory cost recovery mechanisms may not function as intended and are subject to change or elimination, which may adversely affect IDACORP' s and Idaho Power' s financial condition and results of operations. Idaho Power has power cost adjustment mechanisms in its Idaho and Oregon jurisdictions and ~~a~~ **an** FCA mechanism in Idaho. The power cost adjustment mechanisms track Idaho Power' s actual net power supply costs (primarily fuel and purchased power less wholesale energy sales) and compare these amounts to net power supply costs being recovered in retail rates. A majority of the differences between these two amounts is deferred for future recovery from, or refund to, customers through rates. Volatility in power supply costs continues to be significant, in large part due to

fluctuations in hydropower generation conditions, fuel cost variability from factors including supply chain disruptions and inflation, supply and demand economics for fuel and power, the impact of high costs to purchase renewable energy under mandatory long- term contracts, and market price variability for power purchases from third parties based on seasonal demands and transmission system constraints. Changes in market dynamics due to the emergence of day ahead or other energy and transmission markets in the **West western United States** could also increase the volatility of power supply costs. While the power cost adjustment mechanisms function to mitigate the potentially adverse impact on net income of power supply cost volatility, the mechanisms do not eliminate the cash flow impact of that volatility. When power costs rise above the level recovered in current retail rates, Idaho Power incurs the costs but recovery of those costs is deferred to a subsequent collection period, which can adversely affect operating cash flow and liquidity until those costs are recovered. The FCA mechanism is a decoupling mechanism that allows Idaho Power to charge Idaho residential and small commercial customers when it recovers less than the base level of fixed costs per customer that the IPUC authorized for recovery. The power cost adjustment and FCA mechanisms are generally subject to change at the discretion of applicable state regulators, who could decide to modify or eliminate either mechanism in a manner that adversely impacts IDACORP' s and Idaho Power' s financial condition, cash flows, and results of operations.

Operational Risks Operational risk relates to risks arising from the systems, assets, processes, people, and external factors that affect the operation of IDACORP' s or Idaho Power' s businesses. Changes in customer growth and customer usage may negatively affect IDACORP' s and Idaho Power' s business, financial condition, and results of operations. Changes in the number of customers and customers' use of electricity are affected by a number of factors, such as population growth or decline in Idaho Power' s service area, expansion or loss of service area, changes in customer needs and expectations, changes to customer rates, adoption rates of energy efficiency measures, customer- generated power such as from solar panels and gas- fired generators, demand- side management requirements, regulation or deregulation, and ~~adverse~~ economic conditions. Continued inflationary pressures **, including as a result of new or increased tariffs or other trade restrictions**, or an economic downturn or recession, could also negatively impact customer use and reduce revenues and cash flows, thus adversely affecting results of operations. Many electric utilities, including Idaho Power, have experienced a long- term decline in usage per customer, in part attributable to energy efficiency activities. State or federal regulations may be enacted to encourage or require mandatory energy conservation or technological advances that increase energy efficiency, which could further reduce usage per customer. Also, changing customer needs and expectations, **such as a desire for increased renewable or low GHG-emitting sources of energy**, increased customer rates as a result of **recent the 2023 Idaho general rate case cases** and any future rate cases, and increased competition from customer- owned generation could lead to lower customer satisfaction, reduced loyalty, difficulty in obtaining rate increases, legislation to deregulate electric service, and customers seeking alternative sources of energy and electric service. If customers choose to generate their own energy, discontinue a portion or all service from Idaho Power, or replace electric power for heating with natural gas, demand for Idaho Power' s energy may decline and adversely impact the affordability of its services for remaining customers. While Idaho Power has recently experienced a net growth in usage due to an increase in the number of customers, when adjusted for the impacts of weather, the average monthly usage on a per customer basis for Idaho Power' s residential customers has declined from 1, 032 kWh in 2012 to **922-914 kWh in 2023-2024**. There is also no guarantee that Idaho Power will continue to experience an increase in the number of customers at the current rate of growth or at all. Rate mechanisms, such as the Idaho FCA for residential and small commercial customers, are designed to address the financial disincentive associated with promoting energy efficiency activities, but there is no assurance that the mechanism will result in full or timely collection of Idaho Power' s fixed costs, which are currently collected in large part through the company' s volume- based energy rates that are based on historical sales volume. Any undercollection of fixed costs would adversely impact revenues, earnings, and cash flows. The formation of municipal utilities or similar entities for distribution systems within Idaho Power' s service area could also result in a load decrease. **Idaho Power is experiencing a rapid addition of new industrial and commercial customer load. It is possible that such new industrial and commercial customers may not meet forecasted power usage ramp rates or amounts.** The loss of loads resulting from ~~some any~~ of these events may result in excess infrastructure and stranded costs and require IDACORP and Idaho Power to modify or eliminate large generation, storage, or transmission projects. This could in turn result in reduced revenues as well as write- downs or write- offs if regulators determine that the costs of the projects were incurred imprudently, which could have a material adverse impact on IDACORP' s and Idaho Power' s financial condition, results of operations, and cash flows. Conversely, if Idaho Power were to experience an unanticipated increase in the demand for energy through, for example, the rapid addition of new industrial and commercial customers or population growth in the service area, Idaho Power may be required to rely on higher- cost purchased power to meet peak system demand and may need to accelerate investment in additional generation or transmission resources. Idaho Power' s 2023 IRP preferred resource portfolio and action plan included a need to acquire significant generation and storage resources to meet forecasted increasing energy and capacity needs. There can be no assurance that these energy and capacity needs will not change or that the resources will be adequate to meet load demands, in which case Idaho Power would need to rely on **additional** wholesale power purchases and would be subject to the volatility of wholesale markets. If the incremental costs associated with unanticipated changes in loads exceed the incremental revenue received from the sales to the new customers, and Idaho Power is unable to secure timely and full rate relief to recover those increased costs, the resulting imbalance could have an adverse effect on IDACORP' s and Idaho Power' s financial condition, results of operations, and cash flows. Changes in weather conditions, severe weather, and the impacts of climate change can affect IDACORP' s and Idaho Power' s operating results and cause them to fluctuate seasonally. Idaho Power' s electric power sales are seasonal, with demand in Idaho Power' s service area peaking during the hot summer months, with a secondary peak during the cold winter months. Electric power demands by irrigation customers in Idaho Power' s service area, which are impacted by temperatures and the timing and amount of precipitation, can also create significant seasonal changes in usage. Seasonality of revenues may be further impacted by Idaho Power' s tiered rate structure, under which rates charged to customers are often

higher during higher- load periods, such as hot summers and cold winters. Market prices for power also often increase significantly during these peak periods, at times when Idaho Power is required to purchase power in the wholesale markets to meet customer demand. While Idaho Power has regulatory mechanisms to help mitigate the impact of weather on power supply costs, there is no assurance that it will continue to receive such regulatory protection in the future. By contrast, when temperatures are relatively mild or where precipitation supplants irrigation systems, loads are often lower as customers are not using electricity for heating and air conditioning or irrigation purposes. Thus, weather conditions and the timing and extent of precipitation can cause IDACORP' s and Idaho Power' s results of operations and financial condition to fluctuate seasonally, quarterly, and from year to year. Climate change could also have significant physical effects in Idaho Power' s service area, such as increased frequency and severity of storms, lightning, high winds, icing events, droughts, heat waves, fires, floods, snow loading, and other extreme weather events. These extreme weather events and their associated impacts could damage transmission, distribution, and generation facilities, causing service interruptions and extended or mass outages, increasing costs, and limiting Idaho Power' s ability to meet customer energy demand. Sustained drought conditions or decreased snow pack due to reduced precipitation or higher temperatures are likely to decrease power generation from hydropower plants. Prolonged periods of unfavorable wind or solar conditions will temporarily reduce or eliminate the availability of power from wind and solar facilities, respectively. This could limit Idaho Power' s ability to meet customer demand for those periods. The costs of repairing and replacing infrastructure or any costs related to Idaho Power liability for personal injury, loss of life, and property damage from utility equipment that fails, including as a result of significant weather and weather- related events and the increasing threat of fires, may not be covered by insurance. Costs incurred in connection with such events might also not be recovered through customer rates if the costs incurred are greater than those allowed for recovery by regulators. Idaho Power' s customers' energy needs vary with weather and to the extent weather conditions are affected by climate change, customers' energy use could increase or decrease. Increased energy use due to weather changes may require Idaho Power to invest in generating assets and transmission and distribution infrastructure, while decreased energy use due to weather changes may result in decreased revenues. Extreme weather conditions creating high energy demand may raise wholesale electricity prices for power that Idaho Power purchases to serve customers, increasing the cost of energy Idaho Power provides to its customers, and at the same time can increase the revenues Idaho Power receives for wholesale market sales of excess generation during regional extreme weather events. Variations in hydropower generation that increase Idaho Power' s reliance on market purchases may lead to more costly power supply sources for its customers and reduce benefits from selling surplus hydropower in the wholesale market. The price of power in the wholesale energy markets tends to be higher during periods of high regional demand that tends to occur with weather extremes, which may cause Idaho Power to purchase power in the wholesale market during peak price periods, increasing power supply costs. Idaho Power has in place mechanisms to help mitigate the effects of energy market price volatility, but there is no assurance these mechanisms will continue to be in place or function as intended. In addition, state and federal legislation and regulations have been proposed in recent years and may be implemented in the future, intended to limit the severity and impact of climate change. Proposals have included imposing mandatory reductions in GHG emissions, which could increase Idaho Power' s power supply and compliance costs or require generation facilities to be retired early, resulting in potential stranded costs and write- downs or write- offs if Idaho Power is unable to fully recover investments in such facilities. ~~If financial markets increasingly view climate change or GHG emissions as a financial or investment risk for electric utilities, it could negatively affect IDACORP' s and Idaho Power' s ability to access debt and equity capital markets on favorable terms.~~ For additional information relating to legislation, regulations, and legal proceedings related to environmental matters, see Part II- Item 7- MD & A- " Environmental Matters " in this report. Liability from fires could adversely impact IDACORP' s and Idaho Power' s business, financial condition, and results of operations, and Idaho Power' s WMP and other protocols may not prevent such liability. Fires alleged to have been caused by Idaho Power' s transmission, distribution, or generation infrastructure, or that allegedly result from Idaho Power' s or its contractors' operating or maintenance practices, **have exposed, and in the future** could expose , Idaho Power to claims for fire suppression and clean- up costs, evacuation costs, fines and penalties, and liability for economic damages, personal injury, loss of life, property damage, and environmental pollution, whether based on claims of negligence, trespass, or otherwise. The risk of wildfires is exacerbated in forested areas where beetle infestations and rising tree mortality rates have caused a significant increase in the quantity of standing dead and dying timber, increasing the risk that such trees may fall from either inside or outside Idaho Power' s right- of- way into a powerline , igniting a fire and increasing the severity of fires. A significant number of urban- wildland interfaces in and near Idaho Power' s service area, and commonly hot, dry summer conditions that may worsen as a result of climate change, increase the likelihood and magnitude of damages that may be caused by fires burning into or allegedly originating from utility equipment . **Idaho Power spends significant resources on initiatives designed to mitigate wildfire risks, including through its WMP, but there is no assurance that the WMP and other protocols will be successful or effective in reducing wildfire- related losses**. Further, there has been an increasing trend in the degree of annual destruction from wildfires in the western United States, as well as utility companies facing claims for significant damages resulting from wildfires. Idaho Power maintains insurance coverage for such risks, but insurance coverage is subject to terms and limitations and may not be sufficient to cover Idaho Power' s ultimate liability. Coverage limits within wildfire insurance policies could result in material self- insured costs due to self- insured retention amounts under the terms of Idaho Power' s insurance policies. Idaho Power or , its contractors , and its customers **have** could also experience **experienced** coverage reductions and increased wildfire insurance costs **and may continue to do so** in future years. Idaho Power may be unable to recover costs in excess of insurance through customer rates or regulatory mechanisms and, even if such recovery is possible, it could take several years to collect. If the amount of insurance is insufficient or otherwise unavailable, and if Idaho Power is unable to fully recover in rates the costs of uninsured losses, IDACORP' s and Idaho Power' s business, financial condition, and results of operations could be materially affected . ~~Idaho Power spends significant resources on initiatives designed to mitigate wildfire risks, including through its WMP,~~

but there is no assurance that the WMP and protocols such as the PSPS will be successful or effective in reducing wildfire-related losses. Idaho Power will face a higher likelihood of wildfires in its service area if it cannot effectively implement its WMP. There also can be no assurance that the WMP and protocols such as the PSPS will be effective. For instance, a wildfire may be ignited and spread even in conditions that do not trigger a PSPS event. Idaho Power's inspections of vegetation near its assets may not detect structural weaknesses within a tree or other issues. If Idaho Power's WMP and protocols are not effective, a wildfire could be ignited and spread. To the extent Idaho Power's criteria for implementing a PSPS are not sufficient to mitigate the risk of wildfires, Idaho Power does not fully implement a PSPS when criteria are met, due to other overriding factors, or Idaho Power's regulators mandate changes to, or restrictions on, its criteria or other operational PSPS practices, Idaho Power will face a higher likelihood of wildfires in its service area during high-risk weather conditions.

New advances in power generation, energy efficiency, alternative energy sources, or other technologies that impact the power utility industry could decrease customer energy demand and revenues, which could have implications for generation and system planning. Advances in technology and changes in customer demand and preferences in the electric utility industry have encouraged the development of new technologies for power generation, renewable energy, energy storage, customer-owned generation, and energy efficiency. In particular, in recent years the net cost of solar and wind generation and storage technology has decreased significantly, and there are federal and state regulations, laws, and other incentives in place to help further reduce the net cost of solar, wind, and energy storage facilities. There is potential that customer-owned solar power generation systems could become sufficiently cost-effective and efficient that an increasing number of Idaho Power's customers choose to install such systems on their homes or businesses, which in turn could require changes in the way Idaho Power builds and manages its distribution systems and substantial grid infrastructure costs, and at the same time reduce the demand for and sale of energy. Additionally, considerable emphasis has been placed on energy efficiency, such as LED lighting and high-efficiency appliances. Energy efficiency programs, including programs sponsored by Idaho Power under a directive from state regulatory commissions, are designed to reduce energy use and demand. The introduction of new technologies could pose risks in the form of reduced sales and new business models for energy services. These changes in technology could also alter the channels through which customers buy or utilize energy, including the potential formation of community-based, cooperative ownership or municipal structures, which could reduce Idaho Power's revenues or impact Idaho Power's expenses. A reduction in load, however, would not necessarily reduce Idaho Power's need for ongoing investments in its infrastructure to reliably serve its customers. If Idaho Power is unable to adjust its rate design or maintain adequate regulatory mechanisms allowing for timely cost recovery, declining usage from customer-owned generation sources and energy efficiency could result in under-recovery of Idaho Power's costs and investment in infrastructure, and reduce revenues, which would adversely impact IDACORP's and Idaho Power's financial condition and results of operations. Acts or threats of terrorism, acts of war, social unrest, cyber or physical security attacks, and other malicious acts of individuals or groups seeking to disrupt Idaho Power's operations or the electric power grid or compromise data could adversely impact IDACORP's and Idaho Power's business, financial condition, and results of operations. Idaho Power operates in an industry that requires the continuous use and operation of sophisticated information technology and increasingly complex operational technology systems and network infrastructure. Idaho Power's generation and transmission facilities and its grid operations are potential targets for terrorist acts and threats, acts of war, social unrest, cyber and physical security attacks, and other disruptive activities of individuals or groups, including by nation states or nation state-sponsored groups. There have been cyber and physical attacks within the energy industry on energy infrastructure such as electric substations within the energy industry and fuel pipelines on Idaho Power specifically in the past with notable reports in the media of electric industry infrastructure specifically being targeted for and impacted by physical attacks more recently, and there are likely to be additional attacks in the future. Idaho Power and its vendors have been subject to, and will likely continue to be subject to, attempts to gain unauthorized access to systems and confidential information or to disrupt operations. The As noted by the U. S. Department of Homeland Security, the utility industry is continuing to experience an increase in the frequency and sophistication of cybersecurity incidents. Some of Idaho Power's facilities are deemed "critical infrastructure" under federal standards, in that incapacity or destruction of the facilities could have a debilitating impact on security, reliability, or operability of the bulk electric power system, national economic security, and public health and safety. The fact that infrastructure Infrastructure facilities, such as power generation facilities and electric transmission or distribution facilities, are could be direct targets of, or potential indirect casualties of, an act of terror or war or cyber or physical attack (whether originating internal to Idaho Power or externally), may which might affect Idaho Power's operations by limiting the ability to generate, purchase, or transmit power. Idaho Power's electric transmission systems are part of an interconnected regional grid, and therefore, it faces the risk of causing or being subject to a long-term power outage due to grid disturbances or disruptions on a neighboring interconnected grid system. Cyber and physical threats and attacks can have cascading impacts that unfold with increasing speed across networks, information systems, and other technologies. Network, information systems, and technology-related events, including those caused by IDACORP or Idaho Power through process breakdowns, human error, security architecture or design vulnerabilities, or by third parties through cyber or physical security attacks, could result in a degradation or disruption in the energy grid and the services of the companies, as well as the ability to record, process, and report customer, business, and financial information. Physical or cyber attacks against key suppliers or service providers could have a similar effect on Idaho Power. Idaho Power's business operations require the continuous availability of information technology systems and network infrastructure, and in the normal course of business, Idaho Power or its vendors collect and store sensitive and confidential customer and employee information and proprietary information of Idaho Power. Idaho Power's technology systems are dependent upon connectivity to the internet and third-party vendors to host, maintain, modify, and update its systems, which may experience significant system failures or cyber attacks that could compromise the security of Idaho Power's assets and information. All information technology systems are vulnerable to being disabled, unauthorized access, unintentional defects, user error, errors in system changes, and cybersecurity incidents. Idaho Power is in the process of

pursuing complex business system upgrades, and these significant changes increase the risk of system interruption. Any data security breaches, such as misappropriation, misuse, leakage, falsification or accidental release or loss of information maintained in Idaho Power's information technology systems or on third-party systems, including customer or employee data, could result in violations of privacy and other laws and associated litigation and liability for damages, fines, and penalties; financial loss to Idaho Power or to its customers; customer dissatisfaction or diminished customer confidence; and damage to Idaho Power's reputation, all of which could materially **adversely** affect Idaho Power's financial condition and results of operations. No security measures can completely shield Idaho Power's systems, infrastructure, and data from vulnerabilities to cyber attacks, human error, intrusions, or other catastrophic events that could result in their failure or reduced functionality, and ultimately the potential loss of sensitive information or the loss of Idaho Power's ability to fulfill critical business functions and provide reliable electric power to customers. Despite the steps Idaho Power may take to detect, mitigate, or eliminate threats and respond to security incidents, the techniques used by those who seek to obtain unauthorized access, and possibly disable or sabotage systems or abscond with information and data, change frequently and Idaho Power may not be able to protect against all such actions. Idaho Power actively monitors developments in cybersecurity and is involved in various related government and industry groups, and the company's board receives security updates at least quarterly. Although Idaho Power continues to make investments in its cybersecurity program, including personnel, technologies, and training of personnel, there can be no assurance that these systems or their expected functionality will be implemented, maintained, or expanded effectively; nor can security measures completely eliminate the possibility of a cybersecurity breach. Further, the implementation of security guidelines and measures has resulted in, and Idaho Power expects to continue to result in, increased costs. Terrorist attacks, acts of war, social unrest, cyber and physical security attacks, and similar incidents can also have indirect impacts by creating political, economic, social, or financial market instability, and can cause damage to or interference with Idaho Power's operating assets, customers, or suppliers. This may result in business interruption, lost revenue, higher commodity prices, disruption in fuel supplies, lower energy consumption, and unstable commodity and financial markets, particularly with respect to electricity and natural gas, any of which may materially adversely affect Idaho Power. These events, and governmental actions in response, could result in a material decrease in revenues and increase costs to protect, repair, and insure Idaho Power's assets and operate its infrastructure, systems, and business. Changes in capital expenditures for infrastructure and the risks associated with permitting and construction of utility infrastructure can significantly affect IDACORP's and Idaho Power's financial condition and results of operations. Idaho Power's business is capital intensive and requires significant investments in power supply, transmission, and distribution infrastructure. A significant portion of Idaho Power's facilities were constructed many years ago, and thus require periodic upgrades and frequent maintenance. Also, short-term and long-term anticipated increases in both the number of customers and the demand for energy require expansion and reinforcement of that infrastructure as described in Idaho Power's 2023 IRP. Idaho Power is **participating not only in the three permitting process for two** high-voltage transmission line projects **and, but** has also entered into contracts to purchase **and own 300 MW**, and operate **304 megawatts of wind generation and 1,320 MWh of new** battery storage assets **expected to come online from 2025 to 2027**, as well as issued RFPs for new resources, which are intended to help meet increasing customer energy demands. **The level of investments that** Idaho Power expects **significant investment to make** in capital improvements and expenditures for infrastructure projects **over the next five years is roughly double that what it was in the immediately preceding five years. These projects** are subject to usual permitting and construction risks that can adversely affect project costs and the completion time. These risks include, as examples: • the ability to timely obtain labor or materials at reasonable costs; • defaults and delays by suppliers and contractors, including delays for specialty equipment that require significant lead times; • increases in price and limitations on availability of commodities, materials, and equipment; • imposition of tariffs **or other trade restrictions** on commodities, materials, and equipment **sourced by foreign providers**; • equipment, engineering, and design failures; • credit quality of counterparties and suppliers and their ability to meet financial and operational commitments; • unexpected environmental and geological problems; • the effects of adverse weather conditions; • catastrophic events, natural disasters, epidemics, pandemics and other public health or disruptive events that could result in supply chain disruptions, as well as permitting and construction delays; • availability of financing; • the ability to obtain approval from local, state, or federal regulatory and governmental bodies and to comply with permits and land use rights, and environmental constraints; and • delays and costs associated with disputes and litigation with third parties. The occurrence of any of these risks could cause Idaho Power to operate at reduced capacity levels, which in turn could reduce revenues and reliability, increase expenses, or cause Idaho Power to incur penalties. If Idaho Power is unable to complete the permitting or construction of a project, or incurs costs that regulators do not deem prudent, it may be unable to recover its costs in full through rates or on a timely basis. Further, if Idaho Power is unable to secure permits or joint funding commitments to develop transmission infrastructure necessary to serve loads or if other resources become more economical, it may terminate those projects and, as alternatives, seek to develop additional generation facilities within areas where Idaho Power has available transmission capacity or pursue other more costly options to serve loads. To limit the timing-related risks of these projects, Idaho Power may enter into purchase orders and construction contracts and incur engineering and design service costs in advance of receiving necessary regulatory approvals or permits. If any of the projects are canceled for any reason, including Idaho Power's failure to receive necessary regulatory approvals or permits or because the project is no longer economical, Idaho Power could incur significant cancellation penalties under purchase orders or construction contracts. Additionally, termination of a project carries with it the potential for impairment of the associated asset if regulators deny full recovery of project costs. Thus, termination of a project could negatively affect IDACORP's and Idaho Power's financial condition and results of operations. Demand for power could exceed supply, **particularly in light of the rapid addition of new industrial and commercial customer load**, resulting in deliverability risks and increased costs for, or difficulty in, purchasing capacity in the market or acquiring or constructing additional generation resources and battery storage facilities. Idaho Power's 2023 IRP identified a low-cost preferred resource portfolio and action plan for the next 20-year period that includes adding

substantial renewable resources and the conversion from coal to natural gas of two units at the Jim Bridger plant in 2024, the two units at the North Valmy plant in 2026, and the remaining two units at the Jim Bridger plant in 2030. As Idaho Power implements the IRP's action plan, it remains obligated to provide reliable and affordable energy to its customers, but there are certain potential deliverability and cost risks associated with implementation. These risks include, but are not limited to, (1) the failure to timely obtain or construct additional resources to meet forecast needs related to load growth, (2) **the rapid addition of new industrial and commercial customer load and the volatility of such new load demand**, (3) increased renewable energy generation presenting risks of uncertainty and variability that could be further compounded as neighboring systems transition towards increasing levels of renewable resources, and (3-4) increased potential resource volatility due to changes in the energy market. During peak periods, power demand could exceed, and on occasion has exceeded, Idaho Power's available generation capacity, particularly if Idaho Power's power plants are not performing as anticipated and additional resources and battery storage are not available as needed to meet demand. Competitive market forces or adverse regulatory actions may require Idaho Power to purchase capacity and energy from the market, if such resources are even available for purchase, or build additional resources to meet customers' energy needs in an expedited manner. If that occurs, Idaho Power may be unable to recover these additional costs and could experience a lag between when costs are incurred and when regulators permit recovery in customers' rates, which could have negative impacts on operations and cash flows. Factors contributing to lower hydropower generation can increase costs and negatively impact IDACORP's and Idaho Power's financial condition and results of operations. Idaho Power derives a significant portion of its power supply from its hydropower facilities. During **2024 and 2023 and 2022**, **54 percent and 55 percent and 48 percent**, respectively, of Idaho Power's electric power from Idaho Power-owned generation was from hydropower facilities. Due to Idaho Power's heavy reliance on hydropower generation, the impacts of **climate change and factors such as precipitation and snowpack, the timing of run-off, requirements for flood control**, and the availability of water in the Snake River Basin can significantly affect its operations. The combination of a long-term trend of declining Snake River base flows, over-appropriation of water, and periods of drought have led to water rights disputes and proceedings among surface water and ground water irrigators and the State of Idaho. Recharging the Eastern Snake Plain Aquifer by diverting surface water to porous locations and permitting it to sink into the aquifer is one approach to the over-appropriation dispute. Diversions from the Snake River for aquifer recharge or the loss of water rights reduce Snake River flows available for hydropower generation. When hydropower generation is reduced, Idaho Power must increase its use of more expensive thermal generating resources and market power purchases; therefore, costs increase and opportunities for wholesale energy sales are reduced, reducing revenues and potentially earnings. Through its power cost adjustment mechanisms, Idaho Power expects to recover most (but not all) of the increase in net power supply costs caused by lower hydropower generation. The timing of recovery of the increased costs, however, may not occur until the subsequent power cost adjustment year, adversely affecting cash flows and liquidity. Idaho Power's use of coal and natural gas to fuel power generation facilities exposes it to commodity availability and price risk, which can adversely affect IDACORP's and Idaho Power's results of operations and financial condition. As part of its normal business operations, Idaho Power purchases coal and natural gas in the open market or under short-term or long-term contracts, often with variable pricing terms. Market prices for coal and natural gas are volatile and influenced by factors impacting supply and demand such as weather conditions, the adequacy and type of generating capacity, fuel transportation availability, economic conditions, regulations related to GHG emissions, changes in technology, moratoriums on federally leased coal, and increases in coal lease costs. Natural gas transportation to Idaho Power's three natural gas plants **in Idaho is limited to one primary pipeline, and natural gas transportation to the Jim Bridger plant is also limited to a separate, single pipeline**, presenting a heightened possibility of supply constraint and disruptions separate from the risk of counterparty default. Idaho Power's current coal supply arrangements are under long-term contracts for coal originating in Wyoming, Utah, and Colorado, and thus Idaho Power is exposed to risk of disruption of coal production in, or transportation from, those regions. Idaho Power may from time to time enter into new, or renegotiate, these contracts but can provide no assurance that such contracts will be negotiated or renegotiated on satisfactory terms, or at all. There also can be no assurance that counterparties to the natural gas or coal supply agreements will fulfill their obligations to supply natural gas or coal, and they may experience regulatory, financial, or technical problems or unforeseeable events that inhibit their ability to deliver natural gas or coal. Disruptions in transportation of fuel and defaults by coal and natural gas suppliers may cause Idaho Power to seek alternative, and potentially more costly, sources of fuel or rely on other generation sources or wholesale market power purchases. Idaho Power's failure to provide service due to such disruptions may also result in fines, penalties, or cost disallowances through the regulatory process. Idaho Power may not be able to fully or timely recover these increased costs through rates and power cost adjustment mechanisms, which may adversely affect IDACORP's and Idaho Power's financial condition and results of operations. Idaho Power's power supply, transmission, and distribution facilities are subject to numerous operational risks unique to it and its industry, including circumstances causing power outages, injuries and property damage, loss of life, and fires. Operating risks associated with Idaho Power's power supply, transmission, and distribution facilities include equipment failures, volatility in fuel and transportation pricing, interruptions in fuel supplies, increased regulatory compliance costs, changes necessitated by environmental legislation or litigation, labor disputes or attrition, accidents and workforce safety matters, environmental damage, property damage, wildfires, acts of terrorism or war or sabotage (both cyber and asset-based), **disruptions in supply chains or price increases resulting in the inability to obtain needed equipment or materials on reasonable terms or at all**, the loss of cost-effective disposal options for solid waste such as coal ash, operator error, and the occurrence of catastrophic events at the facilities. Idaho Power maintains business continuity and disaster recovery plans, but such plans may be inadequate or not function as anticipated, which could result in delayed recovery after any such events. Diminished availability or performance of those facilities could result in reduced customer satisfaction, reputational harm, liability to third parties (including tort liability), and regulatory inquiries and fines. Operation of Idaho Power's owned and co-owned generating stations below expected capacity levels, or unplanned outages at these stations, could cause

reduced energy output and lower efficiency levels and result in lost revenues and increased expenses for alternative fuels or wholesale market power purchases. Further, during high- load periods **and other extraordinary events such as wildfires**, the transmission system **in servicing** Idaho Power' s service area **is in the past has been, and in the future may be**, constrained, limiting the ability to transmit electric energy within the service area and access electric energy from outside the service area. Idaho Power' s transmission facilities are also interconnected with those of third parties, and thus operation of Idaho Power' s and third- parties' facilities could be adversely affected by unexpected or uncontrollable events **, such as wildfires**. These transmission constraints and events could result in failure to provide reliable service to customers and the inability to deliver energy from generating facilities to the power grid, and the inability to access lower cost sources of electric energy. Idaho Power also enters into agreements with third- party contractors to perform work on its power supply, transmission, and distribution facilities, and may in some circumstances retain liability for the quality and completion of those contractors' work, potentially subjecting Idaho Power to penalties, liability for personal injury, loss of life, or property damage, reputational harm, or enforcement actions or liability if a contractor violates applicable laws, rules, regulations, or orders. Accidents, acts of terrorism or war, electrical contacts, fires, explosions, catastrophic failures, general system damage or dysfunction, intentional acts of destruction, uncontrolled release of water from hydropower dams, and other unplanned events related to Idaho Power' s infrastructure would increase repair costs and may expose Idaho Power to liability for personal injury, loss of life, and property damage. Idaho Power maintains insurance coverage for such operating and event risks, but insurance coverage is subject to terms and limitations and may not be sufficient to cover Idaho Power' s ultimate liability. Idaho Power may be unable to recover costs in excess of insurance through customer rates or regulatory mechanisms and, even if such recovery is possible, it could take several years to collect. If the amount of insurance is insufficient or otherwise unavailable, and if Idaho Power is unable to fully recover in rates the costs of uninsured losses, IDACORP' s and Idaho Power' s financial condition, results of operations, or cash flows could be materially **adversely** affected. ~~Purchases of power mandated by PURPA from renewable energy projects may increase costs and adversely affect Idaho Power' s and IDACORP' s results of operations and financial condition. Under PURPA, Idaho Power is generally obligated to purchase power from certain renewable energy projects, regardless of the then-current load demand, availability of lower cost generation resources, or wholesale energy market prices. As of December 31, 2023, Idaho Power had contracts mandated under PURPA to purchase energy from 130 online projects with third parties. Absent a need for this generation, these contracts increase the likelihood and frequency that Idaho Power will be required to reduce output from its lower- cost generation resources, which in turn increases power purchase costs and customer rates and impacts Idaho Power' s ability to invest in additional generation and earn a reasonable return on rate base in the future. If Idaho Power is unable to timely recover those costs through its rates, power cost adjustment mechanisms, or otherwise, those increased costs may negatively affect IDACORP' s and Idaho Power' s results of operations, financial condition, and cash flows.~~ IDACORP' s and Idaho Power' s activities are concentrated in one industry and in one region, which exposes it to risks from lack of diversification, regional economic conditions, and regional legislation and regulation. IDACORP and Idaho Power do not have diversified operations or sources of revenue. Idaho Power comprises nearly all of IDACORP' s operations, and Idaho Power' s business is concentrated solely in the electric power industry. Furthermore, Idaho Power' s provision of electric service to retail customers is conducted exclusively in its southern Idaho and eastern Oregon service area. As a result, IDACORP' s and Idaho Power' s future performance, revenues, and collectability of revenues, as well as expenses, will be affected by regional economic conditions, regulatory and legislative activity, weather conditions, and other events and conditions in its service area and in the electric power industry. The impacts of **turnover in a retiring** workforce with specialized utility- specific functions and the inability to hire qualified third- party vendors could increase costs and adversely affect IDACORP' s and Idaho Power' s financial condition and results of operations. Idaho Power' s operations require a skilled workforce to perform specialized utility functions. Many of these positions, such as linemen, grid operators, engineering and design personnel, and generation plant operators, require extensive, specialized training. Idaho Power does not have employment contracts with its officers or key employees and cannot guarantee that any member of its management or any key employee at the IDACORP parent or any subsidiary level will continue to serve in any capacity for any particular period of time. Employee retention and recruitment may also be negatively impacted by more flexible remote work opportunities, higher pay offered by other employers, ~~or~~ lower cost of living in other areas **, or other factors**. The loss of skills and institutional knowledge of experienced employees, the failure to foster an innovative, **inclusive-welcoming**, equitable, and **diverse environment** **respectful company culture** in order to hire appropriately qualified employees, the costs associated with attracting, training, and retaining such employees to replace ~~an~~ **aging and skilled workforce** **individuals who retire or leave Idaho Power** or the inability to do so, and the operational and financial costs of unionization or the attempt to unionize all or part of the companies' workforce, could have a negative effect on IDACORP' s and Idaho Power' s financial condition and results of operations. Idaho Power could incur increased costs as a result of such turnover due to a loss of knowledge, errors due to inexperienced employees, substantial training time, loss of productivity, ~~and~~ increased **safety and** compliance issues **, and other factors**. Idaho Power also hires third- party vendors to assist in performing a variety of ordinary business functions, such as power plant maintenance, data warehousing and management, software development and licensing, electric transmission and distribution operations, billing and metering processes, and vegetation management, among other things. In recent years, Idaho Power has experienced increased competition and rising prices for many forms of third- party vendor services. While Idaho Power does not rely entirely on third- party vendors for many of these business functions, the unavailability of such vendors **at a reasonable cost or at all** could adversely affect the quality and cost of Idaho Power' s electric service and negatively impact its results of operation. Co- owners of Idaho Power' s generation and transmission assets may have unaligned goals and positions due to the effects of legislation, regulations, capital requirements, load growth amounts, changes in ~~our~~ **its** industry, or other factors, which could at times adversely impact Idaho Power' s ability to construct and operate those facilities in a manner most suitable to Idaho Power. Idaho Power owns certain of its generation and transmission assets jointly with other owners, with varying ownership interests in such

facilities, and Idaho Power plans to develop and own assets jointly in the future. While there are advantages to joint ownership of resources, there are also restrictions imposed by the joint ownership and operating agreements for those facilities that provide rights, but also restrictions, on when and how the facilities are constructed and on how they are operated. Changes in the nature of Idaho Power's industry and the economic viability of certain plants and facilities, including impacts resulting from types and availability of other resources, fuel costs, and legislation and regulation, together with timing considerations related to expiration of permits or leases or other agreements for such facilities and other factors, could result in unaligned positions among co-owners. While Idaho Power negotiates and enforces its rights and obligations thoughtfully, differences in the co-owners' willingness or ability to continue their participation or the timing of facility construction, modification, or decommissioning could lead to restrictions and disruptions to operations, adverse financial impacts to Idaho Power, and / or uncertainty related to the resulting cost recovery of such assets. Legal and Compliance Risks Legal and compliance risk relates to risks arising from government and regulatory action and from legal proceedings and compliance with applicable laws, rules, orders, regulations, policies, and procedures, including those related to financial reporting, environment, health, and safety, and potential changes in legal requirements. Changes in legislation, regulation, and government policy may have a material adverse effect on IDACORP's and Idaho Power's business in the future. ~~Specific legislative~~ **Legislative** and regulatory proposals and recently enacted legislation that could have a material impact on IDACORP and Idaho Power include, but are not limited to, **changes in tax reform, policy or** utility regulation, carbon- reduction initiatives, infrastructure renewal programs, climate change and environmental regulation, and modifications to accounting and public company reporting requirements. Further, the proposals and new legislation could have an impact on the rate of growth of Idaho Power's customers and their willingness to expand operations and increase electric service requirements. Under the ~~current~~ **new** Presidential Administration, Idaho Power expects laws, regulations, **executive orders,** and policies relating to environmental compliance ~~to continue,~~ **tax, and other matters** to change ~~from those of the previous Presidential Administration~~ and **could** require IDACORP and Idaho Power and some of their customers to modify their business strategy, ~~or restrict activities,~~ and projects, ~~potentially subjecting~~ **due to change or uncertainty in them- the regulatory environment to increased compliance costs.** For example, in January ~~2021~~ **2025**, the United States ~~rejoined~~ **again opted out of** the Paris Agreement on climate change that ~~would require~~ **require** commitments related to GHG emissions, among other things ~~and the~~. **It is possible that a future** Presidential Administration ~~has announced ambitious clean energy initiatives~~ **may cause the United States to adopt the Paris Agreement again or enter into a similar agreement.** Many states and localities may continue to pursue climate policies in addition to federal mandates ~~The state of Oregon, for instance, has been pursuing cap- and- trade legislation for GHG emissions.~~ Failure to comply with environmental laws and regulations, even if such non- compliance is caused by factors outside of Idaho Power's control, may result in the assessment of civil or criminal penalties or fines, or government enforcement actions. Idaho Power could also become subject to climate change lawsuits and an adverse outcome could require substantial expenditures and could possibly require payment of damages. IDACORP and Idaho Power expect federal, state, and local governmental authorities to implement various recent and ~~expected~~ future executive orders from the **new** Presidential Administration and are unable to predict whether and to what extent such actions will meaningfully change existing legislative and regulatory environments relevant to the companies, or if any such changes would have a net positive or negative impact on the companies. Idaho Power is unable to estimate the costs of complying with such legislative or regulatory changes due to the uncertainties associated with the nature and implementation of the changes, and may not be able to recover the associated costs. To the extent that such changes have a negative impact on the companies or Idaho Power's customers, including as a result of related uncertainty, these changes may materially and adversely impact IDACORP's and Idaho Power's business, financial condition, results of operations, and cash flows. Changes in income tax laws and regulations, or differing interpretation or enforcement of applicable laws by the U. S. Internal Revenue Service or other taxing jurisdictions, could have a material adverse impact on IDACORP's or Idaho Power's financial condition and results of operations. IDACORP and Idaho Power must make judgments and interpretations about the application of the law when determining the provision for income taxes. Amounts of income tax- related assets and liabilities involve judgments and estimates of the timing and probability of recognition of income, deductions, and tax credits, which are subject to challenge by taxing authorities. These judgments may include estimates for potential outcomes regarding tax positions that may be subject to challenge by the taxing authorities. Disputes over interpretations of tax laws may be settled with the taxing authority in examination, upon appeal, or through litigation. The outcome of potential future income tax proceedings or laws, or the state public utility commissions' treatment of those outcomes, could differ materially from the amounts IDACORP and Idaho Power record prior to conclusion of those proceedings, and the difference could negatively affect IDACORP's and Idaho Power's earnings and cash flows. Further, in some instances, the treatment from a ratemaking perspective of any net income tax expense (including from increased tax rates) or benefit could be different than IDACORP or Idaho Power anticipate or request from applicable state regulatory commissions, which could have a negative effect on their financial condition and results of operations. **The unavailability of expected tax credits or other tax benefits, whether due to a change in law, interpretation, or otherwise, could also have an adverse impact on the economic viability of certain of its planned or existing facilities.** In addition, Idaho Power uses the regulatory flow- through income tax accounting method as described in Note 1-" Summary of Significant Accounting Policies" to the consolidated financial statements included in this report, and potential changes in income tax laws or interpretations may impact IDACORP's and Idaho Power's income taxes and reporting obligations differently than most other companies. IDACORP's and Idaho Power's businesses are subject to an extensive set of environmental laws, rules, and regulations, which could impact their operations and costs of operations, potentially rendering some generating units uneconomical to maintain or operate, and could increase the costs and alter the timing of major projects. IDACORP's and Idaho Power's operations are subject to a number of federal, state, and local environmental statutes, rules, and regulations relating to **air and water quality, natural resources, endangered species and wildlife, renewable energy,** climate change, ~~air and water quality, natural resources, endangered species and wildlife, renewable energy,~~ and health and safety. Many of these laws

and regulations are described in Part II- Item 7- MD & A- " Environmental Matters " in this report. These laws and regulations generally require IDACORP and Idaho Power to obtain and comply with a wide variety of environmental licenses, permits, and other approvals, including through substantial investment in pollution controls, and may be enforced by both public officials and private individuals. Some of these regulations are pending, changing, or subject to interpretation, and failure to comply may result in penalties, mandatory operational changes, and other adverse consequences, including costs associated with defending against claims by governmental authorities or private parties and complying with new operating requirements. Idaho Power devotes significant resources to environmental monitoring, pollution control equipment, and mitigation projects to comply with existing and anticipated environmental regulations. However, it is possible that federal, state, and local authorities could attempt to enforce more stringent standards, stricter regulation, and more expansive application of environmental regulations. Environmental regulations have created the need for Idaho Power to install new pollution control equipment at, and may cause Idaho Power to perform environmental remediation on, its owned and co- owned power generation facilities, often at a substantial cost. Compliance with environmental regulations can significantly increase capital spending, operating costs, and plant outages, and can negatively affect the affordability of Idaho Power' s services for customers. Idaho Power cannot predict with certainty the amount and timing of all future expenditures necessary to comply with these environmental laws and regulations, although Idaho Power expects the expenditures could be substantial. In some cases, the costs to obtain permits and ensure facilities are in compliance may be prohibitively expensive. If the costs of compliance with new regulations renders the generating facilities uneconomical to maintain or operate, Idaho Power would need to identify alternative resources for power, potentially in the form of new generation and transmission facilities, market power purchases, demand- side management programs, or a combination of these and other methods. Furthermore, Idaho Power may not be able to obtain or maintain all environmental regulatory approvals necessary for operation of its existing infrastructure or construction of new infrastructure. In addition, some environmental regulations are currently subject to litigation **and not yet final or other uncertainty, including due to changes instituted by the new Presidential Administration**. As a result of this uncertainty, approaches to comply with the regulations, including available control technologies or other allowed compliance measures, are unpredictable and Idaho Power cannot foresee the potential impacts these regulations would have on Idaho Power' s operations or financial condition. In 2019, Idaho Power announced its long- term goal to serve customers with 100 - percent clean energy by 2045, and Idaho Power has short- term and medium- term goals for CO2 emission reductions, which could impact infrastructure resource decisions and costs. Idaho Power' s ability to achieve these targets are subject to a number of risks and uncertainties, including the company' s regulatory obligation to serve its customers, the availability and cost of new generation resources, legal and permitting requirements, system operation and energy integration, and grid balancing, among others. Additionally, Idaho Power is not guaranteed timely or full recovery through customer rates of costs associated with environmental regulations, environmental compliance, its clean energy initiatives, plant closures, or clean- up of contamination. If there is a delay in obtaining any required environmental regulatory approval or if Idaho Power fails to obtain, maintain, or comply with any such approval, construction and / or operation of Idaho Power' s generation or transmission facilities could be delayed, halted, terminated, or subjected to additional costs. For further discussion of environmental matters that may affect Idaho Power, see " Environmental Matters " in Item 7- MD & A in this report. Obligations imposed in connection with hydropower license renewals and permitting may require large capital expenditures, increase operating costs, reduce hydropower generation, and negatively affect IDACORP' s or Idaho Power' s results of operations and financial condition. Since 2003, Idaho Power has been engaged in an effort to renew its federal license for its largest hydropower generation source, the HCC. Relicensing and ongoing permitting requirements include an extensive public review process that involves numerous natural resource issues and environmental conditions. The existence of endangered and threatened species in the watershed may result in major operational changes to the region' s hydropower projects, which may be reflected in hydropower licenses, including for the HCC and the American Falls facility. Federal land use agencies may also impose conditions under the FPA that could impact costs and operations if FERC deems them necessary for the adequate protection and utilization of the public lands and reservations of the United States. In addition, new agency requirements and new interpretations of existing laws and regulations could be adopted or become applicable to hydropower facilities, which could further increase required expenditures for flood control, marine life recovery and endangered species protection and may reduce the amount of hydropower generation available to meet Idaho Power' s generation requirements. Idaho Power cannot predict the requirements that might be imposed during the relicensing and permitting process, the financial impact of those requirements, whether a new multi- year license will ultimately be issued, and whether the IPUC or OPUC will allow recovery through rates of the substantial costs incurred in connection with the licensing process and subsequent compliance. Imposition of onerous conditions in the relicensing and permitting processes could result in Idaho Power incurring significant capital expenditures, increase operating costs (including power purchase costs), and reduce hydropower generation, which could negatively affect results of operations and financial condition. Idaho Power could be subject to penalties, reputational harm, and operational changes if it violates mandatory reliability and security requirements, which could adversely impact IDACORP' s and Idaho Power' s results of operations and financial condition. As an owner and operator of a bulk power transmission system, Idaho Power is subject to mandatory reliability and security standards issued by the FERC and other regulators. The standards are based on the functions that need to be performed to ensure the bulk power system operates reliably and are guided by reliability, security, and market interface principles. Compliance with reliability standards subjects Idaho Power to higher operating costs and increased capital expenditures. Idaho Power has received in recent years notices of violations from, and regularly self- reports reliability standard compliance issues to, the FERC, the North American Electric Reliability Corporation, and the Western Electricity Coordinating Council. Potential monetary and non- monetary penalties for a violation of FERC regulations may be substantial, and in some circumstances monetary penalties may exceed \$ 1. 5 million per day per violation. As a utility with a large customer base, Idaho Power is subject to adverse publicity focused on the reliability of its services and the speed with which it is able to respond to electric outages caused by storm

damage or other unanticipated events. Adverse publicity could harm the reputations of IDACORP and Idaho Power; may make state legislatures, utility commissions, and other regulatory authorities less likely to view the companies in a favorable light; and may cause Idaho Power to be subject to less favorable legislative and regulatory outcomes or increased regulatory oversight. The imposition of any of the foregoing on Idaho Power for its actual or alleged failure to comply with reliability and security requirements could also have a negative effect on its and IDACORP's results of operations and financial condition. IDACORP and Idaho Power are subject to costs and other effects of legal and regulatory proceedings, disputes, and claims. From time to time in the normal course of business, IDACORP and Idaho Power are subject to various lawsuits, regulatory proceedings, disputes, and claims that could result in adverse judgments or settlements, fines, penalties, injunctions, or other adverse consequences. These matters are subject to a number of uncertainties, and management is often unable to predict the outcome of such matters; resulting liabilities could exceed amounts currently reserved or insured against with respect to such matter. The legal costs and final resolution of matters in which IDACORP or Idaho Power are involved could have reputational impact and a short- or long- term negative effect on their financial condition and results of operations. Addressing any adverse publicity or governmental scrutiny could be time consuming and expensive, regardless of the basis of the assertions being made, and could impact Idaho Power's relationship with employees, stakeholders, and regulators. Further, the terms of resolution could require the companies to change their operational practices and procedures, which could also have a negative effect on their financial positions and results of operations. Changes in accounting standards or rules may impact IDACORP's and Idaho Power's financial results and disclosures. The Financial Accounting Standards Board and the SEC have made and may continue to make changes to accounting standards that impact presentation and disclosures of financial condition and results of operations. Further, new accounting orders issued by the FERC could significantly impact IDACORP's and Idaho Power's reported financial condition. IDACORP and Idaho Power do not have any control over the impact these changes may have on their financial conditions or results of operations nor the timing of such changes. Idaho Power meets the requirements under **GAAP** ~~accounting principles generally accepted in the United States of America~~ to reflect the impact of regulatory decisions in its financial statements and to defer certain costs as regulatory assets until those costs are collected in rates, and to defer some items as regulatory liabilities. If recovery of these amounts ceases to be probable, if Idaho Power determines that it no longer meets the criteria for applying regulatory accounting or if accounting rules change to no longer provide for regulatory assets and liabilities, Idaho Power could be required to eliminate some or all of those regulatory assets or liabilities. Any of these circumstances could result in write- offs and have a material effect on IDACORP's and Idaho Power's financial condition and results of operations. Financial and Investment Risks Financial and investment risks relate to IDACORP's and Idaho Power's ability to meet financial obligations and mitigate exposure to market risks, including liquidity risks and the ability to raise capital and cost of funding, risks related to credit ratings, credit risk, liquidity, interest rates, and commodity prices. Volatility or disruptions in the financial markets, failure of IDACORP or Idaho Power to satisfy conditions necessary for obtaining loans or issuing debt securities, and denial of regulatory authority to issue debt or equity securities, may negatively affect IDACORP's and Idaho Power's ability to access capital and / or increase their cost of borrowing and ability to execute on their strategic plans. IDACORP and Idaho Power use credit facilities, commercial paper markets, long- term debt, and equity securities as significant sources of liquidity and funding for operating and capital requirements and debt maturities not satisfied by operating cash flow. Credit facilities represent commitments by the participating banks to make loans and issue letters of credit. However, the ability and obligation of the participating banks to make those loans and issue letters of credit is subject to specified conditions and volatility or disruptions in the financial markets could affect the companies' ability to obtain debt financing or draw upon or renew existing credit facilities on favorable terms and comply with debt covenants. Idaho Power's ability to issue long- term debt is also subject to a number of conditions included in an indenture, **and IDACORP's** and Idaho Power's ability to issue long- term debt, commercial paper, and equity securities is subject to the availability of purchasers willing to purchase the securities under reasonable terms or at all. Because of these limitations, IDACORP and Idaho Power may be unable to issue commercial paper, short- term or long- term debt, or equity securities on reasonable terms or at all. Higher interest rates on short- term borrowings with variable interest rates could also have an adverse effect on IDACORP's and Idaho Power's operating results. Changes in interest rates may also impact the fair value of the debt securities in Idaho Power's pension funds, as well as Idaho Power's ability to earn a return on short- term investments of excess cash. Also, while the credit facilities represent a contractual obligation to make loans, one or more of the participating banks may default on their obligations to make loans under, or may withdraw from, the credit facilities. Idaho Power is required to obtain regulatory approval in Idaho, Oregon, and Wyoming in order to borrow money or to issue securities and is therefore dependent on the public utility commissions of those states to issue favorable orders in a timely manner to permit them to finance their operations, capital expenditures, and debt maturities. IDACORP's and Idaho Power's credit facilities consist of revolving lines of credit not to exceed an aggregate principal amount outstanding at any one time of \$ 100 million and \$ 400 million, respectively (Credit Facilities). Each of the Credit Facilities includes a financial covenant that limits the amount of debt that can be outstanding as a percentage of total capital, and Idaho Power's long- term debt has also been issued under an indenture that contains a number of financial covenants. The companies must also make specified representations in connection with requests for loans and it is possible that they may be unable to do so at the time of such request, which would limit or eliminate the obligation of the banks to provide loans. Failure to maintain these representations and covenants could preclude IDACORP and Idaho Power from issuing commercial paper, borrowing under their Credit Facilities, or issuing long- term debt, and could trigger a default and repayment obligation under debt instruments, which could limit their ability to pursue certain projects, acquisitions, or improvements, to support future growth, and adversely impact IDACORP's and Idaho Power's financial condition, results of operations, and liquidity. A downgrade in IDACORP's and Idaho Power's credit ratings could affect the companies' ability to access capital, increase their cost of borrowing, and require the companies to post collateral with transaction counterparties. Credit rating agencies periodically review the corporate credit ratings and long- term ratings of IDACORP and Idaho Power. These ratings

are premised on financial ratios and performance, the regulatory environment and rate mechanisms, the effectiveness of management, resource risks and power supply costs, and other factors. IDACORP and Idaho Power also have borrowing arrangements that rely on the ability of the banks to fund loans or support commercial paper, a principal source of short-term financing. In addition, IDACORP's or Idaho Power's credit ratings may change as a result of ~~the differing methodologies or~~ change in the methodologies used by the various rating agencies. Downgrades of IDACORP's or Idaho Power's credit ratings, or those affecting relationship banks, could limit the companies' ability to access short- and long-term capital under reasonable terms or at all, reduce the pool of potential lenders, increase borrowing costs under ~~existing the~~ Credit Facilities, limit access to the commercial paper market, require the companies to pay a higher interest rate on their debt, limit the ability of IDACORP to declare and make dividends, and require the companies to post additional performance assurance collateral with transaction counterparties. If access to capital were to become significantly constrained or costs of capital increased significantly due to lowered credit ratings, prevailing industry conditions, regulatory constraints, the volatility of the capital markets, or other factors, IDACORP's and Idaho Power's ability to pursue improvements or acquisitions (including generating capacity and transmission assets, which may be necessary for future growth), liquidity, financial condition, and results of operations could be adversely affected. Stakeholder actions and ~~increased~~ regulatory activity related to **ESG sustainability** matters, particularly global climate change and reducing GHG emissions, could negatively impact IDACORP and Idaho Power. The power and gas utility industry **faces is facing increasing** stakeholder scrutiny related to **ESG sustainability** matters. **Recently, Idaho Power has seen a rise in certain** **Certain** stakeholders, such as investors, customers, suppliers, **employees,** and lenders **focus,** **placing increasing importance** on the impact and social cost associated with climate change. Customers, suppliers, or other stakeholders could pursue, and in some cases have pursued, alternatives to Idaho Power's services or business as a result of their **ESG sustainability**-related expectations. GHG emissions, including, most significantly CO₂, could be further restricted in the future in response to additional state and federal regulatory requirements, increased scrutiny, and changing stakeholder expectations with respect to environmental and climate change programs, judicial decisions, and international accords. If new **emissions reduction rules-laws, regulations, or enforcement policies** were to become effective, they could result in significant additional compliance **and remediation** costs that could negatively impact Idaho Power's future financial position, results of operations, and cash flows if such costs are not timely recovered through regulated rates. ~~Moreover, the possibility exists that stricter laws, regulations, or enforcement policies could significantly increase compliance costs and the cost of any remediation that may become necessary.~~ In addition, the ~~increasing~~ focus on climate change and ~~stricter~~ regulatory and legal requirements may result in Idaho Power facing adverse reputational risks associated with certain of its operations producing GHG emissions. If Idaho Power is unable to satisfy the ~~increasing~~ climate-related expectations of certain stakeholders, IDACORP and Idaho Power may suffer reputational harm, which could cause IDACORP's stock price to decrease or cause certain investors and financial institutions not to purchase the companies' debt or equity securities or otherwise provide the companies with capital or credit on favorable terms, which may cause IDACORP's and Idaho Power's cost of capital to increase. Idaho Power's energy risk management policy and programs relating to economically hedging commodity exposures and credit risk may not always perform as intended, and as a result, IDACORP and Idaho Power may suffer losses. Idaho Power enters into transactions to buy and sell power, natural gas, and transmission service, enters into transactions to hedge its positions in coal, natural gas, power, and other commodities, and enters into economic hedge transactions to mitigate in part exposure to variable commodity prices. IDACORP and Idaho Power could recognize losses as a result of volatility in the market value of these contracts or if a counterparty fails to perform. The derivative instruments used for hedging might not offset the underlying exposure being mitigated as intended, due to pricing inefficiencies or other terms of the derivative instruments, and any such failure to mitigate exposure could result in losses. Certain of Idaho Power's purchase or sale, hedging, and derivative agreements may result in the receipt of, or posting of, collateral with counterparties. Fluctuations in commodity prices that lead to the posting of collateral with counterparties negatively impact liquidity, and downgrades in Idaho Power's credit ratings may lead to additional collateral posting requirements. In **2023-2024**, Idaho Power recorded losses on economic hedges of \$ **16-63.2-3** million, compared with \$ **68-16.5-2** million of ~~gains~~ **losses** in **2022-2023**. At times, Idaho Power's energy risk management policy results in Idaho Power entering into economic hedges in an environment where prices are high, and if prices are lower at the time the economic hedge settles, Idaho Power will record losses on the economic hedges. Depending on the volume of economic hedges and the degree of price volatility, those losses can be substantial, and the power cost adjustment mechanisms generally provide that Idaho Power will incur a portion of those losses. Forecasts of future fuel needs and loads and available resources to meet those loads are inherently uncertain and may cause Idaho Power to over- or under- hedge actual resource needs, exposing the company to market risk on the over- or under- hedged position. To the extent that commodity markets are illiquid, Idaho Power may not be able to execute its risk management strategies, which could result in undesired over- exposure to unhedged positions that Idaho Power may not be able to collect in customer rates. The FERC may take action to limit volatility in the energy market by imposing price limits or other market restrictions to control **rates in** market- based ~~rate~~ sales, which could adversely affect the companies' financial results. As a result, risk management actions, or the failure or inability to manage commodity availability and price and counterparty risk, may adversely affect IDACORP's and Idaho Power's financial condition and results of operations. Idaho Power has additional indirect credit exposures to financial institutions in the form of letters of credit provided as security by power suppliers under various purchased power contracts ~~and,~~ by vendors for infrastructure development projects **, and by customers or potential customers**. If any of the credit ratings of the letter of credit issuers were to drop below investment grade, the vendor ~~or,~~ **supplier, customer, or potential customer** would need to replace the security with an acceptable substitute, which may be impracticable and may expose Idaho Power to losses resulting from a ~~vendor or supplier~~ **default of the counterparty**. If the security were not replaced, the ~~party~~ **counterparty** could be in default under the contract and Idaho Power's remedies for default may be inadequate to fully compensate Idaho Power for its losses. Further, the bankruptcy or insolvency of a counterparty to commodity or other transactions could impair Idaho Power's ability to collect

amounts receivable from those counterparties, potentially including the ability to collect or retain collateral posted by a counterparty. Idaho Power is a participant in the energy markets, including the Western EIM, and engages in direct and indirect power purchase and sale transactions in connection with that participation. The Western EIM has collateral posting requirements based on established credit criteria, but there is no assurance the collateral will be sufficient to cover obligations that counterparties may owe each other in the Western EIM and any such credit losses could be socialized to all Western EIM participants, including Idaho Power. A significant failure of a participant in the Western EIM to make payments when due on its obligations could have a ripple effect on various Idaho Power counterparties in the power, gas, and derivative markets if those counterparties experience ancillary liquidity issues, and could generally result in a decline in the ability of Idaho Power's counterparties to perform on their obligations. The performance of pension and postretirement benefit plan investments, increasing health care costs, and other factors impacting plan costs and funding obligations could adversely affect IDACORP's and Idaho Power's financial condition and results of operations- primarily cash flows and liquidity. Idaho Power provides a noncontributory defined benefit pension plan covering most employees, as well as a defined benefit postretirement benefit plan (consisting of health care and death benefits) that covers eligible retirees. Costs of providing these benefits are based in part on the value of the plans' assets and, therefore, adverse investment performance for these assets or the failure to maintain sustained growth in pension investments over time could increase Idaho Power's plan costs and funding requirements related to the plans. Idaho Power's self-insured costs of health care benefits for eligible employees and retirees have increased in recent years and Idaho Power believes that future legislative changes related to the provision of health care benefits and other external market conditions and factors, could cause such costs to continue to rise. As benefit costs continue to rise, there is no assurance that the IPUC and OPUC will continue to allow recovery. The key actuarial assumptions that affect pension funding obligations are the expected long-term return on plan assets and the discount rate used in determining future benefit obligations. Idaho Power evaluates the actuarial assumptions on an annual basis, taking into account changes in market conditions, trends, and future expectations. Estimates of future investment market performance, changes in interest rates, and other factors Idaho Power and its actuary firms use to develop the actuarial assumptions are inherently uncertain, and actual results could vary significantly from the estimates. Changes in demographics, including timing of retirements or changes in life expectancy assumptions, may also increase Idaho Power's plan costs and funding requirements. Future pension funding requirements and the timing of funding payments are also subject to the impacts of changes in legislation. Depending on the timing of contributions to the plans and Idaho Power's ability to recover costs through rates, cash contributions to the plans could reduce the cash available for the companies' businesses and payment of dividends. For additional information regarding Idaho Power's funding obligations under its benefit plans, see Note 11-" Benefit Plans" to the consolidated financial statements included in this report. If the assumptions underlying coal mine reclamation at ~~BCC Bridger Coal Company~~ and related forecast trust fund growth are materially inaccurate, Idaho Power's costs could be greater than anticipated or be incurred sooner than anticipated. BCC, an indirect jointly-owned investment of Idaho Power located in the state of Wyoming, uses surface mining to extract coal to be used for power generation at the Jim Bridger plant. The federal Surface Mining Control and Reclamation Act and state laws and regulations establish operational, reclamation, bonding, and closure obligations and standards for mining of coal. BCC's estimate of reclamation liability and bonding obligations is reviewed periodically by Idaho Power's management committee, audit committee of the board of directors, external and internal auditors, and by government regulators. Idaho Power funds a trust and posts collateral in the form of a surety bond purchased jointly with the co-owner of BCC to cover such projected mine reclamation costs pursuant to the laws of the state of Wyoming. The trust funds are invested in debt and equity securities and poor performance of these investments would reduce the amount of funds available for their intended purpose, which could require Idaho Power to make additional cash contributions. If actual costs related to those obligations exceed estimates, government regulations relating to those obligations change significantly, or unexpected cash funding obligations are required, IDACORP's and Idaho Power's results of operations and financial condition could be adversely affected. As a holding company, IDACORP does not have its own operating income and must rely on the cash flows from its subsidiaries to pay dividends and make debt payments. IDACORP is a holding company with no significant operations of its own, and its primary assets are shares or other ownership interests of its subsidiaries, primarily Idaho Power. IDACORP's subsidiaries are separate and distinct legal entities and have no obligation to pay any amounts to IDACORP, whether through dividends, loans, or other means. The ability of IDACORP's subsidiaries to pay dividends or make distributions to IDACORP depends on several factors, including each subsidiary's actual and projected earnings and cash flow, capital requirements and general financial condition, regulatory **and legal** restrictions, tax obligations, covenants contained in credit facilities to which they are parties, and the prior rights of holders of their existing and future first mortgage bonds and other debt or equity securities. Further, the amount and payment of dividends is at the discretion of the board of directors, which may reduce or cease payment of dividends at any time. See Note 6-" Common Stock" to the consolidated financial statements included in this report for a further description of restrictions on IDACORP's and Idaho Power's payment of dividends. The market price of IDACORP's common stock may be volatile. The market price of IDACORP's common stock could be subject to significant fluctuations in response to factors such as the following, some of which are beyond its control: • variations in IDACORP and Idaho Power's quarterly operating results; • operating results that vary from the expectations of management, securities analysts, and investors and other impacts from the risks identified in this " Risk Factors" section and elsewhere in this report; • changes in expectations as to future financial performance, including financial estimates by securities analysts or investors; • developments generally affecting IDACORP and Idaho Power's industry; • announcements by IDACORP and Idaho Power of significant contracts, acquisitions, **divestitures**, joint ventures, or capital commitments; • announcements by third parties of significant claims or proceedings against IDACORP or Idaho Power; • favorable or adverse regulatory or legislative developments; • IDACORP's dividend policy; • change in IDACORP or Idaho Power's management; • future sales of IDACORP's equity or equity-linked securities; and • general domestic and international economic conditions. In addition, the stock market in general has experienced volatility that has often

been unrelated to the operating performance of a particular company. These broad market fluctuations may adversely affect the market price of IDACORP's common stock. IDACORP's charter and bylaws and Idaho **or Oregon** law could delay or prevent a change in control that shareholders may favor. The terms of some of the provisions in IDACORP's articles of incorporation and bylaws and provisions of Idaho **or Oregon** law could delay or prevent a change in control that shareholders may favor or may impede the ability of shareholders to change IDACORP's management. In particular, the provisions of IDACORP's articles of incorporation and bylaws authorize issuance of up to 20,000,000 shares of preferred stock without further action by shareholders; limit the shareholders' right to remove directors, fill vacancies, and change the number of directors; regulate how shareholders may present proposals or nominate directors for election at shareholders' meetings; and require a supermajority vote of shareholders to amend certain provisions. IDACORP is also subject to the provisions of the Idaho Control Share Acquisition Act and the Idaho Business Combination Act, which provide for certain procedures and restrictions in connection with acquisitions or business combinations. **In addition, Oregon law requires shareholders to obtain advance approval from the OPUC before acquiring 5 % stock ownership in an Oregon public utility. Any of the above provisions could delay or prevent a change in control of Idaho Power.** Statutory and regulatory factors will limit another party's ability to acquire IDACORP and could deprive shareholders of the opportunity to gain a takeover premium for their shares of common stock. Even if IDACORP's board of directors favors a sale of the company, a sale would require approval of a number of federal and state regulatory agencies, including the FERC, the IPUC, the OPUC, and the WPSC. The approval process could be lengthy and the outcome uncertain, which may deter otherwise interested parties from proposing or attempting a business combination.