



**PRENTISS
SMITH & CO**

Socially Responsible Investment Report for:

IDACORP, INC

Boise, ID

Ticker: IDA US Equity

Website: www.idacorpinc.com

Last Updated: 11-02-2020

I. Exclusionary Screening

Does IDACORP INC appear on any of the following lists? In our exclusionary screening, a single appearance disqualifies an investment.

Fossil Fuels & Precious Metals Mining

- Carbon Underground 200
- CDP/CAI Carbon Major
- BICS - Oil, Gas & Coal
- BICS - Precious Metals Mining

Agrochemicals & Animal Cruelty

- BICS - Crop Chemicals & Fertilizers
- Cruelty Free Investing 10 Worst

Pornography, Gambling & Tobacco

- BICS - Casinos
- BICS - Gaming Equipment
- BICS - Adult/nightclubs
- BICS - Tobacco

Defense & Retail Gun Sales

- SIPRI Top 100
- BICS - Defense Primes
- NRA Top Industry Allies

Private Prisons

- BICS - Security Services

CDP = Carbon Disclosure Project
CAI = Climate Accountability Institute
BICS = Bloomberg Industry Classification Systems

SIPRI = Stockholm International Peace Research Institute
NRA = National Rifle Association

I. Environmental, Social & Governance Data

What quantifiable environmental, social and governance data, policies or recognition does IDACORP INC exhibit? Positive factors may help support a decision to invest.

General

Just Capital Overall (1-922)

#218

Climate Change & Fossil Fuels

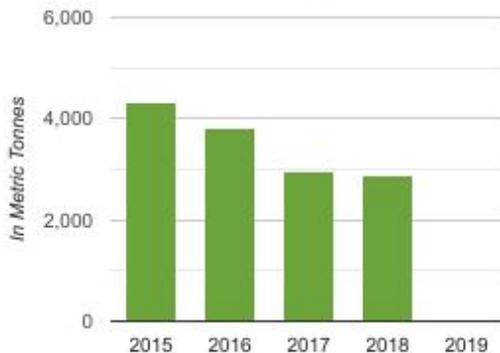
CDP 2018 Climate Change Score

D

CDP Reporting Since

2015-2018

GHG Intensity per Sales



Initiatives and Policies in Place:

- **Renewable Electricity Target Policy**

Environmental Stewardship

Just Capital - Environment (1-922)

#867

Initiatives and Policies in Place:

- **Biodiversity Policy**
- **Water Policy**
- **Emission Reduction**
- **Energy Efficiency Policy**

Publicly Disclosed Sustainable Supply Guidelines
Encompassing ESG Area

Yes

Human Rights & Well-Being

Just Capital - Workers (1-922)

#58

Just Capital - Customers (1-922)

#389

Just Capital - Communities (1-922)

#461

Initiatives and Policies in Place:

- **Equal Opportunity Policy**

Diversity, Equity, Inclusion and Justice

Women on the Board

36%

Number of Women on the Board

4

Women Executives

21%

Number of Women Executives

3

Corporate Responsibility

Just Capital - Shareholders (1-922)

#546

Independent Directors

89%

Initiatives and Policies in Place:

- **Whistle Blower Employee Protection Policy**
- **Ethics Policy**

Shareholder vote on management remuneration

92.46%

Number of Employee Representatives on the Board

0

Data sources may include:

- Sustainability and other report(s) published by the company.
- Banktrack Human Rights Benchmark
- Barron's 100 Most Sustainable US Companies
- Bloomberg LP ESG Data (via Data License).
- CDP
- CEO Action for Diversity & Inclusion Pledge
- Climate Accountability Institute (CAI)
- Corporate Human Rights Benchmark
- Digital Rights Corporate Accountability Index
- Dow Jones Sustainability Indices (DJSI)
- EPA's Green Power Partnership
- Equileap's Top 100 Companies for Gender Equality
- Forbes World's Best Employers
- Fortune's 50 Best Workplaces for Charity and Volunteering
- Fossil Free Funds
- Global Reporting Initiative (GRI)
- Great Places to Work
- HRC's 2020 Corporate Equality Index
- Institute for Climate and Economic Review (ICER)
- Just Capital Rankings
- KnowTheChain Benchmark
- MSCI ESG Ratings
- National Rifle Association (NRA)
- Newsweek Green Rankings
- PEOPLE's 50 Companies That Care
- Points of Light Civic 50 Honorees
- RobecoSAM Corporate Sustainability Assessment
- Roundtable on Sustainable Palm Oil (RSPO)
- Science-Based Targets initiative (SBTi)
- State Street Global Advisors' Gender Diversity Index
- Stockholm International Peace Research Institute (SIPRI)
- Task Force on Climate-related Financial Disclosures (TCFD)
- The 2019 Top 50 DiversityInc
- The Climate Group's RE100, EV100 and EP100

II. Research Narrative

What else has our research process told us about how IDACORP INC conducts business, in terms of its products and services, its environmental impact, and its approach to governance?

Summary

IDACORP, Inc. is the holding company that operates Idaho Power Company, an electric utility serving customers in Idaho and Oregon. Idaho Power's energy mix is dominated by hydropower, thanks to the 17 generation facilities the company operates along the Snake River and its tributaries. After hydropower, the second-largest contributor to its mix are long-term energy purchases, made up mainly of wind, solar, more hydropower and geothermal energy. Among the 25 major US utilities we researched, IDACORP was in the best-performing third in terms of emissions intensity. The company has a 100% clean energy goal with a target year of 2045, which was also among the most aggressive of all the utilities we looked at. Idaho Power additionally runs many efficiency programs that appear to be producing strong, energy-saving results, contributes to monitoring and restoration efforts along the Snake River, and has seen strong safety improvements among its workforce in recent years.

Despite IDACORP's aggressive climate target and relatively clean energy mix, 16% of the company's energy still comes from coal. Most of this is actively being phased out, with the company saying it "could end all participation in coal plants as early as 2030"--but we would like to see this aspiration become a commitment. We would also like to see IDACORP restart annual CDP reporting. Finally, while Lisa Grow, IDACORP's first female CEO, was appointed in mid-2020, the company's leadership team otherwise lacks gender diversity, while both its executive leadership and board of directors lack any ethnic or cultural diversity whatsoever.

Products & Services

IDACORP, Inc is the holding company for the Idaho Power Company, a regulated electrical power utility that generates, buys, sells, transmits and distributes electricity in Idaho and Oregon. Idaho

Power serves more than 570,000 retail customers, including approximately 477,000 residential customers, in the two states.¹ The utility is regulated, including as to the rates it can charge customers, by the Idaho Public Utilities Commission, the Public Utility Commission of Oregon, and the Federal Energy Regulatory Commission (FERC).

Idaho Power's supply in 2019 included approximately 42% generated power and 58% purchased power. Of its 13,420,000 MWh of generated power in 2019, nearly 62% came from the 17 hydropower generation facilities the company operates along the Snake River and its tributaries, which have an annual generation capacity of 8.7 million MWh assuming median water levels and conditions.² Idaho Power also owns and operates three natural gas-fired power plants in Idaho, and co-owns three coal-fired plants in Wyoming, Nevada and Oregon, along with a joint venture in Bridger Coal Company, a mining operation which supplies coal to the Jim Bridger plant. Of the company's purchased energy, most comes from long-term contracts with wind, solar, geothermal or hydropower projects.

Idaho Power has two significant transmission projects in progress: one 300-mile high-voltage transmission line, and another, 1,000-mile line.

Environment

Despite not reporting to CDP since 2018, IDACORP says it has made consistent progress in reducing its carbon emissions, with a 46% reduction in 2019 compared to 2005, while its use of coal declined for the sixth consecutive year, to just over 16% of its overall power mix.³ IDACORP has a 100% clean energy goal for 2045, still a rarity for a major utility, which it calls "Clean Today, Cleaner Tomorrow."⁴ And while Idaho Power's Idaho Energy Resources Co. operates a joint venture in Bridger Coal Company, over the past two years IDACORP has withdrawn participation entirely from one coal-fired power plant and from one of two units in another plant, with plans to withdraw from the remaining unit by 2025.⁵ That would leave just the Bridger plant, with the company stating that it "could end participation in all coal plants as early as 2030."⁶

¹ <https://www.sec.gov/ix?doc=/Archives/edgar/data/49648/000105787720000040/ida12311910k.htm>

² <https://www.sec.gov/ix?doc=/Archives/edgar/data/49648/000105787720000040/ida12311910k.htm>

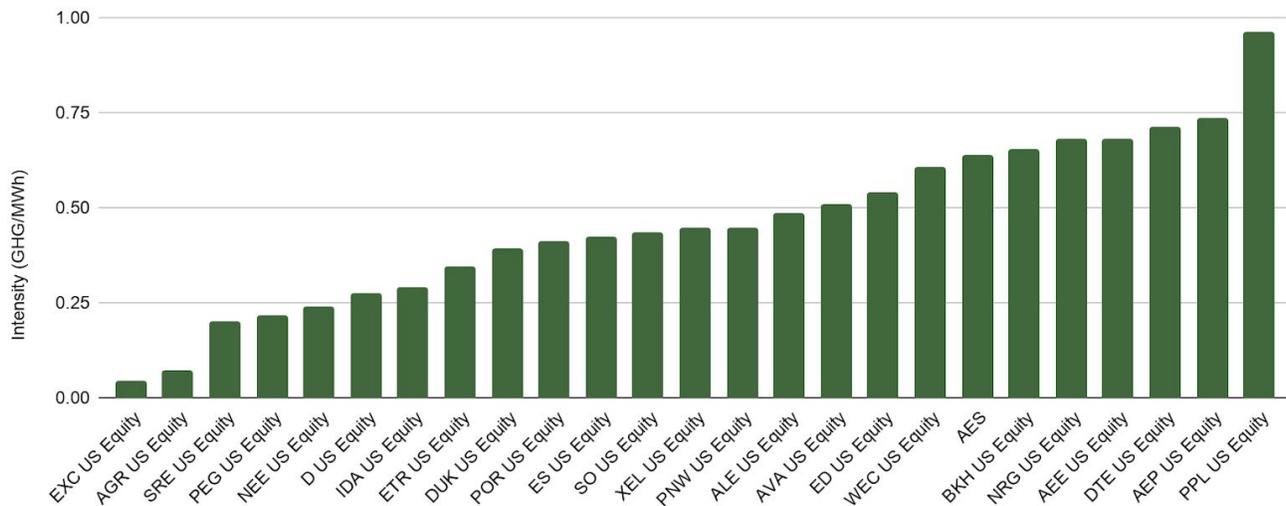
³ https://s26.q4cdn.com/720254477/files/doc_downloads/sustainability/Sustainability_Report_2019.pdf

⁴ <https://www.npr.org/2019/03/27/707225124/idaho-utility-spurns-coal-pledges-100-percent-clean-energy-by-2045>

⁵ <https://www.sec.gov/ix?doc=/Archives/edgar/data/49648/000105787720000040/ida12311910k.htm>

⁶ https://s26.q4cdn.com/720254477/files/doc_downloads/sustainability/Sustainability_Report_2019.pdf

Our own analysis of major US utilities (chart shown below) reveals that IDACORP’s generation gives it the 7th-lowest emissions intensity among the major US utilities we researched.⁷ We calculated emissions intensity by researching each utility’s total annual greenhouse gas emissions (GHG), measured in megatons, and dividing by its total reported megawatt hours (MWh) of energy produced for the same year (either 2018 or 2019). The result gives us a single figure for comparing utilities of different size and scale.



In 2019, Idaho Power entered a contract for 120MW of solar energy by investing in a new solar project south of Twin Falls, Idaho.⁸ Among other obvious clean energy benefits, the company points out that its location near an existing transmission line will allow the project to directly replace energy previously provided by the North Valmy coal plant units Idaho Power is in the process of exiting. In regards to the new transmission lines it has planned, the company cites the balancing of clean energy as a key goal: specifically, allowing Western states to more easily share the growing amount of power from clean sources such as solar in Arizona, wind in Wyoming, and hydropower in the northwestern states.⁹ Idaho Power also cites the emergence of grid-scale battery storage as a promising development that will support its transition to 100% clean energy.

Idaho Power runs 27 energy efficiency and “demand response” programs, the latter of which “target system demand reduction in the summer at times of peak loads.”¹⁰ These programs promote the more efficient use of energy both by residential customers and by commercial, agricultural customers that run large irrigation systems, via incentives, building and retrofitting

⁷ <https://www.prentiss-smith.com/where-are-utilities-in-the-fight-to-mitigate-climate-change/>

⁸ https://s26.q4cdn.com/720254477/files/doc_downloads/sustainability/Sustainability_Report_2019.pdf

⁹ <https://www.youtube.com/watch?v=cANKx3ah96w>

¹⁰ <https://www.sec.gov/ix?doc=/Archives/edgar/data/49648/000105787720000040/ida12311910k.htm>

techniques, and education regarding how to reduce peak summer energy usage. Idaho Power reports that its energy efficiency programs reduced energy usage by approximately 203,000 KWh in 2019, compared to 173,000 KWh in 2018. The company has spent well over \$40 million on these programs in each of the past 3 years.¹¹ In 2019, more than \$2 million of that went to weatherizing homes for low income customers.¹²

In other environment-related efforts, Idaho Power says it is developing a Wildfire Mitigation Plan and conducts regular line inspection and vegetation management, as well as making regular investments in modernizing infrastructure. The company is also involved in several projects it says will help preserve the Snake River, including tree planting, reducing runoff, improving water quality and increasing salmon smolts. Operational adoption of electric vehicles, including forklifts and pickup trucks, is also underway, and Idaho Power has helped site more than 50 EV charging stations across its service area.

Management Integrity and Ethics

IDACORP has been releasing annual sustainability reports since 2011, and for the 2020 reporting year plans to move to one of the GRI, SASB or TCFD standards for its ESG reporting. The company has Board-level oversight of ESG issues and goals. President and CEO Lisa Grow was appointed in June 2020 following President, Senior VP and COO roles at Idaho Power since March 2017; prior to that time, she had grown into progressively more senior roles at Idaho Power since her graduation from the University of Idaho in 1987 (Grow also received an MBA from Boise State in 2008). Grow is the only woman on IDACORP's 6-member senior management team, although there are also 2 women among Idaho Power's 8 executive officers (who are not part of the IDACORP parent team). IDACORP's Board has better gender diversity, with 5 women on the 11-member board, although there are no people of color on the Board or on the executive teams of either IDACORP or Idaho Power.

IDACORP's safety metrics have improved significantly compared to 2005, with safety incidents down 85% in 2019 and lost-time incidents down 92%.¹³ Recordable injuries have also fallen, along with lost time, each of the prior three years. Idaho Power offers a fully funded pension plan for its retirees, along with health benefits and life insurance. On the customer side, Idaho Power boasts a high 85% customer satisfaction rate for a utility, with its residential and commercial prices 20-30% below the national average.¹⁴

¹¹ <https://www.sec.gov/ix?doc=/Archives/edgar/data/49648/000105787720000040/ida12311910k.htm>

¹² https://s26.g4cdn.com/720254477/files/doc_downloads/sustainability/Sustainability_Report_2019.pdf

¹³ https://s26.g4cdn.com/720254477/files/doc_downloads/sustainability/Sustainability_Report_2019.pdf

¹⁴ https://s26.g4cdn.com/720254477/files/doc_downloads/sustainability/Sustainability_Report_2019.pdf

IDACORP made \$1.2 million in charitable contributions in 2019, and says that its employees volunteer “thousands” of hours annually.¹⁵ IDACORP is not currently involved in any material legal disputes.

¹⁵ https://s26.g4cdn.com/720254477/files/doc_downloads/sustainability/Sustainability_Report_2019.pdf

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