

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF AVISTA) **CASE NO. AVU-E-26-03**
CORPORATION AND FORD HYDRO)
LIMITED PARTNERSHIP’S JOINT)
PETITION FOR APPROVAL OF POWER) **ORDER NO. 37073**
PURCHASE AGREEMENT)
_____)

On March 30, 2026, Avista Corporation (“Company”) and Ford Hydro Limited Partnership (“Ford Hydro”) (collectively the “Parties”) applied to the Idaho Public Utilities Commission (“Commission”) requesting an order approving a Power Purchase Agreement (“PPA”) between the Parties (“Application”). Application at 3. The PPA will replace a prior power purchase agreement (“Prior Agreement”) between the Parties that is set to expire on June 30, 2026. *Id.* If approved, the PPA will commence on July 1, 2026, and will expire on June 30, 2029. *Id.*

On April 20, 2026, the Commission issued a Notice of Application and Notice of Modified Procedure, establishing comment deadlines. Order No. 37009. No petitions to intervene were filed. Staff filed comments to which the Company replied. No other comments were received.

Based on our review of the record, we issue this Final Order approving the PPA on the condition that the Parties update the PPA with certain modifications.

THE APPLICATION

The Parties represented that the PPA would replace the Prior Agreement (and related Amendment No. 1) approved in Order Nos. 36282 and 36310. Application at 3. The Parties represented the PPA was substantially similar to the Prior Agreement but was updated to include: (1) a three-year term; and (2) the terms detailed in Amendment No. 1 to the Prior Agreement. *Id.* at 4. The Parties requested an order approving the PPA on or before July 1, 2026. *Id.*

STAFF COMMENTS

Staff recommended the Commission approve the PPA on the condition that the Parties update the PPA with the following modifications:

1. In section 6.1 of the PPA, replacing “Effective Date” with “March 27, 2026;”
2. Updating the statement in PPA Exhibit E to reflect the avoided cost rates locked in based on the legally enforceable obligation (“LEO”) date;
3. Adopting a timeframe that provides monthly estimates at least five days before the delivery month in Section 5.2 of the PPA; and

4. Adopting the market prices without the impacts of Washington’s Climate Commitment Act (“CCA”).

Staff Comments at 2. Staff also recommended the Commission declare that the payments made by the Company to Ford Hydro for purchases of the electric energy generated by Ford Hydro’s hydroelectric facility are prudently incurred expenses for the purpose of ratemaking. *Id.* at 1–2.

Staff believed the applicable avoided cost rate needed to be based on the date when a LEO was established. *Id.* at 2. Because the PPA was executed on March 27, 2026, Staff believed that was the date a LEO was established. *Id.* Staff believed the original wording of the PPA’s Exhibit E created confusion and recommended the Parties update Exhibit E to clarify that the avoided cost rates are based on when a LEO was established (e.g., March 27, 2026). *Id.* at 3. Staff believed the timeframes for providing monthly estimates were not reasonable nor compatible with other timeframes set forth in the PPA. *Id.* at 3–4. Thus, Staff recommended the Parties update Section 5.2 of the PPA to require “monthly estimates at least five days before the delivery month.” *Id.* at 4. Staff highlighted that in Order No. 36015 the Commission determined that CCA costs should not be paid by Idaho ratepayers and thus recommended the Parties update the PPA with market prices that do not include CCA impacts. Staff Comments at 5.

COMPANY REPLY

The Company agreed with Staff’s recommendations one through three. Company Reply Comments at 1. However, the Company disagreed with Staff’s fourth recommendation that the Parties should update the PPA with market prices that do not include CCA impacts. *Id.* at 1. The Company believed the PPA unlikely to make Idaho customers “incur incremental costs attributable to CCA impacts.” *Id.* at 1–2. The Company believed Staff’s fourth recommendation should be addressed in a future general rate case. *Id.* at 2.

COMMISSION FINDINGS AND DECISION

The Commission has jurisdiction over the Application, the PPA, and the issues in this case under Title 61 of the Idaho Code including, *Idaho Code* §§ 61-501, -502, and -503. The Commission is empowered to investigate rates, charges, rules, regulations, practices, and contracts of all public utilities and to determine whether they are just, reasonable, preferential, discriminatory, or in violation of any provisions of law, and to fix the same by order. *Idaho Code* §§ 61-501, -502, and -503. In addition, the Commission has authority under the Public Utility Regulatory Policies Act of 1978 (“PURPA”) and Federal Energy Regulatory Commission (“FERC”) regulations to set avoided costs, to order electric utilities to enter into fixed-term

obligations for the purchase of energy from QFs, and to implement FER rules. The Commission may enter any final order consistent with its authority under PURPA.

The Commission has reviewed the record in this case. Based on our review, we find it fair, just, and reasonable to approve the PPA on the condition that the PPA is updated with the following modifications:

1. In section 6.1 of the PPA, replacing “Effective Date” with “March 27, 2026;”
2. Updating the statement in PPA Exhibit E to reflect the avoided cost rates locked in based on the LEO date;
3. Adopting a timeframe that provides monthly estimates at least five days before the delivery month in Section 5.2 of the PPA; and
4. Adopting the market prices without the impacts of Washington’s CCA.

We also find it fair, just, and reasonable to declare that the payments made by the Company to Ford Hydro for purchases of the electric energy generated by Ford Hydro’s hydroelectric facility are prudently incurred expenses for the purpose of ratemaking.

With respect to the modification on market prices, we remain persuaded that “it is not fair, just, or reasonable to include the costs associated with CCA compliance in Idaho rates.” Order No. 36015 at 6 (citing *Idaho Code* §§ 61-301, 61-502). Because the market price used in the PPA includes the impacts of Washington’s CCA, and that may increase the costs associated with the PPA, which could directly affect Idaho ratepayers, we find it reasonable to require the Parties to update the PPA by adopting market prices without the impacts of Washington’s CCA. Further, because the Commission has already determined that Idaho ratepayers will not pay costs associated with Washington’s CCA (*see* Order No. 36015), we do not find that our decision in this case will set a new precedent for future agreements or decisions.


ORDER


IT IS HEREBY ORDERED that the PPA is approved, effective July 1, 2026, provided the Parties update the PPA with the modifications described above.

IT IS FURTHER ORDERED that the Parties shall file an updated PPA as a compliance filing within 14 days of this Order.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within 21 days of the service date of this Order regarding any matter decided in this Order. Within seven days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *Idaho Code* § 61-626.


DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 24th day of June 2026.


EDWARD LODGE, PRESIDENT


JOHN R. HAMMOND JR., COMMISSIONER


DAYN HARDIE, COMMISSIONER

ATTEST:


Monica Barrios-Sanchez
Commission Secretary

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