

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER) CASE NO. IPC-E-25-10
COMPANY’S APPLICATION FOR)
APPROVAL OF A POWER PURCHASE)
AGREEMENT AND ENERGY STORAGE) ORDER NO. 36932
AGREEMENT WITH CRIMSON ORCHARD)
SOLAR, LLC)

On March 13, 2025, Idaho Power Company (“Company”) filed an application with the Idaho Public Utilities Commission (“Commission”) for an order: (1) approving the 20-year Power Purchase Agreement (“PPA”) between Crimson Orchard Solar LLC (“Crimson Orchard”) and the Company, supplying the 100 megawatts (“MW”) output to the Company; (2) approving the 20-year Energy Storage Agreement (“ESA”) between Crimson Orchard and the Company for 100 MW of dispatchable energy storage capacity; and (3) acknowledgment of the lease accounting necessary to facilitate the transaction and that the resulting expenses associated with both the PPA and the ESA are prudently incurred for ratemaking purposes.

On August 15, 2025, the Company filed a Supplemental Application, providing an Amendment to the PPA and ESA proposed in the Application.

On December 22, 2025, the Commission issued a Final Order, approving the 20-year PPA and ESA, approving the First Amendments to the PPA and ESA, and determining that the expenses, with the exception of the Purchase Option provisions, are prudent for ratemaking purposes up to the originally negotiated rates for the ESA. Order No. 36881.

On January 12, 2026, the Company filed a Petition for Clarification and/or Reconsideration (“Petition”). On January 20, 2026, intervenor, the Idaho Irrigation Pumpers Association, Inc. (“IIPA”), filed an Answer to the Company’s Petition for Clarification and/or Reconsideration (“Answer”).

Having reviewed the Petition and Answer, we now issue this Order providing clarification of Order No. 36881 and denying reconsideration.

THE COMPANY’S PETITION

The Company sought clarification of its understanding of Order No. 36881 with respect to three primary issues: the soft cap and future cost recovery, approval of the First Amendments to

the PPA and ESA, and acknowledgment of the lease accounting treatment necessary to facilitate the transaction. Petition at 4. The Company interpreted the Order as approving the PPA and ESA, including the First Amendments and their price adjustment mechanisms, while deferring, rather than denying, a prudence determination on the Purchase Options and any additional costs associated with those amendments pending the submission of further justification. *Id.* at 5. The Company requested confirmation that these deferred costs were not deemed imprudent and that the Company was not precluded from seeking future recovery upon providing additional support, noting that any such justification would necessarily relate to the approved price adjustment mechanisms in the First Amendments. *Id.* at 5-6. Additionally, the Company sought clarification regarding the Commission's acknowledgment of the proposed capital lease accounting treatment for the ESA under GAAP, as requested in the Application and Supplemental Application and supported by Staff comments, given that Order No. 36881 is silent on this issue. *Id.* at 6-7.

IIPA'S ANSWER

IIPA urged the Commission to deny the Company's Petition or, alternatively, to limit any clarification narrowly so as not to alter the substantive effect of Order No. 36881. Answer at 1. IIPA maintained that the Order reflected a deliberate and balanced outcome in which the Commission approved the contracts while expressly limiting prudence approval and reserving discretion over future cost recovery, thereby protecting customers from open-ended cost exposure. *Id.* IIPA believed that the Company's Petition went beyond a request for clarification by attempting to weaken these limits through the introduction of presumptions favoring future rate recovery and by conflating contract approval with ratemaking treatment. *Id.* at 2-3. IIPA asserted that the Order clearly restricts prudence approval to costs within the original negotiated rates, excludes purchase option costs from prudence determinations, and places the burden on the Company to justify any costs above the soft cap in future proceedings without any presumption of reasonableness. *Id.* at 2. IIPA further argued that labeling unadjudicated costs as "not imprudent" would improperly create a favorable presumption that the Commission intentionally declined to grant. *Id.* at 3. While the Commission approved the First Amendments as contractual instruments, IIPA contended that such approval does not extend to ratemaking treatment of costs arising from price adjustment mechanisms, particularly where those costs exceed the soft cap. *Id.* With respect to lease accounting for the ESA, IIPA stated that any acknowledgment should be expressly non-ratemaking and should not prejudice future determinations regarding prudence, recoverability, rate base

treatment, or cost allocation. *Id.* at 4. To preserve the integrity of Order No. 36881 and the Commission's future discretion, IIPA requested denial of the Petition or, in the alternative, a limited clarification reaffirming that approval of the agreements does not constitute approval of all associated costs, that costs above the soft cap and purchase option costs carry no presumption of recoverability, that the soft cap remains a substantive prudence limitation, and that any clarification is non-ratemaking and non-prejudicial to future proceedings. *Id.*

COMMISSION FINDINGS AND DECISION

The Commission has jurisdiction over the Company's Filing and the issues in this case under Title 61 of the Idaho Code including, *Idaho Code* §§ 61-501 through 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 through 503.

The Commission has reviewed the record, the Company's Petition, and IIPA's Answer. Based on our review of the record, we now issue this Order providing clarification of Order No. 36881 and denying reconsideration.

In Order No. 36881, we found it fair, just, and reasonable to establish a soft cap for purposes of future prudency review on expenses associated with the PPA, the ESA, and the First Amendments to the PPA and the ESA.

For clarity, Order No. 36881 provided that, excluding the Purchase Option provisions, expenses incurred under the PPA and ESA shall be presumed prudent only to the extent such expenses do not exceed the originally negotiated rates set forth in Confidential Exhibit 5 of the Application for the PPA and Confidential Exhibit 4 of the Application for the ESA. These amounts establish a benchmark for prudency review and are not a hard cap on recoverable costs.

Expenses that exceed these benchmark rates are not disallowed by Order No. 36881, but shall require additional justification in any future request for recovery. In such instances, the Company bears the burden of demonstrating that the incremental costs were reasonably and prudently incurred and were necessary under the circumstances.

The Purchase Option provisions are expressly excluded from this soft-cap determination. Nothing in Order No. 36881 prejudices the prudency or recoverability of costs associated with the exercise of a Purchase Option. Should the Company elect to exercise a Purchase Option, it may

seek recovery of associated costs in a future proceeding, subject to a full prudency review consistent with Commission standards.

Additionally, the Commission acknowledges that the structure of the ESA, as amended, may require the Company to apply lease accounting treatment for financial reporting purposes in order to facilitate the transaction. The Commission's approval of the agreements, including any accounting treatment required under applicable accounting standards, is limited to recognizing that such treatment may be necessary to implement the transactions as proposed, and does not specify any specific recovery method of the resulting liability.

Nothing in Order No. 36881 alters the Company's ongoing obligation to provide sufficient evidentiary support for recovery of all costs, nor does Order No. 36881 guarantee recovery of any expense. Rather, this soft cap is intended to provide regulatory clarity by identifying the level at which additional scrutiny will be applied, while preserving the Commission's authority to evaluate prudency based on the facts presented at the time recovery is sought.

ORDER

IT IS HEREBY ORDERED that the Company's Petition for Clarification is granted as explained above.

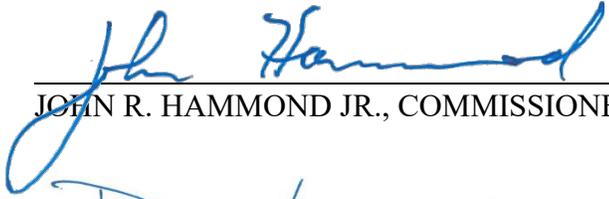
IT IS FURTHER ORDERED that the Company's Petition for Reconsideration is denied.

THIS IS A FINAL ORDER. Any party aggrieved by this Order or other final or interlocutory Orders previously issued in this case may appeal to the Supreme Court of Idaho under the Public Utilities Law and the Idaho Appellate Rules.

///

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 6th day of February, 2026.


EDWARD LODGE, PRESIDENT


JOHN R. HAMMOND JR., COMMISSIONER


DAYN HARDIE, COMMISSIONER

ATTEST:


Monica Barrios-Sanchez
Commission Secretary

I:\Legal\ELECTRIC\IPC-E-25-10_Crimson/orders\Final_clarify_recon_em.docx