

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER)	CASE NO. IPC-E-25-25
COMPANY’S APPLICATION FOR)	
APPROVAL OF THE CAPACITY)	
DEFICIENCY PERIOD TO BE UTILIZED)	ORDER NO. 36855
FOR AVOIDED COST CALCULATIONS)	
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On July 25, 2025, Idaho Power Company (“Company”) applied to the Idaho Public Utilities Commission (“Commission”) requesting an order approving the capacity deficiency period with a first deficit occurring in June 2027 to be utilized for the Company’s avoided cost determinations under the Company’s Integrated Resource Plan (“IRP”) and Surrogate Avoided Resource (“SAR”) methodologies.

On August 18, 2025, the Commission issued a Notice of Application and Notice of Modified Procedure, establishing a deadline for public and Commission Staff (“Staff”) comments, and a deadline for the Company to file reply comments. Order No. 36718.

On August 27, 2025, the Commission granted intervention to the Idaho Hydroelectric Power Producers Trust (“Ida Hydro”). Order No. 36730.

Having reviewed the record, the Commission issues this Order approving the first capacity deficiency date of June 2027 to be utilized in the Company’s avoided cost determinations under the SAR and IRP methodologies.

BACKGROUND

Pursuant to the Public Utility Regulatory Policies Act (“PURPA”), the Commission implemented a SAR methodology and an IRP methodology for calculating avoided costs for smaller qualifying facilities (“QFs”) that are eligible for standard pricing SAR-based contracts and larger QFs that are eligible for project-specific pricing IRP-based contracts. Order No. 33377 at 1-2; Order No. 33898 at 1-2. Under both the SAR and IRP methodologies, QFs receive capacity payments after the designated capacity deficiency date. Order No. 32697 at 21.

The capacity deficiency period is established through a company’s IRP planning prior to submission to the Commission for approval in a proceeding separate from the IRP docket. Order

No. 35834 at 1. The capacity deficiency date determined through the IRP process is the presumed starting point of the capacity deficiency filing. Order No. 32697 at 23.

THE APPLICATION

The Company requested the Commission approve a capacity deficiency period to be utilized for the Company's avoided cost calculations, with a first deficit occurring in June 2027. Application at 1. The Company stated that the currently approved capacity deficiency date of June 2026 was approved in Order No. 36226. *Id.* at 3. The Company stated that the anticipated capacity deficit of June 2027 was outlined in its 2025 Integrated Resource Plan ("IRP"), filed on June 27, 2025, in Case No. IPC-E-25-23. *Id.*

The Company stated that, in compliance with Order No. 36070, it updated its analysis to include its most recent load forecast, published in March 2025, which the Company believed to have minimal differences and support the June 2027 capacity deficiency date. *Id.* at 4. The Company stated that the assumed 0 megawatt ("MW") of Capacity Benefit Margin ("CBM") in the 2025 IRP was also excluded in the current analysis, having no effect on the capacity date. *Id.* at 6. The Company also excluded any Western Resource Adequacy Program capacity benefit, PURPA replacement rate, and new PURPA development rate assumptions from the previous and current deficiency date analysis. *Id.*

The Company believed that in its analysis, it was appropriate to include all of the "sufficiently certain" future resources that were listed in the 2025 IRP, in addition to the future resources that were recently approved by the Commission or currently under Commission review. *Id.* at 7. The Company included a separate analysis of the first capacity deficiency determination for purposes of avoided cost pricing that only included Commission approved resources and stated that the capacity deficiency date would be June 2026. *Id.* at 8.

STAFF COMMENTS

Staff reviewed the Company's load and resource assumptions used to determine the capacity deficiency period. Staff Comments at 2. Staff believed that additional clarification was needed concerning the approval status of contracts and resources considered in identifying the capacity deficiency period. *Id.* Staff recommended that the Company submit updated capacity position information through a compliance filing. *Id.*

Staff believed that the Company's use of the 70th-percentile peak load forecast was reasonable. *Id.* at 3. Staff also believed that the majority of the resources included in the

Company's analysis were appropriate, with the exception of future resources that should be added and the exit dates applied for Jim Bridger Units 3 and 4. *Id.* Staff recommended that the Company (1) include all non-PURPA executed contracts that do not require pre-approval as of the compliance filing, (2) only include approved CPCN projects as of the compliance filing, and (3) only include approved PURPA contracts as of the compliance filing. *Id.*

Staff reasoned that Order No. 35834 requires the inclusion of approved contracts where pre-approval is necessary and executed contracts where pre-approval is not required when determining the capacity deficiency period. *Id.* Staff recommended that the Company incorporate all executed non-PURPA contracts not requiring pre-approval, along with approved PURPA projects and resources with issued CPCNs, in the compliance filing to determine the deficiency date. *Id.* at 3-4.

Staff also noted that Order No. 35423 assumed the retirement of Jim Bridger Units 3 and 4 in 2030, consistent with the Commission's approved accelerated depreciation schedules. *Id.* at 4. However, due to continued uncertainty regarding the actual retirement timeline for these units, Staff recommended that the Company use the original technical useful life of Jim Bridger Units 3 and 4 to determine the deficiency date until sufficient certainty exists regarding when the units will no longer contribute capacity to the Company's system. *Id.*

COMPANY REPLY

The Company disagreed with Staff's interpretation of Order No. 35834 and believed that Staff neglected to include contracts that "have a high level of certainty" of being approved. Company Reply at 3. The Company believed that the Application was consistent with the standard established by the Commission in Order No. 35834. *Id.* at 4.

The Company believed that the analysis proposed by Staff would exclude 2026 projects and could potentially cause customers to have higher costs associated with capacity for the summer of 2026. *Id.* The Company believed that non-PURPA resources with executed agreements and a clear path to development should be included in the capacity deficiency analysis. *Id.*

The Company acknowledged the uncertainty regarding the retirement timeline of Jim Bridger 3 and 4. *Id.* at 6. The Company recommended assessing the retirement dates in future IRPs because it believed making changes in this filing would not materially change the capacity deficiency year. *Id.*

The Company argued it is unnecessary for the Commission to direct the Company to file a compliance filing with additional information and that there is enough information in the record at this time for the Commission to issue an order establishing the capacity deficiency date. *Id.*

COMMISSION FINDINGS AND DECISION

The Commission has jurisdiction over this matter under *Idaho Code* §§ 61-501, -502, and -503. *Idaho Code* § 61-501 authorizes the Commission to “supervise and regulate every public utility in the state and to do all things necessary to carry out the spirit and intent of the [Public Utilities Law].” *Idaho Code* §§ 61-502 and -503 empower the Commission to investigate rates, charges, rules, regulations, practices, and contracts of public utilities and to determine whether they are just, reasonable, preferential, discriminatory, or in violation of any provision of law, and to fix the same by order. In addition, the Commission has authority under PURPA and Federal Energy Regulatory Commission (“FERC”) regulations to set avoided costs, to order electric utilities to enter fixed-term obligations for the purchase of energy and capacity from QFs, and to implement FERC rules. The Commission may enter any final order consistent with its authority under Title 61 and PURPA.

The Commission has reviewed the Application, all submitted materials, and all submitted comments. Based on its review of the record, the Commission finds it fair, just, and reasonable to approve June 2027 as the Company’s capacity deficiency date to be utilized in the Company’s avoided cost determinations under the SAR and IRP methodologies.

Staff and the Company presented differing interpretations regarding the appropriate inputs for the capacity deficiency analysis. Staff maintained that the analysis should include only approved PURPA contracts, CPCN-approved resources, and executed non-PURPA contracts that do not require pre-approval. The Company, however, asserted that Order No. 35834 permits inclusion of contracts that are either approved or possess a “high level of certainty.” In this instance, we find that the contracts relied upon in the Company’s analysis exhibit a sufficient level of certainty regarding project completion to merit inclusion in the capacity deficiency determination. In fact, the Boise Bench and Hemingway incremental battery storage projects have been approved by Order No. 36817. Although we conclude that the executed contracts in this case meet the necessary threshold, we acknowledge that this may not hold true in future filings. Accordingly, we will continue to evaluate the inputs to the capacity deficiency analysis on a case-by-case basis.


Additionally, Staff recommended that the technical useful lives of Jim Bridger Units 3 and 4 be used in the capacity deficiency analysis, rather than the 2030 exit dates reflected in the Application. We recognize the continued uncertainty around the exit dates and that additional information is required in future filings. For this filing, we find the Company's use of the 2030 exit dates to be reasonable. However, we direct the Company to include greater analyses specifically for Jim Bridger Units 3 and 4 in its next IRP filing and in its next depreciation filing.

ORDER

IT IS HEREBY ORDERED that the Company's capacity deficiency date to be utilized in the Company's avoided cost determinations under the SAR and IRP methodologies shall be June 2027.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order about any matter decided in this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code* § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 26th day of November 2025.


EDWARD LODGE, PRESIDENT


JOHN R. HAMMOND JR., COMMISSIONER


DAYN HARDIE, COMMISSIONER

ATTEST:


Laura Calderon Robles
Interim Commission Secretary

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