

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF IDAHO POWER ) CASE NO. IPC-E-25-29  
COMPANY’S APPLICATION FOR A )  
CERTIFICATE OF PUBLIC CONVENIENCE )  
AND NECESSITY FOR THE BENNETT GAS ) ORDER NO. 36958  
EXPANSION PROJECT AND FOR AN )  
ASSOCIATED ACCOUNTING ORDER )  
\_\_\_\_\_ )**

On September 19, 2025, Idaho Power Company (“Company”) applied to the Idaho Public Utilities Commission (“Commission”) requesting the Commission: (1) grant a Certificate of Public Convenience and Necessity (“CPCN”) for the expansion of the existing Bennett Mountain Power Plant to include the addition of the Bennett Gas Expansion Project (“Project”); (2) confirm the Company’s application of accrual of Allowance for Funds Used During Construction (“AFUDC”) for the Project upon initial procurement activities for the reciprocating internal combustion engines; and (3) approve the commencement of the accrual of AFUDC on capital expenditures associated with future resource procurements at the time the project has been deemed viable by the Company.

On October 15, 2025, the Commission issued a Notice of Application and Notice of Intervention Deadline, setting a deadline for interested parties to file a petition to intervene. Order No. 36802. Intervention was granted to Idaho Irrigation Pumpers Association, Inc. (“IIPA”) and Micron Technology, Inc. (“Micron”). Order Nos. 36804, 36830.

On November 24, 2025, the Commission issued a Notice of Modified Procedure, establishing deadlines for public comments, and the Company to file reply comments. Order No. 36854.

Based on our review of the record, the Commission now issues this Final Order granting the CPCN for the expansion of the Bennet Mountain Power Plant to include the Project, approving the accrual of AFUDC for the Project upon the initial procurement of the reciprocating internal combustion engines, and denying the commencement of the accrual of AFUDC on capital expenditures associated with future resource procurements, as described herein.

## THE APPLICATION

The Project is a natural gas facility to be constructed adjacent to its existing Bennett Mountain Power Plant in Mountain Home, Idaho. Application at 2-3. The Project was designed to consist of nine natural gas fueled reciprocating engine units capable of providing up to 167 megawatts (“MW”) of generation capacity. *Id.* at 3. The Company represented that the Project would have operational flexibility to generate between 10 MW and 167 MW of electricity. *Id.* at 8.

The Project was selected through the Company’s 2028 Request for Proposals (“RFP”) bid evaluation process, after the Oregon Public Utility Commission (“OPUC”) determined that the Company had conducted the procurement in a fair and competitive manner consistent with applicable bidding rules. *Id.* at 6, *see also* OPUC Order No. 25-327, Docket UM 2317 (Aug. 30, 2025). After the Project was identified on the final shortlist for the 2029 bids, the Company executed agreements related to the Project. *Id.* at 7-8. The Company asserted that the Project was necessary to address anticipated capacity deficits on its system and represented that it was a cost-effective means of ensuring adequate and reliable service to customers. *Id.* at 8.

The Company represented that it had incurred capital expenditures associated with the Project due to industry demand for long-lead materials. *Id.* at 10. Specifically, the Company stated that it was required to make a down payment in April 2025 to secure the purchase of the reciprocating engine units for the Project. *Id.* at 10-11. The Company maintained that these expenditures were necessary to help ensure the timely completion of the Project. *Id.* at 11.

The Company requested that the Commission confirm that it was appropriate to begin accruing AFUDC once the Project was deemed viable and expenditures for resource procurement had commenced, even if such costs were incurred prior to the granting of a CPCN. *Id.* The Company stated that it would address cost recovery for the Project in a future filing with the Commission. *Id.*

Finally, the Company represented that it intended to finance the Project through a combination of available cash, operating cash flow, existing credit facilities, new borrowings and debt issuances, and future equity contributions from its parent company, IDACORP. *Id.* at 12.

## STAFF COMMENTS

Staff reviewed the Company’s Application and supporting materials and recommended that the Commission grant a CPCN for the Project. Staff Comments at 2. Staff believed that the

Company demonstrated a need for additional system capacity to maintain reliability, that the Project represented the least-cost and least-risk resource among viable alternatives, and that the Company satisfied the applicable regulatory requirements for CPCN approval. *Id.* Although Staff agreed the decision to proceed with the Project was prudent and recommended that final prudence and cost recovery be evaluated in a future ratemaking proceeding based on the Project's actual costs. *Id.* Staff further supported the accrual of AFUDC beginning with the initial procurement of the engines for the Project but did not support granting blanket authorization for early AFUDC accrual for unspecified future resource procurements. *Id.*

Staff identified that the Company planned to begin construction in the second quarter of 2026, following CPCN approval, with a commercial operation date of June 2028. *Id.* Staff noted that the Project required gas supply upgrades, including improvements to the Northwest Williams Pipeline gas tap and installation of a new site lateral connection and that the pipeline owner was expected to complete the gas tap upgrade over an 18-month period, with overall gas supply upgrades anticipated to be finished by early 2027. *Id.* at 2-3.

Staff agreed that the need for additional resources existed. *Id.* at 3. The Company identified a 265 MW capacity deficit in 2028, and Staff's review reasoned that the shortfall could be greater, particularly if any of nine other planned generation or transmission projects were delayed. *Id.* Staff therefore agreed that additional cost-effective resources were necessary to ensure system reliability. *Id.*

Staff believed that the Project qualified as a least-cost, least-risk resource based on the integrity of the 2028 RFP process, the Project's cost performance, and its risk profile. *Id.* Staff believed the RFP process to be fair and reasonable, noting the Independent Evaluator's confirmation of the final shortlist and Staff's own review of the Company's levelized cost of capacity calculations. *Id.* at 3-4. The Project ranked among the top-performing proposals in the final shortlist and was the only dispatchable resource in its group, making it uniquely valuable in portfolio modeling. *Id.* at 4. Staff's analysis outlined that portfolios excluding the Project resulted in significantly higher net present value costs. *Id.* However, because the Project was a self-build, traditional contractual cost containment protections were limited. *Id.* at 4-5. Accordingly, Staff recommended that prudence of final construction costs be reviewed in a separate ratemaking case. *Id.* at 5.

Staff also concluded that the Project represented a least-risk resource. *Id.* The Project would reduce the projected 2028 capacity deficit and provide greater reliability benefits in subsequent years. *Id.* The Project could be placed in service more quickly than most alternative projects and did not present material fuel supply or permitting risks. *Id.* at 6. The Company had secured additional pipeline capacity under a long-term agreement and had obtained key local permits, while other required permits were expected within timelines consistent with the Project schedule. *Id.*

Staff further believed that the Company met the statutory and procedural requirements for obtaining a CPCN, including demonstrating financial capability, good faith, and the necessity of additional service. *Id.*

With respect to accounting treatment, Staff explained that AFUDC represented the capitalized cost of funds used during construction and would become part of rate base once the Project was placed in service. *Id.* at 7. The Company began accruing AFUDC in March 2025 upon initiating procurement activities, including a down payment made before formal acknowledgment of the resource by the OPUC. *Id.* Staff verified that early procurement was necessary to secure equipment with appropriate lead times and found the requested AFUDC accrual for this Project to be reasonable. *Id.*

However, Staff did not support the Company's request for blanket pre-approval of AFUDC accrual for future projects at the time they were internally deemed viable. *Id.* Instead, Staff recommended that, if similar circumstances arose in the future, the Company seek case-specific approval for AFUDC accrual in the applicable CPCN proceeding. *Id.* at 8.

#### **IIPA COMMENTS**

IIPA recommended that the Commission deny or defer the Company's Application for a CPCN for the Project and its request for an associated accounting order. IIPA Comments at 1. Based on the record, IIPA concluded that the Company had not demonstrated a system capacity need attributable to existing customers and therefore had not satisfied the statutory standard of necessity required under *Idaho Code* §§ 61-501 through 61-503. *Id.* Using the Company's own data, IIPA believed that removal of a single disclosed Additional Firm Load ("AFL") driver converted the claimed 2028 capacity deficit into a surplus, undermining the assertion of system-wide necessity. *Id.*

IIPA believed that the Company's claimed 2028 capacity deficit was calculated using a load forecast that embedded AFL (large, discrete industrial loads contractually distinct from legacy customer classes) within the coincident peak demand forecast. *Id.* at 2-3. IIPA stated that the Company did not provide a separate calculation of peak demand attributable solely to existing customers and admitted in discovery that it had not evaluated system capacity absent AFL, performed sensitivity analyses excluding AFL, or determined whether the alleged deficit would exist without such load. *Id.* at 3. IIPA believed that although the Company did not conduct this analysis, it produced sufficient data, including projected capacity positions, coincident peak demand, and AFL contributions, to allow the calculation. *Id.* at 3-4. Because capacity position is defined as available resources minus coincident peak load, removal of AFL from the forecast mechanically reduced peak demand and eliminated the asserted deficit. *Id.* at 4. IIPA's conservative reconstruction using the Company's own data demonstrated that the deficit did not persist absent AFL. *Id.* The Company also failed to provide evidence that legacy customer classes contributed materially to coincident peak growth or that the project was required to maintain reliability for those customers. *Id.* at 5.

IIPA further believed that the Company failed to carry its burden of proof for issuance of a CPCN. *Id.* at 6. The Company presented a single, assumption-driven capacity position without performing the analyses necessary to establish that the alleged need existed independently of AFL or was attributable to existing customers. *Id.* These omissions prevented the Commission from making the findings required under Idaho law and precluded the determination that the proposed facility was necessary to provide adequate, efficient, just, and reasonable service to the public. *Id.* IIPA asserted that where an applicant declines to perform analyses necessary to demonstrate necessity, the appropriate regulatory response is denial or deferral. *Id.*

IIPA also reasoned that granting the CPCN would improperly prejudice cost causation and expose existing customers to unwarranted risk. *Id.* Much of the projected AFL was either unconfirmed or undisclosed, and in certain instances, such as the proposed Diode Ventures "Gemstone Technology Park" data center, no executed energy service agreement or binding contractual safeguards existed to ensure that the developer or a future tenant would bear the financial responsibility for the projected load. *Id.* at 6-7. In the absence of such commitments, costs associated with generation and transmission investments sized to serve speculative load could be shifted to existing customers if that load failed to materialize. *Id.* at 7.

IIPA believed that because the Project is a long-lived, rate-based natural gas asset for which the Company sought early accrual of AFUDC while disclaiming any current prudence determination, approval of the CPCN would have begun locking in cost recovery and risk allocation without a demonstrated system need. *Id.* IIPA concluded that such approval would expose existing customers, including irrigation customers, to stranded-asset risk driven by speculative and customer-specific load growth. *Id.*

Finally, IIPA argued that the Company's asserted urgency was self-created, assumption-driven, and reversible. *Id.* at 8. The Company acknowledged that near-term capacity positions were "very fluid" and subject to change as inputs and assumptions evolved. *Id.* The record showed that the Company had recently accelerated, deferred, and withdrawn major resource decisions, including the withdrawal of a previously approved CPCN for the Jackalope Wind Project. *Id.* The Project itself had originally been contemplated for later needs and was accelerated based on revised planning assumptions. *Id.* at 9. The Company did not model deferral scenarios, interim alternatives, or revised assumptions to demonstrate that denial or deferral would jeopardize reliability. *Id.* In light of the fluid and assumption-dependent nature of the asserted deficit, IIPA concluded that deferral would preserve the Commission's ability to require a quantified showing of system need attributable to existing customers, evaluate cost causation and risk allocation, and avoid premature commitment to a long-lived, rate-based asset. *Id.*

#### **PUBLIC COMMENTS**

The Commission received two public comments. Both comments were in opposition to granting the Company a CPCN for the Project and believed that the environmental costs and long-term effects of global warming due to new or expanded fossil fuel burning energy outweighed the minimal cost savings rate payers may expect if the Project were approved.

#### **COMPANY REPLY**

The Company stated that, to fulfill its statutory obligation to provide reliable, nondiscriminatory service to all customers within its certificated territory, it was required to procure additional resources to address identified capacity deficits. Company Reply at 5. In February 2024, the Company initiated a competitive bidding process for its 2028 RFP and sought OPUC approval of the Independent Evaluator, scoring and modeling methodologies, draft RFP, and related procedural matters. *Id.* at 5-6. The OPUC approved these requests in April 2024. *Id.* at 6. Following evaluation of 83 proposals comprising 117 bids, the Company identified a final

shortlist of 2029 projects, which the OPUC acknowledged in August 2025. *Id.* The Project was selected as the most cost-effective resource to address the projected 2028-2029 capacity deficiency period. *Id.*

The Company believed that Staff conducted a comprehensive review and concluded that the RFP process was fair and reasonable, that sufficient competition existed, and that the Company's modeling and cost analyses were appropriately performed. *Id.* at 6-7. Staff independently verified that the Project was a least-cost, least-risk resource and the only dispatchable option among the top-performing bids. *Id.* at 7. Staff further determined that the projected capacity deficit in 2028 could be larger if planned resources were delayed and recommended issuance of a CPCN and approval of AFUDC accrual beginning with initial procurement activities. *Id.*

In response to objections from the IIPA, the Company maintained that its capacity need satisfied the statutory standard of public convenience and necessity and that its obligation to serve applied to all customers, including new large-load customers with executed agreements. *Id.* at 8-9. The Company asserted that IIPA's recalculations and arguments were based on incorrect assumptions and mischaracterizations of load forecasts and planning methodology. *Id.* at 9-11. The Company explained that its capacity determinations were based on Loss of Load Expectation modeling and reflected current assumptions at the time of procurement. Sensitivity analyses demonstrated that system reliability would significantly worsen in 2028 without the Project. *Id.* at 12.

The Company also addressed alternatives, noting limited availability of incremental market purchases and transmission capacity and minimal cost-effective demand response additions. *Id.* at 13. The Company projected the capacity deficit would grow from 2028 to 2030 and emphasized that deferral was not feasible given multi-year development timelines. *Id.* at 16.

The Company requested approval of the CPCN, authorization to accrue AFUDC for the Bennett project, and either approval or conditional treatment of AFUDC for future viable procurements. It concluded that the evidentiary record demonstrated the Project was a prudent, least-cost, least-risk resource necessary to maintain system reliability and meet its service obligations. *Id.* at 20.

## PETITION FOR INTERVENOR FUNDING

IIPA requested the Commission grant Intervenor Funding in the amount of \$9,442.20 for: attorney fees incurred by E. Olsen, calculated for 3.1 hrs at \$250/hr; paralegal fees, calculated for 5.9 hrs at \$155/hr; soft costs of \$8.70; and witness fees for D. Glosser and L. Kaufman, calculated at 28.16 hrs at \$275/hr.

## COMMISSION FINDINGS AND DECISION

The Commission has jurisdiction over this matter under *Idaho Code* §§ 61-501 through 503. The Commission is vested with the power 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* § 61-501. The Commission is empowered 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. *Idaho Code* §§ 61-502 and 61-503.

### CPCN

The Company requests that the Commission grant a CPCN for the expansion of the existing Bennett Mountain Power Plant to include the addition of the Project. Before constructing a “line, plant, or system,” a public utility providing electrical service must obtain a CPCN from the Commission establishing that the “public convenience and necessity” requires it. *Idaho Code* § 61-526. When analyzing the Application, the Commission considers, among other things: (1) the Company’s obligation to serve its customers’ demand and whether the present or future public convenience and necessity requires the additional resources or acquisition; (2) whether the Project is a reasonable means of meeting the Company and public’s needs; and (3) any investment that may be required and its potential impact on rates.

Having reviewed the record in this case, the Commission finds that the Company has satisfied the requirements to be granted a CPCN for the expansion of the existing Bennett Mountain Power Plant to include the addition of the Project to meet the identified capacity deficiency in 2028.

The Commission finds that the record reflects that the Company’s system faces a capacity deficit in 2028 and that additional cost-effective resources are necessary to ensure system reliability. While the Commission recognizes the comments provided by IIPA, the Commission believes the Company has presented sufficient information to support an identified capacity deficit

in 2028. A review of the record also demonstrates that the Project is a least-cost, least-risk resource and that the bidding and selection process for the 2028 RFP was fair and reasonable. Having satisfied these requirements, the Commission finds the Company's request for a CPCN to expand the existing Bennett Mountain Power Plant to include the addition of the Project as a resource to meet the Company's identified capacity deficiencies reasonable.

### **Rate Making Treatment**

The Company does not request binding ratemaking treatment in this proceeding. The Commission does not make any findings nor determination as to the prudence of any costs associated with this Application or the expansion of the Bennett Mountain Power Plan; those issues will be considered in the appropriate rate recovery proceeding. As stated in previous cases, the Commission expects the Company to provide a full and transparent accounting for all costs associated with the Project in any future proceeding where it seeks recovery.

### **Accrual of AFUDC**

After reviewing the record, the Commission finds it reasonable to grant the Company's request to begin accruing AFUDC for the Project commencing with the initial procurement activities related to the reciprocating internal combustion engines.

The Commission acknowledges the Company's justification for seeking AFUDC accrual prior to formal acknowledgement of the resource, given the equipment lead times and the need to meet the identified capacity in-service date. However, the Commission does not find it appropriate to authorize AFUDC accrual for expenditures associated with prospective resource procurements solely on the basis that the Company considers a project a viable resource.

Requests for AFUDC accrual in advance of resource acknowledgement will be evaluated on a case-by-case basis in future proceedings, consistent with the specific facts and circumstances presented.

### **Intervenor Funding**

Intervenor funding is available pursuant to *Idaho Code* § 61-617A and the Commission Rules of Procedure 161-165. *Idaho Code* § 61-617A(1) provides that it is the "policy of this state to encourage participation at all stages of all proceedings before the commission so that all affected customers receive full and fair representation in those proceedings." The Commission may award

a cumulative amount of intervenor funding not to exceed \$40,000 for all intervening parties in a single case. *Idaho Code* § 61-617A(2).

Commission Rule 162 provides the form and content of petitions for intervenor funding. Each petition must contain: (1) an itemized list of expenses broken down into categories; (2) a statement of the intervenor's proposed findings or recommendation; (3) a statement showing that the costs the intervenor wishes to recover are reasonable; (4) a statement explaining why the costs constitute a significant financial hardship for the intervenor; (5) a statement showing how the intervenor's proposed recommendations differed materially from the testimony and exhibits of the Staff; (6) a statement showing how the intervenor's recommendation or position addressed issues of concern to the general body of the utility users or consumers; and (7) a statement showing the class of customer on whose behalf the intervenor appeared. IDAPA 31.01.01.162.

IIPA is an Idaho nonprofit corporation representing farm interests in electric utility rate matters in southern and central Idaho. IIPA relies solely upon dues and contributions voluntarily paid by members, together with intervenor funding, to support its activities. Based upon our review of IIPA's Petition, the Commission finds that the funding request complies with the procedural and substantive requirements of the statute and the rules. The Commission finds that IIPA has materially contributed to the Commission's decision-making; IIPA's participation added a unique and well-informed perspective to the record; and it is fair, just, and reasonable to award intervenor funding. The Commission finds it appropriate to award IIPA intervenor funding in the amount of \$9,442.20. The award shall be chargeable to the irrigation class. *Idaho Code* § 61-617A(3).

That said, the Commission expects that future applications for intervenor funding will include a detailed and transparent breakdown of the hours claimed and the specific tasks performed. The Commission further notes that, while IIPA's participation in this proceeding was of value, certain arguments presented here have also been raised by IIPA in other proceedings it has sought intervenor funding. We do not suggest that the reuse or refinement of prior arguments is inherently inappropriate—Consistency in regulatory positions can be constructive—however, where material overlaps exist between proceedings, funding requests should clearly distinguish new analysis from work that substantially relies on prior submissions. IIPA's requested funding in current matters may very well take into account that the arguments presented in various cases are duplicative, but we are unable to make that determination without a more detailed accounting.

The Commission does not question the time and effort required to prepare informed and meaningful contributions to the record. Nevertheless, we have a statutory obligation to ensure that no customers are burdened with costs that are excessive, duplicative, or insufficiently justified. Greater specificity and justification in future funding requests will assist the Commission in fulfilling that responsibility while continuing to support effective public participation.

### **ORDER**

IT IS HEREBY ORDERED that the Company's Application for a CPCN for the Company's proposed expansion of the existing Bennett Mountain Power Plan to include the addition of the Project, is approved.

IT IS FURTHER ORDERED that the Company's request for authorization to accrue AFUDC for the Project upon initial procurement activities for the reciprocating internal combustion engines, is approved.

IT IS FURTHER ORDERED that the Company's request for approval of the commencement of the accrual of AFUDC on capital expenditures associated with future resource procurements at the time the project is deemed viable by the Company, is denied, and instead will be determined on a case-by-case basis where specific facts and circumstances can be evaluated.

IT IS FURTHER ORDERED that IIPA's petition for intervenor funding is granted in the amount of \$9,442.20. The award shall be chargeable to the irrigation class.

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 regarding 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 10th day of March, 2026.

  
EDWARD LODGE, PRESIDENT

  
JOHN R. HAMMOND JR., COMMISSIONER

  
DAYN HARDIE, COMMISSIONER

ATTEST:

  
Monica Barrios-Sanchez  
Commission Secretary

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