Office of the Secretary
Service Date
March 5, 2026

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER COMPANY'S APPLICATION FOR APPROVAL OR REJECTION OF AN ENERGY SALES AGREEMENT WITH FOSSIL GULCH WIND PARK, LLC FOR THE SALE AND PURCHASE OF ELECTRIC ENERGY FROM THE FOSSIL GULCH WIND PARK	)	**CASE NO. IPC-E-25-31** **ORDER NO. 36956**

On September 30, 2025, Idaho Power Company ("Company") applied to the Idaho Public Utilities Commission ("Commission") requesting approval of an energy sales agreement with Fossil Gulch Wind Park, LLC ("Seller") for energy generated by the Fossil Gulch Wind Park ("Facility") in Twin Falls County, Idaho ("Proposed ESA") ("Application").

On October 22, 2025, the Commission issued a Notice of Application and Notice of Modified Procedure establishing written comment deadlines. Order No. 36814. Commission Staff ("Staff") filed comments to which the Company replied. The Commission received no public comments.

Having reviewed the record in this case, we now issue this Final Order approving the Proposed ESA.

BACKGROUND

In 2004, the Commission approved the original energy sales agreement ("2004 Agreement"), allowing the Company to purchase Facility generation from the Seller. Order No. 29630. The 2004 Agreement had a term of 20 years. *Id.* at 1.

THE APPLICATION

The 2004 Agreement expired on September 30, 2025. Application at 2. According to the Company, despite its best efforts to execute a replacement agreement with sufficient time for regulatory review and approval prior to the expiration of the 2004 Agreement, largely due to delays caused by a change in the Seller's ownership, the Proposed ESA was not signed until September 26, 2025. Application at 2–4. Because the 2004 Agreement expired before approval of the Proposed ESA, the Company entered an interim agreement ("Interim Agreement") with the Seller. *Id.* at 4–5. Under the Interim Agreement the Company bought generation from the Facility at the

Surplus Energy Price contained in the Proposed ESA until the Commission ruled on the Application concerning the new agreement. *Id.* at 5.

The Company stated that the Proposed ESA complies with the Public Utility Regulatory Policies Act of 1978 ("PURPA"), Federal Energy Regulatory Commission regulations, and prior Commission orders regarding PURPA implementation. *Id.* at 4. The Proposed ESA has a term of two years and includes negotiated avoided cost rates based on the Commission-approved incremental cost integrated resource plan ("ICIRP") pricing methodology for a wind project above the published rate eligibility cap of 100 kilowatts ("kW"). *Id.* at 4, 6. The Proposed ESA also includes Commission-ordered wind integration charges. *Id.* at 4.

The Company requested that the Commission approve or reject the Proposed ESA and Interim Agreement. *Id.* at 13. If approved, the Company also sought a Commission declaration that all payments made to the Seller for purchases of energy would be allowed as prudently incurred expenses, allowing the Company to recover such costs through ratemaking. *Id.*

STAFF COMMENTS

Staff reviewed the Application and its attachments, including the Proposed ESA and the Interim Agreement. Staff Comments at 2. Staff's analysis was primarily focused on contractual terms concerning the avoided cost rates; the Maximum Capacity Amount; shortfall damages; the Surplus Energy Price; potential modifications to the Facility; and Wind Energy Production Forecasting. *Id.* Staff recommended that the Commission approve the Interim Agreement and the Proposed ESA, while deeming all Company payments made to the Seller under such agreements as prudently incurred expenses for ratemaking purposes—subject to a compliance filing implementing modifications to the Proposed ESA, as described below.

First, Staff believed the Company and Seller should recalculate the avoided cost of energy and the avoided cost of capacity. *Id.* The calculations would use the AURORA model from the Company's 2025 Integrated Resource Plan ("IRP"), rather than that of the 2023 IRP. *Id.* Staff also contended the calculations should be based on the Facility's updated generation profile, as determined by the new ownership group. *Id.* at 2, 5. Staff also stated that resource changes of high certainty as of the date on which the parties executed the Proposed ESA, September 26, 2025, should be reflected in the avoided cost of energy calculation. *Id.* at 2.

Staff next stated that the contract modifications contained in the recommended compliance filing should make adjustments to the Maximum Capacity Amount. *Id.* According to Staff, the

Maximum Capacity Amount should either be changed to 10 megawatts ("MW") to match the original capacity size, or the agreement should adopt:

> …a bifurcated rate that includes a rate of avoided cost of energy, avoided cost of capacity, and wind integration charges for hourly generation up to 10 megawatt hours ("MWhs") and a second rate of avoided cost of energy and wind integration charges without avoided cost of capacity for any hourly generation above 10 MWhs, until the first capacity deficit date.

Id. A single rate of avoided cost of energy, avoided cost of capacity, and wind integration charges would be applied after the first capacity deficiency date. *Id.* Staff believed the capacity deficiency date used should initially be the authorized capacity deficit date as of September 26, 2025, which would subsequently be updated to reflect all resource changes of high certainty on the Company's system as of September 26, 2025. *Id.* at 2–3. Staff represented that this approach to determining the Maximum Capacity Amount is consistent with prior Commission orders. *Id.* at 7–8.

Additionally, Staff thought the compliance filing should correct the calculation description in Article 6.4.4 so that shortfall damages are based on 85% of the Calculated Net Energy Amount; update the definition of Surplus Energy to correspond with the parties' intention; remove the modification language included in Appendix B; and correct the error in Appendix E. *Id.* at 3, 10–11.

COMPANY REPLY COMMENTS

While the Company generally agreed with Staff's position that it would be preferable to use the most recently filed IRP to calculate the avoided cost of energy and the avoided cost of capacity, it noted that, with the exception of gas price and load forecasts, the Company has historically based ICIRP pricing on the most recently acknowledged IRP. Company Reply Comments at 2. The Company stated that it was not opposed to using Staff's recommendation, but it requested the Commission issue a clarification for current and future ICIRP pricing. *Id.* at 4.

The Company was also not opposed to Staff's other recommendations concerning the avoided cost of energy and capacity. *Id.* However, the Company warned that continually updating resource changes with a high degree of certainty and pricing based on the facility's updated generation profile could cause delays and pricing disputes. *Id.* The Company requested that, if the Commission implements these recommendations, it do so in an unambiguous manner that provides clarity to the Company and developers. *Id.*

The Company had no objection to Staff's remaining recommendations to: either reduce the Maximum Capacity Amount to 10 MW or use a bifurcated rate structure for generation above 10 MW; correct the calculation description in Article 6.4.4 so that shortfall damages are based on 85% of the Calculated Net Energy Amount; update the definition of Surplus Energy to correspond with the parties' intention; remove the modification language included in Appendix B; and correct the error in Appendix E. *Id.* at 5. However, the Company noted that Seller agreement is necessary before any contractual changes. *Id.* at 6.

COMMISSION FINDINGS AND DECISION

The Commission has jurisdiction over this matter under *Idaho Code* §§ 61-502 and 61-503. 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. The Commission also has authority under PURPA and Federal Energy Regulatory Commission ("FERC") regulations to set avoided cost rates, to order electric utilities to enter fixed-term obligations for the purchase of energy from QFs, and to implement FERC rules. The Commission may enter any final order consistent with its authority under Title 61 and PURPA.

Having reviewed the record, including the Company's Application, the Proposed ESA, and the parties' written submissions, the Commission finds it reasonable to approve the Proposed ESA and Interim Agreement, subject to the Company's and Seller's agreeance to the modifications described below, and to deem all payments the Company has made or will make to the Seller under the agreements as prudently incurred expenses for ratemaking purposes.

The Company and Seller shall recalculate the avoided cost of energy and the avoided cost of capacity. The calculations will use the AURORA model from the Company's 2025 IRP.[1] The calculations shall also be based on the Facility's updated generation profile. Additionally, resource changes of high certainty as of the date on which the parties executed the Proposed ESA, September 26, 2025, should be reflected in the avoided cost of energy calculation.

In reestablishing the Maximum Capacity Amount, the Company and Seller have the option to (1) set the amount at the original 10 MW or (2) adopt the bifurcated rate design described in the above section of this Order concerning Staff's comments.

[1] As requested, the Commission clarifies that, moving forward, the Company should use its most recently filed IRP to determine the avoided cost of energy and the avoided cost of capacity for ICIRP pricing.

Finally, the Company and Seller shall correct the calculation description in Article 6.4.4, making shortfall damages based on 85% of the Calculated Net Energy Amount; update the definition of Surplus Energy by removing Item 1 of the definition; remove the modification language included in Appendix B; and correct the error in Appendix E by replacing "item d" with "item 4."

Should the Company and Seller agree to the modified terms, the Company shall submit a compliance filing containing an updated ESA reflecting these modifications.

ORDER

IT IS HEREBY ORDERED that the Proposed ESA and the Interim Agreement are approved—subject to the Company submitting a compliance filing containing an updated ESA that incorporates the modifications described above—and that all payments for energy and capacity under the agreements are deemed prudently incurred expenses for ratemaking purposes.

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. *Idaho Code* § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 5th 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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