

REFERENCE DOCUMENT · JULY 2026

Feeding the Beast That Will Eat Us

Feeding the Beast: Idaho Public Utilities Commission Reference

The structure, funding, and authority of the agency that approves every rate increase, every certificate, and every special contract in this series. And the conflicts built into its design.

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ABOUT THIS REFERENCE

This is a standing reference for the series, not an episode of it. Every article in Feeding the Beast eventually runs through the Idaho Public Utilities Commission: the SWIP-North certificate, the Micron special contract, the rate cases that moved a farmer's demand charge from \$6.94 to \$16.50 per kilowatt. This document sets out what the Commission is, who sits on it, how it is paid for, and where its structure creates tension between the public it serves and the industry that funds it. Structure is not scandal. Nothing here alleges misconduct by any commissioner or employee. But structure shapes outcomes, and this structure deserves to be understood before the next order issues.

1. What the Commission Is

The Idaho Public Utilities Commission is a three member state commission, created in 1913 and reorganized under its current name in 1951, that regulates Idaho's investor owned electric, natural gas, water, and certain telephone utilities, along with pipeline and railroad safety.⁴ The Governor appoints the commissioners with the approval of the Senate. No more than two may belong to the same political party, and they serve staggered six year terms, one seat coming open every second year.¹ The Governor may remove a commissioner only for dereliction of duty, corruption, or incompetency, on written charges and after an opportunity to be heard.² Commissioners are not elected and cannot be recalled by voters.

The Commission holds three kinds of power in one body. In its quasi-legislative capacity it sets rates and makes rules. In its quasi-judicial capacity it hears complaints and issues orders similar to court orders, appealable to the Idaho Supreme Court. In its executive capacity it enforces the utility and railroad statutes.⁴ Its authority comes from Idaho Code Titles 61 and 62, filled out by its administrative rules at IDAPA 31.¹⁷

It regulates the investor owned, for profit utilities: Idaho Power, Avista, Rocky Mountain Power, Intermountain Gas, Veolia Water Idaho, and a roster of small water companies. It does not regulate cooperatives, municipal utilities, sewer systems, cable, internet providers, or cellular companies, and it no longer sets rates for most telephone providers.⁵ Under Idaho Code § 61-214 it reports annually to the Governor each December.¹⁹

THE PEOPLE, AND WHERE THEY CAME FROM

The Commission president, elected by the three commissioners to a two year term, is the agency's chief executive, signs its contracts, and holds final authority in personnel matters. Chairmanship of individual cases rotates. The agency employs a Staff of roughly 55 engineers, auditors, utility analysts, attorneys, investigators, and economists, and four deputy attorneys general assigned from the Attorney General's office who work out of Commission headquarters.⁴

The current bench, as described in the Commission's own 2025 Annual Report: President Edward Lodge served as Director of Government and Regulatory Affairs for Qwest/CenturyLink from 2004 to 2020, sixteen years as the in house regulatory affairs officer for a company regulated by this Commission, before his 2023 appointment. Commissioner John Hammond and Commissioner Dayn Hardie each served as the Commission's lead Deputy Attorney General before appointment.¹¹

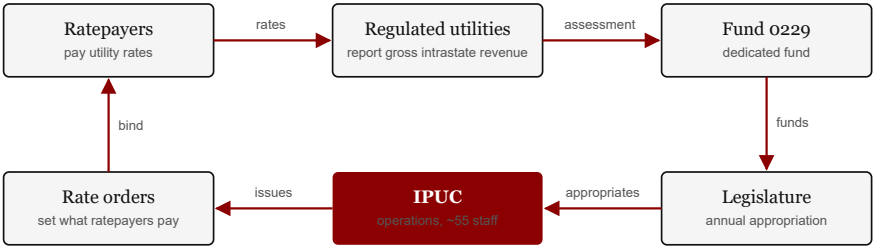
STRUCTURAL FINDING · THE REVOLVING DOOR

Idaho Code § 61-207 bars commissioners and Commission employees from any current employment, stock ownership, or pecuniary interest in a regulated company. It imposes no waiting period on appointees arriving directly from regulated industry employment, no recusal requirement tied to a former employer's cases, and no restriction on where commissioners or senior staff go after leaving. Two of the three sitting votes previously represented Commission Staff as its lead counsel; the third spent sixteen years as a regulated utility's regulatory affairs director. Neither career path is improper, and both are common nationally. The gap is that every safeguard against it is custom, not statute.

2. How the Commission Is Funded

The Commission receives no state general fund money for its core operations. It is funded by special regulatory fees assessed on the utilities and railroads it regulates, under Idaho Code Title 61, Chapter 10. The chain works like this:

- **Report.** On or before April 1 each year, every utility subject to the Commission's Title 61 or Title 62 jurisdiction must report its gross operating revenue from intrastate Idaho business for the preceding calendar year, and must pay a special regulatory fee "to defray the amount to be expended by the commission for expenses in supervising and regulating the public utilities." Companies must report even if intrastate revenue was zero.⁶
- **Assess.** Based on all utilities' reported gross intrastate revenues and the Commission's annual legislative appropriation, the Commission calculates each utility's proportional assessment. The statute caps the rate and sets a minimum annual fee of \$50. Assessments are set by Commission order each April within the limits set by law; the current utility fees order is Order No. 37001.⁷⁹
- **Collect.** Utilities pay in two equal installments due May 15 and November 15. Late installments bear six percent interest, and the Attorney General sues in the name of the state to collect from any company that refuses.⁸
- **Appropriate.** Receipts go to the Commission's dedicated fund, Fund 0229 in the state accounting system, and are spent under the appropriation the Legislature sets each session. The Legislature keeps the power of the purse even though the dollars originate with regulated companies rather than taxpayers.¹⁰



The circle: ratepayers fund utilities, utilities fund the regulator, the regulator sets what ratepayers pay.
The Legislature's appropriation is the only outside constraint in the loop.

Formally, the utilities pay. Functionally, ratepayers do. Regulatory fees are an ordinary operating expense recovered through rates, so the cost of regulating Idaho Power, Avista, Rocky Mountain Power, Intermountain Gas, and Veolia flows through to their customers. That is a defensible user pays design. It should never be described as industry generosity or as cost free to the public.

FIVE YEARS OF THE COMMISSION'S OWN BOOKS

The figures below are reproduced from the Financial Summary in the IPUC 2025 Annual Report, covering the Commission's dedicated fund. They exclude federal and other funds, such as federal pipeline safety grant money.¹⁰

FUND 0229 (ASSESSMENT FUNDED)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Personnel costs	\$3,356,200	\$3,618,600	\$4,205,800	\$4,524,000	\$4,779,800
Legal fees	\$524,500	\$595,500	\$603,400	\$481,800	\$625,500
All other expenditures	\$756,200	\$758,700	\$917,200	\$974,500	\$946,200
Total expenditures	\$4,636,900	\$4,972,800	\$5,726,400	\$5,980,300	\$6,351,500
Appropriation	\$5,998,300	\$6,148,500	\$6,418,500	\$6,593,600	\$6,407,092
Unexpended balance	\$1,359,700	\$1,164,300	\$678,100	\$603,300	\$54,925

37%

growth in total expenditures, FY 2021 to FY 2025

\$54,925

unexpended balance remaining at the end of FY 2025

55

approximate Commission staff carrying three simultaneous major electric rate cases

Two trends matter. Expenditures grew about 37 percent over five years, driven overwhelmingly by personnel. Over the same period the fiscal cushion collapsed: the FY 2025 appropriation was consumed almost to the dollar. The agency now runs with essentially no slack at the moment its three major electric utilities have moved to annual rate case filings and its docket includes wildfire cost deferrals, resource plans, on site generation restructuring, transmission certificates, and special contracts for hyperscale load.

3. What the Commission Can Do

- **Rate cases.** Utilities carry the burden of proving expenses were necessary to serve customers and prudently incurred. If they carry it, the Commission must allow recovery plus an opportunity to earn a reasonable return. Decisions must rest on the evidentiary record alone; parties may seek reconsideration, then appeal to the Idaho Supreme Court.¹²
- **Certificates of public convenience and necessity.** Required for major projects and new territory. This is the instrument by which the Commission approved Idaho Power's 500 MW northbound stake in SWIP-North, terminating at the Midpoint Substation near Jerome.¹⁶
- **Special contracts.** Customers taking more than 20,000 kW must contract on special terms subject to Commission approval, the mechanism now central to data center and semiconductor load, as in the Micron Idaho Semiconductor Manufacturing case.¹⁵
- **Securities and property.** Utilities need Commission authorization to issue long term stocks and bonds and to transfer utility property.¹⁴
- **Integrated Resource Plans.** Filed every two years by the electric utilities. The Commission acknowledges IRPs; it does not approve or deny them. The demand forecasts that justify billions in future plant enter the record through a document the regulator never formally rules on.¹³

4. The Conflicts and Risks, Named

4.1 THE REGULATOR IS FUNDED BY THE REGULATED

The Commission's funding base is the gross intrastate revenue of the companies it oversees. When utility revenues rise, whether through approved rate increases or load growth from data centers, the base that funds the regulator rises with them. The legislative appropriation is the binding constraint, which blunts any direct incentive, and the model is standard across most states. Three consequences still follow. The agency's institutional health is aligned with a growing regulated sector. Every dollar of Commission budget is ultimately a ratepayer dollar. And because no general fund money is at stake, taxpayers and their legislators have less felt interest in overseeing this agency than a general fund agency of the same consequence.

4.2 THE REVOLVING DOOR RUNS IN BOTH DIRECTIONS

Section 61-207's ban reaches only current financial ties.³ The industry to regulator path and the staff counsel to bench path both stand open, and the current Commission embodies both. When two of three votes previously represented Commission Staff, the internal culture that Staff and commissioners are one team can harden. That matters because Staff is formally a party litigating before those same commissioners in every case.

4.3 PROSECUTOR, EXPERT, AND JUDGE UNDER ONE ROOF

Staff analyzes every filing, appears as a party in every case, presents its own experts, and is represented by deputy attorneys general housed at Commission headquarters. The commissioners who decide each case lead the agency that employs Staff and sets its budget. The annual report states that Staff operates independently of the Commission, but that independence is administrative custom inside one agency, not a statutory wall.⁴ Idaho also has no separate,

independently governed utility consumer advocate office. The residential ratepayer's representative is Commission Staff itself, plus whatever intervenors organize and fund themselves. Idaho law allows intervenor funding awards in certain cases, subject to statutory caps that are modest against the litigation budgets across the table.¹⁷

4.4 THE COMPACT'S CAPITAL BIAS

The regulatory compact, guaranteed recovery of prudent expenses plus a return on invested capital, is the foundation of investor owned utility regulation, and the Commission describes it candidly in its own report.¹² It also tilts incentives: a utility earns its return on capital it builds, not on thrift. In a period of explosive load growth claims, every megawatt of forecast demand justifies plant that enters rate base and earns a return for decades. Prudence review is the only check on that incentive, and the forecasts arrive in IRPs the Commission acknowledges rather than approves.

4.5 DELIBERATION OUTSIDE PUBLIC VIEW

Under the Idaho Open Meeting Law, commissioners may privately deliberate fully submitted matters.¹⁸ The exemption is lawful and has a genuine rationale for a quasi-judicial body. Combined with weekly decision meetings that ratify Staff prepared decision memoranda, it means the reasoning stage of multi hundred million dollar rate decisions happens off the record. The public sees the inputs and the written order, not the deliberation between them.

4.6 ACCOUNTABILITY GEOMETRY

Appointed, six year terms, removal only for cause, no ballot. The bipartisanship rule caps same party membership at two of three, but in a one party dominant state that guarantees a different party label on one seat, not a different view of utility questions. The public's levers are the Governor's appointments, Senate confirmation, legislative statute and appropriation, and appeal of individual orders to the Idaho Supreme Court.

4.7 CAPACITY RISK

A 55 person agency with a fully consumed appropriation is processing annual rate cases from three electric utilities at once, plus gas and water dockets, wildfire deferrals, on site generation restructuring, transmission certificates, and hyperscale special contracts. Thin agency capacity systematically favors well resourced applicants: settlement becomes attractive, discovery narrows, and deference to company supplied analysis grows. The Commission's budget requests measured against its docket growth is an accountability story in its own right.

Questions

QUESTIONS OF PUBLIC INTEREST

1. What is the current assessment rate set by Order No. 37001, what is the statutory maximum rate under Idaho Code § 61-1004, and how much headroom remains between them?

2. What written recusal policy, if any, governs a commissioner's participation in matters involving a former employer, and has any sitting commissioner recused under it?
3. What are the current eligibility rules and dollar caps for intervenor funding, and how do total intervenor awards over the past five years compare with what the three major electric utilities spent litigating rate cases in the same period?
4. With the FY 2025 unexpended balance at \$54,925, what appropriation and staffing increase has the Commission requested for FY 2027, and how has docket volume per staff member changed since FY 2021?
5. Will the Legislature consider establishing an independent utility consumer advocate office, separate from Commission Staff, of the kind most western states maintain?

A Note on the Calculations

A note on the calculations. The 37 percent figure is total FY 2025 expenditures (\$6,351,500) minus total FY 2021 expenditures (\$4,636,900), divided by the FY 2021 total: $\$1,714,600 \div \$4,636,900 = 0.3698$, or about 37 percent. The "all other expenditures" rows in the table combine the annual report's smaller line items (communications, employee development, professional services, travel, fuel, insurance, rentals and leases, miscellaneous, and equipment) so the table fits the page; each year's three rows sum to the annual report's totals.

Glossary

Assessment (special regulatory fee)

The annual fee each regulated utility and railroad pays to fund Commission operations, apportioned by gross intrastate operating revenue under Idaho Code Title 61, Chapter 10.

Certificate of public convenience and necessity (CPCN)

Commission authorization required before a utility builds a major project or serves new territory.

Fund 0229

The Commission's dedicated fund in the state accounting system, where assessment receipts are deposited and spent under legislative appropriation.

Gross intrastate operating revenue

A utility's revenue from business conducted within Idaho, the base on which its assessment share is calculated.

Integrated Resource Plan (IRP)

The 20 year demand and resource forecast electric utilities file every two years. The Commission acknowledges it but does not approve or deny it.

Intervenor

A person or organization granted formal party status in a Commission case, entitled to conduct discovery, present evidence, and cross examine witnesses.

Prudence review

The Commission's examination of whether a utility expense was necessary to serve customers and reasonably incurred, the precondition for recovering it from ratepayers.

Quasi-judicial

Acting like a court: hearing evidence, deciding disputes, and issuing binding orders subject to appeal.

Rate base

The pool of a utility's invested capital on which regulators authorize it to earn a rate of return, paid by ratepayers for the life of the assets.

Regulatory compact

The bargain of utility regulation: the utility must serve everyone in its territory, and in exchange recovers its prudent costs plus an opportunity to earn a reasonable return.

NOTES AND SOURCES

- [1] Idaho Code § 61-201 (creation, appointment, and terms). Idaho Legislature, legislature.idaho.gov.
- [2] Idaho Code § 61-202 (removal of commissioners for dereliction of duty, corruption, or incompetency).
- [3] Idaho Code § 61-207 (qualifications; prohibition on employment by, official relation to, stock ownership in, or pecuniary interest in regulated corporations; divestiture requirement; full time duty and oath).
- [4] Idaho Public Utilities Commission, 2025 Annual Report (submitted December 1, 2025 under Idaho Code § 61-214): Commission Structure and Operations, staff organization, decision meeting practice. puc.idaho.gov.
- [5] IPUC, "About the Commission" (jurisdiction and exclusions; funding by fees assessed on regulated utilities and railroads; annual assessments set each April within limits set by law). puc.idaho.gov/Home/About.
- [6] Idaho Code § 61-1003 (annual gross intrastate revenue report due on or before April 1; special regulatory fee "to defray the amount to be expended by the commission"); assessment procedure described in IPUC Order No. 28334.
- [7] Idaho Code § 61-1004 (proportional assessment within statutory limits; minimum annual regulatory fee of \$50 under § 61-1004(3)).
- [8] Idaho Code § 61-1005 (semi-annual installments due May 15 and November 15; six percent interest on late installments; Attorney General collection action). Title 62 telephone corporations pay under Idaho Code § 62-611.
- [9] IPUC Order No. 37001, Utility Regulatory Fees (current fees order), listed at puc.idaho.gov/Page/Utility/2.
- [10] IPUC 2025 Annual Report, Financial Summary, Fund 0229, fiscal years 2021 through 2025 (assessment funded expenses only; excludes federal and other funds).
- [11] IPUC 2025 Annual Report, commissioner biographies: Edward Lodge (Director of Government and Regulatory Affairs, Qwest/CenturyLink, 2004 to 2020; appointed February 2023); John R. Hammond, Jr. and Dayn Hardie (each formerly the Commission's lead Deputy Attorney General).
- [12] IPUC 2025 Annual Report, "Why Can't You Just Tell Them No?" (the regulatory compact; burden of proof; record based decisions; reconsideration and appeal to the Idaho Supreme Court).
- [13] IPUC 2025 Annual Report (Idaho Power 2025 IRP: "The Commission acknowledges the IRP, and does not approve or deny it").
- [14] Idaho Code § 61-901 (Commission authorization required for utility issuance of long term stocks, bonds, and other securities).
- [15] IPUC 2025 Annual Report (special contract requirement for large power service above 20,000 kW; Micron Idaho Semiconductor Manufacturing special contract hearing, October 2025).
- [16] IPUC 2025 Annual Report (Idaho Power CPCN application for 500 MW of northbound capacity on SWIP-North terminating at the Midpoint Substation near Jerome).
- [17] IDAPA 31.01.01, Rules of Procedure of the Idaho Public Utilities Commission (parties and intervention; petitions for intervenor funding; annual regulatory fee enforcement). Intervenor funding eligibility rules and dollar caps under Idaho Code Title 61, Chapter 6 flagged for verification before republication.
- [18] IPUC 2025 Annual Report ("Under the Idaho Open Meeting Law, Commissioners may also privately deliberate fully submitted matters").
- [19] Idaho Code § 61-214 (annual report to the Governor).

Document Metadata

Description

How the Idaho Public Utilities Commission is structured, funded, and empowered, and the conflicts of interest built into its design.

Longer description

A standing reference for the Feeding the Beast series covering the IPUC's statutory structure under Idaho Code Title 61, its assessment based funding through dedicated Fund 0229, its rate, certificate, and special contract

powers, and seven structural conflicts and risks, from the revolving door on its bench to the collapse of its fiscal cushion.

Summary

The IPUC is a three member, governor appointed commission holding quasi-legislative, quasi-judicial, and executive power over Idaho's investor owned utilities. It is funded not by taxes but by fees assessed on the companies it regulates, apportioned by their gross intrastate revenues and spent under legislative appropriation through Fund 0229. Its expenditures grew about 37 percent from FY 2021 to FY 2025 while its unexpended balance fell from \$1.36 million to \$54,925. Its president spent sixteen years as a regulated utility's regulatory affairs director, and its other two members each served as the Commission's own lead Deputy Attorney General. The statute barring financial conflicts reaches only current ties, with no cooling off period, no former employer recusal rule, and no post employment restriction. Idaho maintains no independent consumer advocate office; Commission Staff fills that role while litigating as a party before the commissioners who employ it.

Keywords

Idaho Public Utilities Commission, IPUC, Idaho Code Title 61, utility regulation, regulatory fees, Fund 0229, rate cases, CPCN, SWIP-North, Micron special contract, regulatory compact, revolving door, intervenor funding, consumer advocate, Idaho Power, Avista, Rocky Mountain Power, prudence review, Integrated Resource Plan

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