



UTAH

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To: Public Service Commission of Utah

From: Office of Consumer Services
Michele Beck, Director
Cameron Irmas, Utility Analyst

Date: August 20, 2026

Subject: **Docket No. 25-R318-01**, Proposed Rulemaking
Concerning Utah Code §§ 54-26-101 to -901, Large-
Scale Electric Service Requirements

INTRODUCTION

S.B. 132, Electric Utility Amendments, became effective on May 7, 2025, and contains provisions requiring the Public Service Commission of Utah (PSC) to make rules to help effectuate the statute. Following rulemaking proceedings, the PSC established the New Rule, which became effective on January 1, 2026.

On April 28, 2026, the PSC issued a Notice of Comment Period soliciting stakeholders' proposed amendments to the New Rule by June 16, 2026. The Notice also states that PSC Staff are investigating and surveying large load tariffs to provide guidance regarding a Large Load Flexible Tariff (LLFT). On July 22, 2026, the PSC issued a Notice of Additional Comment Period, requesting input on issues raised both in the initial rulemaking and in recent filings, including utility declaration requirements, amendments to Rocky Mountain Power's (RMP) Open Access Transmission Tariff (OATT), and transmission costs.

The OCS offers responsive comments addressing the topics provided, including recommendations for ensuring ratepayer protections in future Large Load dockets.



UTILITY DECLARATION

The PSC requested input from parties on whether the Rule could better facilitate applicants obtaining a declaration from a qualified electric utility under Utah Admin. Code R746-318-502(2)(f) and R746-318-601(2)(d). In prior comments, Calpine described the limited review process designated in R746-318-601(2)(d), which requires an applicant to obtain a declaration from the Qualified Electric Utility demonstrating that the system is physically isolated from the grid, as “highly problematic,” citing concerns over direct competition and delays. Calpine recommends deleting the requirement or modifying the rules to designate that the PSC perform this role using independent engineering consultants, and prefers no review process at all.¹

The OCS maintains that the PSC must be allowed limited review of private generation contracts, including the requirement for a declaration from the utility: ensuring that closed private generation systems are physically disconnected from the grid is necessary to prevent system reliability and cost-shifting risks. The OCS also notes that RMP provided an initial description of information it needs to satisfy this requirement in its October 24, 2025, comments,² which may provide a reasonable starting point for discussion.

In June 16, 2026, comments, the Division of Public Utilities (DPU) contemplated “a time limit on how long the Company has to issue or refuse the declaration once it has all the required information,” citing delays in the first closed private generation system filing under the New Rule, Docket No. 26-2660-01.³ The OCS disagrees with this approach: while it may streamline the process, it introduces risk, should it expedite the verification in a way that prevents the utility from ensuring system isolation.

OPEN ACCESS TRANSMISSION TARIFF (OATT)

The PSC asked RMP and other stakeholders to respond to Calpine’s assertion that RMP’s OATT is incongruent with S.B. 132, and to address whether the PSC has jurisdiction to remediate these disparities. Calpine argues that S.B. 132 enables retail-choice in a manner that allows unbundled retail transmission service for large load service contracts under FERC Order 888.⁴ FERC 888 was designed to facilitate a transition to competitive wholesale markets and requires “all public utilities that own, control, or operate facilities used for transmitting electric energy in interstate commerce to file OATTs containing certain non-price terms and conditions, and to functionally unbundle wholesale power services from transmission

¹ Calpine Energy Solutions, LLC’s Comments on New Rule at 6.

² Rocky Mountain Power’s Final Comments at 2.

³ Comments from the Division of Public Utilities at 6.

⁴ Calpine Energy Solutions, LLC’s Comments on New Rule at 4.

services.”⁵ In September 10, 2025 comments, RMP argued that under Utah Code Section 54-26-503, PSC decisions must not contradict FERC precedent, and therefore RMP “should not be compelled to change its federally approved tariff to adhere to state law.”⁶

The OCS agrees with RMP. Calpine’s assertion that the “rule should also require Rocky Mountain Power to make, and periodically update, the necessary revisions to its OATT to ensure that its federal and state transmission and distribution tariffs are consistent and work together in a manner that achieves the objectives of Senate Bill 132,” is contrary to controlling law. FERC’s jurisdiction over interstate transmission, and therefore Rocky Mountain Power’s OATT, is absolute and exclusive.⁷ Thus, the PSC is without jurisdiction to take any action to align RMP’s OATT with state law. Accordingly, consistent with RMP’s comments, the PSC should not promulgate a rule requiring it to update its OATT to ensure the OATT is consistent with S.B. 132. Indeed, a state utility commission is without the authority to compel a utility to file with FERC to make changes in its OATT.⁸ The OCS therefore recommends that the PSC reject Calpine’s recommendation regarding the promulgation of a rule to require RMP to revise and update its OATT.

EXISTING TRANSMISSION COSTS

In June 16, 2026, comments, the DPU recommended that the PSC consider modifying the Rule to include an additional requirement: “a description of how costs for existing transmission facilities will be recovered from the large load customer.”⁹

The OCS strongly agrees that this modification is necessary, as it addresses a distinct cost-shifting vector that is not explicitly delineated in the Statute or Rule, yet represents a significant risk to ratepayers. The DPU reads Section 54-26-601(4), which states that “A large load customer shall pay all just and reasonable large load incremental costs necessary to receive electric rates, including the costs of ... transmission service,” as including existing transmission services. The OCS fully agrees with this assessment, and notes that the statute structurally distinguishes between “but for”¹⁰ incremental costs and embedded costs by separately identifying “transmission system improvements, including network upgrades” as a

⁵ Federal Energy Regulatory Commission, *Notice of Inquiry: Preventing Undue Discrimination and Preference in Transmission Services*, Docket No. RM05-25-000 (Sept. 16, 2005).

⁶ Rocky Mountain Power’s Reply Comments at 6.

⁷ *State of Utah v. F.E.R.C.*, 691 F.2d 444, 446 (10th Cir. 1982).

⁸ *Com. of Mass. Dept. of Public Utilities v. US*, 729 F.2d 886, 889 (1st Cir. 1984) (state commission does not have authority to compel a utility to make a section 205 Petition to the FERC); *Xcel Energy Operating Companies*, 109 FERC ¶ 61072, at 4 (2025) (filing to amend OATT to comply with state law is a section 205 filing).

⁹ Comments from the Division of Public Utilities at 7.

¹⁰ See Order No. 2003, *Standardization of Generator Interconnection Agreements and Procedures*, 104 FERC ¶ 61, 103 (2003), codifying the “but for” policy, which assigns interconnecting customers the upfront costs of network upgrades that would not be necessary but for that customer’s interconnection.

separate cost component in 54-26-601(3)(a). Section 54-26-602(2) extends this concept to the accounting treatment by compelling the qualified electric utility to “take reasonable measures to ensure costs are properly allocated between large load service and other operations.” Given that a large load customer will use existing transmission regardless of whether it triggers network upgrades, any associated embedded system costs must be clearly identified and charged to that customer to prevent shifts to other ratepayers. The DPU’s proposed change highlights this critical distinction in a manner that the OCS believes will foster greater transparency in transmission cost allocation in future large load service contract (LLSC) filings. This push for transparency extends beyond Utah: in its recent show cause orders to Regional Transmission Organizations (RTO), FERC proposed five categories of reform for grid operators, including “preventing cost shifting and requiring transparency into transmission costs.”¹¹

In the Notice, the PSC requests input on implementation methods for applicants to satisfy the DPU’s condition. The DPU offers that transmission costs may be determined by identifying what a customer would have paid as a Schedule 9 Transmission customer. While Schedule 9 may not be designed for customers of the sizes and load factors that S.B. 132 contemplates, the OCS believes that this class provides an effective starting point. Extensive modeling may be difficult to perform and verify, given the already short 60-day timeline for LLSC filings; however, the OCS sees benefit in a proxy dollar per kilowatt-month rate derived from the customer’s contract demand and projected load profile. This rate may in turn be used as a baseline or point of comparison with a more detailed analysis in an LLSC filing.

Existing data, such as the 2024 RMP Cost of Service Study (COSS)¹², could be used to either create a fixed proxy transmission rate or to run additional studies evaluating the transmission impacts of the specific projected demand and energy of the new customer. While these uses of the COSS would need additional discussion and development, they present initial methods for quantifying the transmission cost impacts of a new large load customer based on an existing cost allocation framework. The OCS recognizes that RMP is best suited to developing a more comprehensive method and thus recommends that the PSC directs the company to lead a collaborative effort with the DPU, OCS, and other stakeholders to develop a transparent transmission cost allocation framework for future LLSC filings.

¹¹ Presentation | Items E-7 through E-12: RTO/ISO Show Cause Orders. Docket Nos. EL26-67-000, et al. at 4.

¹² Docket No. 24-035-04, RMP Attachment GRC FR R746-700-22.B.6-2 1st Supplemental – Cost of Service Model

RECOMMENDATIONS

The OCS offers the following summarized recommendations in response to the PSC's requests in its Notice:

- Maintain existing declaration rules, which ensure that the utility may verify physical isolation of closed private generation systems.
- Reject the recommendation to compel RMP to make changes to its OATT to align with S.B. 132.
- Adopt DPU's proposed addition requiring applications to demonstrate embedded transmission cost allocation. Direct RMP to lead collaborative development of a transmission cost allocation framework for future LLSC filings.