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Division of Public Utilities
UTAH DEPARTMENT OF COMMERCE

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Corrected Action Request Response

To: Public Service Commission of Utah

From: Utah Division of Public Utilities

Chris Parker, Director
Brenda Salter, Assistant Director
Doug Wheelwright, Utility Technical Consultant Supervisor
Jeremy Hirschi, Utility Technical Consultant
Annette Orton, Utility Analyst

Date: August 27, 2026

Re: **Docket No. 26-035-09,** PacifiCorp's Results of Operations Report for the Utah Jurisdiction for the twelve months ended December 31, 2025.

Recommendation (No Action)

Based on the Division of Public Utilities' ("Division" or "DPU") review of Rocky Mountain Power's ("Company" or "RMP") Results of Operations Report ("Report" or "ROO") for the twelve months ended December 31, 2025, the Division recommends the Public Service Commission ("Commission" or "PSC") take no action at this time.

Issue

On April 29, 2026, the Company filed its December 2025 Results of Operations and its confidential Wind Resources Report for the twelve months ended December 31, 2025. The wind report is provided in compliance with the Commission's final order in Docket No. 07-035-93, and includes the name, nameplate capacity, actual generation, and actual capacity by month for each wind resource. On April 29, 2026, the Commission issued an Action Request for the Division to review the filing and make recommendations with an initial due date of May 28, 2026.

Upon initial review of the filing, the Division determined the review would require additional information from the Company, preparation of Division in-house modeling spreadsheets, and a review of procedures. On April 30, 2026, the Division requested the Commission extend the due date of the Division's response to the Action Request to allow adequate time to complete the review. On May 7, 2026, the Commission granted the Division's request and extended the response date to August 31, 2026. This memorandum represents the Division's response to the Action Request.

Summary Comments

The Division has reviewed the Company's filing and responses to data requests and performed an independent analysis of the Company's Results of Operations. The filing is materially consistent with the methodology established in the Company's 2024 General Rate Case (Docket No. 24-035-04)[1] and previous Commission orders. The normalized Utah results indicate an earned return on equity (ROE) of (1.43%), which is 1,081 basis points below the authorized return of 9.375%. The Division will continue to monitor the Company's earnings through its semi-annual filings for performance relative to the authorized rate of return. Because the Company's current earnings are below the authorized ROE, the Division recommends the Commission take no action at this time. The Commission recently approved a settlement stipulation in the Company's previous general rate case that should help provide some relief from the Company's challenges.

Discussion

Actual results are adjusted to normalized results via Type A (reporting/ratemaking) and Type B (normalization) adjustments. The ROO format remains consistent with previous filings. The Division performed three primary review procedures. The Division conducted this review without informal meetings with the Company.

- **Comparison:** Compared data and adjustments between the 2025 ROO and the 2024 ROO.[2]

[1] Docket No. 24-035-04 Application of Rocky Mountain Power for Authority to Increase its Retail Electric Utility Service Rates in Utah and for Approval of its Proposed Electric Service Schedules and Electric Service Regulations.
[2] Docket No. 24-035-11, the Results of Operations were included with the Division's review of the General Rate Case in Docket No. 24-035-04.

- **Reconciliation:** Verified 2025 ROO data against the Company's FERC Form 1 and SEC 10-K filings.
- **Calculations:** Tested calculations in the ROO and supporting schedules on a judgmental basis.

Note that Net Power Costs are currently under review in the Energy Balancing Account (EBA) Docket No. 26-035-01, and Renewable Energy Credit (REC) Balancing Account items are addressed in Docket No. 26-035-11. As these dockets address these specific issues, they are excluded from this report.

The Division reviewed the Excel file "RMP Attachment 1 – UT JAM December 2025 ROO 4-28-2026," specifically the "Report" tab. The reported capital structure utilizes a five-quarter average from December 2024, through December 2025.[3]

Table 1 below is a comparison of the Utah Normalized Results of Operations for the last three years.

Table 1: Normalized Results of Operations

	Year Ending December		
	2025	**2024**	**2023**
Total Operating Revenues	$2,676	$2,467	$2,413
Total O&M Expenses	$1,936	$1,919	$1,834
Depreciation and Amortization	$602	$479	$454
Taxes Other Than Income	$83	$76	$77
Income Taxes and Deferrals	$(180)	$(170)	$(54)
Operating Revenue for Return	$235	$163	$179
Total Electric Plant	$17,299	$15,990	$14,976
Total Rate Base Deductions	$8,081	$7,619	$7,240
Total Net Rate Base	$9,937	$8,371	$7,736
Earned Return on Rate Base	2.36%	1.94%	2.32%
Earned Return on Equity	(1.43%)	(2.13%)	(0.21%)
Authorized Return on Equity	9.375%	9.65%	9.65%
Difference	(10.805%)	(11.78%)	(9.86%)

[3] December 2025 ROO report on pg. 11, within the box titled "Other Information", Docket 26-035-09.

During the 2024 General Rate Case,[4] the Commission authorized a Return on Equity (ROE) of 9.375%. The Division notes the year-end 2025 ROO lists an earned ROE of (1.43%), which is 1,108 basis points below the authorized rate. Table 1 shows that the Company also earned significantly less than the authorized rate in both 2024 and 2023. The Division will continue to monitor the actual versus authorized rate of return in future filings.

As indicated in Table 1, a comparison of the operating revenues from the year ending 2024 to the year ending 2025 indicates an increase of approximately $209 million. Per RMP, this increase was primarily due to "higher average prices and higher volumes."[5] Between 2024 to 2025, the net rate base increased by $1.566 billion, the majority of which is composed of an increase in electric plant in service (EPIS). Notable EPIS additions composed of Gateway South Transmission project as well as Rock Creek 1 and Rock Creek 2 plant additions. Comparatively, the net rate base increased by $635 million from 2023 to 2024.

As of the date of the Company's filing, the 2024 General Rate Case listed capital structure and cost of capital authorized as follows:[6]

	Capital Structure	Rate	Weight
Debt	55.57%	5.21%	2.895%
Preferred Stock	0.00%	6.83%	0.000%
Equity	44.43%	9.375%	4.165%
Total	**100.00%**		**7.060%**

In the tab "Report" the calculated five quarter average capital structure and cost of capital is:

	Capital Structure	Rate	Weight
Debt	56.84%	5.24%	2.978%
Preferred Stock	0.00%	6.83%	0.000%
Equity	43.16%	9.475%	4.087%
Total	**100.00%**		**7.065%**

[4] Docket No. 24-035-04, Ibid note 1.
[5] Attachment 1 – RMP Response to DPU Data Request Set 2.1-4, pg. 2.
[6] Docket No. 24-035-04, General Rate Case, PSC order dated 04-25-2025.

Using the above amounts from the “Report” tab and substituting the authorized return on equity rate with the return on equity rate from the filing leads to the following results:

	Capital Structure	Rate	Weight
Debt	56.84%	5.24%	2.978%
Preferred Stock	0.00%	6.83%	0.000%
Equity	43.16%	-1.43%	-0.617%
Total	**100.00%**		**2.361%**

The Company’s capital structure was significantly impacted by an increase in the injuries and damages liability balance between 2022 and 2025 due to wildfire litigation. The Division will continue to monitor this liability in future filings to assess its ongoing impact on the Company’s capital structure.

Reconciliation Analysis and Review

The Division’s primary review procedure involves reconciling the 2025 Results of Operations (ROO) to the Company’s FERC Form 1 and SEC Form 10-K filings. This process ensures that the accounting data used for the ROO remains consistent with information reported to other regulatory bodies, providing the Division with confidence in the accuracy of the financial information. Because the Company’s SEC 10-K and FERC Form 1 filings are prepared in accordance with GAAP and audited by independent external auditors—who issued an unqualified opinion for the period—the Division relies on this established financial baseline for its review.

The Company prepared the following reconciliations for Division review:

1. Income Statement: 10-K to FERC Form 1
2. Income Statement: FERC Form 1 to Results of Operations (unadjusted)
3. Balance Sheet: 10-K to FERC Form 1
4. Balance Sheet: FERC Form 1 to Results of Operations (unadjusted, year-end basis)

The Division compared these reconciliations against those from prior years. The format and majority of reconciliation items remain consistent, as the underlying accounting standards and chart of accounts are materially stable. The Division noted that there were additional accounts added in response to the Company’s efforts to comply with FERC Order 898,

which required the utility to “create new accounts for wind, solar, and other renewable generating assets; create a new functional class for energy storage accounts; codify the accounting treatment of environmental credits; and create new accounts within existing functions for computer hardware, software, and communication equipment.”[7] This consistency in reporting allows for effective year-over-year comparative analysis helps identify and explain variances between the 10-K, FERC Form 1, and the ROO.

While this report doesn’t detail every difference between the filings, the Division has reviewed the Company’s explanations and currently has no concerns. However, the Division reserves the right to challenge specific reconciliation treatments or methodologies in future proceedings if it determines items currently classified as “regulatory” should be reclassified as “non-regulatory.” Following this review, the December 2025 Total Company unadjusted ROO appears materially consistent with the Company’s 10-K and FERC Form 1 filings.

Adjustments Comparison Analysis and General Review

The Division reviewed the adjustments to the 2025 ROO and confirmed they remain consistent with the types of adjustments made in prior years. These adjustments are detailed in the “Adjustments” and “Adj Summary” tabs of RMP Attachment 1. The Division verified the accuracy of calculations and summary totals on a test basis and traced detailed report totals to the supporting summary reports to ensure proper data carry-forward. Aside from the items previously discussed in this report, no material exceptions were noted. Based on this review, the Division concludes that as of the date of the Company’s filing, the adjustments in the 2025 ROO are consistent with the Company’s 2024 General Rate Case and established Commission orders.

Conclusion

The Division’s review identified no material exceptions. We will continue to monitor the Company’s earnings, including the upcoming review for the period ending June 2026. Therefore, the Division recommends the Commission take no action at this time.

[7] *Accounting and Reporting Treatment of Certain Renewable Energy Assets*, Order No. 898, 183 FERC ¶ 61,205 (2023) (Final Rule).

cc: Jana Saba, Rocky Mountain Power
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