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Initial Comments

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
Annette Orton, Utility Analyst
Savannah Torman, Utility Analyst

Date: April 27, 2026

Re: **Docket No. 26-035-11**, Rocky Mountain Power's Application for Authority to Revise Rates in Tariff Schedule 98, Renewable Energy Credits Balancing Account

Recommendation (Approval)

After its preliminary review of Rocky Mountain Power's ("Company" or "RMP") Application to Revise Tariff Schedule 98, Renewable Energy Credits Balancing Account ("Application"), the Division of Public Utilities ("Division" or "DPU") recommends the Public Service Commission of Utah ("Commission" or "PSC") approve the Company's Application on an interim basis, with the proposed rate change becoming effective June 1, 2026.

Issue

Consistent with the terms and conditions in the 2011 Settlement Stipulation,¹ the Company submitted its Application to the Commission on March 13, 2026, requesting approval of a rate change in the Renewable Energy Credits Balancing Account ("RBA"). The proposed change is a net 0.3 percent change from the current RBA rates. On April 1, 2026, the Commission issued a Scheduling Order and Notice of Virtual Hearing on Interim Rates setting a deadline of April 29, 2026, for initial comments.

¹ Tariff Schedule 98, as set in Docket Nos. 10-035-89 (MPA Stipulation) and 10-035-124 (2011 Stipulation).



Background

In its Application, the Company requests a change in the RBA rate, Tariff Schedule 98. The change represents a net increase of approximately \$3 million in the refund approved in the 2025 RBA.²

Tariff Schedule 98 tracks the difference between renewable energy certificate (“REC”) revenues included in rates and actual REC revenues collected from the sale of RECs by the Company. The variances between REC revenues included in rates and actual REC revenues collected are identified and deferred each month for one full calendar year (or as ordered by the Commission). Annually, on or about March 15, the Company files its RBA application to present the variances, including applicable carrying charges, with a 100 percent true-up for the difference between the amounts in rates and actual sales occurring through Tariff Schedule 98. The adjustment under Tariff Schedule 98 is to be made annually, effective June 1 of each year. The current Application is the fourteenth deferred RBA rate adjustment under the RBA.

Discussion

The Division files these comments pursuant to the Scheduling Order and Notice of Virtual Hearing issued April 1, 2026.

The Company's 2026 RBA request seeks to refund a deferral balance to customers of \$11.8 million over one year, beginning June 1, 2026, through May 31, 2027. If approved by the Commission, the proposal would result in an overall increase of approximately \$3 million in the Schedule 98 refund, or a 0.3 percent net change in the RBA rate. This net change is the difference between the current refund level of \$8.8 million from the 2025 RBA in Docket No. 25-035-13 and the current proposed refund level of \$11.8 million for the 2026 RBA.

² Application at 3.

The 2026 RBA deferral balance includes the following:³

2026 RBA Deferral Balance Calculation:	
REC Revenue Deferred Balance as of December 31, 2024, in this RBA filing	9,238,925
2025 Actual REC Revenue	14,931,627
10% retention incentive on incremental REC sales	(1,493,163)
2025 Leaning Juniper Wind Wake Loss Revenue & Pryor Mountain Revenue	377,910
2025 Kennecott Contract Revenue	600,000
2025 REC Revenues in Base Rates	(1,140,957)
2025 Schedule 98 Surcharge	(7,513,870)
Estimated Schedule 98 Surcharge January 2025 to June 2025	(4,179,575)
Carrying Charges for Deferral Period (January 2025 - December 2025)	675,298
Carrying Charges for Interim Period (January 2026 - May 2026)	318,374
Total 2026 RBA Deferral Balance	\$ 11,814,571

The Company proposes to allocate the 2026 RBA deferral revenue across the identified customer classes based on the "cost-of-service factor 10" (F10 Factor) used in the 2024 general rate case, Docket No. 24-035-04. The Company proposes using this allocation because RECs are produced from renewable resources, and renewable resources are allocated to customer classes on the F10 Factor.⁴

The Company made two modifications that are consistent with modifications made in past RBA filings:

First, consistent with the terms of the contract approved by the Public Service Commission of Utah in Docket No. 21-035-69, the 2026 RBA revenue allocation for Contract Customer 1 is based on the overall 2026 RBA percentage to tariff customers in Utah. Second, consistent with the terms of the contract approved by the Public Service Commission of Utah in Docket No. 23-035-51, Contract Customer 3 is not subject to the RBA in 2026 and therefore no share of the costs will be allocated to it.⁵

³ Direct Test. of Nicholas L. Highsmith (Mar. 13, 2026), Ex. RMP____(NLH -1).

⁴ The F10 Factor, also known as the "cost-of-service factor 10", is a metric used in the 2024 general rate case, Docket No. 24-035-04, to allocate renewable resources to customer classes. Coincident Peak is 75% and Average use is 25%.

⁵ Direct Test. of Kenneth Lee Elder Jr. (Mar. 13, 2026) at 3:48-53.

The remaining deferred REC revenues are allocated to the other customer classes on the F10 Factor.⁶

This docket marks the seventh year of the inclusion of Kennecott Contract Revenue, which represents the revenue the Company received from the Non-Generation and REC Supply Agreement between Kennecott Utah Copper LLC and PacifiCorp, dated April 18, 2019.

The Commission's standard for evaluating whether to approve an interim rate request in an Energy Balancing Account application is found in Utah Code section 54-7-13.5(2)(k)(iii), which states that the Company must "make an adequate prima facie showing that the proposed interim rate appears consistent with prior years' filings," and "the interim rate requested is more likely to reflect actual power costs than the current base rates." The Division uses a similar standard to evaluate RMP's RBA interim rate request in this docket.

The Division identified no material issues in its preliminary review of the Application, and the Application in form and substance appears to be consistent with past years' applications. Consistent with previous RBA applications, the Company proposes to allocate the 2026 RBA deferral revenue across customer classes based on the F10 Factor. Therefore, based on the overall body of information as filed and the DPU's experience with RBA filings and audits, the Division concludes the Company has made an adequate prima facie showing that the Application appears consistent with prior years' filings and the interim rate requested is more likely to reflect actual REC revenues than current Schedule 98 rates.

Conclusion

The Division has performed a preliminary review of the filing and corresponding Commission orders and found that, in general, the Company has complied with the Commission's orders for such applications.

The Division recommends the Commission approve the change to Schedule 98 as filed and approve the rate change on an interim basis until the Division completes a final audit of the REC revenues contained in this filing.

⁶ *Id.* at 3:54-55.

cc: Max Backlund, Rocky Mountain Power
Jana Saba, Rocky Mountain Power
Michele Beck, Office of Consumer Services
Service List