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Division of Public Utilities
UTAH DEPARTMENT OF COMMERCE

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Commissioner

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Division Director

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
Savannah Torman, Utility Analyst
Arika Abrahamson, Intern Analyst

Date: July 22, 2026

Re: **Docket No. 26-035-30** Rocky Mountain Power's Semi-Annual Demand-Side Management (DSM) Forecast Reports.

Recommendation (Acknowledge with Recommendations)

The Division of Public Utilities (DPU or Division) recommends the Public Service Commission of Utah (Commission) acknowledge Rocky Mountain Power's (RMP or Company) Utah Demand Side Management (DSM) Semi-Annual account analysis and forecast report. The report complies with the Commission order dated August 25, 2009,[1] approved in the Phase I Stipulation. Additionally, the Division provides the following recommendations: (1) the Commission should direct the Company to include the carrying charge rate in its accounting spreadsheet to increase transparency. (2) the Commission should cap the Company's DSM program spending at $100 million until the regulatory asset and associated carrying charge are paid off. If any additional process is necessary to effectuate these changes, the Commission should institute that process.

Issue

On June 26, 2026, the Company filed its Semi-Annual account analysis and forecast report. On the same date, the Commission issued an Action Request to the Division to review the

[1] Docket No. 09-035-T08

filing and make recommendations to the Commission by July 27, 2026. The Commission subsequently issued a Notice of Filing and Comment Period on July 1, 2026, providing interested parties the opportunity to submit comments by July 27, 2026, with reply comments due by August 11, 2026. These are the Division's comments on the Semi-Annual DSM Forecast Reports.

Background

Pursuant to the Commission Order,[2] the Company was directed to provide to the Commission and the DSM Advisory Group a semi-annual DSM deferred account analysis. The Utah Semi-Annual DSM Forecast Report and account analysis includes historical and projected monthly DSM expenditures, rate recovery and account balances, as well as historical and projected monthly DSM expenditures by program and Schedule 193 revenue and self-direction credits.

In the Phase I Report and Order issued December 29, 2016, the Sustainable Transportation and Energy Plan (STEP) Docket No. 16-035-36 capitalized and amortized Schedule 193 DSM rates beginning January 1, 2017, and created a DSM regulatory asset. With the creation of a regulatory asset and liability, the balancing account structure was no longer accurate nor effective for the DSM reporting format. The updated reporting reflects information on DSM expenditures and collections, regulatory assets, regulatory liabilities, and potential future thermal plant accelerated depreciation balances.

Discussion

The accounting analysis provided in this filing reflects actual results through May 2026 and projected results through December 2036. Notably, the accounting analysis forecasts a net regulatory asset/liability balance that increases from approximately $398.6 million by the end of 2026 to approximately $952 million by the end of 2036. Associated with this balance is a carrying charge of 8.418%. The interest alone amounts to approximately $31.3 million in 2026 and is expected to grow to approximately $76.6 million by 2036. The Division and other Steering Committee members have expressed concern about this balance in DSM

[2] *Schedule 193 Demand Side Management (DSM) Cost Adjustment*, Docket No. 09-035-T08, Order, (Aug. 25, 2009).

Steering Committee meetings. The Company explained that the growing balance is in part due to the Schedule 193 surcharge rate of 3.54% that does not provide enough revenue to cover program expenses and the growing carrying charge. May projections show that DSM program spending alone is forecasted to be approximately $99.9 million, while program collections are forecast at approximately $87.6 million. The Company is currently analyzing the Schedule 193 rate and has discussed adjusting the rate with the DSM Steering Committee. The Division expects that the Company will file a proposed rate adjustment to Schedule 193 in 2026.

Additionally, Exhibit A of the Forecast Report shows that the Wattsmart Homes program is expected to exceed its original November 1, 2025, forecast[3] by approximately $300,000. However, the Residential programs in total are expected to be underspent by approximately $10 million compared to the original forecast. If the program's actual spending exceeds 90% of the original November 1, 2025, forecast prior to December 1, 2026, the Company will notify the DSM Steering Committee and the Commission as required and in compliance with the stipulation. The Division and the Company will continue to monitor the program budgets and discuss them with the DSM Steering Committee.

The Division appreciates the Company's transparency and collaboration in a shared goal to reduce the net regulatory asset/liability balance and associated carrying charge. This is evidenced by the Company's continued dialogue with the DSM Steering Committee, as well as the reduced DSM program spending compared with the original November 1, 2025, forecast.

Recommendations

Given the rising regulatory asset balance and complicated accounting structure, the Division recommends that the Commission direct the Company to include the carrying charge rate used in its calculations when it reports to the Commission. This minor modification will aid the Division in verifying the accuracy of the accounting. The Division also recommends the Commission direct the Company to cap DSM program spending at $100 million for the

[3] This forecast was originally acknowledged by the Commission in *Rocky Mountain Power's Semi-Annual Demand Side Management (DSM) Forecast Reports*, Docket No. 25-035-41, Acknowledgement Letter, (Feb. 25, 2026).

foreseeable future, at least until the regulatory asset balance and associated carrying charges are significantly reduced. While the Company maintains a $100 million forecasted spend through 2036, the Division noted in its memo[4] that program expenditures have continued to increase since at least 2020. If this trend continues, it may be difficult to calculate the long-term accounting and the actual timeline that the regulatory asset balance and carrying charge will be paid off. The Division recommends that the Company adhere to its long-term forecasted budget of $100 million until the DSM Account Analysis shows improved equilibrium between the Schedule 193 surcharge, program expenditures, the net regulatory asset/liability balance, and the carrying charge.

Conclusion

The Company's Semi-Annual DSM Account Analysis and Forecast Report complies with the Commission Order. The Division recommends the Commission acknowledge the filing and makes specific recommendations as follows: (1) the Commission should direct the Company to include the carrying charge rate in its accounting spreadsheet to increase transparency and (2) the Commission should cap the Company's DSM program spending at $100 million until the regulatory asset and associated carrying charge are paid off.

cc: Michael Snow, RMP
Michele Beck, OCS

[4] *Rocky Mountain Power's Demand-Side Management 2025 Annual Energy Efficiency and Peak Load Reduction Report*, Docket No. 26-035-24, Corrected Comments from the Division of Public Utilities (July 15, 2026).