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Division of Public Utilities
UTAH DEPARTMENT OF COMMERCE

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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
Casey J. Coleman, Utility Technical Consultant

Date: July 17, 2026

Re: **Docket No. 26-035-31,** Rocky Mountain Power's Quarterly Compliance Filing — 2026.Q1 Avoided Cost Input Changes

Recommendation (Approve)

The Division of Public Utilities (Division) concludes that Rocky Mountain Power's (RMP or Company) 2026.Q1 Avoided Cost Quarterly Filing complies with the Public Service Commission's (Commission) Orders in Docket Nos. 03-035-14 and 14-035-140.

Issue

On June 30, 2026, RMP filed its 2026.Q1 Quarterly Compliance Filing (Q1). The report identifies changes that have occurred in the avoided cost calculation since RMP's 2025.Q4 Quarterly Compliance Filing (Q4). On June 30, 2026, the Commission asked the Division to review RMP's filing for compliance and make recommendations by July 20, 2026.

Discussion and Background

Based on the Commission's order in Docket 03-035-14, RMP must keep a record of changes and data inputs made to the Proxy and Partial Displacement Differential Revenue Requirement (PDDRR) models used to calculate avoided costs and notify the Commission of these updates. Furthermore, the Commission's order in Docket 14-035-140 requires RMP to classify new updates as either "Routine" or "Non-Routine".

In recent quarters, RMP's non-routine updates (specifically adopting the "Final 2025 IRP" and a "No Displacement" scenario for solar and wind) led to significant, highly contested changes in avoided cost pricing. In response, the Commission published an order on January 12, 2026, directing RMP to take no further action on implementing these newer, non-routine changes pending the conclusion of the 2025 IRP Docket. The Commission ordered RMP to maintain standard indicative pricing based on the initial Utah 2025 IRP to mitigate risks to ratepayers during the ongoing investigation.

On March 31, 2026, RMP filed its update to PacifiCorp's 2025 IRP. This quarterly avoided cost filing incorporates the preferred portfolio and assumptions from that filing. The summaries below show the avoided cost changes with the updated IRP information.

Summary of Key Changes and Compliance Analysis

RMP's 2026.Q1 filing demonstrates compliance with the Commission's reporting requirements and realizes the expected methodology shifts following the March 31, 2026, IRP Update:

- **Routine Updates:** RMP identified three routine updates in this filing: the incorporation of the 2025 IRP Update Preferred Portfolio (filed March 31, 2026), an update to the Official Forward Price Curve (2603 OFPC) dated March 31, 2026, and the addition of active pricing requests to the potential Qualifying Facility (QF) queue.
- **Methodology Shift to "No Displacement":** As previously forecasted by RMP in 2025.Q3, the 2025 IRP Update preferred portfolio no longer includes any cost-effective wind or solar resources available to be deferred by Utah QFs. Therefore, standard QF displacement has shifted. Solar and wind QFs are now assumed to displace Front Office Transactions (FOTs) in the summer and winter prior to 2036 and partially displace a Utah South natural gas combined cycle combustion turbine (CCCT) resource starting in 2036.
- **REC Ownership:** Because QFs are no longer displacing proxy renewable resources, the QF developers will now retain 100% of the Renewable Energy Credits (RECs) they generate over the course of their contract term.

The Division maintains its position that RMP has complied with the approved avoided cost modeling and methodology found in the Commission's Orders in Docket Nos. 03-035-14 and 14-035-140.

Review of Exhibits filed by Rocky Mountain Power

RMP provided thorough documentation of its inputs and price comparisons, satisfying reporting requirements:

- **Appendix A:** Details the assumptions, confirming the use of a 6.33% discount rate, a 2.22% inflation rate, and the updated March 2026 OFPC. It also clearly outlines the new partial displacements for thermal, tracking solar, and wind resources against FOTs and the Utah South CCCT.
- **Appendix B & C (Price Impacts):** The routine impact tables (Appendix B) and step study (Appendix C) clearly illustrate significant pricing increases across all resource types for the 15-year nominal levelized payments (2026-2040) compared to the Q4 filing. This dramatic increase aligns with the transition to a methodology based almost entirely on avoided fuel and market costs, rather than renewable resource capital cost displacement.
    - **Thermal QF:** Pricing **increased** by $17.95 per MWh (from $32.40 to $50.35). The 2025 IRP Update alone contributed $17.35 to this increase.
    - **Tracking Solar QF:** Pricing **increased** by $5.46 per MWh (from $25.63 to $31.09). The 2025 IRP Update alone contributed $4.64 to this increase.
    - **Wind QF:** Pricing **increased** by $21.94 per MWh (from $16.54 to $38.48). The 2025 IRP Update alone contributed $21.42 to this increase.

Conclusion

RMP has met the requirements outlined by the Commission. The Company correctly documented its routine December 2025 OFPC updates and successfully applied the Commission's January 12, 2026, directive by retaining the Utah 2025 IRP modeling for actual indicative pricing, thereby pausing the contested non-routine updates. The avoided cost prices are properly calculated according to the Commission's currently approved methods.

cc: Jana Saba, RMP
Max Backlund, RMP
Michele Beck, OCS