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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of Rocky Mountain Power for Approval of Proposed Revisions to the Schedule 193 Demand Side Management (DSM) Cost Adjustment Rates	Docket No. 26-035-T11
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COMMENTS OF THE UTAH ASSOCIATION OF ENERGY USERS

The Utah Association of Energy Users (“UAE”) hereby submits these comments regarding Rocky Mountain Power's (“RMP” or “Company”) application to revise the Demand Side Management (“DSM”) Cost Adjustment rates in Electric Service Schedule No. 193 (“Application”). RMP requests authority to increase the target Schedule 193 surcharge from 3.54% to 4.29% effective January 1, 2027.¹

UAE agrees that the increasing DSM net regulatory asset is a problem that requires Commission attention. UAE also supports cost-effective energy-efficiency programs, particularly measures that reduce demand during peak conditions and provide demonstrable net benefits to the electric system. The present Application, however, evaluates only one response to the problem:

¹ Application, ¶ 8 and Conclusion.

increasing the amount collected from customers. It does not adequately evaluate other alternatives that could reduce or avoid the requested increase.

UAE therefore recommends that the Commission decline to approve the proposed surcharge increase at this time and direct RMP to evaluate the alternatives and safeguards discussed below. If the Commission determines that some interim adjustment is necessary before that review is completed, any approval should be narrowly limited, subject to enhanced expenditure controls, and should create no presumption in favor of the additional increases modeled for 2028 and 2029.

BACKGROUND

RMP reports that the DSM net regulatory asset was approximately \$368 million as of June 2026 and forecasts that it will reach approximately \$2.6 billion by 2046 if the current surcharge and the assumptions in Exhibit A remain unchanged.² Exhibit B instead assumes increased surcharge targets of 4.29% in 2027, 5.04% in 2028, and 5.68% beginning in 2029. Under that three-step scenario, RMP forecasts a net regulatory asset of approximately \$3.1 million at the end of 2046.³

The Application seeks approval only for the first step. RMP expressly states that the 5.04% and 5.68% rates would require future applications based on updated information. Accordingly, Exhibit B does not demonstrate the long-term effect of the proposed rate increase actually before the Commission in this docket. The 2046 result RMP reports in its Application depends on two later increases that have neither been requested nor justified in this docket. It also incorporates

² Application, ¶ 7; RMP Exhibit A, Accounting Analysis worksheet, Net Regulatory Asset/(Liability), Ending Balance row

³ Application, ¶ 8; RMP Exhibit B, Accounting Analysis worksheet, Net Regulatory Asset/(Liability), Ending Balance row

assumptions regarding specific levels of future expenditures, retail system load, and other relevant factors.

UAE COMMENTS

I. The Commission Should Evaluate Other Alternatives Before Raising DSM Rates for Existing Customers.

The current net regulatory asset balance trajectory is a legitimate concern, but the size of the projected problem itself does not establish that the requested rate is just and reasonable. RMP's forecast holds annual DSM expenditures at \$100 million, annual applicable revenues at approximately \$2.596 billion (despite projected post-DSM load growth of 2.03%⁴), and the carrying-charge rate at 8.418% throughout the forecast period. The model also shows amortization increasing by 7% annually.⁵

Those assumptions are consequential. The model projects annual amortization of approximately \$65.8 million in 2027, increasing to approximately \$237.9 million in 2046, even though annual program expenditures remain fixed at \$100 million. RMP provides no sensitivity analysis showing how the balance would change under different expenditure levels, revenue forecasts, carrying-charge rates, amortization assumptions, or recovery periods.

In addition, Utah's existing Schedule 193 rates are already comparatively high. UAE understands that RMP's Wyoming Schedule 191 surcharge presently ranges from approximately 1.78% to 2.98%, depending on schedule, and that Idaho's Schedule 191 Customer Efficiency Services Rate Adjustment is approximately 1.92%. Increasing the Schedule 193 rate would

⁴ 2025 Integrated Resource Plan Update, page 173.

⁵ RMP Exhibits A and B, Accounting Analysis worksheet and Amortization forecast worksheet. Exhibit B changes the annual surcharge assumptions for 2027 through 2029 but otherwise uses the same principal forecast assumptions as Exhibit A.

exacerbate this disparity. UAE understands that interjurisdictional comparisons are not dispositive because program portfolios, accounting treatment, and avoided costs may differ. Even so, the disparity illustrates the need to examine available alternatives before increasing collections from Utah customers.

II. Expected DSM Contributions from Large-Load Service Contracts Should Be Applied to Reduce the Balance Before Existing Customers Are Charged More.

In Docket No. 26-035-05, RMP cited DSM contributions associated with the first Large-Load Service Contract (“LLSC”) approved under Utah’s large-load framework as a benefit to existing customers.⁶

The projected amount of that contribution was designated regulator-access-only confidential, and UAE does not have access to the projected contribution amount. The public record nevertheless establishes that if RMP represents DSM contributions from new large loads as a benefit to existing customers, those contributions should be transparently credited in determining whether and when existing customers must pay a higher surcharge.

The approved LLSC may be the first of additional contracts that produce DSM-related revenues. The Commission should require RMP to identify, on a confidential basis where necessary, the timing and projected amount of DSM contributions from the approved LLSC and any reasonably anticipated additional LLSCs. RMP should also explain how those amounts will be recorded and applied to the DSM net regulatory asset. Until that analysis is available, allowing a modest near-term increase in the balance may impose less total cost on existing customers than immediately raising the surcharge without accounting for expected new revenues.

⁶ See *Application of Rocky Mountain Power for Approval of a Large Load Service Contract Between Rocky Mountain Power and a Large Load Customer*, Docket No. 26-035-05, Direct Testimony of Craig Eller, p. 12.

III. The Commission Should Establish an Expenditure Cap and Review Incentive Levels Before Increasing the Surcharge.

DSM program expenditures increased from approximately \$53.6 million in 2017 to approximately \$96.0 million in 2025, a cumulative increase of 79.2% and a compound annual growth rate of approximately 7.6%. RMP projects approximately \$110.1 million of expenditures in 2026, an additional 14.7% increase.⁷

Year	Expenditures	Year-over-Year Change	Growth	Status
2017	\$53,566,445	-	-	Actual
2018	\$51,223,665	(\$2,342,780)	(4.4%)	Actual
2019	\$51,648,796	\$425,131	0.8%	Actual
2020	\$64,090,327	\$12,441,531	24.1%	Actual
2021	\$66,013,215	\$1,922,888	3.0%	Actual
2022	\$66,172,157	\$158,942	0.2%	Actual
2023	\$69,479,820	\$3,307,663	5.0%	Actual
2024	\$89,070,605	\$19,590,785	28.2%	Actual
2025	\$95,986,756	\$6,916,151	7.8%	Actual
2026 Projected	\$110,139,177	\$14,152,421	14.7%	Projected

Source: RMP Exhibit A, Accounting Analysis worksheet, Program Spend row.

RMP's own long-term model effectively assumes an expenditure cap by holding annual program spending at \$100 million beginning in 2027. Since controlling expenditures is necessary to stabilize the account, the Commission should consider making that assumption an enforceable safeguard and evaluating whether a lower cap is reasonable. A cap could permit exceptions for measures shown to produce significant system benefits, particularly peak-demand reductions, upon an adequate showing and prior Commission review.

⁷ RMP Exhibit A, Accounting Analysis worksheet, Program Spend row, 2017 through 2026. The cumulative increase and compound annual growth rate are calculated from the amounts shown in that exhibit.

The review should also evaluate whether current incentive and rebate levels are no greater than necessary to induce cost-effective participation. Higher collections through increasing the Schedule 193 rate should not substitute for disciplined control of program costs, particularly for measures that do not produce a positive net system benefit.

IV. The Commission Should Require a Comprehensive Review of DSM Cost Effectiveness Before Increasing the Surcharge.

UAE supports DSM measures that provide verifiable net benefits to the system and its customers. At the same time, Utah's DSM portfolio has now been in place for more than twenty years. Although the programs have been supplemented, adjusted, and modified over that period, many of the conditions that inform DSM value have changed. Those changed circumstances make this an appropriate time for the Commission to require a comprehensive review before approving a higher surcharge and remove any measures or programs that are underperforming.

Recent developments in California provide additional support for a fresh review of whether RMP's long-running DSM portfolio remains cost effective. PacifiCorp reportedly agreed in August 2026 to suspend ratepayer-funded energy-efficiency programs in California based on concerns regarding cost effectiveness.⁸ Utah ratepayers would benefit from a similar review of whether energy efficiency programs are cost effective before the DSM rate is increased.

V. Carrying Charges Should Be Included in DSM Cost-Benefit Analysis.

The Commission's 2016 STEP order changed the Schedule 193 accounting treatment by capitalizing and amortizing DSM expenditures, thereby creating a DSM regulatory asset.⁹ RMP

⁸ See Utility Dive, "PacifiCorp to suspend California energy efficiency programs" (August 2026), <https://www.utilitydive.com/news/pacifcorp-suspend-california-energy-efficiency-programs/828721/>.

⁹ *Application of Rocky Mountain Power to Implement Programs Authorized by the Sustainable Transportation and Energy Plan Act*, Docket No. 16-035-36, Phase I Report and Order issued December 29, 2016.

earns a carrying charge on the unamortized balance. The Application identifies increasing carrying charges as a principal reason for the requested rate adjustment. Exhibit A projects approximately \$31.4 million of carrying charges in 2026 and approximately \$36.4 million in 2027 under current rates, increasing to \$210.7 million in 2046.¹⁰

However, these carrying charges are not presently included in the cost-benefit analysis used to evaluate DSM programs and measures. If a DSM measure requires customers to finance a regulatory asset and pay carrying charges over the amortization period, those charges are part of the cost that customers incur to obtain the measure's benefits. Excluding them understates the program's full cost and prevents both an accurate cost benefit analysis and a consistent comparison with supply-side resources, for which financing and carrying costs are reflected in resource economics.

The Commission should require RMP to include the present value of reasonably expected carrying charges in DSM cost-benefit analyses. RMP should also show results both with and without carrying charges so the Commission and stakeholders can understand whether financing costs affect the conclusion for any program or measure.

VI. Any Interim Approval Should Be Narrowly Limited and Subject to Specific Safeguards.

UAE recommends that the Commission complete the foregoing review before approving an increase. If the Commission nevertheless concludes that some interim adjustment is necessary, it should protect customers through specific conditions. Any approval should:

- apply only to the 4.29% target proposed for 2027 and create no presumption that the 5.04% or 5.68% targets modeled for later years are reasonable;

¹⁰ RMP Exhibit A, Accounting Analysis worksheet, Carrying Charge row, 2026 through 2046.

- expire or be subject to mandatory review after twelve months based on actual collections, expenditures, amortization, carrying charges, and LLSC contributions;
- establish an interim expenditure cap, with exceptions allowed only upon an adequate showing of demonstrated system benefits;
- require updated forecasts and sensitivity analyses before any additional surcharge increase; and
- require RMP to complete the comprehensive program- and measure-level cost-benefit review described above, including carrying charges, before seeking a further rate increase.

CONCLUSION

The increasing DSM net regulatory asset is a significant issue that warrants robust Commission oversight. The record does not establish, however, that increasing collections from existing customers is the only or best available response. The Application does not account adequately for expected large-load contributions, does not test reasonable limits on future expenditures, does not provide a current comprehensive review of program cost effectiveness, and does not incorporate carrying charges into that review.

For the foregoing reasons, UAE recommends that the Commission decline to approve the proposed Schedule 193 rate increase at this time and direct RMP to provide the additional analyses and safeguards described in these comments. Alternatively, if the Commission approves an interim adjustment, it should impose the conditions identified in Section VI and expressly provide that the approval creates no presumption in favor of the additional increases modeled for 2028 and 2029.

DATED: September 8, 2026.

Respectfully submitted,

By: 
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Certificate of Service
Docket No. 26-035-T11

I hereby certify that a true and correct copy of the foregoing was served by email this 8th day of September 2026 on the following:

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