Rocky Mountain Power
Docket No. 25-035-06
Witness: Craig M. Eller

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

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# Surrebuttal Testimony of Craig M. Eller

December 2025

**Q. Are you the same Craig M. Eller who previously provided direct testimony and rebuttal testimony in this docket on behalf of PacifiCorp, d/b/a Rocky Mountain Power (the "Company")?**

A. Yes.

## I. PURPOSE AND STRUCTURE OF SURREBUTTAL TESTIMONY

**Q. What is the purpose of your surrebuttal testimony?**

A. My surrebuttal testimony responds to rebuttal testimonies provided by the Community Renewable Energy Agency ("Agency"), Division of Public Utilities ("DPU"), the Office of Consumer Services ("OCS"), and Sierra Club regarding the Utah Community Clean Energy Program ("Program"). Company witness Daniel J. MacNeil will provide further surrebuttal testimony to address resource valuation.

**Q. How is your surrebuttal testimony structured?**

A. I respond to recommendations made through rebuttal testimonies in the following order of topics: recovery of lost value of renewable energy credits ("RECs") from Program resource that received avoided costs value and non-retirement of Program resource RECs, the unbundling of Schedule 100, Program implementation and valuation plan, administrative reserve fund and administration costs, reporting requirements, no cost or benefit shifts requirement, noticing and Program commencement, Program per kWh rate versus fixed monthly program charge, and Program termination. In instances where the Agency, DPU, the OCS, and Sierra Club, opine on these topics I incorporate their position, and the Company's response, within the outline described above.

## II. SUMMARY OF REBUTTAL TESTIMONY AND RESPONSE

**Q. Please summarize the stakeholders' positions regarding the Utah Community Clean Energy Program that will be addressed in this surrebuttal testimony.**

A. In rebuttal testimony, the following items were recommended by parties:

a) The Agency proposes a "hybrid" option under which the Agency is provided an option to *decline* to retire the RECs produced by Program resources, thus arguing no lost REC penalties should be assessed in valuing the Program's resource because no RECs are retired; [1]

b) The DPU supports the OCS's recommendation to unbundle the per kilowatt-hour (kWh) charge to include components of administrative program costs, resource costs and low-income surcharge that are to be bounded by a maximum and minimum;[2]

c) The OCS recommended that the Commission direct the Company to file a comprehensive Program Implementation and Valuation Plan;[3]

d) The Agency stated that it did not oppose the DPU's recommendation of establishing an administrative reserve fund of two years;[4]

e) The Agency recommended removal of the full-time program administrator costs and paper confirmation costs from the updated two-year value of administrative

[1] Confidential Rebuttal Testimony and Exhibits of Kevin C. Higgins on behalf of the Community Renewable Energy Agency ("Higgins Rebuttal"), lines 21–26 and 48–52.
[2] Rebuttal Testimony of Timothy M. Lenell for the Division of Public Utilities Department ("Lenell Rebuttal), lines 75–82.
[3] Rebuttal Testimony of Anthony Sandonato for the Office of Consumer Services ("Sandonato Rebuttal"), lines 78–79.
[4] Rebuttal Testimony of Christopher Thomas on behalf of Community Renewable Energy Agency ("Thomas Rebuttal"), line 20.

reserve fund proposed;[5]

f) The Agency disagreed with Mr. Sandonato and stated that, "[c]osts associated with resource termination will be included in the resource reserve fund, not the administrative reserve fund,"[6] implying that the administrative reserve fund should not be used to support Program resource early termination;

g) The DPU recommends requiring an annual reconciliation process that ensures target balances are achieved and all cost methodologies are well-defined, auditable, and quantifiable;[7]

h) The DPU also recommends that the Commission "[ensure] compliance with Utah Code section 54-17-904(4)'s no-cost shift requirement through including measurable costs in Program rates[;]"[8]

i) In addition, the DPU recommends that any changes to valuation methodology "should require Commission approval and the Company should be required to report by identifying and describ[ing] any Commission approved Program modifications."[9]

j) The Agency states that it supports the DPU's recommendation for a working group if the working group is given clear direction and has a scope limited to a specific task.[10]

k) The Agency recommends rejection of Mr. Sandonato's recommendations that customers do not receive notice or be charged until a power purchase agreement

[5] Thomas Rebuttal, lines 143–148.
[6] *Id.* at lines 95–96.
[7] Lenell Rebuttal, lines 38–40.
[8] *Id.* at lines 41–44.
[9] *Id.*at lines 102–103.
[10] Thomas Rebuttal, lines 156–158.

(PPA) for the Program is signed and approved by the PSC and PSC approves adjustments to Schedule 38 pricing methodology; [11]

l) The Agency rejected Mr. Sandonato's recommendation that notices be sent out as new Program renewable resources are procured; [12]

m) The Agency recommends that the Commission defer to the Agency's Board in the preference to utilize a fixed monthly Program charge for residential customers versus a per kWh usage-based Program rate for all participating customers. [13]

n) The Agency agrees and supports the OCS recommendation to require the Company to evaluate if a Program resource should be retained for all customer in the event of early Program termination. [14]

*Recovery of Lost Value of RECs from Program Resource, and*

*Non-retirement of Program Resource RECs*

**Q. What is the Agency's position on lost value of RECs?**

A. Mr. Kevin Higgins, representing the Agency, states that if the Commission were to accept the Company's position of removing lost value of RECs as part of the Program resource valuation calculation, then Mr. Higgins offers an alternative "hybrid" option under which the Agency may decline to retire the RECs produced by Program resources, thus arguing no lost REC penalties should be assessed as no RECs are retired on behalf of the Program. [15]

[11] *Id.* at lines 282–342.
[12] *Id.* at lines 448–451.
[13] *Id.* at lines 541–544.
[14] *Id*. At lines 435–447.
[15] Higgins Rebuttal, lines 24–26, and 48–52.

**Q. Does the Company agree with Mr. Higgins that should the Agency elect not to retire the Program RECs, there are no lost REC penalties that should be assessed on the Program resource valuation?**

A. No. The Program was developed to offer Program participants an option to add renewables as an energy option. Thus, the Company would not sell the Program resource RECs to recover the REC value that is embedded in the Utah avoided costs price of the renewable Program resource, as it would contravene the intent of the Program. The lost REC revenue remains an issue regardless of whether the Agency is provided the option to retire or decline to retire the Program resource RECs because the Company still cannot sell the Program resource RECs that are claimed by the Program to obtain the REC value. Retiring the Program resource RECs ensures that there will be no double counting of the Program RECs by anyone and is consistent with other REC based programs.

**Q. Do any Parties agree that the Program or Agency should be provided with an option to elect to retire or not retire the RECs generated by Program resources?**

A. No.

**Q. Do other Parties have additional thoughts on the lost REC revenue in rebuttal testimony?**

A. Yes, Mr. Tomothy Lenell with the DPU, states that "[w]ith the benefits of the RECs clearly intended for the participants, developing a methodological approach to remove the value of RECs from the avoided cost seems to best align with Utah Code section 54-17-904(4)'s requirement that the Program rate not result in cost shifts to

nonparticipants."[16] Mr. Lenell goes on to state, "[w]ithout valuing the RECs, the Program participants would be receiving a benefit without a commensurate reduction in the avoided cost."[17]

Sierra Club witness Mr. Mark Fullmer states there is no way to price future RECs thus Schedule 38 does not assign a REC value to renewable proxy resources.[18] Mr. Fullmer also states that, "it is far from clear that retiring RECs from Program Resources will decrease [the Company's] total REC sale revenues due to uncertainty surrounding the demand for RECs and specifically Program RECs."[19]

**Q. Does the Company agree with the DPU's proposal on lost REC revenue?**

A. Yes. Removing the value of the RECs from the avoided cost valuation of the Program resource aligns with requirement of U.C.A. § 54-17-904(4) that the Program rate not result in cost shifts to nonparticipants or the utility.

**Q. How does the Company respond to Sierra Club's observation with regards to REC value?**

A. It is true that Schedule 38 does not assign a specific REC value to renewable proxy resources; however, in Utah Schedule 38 contracting, in years where the Schedule 38 pricing is based on the displacement of planned renewable resources, the Company retains the rights to the RECs that come from the renewable resource and those RECs are made available for sale to third parties. The Company credits the sales of Utah-allocated RECs to Utah customers which lowers rates. Thus, because the RECs from an avoided costs resource received can be sold, there is market value to the RECs that

[16] Lenell Rebuttal, lines 187–190.
[17] *Id.*, lines 190–192.
[18] Rebuttal Testimony of Mark Fulmer on behalf of the Sierra Club ("Fulmer Rebuttal"), lines 45–46.
[19] Fullmer Rebuttal, lines 47–49.

can help lower retail customers rates when the Company is able to sell the RECs on the REC market. This is also why the Company recommend utilizing current market rate as a value to utilize as the lost REC value in the valuation of Program resources.

*Unbundling Schedule 100 Tariff*

**Q. What are Parties' positions on the unbundling of administrative program costs from resource costs and low-income surcharge in the Program rate in rebuttal testimony?**

A. DPU witness Mr. Lenell agrees with OCS witness Mr. Sandonato that the kWh charge should be unbundled to reflect components of administrative program costs, resource costs and the low-income surcharge. Additionally, Mr. Lenell recommends that the low-income surcharge component of the Program rate be bounded at the maximum of $0.70 limit with the minimum of $0 to be explicitly outlined in the Low-Income Assistance section of the tariff.

**Q. How does the Company respond to the DPU's and OCS's recommendations?**

A. The Company agrees to unbundle the charges in Schedule 100 and has provided a breakout of the resource reserve, administrative costs, and low-income components of Schedule 100 charges.[20] Also, the Company agrees to add explicit maximum and minimum bounds of the low-income surcharge language in the Low-Income Assistance section of the tariff.

[20] Rebuttal Testimony of Kenneth Lee Elder, Jr. for Rocky Mountain Power; RMP Elder Workpapers 1 – Annual Schedule No. 100 "Forecast Model" excel file, in "Forecast CREA Model" tab, lines 5, 17, and 39.

*Program Implementation and Valuation Plan*

**Q. Mr. Sandonato, on behalf of the OCS, recommends that the Commission direct the Company to file a comprehensive Program Implementation and Valuation Plan. How does the Company respond?**

A. The Program solicitation included a provisional schedule with expected milestones.[21] The Agency issued the solicitation and has identified six bids for the Company to evaluate. The draft valuation results were released to the Agency and its consultant on December 8, 2025. Based on this timing, the Company provides an updated schedule expected to achieve PPA execution for a Program resource.

**Table CE-1 to Surrebuttal Testimony**

| Milestone | Estimated Dates |
|---|---|
| Phase 3: PacifiCorp Delivers System Benefit Modeling Results to Agency | December 8, 2025 |
| Phase 3: System Benefit and Indicative Costs Discussions with Agency Begins | December 22, 2025 |
| Phase 3: System Benefit and Indicative Costs Discussions with Agency Ends | January 12, 2026 |
| Phase 3: Agency Completes Final Short List ("FSL") Evaluation | January 15, 2026 |
| Execute Agreements | March 9, 2026 |
| File Selected Resource Valuation with Commission for Approval of Program Resource PPA and Associated Allocation of Costs | May 8, 2026 |
| Targeted Hearing Date (75 days) | July 22, 2026 |

[21] *Application of Rocky Mountain Power for Approval of Solicitation Process and Motion for Deviation from Utah Administrative Code R746-314-402(4)*, Docket No. 24-035-55, Application for Approval of Solicitation Process and Motion for Deviation from Utah Admin. Code R746-314-402(4), Exhibit B at 5 (Nov. 19, 2024).

**Q. Can you elaborate on how the Company believes the schedule provides transparency and an opportunity for parties to review resource valuation prior to a resource being implemented for the Program?**

A. The Company intends to include customary conditions in the Program PPA that prevents the PPA from becoming effective until it is approved by the Commission. Once a PPA is executed for the Program resource, the Company will file an application for approval of the PPA and will include the valuation information, methodology, and results for the Program resource that was selected for review by the Commission and intervening parties.. Parties will have the opportunity to propose alternate valuations or recommendations to the Commission. This ensures a fair and transparent review of all resources prior to the PPA being effective. Company witness Mr. MacNeil further discusses this process in his surrebuttal testimony

**Q. Would the Company expect to follow a similar process for future resource procurements for the Program?**

A. Yes. The Company would anticipate that any future solicitations for Program resources would be filed and approved by the Commission.

*Administrative Reserve Fund and Administration Costs*

**Q. What is the Agency's position on the target Administrative Reserve Fund balance in its rebuttal testimony?**

A. The Agency continues to disagree with positions stated by the Company and supported by OCS for a five-year administrative reserve fund balance.[22] The Agency states that it does not oppose DPU witness Mr. Lenell's position to "establish an administrative

[22] Thomas Rebuttal, lines 67–69.

reserve fund sufficient to cover two years of administrative costs."[23] The Agency states that if the Commission believes that administrative costs of more than a year is needed then the Agency recommends the Commission adopts the DPU's proposal "to establish an administrative reserve fund sufficient to cover two years of administrative costs."[24] The Agency also disagrees with OCS witness Mr. Sandonato, "that the administrative reserve fund should cover costs associated with contract termination of a Program resource."[25] Additionally, the Agency states that "[c]osts associated with resource termination will be included in the resource reserve fund, not the administrative reserve fund."[26] The Agency also recalculated its proposal of administrative reserve target per DPU's recommendation of two years for $1,477,358, stating that it excluded cost of a full-time employee Program administrator and costs of paper confirmations.[27]

**Q. How does the Company respond?**

A. In the Company's rebuttal testimony, the Company expressed willingness to reduce the administrative reserve fund balance target from the initially proposed five years to three years subject to the requirement that if the fund balance drops to a one-year level, the Company has the right to terminate the Program. With the revised proposal, the Company also respectfully requested that the Commission permit the Company to prioritize funding the administrative reserve fund first, prior to the resource reserve fund.[28] The Company requested the following funding priority in its rebuttal:

1. Pay Program Start-up costs of the Program first;

[23] *Id.*, lines 64–66.
[24] *Id.*, lines 65–66.
[25] *Id.*, lines 93–95.
[26] *Id.*, lines 95–96.
[27] *Id.*, lines 143–148.
[28] Rebuttal Testimony of Craig M. Eller for Rocky Mountain Power ("Eller Rebuttal"), lines 658–661.

2. Fund the administrative reserve fund;

3. Fund low income for Program customers; and

4. Fund resource reserve fund.[29]

**Q. Why did the Company change its request for administrative reserve funding level to three years versus the original five years?**

A. As I explained in my rebuttal testimony, the Company believes that three years administrative reserve fund is adequate to protect against potential mismatches in revenue collection and expenses and Program wind down risks.[30] The three-year administrative reserve is a sufficient compromise between the positions DPU and OCS positions to address concerns that the Company was being too conservative.

**Q. What other criteria would influence the administrative reserve fund balance target?**

A. As I discussed in my rebuttal testimony, I explained that the administrative reserve fund is impacted by the size and quantity of the resource(s) procured for the Program. The estimates in Table CE-1 of my rebuttal testimony reflected use of one 60 MW project and two 60 MW projects to produce the escrow fund fee estimates reflected in the administrative reserve fund targets; that number will be very different if a 200 MW project is utilized due to the size of the resource reserve balance that will influence the escrow fees necessary, as an example. Please refer to Table CE-1 of my rebuttal testimony, which showed one 60MW project versus two 60MW projects.[31] The Company also proposed a minor update in my rebuttal to recognize the retirement cost

[29] *Id.*, lines 156–160.
[30] *Id.*, lines 205–209.
[31] *Id.*, lines 333–338.

of the Program resource's RECs, which is also influenced by the size and quantity of projects. The MW size and the number of projects will dictate what the Program incurs for escrow fees and REC retirement costs.

**Q. The Agency believes that administrative costs associated with any early termination scenario may be less than the costs incurred in normal operations and agrees with Mr. Lenell that cost to wind down the Program is short-term and low risk for complications during termination.[32] How does the Company respond?**

A. A resource developer that signs a long-term PPA with the Company for a resource it builds will expect to sell the output to Company for the duration of the term of the contract. It is highly unusual for the Company to terminate at mid-term of a PPA unless it is due to seller's default. Thus, a mid-term termination of a PPA caused by Program termination would likely be highly contested. The Company cannot reasonably predict the actions of the seller in the event the Program is terminated. The statute authorizing the Program prohibits the Company from recovering any costs from non-participants and the utility itself, should the administrative reserve be insufficient. Due to potential risks the Company could face in the event of Program termination prior to the full PPA term, and with the lack of a backstop for any administrative costs caused by Program termination, the Company respectfully requests that the Commission adopt the Company's proposal.

[32] Thomas Rebuttal, lines 77–81; See also. Lenell Direct, lines 106-108.

**Q. Mr. Lenell states that, "[m]any of the Program administration costs are short-term in nature and would cease quickly, leaving the majority of the two-year reserve balance to address unwinding costs."[33] How does the Company respond?**

A. The expenses that were identified in my rebuttal testimony in Table CE-1 are Program administration expenses that are expected to recur annually.[34] Should the Program terminate, the noticing, phone support, and REC retirement costs could be categorized as short-term. The Program administrator costs, agency costs, and escrow fees are ongoing costs that would continue to occur even if the Company and Agency unwind the Program. Aside from identifiable Program expenses at this time, no Party can identify definitively all potential administrative expenses that could occur at this time in the event of early termination, until an actual termination event occurs. As indicated above, early termination of a mid-term PPA will likely be contested and require legal costs that the Company is not able to estimate at this time and has no avenue to recover any administrative costs from Program participants due to termination of the Program after the termination event date and may have to seek recovery from all Utah customers. Thus, the Company believes a three-year cost estimate proposed in my rebuttal testimony is fair because it's based on identifiable Program administration costs to try to protect non-participating customers from any Program administrative costs overruns that may occur as a result of early Program resource termination due to Program termination.

[33] Lenell Rebuttal, lines 152–154.
[34] Eller Rebuttal, lines 333–338. 17.

**Q. The Agency states that "Neither the Company nor OCS have explained why, in the event of early Program termination, administrative costs would be likely to increase so significantly that a fund carrying five years of costs would be required to cover the Company's administrative expenses."[35] How does the Company respond?**

A. In the event of an early Program termination, there are unquantifiable risks of terminating a PPA that was procured for a Program that is required by statute to recover all Program from Program participants. The Commission should reject the Agency's arguments.

**Q. The Agency states that there is no statutory requirement that separate notices be sent to customers for Program termination, suggesting that communication be sent by email or sent as small, printed notices on customers' bills that will minimize costs.[36] How does the Company respond?**

A. The Company agrees with the Agency that there is not a statutory requirement to send separate notices in the event of early Program termination. The Company believes the participants of the Program should be provided appropriate notice in the event of termination. Failing to provide a formal notice will likely confuse customers, causing an increase in customer complaints and dissatisfaction. This would likely result in increased calls into the Company's call centers and impact the customer service agents due to Participants' lack of a formal confirmation notice of Program termination. While the Agency suggests notices be sent via email and small printed notices on customer

[35] Thomas Rebuttal, lines 69-72.
[36] *Id*., lines 81–85.

bills this time, the Company doubts this would be adequate as not all customers provide an email and/or read their monthly bill. The Company urges the Commission to reject this proposal.

**Q. How does the Company respond to the Agency's statement that "[c]osts associated with resource termination will be included in the resource reserve fund, not the administrative reserve fund[?]"**

A. In the event that the Company's early termination of the PPA results in litigation, legal costs are administrative in nature and have always been treated as administrative costs in the normal operations of the Company. The Company is not aware of any circumstances where legal costs are treated as part of power purchase costs. Costs associated with resource termination are administrative in nature and should be recovered in the administrative reserve fund. The resource reserve fund is intended to cover the power purchase costs of the resource from the seller.

**Q. What is the Agency's position with regards to the Company hiring a full-time employee to administer the Program?**

A. Agency witness Mr. Thomas continues to recommend in his rebuttal testimony "that the Commission decline to conclude that the administrative reserve fund be required to raise funds to pay a full-time Company employee $150,000 per year…" stating that "[t]he Program is paying to automate the Company's billing software and associated [Program] administration tasks and reporting, which should reduce administrative burdens[.]"[37] The Agency disagreed with DPU witness Mr. Lenell and the Company, stating there is a need for a full-time salaried employee to administer the Program.

[37] *Id.*, lines 523–527.

**Q. How does the Company respond to the Agency's position on the Company hiring a full-time employee to administer the Program?**

A. The Company disagrees with the Agency's recommendation and respectfully requests the Commission refer to my rebuttal testimony for a list of the expected administrative duties.[38] While not all inclusive, the list provides a view of the expected administrative burden associated with the Program, considering these are not fully automated processes in the Company's Customer Service System ("CSS"),which the Agency refers to as the "billing software". The Agency implies that the Program has paid to automate associated Program administrative tasks and reporting as part of the modifications to CSS. This implication is incorrect.

The modifications to CSS that the Company plans to implement upon Commission approval of the Program are: to enable CSS to identify customer participation eligibility by participating communities for automatic enrollment; enable identifiers for customer opt-outs as they come in; and bill customers for new Schedule 100 charges, by customer, based on participation of a customer. The upfront start-up costs do not automate the administrative and reporting tasks listed in my rebuttal testimony; those duties must be performed by a full-time employee dedicated to the Program. As a new Program, processes will have be established for reporting requirements that have yet to be defined. For example, should the Commission require specific annual reports to be filed for the Program, someone must coordinate with departments across the Company to compile and analyze the information, create the reports based on requirements from the Order, and manage any subsequent data request

[38] Eller Rebuttal, lines 214–234.

or other requirements as part of the regulatory process.

**Q. Why would it be inappropriate for other employees of the Company to perform these administrative tasks for the Program?**

A. The Company's existing employees are paid for by all customers in base rates. The statute prohibits the Program from shifting any costs to nonparticipating customers. Therefore, it is not appropriate to expect the Company's existing employees to spend significant amounts of time performing administrative tasks for the Program. Without a designated employee for the Program, the Company would not be able to administer the Program in a manner that is consistent with the statutory requirements.

**Q. The Agency claims that the Company has not hired a full-time employee to administer Subscriber Solar or Blue Sky program. Is this accurate?**

A. No. These programs have at least one dedicated employee that administers the program.

**Q. The Agency states that the Company has not demonstrated the need to collect $150,000 for a full-time employee to administer the Program, referencing the Agency's belief that there are Blue Sky and Subscriber Solar programs do not have dedicated full-time employees administering the programs.[39] How does the Company respond?**

A. This Program is a one of a kind, new opt-out program to the Company, which will require a full-time program administrator to develop and implement new processes, unlike either Blue Sky or subscriber solar programs that have established processes. The Program is expected to have much more participation based on the Agency's projection of participation rates provided to develop the administrative costs projection

[39] Thomas Rebuttal, lines 136–140.

than either Blue Sky or subscriber solar programs' participation. Based on the comparisons of the Program to Blue Sky and subscriber solar programs, Blue Sky has one dedicated full-time program manager and subscriber solar has a different full-time employee administrator. The Program's need for a dedicated full-time program administrator is justifiable for a new, larger, one-of-a-kind, highly complex Program that has statutory requirements for which the Company must comply with. My rebuttal testimony expands in more detail on the comparisons.[40]

*Reporting Requirements*

**Q. What does DPU witness Mr. Lenell recommend in his rebuttal testimony for Program administrative costs?**

A. Mr. Lenell recommends requiring an annual reconciliation process that ensures target balances are achieved and all cost methodologies are well-defined, auditable, and quantifiable.[41] Mr. Lenell suggests that the Company should be required to "provide a list that details and explains the input changes for which updates will be annually reported" including participation rates, incorporation of newly acquired resources, updates to Schedule 38 valuation for avoided cost, and updates to other inputs.[42] Mr. Lenell also states that any changes to valuation methodology "should require Commission approval and the Company should be required to report by identifying and describe any Commission approved Program modifications."[43] Additionally, Mr. Lenell states that the Company should report on the effects of the approved changes on the Program rate and reserve balance trajectories, showing the Program rate and

[40] Eller Rebuttal, lines 235–247.
[41] *Id.*, lines 38–40.
[42] *Id.*, lines 95–99.
[43] *Id.*, lines 101–103.

reserve balance trajectory before and after the approved changes; described as a "change log" that would allow the Commission to track how Program modifications influence Program rates.[44] Mr. Lenell also recommends that the Commission "[ensure] compliance with Utah Code section 54-17-904(4)'s no-cost shift requirement through including measurable costs in Program rates[.]"[45] As such, Mr. Lenell supports an annual true-up of Program administration costs.

**Q. Does the Company agree with Mr. Lenell's recommendation that the Commission require an annual reconciliation process that ensures target balances are achieved, and all cost methodologies are well-defined, auditable, and quantifiable?**

A. Yes. The DPU's recommended requirements supports the need for a full-time program administrator.

**Q. Does the Company agree with Mr. Lenell's suggestions on annual reporting of any approved Program changes on Program rates and reserve balance trajectories?**

A. The Company does not object to Mr. Lenell's reporting suggestions if there is an approved, full-time employee to be available to deliver on program administration. The Company would not be able to comply with additional reporting requirements without shifting costs to non-participants or the utility without a full-time dedicated Program administrator.

**Q. Does the Company agree that any changes to valuation methodology should require Commission approval?**

A. No. Each PPA executed to resource the Program is subject to Commission approval.

[44] *Id.*, lines 103–106.
[45] *Id.*, lines 41–42.

The Company envisions that valuation will be litigated through the Commission's PPA approval process when filed with the Commission.

**Q. Does the Company support an annual true-up of Program administration costs?**

A. Yes. The Company supports an annual true-up of Program administration costs in support of Schedule 100 annual rate adjustment evaluation to ensure that there are no cost or benefit shifts to nonparticipants or the utility, in compliance with U.C.A. § 54-17-904(4).

**Q. What is the Agency's position on Mr. Davis's recommendation to establish a working group?**

A. The Agency states that it is not opposed to the establishment of a working group, but only if the Commission determines that the group's efforts will reduce long-term administrative burden and limited to reporting. The Agency states that it supports the DPU's recommendation for a working group if the working group is given clear direction and has a scope limited to a specific task.[46]

**Q. Does the Company support the DPU's suggestion of a working group?**

A. As stated in my rebuttal testimony, the Company supports Mr. Lenell's request for a workgroup to develop a reporting template, pending Program approval.[47] The Company notes that there will be a need for the full-time program administrator to participate in the working group and comply with the Program reporting requirements.

[46] Thomas Rebuttal, lines 156–158.
[47] Eller Rebuttal, lines 570–578.

**Q. Does forming a working group to address reporting requirements reduce administrative burden and need for a full-time employee as suggested by the Agency?**

A. Establishing a working group would not eliminate the need for the full-time employee Program administrator due to the complex nature of the Program. While a working group may provide guidance as to what needs to be reported, in the Company's experience working groups typically lead to more administrative work, not less. As a new program, any report automation has yet to be developed as processes have yet to be developed. The full-time employee will need to work to develop any potential automation as possible and develop processes to support the Program once the Program is approved to be implemented.

**Q. Does the Company still require a full-time employee as Program administrator after considering the Agency's argument and reporting requirements requested by the DPU?**

A. Yes. The Company respectfully requests that the Commission approve inclusion of a full-time employee to administer the Program based on needs identified by the Company.

*No Cost or Benefit Shifts Requirement*

**Q. What is the Agency's observation with regards to the issue of shifting costs and benefits of the Program?**

A. The Agency observed that most proposals submitted by other parties have focused on ensuring that costs are not shifted to non-participants and fewer proposals have focused on ensuring that benefits are retained by the participating customers.

**Q. Does the Company concur with the Agency's observation?**

A. No. The Company has designed the Program to ensure that Program participants receive both benefits and costs of the renewable resource procured for the Program while ensuring that neither non-participants nor the utility are impacted by the Program.

**Q. What is DPU's position regarding shifting of costs and benefits of the Program?**

A. DPU witness Mr. Lenell recommends that the Commission "[ensure] compliance with Utah Code section 54-17-904(4)'s no-cost shift requirement through including measurable costs in Program rates, such as incremental costs from the acceleration of transmission upgrades (if applicable), interconnection costs, and the "lost value of RECs."[48]

**Q. Does the Company agree with Mr. Lenell's recommendation?**

A. Yes. It is a statutory requirement that no-cost or benefit shifts occur between Program participants and non-participants or the utility as a result of the Program. Therefore, Program resource costs must be borne by Program participants only. Mr. MacNeil's surrebuttal testimony will further address inclusion of incremental costs from the acceleration of transmission upgrades (if applicable), interconnection costs, and the "lost value of RECs" in valuing the Program resource to include in Program rates in order to prevent any cost shift to non-participants.

*Noticing and Program Commencement*

**Q. What are the additional positions taken by Agency witness Mr. Thomas in rebuttal on noticing prior to Program commencement?**

A. Mr. Thomas recommends rejection of OCS witness Mr. Sandonato's recommendations

[48] Lenell Rebuttall, lines 41–44.

that customers not receive notice or be charged until a PPA for the Program is signed and approved by the Commission and the Commission approves adjustments to Schedule 38 pricing methodology.[49] Mr. Thomas also rejects Mr. Sandonato's recommendation that future notices be sent out as new Program renewable resources are procured.[50]

**Q. What were the Agency's reasons for rejecting Mr. Sandonato's recommendation on notices and when participants should be charged Program rates?**

A. Mr. Thomas rejected Mr. Sandonato's recommendation that customers do not receive notice or be charged until a PPA for the Program is signed and approved by the Commission. Mr. Thomas identified the following reasons as to why the Agency strongly opposes Mr. Sandonato's recommendation:

- May jeopardize eligibility of the Program resource for production tax credit due to potential delay from PPA negotiations till Commission approval of executed contract;
- No program rate to apply prior to Commission approval of the PPA;
- Commission approval of the PPA could take up to 75 days of filing application;
- The delays implicated by Mr. Sandonato's proposal would negatively impact the Program for an issue that the Agency feels only the Company has control of;
- The Company has refused Agency's requests to provide the valuation calculation for how it plans to value the resource;

[49] Thomas Rebuttal, lines 282–342.
[50] *Id.*, line 451.

- The valuation methodology will not be decided until future PPA docket;
- Insufficient time for the Agency to review the valuation calculation that is targeted for December 6, 2025, delivery while surrebuttals testimonies are due December 11, 2025;
- The Act's requirement that communities adopt an ordinance within 90 days of Commission approval; and
- The delay could put PPA negotiations for bids received through the July 2025 URC Request for Proposal for Program resource in jeopardy.[51]

**Q. How does the Company respond to Mr. Sandonato's recommendation to not send out opt-out notice and begin charging participants until the PPA is executed and approved by the Commission?**

A. As I state in my rebuttal testimony, the Company supports the delay of initial notification to eligible program participants until after a resource PPA is executed and approved by the Commission.[52] This facilitates Program rate clarity where the cost of the procured clean energy resource can be used to determine Program rate.

**Q. Do you agree with the Agency's implications that Program milestones are within the Company's unilateral control?[53]**

A. No. The Company does not control the entire process as implied by the Agency.[54] There are times when the Agency is in control, such as the Agency's responsibility to provide the bids to the Company for valuation of the URC RFP. The Company also does not

[51] Thomas Rebuttal, lines 293–332.
[52] Eller Rebuttal, lines 583–586.
[53] Thomas Rebuttal, lines 372–375.
[54] *Id.*, lines 306–307.

control if or when the Agency selects resources and if or when a resource developer agrees to PPA terms, among many other factors beyond the Company's control. The Company would also like to highlight that due to the change in federal tax rules surrounding new renewable energy projects eligibility for PTCs, proposals received may not qualify for PTCs should construction not be completed by December 31, 2027. There are also no guarantees that tax laws will not change again.

**Q. Does the Company agree with the Agency to reject Mr. Sandonato's recommendation to send out future notices when new Program renewable resources are procured?**

A. Yes. The Company agrees with the Agency to reject Mr. Sandonato's recommendation to send out future notices when new Program renewable resources are procured. Such notification would increase Program administrative costs and is not valuable to the Program for no commensurate benefit to Program participants. The Company does not send out notices to all its regulated customers whenever it procures a new generation resource, renewable or otherwise, as it would be an unnecessary cost to customers. The Company respectfully recommends the Commission decline Mr. Sandonato's recommendation. Alternative, more generic forms of mass communications, such as a press release, could facilitate advice to Program participants of new Program resource with little to no additional administrative costs.

*Program per kWh Rate versus Fixed Monthly Program Charge*

**Q. What is the Agency's position related to the Program Rate?**

A. Mr. Thomas states that the Agency's Board members support an initial Program rate that is assessed as a fixed [monthly] charge equal to average number of kWh multiplied

by a program rate for residential customers only.[55] Mr. Thomas advised that several Board members claim that having a fixed monthly charge is critical to affordability of the Program as customers know in advance how much participation will cost and will position themselves such that they can afford to participate.[56] The ease of financial impact communication and advertisement for the Program were also cited as reasons the Agency supports a fixed monthly charge for residential customers.[57] Mr. Thomas also states, "the Program's proposed enhanced low-income bill credit may be sized to fully offset the fixed Program charge for eligible low-income customers."[58] Mr. Thomas states that "[f]rom the Agency's perspective, it does not matter whether the startup costs and reserve targets are funded through the application of a Program rate or a fixed charge, only whether they are reached."[59]

**Q. Does the Company agree that a fixed monthly Program charge for residential customers only is critical to affordability of the program like the Agency's Board?**

A. No. The Company believes a per kWh Program rate based on usage will better align with affordability of the Program through application against respective residential participant's usage. Similar to any fixed monthly Program charge for a segment of customers, customers that are in the lower average half that makes up the average usage, such as low-to-moderate income residences with smaller homes that do not qualify for the low income program would be disproportionately harmed by being asked to subsidize potentially higher income households with larger homes through a

[55] Thomas Rebuttal, lines 399–401.
[56] *Id.*, lines 401–405.
[57] *Id.*, lines 406–407.
[58] *Id.*, lines 409–411.
[59] *Id.*, lines 418–420.

standard fixed Program charge. If there is an affordability argument to be made, it is against a fixed monthly Program charge. A fixed monthly Program charge could make the program less affordable for qualified participants that are in the lower half of the average usage that was used to develop the fixed monthly Program charge. The subsidization impact could result in potential participants in the lower half of the usage average to decide to stay out of the Program so as not to subsidize higher use participants resulting in less participation in turn resulting is less Program cost recovery that could increase costs for participants that remain the program or at the worst case scenario, cause the Program to terminate early due to insufficient participants in the Program.

**Q. Does the Company agree that a fixed monthly Program charge facilitates ease of communicating financial impact and advertisement?**

A. It is unclear. While there may be some ease of initial advertisement and financial impact communication, the potential benefits, if any, are outweighed by larger undesirable effects of a fixed monthly Program charge that is neither pleasant to be advertised nor communicated. The larger negative effect is how the fixed monthly Program charge forces lower usage Program participants to subsidize higher usage Program participants. The Company believes a Program per kWh rate that is applied to all respective participants' usage is fair as each participant pays for the amount actually used without obligating other participants that may use less to pay for higher usage participants' costs.

**Q. Does the Company agree that a fixed monthly Program charge may be sized to fully offset the fixed Program charge for eligible low-income customers?**

A. Perhaps if the fixed Program charge does not dissuade the potential participants that use less than the average usage to participate in the Program, it may allow sufficient contribution to fund qualified low-income customers that want to participate. However, because of the undesirable cross subsidization impact between the lower usage participating customers that may be less able to afford to pay more and higher usage participating customers that can afford to pay more, the Program may not be able to provide the full offset for eligible low-income customers as lower usage customers may choose to not participate. The Company also respectfully highlights that low-income plan funding based on a Program rate, as recommended by the Company in its Program application, may also be fully sized to offset the Program rate for eligible low-income customers without forcing subsidization within the residential Program participation. The Program participants that are less able to afford the program with lower-than-average usage do not have to subsidize program participants that have higher than average usage.

**Q. Does the Company agree that the Commission should defer the decision to utilize a fixed monthly Program charge, versus a Program per kWh rate that is applied against participants' usage to the Agency?**

A. No. The Company respectfully asks the Commission to approve a Program per kWh rate at this time and not defer the decision.

*Program Termination*

**Q. What is the Agency's position relative to Mr. Sandonato's recommendation on Program Termination to require the Company to evaluate if a Program resource should be retained for all customers?**

A. The Agency agrees with Mr. Sandonato's recommendation to require the Company to evaluate whether the Program resources should be retained for all customers with the costs evaluated and potentially paid by all customers.

**Q. How does the Company respond to the Agency's support and Mr. Sandonato's recommendation?**

A. The Company has no objection to evaluation if the Program resource should be retained for all customers at termination as long as the Company is allowed to make an independent valuation to determine if the resource is beneficial to customers independent of the Program at that time and if sufficient time exists prior to lapse of relevant termination options. If beneficial to all customers at that time of the Program resource PPA termination, the Company can then make an independent decision to recontract for the renewable resource that is released by Program termination. The Company must not be forced to take on the Program resource for all customers just because the Program terminates as it may not be beneficial to all customers. The Company notes that termination rights are often time bound and may or may not support timelines for robust economic evaluation, filing, and approval by the Commission. The Company believes that the Commission should acknowledge that it is preferable to terminate PPA's subject to their contractual terms absent clear financial benefit from retaining the contract or sufficient timelines to allow robust economic

evaluation and relevant Commission review prior to the lapse of relevant termination rights under the terms of the PPAs.

## III. CONCLUSION

**Q. Please summarize your surrebuttal testimony.**

A. The Company summarizes its request for the Commission to *support* the following additional items that stakeholders highlighted in respective rebuttal testimonies:

a) Unbundle the Program per kWh rate subject to confirmation that the Company's billing system can handle the decimals of each unbundled component without further system modification and additional administrative costs;

b) Allow the Company to prioritize funding the administrative reserve fund before the resource reserve fund. This approach will enable the Company to accept a reduced administrative reserve fund balance of three years, rather than the originally proposed five years;

c) Approve the Company's request to include $150,000 in Program costs for a full-time employee as a dedicated Program administrator;

d) Establish reporting and Program reconciliation requirements subject to available full-time Program administrator;

e) Require annual true-up of Program administration costs in annual rate adjustment filings where required;

f) Support a working group to develop reporting template, pending program approval subject to approval of a full-time employee to administer the Program;

g) Approve DPU's recommendation to ensure compliance with Utah Code section 54-17-904(4)'s no-cost shift requirement through including measurable costs in

Program rates, such as incremental costs from the acceleration of transmission upgrades (if applicable), interconnection costs, and the "lost value" of RECs;

h) Adopt Mr. Sandonato's position on noticing requirement after a Program resource has been made available through execution of a PPA to ensure transparency for participants; and

i) Establish a monthly per kWh usage charge for all Program's participating customers.

In addition, the Company does not object to evaluating if the Program resource should be retained for all customers at Program termination as long as the Company is allowed to make an independent valuation to determine if the resource is beneficial to all customers independent of the Program at that time.

The Company requests that the Commission *rejects* the following additional proposals from stakeholders' rebuttal testimonies:

a) Reject the "hybrid" option where the RECs from Program resources are not removed from avoided costs when valuing Program resources because the Agency is allowed to opt to not retire the RECs;

b) Decline to require the Company to file a Program Implementation and Valuation Plan when parties will already be able to review the plan and valuation methodology as part of the solicitation narrative in Docket No. 24-035-55, and any subsequent Company filing for a PPA resource selected as part of the solicitation process outlined in Docket No. 24-035-55;

c) Reject the proposal for a two-year administrative reserve fund balance;

d) Reject the Agency's arguments that a full-time employee to administer the Program

is not needed on the basis that the Program has paid for software upgrades that will allow automated administration of the Program, and the administrative costs are short-term in nature and will cease upon Program termination;

e) Decline the argument that administrative costs related to resource termination are included in the resource reserve fund;

f) Reject the recommendation that changes to valuation methodology should separately require Commission approval beyond the Company seeking approval for a PPA for the Program resource; and

g) Reject the Agency's proposal for a fixed monthly Program charge for residential customers.

**Q. Does this conclude your surrebuttal testimony?**

A. Yes.