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

Direct Testimony of Craig M. Eller

June 2025

I. INTRODUCTION AND QUALIFICATIONS

Q. Please state your name, business address, and present position with PacifiCorp dba Rocky Mountain Power ("Rocky Mountain Power" or the "Company").

A. My name is Craig M. Eller. My business address is 1407 West North Temple Street, Suite 310, Salt Lake City, Utah 84116. My present position is Senior Vice President, Business Strategy and Development for Rocky Mountain Power.

Q. How long have you been in your present position?

A. I have been in my present position since May 2024.

Q. Please describe your education and business experience.

A. I have a Bachelor of Science in Mechanical Engineering from the University of Nebraska. I have been employed with PacifiCorp since July 2020 as the Vice President of Business Policy and Development responsible for strategic planning, stakeholder engagement, regulatory support, and development and execution of major transmission projects. I assumed my current role as is Senior Vice President, Business Strategy and Development in May 2024. Prior to my employment at PacifiCorp, I worked at Northern Natural Gas Company, an affiliate of the Company, from 2007 through 2020 in various business development, commercial marketing, and engineering roles.

Q. Have you testified in previous regulatory proceedings?

A. Yes. I have previously filed testimony on behalf of the Company in regulatory proceedings in Utah, Wyoming, and Idaho.

II. PURPOSE OF TESTIMONY

Q. What is the purpose of your direct testimony?

A. The purpose of my testimony is to introduce the Utah Community Clean Energy

Program ("Program"), which the Company is seeking approval for with the corresponding new tariff, Electric Service Schedule No. 100 ("Schedule 100"). Schedule 100 will provide for recovery of expenses for the Program, as well as pay the incremental costs to procure resources to serve participating customers such that all incremental costs are recovered from the participating customers of the Program with no cost impact to non-participants or the Company.[1]

Q. Are any other witnesses filing testimony on behalf of the Company?

A Yes. Company witness Robert M. Meredith presents the rates developed for the Program. Company witness Daniel J. MacNeil discusses the valuation methodology of the resources for the Program.

Q. Please summarize the proposed Program.

A. The proposed Program is enabled under the Community Clean Energy Act[2] that was enacted by the Utah Legislature in the 2019 Legislative session under House Bill 411 ("The Act"). The Program is an optional, opt-out clean energy program with the goal of serving participating customers with net-100% clean energy. The Program will be available to Rocky Mountain Power customers located within the boundaries of participating communities.[3]

Q. How is your testimony organized?

A. This testimony introduces and supports remaining structural aspects of the Program, not previously included in the Part I filing of the Program Application on January 24,

[1] U.C.A § 54-17-902(13)(a), a "participating customer" is "a customer of a qualified utility located within the boundary of a municipality or county where a community clean energy program has been approved by the commission[.]"
[2] U.C.A § 54-17-901; Previously known as the "Community Renewable Energy Act".
[3] U.C.A § 54-17-902(12), a "participating community" is a municipality or a county: "(a) whose residents are served by a qualified utility; and (b) the municipality or county meets the requirements under Section 54-17-903."

2025, for which the Company and the "Community Renewable Energy Agency," (the "Agency"), seek Commission approval. Under Subsection IV, my testimony describes the Company's proposed Program design by addressing the following structural elements of the Program in the following order: (1) eligibility requirements; (2) opt-out process and noticing requirements; (3) Program resource procurement; (4) Program costs; (5) Program rates; (6) Program design for low-income customers; (7) Measures to prevent cost-shifting to non-participating customers and the Company; and (8) Unwinding of Program resource(s) and/or the Program. Finally, Section V contains the Company's recommendation.

III. PROGRAM INTRODUCTION

Q. Has the Company and Agency engaged in discussions to design the Program?

A. Yes. The Company and Agency have engaged in discussions and collaborated over the past several years to develop various aspects of the Program.

Q. Did the Parties achieve a consensus on all aspects of the Program design?

A. Not entirely. After many years of discussions, the Company and Agency have agreed upon many structural aspects of the Program. However, it is the Company's understanding that some dispute remains on certain elements.

Q. If the Company and Agency have not reached consensus on the Program, why is the Company filing for approval of the Program at this time?

A. The Company and Agency agreed that in order to resolve the remaining disputes, the Company would file this Application, seeking Commission resolution of disputed items and subsequent Commission approval of the Program.

Q. What are the required aspects of the Program, and its structure?

A. It's my understanding that the Commission may approve a Program if an application meets all requirements in Utah Code and Commission rules, and the Commission finds that the Program is in the public interest. R746-314-401(3) provides fifteen requirements for what a utility must include in an application for approval of a Program as follows:

- the eligible communities;
- the boundary maps of each eligible community;
- the proposed ordinance language;
- the number of customers served by the utility within each eligible community;
- a description of the proposed process for period rate adjustments;
- the proposed tariff changes to implement the program;
- a utility agreement, to be executed upon Commission approval of the Program implementation;
- the governance agreement;
- a description of proposed low-income programs and assistance;
- a proposed solicitation process;
- proposed opt-out notices;
- informational materials to be provided to customers;
- projected program rates for each customer class;
- an updated schedule for implementation date for the program; and
- an explanation of how non-participating customers and the utility will not be subjected to any Program liabilities or costs.

My testimony provides support for previously filed aspects of the Program and proposes structures for the yet to be agreed upon aspects of the Program.

Q. What aspects of the Program, and its structure, have the Company and Communities previously filed?

A. Out of the fifteen requirements, the Company and Communities previously filed:

- the eligible communities;
- the boundary maps of each eligible community;
- the proposed ordinance language;
- the number of customers served by the utility within each eligible community;
- a description of the proposed process for period rate adjustments;
- the proposed tariff changes to implement the program;
- a utility agreement, to be executed upon Commission approval of the Program implementation;
- the governance agreement;
- a description of proposed low-income programs and assistance;
- a proposed solicitation process;
- proposed opt-out notices; and
- informational materials to be provided to customers.

Q. What aspects of the Program, and its structure, is the Company filing now?

A. The Company is filing proposals for the remaining requirements, consisting of:

- projected program rates for each customer class;
- an updated schedule for implementation date for the program; and

- an explanation of how non-participating customers and the utility will not be subjected to any Program liabilities or costs.

The Company proposes these structures so that non-participating customers and the Company will not be subjected to any Program liabilities or costs.

Q. Why is the Company filing the Application in two parts?

A. The Company filed the Initial Application to initiate the proceeding on January 24, 2025. Since then, the Company and Agency continued discussions on the unresolved aspects of the Program and are now filing Part II of this Application. The Company is now seeking approval of a structure, as proposed through this filing, for a program that benefits participating customers while protecting non-participating customers and the Company from risks of cost shifting.

Q. What is the Company's request in this proceeding?

A. The Company's Application presents a Program structure that adheres to the statutory and administrative requirements, is reasonable, and in the public interest. In this filing, the Company is presenting its position on the required Program items not included in the Initial Application. This process allows other parties, including the Agency, the opportunity to consider the Program design, with a final Commission resolution for a Program that meets the statutory requirements.

IV. PROGRAM DESIGN

Q. What is the overall objective of the Program?

A. The Program's objective is to provide an option for Rocky Mountain Power customers located within the bounds of a participating community to participate in a program that procures clean energy resources on behalf of its participating customers. The Program

must be designed in a manner that does not shift costs to non-participating customers or the Company.[4]

1. Eligibility Requirements

Q. What are the requirements for a community or municipality to become a participating community?

A. An eligible community becomes a "participating community" once the requirements set forth in U.C.A. § 54-17-903 are met. The list of eligible communities, along with boundary maps and proposed ordinance language, was provided in the Initial Application.

Q. What are the requirements for a customer to participate?

A. A customer that is located within the boundaries of a participating community elects to participate in the Program by not taking action to opt out of participation.

2. Opt-Out Process and Noticing

Q. Please explain how the Program is an opt-out program.

A. The Program is an opt-out program, meaning a customer that resides within the boundaries of a participating community will be automatically enrolled in the Program and must take specific action to opt out of participation in the Program, as well as paying the associated Program costs.

Q. What is the commencement date of the Program?

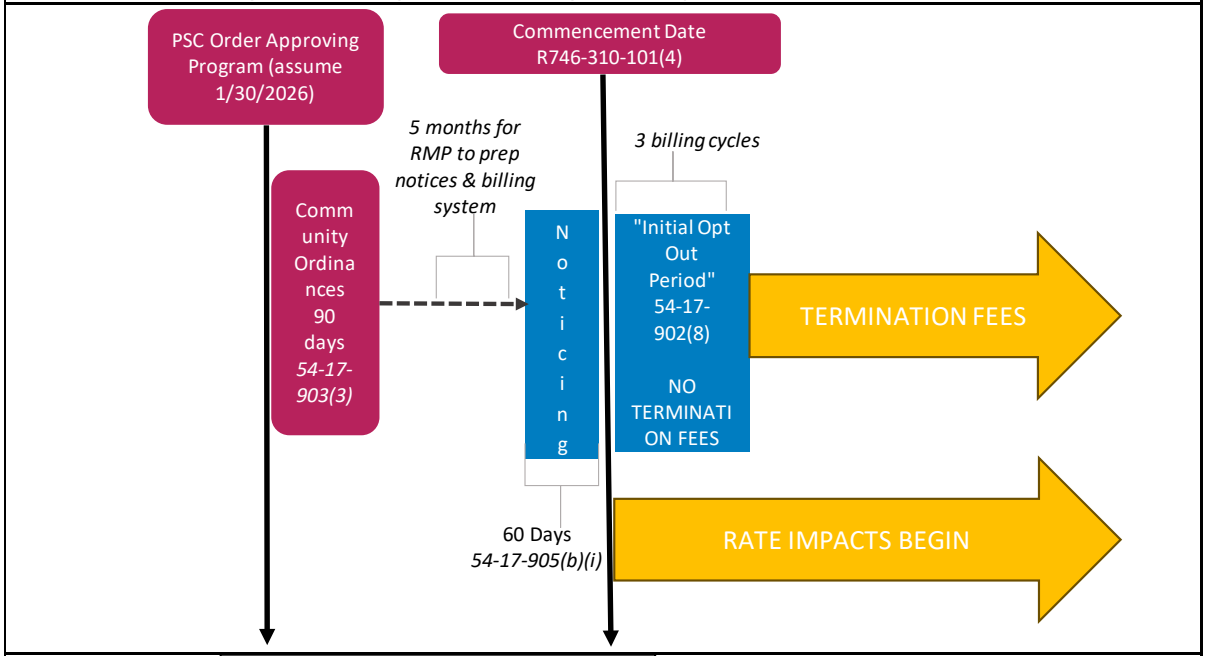
A. Commencement date, as defined in Commission under Utah Admin. Code R746-310-101(4), is the date on which the Company will begin billing participating customers the Commission-approved rates for the Program.

[4] U.C.A. § 54-17-904(2)(d)(i).

Q. When does the Company estimate the commencement date will be?

A. The commencement date is dependent on the date the Commission issues its order in this proceeding. Figure 1 below depicts the interdependency between the key dates for Program implementation.

Figure 1: Program Noticing and Implementation Timeline



Q. How will a Rocky Mountain Power customer be notified they are an eligible customer and how they can opt-out of participation?

A. After the Commission approves the Program, the Company will notify all eligible customers located in participating communities on how to opt out of the Program through mandatory noticing, as prescribed by R746-314-301 and R746-314-302, which includes the following requirements:

- First notice will be mailed by U.S. Mail no earlier than sixty (60) days and no later than thirty (30) days prior to commencement date of the Program;
- Second notice will be sent by either: (1) U.S. Mail; or (2) by email to the

customer at least fifteen (15) days after the first opt-out notice and seven (7) days before the commencement date of the Program, if a customer has opted for electronic billing.

Each respective notice received will have instructions on how to opt-out. A customer will have the option of notifying the Company of its choice to opt-out by mail, electronically through the customer billing portal, or by calling a designated toll-free number or the Company's customer service center.

Q. Are there additional noticing requirements for customers with load of one megawatt ("MW") or greater?

A. Yes. Customers that have load of one megawatt ("MW") or greater must be contacted in person, per U.C.A. § 54-17-905(1)(c), in addition to the two mandatory notifications discussed above.

Q. Is the Company aware of situations where in-person delivery to a customer with one MW of load is impractical?

A. Yes. Some customers have operations within Utah but have billing offices and headquarters that are located outside of Utah. In these limited cases, the Company will utilize telecommunication routes to meet the in-person notice requirement.

Q. What information will be included in the opt-out notices?

A. At a minimum, the opt-out notices must include the projected rates and terms of participation in the Program, an estimated comparison to otherwise applicable rates, and an explanation that the customer may elect to not participate in the Program. A sample of the Opt-Out notice is attached to the Company's Initial Application.

Q. Will the opt-out notices be available in languages other than English?

A. Yes. The Company will provide notices in Spanish to eligible customers who have previously indicated a Spanish language preference. All notices will contain a short statement in Spanish directing customers to where a Spanish language version of the notices can be obtained.

Q. How much time will an eligible customer have to opt out?

A. There are two phases in the overall opt-out process, which I refer to as the "Noticing Phase" and the "Initial Opt-out Period", shown in Figure 1 above. In total, the two phases span approximately 160 days. The Noticing Phase is sixty days prior to the commencement date of the Program, which is when the Company will send the two notices to eligible customers described above. During the Noticing Phase an eligible customer can opt out of the Program by taking any of the actions described in the notices. An eligible customer that opts out during the Noticing Phase will remain on its applicable rate schedule and will not pay any costs associated with the Program. An eligible customer that does not opt out during the Noticing Phase will become a participating customer on the commencement date of the Program.

The second phase will be the Initial Opt-out Period, which will begin on the commencement date of the Program, where participating customers will begin paying Program rates under Schedule 100. During the Initial Opt-out Period, a participating customer has three billing cycles to opt out of Program participation without incurring a termination fee. This provides participating customers with the opportunity to see the impact of the Program rates to their bill over three billing cycles. If a Participating Customer opts out during the three billing cycles, that customer must pay the Program

rates that were incurred prior to opting out but will then be removed from Program participation going forward without having to pay a termination fee to leave the Program. The Initial Opt-out Period will be approximately 100 days from commencement date to accommodate the three-billing cycle as required by U.C.A. § 54-17-902(6)(b).

Q. Can a participating customer leave the Program after the Initial Opt-out Period?

A. Yes. A participating customer may exit the Program at any time. After the Initial Opt-out Period, a termination fee may be assessed as described in Schedule 100.

Q. How will customers who move in or out of the boundaries of a participating community be treated under the Program?

A. Situations where customers move in or out of boundaries, or are annexed into a participating community, are listed in Schedule 100.[5]

3. Program Resources Procurement

Q. How will the Program procure clean energy resources?

A. The Program resources will be procured through a solicitation process held by the Agency for the Program.[6] The Agency will select qualified bidders who are interested in selling clean energy resources to the Program. The Company will analyze selected bid(s), as requested by the Agency upon the Agency's bid selection, and determine the incremental costs of the resources to the Program. If the Agency and its Board find the incremental costs acceptable for the Program, based on the Company's analysis, the Agency will advise the Company to contract with the bidder to procure the resource(s)

[5] Descriptions listed in Schedule 100 are consistent with U.C.A.§ 54-17-905(2) and U.C.A.§ 54-17-905(4), and R746-314-201(2)(b)-(e) and R746-314-303.

[6] The solicitation process is currently progressing in Docket No. 24-035-55 ("Program RFP").

output under a PPA.

Q. What is the timing of the program resource(s)?

A. On May 13, 2025, the Commission granted the Company's Application for the Program's Solicitation, which allows the Agency to begin initiating a request for proposal ("RFP").[7] Any program resources selected in an RFP will require an executed PPA to be approved by the Commission. Once approved, the respective Program resources could take several years to achieve commercial operation.

4. Program Costs

Q. What are "Program costs"?

A. Throughout my testimony, references to "Program costs" mean all costs incurred by the Program, which the Company anticipates has divided into two main categories – resource costs and administrative costs. Resource costs refer to the cost of the Program resources pursuant to the PPA. Administrative costs include all other Program costs that are not resource costs. The estimated program costs can be found in the Eller Workpaper included with this filing.

Q. What types of administrative costs does the Company anticipate will be incurred to administer the Program?

A. The Company anticipates the following types of administrative costs:

1. Agency Costs – costs that must be paid by the Agency such as initial noticing and third-party consultant costs.[8]
2. Start-Up Costs – costs required to implement the Program incurred by

[7] *Application of Rocky Mountain Power for Approval of Solicitation Process for the Community Renewable Energy Program and Motion to Deviate from Utah Admin. Code R746-314-402(4),* Docket No. 24-035-55, Order Granting Rocky Mountain Power's Application and Motion (May 13, 2025).
[8] U.C.A § 54-17-903(2)(a)(i).

the Company prior to commencement date. Examples include system modifications to accommodate program charges and tracking, customer service personnel training, toll free phone number, phone support, agency costs, URC Program Administrator costs.

3. Ongoing Costs – Costs required to administer the Program such as noticing for new customers, on-going agency costs, and refresher training for customer service for the Program. This also includes the costs of funding low-income credits.

Q. How will the Company account for the Agency costs?

A. Under the Utility Agreement, which was filed with the Initial Application, the Agency costs will be paid directly by the Agency or the Communities.

Q. How will the Company account for start-up costs?

A. Start-up costs will be incurred by the Company, or "fronted", prior to the collection of Program revenues; these costs will be deferred in the Program balancing account(s) until Program revenues are collected.

Q. Since the Company incurs start-up costs prior to the commencement date, how does the Company propose to ensure recovery of the costs?

A. The Company proposes to pay for the start-up costs as they are incurred to implement the Program. These costs will be deferred to the balancing account until they can be funded by Program revenues. Start-up costs will be prioritized and paid first with Program revenues, prior to funding ongoing costs or resource costs.

Q. How would the Company recover these start-up costs if all eligible customers opt out of the Program and no Program revenue is collected?

A. In the event all eligible customers opted out of the Program, the Company would seek reimbursement directly from the Agency. This ensures the Company and non-participating customers do not pay for these costs in accordance with U.C.A. § 54-17-904(4)(b).

Q. How does the Company plan to ensure it's reimbursed for start-up costs in the event Program revenues are not sufficient to cover start-up costs?

A. The Utility Agreement, which has yet to be executed by the Company, does not provide for recovery of start-up costs should the Program fail. Therefore, the Company and Agency agree to implement this protection through binding contract between the Company and the Communities. Upon Commission approval to implement the Program, the Company will execute a contract with the Agency and Communities prior to incurring the start-up costs.

Q. How will the Company account for ongoing administrative costs?

A. Once start-up costs are reimbursed, ongoing administrative costs and resource costs will be funded with Program revenues as they are collected each month. If Program revenues are not sufficient to cover the ongoing costs in a given month, the costs will be deferred until the following month. Any excess Program revenues after the start-up, ongoing, and resource costs are funded will be transferred to the escrow account described later in my testimony.

Q. What are the projected resource costs for the Program?

A. Resource costs are incremental costs associated with the Program resource(s).

Company witness Daniel J. MacNeil further discusses quantifiable costs and benefits to the qualified utility and all of the qualified utility's customers, as well as each incremental resource(s)' energy and capacity benefits.

5. Program Rates

Q. How will Program rates be determined?

A. Program rates will be billed under Schedule 100 through the following billing components: 1) a charge to fund Program resource and administrative costs, including the establishment of sufficient reserve funds for each requirement; and 2) a charge to fund low-income assistance credits per the respective Communities' plan for low-income assistance that provides for an enhanced monthly bill credit for customers on Electric Service Schedule No. 3. – Low-Income Lifeline Program. The Program rates will be an additional tariff charge to the Company's traditional electric rates. Mr. Meredith provides further details regarding the rates for the Program.

Q. How often can rates be adjusted for the Program?

A. The Company will file a rate adjustment as necessary, no more than once annually, that will take into account any costs associated with the Program that were not covered by customer funding in the prior year accumulated in a Schedule 100 balancing account and any changes in the quantifiable costs and benefit of the Program as per U.C.A. § 54-17-907(1)(a).

6. Program Design for Low-Income Customers

Q. Does the Program design contain any elements pertaining to low-income customers?

A. Yes. Participating customers receiving service from the Company on Electric Service

Schedule No. 3 will receive an enhanced monthly bill credit not to exceed $7.00 per month in addition to the low-income lifeline credits provided by Electric Service Schedule No. 3. This amount was determined by the Agency as part of the plans for low-income customers which were provided in the Initial Application.

Q. How will the Program fund the enhanced monthly bill credit?

A. The respective Communities' low-income plans envision that all Program participants will fund the low-income community plan through a monthly surcharge paid by Program participants who are not enrolled in Electric Service Schedule No. 3, in an amount not to exceed $0.70 per month, through a line-item for low-income in the new Schedule 100.

Q. Will non-participating customers be required to pay any of the surcharge to fund the enhanced monthly bill credit for the Program?

A. No. Only Program participants will pay the surcharge to fund the enhanced monthly bill credit.

7. Measures to Prevent Cost-Shifting to Non-Participating Customers or the Company

Q. Will non-participants or Company customers be impacted by the incremental costs resulting from the Program?

A. No, non-participating customers and the Company will not incur any incremental costs for the Program.

Q. How will the Program design ensure both non-participating customers and the Company are not subject to any incremental Program Costs?

A. As previously discussed, Participating customers will begin paying Program rates upon commencement date, which will be prior to the in-service date of the Program resource.

This will allow the initial Program revenues to reimburse the previously incurred start-up costs and the initial ongoing costs. Revenues collected that are in excess of any start-up or ongoing costs will accumulate into two restricted reserve funds - a resource reserve associated with the costs of the Program resource and an administrative reserve to support the Program's administrative costs. The resource reserve and administrative reserve fund, which will be held in escrow, and will provide the "backstop" to the Program.

Accordingly, the Company included the following provisions in the PPA for the Program resource to protect non-participating customers and the Company as described in the solicitation application:[9] (1) the Commission must approve of the PPA before the PPA becomes effective; (2) the Program must secure resource reserves to a sufficient starting balance negotiated level in the PPA before the PPA becomes effective; (3) the Program must secure administrative reserves to a sufficient balance before the PPA becomes effective; and (4) the PPA will include several termination provisions allowing the Company to terminate the PPA and avoid future costs if the reserve accounts fall below established thresholds or the program is terminated.

By meeting conditions 1 through 3 above prior to commencing financial obligations associated with any Program PPAs, the Company ensures costs are not incurred until the Program can support the PPAs and other program costs without impact or risk to non-participating customers or the Company. The Company believes

[9] *Application of Rocky Mountain Power for Approval of Solicitation Process for the Community Renewable Energy Program and Motion to Deviate from Utah Admin. Code R746-314-402(4),* Docket No. 24-035-55, Application for Approval of Solicitation Process and Motion to Deviate from Utah Admin. Code R746-314-402(4) (Nov. 19, 2024).

these controls are necessary because they allow the Company to isolate the costs and benefits of the Program to apply solely to Program participants.

Q. What level will be required for the resource reserve and administrative reserve funds to be considered "sufficient?"

A. The resource reserve balance is proposed to be an amount sufficient to pay the Program's Commission-approved assigned share of the power purchase agreement value for one hundred and fifty (150) months without supplement. The administrative reserve is proposed to be an amount sufficient to pay all program costs for sixty (60) months without supplement.

Q. How will the reserve funds be held?

A. The resource reserve and administrative reserve funds will be held in two escrows that will be held by the Agency.

8. Unwinding Program Resource(s) and/or the Program

Q. What will constitute termination of a program resource?

A. The Program PPAs will terminate under any of the following circumstances: (1) termination of the Program; (2) the Program's resource reserves fail to maintain a sufficient balance; or (3) the Program's administrative reserves fail to maintain a sufficient balance. These termination provisions limit risks associated with potential unrecovered costs, including both resource costs and administrative costs, thus protecting non-participating customers and the Company from cost shifting.

Q. What will constitute termination of the Program?

A. The Company will file for approval from the Commission to terminate the Program in the event one of the following events occur: the Utah legislature repeals the Community

Clean Energy Act, the Agency terminates the Governance Agreement, the Agency terminates the Utility Agreement, the Agency defaults under the Governance Agreement, the Agency defaults under the Utility Agreement, the Commission repeals or terminates the Program, the Agency ceases to exist, or other similar event requiring program termination.

Q. Can there be situations requiring the Company to terminate the PPA before the Program is effectively terminated?

A. As set forth in the solicitation in Docket No. 24-035-55, the Company may, in its sole discretion, terminate a PPA under its contractual rights. The PPA may also be terminated in the event one of the parties to the PPA defaults. To protect non-participants and the Company, the Company needs to ensure it maintains the ability to terminate a PPA in the event continued operation of the resource begins to shift costs from Program participants onto non-participants and the Company.

In the unlikely event the Company needs to terminate a PPA, the Company will provide notice to the Commission as soon as reasonably possible. The Company believes maintaining this ability to terminate the PPA and provide notice to the Commission is important for two reasons: first, a PPA may need to be terminated for various reasons that do not implicate the overall Program's success; second, situations requiring the Company to terminate a PPA, to prevent cost-shifting, may develop faster than it takes the Company to obtain Commission approval to terminate the Program.

V. CONCLUSION

Q. Please summarize your direct testimony.

A. The proposed Utah Community Clean Energy Program described in my testimony

allows the Company to provide participants an option to choose clean energy resources by paying for incremental costs of the program, while protecting against cost-shifting and impact to non-participating customers or the Company. The Schedule 100 balancing account will ensure all incremental resources costs are paid for by the program participants. The Program administrative costs deferral accounts will ensure all costs spent are recovered from Program participants.

Q. Why is the Program in the public interest?

A. Utah customers who are participants of the Program will have an option to buy non-emitting clean energy through the Program and contribute towards increasing use of non-emitting clean energy. Non-participating Utah customers will experience no incremental costs from the program.

Q. What is your recommendation?

A. Approve the Program, as described in the Initial Application and Part II of this Application.

Q. Does this conclude your direct testimony?

A. Yes.