
BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of Rocky Mountain Power to Implement Community Clean Energy Program Authorized by the Community Clean Energy Act	Docket No. 25-035-06
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**DIRECT TESTIMONY AND EXHIBITS OF
CHRISTOPHER THOMAS**

**On Behalf of the
Community Renewable Energy Agency
July 18, 2025**

DIRECT TESTIMONY OF CHRISTOPHER THOMAS

Introduction

Q. Please state your name and business address.

A. My name is Christopher Thomas. My business address is 451 South State Street,
Salt Lake City, Utah 84111.

Q. By whom are you employed and in what capacity?

A. I work for the Salt Lake City Sustainability Department as Senior Energy and
Climate Program Manager.

Q. On whose behalf are you testifying in this proceeding?

A. I'm testifying on behalf of the Community Renewable Energy Agency
("Agency").

Q. Please describe your educational and professional background.

A. I graduated from Grinnell College with Bachelor of Arts degrees in Biology and
English. I also have a Master of Science in Information Systems degree from the
David Eccles School of Business at the University of Utah.

Q. Please discuss your involvement with the Agency.

A. I have been appointed to serve as Salt Lake City's Alternate Board Member on
the Community Renewable Energy Board ("Board"). I also convene the Program
Design Committee, which was established by the Board to negotiate program
design issues with the Company and formulate Program design recommendations
for Board consideration. In this capacity, I work with the Agency's attorney,

23 consultants, and other members of the Program design committee on all matters
24 related to the creation of the Program. I also work directly with various personnel
25 from Rocky Mountain Power (“RMP” or “Company”) that have been tasked with
26 Program design and development. My work in this regard is to support the
27 development of a Program that satisfies the requirements of the Community
28 Renewable Energy Act (“Act”), the Commission rules adopted to implement the
29 Act (“Rules”), and that enables the communities that seek to participate in the
30 Program the opportunity to make progress on their clean energy goals.

31 **Q. Have you previously testified before this Commission?**

32 A. Yes. I provided comments, later adopted as testimony, in Docket No. 19-035-18.
33 I also provided testimony in Docket Nos. 17-035-61 and 20-035-04.

34 **Q. Have you previously filed testimony before any other state utility regulatory**
35 **commissions?**

36 A. No.

37 **Overview of Testimony**

38 **Q. What is the purpose of your testimony in this proceeding?**

39 A. My testimony addresses various aspects of Program design, including the initial
40 Program rate, administrative costs, the form and costs associated with opt-out
41 noticing, Program reserve funds, Program termination, termination fees, and
42 more.

43 **Program Design Considerations**

44 **Q. How has the Agency approached the task of designing the Program?**

45 A. First and foremost, the Agency understands that the rate set for customers
46 participating in the Program must “take into account the quantifiable costs and
47 benefits to the qualified utility and all of the qualified utility’s customers in their
48 capacity as ratepayers of the qualified utility, excluding costs or benefits that do
49 not directly affect the qualified utility,”¹ and that the Program does “not result in
50 any shift of costs or benefits to any nonparticipating customer.”² These principles
51 have guided the Agency’s approach to Program design, both with respect to its
52 collaboration with the Company on Program issues and with respect to the
53 Agency’s adoption of certain Program design elements, which I discuss below.

54 In addition, the Agency has sought to mitigate bill impacts for those who
55 wish to participate in the Program to encourage broad participation. Research
56 performed by communities within the Agency demonstrate that there is broad
57 residential support for the Program’s goals and, unsurprisingly, participation
58 levels are expected to be high when cost increases are reasonable. As such, the
59 Agency has adopted positions (discussed further below) to ensure that bill impacts
60 of Program participation will remain modest in order to encourage greater
61 participation.

¹ Utah Code § 54-17-904(2)(d).

² *Id.* § 54-17-904(4)(b).

62 **Q. Has the Agency adopted certain positions with respect to the Program that it**
63 **believes are consistent with the Act and the Rules and allows the**
64 **participating communities to reach their goals?**

65 A. Yes. Through the work of the Program Design Committee and in discussions
66 with RMP, the Agency has adopted several resolutions with regard to Program
67 design. I will discuss these resolutions below.

68 **Q. Why has the Agency adopted resolutions to identify its positions with respect**
69 **to Program design?**

70 A. One of the primary purposes of the Agency is to act as a single voice on behalf of
71 all participating communities. Agency resolutions on Program matters are
72 intended to identify the consolidated position of the communities that make up the
73 Agency. These resolutions provide guidance to the people like me that are
74 working to design the Program and to the attorneys and consultants that have been
75 engaged to act on behalf of the Agency with respect to Program matters. These
76 resolutions are intended to identify the positions of the Agency.

77 The Agency understands that it is just one of several interested parties in
78 this docket and that the Commission must take all parties' positions into account
79 in ultimately considering all aspects of the Program. It is also the case that, if the
80 Commission ultimately approves a Program, each individual community must
81 decide whether the Program approved by the Commission is acceptable to it and
82 is something that the community wishes to participate in.

83 Below, I address the positions adopted by the Agency regarding the design
84 of the Program and offer additional context on certain Program issues.

85 Initial Program Rate

86 **Q. What position has the Board adopted regarding the initial rate that will**
87 **apply to Program customers?**

88 A. Affordability has always been a top concern of the Agency. For example, the
89 Agency's governance agreement specifies that any resource acquisition that
90 would raise participants' bills by 10% or more relative to non-participants' bills
91 would need to be approved by a two-thirds vote of the Board, both by number and
92 by participating load.

93 Consistent with this concern, the Board has adopted resolution 25-01,³
94 which sets forth the Agency's position that the initial Program rate should be set
95 so that the incremental cost to the average residential customer should not exceed
96 \$3 to \$4 per month. At this level, the Board estimates that the program could
97 raise roughly \$14 million over its first full year of operation and this would be
98 sufficient to cover one year of administrative costs and raise a resource reserve
99 fund sufficient to cover the net-cost of an initial 200-Megawatt resource online in
100 2028. This equates to a Program rate of 0.48870 cents per kilowatt-hour used.

³ A copy of Resolution 25-01 is attached hereto as Exhibit 3.1.

101 **Q. Why is the Board's program rate estimate lower than the Company's as**
102 **presented in Mr. Meredith's direct testimony?**

103 Mr. Meredith estimates an initial program rate of 0.6132 cents per kilowatt-hour.⁴

104 The primary drivers of Mr. Meredith's forecasted Program rate relative to the
105 Board's estimate appear to be higher assumed administrative costs overall, a
106 requirement that five years of administrative costs be raised in the first 18 months
107 of program operation, and a higher assumed net-cost of program resources. In his
108 workpapers, Mr. Meredith forecasts that \$13,060,906 will be raised for the
109 purpose of a Program resource over the first 12 months,⁵ whereas the Board's
110 estimate shows \$12,500,000 raised for a Program resource over the first 12
111 months—a difference of \$560,906. The different assumptions regarding
112 administrative costs are discussed in detail below.

113 *Administrative Costs*

114 **Q. What are the differences between the Board's position on administrative**
115 **costs and the Company's?**

116 A. In resolution 25-01, the Board recognizes certain categories of administrative
117 costs that would be incurred by the Company to administer the Program,
118 including “ongoing noticing to new Program-eligible customers, phone support,
119 billing system automation, and Spanish translation.”⁶ The Board's position is that

⁴ See Direct Testimony of Robert M. Meredith at line 88; Exhibit RMP___(RMM-1).

⁵ See RMP Meredith Workpaper – Sch. 100 Forecast Model, tab labeled “Forecast CREA Model” (cell S15).

⁶ Agency Ex. 3.1 (Board Resolution 25-01) Section 1.b.

all such administrative costs must be “reasonable incremental and allocable” to the Program to be recovered in Program rates.⁷

The largest administrative expense is billing system automation, at an estimated \$585,120 one-time cost.⁸ Had the Company completed a planned migration to an Oracle-based platform, our understanding is that all of the required Program automation could have been accomplished at no cost to the Program; but because this migration was delayed, the Company asserts that this cost is required to upgrade its legacy systems to automate Program billing, noticing, and facilitate online opt-outs by Program-eligible customers.

The Board does not have a way to verify that this cost is appropriate, but generally supports automating routine tasks like ongoing noticing and billing tasks, as well as providing an online opt-out mechanism for customers who use the Company’s website for account management.

The Board also generally supports covering the Company’s cost to provide customer phone support for the Program, particularly so that Program-eligible customers can opt-out by phone.

However, the Board did not endorse paying for a dedicated RMP staff member at \$153,750 per year or requiring five years of ongoing administrative costs to be recovered in the initial program rate.

⁷ *Id.*

⁸ *See* RMP Eller Workpaper – Program Costs_URC, tab labeled “II-Program Costs” (cell F67).

139 **Q. Why did the Board not include a full-time program administrator in its cost**
140 **estimate?**

141 A. Because the Program plans to pay for a large initial software project to automate
142 billing and noticing activities, and because rate adjustments are limited to no more
143 than once per year, the Board does not believe the Program requires a full-time
144 staff member at such a high salary. We do not believe that RMP employs a single
145 dedicated staff person to administer its Blue Sky program or its Subscriber Solar
146 program. To the extent that an existing staff position spends some time working
147 on Program activities, the Program rate could potentially recover a share of that
148 staff member's salary if "reasonable incremental and allocable".

149 **Q. Does the Board's estimated program rate cover five years of ongoing**
150 **administrative costs?**

151 A. No. The Board's estimated program rate covers one year of anticipated
152 administrative costs. The Company has not demonstrated that it is prudent or
153 necessary to recover five future years of ongoing administrative costs in the initial
154 program rate.

155 **Q. Which ongoing administrative costs would you recommend removing from**
156 **the Company's \$5,074,235 target administrative reserve fund?**

157 A. Based on resolution 25-01, I recommend removing all five years of the
158 Company's proposed program administrator salary (\$768,750) and paper exit
159 confirmations (\$5,630) and four years each of: Agency costs (\$600,000), ongoing
160 noticing (\$1,317,000), phone support (\$207,512), phone support training

161 (\$2,172), and anticipated escrow management fees (\$1,434,496) as reflected in
162 column (e) of table CT-1, below:

163 **Table CT-1**
164 **(Comparison of RMP and Agency Ongoing Admin. Costs)⁹**

	(a)	(b)	(c)	(d)	(e)
	Description	Annual On-Going Cost	Company Admin Reserve Target, Representing Five Years of On-Going Admin Cost Collected Over 18 Months	Agency Year 1 Admin Cost Estimates Collected Over 12 Months	Difference Between Agency Year 1 Admin Cost Estimates and Company's Admin Reserve Target (d - c)
(8)	Noticing -- ongoing (12 months)	329,250	1,646,250	329,250	(1,317,000)
(9)	Noticing -- paper exit confirmation (12 months)	1,126	5,630	-	(5,630)
(10)	Agency Costs	150,000	750,000	150,000	(600,000)
(11)	URC Program Administrator at Utility	153,750	768,750	-	(768,750)
(12)	Phone Support - annual refresher training	543	2,715	543	(2,172)
(13)	Phone Support -- ongoing (12 months)	51,878	259,390	51,878	(207,512)
(14)	Program Subtotal [Not Included in Totals]	21,886,727		13,800,545	(8,086,182)
(15)	Escrow / trust setup and management fees (1.5% of Program Subtotal in Line 16)	328,301	1,641,505	207,008	(1,434,496)
(16)	TOTALS	1,014,848	5,074,235	738,679	(4,335,555)

165
166 **Q. What are “Agency costs” and why do you propose removing four years from**
167 **the Company’s target administrative reserve level?**

168 A. In the Board’s program rate estimate, the primary driver of Agency costs is the
169 “legal and technical costs associated with the Program, including the solicitation
170 of Program Resources and filing of applications and testimony in connection with
171 periodic ... Program rate adjustments.”¹⁰

172 The Agency seeks to recover in the initial program rate \$150,000 that it
173 could use to conduct a resource solicitation in the 2026-2027 timeframe and to

⁹ Tables CT-1 and CT-2 below, both of which are derived from a table in the “II-Program Costs” tab in Mr. Eller’s workpapers, are further set forth in workpapers filed with this testimony.

¹⁰ Agency Ex. 3.1 (Board Resolution 25-01), Section 1.c.i.

engage in the initial rate adjustment that the Company has proposed for July 2028.

However, it does not need to pre-raise four additional years of Agency costs in the initial program rate.

Q. Are there any other costs you would propose removing from the Company's administrative reserve target?

A. Yes, instead of having the Company translate customer opt-out notices into Spanish for a one-time cost of \$1,576, this translation could be provided by a member community of the URC. Other than this difference, the Company's proposal regarding startup costs and the Board's estimate agree as shown in Table CT-2, below:

Table CT-2
(Comparison of RMP and Agency Startup Admin. Costs)

	(a)	(b)	(c)	(d)
	Description	Start-Up Costs In Rates	Agency Year 1 Admin Cost Estimates (Startup and Ongoing Collected Over 12 months)	Difference Between Company and Agency Estimates
(1)	Noticing -- translation (one-time)	1,576	-	(1,576)
(2)	IT Software Development / reports (one-time)	585,120	585,120	-
(3)	Phone Support -- 800 number setup (one-time)	4,255	4,255	-
(4)	Phone Support -- initial staff training	8,684	8,684	-
(5)	Phone Support -- opt-out and cancellation periods	181,626	181,626	-
(6)	Phone Support -- ongoing (9 months)	38,908	38,908	-
(7)	TOTALS	820,169	818,593	(1,576)

Additionally, the Company has proposed printing and mailing exit confirmation notices for customers who opt-out of the Program by mail. Such confirmation notices are not required either by statute or by Commission Rules,

190 though the Agency recognizes the usefulness of such communications. The
191 Company estimates it will cost \$1,126 annually to print and mail such exit
192 confirmation notices. However, the Board asks that instead of sending a separate
193 mailed confirmation, the Company could confirm that a customer has exited the
194 Program by printing a small exit confirmation notice on the customer's next
195 monthly bill. This proposed change is reflected in Table CT-1, above.

196 **Q. If the Commission were to accept your proposed changes, what**
197 **administrative costs would be included in the Program rates?**

198 A. After accounting for the proposed changes, the startup costs would be reduced
199 from \$820,169 to \$818,593 and the ongoing administrative costs included in the
200 Program rate would be reduced from \$5,074,235 (collected over 18 months) to
201 \$738,679 (collected over 12 months).

202 **Q. Are there any other recommendations you would like to make regarding**
203 **Program administration costs?**

204 Yes, I would like to make two additional recommendations. First, the Agency
205 would like the option to hold competitive solicitations for any of the
206 administrative functions provided by the Company for the Program to ensure that
207 Program participants are receiving quality service at a reasonable cost.

208 Second, if the Company re-uses any of the functionality developed for and
209 paid for by the Program, the Agency asks that the Company fairly reimburse the
210 Program for the use of that functionality. For example, as noted above the largest
211 administrative expense is billing system automation, at an estimated \$585,120.

212 This expense is necessary to modify the Company's current billing software to
213 automate billing and noticing activities. Once completed, this automation tool
214 could be used for Company purposes other than the Program. The Agency asks
215 that, if this automation tool is utilized for non-Program purposes that the
216 Company fairly reimburse the Program for the use of that functionality. For
217 example, if the Company decided to automatically enroll all Utah residential
218 customers in a Demand Side Management program with an initial noticing
219 requirement and the ability to opt-out online, the Program should be reimbursed
220 for Company's use of that functionality if it relies on programming paid for
221 through Program rates.

222 **Q. Does the Board's Program rate calculation contain any elements of**
223 **conservatism relative to the Company's Program rate?**

224 A. Yes. The Company assumes that reserve funds held in escrow will earn 5%
225 interest annually. While such interest payments may be available, the Board's
226 Program rate estimate does not include any interest payments.

227 **Q. In your opinion, why is it unnecessary to raise five years of ongoing**
228 **administrative costs over the Program's first 18 months of operation?**

229 A. The Company has not demonstrated a need to raise five years of administrative
230 costs to hold in reserve and such an amount seems excessive for its purpose. The
231 Program rate can be updated once per year, and these updates should be sufficient
232 to ensure that the Program rate covers administrative costs. If the Program is
233 terminated, customers can be unenrolled and notified of their unenrollment

cheaply, either by emailed notice, a printed note on the customer's monthly bill, or both. After participants have been unenrolled, phone support will no longer be needed. Additionally, new customers will no longer need to receive printed notices. For these reasons, the Program does not need to maintain multiple years of administrative reserve.

Form of Opt-Out Notices and Opt-Out Noticing Costs

Q. Is the cost of sending opt-out notices included in the Program rate and who pays the costs of sending out such notices?

A. The answer to this question is different for "initial" opt-out notices, which are to be sent to all Program-eligible customers¹¹ within the participating communities as of the Program's implementation date, than for "ongoing" opt-out notices, which are to be sent to all Program-eligible customers within the participating communities that first take service from the Company after the Program's implementation date. For both "initial" and "ongoing" notices, the Act requires the Company to send two opt-out notices to all Program-eligible customers within the participating communities prior to enrolling those customers in the Program. With respect to "initial" opt-out notices, each participating community is required to pay the cost of sending the two notices to each Program-eligible customer within its boundaries. By contrast, the cost of sending the two "ongoing" opt-out notices is funded through Program rates.¹²

¹¹ Schedule 135 customers are not eligible to participate in the Program. See Utah Code § 54-17-905(5).

¹² The noticing requirements and cost responsibility is generally set forth in Utah Code § 54-17-905 and Utah Admin. Code R746-314-301 to -303.

254 **Q. How does the cost of opt-out notices affect the initial Program rate?**

255 A. Since the participating communities pay the costs associated with the “initial”
256 opt-out notices, the forecasted costs associated with such noticing is not included
257 in the initial Program rate. The cost of sending the “ongoing” opt-out notices
258 must be funded by the Program rate collected from the participating customers
259 and, as discussed above, the initial Program rate must account for these costs.

260 **Q. Is the cost of the opt-out notices affected by the form in which opt-out notices**
261 **are provided to Program-eligible customers?**

262 A. Yes, and the form of the opt-out notices is an issue the Commission must decide.
263 Commission Rules state that the notices must be sent “separate from standard
264 monthly bills”¹³ and “via a method determined to be adequate by the
265 Commission.”¹⁴ Sending physical opt-out notices by mail will cost considerably
266 more than sending opt-out notices by email. The Agency has held numerous
267 discussions with the Company to determine the estimated cost of sending paper
268 notices via U.S. Mail. Based on these discussions, the Agency expects that the
269 cost of mailing each customer notice (paper, printing, and postage) will be
270 approximately \$0.87. The Company estimates that the total cost of mailing a
271 single customer notice to all Program-eligible customers will be \$242,259.50.¹⁵
272 As noted above, the Company is required to send two opt-out notices to each
273 Program-eligible customer.

¹³ R746-314-301(1) & -302(1)

¹⁴ R746-314-301(3) & -302(3).

¹⁵ RMP Eller Workpaper – Program Costs_URC, tab labeled “VIII-Postage&print” (cell E41).

274 **Q. Does the Agency have a recommendation as to the form of the opt-out**
275 **notices?**

276 A. Yes. The Agency recognizes the importance of ensuring that each Program-
277 eligible customer receives adequate notice and opportunity to opt out of the
278 Program. The Agency also recognizes that some customers have indicated to the
279 Company that they prefer to receive utility communications by email, rather than
280 by physical mail. With this in mind, the Agency makes the following
281 recommendations for all opt-notices, whether designated as “initial” or “ongoing”
282 notices for payment purposes.

283 For Program-eligible customers with a demand of one megawatt or
284 greater, the Company must provide the opt-out information in person.¹⁶ As such,
285 the Agency recommends that, for Schedule 8 and 9 customers, this required in
286 person communication from the Company be the form of opt-out notice approved
287 by the Commission.

288 For Program-eligible customers with a demand of less than one megawatt,
289 the Agency recommends that the first notice be sent via U.S. Mail in a
290 conspicuous mailer separate from customer bills. With respect to the second opt-
291 out notice, the Agency recommends that the notice be sent by email to customers
292 that have elected to receive utility communications by email, and by physical mail
293 to customers that have not elected to receive utility communications by email.

¹⁶ See Utah Code § 54-17-905(1)(c).

294 Program Resource Potential

295 **Q. You mentioned earlier the Board’s position that the initial Program rate**
296 **should not raise the average residential customer’s bill by more than \$3 to \$4**
297 **per month; at that level, how much renewable energy did the Board estimate**
298 **the Program could acquire?**

299 A. The Board estimated that the Program could acquire 600 MW of Utah solar
300 coming online between 2028 and 2030 at this level of bill impact. This assumed
301 that the net-cost of Utah solar would be around \$1 per Megawatt-hour (MWh),
302 using a cost of \$37 per MWh and an avoided cost of \$36 per MWh. The cost
303 comes from averaging solar costs listed in the Company’s 2023 IRP (20 MW
304 solar in ID, OR, and UT, and 200 MW solar in UT, WY, and WA). The avoided
305 cost comes from averaging the pricing in workpapers included in RMP’s quarterly
306 updates to Schedule 38 for solar for the four quarters beginning December 2023
307 and ending October 2024. If the Program were able to acquire 600 MW of solar,
308 these resources would produce roughly 1.6 million Megawatt-hours of energy per
309 year. When added to Rocky Mountain Power’s energy mix—which we estimated
310 will consist of roughly 50% emissions-free generation by 2030—Program
311 participants’ annual projected consumption would match annual generation from
312 clean energy.

313 **Q. So why does the Company assume that at a slightly higher Program cost, the**
314 **Program could only acquire 120 MW of solar?**

315 A. PacifiCorp insisted on modeling Program resources at a net-cost of \$10 per MWh,
316 ten times more expensive than the Board's estimate. As far as I know, this \$10 per
317 MWh net-cost assumption made by the Company was not based on any actual
318 cost or avoided cost data. Because PacifiCorp insisted on modeling Program
319 resources at a \$10 per MWh net-cost, I asked PacifiCorp to scale the assumed
320 quantity of acquired resources down to a level that would not exceed the Board's
321 acceptable level of bill impact.

322 **Q. If the Company's net-cost is ten times higher than the Board's (\$10 vs. \$1),**
323 **then why does the Company's analysis not acquire resources in an amount**
324 **that is ten times smaller than the Board's estimate of 600 MW of Utah solar?**

325 A. The Company's analysis assumes that the initial Program rate must only recover
326 half of the total net-cost of the solar resources, so the resource can be twice as
327 large. So while the Company's assumed net-cost is ten times higher than the
328 Board's, roughly the same amount of Program revenue can fund two 60 MW solar
329 plants, totaling 120 MW of nameplate capacity.

330 **Q. Why does the Company assume that the initial Program rate must only**
331 **recover half of the total net-cost of acquired Program resources?**

332 A. This assumption is consistent with a term in the pro forma Power Purchase
333 Agreement (PPA) that was included with the Agency's recent resource
334 solicitation. This provision states that a resource reserve would need to be funded

335 at an “amount sufficient to pay the Program’s Commission-approved assigned
336 share of the PPA for [150_] months without supplement.”¹⁷ 150 months is equal
337 to 12.5 years, or half of a 25-year PPA, which is the customary term length for
338 utility-scale PPAs in this region.

339 **Q. Does the valuation of program resources have an impact on the net-cost of a**
340 **resource that would need to be covered by the Program?**

341 A. Yes. The Board’s position is that “Program Resources ... should be calculated by
342 comparing Rocky Mountain Power’s expected system costs with and without
343 Program Resources over such Program Resources’ expected operating or contract
344 life in a manner that is consistent with Rocky Mountain Power’s own resource
345 procurement process ... with any deviations from such Utility Procurement
346 Process clearly explained.”¹⁸ By contrast, the Company proposes valuing Program
347 resources in line with the Schedule 38 avoided cost procedure. Agency witness
348 Kevin Higgins will address resource valuation in his testimony.

349 *Resource Reserve Fund*

350 **Q. What is the purpose of having a resource reserve fund?**

351 A. Utility-scale power plant developers in our region typically need security that a
352 buyer will purchase at least 25 years of generation in order to obtain financing
353 prior to construction. Unfortunately, PacifiCorp will not agree to purchase 25
354 years of generation from a Program resource, and the Agency does not have a
355 credit rating against which a bank will lend. Therefore, the Board identifies

¹⁷ Program Solicitation Appendix E-2.1 (Pro Forma PPA) at Section 2.1.1 & n.9.

¹⁸ Agency Ex. 3.1 (Board Resolution 25-01) Section 2.

356 “funds raised solely as security for Program Resources” as an appropriate
357 Program cost,¹⁹ and says that “[p]articipants may be billed the Program rate
358 before Program Resources begin commercial operation.”²⁰ By raising 12.5 years
359 of a Program Resource’s net-cost, the Program can assure a clean energy project
360 developer that it can count on at least 12.5 years of projected PPA revenue, and
361 the developer has a better chance to obtain financing.

362 **Q. Will every developer require that at least 12.5 years (150 months) of PPA**
363 **net-cost be raised in a reserve fund prior to project construction?**

364 A. No, not necessarily. Some clean energy development companies with healthy
365 balance sheets may be able to “self-finance” a project, meaning that separate
366 financing is not required. In such cases, a developer company may be willing to
367 entertain a smaller resource reserve fund, or no resource reserve fund. In that case,
368 the Program rate could be much smaller and sized to recover only the net-cost of
369 Megawatt-hours (MWhs) purchased from a Program resource in a given year.

370 **Q. How do you react to Mr. Meredith’s proposal that the reserve fund be**
371 **viewed in three phases: build-up, maintenance, and draw down?**

372 A. The Board does not object to the general structure. Mr. Meredith states that,
373 during the Draw Down phase, “the reserve balance will be returned to
374 participants.”²¹ The Agency assumes the intent of this statement is that during
375 this phase the Resource Reserve funds would be utilized to pay the Program costs

¹⁹ *Id.*, Section 1.a.

²⁰ *Id.*, Section 4.d.

²¹ Direct Testimony of Robert M. Meredith at line 79.

376 associated with any remaining Program resource PPA costs and that such costs
377 would be removed from the Program rate. If this assumption is correct, the
378 Agency does not object to this proposed use of the Reserve Fund.

379 Resource Costs and Program Goals

380 **Q. What if the renewable energy project bids received by the Agency in its**
381 **ongoing resource solicitation have a net-cost higher than the Board's**
382 **estimate of \$1 per MW-hour, will that mean the Program falls short of its**
383 **net-100% clean energy by 2030 requirement?**

384 A. As adopted in resolution 25-08,²² the Board's position is that "[b]ecause clean
385 energy cost and value have experienced dramatic recent volatility, the Board
386 recognizes that the Program may not be able to acquire enough clean energy to
387 meet its net-100% clean energy target by 2030 while keeping the cost of the
388 Program at no more than \$3 to \$4 per month for the average resident. The Board's
389 position is that clean energy should continue to be acquired at no more than this
390 target level of cost impact to Program customers until the net-100% clean energy
391 target is achieved, even if later than 2030."²³ That means if resources bid into the
392 Agency's solicitation show a much higher cost relative to benefits than
393 anticipated, the Agency will likely select smaller resources consistent with a \$3-
394 \$4 per month average residential impact.

²² A copy of Board Resolution 25-08 is attached hereto as Agency Exhibit 3.2.

²³ *Id.*, Section 3.

395 **Q. If the Agency selects smaller resources, will it fall short of meeting the goal of**
396 **achieving net-100% clean energy by 2030?**

397 A. There is no Utah statutory requirement that the Program achieve net-100% clean
398 energy by 2030. The Community Renewable Energy Act of 2019 required
399 communities to adopt a net-100% renewable energy goal to become eligible, but
400 this requirement was later removed by modifications to the Act in 2024.
401 Nevertheless, net-100% clean energy by 2030 is the goal being pursued by the
402 Agency, in line with resolutions adopted by 18 of the 19 member communities of
403 the Agency and Board resolution 25-08, as discussed above. Achieving the net-
404 100% goal will depend on many factors, including the net-cost of clean energy
405 resources and customer participation in the Program.

406 *REC Retirement for Program Share of System Resources*

407 **Q. Does the Agency intend to acquire Program Resources to match all Program**
408 **load to achieve the net-100% goal?**

409 A. No. The Agency intends to complement the renewable energy that program
410 customers already pay for in their base rate. So, if Program participants consume
411 3.2 million MWh in a year and PacifiCorp's energy mix is 50% renewable (1.6
412 million MWh), then the Program would seek to acquire new resources capable of
413 delivering 1.6 million MWh annually. As articulated in Resolution 25-01, the
414 Board requests that it have the option to "elect for Participants' share of system
415 environmental attributes to be retired rather than sold, and for such foregone

416 revenue to be reflected on Participants' bills, though such election may be delayed
417 until 2030 or other such time as decided by the Board."²⁴

418 **Q. How does the Agency propose to utilize system resources to achieve the net-**
419 **100% goal?**

420 A. The most straightforward way for the Program to demonstrate that its participants
421 are using net-100% clean energy is to retire Renewable Energy Certificates
422 (RECs) generated by system resources for this purpose. The Agency and RMP
423 have for several years discussed allowing Program participants to rely on existing
424 clean system resources by having Program participants forego Schedule 98 REC
425 sale credits in exchange for RMP retiring credits produced by system resources on
426 behalf of the customers. Currently, there is not a way for all the Company's Utah
427 customers to elect that their share of RECs be retired rather than sold.

428 The Commission recently approved a new tariff, Schedule 74, the
429 Renewable Energy Credit Option Program (Pilot Program), which allows certain
430 rate classes to elect to forego the revenue credit associated with REC sales from
431 Schedule 98 and to have the Company retire system RECs on their behalf. As set
432 forth in Schedule 74, the purpose of the new tariff is as follows:

433 To support Customers in their efforts to achieve their sustainability
434 goals through this voluntary program that provides the option to
435 have Rocky Mountain Power retire renewable attributes associated
436 with the generation from a qualifying renewable electricity
437 generating resource, referred to as Renewable Energy Credits
438 (RECs), on the Customer's behalf. Customers participating in this
439 Schedule will forego the benefits of the revenue from the sales of

²⁴ Agency Ex. 3.1 (Resolution 25-01), Section 4.i

440 RECs in Electric Service Schedule No. 98 (Renewable Energy
441 Balancing Account).

442 This concept is nearly identical to the concept discussed between the
443 Agency and the Company and, I believe, was one on which consensus was
444 reached. The Agency would like system REC retirement to be made
445 available to participating customers. If functionality like that discussed in
446 Schedule 74 were made available to Program participants the Agency
447 would consider whether to request that all Schedule 100 participants be
448 automatically enrolled in Schedule 74 or similar customer-class specific
449 schedules for the purpose of retiring their share of system RECs.

450 **Q. How will participation in Schedule 74 or a similar mechanism allow Program**
451 **participants to achieve the net-100% goal?**

452 A. If Program participants are able to use Schedule 74 or a similar mechanism to
453 retire their share of system-wide REC-eligible generation, then system resources
454 will cover a portion of the Program's net-100% goal. The Program would seek to
455 acquire new resources capable of generating the remaining portion of Program
456 energy usage annually and retire RECs associated with that generation to meet the
457 net-100% goal.

458 Program Participation

459 **Q. What levels of customer participation did the Board assume in its analysis?**

460 A. The Board's estimate assumes that 80% of residential load, 30% of small and
461 medium commercial load, and 5% of large commercial load will participate for an
462 average overall participation of just under 40% across all 19 URC member

463 communities. The Board estimates that Program participation could be roughly
464 3.2 million MWhs annually in 2030, which is similar to Mr. Meredith's work
465 paper that estimates participation at just over 3.5 million MWhs in 2030.

466 **Q. Did you base these participation percentages on any data?**

467 A. Yes. Salt Lake City Corporation engaged Y2 Analytics to conduct a scientific
468 survey of Salt Lake City residents. In this 2022 survey, respondents were asked if
469 they would participate in the Community Renewable Energy Program if it raised
470 their bill by a certain amount. 80% of respondents said that they were either
471 extremely likely or somewhat likely to participate in the program even if it were
472 to raise their bill by 9%.

473 A separate analysis of Ogden residents performed by Weber State
474 University in 2022 produced similar results. That survey found that if the Program
475 were to increase energy costs by 10%, then 20.3% of Ogden residents would
476 likely opt-out of the Program. That would leave just under 80% of residents in the
477 Program.

478 The Board's estimate assumes lower participation from small and
479 medium-sized commercial customers because they tend to be more sensitive to
480 increases in the price of energy. For the very largest commercial customers (like
481 Schedule 9), the Board estimates assume very low participation at 5%.

482 **Q. What if overall participation in the Program is much lower than the Board**
483 **estimates?**

484 A. Program participation levels will be uncertain until after a Program is approved,
485 ordinances are adopted by the communities, and opt-out notices are distributed to
486 eligible customers. For this reason, the Agency's approach is to acquire resources
487 for the Program in phases until the net-100% clean energy goal is achieved while
488 keeping the Program affordable. If Program revenue is not sufficient to raise the
489 Resource Reserve or Administrative Reserve required in a Program PPA, then the
490 PPA will not go into effect. If these reserves are not maintained at a level required
491 in the PPA, then the Company has the right to terminate the PPA.

492 Program Termination

493 **Q. What if the Program is repealed by the Utah State Legislature or terminated**
494 **by the Utah Public Service Commission?**

495 A. Representatives from the Board's Program Design Committee spent considerable
496 time discussing this issue with Company representatives. The Company's position
497 as represented in the pro forma PPA is that it "may elect to terminate this
498 Agreement" if "the Program is terminated by order of the Commission or repeal
499 or material amendment to the Community Renewable Energy Act or its
500 implementing regulations such that PacifiCorp obligations under the Program are
501 materially increased."²⁵

²⁵ Program Solicitation Appendix E-2.1 (Pro Forma PPA) at Section 11.6(a)(iii).

However, the Board's position as articulated in resolution 25-08 is that funds raised from participating customers and held in a dedicated Resource Reserve fund for a contracted Program resource should be used to cover the Program's assigned share of that resource's cost until the Resource Reserve is exhausted. This position addresses a hypothetical scenario in which the Program is approved and then a Program resource is acquired, but the Commission subsequently terminates the Program. For example, it is theoretically possible that the Commission could approve the Program and that the Program could then acquire a resource that achieves commercial operation in 2030 for a term of 25 years but, for whatever reason, the Commission decides to terminate the Program in 2035 despite the fact that the Resource Reserve fund has sufficient funding to cover the Program's assigned share of the PPA cost for another 10 years without supplement. In this scenario, the Board's position is that the PPA should remain in effect for those 10 years rather than be terminated by the Company.

Q. How would the Board prefer to see the Commission handle a hypothetical Program termination?

A. As articulated in resolution 25-08, the Board's position is that any termination ordered by the Commission would accomplish the following tasks: notify and unenroll all Program participants, evaluate remaining Program reserves and how many additional months of the Program's assigned share of PPA costs those reserves can cover, and notify the third-party PPA clean energy company that the PPA will terminate when Program reserves are exhausted. The whole purpose of

524 raising a Resource Reserve fund is to provide security to a clean energy developer
525 that it will be able to sell its generation for a specific term. The Board's position
526 further contemplates that this proposed termination procedure would also include
527 a hearing. These procedures would help provide security to developers who want
528 to build clean energy resources to serve the Program.

529 *Fixed Charge for Residential Customers*

530 **Q. Are there any other Board positions with respect to Program design that you**
531 **would like to convey?**

532 A. Yes. For residential customers only, the Board would like the option to apply a
533 uniform fixed Program charge to all residential participants in lieu of a Program
534 rate. The Board's estimate in Resolution 25-01 was a fixed monthly Program
535 charge of \$3.12, representing the Board's estimated Program rate of \$0.0048870
536 per kilowatt-hour applied to the average residential consumption of 637 kilowatt-
537 hours per month across Schedule 1, 2, and 3 eligible customers.²⁶ The Board has
538 discussed that by using a fixed monthly Program charge, it will be easier for
539 residential customers to understand how participating in the Program will impact
540 their monthly power bills and budget accordingly than if their Program
541 participation is charged per kilowatt-hour.

²⁶ See Agency Ex. 3.1 (Resolution 25-01), Section 5.

542 **Q. Will using a fixed Program charge for residential customers discourage**
543 **energy conservation?**

544 A. Participating residential customers are still subject to volumetric base rates and,
545 for this reason, the majority of their monthly bill amount will continue to reflect
546 their energy consumption and thus encourage energy conservation. A fixed
547 monthly charge of between \$3 and \$4 per month for residential customers is in
548 line with existing fixed customer charges for residential customers.

549 Cancelation Period

550 **Q. What other Board positions with regard to Program design would you like to**
551 **discuss?**

552 A. As outlined in the Act, this Program will function as an opt-out Program, which is
553 different from RMP's other voluntary clean energy programs. For this reason, the
554 Board would like to extend the initial cancelation period from the required
555 minimum three-month period to a six-month cancelation period. Commission
556 rules state that the cancelation period for eligible customers as of the
557 implementation date must be "at least three billing cycles immediately following
558 the applicable commencement date."²⁷ This definition provides discretion for the
559 Commission to set a cancelation period for these customers that is longer than the
560 minimum requirement. Adopting the Agency's recommendation would mean that
561 Program-eligible customers on the date the Program is implemented will have six
562 months from the date the first initial opt-out notice is sent to exit the Program

²⁷ Utah Admin. Code R746-314-101(3).

without incurring a termination fee. The Board feels that an initial six-month cancellation period gives ample time for customers to see how Program participation affects their monthly bills and to exit without a termination fee.

However, this recommendation only applies to existing customers on the date of Program implementation; the ongoing cancelation period for new Program-eligible customers would remain as set forth in the Rules.²⁸

Termination Fees

Q. What does the Board propose with respect to termination fees?

A. The Board's proposed termination fees are outlined in resolution 24-08.²⁹ This resolution says that "the Termination Fee Schedule aims to encourage stable program participation without imposing an undue financial burden on residential and small commercial customers ... while ensuring an appropriate fee for larger energy-using commercial customers whose Program exit could cause a disproportionately large impact on Program rates."³⁰ Accordingly, the Board proposes a termination fee of \$30 for residential and small commercial customers (Schedules 23, 7, and 10). For larger commercial and industrial customers (Schedules 6, 6A, 8, 9A, and 9), the proposed termination fee is tied to customer size, at \$6 per average Facilities kW over the prior 12-month period. For street lighting customers, the proposed termination fee is 96 cents per kW applied to the

²⁸ Commission rules define the "cancelation period" for new customers or customers in annexed areas to be the latter of 60 days and the three-billing cycle period.

²⁹ Resolution 24-08 is attached hereto as Agency Exhibit 3.3.

³⁰ *Id.*, p. 2.

582 bulb wattage at the time of termination (Schedules 11 and 10) or the average
583 Facilities kW over the prior 12-month period (Schedules 15 and 22).

584 Furthermore, the Board proposes that customers participating in Schedule
585 3 “Low Income Lifeline Program Residential Service” have a \$0 termination
586 charge as part of its programmatic approach to low-income assistance outlined in
587 resolution 22-12³¹ and that the termination fee be waived for any residential
588 customer who “moves outside of the Program boundaries or ceases to be a
589 customer of the utility.”³²

590 **Q. How did the Agency determine the termination fee amounts for each rate**
591 **class?**

592 A. The Agency’s determination to adopt resolution 24-08, which sets forth the
593 termination fees proposed to be implemented for the Program, was based on the
594 following principles:

- 595 • some customers should not be subject to a termination fee;
596 • the termination fee should be high enough to prevent people from
597 terminating and re-enrolling in the Program; and
598 • the termination fee should be low enough that it doesn’t act as a deterrent
599 to prevent people from joining in the first place.

600 The Agency determined that the \$30 termination fee for residential and
601 small non-residential customers would be sufficient to satisfy these purposes. The
602 Agency determined that a termination fee of \$6 per average kW for large non-
603 residential customers and 96 cents per average kW for the lighting classes would
604 accomplish the purposes outlined above.

³¹ Resolution 22-12 is attached to the Direct Testimony of Daniel E. Dugan as Agency Exhibit 1.2.

³² Agency Exhibit 3.3 (Resolution 24-08), p.1.

605 Agency & Community Communications

606 **Q. Will the Agency or the communities seek to communicate to eligible**
607 **customers about the Program?**

608 A. Yes. The Board engaged a public relations firm, Penna Powers, to design the
609 Agency's website, found at www.utahrenewablecommunities.org. In addition to
610 this website, the Communications Committee of the Board also maintains an
611 Instagram social media channel "@utahrenewablecommunities" and produces an
612 e-newsletter on a roughly monthly basis, to which people can subscribe at the
613 Agency's web page.

614 In addition, all 19 communities included "outreach strategies" as part of
615 their individual plans for low-income assistance. These outreach strategies are
616 designed to provide enhanced communication, beyond the required noticing, to
617 households who may be disproportionately affected by changes to utility bills. Of
618 particular note are households receiving housing assistance or on a fixed income,
619 renters, and recently resettled refugees. To reach these categories of households,
620 the communities have identified over 125 separate organizations. For each
621 identified organization, the communities will: request a meeting before the end of
622 2025 to let them know this new program may launch in 2026, invite the
623 organization to a quarterly meeting hosted by the Low-Income Plan Committee,
624 add a contact email address to the Agency's list-serv, provide digital posters in
625 English and Spanish that can be printed, and provide additional information like
626 social media blurbs for easy transmittal to the clients they serve before the second

627 opt-out notice is sent. Communities have also proposed hanging posters and
628 displaying other program information in government buildings as part of their
629 outreach strategies.

630 Additionally, the Agency holds open public meetings monthly and
631 publishes all agendas, minutes, and approved resolutions to the Utah Public
632 Meeting Notice website at <https://www.utah.gov/pmn/>.

633 **Overview and Conclusions**

634 **Q. Please summarize the recommendations to the Commission.**

635 A. Without limiting any of the foregoing, I make the following recommendations:

- 636 • The initial Program rate should be set so that the incremental cost to the
637 average residential customer should not exceed \$3 to \$4 per month;
- 638 • The Company's proposal for the administrative reserve target to raise five
639 years of ongoing administrative costs should be rejected, and administrative
640 costs should be limited to those set forth herein;
- 641 • For Program-eligible customers that do not receive in-person opt-out
642 noticing, the first required opt-out form sent to customers should be sent via
643 U.S. Mail and the second required opt-out form should be emailed to
644 customers that have opted to receive utility communications via email;
- 645 • A mechanism for system REC retirement like the one recently approved in
646 Schedule 74 should be made available to Program participants;
- 647 • If the Program is terminated, funds raised from participating customers and
648 held in a dedicated Resource Reserve Fund should be used to cover the
649 Program's assigned share of Program resource costs until the Resource
650 Reserve is exhausted;
- 651 • If the Program is approved, the Agency should have the option to elect to
652 have all residential participating customers pay a fixed monthly Program
653 charge in lieu of a Program rate applied to kilowatt-hours consumed;
- 654 • Establish a six-month cancellation period for eligible customers as of the
655 implementation date and a cancellation period of three months for all other
656 Program-eligible customers; and

657 • Establish termination fees of \$30 for residential and small commercial
658 customers, \$6 per average Facilities kW for larger commercial and
659 industrial customers, and \$0.96 per kW for lighting schedules;

660 Finally, I respectfully request that the Commission approve the Program consistent
661 with these recommendations and with the recommendations set forth in the
662 testimony of other Agency witnesses.

663 **Q. Does this conclude your direct testimony?**

664 **A. Yes, it does.**