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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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| 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 |

**SURREBUTTAL TESTIMONY OF**

**KARL G. BOOTHMAN**

**ON BEHALF OF**

**WESTERN RESOURCE ADVOCATES**

December 11, 2025

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# List of Attachments

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| Exhibit WRA ___(KB-4)(SRT) | PacifiCorp 2022 All-Source RFP Main Document |
| Exhibit WRA___(KB-5)(SRT) | PacifiCorp 2022 All-Source RFP Appendix R, Bid Scoring and Modeling |

## I. INTRODUCTION

**Q: Please state your name, employer, present position and business address.**

A: My name is Karl G. Boothman. I am employed by Western Resource Advocates (WRA) in its Clean Energy Program as a Senior Policy Advisor. My business address is 307 West 200 South, Suite 2000, Salt Lake City, UT 84101.

**Q: Are you the same Karl G. Boothman who filed direct testimony on behalf of Western Resource Advocates in this proceeding?**

A: Yes.

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

A: My surrebuttal testimony responds to arguments made in rebuttal testimony by Division of Public Utilities (DPU) witness Lenell and Rocky Mountain Power (RMP) witness MacNeil regarding using the Present Value Revenue Requirement Differential (or "PVRR(d)") method for resource valuation. I also respond to arguments made by witness Lenell regarding the "intent" of the Community Renewable Energy Program statute.[1]

**Q: Please review your recommendations in this case.**

A: In direct testimony, I expressed concern with reliance on the 2025 Final IRP as published to accurately value the benefits and costs of a Community Clean Energy Program (Program) resource, due to its bifurcated modeling approach and other assumptions. I

[1] U.C.A. § 54-17-901, *et seq.*, also known as House Bill 411.

recommended that customers participating in the Program should not be charged a lost value for renewable energy certificates (RECs). I also recommended use of the PVRR(d) method for valuing program resources. To review, the PVRR(d) method measures the difference in present value revenue requirement *with and without* a given resource or set of resources. I sometimes refer to PVRR(d) analysis herein as "with and without" analysis.

**Q: Do you have any further recommendations based on the rebuttal testimony filed by parties on November 13, 2025?**

A: Generally, no. In my surrebuttal testimony I respond to the rebuttal testimony of RMP witness MacNeil and DPU witness Lenell.

## II. RESPONSE TO WITNESS MACNEIL

**Q: Please summarize the arguments made by Mr. MacNeil against the use of the PVRR(d) method.**

A: Mr. MacNeil recommends against using the PVRR(d) method for resource valuation due to the complexity of endogenous portfolio selection[2] and he suggests that the number and size of bids received may be too small to model endogenously.[3] He also raises the

[2] *Rebuttal Testimony of Daniel J. MacNeil for Rocky Mountain Power,* Docket No. 25-035-06 (filed November 13, 2025) at lines 116-117 [hereinafter *MacNeil Rebuttal Testimony*].

[3] *Id.* at lines 119-122.

possibility of finding suboptimal portfolios[4] and seems to view a method that suggests a high valuation for the Program resource as problematic.[5]

**Q: Do you agree with Mr. MacNeil's rationale against using the PVRR(d) method?**

A: Mr. MacNeil is extremely knowledgeable in the use of PLEXOS in integrated resource planning. Nevertheless, I believe that some of his critiques may overstate or at least mischaracterize the model's shortcomings regarding Program resource valuation in this context, especially given the parallels between the Agency's Solicitation and Company solicitations. At the outset of his rebuttal testimony, Mr. MacNeil stated:

> The proposed valuation methodology is intended to mirror the analysis that the Company would perform for comparable long-term resource decisions made on behalf of non-participating customers. A prudent decision should have expected overall outcomes that are as good or better than other potential alternatives, and care must be taken to identify and assess the best potential alternatives. It is also appropriate to reassess input assumptions in light of evolving circumstances and new information. The approved Schedule No. 38 methodology provides an established starting point for analysis but might not represent the most appropriate outcome.[6]

In fact, I agree with Mr. MacNeil's conclusions which seem to support the PVRR(d) method. The PVRR(d) method not just mirrors but *is* the method the Company uses for comparable long-term resource decisions made on behalf of all customers. It also allows for updated input assumptions as needed between an IRP filing and resource acquisition.

[4] *Id.* at lines 75-81, 106-109.

[5] *See id.* at lines 79-81, 92-96.

[6] *Id.* at lines 22-29.

**Q: Do you think that the PVRR(d) method would be complex and nontransparent?**

A: No. I agree that it may be more time-consuming for PacifiCorp but not that it would be any more opaque to stakeholders than portfolio selection or variant analysis in the IRP, on which the partial displacement differential revenue requirement (PDDRR or avoided cost) method is based. The parties involved in this docket are likely to be involved and have familiarity with the Company's IRP methods. Moreover, the PVRR(d) method is familiar to stakeholders who participate in cost recovery proceedings for the Company's own resource acquisitions (rate cases and requests for mandatory and voluntary resource decisions).

**Q: Do you agree with Mr. MacNeil that the Program resource solicitation is too small to endogenously reoptimize the portfolio with and without a Program resource?**

A: Mr. MacNeil has not stated the minimum number of bids or cumulative capacity of bids that would lend confidence to the endogenous model optimization results and subsequent "with and without" analysis of individual bids. But it is my understanding that the Agency's Solicitation received a robust response (14 qualifying bids), six bids were named to a shortlist, and these bids were provided to PacifiCorp for modeling purposes.[7] To score bids received in a standard all-source RFP, the operational characteristics of each bid are input into PLEXOS. The Company determines the net benefit of each bid, regardless of size or final selection, which is expressed as the difference in levelized costs

[7] *See, e.g.*, Utah Renewable Communities, *Fall 2025 Update* (November 2025 Meeting Materials), at page 48 of PDF ("Status of URC program development" on page 10 of slides), https://www.utah.gov/pmn/files/1343425.pdf.

provided by the bidder, and the resource-specific system benefit values from PLEXOS modeling.[8] Nowhere in PacifiCorp's most recent 2022 All-Source Request for Proposals (AS RFP)[9] documentation is there a minimum size requirement or cumulative capacity requirement for bids. In fact, the 2022 AS RFP explicitly accepted bids of 5 MW or less as demonstrated by the tiered bid fee structure.[10] Presumably, a bid of this size would not be thrown out due to nameplate capacity if it received a high price score and was selected in the portfolio optimization process.

In my direct testimony, I noted the discrepancy between the Agency's assumed resource acquisition (600 MW) and the Company's (120 MW).[11] While WRA does not have access to the confidential bids submitted to the Solicitation, given assumed sizes of resource acquisitions at the time of direct testimony, it remains unclear why the short-listed bids or a winning bid could not be analyzed under the PVRR(d) method. I find no reason why the size of the solicitation theoretically compromises the PVRR(d) method.

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[8] System benefits are determined regardless of bid nameplate capacity by using micro-copies of each resource, so as not to impact the bid portfolio selection. *See* PacifiCorp, *2022 All-Source RFP Appendix R, Bid Scoring and Modeling,* at page 2, attached as Exhibit WRA__(KB-5)(SRT).

[9] PacifiCorp, *2022 All-Source Request for Proposals Main Document*, attached as Exhibit WRA__(KB-4)(SRT). The (ultimately cancelled) 2022 AS RFP was the first resource solicitation for which PacifiCorp used the PLEXOS model. In the 2020 AS RFP, the Company employed models used to develop the 2019 IRP: System Optimizer and Planning and Risk.

[10] PacifiCorp, *2022 All-Source Request for Proposals Bidder's Conference Presentation* (October 20, 2022), https://www.pacificorp.com/content/dam/pcorp/documents/en/pacificorp/suppliers/rfps/pacificorps-2022-all-source-request-for-proposals/2022AS_RFP_Second_Bidder_Conference_10-20-2022.pdf at page 8.

[11] "For a concrete example, one must look no further than the discrepancy in Program resource size proposals between the Company (120 MW) and the Agency (600 MW)." *Direct Testimony of Karl G. Boothman on behalf of Western Resource Advocates,* Docket No. 25-035-06 (filed October 10, 2025) at lines 317-319.

**Q: Mr. MacNeil recommends against the PVRR(d) method because there is a risk of suboptimal portfolio selection. How do you respond?**

A: I do not share this concern. The very example Mr. MacNeil gave to illustrate this potential outcome was from the Company's 2020 All-Source RFP, showing that this outcome is a possibility in a large procurement or small procurement. I understand that complex optimization models occasionally find a feasible solution that may not be the absolute optimum. While finding suboptimal solutions may be endemic to endogenous modeling, it compromises the PVRR(d) method no more than in the Company's own resource procurements.

**Q: If modeling were to show a high resource value, would this be problematic, as inferred by Mr. MacNeil?[12]**

A: No. If modeling were to show a net system benefit, it would indicate that PacifiCorp should have procured the Program resource on behalf of all customers as a system resource in the public interest. Notably, a finding of net system benefit indicates that system costs (as expressed in present value revenue requirement) are lower with the

[12] *MacNeil Rebuttal Testimony, supra* note 2, at lines 79-81.

resource relative to system costs without the resource.[13] This is exactly what the Company demonstrates in justifying its own resource acquisitions.[14]

If PVRR(d) modeling were to show a Program resource with a high resource value (positive net benefits), it could present a conundrum for the Company but should not be viewed as problematic for the Program. Costs and benefits are given equal importance in the Program statute, so in this situation, the Commission would then contemplate how such benefits should be reflected in the Program rate for participating customers. In my view, this result, a net system benefit, is not an unlikely outcome depending on the Company's commitment to include realistic assumptions in any forthcoming IRP, specifically with respect to price-policy scenarios, load forecast, and single-system planning. Alas, the Company has many levers to pull to depress Program resource value, which I explained in depth in direct testimony in my critique of the 2025 IRP, but Mr. MacNeil's inference that a high resource valuation is problematic is inconsistent with the statute.

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[13] PacifiCorp describes a parallel process in an RFP context:

> The net benefit is simply the difference between the levelized costs provided by the bidder and the system benefit values identified by PLEXOS for each bid. The net benefit may be negative indicating a resource which reduces system costs for PacifiCorp's customers, or it may be positive indicating a resource which increases system costs, but which may or may not provide other value to the system.

PacifiCorp, *2022 All-Source RFP Appendix R, Bid Scoring and Modeling,* at page 1, attached as Exhibit WRA__(KB-5)(SRT).

[14] For examples, see the direct testimonies of Rick T. Link and Thomas R. Burns on behalf of Rocky Mountain Power in Docket No. 24-035-04 (filed June 28, 2024).

**Q: Did Mr. MacNeil address your concerns about the 2025 IRP and its use for resource valuation?**

A: Not substantively. I maintain that the contested nature of several impactful assumptions in the 2025 IRP renders it unusable (as filed) for resource valuation purposes regardless of method. The Commission found cause to suspend Schedule 37 avoided cost updates based on the 2025 IRP for similar reasons in Docket No. 25-035-T03 (Schedule 37 Tariff Revisions).[15] In that docket, the Commission stated:

> [T]he PSC appreciates that the instant [avoided cost] updates present a unique circumstance. First, RMP's proposed avoided cost prices constitute a substantial reduction in current rates. Second, RMP has made significant changes in its modeling that have raised understandable concerns among stakeholders given the substantial decrease in avoided cost prices. In 2024, RMP replaced its longstanding modeling tool, GRID, with its PLEXOS model, and now RMP has implemented Jurisdictional Modeling for the first time in the development of its 2025 IRP, which is a meaningful departure from its prior practice. …
>
> Further, no evidence suggests that ratepayers are likely to be harmed should existing avoided cost prices remain in effect until the PSC has reviewed the 2025 IRP. Existing prices appear rather modest relative to both historical and current market rates, and RMP does not appear to anticipate entering a material number of contracts under Schedule 37 in the short term.
>
> For these reasons, the PSC finds leaving current Schedule 37 rates in place, pending its review of the 2025 IRP, to be just, reasonable, and in the public interest.[16]

The same rationale applies to Program resource valuation. However, if the Commission decides in this docket that the 2025 Final or 2025 Utah IRP should be used, I endorse

[15] *Rocky Mountain Power's Proposed Tariff Revisions to Electric Service Schedule No. 37, Avoided Cost Purchases,* Docket No. 25-035-T03, Order Declining to Approve Schedule 37 Tariff Revisions (issued November 28, 2025) [hereinafter Schedule 37 Order].

[16] *Id.* at 9-10. Footnote omitted.

Agency witness Higgins' recommendations regarding inputs that must be updated, most notably the assumption of production tax credit (PTC) eligibility for displaceable proxy resources and the "lost value" of RECs.

In rebuttal, witness McNeil mentions that "[t]he Company will have an updated resource portfolio that incorporates the requested inputs as soon as it files its 2025 IRP Update, which is expected on March 31, 2026."[17] If the Commission determines that the 2025 IRP Update methodology is reasonable, and the approval of Program resource values continues beyond the filing of the 2025 IRP Update, it may be appropriate to use the Update. In any event, known and measurable changes in resource costs, tax policy, and load forecast should be incorporated regardless of which IRP or valuation methodology is used.

**Q: Have you adjusted your position regarding the lost value of RECs?**

A: No. In my opinion Mr. MacNeil's rebuttal position that "[t]he proposed valuation methodology is intended to mirror the analysis that the Company would perform for comparable long-term resource decisions made on behalf of non-participating customers"[18] only accentuates the asymmetric valuation of RECs proposed by the Company. In the Company's IRP, REC-producing resources compete directly with non-REC-producing resources. If REC value was incorporated in the IRP, the model would likely select more REC-producing resources, and there may be, in that instance, a case for

[17] *MacNeil Rebuttal Testimony, supra* note 2, at lines 260-262.

[18] *Id.* at lines 22-24.

charging participating customers for a "lost value" of RECs. Proxy resource selections are assigned no monetary REC benefit in the Company's IRP, either as a reduction to capital cost or a reduction to dispatch costs. REC valuation for CCEP purposes should be the same as it is in IRP; the [lost] value of RECs should be $0, as it is in the IRP.

## III. RESPONSE TO WITNESS LENELL

**Q: What resource valuation method does Mr. Lenell propose?**

A: Mr. Lenell suggests a valuation method based on the Schedule 38 avoided cost method but updated annually, a method that in his view would be "aligned with the intent of the no-cost shift mandate and more suitable to account for changes in annual benefits reflected in the net resource costs used to determine the Program rate under Schedule 100."[19] In Mr. Lenell's rebuttal testimony, in response to the concern I raised in my direct testimony that Schedule 38 values can be volatile on an annual basis, Mr. Lenell makes assertions as to the "goal" or "intent" of the Community Clean energy Program. He states, "…the goal of the Program is not to reduce volatility but to correctly value the costs and benefits of the Program resources and have them reflected in Program rates.[20]

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[19] *Rebuttal Testimony of Timothy M. Lenell for the Division of Public Utilities,* Docket No. 25-035-06 (filed November 13, 2025) at lines 249-251 [hereinafter *Lenell Rebuttal Testimony*].

In his rebuttal testimony, Agency witness Higgins addressed why this recommendation is fundamentally incompatible with Schedule 38 method for resource valuation: "If the Schedule 38 method is used, it is essential that the displaceable resource used for setting avoided capital cost gets locked down and attributed to the resource that is presumed to displace it at the outset of the legally enforceable obligation enabling the development of the Program resource." *Rebuttal Testimony of Kevin C. Higgins on behalf of Community Renewable Energy Agency,* Docket No. 25-035-06 (filed November 13, 2025) at lines 404-407 [hereinafter *Higgins Rebuttal Testimony*].

[20] *Lenell Rebuttal Testimony, supra* note 19, at lines 245-247.

He then uses this stated "goal" to justify his position that inter-year cost shifting between participating and non-participating customers should be prohibited.

**Q: Do you agree with Mr. Lenell regarding the "goal" or "intent" of the Program?**

A: No. Mr. Lenell asserts that the "goal" of the Community Clean Energy Program is to "correctly value the costs and benefits of the Program resources and have them reflected in Program rates."[21] Later in rebuttal, Mr. Lenell states that the "intent of the Program [is] to prevent cost shifts to non-participating customers."[22] These statements may be Mr. Lenell's positions but they are not supported by the enabling legislation or statute, nor would this method resemble any existing Commission-approved method for resource valuation on which the Commission could make a finding of public interest.

The goal of the Program is to meet 100% of the net electricity consumption of participating customers by 2030 while respecting the communities' rate impact constraints[23] and other provisions outlined in H.B. 411 (Utah Code § 54-17-901).[24] The requirements of the program are an accurate quantification of costs *and* benefits. Benefits, and their assignment to participating customers, are given equal importance to costs in the statute. Mr. Lenell conflates the *goal* of the Program with the *requirements* for Commission approval of Program cost recovery and Program rates to participating customers. Sections 54-17-908(3)(b) and 54-17-904(4)(b), which prohibit cost and

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[21] *Id.* at lines 245-247.

[22] *Id.* at lines 275-277.

[23] Utah Renewable Communities, *Frequently Asked Questions,* https://www.utahrenewablecommunities.org/faq (last visited December 9, 2025).

[24] U.C.A. § 54-17-901, *et seq.*

benefit shifting, are requirements for Commission approval of *cost recovery* of the Program resource and the Program *rates* for participating customers.

**Q: What are Mr. Lenell's critiques of the PVRR(d) method?**

A: Mr. Lenell cites potential year-to-year volatility and inter-year subsidization between participating and non-participating customers if Program resource costs and benefits are stated in levelized values (like the results of a resource valuation using the PVRR(d) method). He cites the Company's response to the Division's data request 2.33, specifically the portion in which the Company states that "the difference between the levelized net cost and the stream of nominal net costs in a given year is inherently a cost shift between participating and non-participating customers in that year, even if it is expected to cancel out over the life of the resource on a net present value (NPV) basis." [25]

WRA's understanding is that the Commission has wide latitude to decide how costs and benefits should be quantified, the time period under which these costs and benefits should be examined, and whether a time period aside from the contract term or life of the resource should be considered at all. The statute prohibits cost and benefit shifting and allows for updates of the Program rate, but there is no provision that mandates a comprehensive annual true-up of resource value as Mr. Lenell proposes.[26]

In my view, one of the ways to ensure program fairness for participants and non-participants is to treat participating customers comparably to non-participating customers

[25] *Lenell Rebuttal Testimony, supra* note 19, at lines 265-269.

[26] *See Lenell Rebuttal Testimony, supra* note 19, at lines 247-251.

by, for example, treating resource valuation and rate recovery as it is treated for any utility resource acquisition. As pointed out by Mr. Higgins, "Notably, prudent Company investments are not subject to such uncertainty with respect to cost recovery – nor are QF projects, for that matter. The Program resource should not be singled out for distinctly disadvantageous development terms under the guise of preventing cost shifting."[27]

Mr. Lenell also states that "an avoided cost method estimates the value of the resource based on market conditions and utility economics,"[28] inferring that the PVRR(d) method does not consider these important factors. In an evaluation of RFP bids or a PVRR(d) analysis, the Company can update modeling assumptions since the last IRP was filed. To demonstrate public interest for a specific resource in a rate case, the Company updates modeling inputs since the last IRP. For example, in the 2024 General Rate Case, the Company made several modeling input updates prior to performing an updated PVRR(d) (with and without) analysis for proposed transmission projects. It included updated energy values for projected wind energy using more current market price assumptions, accounted for the potential impact of the Ozone Transport Rule, included new contracts, incorporated the most current load forecast, and re-examined system benefits under the selected price-policy scenario.[29]

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[27] *Higgins Rebuttal Testimony, supra* note 19, at lines 427-430.

[28] *Lenell Rebuttal Testimony, supra* note 19, at lines 289-291.

[29] *Direct Testimony of Rick T. Link for Rocky Mountain Power,* Docket No. 24-035-04 (filed June 28, 2024) at 689-693.

**Q: Do you agree that an annually updated Schedule 38 method is more aligned with the intent of the no-cost shift mandate?**

A: I do not. First, I believe Mr. Lenell's annual update valuation methodology would be discriminatory against program participants compared to resource valuation and cost recovery for non-participants. Second, I believe such a method to be antithetical to basic financing principles for utility-scale generation regardless of ownership arrangement. Retroactive quantification of costs and benefits (other than net power costs) under this framework exposes participating customers to significant rate fluctuations that could terminate the Program if the resource valuation fluctuates annually.

To make another comparison, Mr. Lenell's method would be a far departure from the Commission-approved avoided cost methodology and would be incongruent with how QF resources are treated. Commission-approved avoided cost methods (Schedules 37 and 38) allow Qualifying Facilities to accept levelized compensation over the contract term *and* are based on the best available modeling inputs at the time of execution without an annual review of the QF's benefit or cost to the system based on historical data. Levelization of costs at the time of contract execution is used to compare resources of disparate contract terms or functional lives (like QFs) with proxy resource selections in the Company's IRP.[30]

[30] In its 2018 Order, the Commission stated:

> No party disputes the Coalition's testimony that the capacity payment a QF receives is calculated on a real levelized basis. Furthermore, the total resource costs for supply-side resource options represent real levelized values that are inputs for PacifiCorp's IRP modeling in determining the preferred portfolio…Since the Proxy/PDDRR methodology

Regardless of valuation method, I agree with Company witness MacNeil that a "one-time analysis at contract execution remains the more appropriate and practical approach."[31] Mr. MacNeil accurately explains that uncertainty in long-term resource evaluation is unavoidable and consistent with how the Company executes long-term contracts on behalf of non-participating ratepayers.[32]

**Q: Is the Schedule 38 method simpler and more transparent than the PVRR(d) method?**

A: It depends on one's perspective. I disagree with witness Lenell's premise that the modified Schedule 38 method inherently enables "transparent procedures with auditable cost tracking"[33] for at least two reasons. First, this view ignores the fact that the Schedule 38 avoided cost method is fully dependent on the Company's most recently filed IRP. Yes, the PVRR(d) method relies on complex system modeling through PLEXOS, but this is true for any valuation method based on the Company's IRP. In my view, ignoring the complexity of the IRP on which avoided costs are based, but referencing this complexity when considering the PVRR(d) method is inconsistent. IRPs are complex, but I disagree that using an annually updated Schedule 38 method is a workaround to an IRP's

> draws upon the optimized IRP preferred portfolio, established on the basis of levelized input values, we find such values should be consistently applied in the determination of avoided cost prices.

*Rocky Mountain Power's Proposed Tariff Revisions to Electric Service Schedule No. 37, Avoided Cost Purchases from Qualifying Facilities,* Docket Nos. 17-035-T07 and 17-035-37, Order (issued January 23, 2018) at 32-33. Footnotes omitted.

[31] *MacNeil Rebuttal Testimony*, *supra* note 2, at lines 169-170.

[32] *Id.* at lines 175-177.

[33] *Lenell Rebuttal Testimony, supra* note 19, at lines 296-297.

complexity. Instead, it may be accurate to say that perceived "simplicity" is just a function of parties' tolerance to accept prior complexity (as in any filed IRP) as unchangeable.

Moreover, the Company's proposed method includes novel modifications that I, and other witnesses consider to be yet undeveloped by the Company. Routine updates of modeling inputs are commonplace in both PVRR(d) analysis and the standard PDDRR avoided cost method,[34] but the Company's proposed Program resource valuation includes novel and opaque updates of the underlying method, creating significant uncertainty in this docket. Mr. Lenell, Mr. Sandonato, and I may all agree on this point, which was best articulated by OCS witness Sandonato:

> The first [issue] is that there are four adjustments identified by Mr. MacNeil to the Schedule 38 methodology, including interconnection costs, transmission costs, contract life, and the 'lost value of RECs', for which no verifiable calculation methodology has been provided. The second issue relates to the RMP's proposal to have an open-ended process in which it will 'provide an adjusted valuation that incorporates REC value and any price-policy, risk, or other modifications it believes are appropriate.[35]

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[34] The Company "may incorporate routine updates into avoided cost pricing without prior notification or agreement from the parties…." Schedule 37 Order*, supra* note 15, at 8.

[35] *Rebuttal Testimony of Anthony Sandonato for the Office of Consumer Services,* Docket No. 25-035-06 (filed November 13, 2025) at lines 37-43.

## IV. CONCLUSION

**Q: Can you summarize your conclusion with respect to Program resource valuation methodology?**

A: Yes. The PVRR(d) "with and without" method provides a viable alternative for quantification of Program resource costs and benefits, especially if the Commission determines that the proposed Schedule 38 method lacks sufficient justification to be usable. A valuation method based on Schedule 38 could provide a reasonable starting point only if its shortcomings are remedied. By this, I refer to the various inputs that must be adjusted based on realistic assumptions at the time of valuation. These inputs include, but may not be limited to, the appropriate treatment of PTCs and RECs as proposed by Agency witness Higgins.

Mr. Lenell correctly points out that the goal of the Program is not to reduce volatility, but innumerable statements can be made as to what the goal of the Program is *not.* The goal of the Program is not to hamper resource acquisition but to enable it, contingent on Commission determination that the Program is in the public interest. Financing of any long-lived generation asset requires more than a modicum of certainty regarding cost recovery. This holds true for utility-owned assets, power purchase agreements, or contracted qualifying facilities. Mr. Lenell's portrayal as fact that "a nominal and time-specific valuation [is] more aligned with the intent of the no-cost shift mandate and more suitable to account for changes in annual benefits"[36] is unsupported by the statutory

[36] *Lenell Rebuttal Testimony, supra* note 19, at lines 247-250.

language of 54-17-901, which does not prescribe an "intent" of the Program or a temporal requirement for Program resource cost and benefit quantification. Levelization of resource costs is currently employed in Commission-approved Schedule 38 pricing that has been deemed compliant with PURPA ratepayer indifference principles. The Commission has sole discretion based on the evidence presented to determine an appropriate valuation method, but any method (Schedule 38 or PVRR(d)) should reflect the best information available at the time of execution.

**Q: What do you conclude with respect to Program resource valuation?**

A: I conclude the following:

- Charging participating customers for the "lost value of RECs" remains inconsistent with the valuation methodology that the Company would perform for comparable long-term resource decisions made on behalf of all customers.
- The PVRR(d) method is a viable and proven method for valuing resource costs and benefits.
- A valuation based on Schedule 38 could be appropriate if modeling inputs reflect the current state of federal tax guidance, bid-specific assumptions, and other updated inputs, as recommended by Agency witness Higgins.
- The Commission has discretion to approve a Program resource valuation method based on the enabling legislation. This may include a conclusion as to the appropriate timeframe on which to consider Program costs and benefits to participating and non-participating customers.

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

A: Yes.

I have read this filing and believe that it is supported in fact and in law.

Dated this 11th day of December 2025.

Respectfully submitted,

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