

Good morning Chair Fenn, Commissioner Clark and Commissioner Harvey.

I have adopted the direct testimony of Robert Meredith and filed rebuttal testimony in this proceeding regarding the Company's proposed Schedule 100 rates.

My adopted and filed testimony focuses on establishing initial rates for the Program and outlines the process for annual rate updates.

It also outlines the underlying assumptions for the pricing model, which include the Company's estimated startup costs, annual administrative costs, opt-out rates, participating load, commercial operating dates for program resource, the cost for PPA resources and reserve balance requirements.

My rebuttal testimony incorporated updates to Schedule 100 rates as filed in the direct testimony of Robert Meredith, due to updates provided in the rebuttal testimony of Company witness Mr. Eller. These updates include:

- Shortening the administrative fund balance period from 5 years to 3 years, and
- Updating cost assumptions for retirement of renewable energy credits (RECs).

Rates for the Program assume that reserve funds will be built up to cover 12.5 years of PPA premiums one year before each resource's commercial operation date and 3 years of administrative costs in the first program year, with interest earnings assumed at 5%.

The Program spans **24 years**, and is divided into three phases:

1. **Build-Up Phase (2026–2029):** Collect reserves for renewable acquisition.
2. **Maintenance Phase (2030–2042):** Recover incremental PPA costs.
3. **Draw-Down Phase (2043–2049):** Return reserve balances to participants.

The Company proposes an initial energy-based charge of **0.5683 cents per kWh**, supplemented by a **\$0.10 monthly surcharge** to fund low-income assistance credits. At these rates, residential customers using 675 kWh per month would see an increase of approximately \$3.84, or 4.4%, while non-residential customers could experience bill impacts ranging from 4.4% to 8.6%, depending on usage.

It is important to note that these rates are not expected to remain static. Annual Program rate updates as proposed by the Company, will reflect actual and forecasted participation, renewable generation, administrative costs, low-income enrollment, and interest earnings.

The initial program rates would take effect on July 1, 2026. One year later, the Company would make a filing on July 1, 2027 for changes to take effect on November 1, 2027. The

Company will then file updates each July for rates effective in November. Adjustments will ensure reserve balances align with targets and maintain fairness as conditions evolve.

My rebuttal testimony also responds to various issues raised by parties in this proceeding:

Agency witness, Mr. Thomas recommended that Sch 100 uses a fixed monthly program charge for residential customers. As discussed in my rebuttal testimony, I recommend using an energy charge as it sends a price signal about the cost of the Program participants consumption. Of note, an energy charge is supported by DPU witness Mr. Lenell and OCS witness Mr. Sandonato.

Further, I express agreement with DPU witness Mr. Lenell, regarding the negative rate projected for the draw-down phase of the project and that it may introduce an incentive misalignment, which could result in participants gaming the program. As provided in my rebuttal testimony, I support a Commission rule that limits enrollment during the draw-down phase of the program, where any customer who had opted-out of the Program during the build-up and maintenance period would not be eligible for Program enrollment during the draw down period.

Mr. Lenell also requested acknowledgment that the Company intends to enforce the \$0.70 per customer per month low-income surcharge limit. If the \$0.70 surcharge limit was ever reached, the Company would lower credits to low-income customers so that distributions are proportionate with surcharge collections.

My rebuttal testimony also expresses agreement with a request from OCS witness Sandonato, where he requests separate line items for the Administrative Reserve fund and the Resource Reserve fund in the Sch 100 tariff, within customer bills and in the proposed notice.

My rebuttal testimony also addresses Agency witness Higgins recommendation, where he proposes to use levelized costs in determining Schedule 100 rates. My recommendation is to conduct annual updates for Sch 100 rates based on actual and forecasted participation levels, renewable generation, administrative costs and interest earnings.

In closing, the Company's proposed Schedule 100 rates ensure that participants will bear all Program costs, while non-participating customers and the Company will not subsidize program expenses.

Thank you and I'm available for any questions you may have.