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MISSOURI PUBLIC SERVICE COMMISSION

FILE NO.

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SURREBUTTAL TESTIMONY

OF

DR. CAROLYN A. BERRY

ON BEHALF OF

GOOGLE LLC

September 12, 2025

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I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Carolyn A. Berry. I work at Bates White Economic Consulting ("Bates White"). My business address is 2001 K Street NW, North Building, Suite 500, Washington, D.C. 20006.

Q. What is your position with Bates White?

A. I am a Partner.

Q. Are you the same Carolyn A. Berry that filed rebuttal testimony in this proceeding?

A. Yes.

Q. On whose behalf are you submitting this testimony?

A. I am submitting this testimony on behalf of Google LLC ("Google").

Q. What is the purpose of your testimony?

A. I respond to the Staff Recommendation filed by the Missouri Public Service Commission ("MPSC") Staff witnesses on July 25, 2025, to create an alternative tariff for large load customers that is fundamentally different from Evergy's proposed Large Load Power Service ("LLPS") tariff.

Q. Are you sponsoring any schedules or exhibits as part of your direct testimony?

A. Yes, I am sponsoring the following exhibits/schedules:

- Schedule CB-8 – Referenced Staff Responses to Google Data Requests

A. SUMMARY OF RECOMMENDATIONS

Q. What do you recommend?

A. I recommend that the Commission reject Staff's large load tariff proposal in its entirety for the following reasons:

- Staff's proposal is primarily a cost allocation and rate design proposal that does not adequately address the terms and conditions required for a large load tariff; is insufficiently supported; and is inappropriately offered and considered without the cost of service models and expertise that would be used in a rate case.
- Staff's proposal is unduly discriminatory in its proposed treatment of each large load customer as a separate commercial pricing node and in imposing new charges on large load customers that are not imposed on other customers taking embedded cost service.
- Staff's proposal is not based on costs to serve large load customers.
- Staff's proposal creates unjustified rate instability for large load customers.
- Staff's proposal does not address large load customer needs and is impractical to implement.

Q. Are there any elements of the Commission Staff proposal that you find acceptable?

A. Yes. I find the proposed 10-year contract term, starting after a ramping period of up to five years,[1] to be a reasonable element that provides long-term certainty for both the utility and large customers. However, this single point of agreement cannot justify a proposal that is otherwise unduly discriminatory, not cost-based, and inappropriately considered outside of a rate case. For these reasons, and as detailed in my testimony, I recommend rejecting the proposal in its entirety.

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[1] Staff Recommendation, Appendix 2, Schedule 1, p. 2.

B. DESCRIPTION OF STAFF'S PROPOSED LARGE LOAD TARIFF

Q. Please describe Staff's proposal.

A. Staff proposes a rate plan for large load customers (defined as customers with peak load of 25 MW or greater or taking service at 34 kV or greater)[2] that is fundamentally different from the rate structure and design for existing large customers. Staff proposes new methods to compute all or almost all charges including base demand and energy charges. Additionally, Staff proposes a new set of charges that would apply only to large load customers such as the Variable Fixed Revenue Contribution, Stable Fixed Revenue Contribution, Demand Deviation, and Imbalance charges. Staff's proposal would require the Company to register each large load customer with the Southwest Power Pool ("SPP") as a separate commercial pricing node to assign SPP charges that are currently determined and allocated on a system basis. Overall, Staff's proposal would separate and treat large load under a completely distinct set of rules and conditions, with distinct pricing determinants and charges, than those that apply to other embedded cost customers.

Q. Does Staff support any part of Evergy's LLPS rate plan?

A. No, not that I can identify. Staff recommends that the Commission reject Evergy's proposed tariffs and associated riders.

Q. What is your overall assessment of Staff's proposal?

A. Staff's proposal lacks balance and disproportionately centers on cost allocation and rate design instead of the broader terms and conditions that are needed to address the risks associated with large loads. It imposes new costs and requirements on large load customers with

[2] Staff's proposed large load tariff is found in Staff's Recommendation in Appendix 2 – Schedule 1.

little acknowledgment of the significant benefits they contribute to the broader system. Under the proposed framework, large load customers face charges disconnected from actual costs and are denied any viable pathway to achieving their clean energy goals. If enacted, this proposal would deprive ratepayers of the substantial advantages large load customers bring, as it risks diminishing the incentive for them to invest in and locate in Missouri. From an electrical infrastructure perspective, these advantages include benefits that enhance reliability, improve efficiency, and prepare the utility for a sustainable energy future.

Q. Please summarize how your testimony leads to the conclusion that this proposal should be rejected.

A. My testimony highlights the key flaws and deficiencies in the Staff's proposal. While the Staff proposal ostensibly aims to protect non-large load customers, it ultimately falls short of adhering to core regulatory principles and thus is ineffective in achieving that objective. I've structured my testimony to demonstrate these shortcomings by focusing on the proposal's deviation from emerging industry standards, its development without sufficient input from large customers and the Company, and its failure to prevent undue discrimination, align with cost causation, and ensure equitable treatment, rate stability, and practical implementation. Rather than addressing every flawed provision of the proposal individually, my testimony focuses on these broader critical flaws to demonstrate that the proposal, in its entirety, is not consistent with core regulatory principles and should therefore be rejected.

II. Shortcomings in Staff's Proposal

A. Staff's Proposal Deviates From Emerging Industry Standards For Large Load Tariffs and From Sound Regulatory Process

Q. Please describe the key changes in Staff's proposal.

A. Staff has proposed a complete redesign of virtually all existing rates for large load customers, including demand, energy, customer, and facilities charges. Additionally, they are introducing new rates for fixed revenue contributions, demand deviations, Southwest Power Pool ("SPP") charges, and SPP capacity shortfalls.

Q. Did Staff base its proposal on a comprehensive analysis of emerging practice for large load tariffs?

A. No. While Staff is generally aware of other enacted large load tariffs, it did not consult with any large load customer or utility, or conduct a detailed comparison of other large load tariffs to inform or validate their approach.[3] In other words, Staff's proposal was developed without the benefit of a comprehensive engagement process or a thorough analysis of comparable tariffs from other jurisdictions.

Q. Is Staff's proposal substantially different from the emerging industry standard?

A. Yes. Staff's proposal is fundamentally different because it focuses on a redesign of rates, while the emerging industry standard prioritizes the establishment of terms and conditions to ensure large load customers contribute their fair share of costs and minimize risk to other customers.

[3] Schedule CB-8 at 2, Staff Response to DR 0166(a-d).

Indeed, Staff's proposal presents a redesign of all or almost all charges for large load customers by attempting to separate out costs attributable to large load using new rate determinants. In doing so, Staff assumes, without good justification, that the current rate-making framework and methods for cost allocation for large load customers will not work and will not result in an allocation based on cost causation.[4] In fact "Staff has significant concerns with the current cost recovery framework of both [Evergy Missouri Metro ("EMM")] and [Evergy Missouri West ("EMW")]" for current customers.[5]

Meanwhile, the emerging industry standard prioritizes the establishment of terms and conditions that ensure large load customers contribute their fair share of costs while minimizing the risk to other customers if anticipated large load growth fails to materialize following significant investments. Common terms and conditions adopted in emerging tariffs include contract term, a threshold size for applicability, minimum demand or bill charges, collateral requirements, provisions for reducing contract capacity and exiting, and options for clean energy. Changes in rate design are generally minor. As a package these terms and conditions ensure, to an acceptably high degree, that the rates paid by large load customers reflect their representative share of costs. In my opinion as an economist, a package of terms and conditions such as these would satisfy the requirements of Senate Bill 4.

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[4] For example, See Schedule CB-8 at 3-4, Staff Response to DR 0168(c), (Q. Does the current method of flowing each of these expenses through the FAC result in a reasonable allocation of costs? A. The Commission has authorized the current FAC treatments as contained in the active FAC tariffs for each respective utility. The concerns Staff raises with regard to LLPS customers is that the scale of LLPS customers will differ significantly for current customers such that differing treatment is appropriate.).

[5] Schedule CB-8 at 12, Staff Response to DR 0203(b).

Q. Does Staff's proposal include all of the key provisions in the emerging industry standard?

A. No. While the proposal does include an eligibility threshold, a contract term, and a collateral requirement,[6] it notably fails to include minimum demand or bill charges, options to reduce contract capacity, or options to secure renewable or clean energy, which are all key components of the emerging standard.

Q. What is the basis for Staff's conclusion that the current rate making and cost allocation framework will not work for large load customers?

A. Staff provides little evidence to support this conclusion. When asked why the current cost allocation methodology is insufficient, Staff was non-responsive, stating that "[t]here is no current cost allocation for LLPS cost of service."[7] Staff has not identified deficiencies in the current framework that would provide a basis for proposed changes nor have they done a comparison to its proposed methodologies to demonstrate their superiority. Moreover, Staff has not vetted its proposal to evaluate the impact on the rates of non-large load customers, ensure there is no over-recovery of costs, or verify that the rates charged to large load customers will reasonably reflect cost causation.

Q. Is a complete overhaul of rates outside of a rate case appropriate?

A. No, it is not appropriate. A complete overhaul of this kind should only occur within a formal rate case. Staff does not have the tools or data required to determine if such a major change is needed, or how it would be best implemented outside of that established regulatory process.

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[6] Staff also outlines the conditions under which a large load customer would be required to pay termination charges.

[7] Schedule CB-8 at 5, Staff Response to DR 0170(a).

Q. What do you recommend?

A. I recommend that the Commission reject Staff's proposal. It is a flawed proposal that is primarily a cost allocation and rate design proposal, and fails to adequately address the full scope of terms and conditions required for a large load tariff. It is also insufficiently supported and was inappropriately offered and considered, as this process lacks the necessary cost of service models and expert rate design analysis that a rate case would provide.

C. <u>STAFF'S PROPOSAL IS UNDULY DISCRIMINATORY</u>

Q. Is Staff's proposed cost allocation and rate design for large load customers unduly discriminatory?

A. Yes. Staff proposes to separate large load customers from all other customers and then allocate costs and design rates for them using completely different methods. Staff proposes new charges for large load customers that other customers will not have to pay. Such a complete departure from the existing rate structure and methodology for current large customers is unduly discriminatory.

Q. Can you provide some examples of undue discrimination?

A. Yes. One example is Staff's proposal to require the Company to register each large load customer with the Southwest Power Pool ("SPP") as a separate commercial pricing node ("PNode")[8] and then assign charges based on that node. Currently, EMM and EMW customer loads are each aggregated into single nodes that use weighted average prices. This approach reduces price volatility for individual customers. Under Staff's proposal, large load would not be afforded the same protection from price volatility.

[8] Staff Recommendation, 22:12-13.

Q. What is Staff's justification for requiring registration of each large load customer as a separate PNode?

A. Staff's main argument is that separate PNodes "would allow for a much cleaner isolation of costs."[9] Staff contends that "it is difficult to isolate the expenses caused by LLPS customers that would otherwise be flowed through the FAC [Fuel Adjustment Charge] and which may cause unreasonable impacts on captive ratepayers."[10]

Q. Has Staff presented any evidence that expenses at the SPP nodal level caused by large load customers would have unreasonable impacts on other ratepayers?

A. No. Staff speculates that this might be possible, but has not performed any analysis or even provided a plausible example to establish the likelihood or importance of this issue.

Q. Are you aware of any other utility that has created a separate PNode and assigned Regional Transmission Organization ("RTO")-level charges based on that node to each large load customer in a large load tariff?

A. No.

Q. Are there other examples of undue discrimination in Staff's proposal?

A. Yes. Staff proposes a set of new charges that would apply to large load customers but not to other customers taking service under embedded cost rates. There is no basis for this discriminatory treatment. The additional charges for large load customers are:

- Load-Servicing Energy Charge
- Capacity Shortfall Rate
- Variable Fixed Revenue Contribution
- Stable Fixed Revenue Contribution
- Demand Deviation Charge
- Imbalance Charge

[9] *Id.* at 30:32-33.

[10] *Id.* at 22:14-16.

Q. The six charges you have identified are all examples of undue discrimination. Do these charges violate other regulatory principles?

A. Yes. All of these additional charges lack a cost foundation; they are not tied to the cost of serving large load customers. I will address two of these charges, the Load-Serving Energy Charge and the Capacity Shortfall Rate in this section focussing primarily on discrimination and the remaining four charges in the next section focussing on the lack of a cost basis for those charges.

Q. What is the Load-Servicing Energy Charge and why is it unduly discriminatory?

A. The Load-Servicing Energy Charge "will recover the cost of service associated with real time deviations, ancillary services, and those transmission expenses that vary with load versus demand."[11] Staff proposes a set of initial rates for the Load-Servicing Energy Charge and explains that "[t]hese are placeholders provided by Staff with the expectation that Evergy would provide meaningful input into calculating updated values."[12] Staff does not know yet which costs the Load-Serving Energy Charge would be based on or how it would be calculated.[13] Imposing new charges with no cost foundation or demonstration of need on large load customers is discriminatory. It should be further noted that real time deviations and ancillary services are normal components of electricity market operations for all customer classes. As such, it is improper for Staff to frame these issues as uniquely applicable to large load.

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[11] *Id.* at 56:2-3.

[12] Schedule CB-8 at 10-11, Staff Response to DR 0194 (b).

[13] *Id.* at -(i), (Q. Please identify the specific transmission expenses that vary with load versus demand as used in the passage above. A. Staff intends to work with Evergy to identify specific SPP billings that vary with load, and that vary with demand.).

Q. What is the Capacity Shortfall Rate and why is it unduly discriminatory?

A. Staff proposes this rate "for the potential recovery of revenue associated with any SPP action through which EMM or EMW ratepayers become responsible for payments associated with capacity shortfalls."[14] Staff would make large load customers liable for capacity shortfall penalties associated with the Company's management of the system-wide capacity position. A capacity shortfall, if it occurs, would be due to system capacity requirements relative to measured system capacity, not to any individual customer load. Charging a single class for costs that are attributable to all classes is unduly discriminatory.

Q. What do you recommend?

A. I recommend that the Commission reject Staff's proposal as unduly discriminatory in its treatment of large load customers as a separate commercial pricing node and assigning charges based on that node, and imposing additional new charges on large load customers that are not imposed on other customers taking embedded cost service.

D. STAFF'S PROPOSAL IS NOT COST-BASED

Q. In the previous section you identified four discriminatory charges (Demand Deviation Charge, Imbalance Charge, Variable Fixed Revenue Contribution, and Stable Fixed Revenue Contribution) developed by Staff for which you will focus on a lack of cost basis. Please explain these charges.

A. The charges fall into two categories: those related to demand deviations and those related to fixed revenue contributions.

[14] Staff Recommendation, 59:3-6.

- Demand Deviation Charges: The charges include the Demand Deviation Charge and the Imbalance Charge. Based on my understanding of Staff's proposal, these charges penalize a large load customer when their actual or contract demand differs from their forecasted demand. The Demand Deviation Charge penalizes a large load customer if its annual forecasted demand is different from its initial contract demand. The Imbalance Charge penalizes the customer if its actual monthly demand is different from its forecasted monthly demand (demand for all months is forecast annually).[15]
- Fixed Revenue Contributions: The Fixed Revenue Contribution Charges include the Variable Fixed Revenue Contribution and the Stable Fixed Revenue Contribution. Both charges are expressed as percentages and are calculated by applying those percentages to the kW and kWh charges on a large load customer's bill. The purpose of these charges is to collect a contribution toward fixed costs.[16]

Q. Please elaborate on the Demand Deviation Charge.

A. This charge would apply to differences between the initial contract demand and an updated yearly contract demand.[17] My interpretation of this is that a large load customer will forecast its yearly demand (kW), and if it is different (higher or lower) than its initial contract demand (kW), then it will pay a Demand Deviation Charge ($/kW) times the difference in quantities (kW) for deviations greater than +/- 5% of the initial contract demand. Staff proposes a Demand Deviation Charge of $107.02/kW-year or $8.9177/kW-month based on an estimate of

[15] *Id.* at 59:9-28.

[16] *Id.* at 58:11.

[17] *Id.* at 59:18-19.

the charge ($/MW) within SPP's Deficiency Payment applicable to a Load Responsible Entity (LRE) that fails to obtain sufficient capacity to meet its Resource Adequacy Requirement.

Q. How is SPP's Deficiency Payment related to the difference between a large load customer's initial contract demand and its updated yearly contract demand?

A. It is not related. The SPP Deficiency Payment is calculated as the LRE Deficient Capacity * Cost of New Energy ("CONE") * CONE FACTOR.[18] It applies to a LRE who has not met its Resource Adequacy Requirement. The Company's management of its Resource Adequacy Requirement is a system issue. Although a large load's forecasted annual peak demand may be one piece of information used by the Company when managing its reserve margin, there is no direct relationship between a large load's forecasted annual peak demand relative to its initial contract demand and an SPP Deficiency Payment. Using SPP's CONE * CONE FACTOR of $107.02/kW-year to penalize large load customers for differences between forecasted and contracted annual demand is inappropriate as this charge has nothing to do with the actual costs, if any, of a large load customer's forecast deviation. (It is also, as previously mentioned, unduly discriminatory.)

Q. Do you have any other concerns with Staff's Demand Deviation Charge proposal?

A. Yes. It is excessively stringent and unnecessarily complicated. Penalties would kick in for any annual forecast demand level less than 95% (or greater than 105%) of initial contract demand. This provides very little flexibility to large load customers who must manage business risk and are subject to market fluctuations that affect actual demand. Demand Deviation Charges ($/kW) would presumably need to be reset from year to year, creating more risk for large

[18] *Id.* at 27:6-7.

load customers and increasing regulatory burden. Moreover, no other customer is held accountable for deviations in forecast demand. It is the utility's responsibility to forecast annual demand for all its customers. A minimum demand charge, not the deviation framework proposed by Staff, is a superior way to guarantee a revenue stream that would protect non-large load customers from the risk of stranded costs.

Q. Please elaborate on the Imbalance Charge.

A. This charge would apply to the difference between a monthly demand forecast and actual monthly demand.[19]

Q. What is the basis for this charge?

A. Staff explains that the Imbalance Charge "accounts for differences in realized demand during peak periods compared to the contracted demand for that year providing the LLPS customer a financial incentive to operate consistent with the contracted demand."[20] Staff proposes to set this charge at $8.9177/kW-month.

Q. How do you respond?

A. Staff's proposed Imbalance Charge would penalize a large load customer for not forecasting load exactly, holding a large load customer to an unrealistic standard–and one that is applicable to no other customer. This is unduly discriminatory, inequitable and unreasonable. Moreover, differences between forecasted and actual monthly peaks for an individual large load customer have not been shown to be a problem that needs to be solved.

Staff's proposed charge, which like the Demand Deviation Charge is based on SPP's CONE * CONE FACTOR of $8.9177/kW-month, has nothing to do with monthly demand

[19] *Id.* at 59:26-28.

[20] *Id.* at 60:1-3.

deviations of a single customer. This charge has no cost foundation. SPP's Deficiency Payment is not applicable.

Staff's focus on short-term imbalances reflects a fundamental misunderstanding of large load tariffs. These tariffs are designed with a broader purpose: to establish long-term protections for the recovery of infrastructure costs and ensure large load customers pay their fair share.

Q. Please elaborate on the Variable Fixed Revenue Contribution Charge.

A. It is charge equal to 24.77% times the following charges on the monthly bill: (1) Customer Charge; (2) Facilities Charge; (3) Energy Charges (including the Day Ahead, Load Servicing, and RES Compliance Charges, but not the Economic Development Discount Responsibility Charge); and the, (4) Reactive Demand Charge.[21]

Q. Please elaborate on the Stable Fixed Revenue Contribution Charge.

A. It is a monthly charge equal to 24.77% times the (1) monthly Generation Capacity Charge or the Generation Capacity Charge based on the updated contract demand, whichever is greater, and the (2) monthly Transmission Capacity Charge or the Transmission Capacity Charge based on the updated contract demand, whichever is greater.[22]

Q. Do these charges, in effect, scale up a large load customer's entire bill by 24.77%?

A. Yes.

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[21] *Id.* at 58:11-16.

[22] *Id.* at 58:17-24.

Q. Why is Staff proposing to scale up a large load customer's entire bill by 24.77%?

A. Staff proposes that these additional charges be required as contributions to fixed cost recovery.

Q. What is the cost basis for these charges?

A. There is no cost basis. Staff's recommendation is that the LLPS rate "be set to collect 120% of the cost of service that varies with the addition of a new LLPS customer."[23] Staff states that this is essentially the floor established by Section 393.1640, RSMo,[24] and that Staff is using this statute as guidance for a minimal level of fixed cost of service contribution from a new customer.[25] Given how Staff is applying the charges, it appears that Staff views the large load customer's entire bill as "the cost of service that varies with the addition of a new LLPS customer."[26,27] To account for income tax, as Staff explains, the bill components actually need to be multiplied by 24.77% to accomplish a 20% contribution to "fixed costs."[28]

When asked if Staff verified that LLPS rates set to recover 120% of the cost of service correctly captures costs incurred on behalf of LLPS customers, Staff replied, "As there are currently no LLPS customers, such an analysis is not possible,"[29] confirming that Staff has no cost

[23] *Id.* at 34:28-29.

[24] *Id.* at 34:27-28.

[25] Schedule CB-8 at 6-7, Staff Response to DR 0173 (a).

[26] Staff Recommendation, 58: 8-10.

[27] Staff also states that,"[i]t is Staff's intention that LLPS customers make a contribution to the overall cost of service of Evergy that is 20% of the cost of serving LLPS customers." See Schedule CB-8 at 8-9, Staff Response to DR 0174 (e).

[28] Staff Recommendation, 34:27-29; 40:8-10; 58:3-10.

[29] Schedule CB-8 at 8-9, Staff Response to DR 0174 (d).

basis to support its proposal. Since a large load customer's existing bill already includes charges that recover fixed costs, scaling up the bill by 24.77% is highly likely to result in an over-recovery of those fixed costs.

Q. Does your testimony's focus on certain charges imply support for others you did not address?

A. No. My testimony focuses on the critical flaws in the Staff's proposal, and I have chosen to provide detailed examples of specific charges to demonstrate the fundamental issues with the overall approach. While I do not explicitly testify on every single charge, a lack of testimony should not be interpreted as support for those charges. I do not support these charges as they also contribute to the overall discriminatory nature of the Staff's proposal.

Q. What do you recommend?

A. I recommend that the Commission reject Staff's proposal because it is not based on costs to serve large load customers.

E. STAFF'S PROPOSAL CREATES RATE INSTABILITY

Q. What does Staff propose to charge large load customers for energy?

A. With respect to energy pricing, Staff recommends that large load customers be charged SPP nodal energy prices. They argue that "[e]very kWh of energy required by an LLPS customer will cause the respective utility, EMM or EMW, to purchase an additional kWh of energy through the IM [Integrated Market] in the interval in which it is needed, at the price of the LMP [Locational Marginal Price] at the interconnection node."[30] This is incorrect. As Staff acknowledges, "[e]ach day, generators owned by its market participants, including EMM and

[30] Staff Recommendation, 50:16-19.

EMW, are bid into the market, and SPP chooses which ones to dispatch to serve its system-wide load on a least-cost basis."[31] Additionally, EMM and EMW bid their load into the market. As a result of being on both sides of the market, EMM's and EMW's exposure to nodal prices is largely hedged, since their sales and purchases will effectively net out. For vertically integrated utilities in SPP, the cost of energy to serve their load is driven predominantly by their fuel costs, not SPP nodal prices. Consequently, the energy cost to serve large load customers primarily consists of fuel costs, with only a minor portion influenced by SPP nodal prices.

Q. Does charging large load customers, who are taking service under an embedded cost tariff, nodal prices for their energy consumption reflect the actual cost of service?

A. No. This is another example of charging large load customer rates that are not cost based. It is also another example of undue discrimination. Large load customers should be afforded the same rate treatment as other embedded cost customers.

Q. Does Staff's proposal to charge nodal prices create rate instability for large load customers?

A. Yes. The proposal to require registration of each large load customer with SPP as a separate commercial pricing node and then to base a large load's energy price on that nodal price will introduce significant rate instability for large load customers. Staff admits that nodal prices can fluctuate significantly and unpredictably due to changes in local supply and demand.[32] However, Staff did not conduct any analysis of potential price volatility that could be introduced

[31] Staff Recommendation, fn. 99.

[32] Schedule CB-8 at 2, Staff Response to DR 0166(d).

by creating separate commercial pricing nodes for LLPS customers to assess the impact on these customers.[33] This treatment of large load customers is not equitable.

Q. What do you recommend?

A. I recommend that the Commission reject Staff's proposal to charge nodal energy prices to large load customers based on undue discrimination, a lack of cost basis, and the unjustified creation of rate instability for large load customers.

F. <u>STAFF'S PROPOSAL DOES NOT ADDRESS LARGE LOAD CUSTOMER NEEDS AND IS IMPRACTICAL TO IMPLEMENT</u>

Q. Does Staff's proposal address the needs of large load customers?

A. No. As the Company explained in its Direct Testimony, "Many large customers have aggressive corporate clean energy goals and desire energy options that allow them to manage the energy mix that serves them."[34] As such, the Company has proposed four optional renewable or carbon-free riders. In my experience, I too have found that large load customers have ambitious clean energy goals, and as I proposed in my Rebuttal Testimony, the Company should go even further and offer a Clean Transition Tariff. Staff has recommended that the Commission reject the Company's optional renewable and carbon-free riders[35] and proposes no replacement riders or other clean energy alternatives. Offering renewable and clean options is a good way to attract and retain large load. Yet, Staff's proposal fails to address the renewable/clean energy needs of large load customers, diminishing its value to them.

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[33] *Id.* at -(c).

[34] Direct Testimony of Bradley Lutz, 41:7-9.

[35] Staff Recommendation, 86:1-2 (regarding the Clean Energy Choice Rider); 106:2-3 (regarding the Renewables Rider); 107:19-21 (regarding Green Solution Connections Program); and 109:17 (regarding Alternative Energy Credits Rider).

Q. Would Staff's proposal be impractical to implement?

A. Yes. Staff has proposed a sweeping set of changes to rate design and cost allocation. It would be imprudent to implement such changes with no assessment of the need or impact of these changes. Spending time and resources to vet changes that do not resolve a known problem would be wasteful and impractical.

Q. What do you recommend?

A. I recommend that the Commission reject Staff's proposal as non-responsive to large load customer needs and as impractical to implement.

III. SUMMARY OF RECOMMENDATIONS

Q. What do you recommend?

A. I am aware of no precedent for creating a separate rate structure that singles out one class of embedded cost customers as Staff proposes for large load customers. There are more appropriate means of addressing the requirements of Senate Bill 4 that do not require a complete redesign of rates or suffer from the flaws in Staff's proposal. Large load tariffs in other jurisdictions have been addressed through balanced contractual protections, not through discriminatory redesign of fundamental rate structures. Therefore, I recommend that the Commission reject Staff's large load tariff proposal in its entirely for the following reasons:

- Staff's proposal is primarily a cost allocation and rate design proposal that does not adequately address the terms and conditions required for a large load tariff; is insufficiently supported; and is inappropriately offered and considered without the cost of service models and expertise that would be used in a rate case.
- Staff's proposal is unduly discriminatory in its proposed treatment of each large load customer as a separate commercial pricing node and in imposing new charges

on large load customers that are not imposed on other customers taking embedded cost service.

- Staff's proposal is not based on costs to serve large load customers.
- Staff's proposal creates unjustified rate instability for large load customers.
- Staff's proposal does not address large load customer needs and is impractical to implement.

Q. Does this conclude your testimony?

A. Yes, it does. Thank you.

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