

Exh. KLE-1T
Docket UE-25_____
Witness: Kenneth Lee Elder, Jr.

BEFORE THE WASHINGTON

UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PACIFICORP dba
PACIFIC POWER & LIGHT COMPANY

Respondent.

Docket UE-25_____

PACIFICORP

DIRECT TESTIMONY OF KENNETH LEE ELDER, JR.

September 2025

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ATTACHED EXHIBITS

Exhibit No. KLE-2—Proposed Tariff Changes

Exhibit No. KLE-3—Generated Energy Average Savings Estimates

1 **Q. Please state your name, business address, and present position with PacifiCorp**
2 **d/b/a Pacific Power & Light Company (PacifiCorp or company).**

3 A. My name is Kenneth Lee Elder, Jr. My business address is 825 NE Multnomah
4 Street, Suite 2000, Portland, Oregon 97232. My present position is Director, Pricing
5 and Tariff Policy.

6 **I. QUALIFICATIONS**

7 **Q. Please describe your education and professional background.**

8 A. I have a Bachelor's Degree in Agriculture Business from Tarleton State University
9 and a Master's Degree in Agricultural and Resource Economics from Colorado State
10 University. I have been employed by PacifiCorp since July 2016, where I have
11 managed load forecasting and load research. From 2008 through 2016, I was an
12 economist for a natural resource consulting firm. From 2004 through 2008, I was an
13 economist for the University of Alaska Fairbanks. In May 2025, I assumed my
14 current position.

15 **Q. What are your responsibilities?**

16 A. I am responsible for regulated retail rates and cost of service analysis in the
17 company's six state service territory.

18 **Q. Have you testified in previous regulatory proceedings?**

19 A. Yes. I have previously filed testimony on behalf of the company in regulatory
20 proceedings in Utah, Oregon, Wyoming, and Washington.

21 **II. PURPOSE OF TESTIMONY**

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

23 A. My testimony presents PacifiCorp's proposed Schedule 138, Net Billing Service,

1 which the company proposes as a successor program to Schedule 135, Net Metering
2 Service. I also present changes to Schedule 135 that should ensure an orderly
3 transition from Net Metering to Net Billing Service. PacifiCorp proposes that the
4 tariff changes become effective on October 5, 2025, but the company understands that
5 the changes may be suspended, which would result in a later effective date.

6 **Q. How does PacifiCorp's proposal incorporate the tenets of energy justice?**

7 A. As explained in more detail below, PacifiCorp's proposal to implement a successor
8 tariff for Net Metering incorporates each of the energy justice tenets in the following
9 ways:

- 10 • **Recognition Justice:** PacifiCorp's proposal recognizes that the existing Net
11 Metering program perpetuates historical inequities by shifting costs from
12 customers with onsite generation onto customers without onsite generation,
13 who are more likely to be in highly impacted communities and vulnerable
14 populations or to participate in PacifiCorp's Low-Income Bill Assistance
15 (LIBA) program.
- 16 • **Procedural Justice:** PacifiCorp met twice with its Equity Advisory Group to
17 share the results of its analysis, discuss its plans to implement a successor to
18 Net Metering, and solicit feedback, which it has incorporated into its proposal.
- 19 • **Distributional Justice:** If approved, the proposed Net Billing program would
20 compensate new customer generators for the value of the energy they provide
21 to the grid at levels that do not impact the affordability of the company's
22 electric bills for other customers, resulting in an equitable sharing of the
23 benefits and burdens of the energy transition.
- 24 • **Restorative Justice:** Historically, customers experiencing lower incomes
25 have not been able to participate in the Net Metering program because of the
26 high costs of installing onsite generation. PacifiCorp's proposed Equitable
27 Access Credit would allow customers on the LIBA program to continue to
28 have access to the same economics of Net Metering that were enjoyed by
29 earlier adopters who could afford onsite generation systems.

30 **Q. Why is PacifiCorp proposing a transition from Net Metering to Net Billing?**

31 A. PacifiCorp's current Net Metering program allows customers with onsite generation
32 to offset the kilowatt-hours (kWh) they take from the grid with the kWh they export

1 to the grid. This dynamic treats these kWh as equal in value, which shifts costs to
2 other customers. The company estimates the residential cost shift from Net Metering
3 is currently increasing the monthly bills of average non-participants by about \$1.34,
4 or 0.8 percent. As customers continue to install generation, the company believes the
5 best way to mitigate further growth of this cost shift is to transition from Net
6 Metering to Net Billing.

7 **Q. Why is PacifiCorp proposing a transition now?**

8 A. Net Metering participation in the company's Washington service area has grown
9 steadily since the first interconnection in 2005, and Washington state statute¹ allows
10 for utilities with a cumulative Net Metering generation capacity of more than four
11 percent of their 1996 peak demand to propose a successor program.² The company
12 reached this four percent level in the fall of 2024 and believes now is an appropriate
13 time to evaluate the Net Metering program. In its analysis, PacifiCorp has determined
14 that the Net Metering cost shift reduces affordability and perpetuates systemic harm
15 to disadvantaged customers.

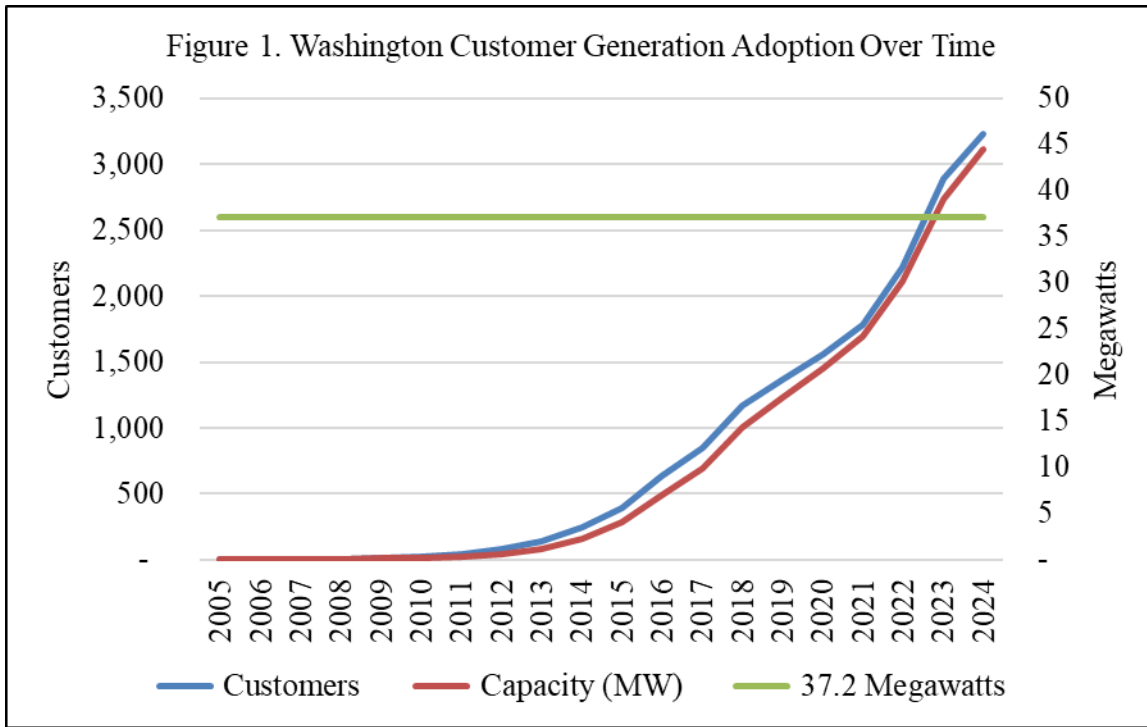
16 **Q. What is PacifiCorp's current level of customer generation adoption relative to**
17 **the statutory level that allows for a successor program?**

18 A. As of year-end 2024, 3,231 customers had installed a cumulative Net Metering
19 generation capacity of approximately 44.4 megawatts. Figure 1 below shows the
20 increase rate in customer generation adoption since 2005 relative to the statutory level
21 of 37.2 megawatts. The company believes further customer generation adoption will

¹ See, RCW 80.60.020.

² For PacifiCorp, this is 37.2 Megawatts.

1 increase the Net Metering cost shift and reduce the affordability of the company's
2 rates.



3 **Q. How does the Net Metering cost shift reduce affordability?**

4 A. While energy charges recover a portion of the company's energy costs, they also
5 recover a significant share of the company's fixed costs required to serve all
6 customers reliably and at any given time. When net metering customers offset their
7 energy charges with their grid exports, they avoid contributing to this fixed cost
8 recovery and shift it onto other customers. For residential customers, PacifiCorp
9 estimates that this cost shift is currently about \$1.8 million annually, and that it will
10 grow as customer generation adoption continues to increase.

11 **Q. How did PacifiCorp calculate this annual cost shift estimate?**

12 A. PacifiCorp calculated it as avoided energy charges less the company's value of grid
13 exports. To determine avoided energy charges and grid exports, the company

1 analyzed 2024 net metering customer bills and totaled the three kWh values that
2 determined their energy charges. These values are: (1) the kWh that the company
3 delivered to the customers, (2) the kWh that the customers exported to the grid, and
4 (3) the kWh that the company billed the customers. To determine avoided energy
5 charges, the company applied the current retail energy rate to the difference between
6 the delivered and billed kWh.³ Then, to determine grid exports, the company applied
7 the export rate that it proposes for its Net Billing program in this proceeding to the
8 kWh that the customers exported to the grid. Including grid exports with avoided
9 energy charges in the cost shift calculation recognizes the value of grid exports in
10 lowering the company's cost of meeting the energy demands of all customers.

11 **Q. Can you express the company's residential cost shift estimate on a per**
12 **interconnection basis and on a per residential customer basis?**

13 A. Yes. Dividing the estimate by the average net metering customer count in 2024
14 produces an annual cost shift estimate of \$620.85 per residential interconnection.
15 Dividing it by the average customer count in 2024 produces an annual cost shift
16 estimate of \$16.06 per residential customer, or \$1.34 per month.

17 **Q. Can you explain how this cost shift perpetuates systemic harm to disadvantaged**
18 **customers?**

19 A. Yes. Since PacifiCorp's disadvantaged customers have not been installing customer
20 generation at the same rate as the broader residential class, they have been
21 shouldering a greater share of the cost shift. For example, 6.7 percent of customers

³ The current retail energy rate as of August 1, 2025.

1 currently receive LIBA benefits under Schedule 17, but only 0.9 percent of Net
2 Metering customers receive LIBA benefits.

3 **Q. Has PacifiCorp examined whether this disproportionality exists for other**
4 **classifications of disadvantaged customers?**

5 A. Yes. As part of PacifiCorp's Clean Energy Implementation Plan (CEIP), the company
6 underwent a formal process to identify two other classifications of disadvantaged
7 customers in its Washington service area: (1) Highly Impacted Communities (HICs),⁴
8 and (2) Vulnerable Populations (VPs).⁵ The process qualified census tracts as HICs
9 that were either designated as such by the Washington Department of Health or were
10 at least partially on sovereign tribal territory.

11 To qualify census tracts as VPs, the process used a broader set of criteria and
12 geographic data. Of the 61 census tracts the company serves, this process showed that
13 20 census tracts are characterized as HICs and 36 census tracts are VPs. The company
14 used data from this analysis to determine the percentage of Net Metering customers
15 that are disadvantaged under the LIBA, HIC, and VP classifications. The results show
16 that, for all three classifications, the rate of Net Metering participation has been lower
17 than for the broader residential class. Table 1 provides a summary of this analysis.

**Table 1: Percentage of Net Metering Customers
and All Residential Customers Considered Disadvantaged**

	LIBA	HIC	VP
Net Metering	0.9%	12.3%	30.5%
All Residential	6.7%	27.3%	52.1%

⁴ CEIP 2023 Progress Report, Docket No. UE-210829, July 3, 2023.

⁵ Clean Energy Transformation Act, Washington Equity Advisory Group, February 2025 Meeting, February 13, 2025, https://www.pacificpower.net/content/dam/pcorp/documents/en/pacificpower/community/washington-ceip/EAG_Meeting_2025-2_February_2025_Slides.pdf

1 **Q. Will PacifiCorp’s proposal attempt to address this disproportionality for any of**
2 **these classes?**

3 A. Yes. The company’s proposal will provide income-verified LIBA customers with a
4 greater incentive to install generation than it will for the average residential customer.
5 PacifiCorp proposes adding an “Equitable Access Credit” on Schedule 17 that, when
6 combined with the company’s proposed Net Billing export rate, will treat qualified
7 customers like current Net Metering customers. I will discuss this in more detail later
8 in my testimony.

9 **III. PROPOSED TARIFF CHANGES**

10 **Q. Please present PacifiCorp’s proposed Net Billing tariff.**

11 A. Please refer to Exhibit No. KLE-2, which provides the proposed Schedule 138 tariff
12 outlining the company’s design of the Net Billing program. The program will provide
13 credits to customer generators for the energy they export to the grid from their
14 generation system. At the same time, PacifiCorp will bill the energy it provides to the
15 customer under the standard applicable tariff. Any energy the customer generates and
16 consumes on-site will offset energy the company would have otherwise provided to
17 the customer.

18 **Q. What are some of the advantages of the proposed Net Billing program?**

19 A. In contrast to Net Metering, where customers receive kWh credits for exported
20 energy, Net Billing customers receive financial credits. Under Net Metering, the
21 company compensates customer generators for their exported energy at a price greater
22 than its value, which shifts costs to other customers. On the proposed Net Billing
23 program, the company will provide customer generators with export credits at a rate

1 that is fair, accurate, and updated annually. This ensures that customer generators do
2 not shift costs onto other customers and that the prices the company pays for energy
3 exports evolve with their value over time. Also, it is easy for customers to understand
4 the concept of receiving credits at a set price for their energy exports.

5 **Q. Will PacifiCorp credit or charge Schedule 138 customers for the kWh that they**
6 **generate and consume on-site?**

7 A. No. Any kWh that customers generate and consume on-site will serve to lower the
8 kWh the company provides to them. The company does not propose to track and
9 charge or credit customers for these kWh.

10 **Q. Will PacifiCorp's proposal provide an incentive for customer generators to align**
11 **their usage with their generation output?**

12 A. Yes. Unlike current Net Metering, which treats kWh deliveries and exports the same
13 regardless of when they are delivered or exported, Net Billing will value exports at a
14 lower rate than deliveries. Since the company does not plan to track the usage of any
15 kWh that customers generate and use on-site, the lower export rate will create an
16 incentive for customers to find ways to utilize their generation to maximize the offset
17 of deliveries and minimize exports. For example, since most customers require the
18 highest deliveries in the early evening period, they could build west-facing solar
19 systems and generate more when the sun is setting instead of south-facing solar
20 systems that may generate more overall, but not at the times when customers need
21 delivery offset the most. Also, customers could set timers for appliances or electric
22 vehicle charging to shift deliveries away from their highest demand times and toward
23 those times when they know they will be generating the most.

1 **Q. Why is it appropriate to update the export credit rates annually instead of**
2 **providing multi-year, long-term pricing?**

3 A. Updating annually ensures that new customer generators receive accurate, up-to-date
4 pricing for their exported energy. If the value rises, customer generators will receive a
5 higher value. Conversely, if the value declines, other non-participating customers are
6 protected from paying too much for excess generation. Routine updates of the value
7 will help to ensure that the program is fair for all customers.

8 Allowing customer generators to lock-in to a long-term, multi-year value for
9 exported energy introduces the possibility for both customer generators and all other
10 customers to be harmed. When forecast valuations are further into the future, their
11 underlying assumptions are less certain. Basing export credit pricing on long-term,
12 levelized projections could credit customer generators at less than fair value for their
13 exported energy if the company's forecasts turn out to undervalue those credits. On
14 the other hand, if the company's forecasts overvalue the credits, other customers
15 could pay too much to customer generators for their exports. Updating the rate every
16 year minimizes this potential for either group to be treated unfairly.

17 **Q. How often does the company plan to update the export credit rate on proposed**
18 **Schedule 138?**

19 A. The company proposes making an advice filing each year by November 1st to update
20 the rate with the new rate becoming effective January 1st of the following calendar
21 year.

22 **Q. Does PacifiCorp propose for export credits to ever expire?**

23 A. Yes. The purpose of Net Billing is for customers to offset their bills with onsite

1 energy generation, not for customers to become power producers. To encourage
2 customers to appropriately size their generation systems to match the usage at the site
3 of the system, the company proposes that, every April, customers forfeit any export
4 credits accumulated over the previous twelve months. This would allow customers a
5 reasonable opportunity to accumulate and roll-over export credits monthly to offset
6 actual energy use at the location of their generation systems.

7 **Q. Will export credits be able to offset a customer's entire monthly bill?**

8 A. No. PacifiCorp proposes that export credits offset all charges except for basic charges
9 and the Schedule 91 surcharges that fund LIBA. Recovery of the basic aspects of
10 service, like metering and billing, and the cost of funding the LIBA program, should
11 be independent of a customer's decision to invest in customer generation.

12 **Q. What initial price does PacifiCorp propose paying customers for their energy
13 exports?**

14 A. The company proposes a rate of 5.167 cents per kWh, the revenue from which the
15 company would treat as a credit to its net power costs. The testimony of Company
16 witness Daniel J. MacNeil provides support for this rate.

17 **Q. Where would the cost of the export credit be booked and how would it be treated
18 for regulatory purposes?**

19 A. The company recommends that export credit payments would be recorded in FERC
20 Account 555 and tracked in the power cost adjustment mechanism. Excess energy
21 from customer owned generation is fed into the grid offsetting some of the need for
22 energy from other sources. Customers that produce more energy than they use would
23 receive a credit on their bill at the export credit rate for any excess energy supplied to

1 the grid. This credit would be treated just like any other purchased power expense by
2 debiting FERC Account 555 with an offsetting credit to the customer's bill.

3 **Q. What does PacifiCorp propose for customers on the current Net Metering**
4 **program?**

5 A. After closing Schedule 135 to new applications, the company proposes granting
6 legacy status under Schedule 135 to existing customers for the next 25 years, which is
7 approximately how long new solar arrays should last.⁶ Although the proposed Net
8 Billing program better reflects the costs and benefits associated with customer
9 generation, the company recognizes that existing customers have made investment
10 decisions based on the current Net Metering program, and believes that granting
11 legacy status to current Schedule 135 customers will appropriately honor those
12 decisions. The legacy status would apply to generator sites themselves, so that
13 customers are able to retain the value associated with Schedule 135 when selling their
14 property to a new customer.

15 **Q. When does PacifiCorp propose closing Schedule 135 to new service and begin**
16 **billing new customers under Schedule 138?**

17 A. PacifiCorp proposes closing Schedule 135 to new applications effective October 5,
18 2025. Residential customer generators on Schedules 16, 17, and 19 who submit their
19 application before this date would have up to one year after receiving company-
20 approval of their application to interconnect and still be eligible for Schedule 135. For
21 non-residential customers,⁷ the company would extend this one-year period for up to

⁶ EPA, August 13, 2025, End-of-Life Solar Panels: Regulations and Management, <https://www.epa.gov/hw/end-life-solar-panels-regulations-and-management>

⁷ Those not on Schedule 16, 17 or 19.

1 6 months upon receiving an extension request from the customer. After closing
2 Schedule 135 to new applications, PacifiCorp would grant legacy status to Schedule
3 135 sites for the following 25 years, and then move them to Net Billing or whatever
4 customer generation program is available at the conclusion of the 25-year period.
5 Please refer to Exhibit No. KLE-2 for the proposed revisions to Schedule 135.

6 **Q. You have mentioned that PacifiCorp’s proposal will attempt to address**
7 **inequities between LIBA customers and the broader residential class by treating**
8 **LIBA customer generators like current Net Metering customers. Can you**
9 **provide further details about this aspect of the company’s proposal?**

10 A. Yes. PacifiCorp proposes providing LIBA customers on Net Billing an 8.0 cents per
11 kWh “Equitable Access Credit”, which would enable them to receive compensation
12 for their excess generation at a rate that is comparable to what is currently available
13 with the Net Metering program.

14 **Q. Why is PacifiCorp proposing to focus on LIBA customers?**

15 A. The inequity that Net Metering creates is primarily financial, and LIBA customers
16 are, by definition, low-income customers. Historically, a customer generation system
17 has been an expensive proposition for a residential customer and primarily only
18 customers with higher incomes have been able to participate. Currently, only about
19 0.9 percent of Net Metering customers (about 30 customers) receive LIBA, which is
20 disproportionately lower than the 6.7 percent of the broader residential class that
21 receives LIBA.

22 **Q. How did PacifiCorp calculate the Equitable Access Credit?**

23 A. The company took the difference between the proposed export credit rate and the

1 current net residential retail energy rate and rounded the result to the nearest tenth of a
2 cent.⁸

3 **Q. Where in its tariffs does PacifiCorp propose including the Equitable Access**
4 **Credit?**

5 A. PacifiCorp proposes including the Equitable Access Credit in its Schedule 17 tariff.
6 Please refer to Exhibit No. KLE-2 for proposed revisions to Schedule 17. The
7 company proposes including the cost of the Equitable Access Credit in the LIBA
8 balance that the company recovers through the Schedule 91 LIBA program
9 Surcharge.

10 **Q. Could the company's proposal exclude some LIBA customers from the Equitable**
11 **Access Credit?**

12 A. Yes. Currently, the company requires that non-profit agencies certify LIBA customers
13 as eligible for different discount tiers according to specific income requirements.
14 However, on August 11, 2025, the Washington Utilities and Transportation
15 Commission ordered changes to the LIBA program that allow customers who wish to
16 participate to do so without this certification by self-attesting to their eligibility.⁹
17 While the company proposes that LIBA customers on any discount tier be eligible for
18 the Equitable Access Credit, the company proposes that only LIBA customers with
19 certification be eligible for the Equitable Access Credit. This is important to ensure
20 that the significant benefits of the Equitable Access Credit go only to income-
21 qualified customers.

⁸ The current 13.126 cents per kWh net residential retail energy rate became effective on August 1, 2025.

⁹ Order 01, Docket No. UE-250311, August 11, 2025, Requiring PacifiCorp to Amend and Refile Tariffs; Issue Customer Notice.

1 IV. CUSTOMER IMPACTS

2 **Q. Will the company's proposed Net Billing program have an impact on existing**
3 **customer generators?**

4 A. No. As described above, the company will grant legacy status to current Net Metering
5 customers for 25 years after closing the program to new applications.

6 **Q. How will customers be able to achieve bill savings when they install customer**
7 **generation and participate in the Net Billing program?**

8 A. Customers who install customer generation under the Net Billing program will see
9 their bills decrease due to two main factors. First, customers' onsite consumption of
10 the generation will decrease the overall load that the customer requires the company
11 to supply, which will decrease their bills. Second, the financial credits that result from
12 exported energy will further decrease bills.

13 **Q. Accounting for the effects of both the decreased load and export credits, can you**
14 **provide an estimate of the rate at which the company's proposal will compensate**
15 **the average residential customer for the kWh they generate?**

16 A. PacifiCorp estimates its proposal will compensate the average residential customer at
17 about 8.9 cents per kWh of generation. This is based on an estimate of the average
18 customer generator producing 14,392 kWh per year, or an amount equal to about
19 62 percent of the customer's total annual energy consumption. Such a customer
20 would save about \$1,280 per year, with about 69 percent of this savings coming from
21 decreased load, and about 31 percent coming from export credits.

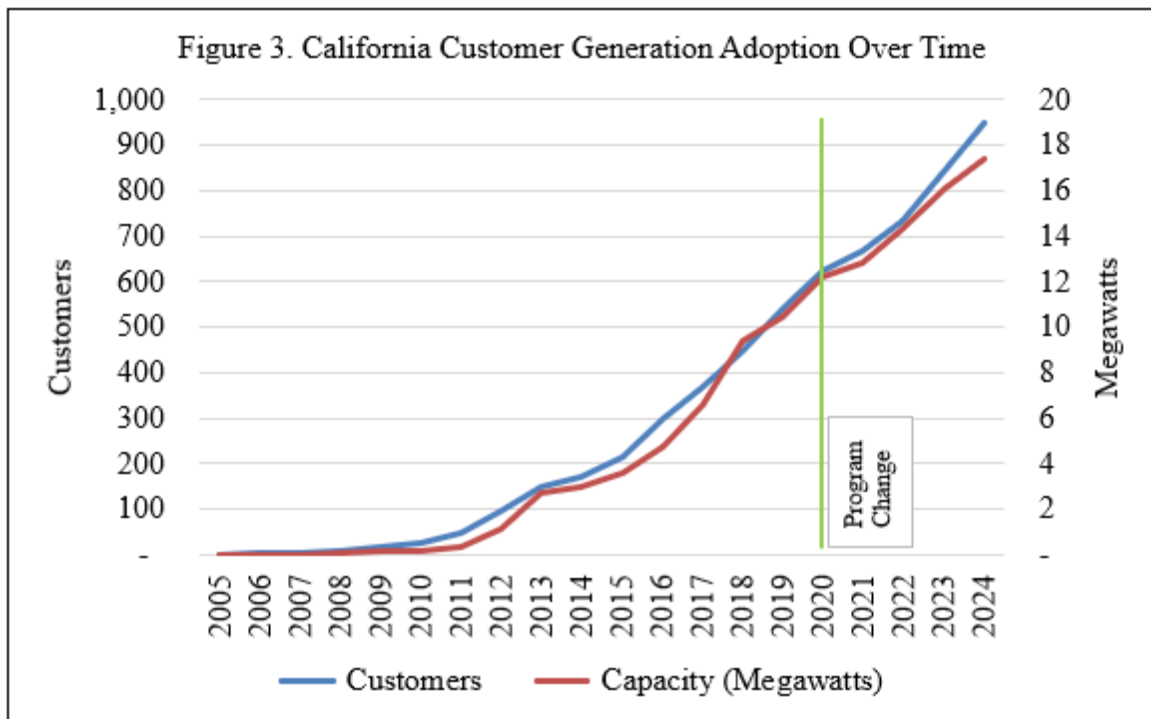
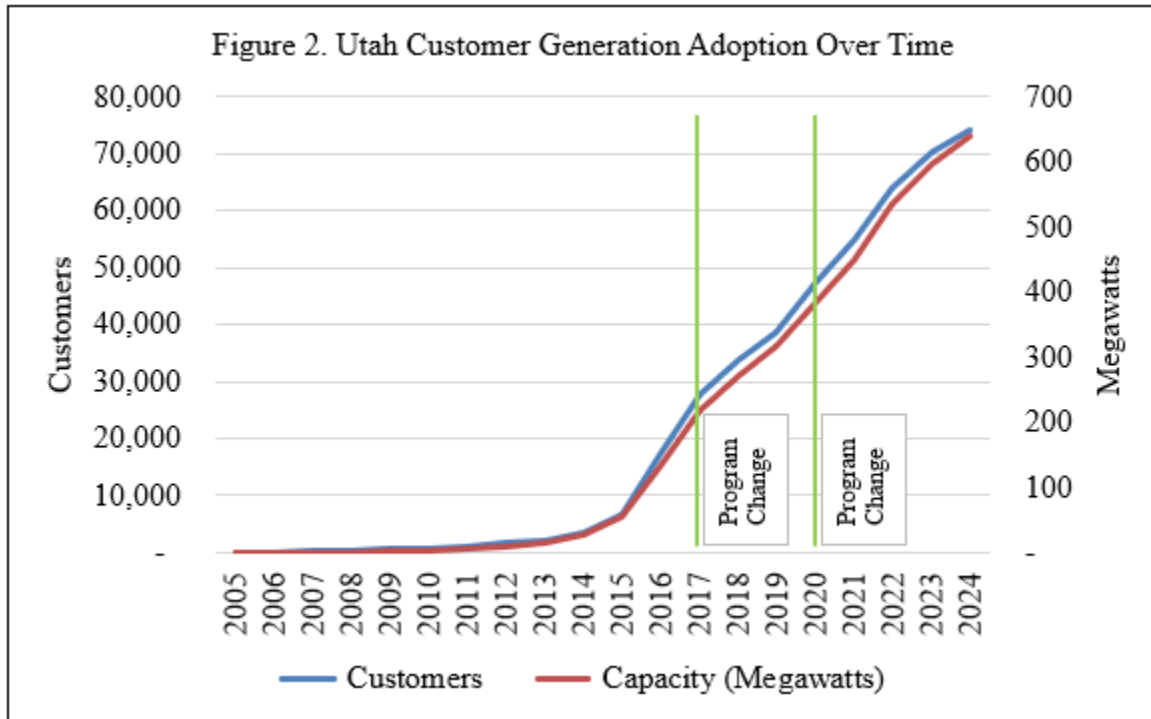
22 **Q. Have you prepared an exhibit supporting these estimates?**

23 A. Yes. Please refer to Exhibit No. KLE-3.

1 **Q. In PacifiCorp’s experience transitioning from Net Metering to a successor**
2 **program in the areas it serves outside Washington, has the company seen severe**
3 **impacts on the rate of customer generation adoption?**

4 A. No. PacifiCorp continues to observe steady customer generation adoption in its Utah
5 and California service areas even after transitioning from Net Metering to Net Billing.
6 In Utah, the company first implemented a transition program in 2017 that credits
7 customer generators at a fixed export rate that does not change annually. Then, in
8 2020, in both Utah and California, the company implemented net billing programs
9 that include annual export rate updates like what the company is proposing for
10 Washington.¹⁰ Figures 2 and 3 below show the timing of these program changes
11 relative to the rate of customer generation adoption in PacifiCorp’s Utah and
12 California service areas.

¹⁰ See Utah Public Service Commission Docket No. 24-035-04 and California Public Utilities Commission Decision 20-01-007.



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V. ENGAGEMENT

Q. Has PacifiCorp discussed moving from Net Metering to a Net Billing program with its Equity Advisory Group?

A. Yes. The company and the Equity Advisory Group had robust discussions on these topics in July 2024 and April 2025.¹¹ In the July 2024 meeting, the company discussed the Net Metering cost shift and how moving to Net Billing could benefit low-income customers. The Equity Advisory Group members suggested that any successor program the company proposes to address the cost shift should be easy for customers to understand and encourage low-income customers to adopt customer generation. In the April 2025 meeting, the company presented further evidence that the cost shift has been disproportionately affecting low-income customers and discussed the possibility of addressing this with the Equitable Access Credit. The company also showed that customer generation adoption has not significantly slowed in Utah and California even after PacifiCorp made net metering reforms in those states like what it proposes for Washington. The Equity Advisory Group members responded positively to PacifiCorp's proposal to include the Equitable Access Credit with its Net Billing proposal and appreciated the company's proposal to grant legacy status to current Net Metering customers.

¹¹ For the July 2024 meeting notes, see:

https://www.pacificcorp.com/content/dam/pcorp/documents/en/pacificcorp/energy/ceip/EAG_Meeting_2024-07_July_2024_Public_Notes.pdf.

For the April 2025 meeting notes, see:

https://www.pacificpower.net/content/dam/pcorp/documents/en/pacificpower/community/washington-ceip/WA_EAG_Meeting_2025-04_April_2025_Public_Notes.pdf.

For a broad description of PacifiCorp's Clean Energy Implementation Plan public participation and advisory group meetings, see: <https://www.pacificpower.net/community/washington-clean-energy-transformation-act-equity.html>.

1 **VI. CONCLUSION**

2 **Q. Please summarize your testimony.**

3 A. PacifiCorp's proposed tariff revisions will facilitate closing the current Net Metering
4 program to new service and create a new Net Billing program that will allow the
5 company to continue providing opportunities for additional customer generation in its
6 service area. The Net Billing program is fair, just, in the public interest, and provides
7 reasonable, cost-based compensation to customer generators for their output.

8 **Q. What is your recommendation for the Commission?**

9 A. The company recommends that the Commission approve PacifiCorp's proposed tariff
10 changes, including the new Schedule 138, Net Billing Service, effective October 5,
11 2025.

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

13 A. Yes.