

1 **Q. Please state your name and business address with PacifiCorp, dba Rocky**
2 **Mountain Power (“the Company”).**

3 A. My name is Jana L. Saba, and my business address is 201 South Main, Suite 2300,
4 Salt Lake City, Utah 84111.

5 **Qualifications**

6 **Q. What is your present position with the Company and what is your employment**
7 **history?**

8 A. I am currently employed as Manager of Revenue Requirements for the Company. I
9 have been employed by Rocky Mountain Power since 2007. Before assuming my
10 current role in 2014, I was a Regulatory Projects Manager and a Regulatory
11 Analyst.

12 **Q. What are your responsibilities as Manager of Revenue Requirements?**

13 A. My responsibilities include managing the calculation of the Company’s revenue
14 requirement and the preparation of various regulatory filings, including the
15 Company’s Renewable Energy Credit (“REC”) filings in various states. In my
16 previous roles as Manager of Regulatory Projects and Regulatory Analyst, I acted
17 as the subject matter expert on the regulatory treatment of revenues received from
18 the sale of RECs.

19 **Q. What is your education background?**

20 A. I received a Master of Science in Finance from the University of Utah in 2006 and
21 a Bachelor of Science in Finance from Utah State University in 2002. In addition,
22 I have attended various educational, professional, and electric industry-related
23 seminars.

24 **Purpose of Testimony**

25 **Q. What is the purpose of your testimony?**

26 A. The purpose of my testimony is to support and explain the calculation of the balance
27 in the REC Balancing Account (“RBA”). Specifically, I describe the calculation of
28 the \$5.6 million balance the Company is requesting to collect from Utah ratepayers
29 representing the true-up of calendar year 2014 REC sales. My testimony also
30 describes the \$11.1 million deferral balance remaining to be collected that was
31 approved by the Commission in Docket No. 14-035-30 (the “2014 RBA”).
32 Together, the deferrals from these two filings result in a total balance of \$16.7
33 million, to be collected from customers over a two year period beginning June 1,
34 2015 through May 31, 2017 through Schedule 98. As described in the testimony of
35 Company witness Ms. Joelle R. Steward, the Company is proposing to collect
36 approximately \$8.5 million of the total \$16.7 million from June 1, 2015 through
37 May 31, 2016. My testimony provides details on how these numbers were
38 calculated, including:

- 39 • The split of the total \$16.7 million deferral balance between the \$5.6 million
40 request in this filing (the "2015 RBA") and the \$11.1 million that is remaining
41 to be collected related to the 2014 RBA.
- 42 • The calculation of the \$5.6 million 2015 RBA deferral balance, which is being
43 requested for approval in this filing (the "2015 RBA Deferral Balance"),
44 including:
 - 45 ◦ The allocation of calendar year 2014 REC revenues,

- 46 ◦ The calculation of the ten percent incentive as provided in the
- 47 Stipulation in Docket No. 11-035-200 (the "2012 Stipulation"),
- 48 ◦ The revenues associated with the Leaning Juniper contract,
- 49 ◦ The calculation of the calendar year 2014 REC revenues included in
- 50 base rates, and
- 51 ◦ The calculation of carrying charges that were applied to the 2015 RBA
- 52 deferral balance in accordance with the 2012 Stipulation.
- 53 • The calculation of the \$11.1 million remaining 2014 RBA deferral balance,
- 54 which was approved in the 2014 RBA (the "Remaining 2014 RBA Deferral
- 55 Balance"), including:
 - 56 ◦ The determination of the beginning RBA balance at January 1, 2014,
 - 57 ◦ The true up of the November and December 2013 actual Utah-allocated
 - 58 REC revenue,
 - 59 ◦ The amount of surcharges that were paid by Utah ratepayers, and
 - 60 ◦ The calculation of carrying charges that were applied to the 2014 RBA
 - 61 deferral balance in accordance with the 2012 Stipulation.

62 **Q. Please provide a brief summary of how the RBA is calculated.**

63 A. On September 13, 2011, a stipulation (the "2011 Stipulation") was approved by the

64 Commission that resolved several dockets including Docket Nos. 10-035-14

65 ("UAE REC Docket") and 10-035-124 ("2011 General Rate Case"). In the 2011

66 Stipulation, the parties established a REC balancing account mechanism to track

67 the difference between REC revenues included in rates and actual REC revenues

68 collected. Under the RBA, the variances are identified and deferred each month for

69 one calendar year (the "Deferral Period"). In this RBA filing, the deferral period
70 was January 1, 2014 through December 31, 2014. Annually on March 15, an RBA
71 application is filed to present these differences, including applicable carrying
72 charges, with a true up of the difference between the amounts in rates and actual
73 sales occurring through Schedule 98.

74 **Q. Please describe the Company's RBA filing.**

75 A. By employing the methodology described above, the total RBA deferral balance
76 related to calendar year 2014 REC sales to be collected from customers through
77 Schedule 98 is approximately \$5.6 million. This amount will be collected over two
78 years beginning June 1, 2015. Also, in the 2014 RBA, the Commission approved a
79 deferral balance of approximately \$17.0 million, to be collected over three years,
80 beginning June 1, 2014. Schedule 98 was reset in the 2014 RBA on June 1, 2014,
81 to collect this amount over three years. Company will continue to collect the 2014
82 RBA deferral balance, of which \$11.1 million remains, over two additional years
83 ending May 31, 2017. The table below provides a summary of these amounts.

2015 RBA Deferral Balance Calculation:

2014 Actual REC Revenue	\$	2,261,475
10% retention incentive on incremental REC sales		(226,147)
2014 Leaning Juniper Contract Revenue		3,546
2014 REC Revenues in Base Rates		(7,333,333)
Carrying Charges for Deferral Period (January - December 2014)		(192,675)
Carrying Charges for Interim Period (January 2015 - May 2015)		(119,923)
Total 2015 RBA Deferral Balance	\$	(5,607,057)

Remaining 2014 RBA Deferral Balance Calculation:

REC Revenue Deferred Balance @ December 31, 2013	\$	(15,070,378)
True Up for using actual resource allocations for Nov.13 & Dec.13		2,350
REC Revenue Deferred Balance @ December 31, 2013 in this RBA filing		(15,068,028)
Carrying Charges for Interim Period (January - May 2014)		(354,730)
Carrying Charges for Collection Period (June 2014 - May 2017)		—
2014 Schedule 98 Surcredits/Surcharges		1,856,703
Estimated Schedule 98 Surcharge January 1 - May 31, 2015		2,499,061
Total 2014 RBA Remaining Deferral Balance	\$	(11,066,994)

Total Deferral Balance for Collection June 1, 2015 through May 31, 2017 \$ **(16,674,052)**

84 Exhibit RMP____(JLS-1) is an electronic version of the table shown above and is
85 linked to Confidential Exhibits RMP____(JLS-2) and RMP____(JLS-3) which
86 includes the supporting calculations.

87 **Q. Why is it necessary to track the deferral balances related to the 2014 and 2015**
88 **RBA filings separately?**

89 A. Until this filing, remaining balances related to prior year's RBA filings were simply
90 rolled into the balance as of January 1, combined with the current deferral, and
91 walked forward as one deferral balance. In the 2012 Stipulation, paragraphs 37 and
92 38 stated:

93 37. The parties agree that any difference between base REC revenues
94 and actual REC revenues as determined by the Commission for calendar
95 year 2013 should be recovered or returned over a three-year period from the

96 effective date of the approved rate change to collect or refund such balance,
97 with no carrying charges during such three-year collection or refund period.

98 38. The Parties agree that any difference between base REC revenues
99 and actual REC revenues as determined by the Commission for calendar
100 year 2014 should be recovered or returned over a two-year period from the
101 effective date of the approved rate change to collect or refund such balance,
102 with no carrying charges during such two-year collection or refund period.

103 Therefore, in order to calculate carrying charges correctly, the deferral amount
104 related to the 2014 RBA is shown separately from the deferral amount related to
105 the 2015 RBA in Confidential Exhibits RMP____(JLS-2) and RMP____(JLS-3). The
106 calculation of carrying charges that were applied to each deferral balance is
107 described later in my testimony.

108 **Q. Please describe how your Confidential Exhibits RMP____(JLS-2) and**
109 **RMP____(JLS-3) are organized.**

110 A. Confidential Exhibits RMP____(JLS-2) and RMP____(JLS-3) present the supporting
111 documents for the Company's proposed change to tariff Schedule 98 and provides
112 the detailed calculation of the \$16.7 million total deferral balance presented in this
113 filing. Confidential Exhibit RMP____(JLS-2) shows the monthly detail for calendar
114 year 2014 for the 2015 RBA Deferral Balance and the Remaining 2014 RBA
115 Balance. Confidential Exhibit RMP____(JLS-3) shows the monthly detail for
116 calendar year 2015 for the 2015 RBA Deferral Balance and the Remaining 2014
117 RBA Balance. Page 2.1 of the exhibit shows the calculation used to determine the
118 Utah allocated actual 2014 REC revenues, illustrating the reallocation of revenue

119 for renewable portfolio standard ("RPS") eligibility. Page 2.2 provides the
120 calculation of the System Generation ("SG") allocation factor that was used on page
121 2.1 as the basis to allocate REC revenue to Utah. The allocation factors are
122 consistent with those used in the energy balancing account ("EBA") filing.

123 Calculation of the 2015 RBA Deferral Balance

124 **Q. Please describe how the 2015 RBA Deferral Balance was calculated.**

125 A. The \$5.6 million 2015 RBA Deferral Balance represents the difference between
126 actual REC revenue booked by the Company during calendar 2014, less the ten
127 percent incentive retained by the Company, and the amount of REC revenue set in
128 base rates. This balance accrued carrying charges during the deferral period
129 (calendar year 2014) and the interim period (January through May 2015), but will
130 not accrue carrying charges during the collection period (June 2015 through May
131 2017). Each of these items is described below.

132 **Q. Please describe how the 2014 Utah allocated booked REC revenue was**
133 **calculated.**

134 A. During calendar year 2014, the Company booked \$4.4 million from REC sales on
135 a total Company basis. Utah's allocated share of REC revenue is determined using
136 the SG factor, including a reallocation of revenue initially allocated system wide to
137 reflect compliance with state renewable portfolio standards. The resulting Utah
138 allocated amount of REC revenue during 2014 was \$2.3 million, as shown in my
139 confidential exhibit on page 2.1.

140 **Q. Please describe the ten percent incentive that parties agreed to in the 2012**
141 **Stipulation.**

142 A. The 2012 Stipulation specified that the Company would be allowed to retain ten
143 percent of the revenues obtained from sales of RECs incremental to the forecast
144 REC revenue included in that case of \$25 million through May 31, 2013, and
145 thereafter incremental to the revenues received under contracts entered into after
146 July 1, 2012. These contracts were memorialized in Confidential Exhibit B to the
147 2012 Stipulation. The contracts that were listed as excludable from the ten percent
148 incentive calculation all expired during 2012. Thus, all of the REC revenue booked
149 in calendar year 2014 qualifies for the ten percent incentive calculation. The
150 Company calculated the incentive by taking ten percent of the Utah allocated REC
151 revenue as shown in Confidential Exhibit RMP____(JLS-2), line 4, resulting in \$226
152 thousand.

153 **Q. Please explain the REC revenue attributable to the Leaning Juniper contract**
154 **REC revenues shown on Confidential Exhibit RMP____(JLS-2), line 6.**

155 A. The Leaning Juniper contract revenues shown on line 6 represent the revenue the
156 Company received from the Leaning Juniper contract. The Company booked
157 approximately \$8 thousand during calendar year 2014 related to the REC
158 component of the contract. The Utah allocated amount of these revenues is
159 approximately \$4 thousand and is included as a credit to Utah customers in this
160 RBA filing.

161 **Q. How was the amount of 2014 REC revenue in base rates determined?**

162 A. The REC revenue in rates during 2014 was determined in accordance with the
163 amounts set in the 2012 Stipulation and Docket No. 13-035-184 ("2014 GRC").

164 From January 1, 2014, through August 31, 2014, the amount of REC revenue in
165 base rates was set in the 2012 Stipulation at \$10.0 million Utah allocated, which
166 equates to approximately \$833 thousand per month. REC revenues in base rates
167 were set with the Step 1 change of the 2014 GRC beginning September 1, 2014
168 through December 31, 2014, to \$2.0 million Utah allocated, which equates to
169 approximately \$167 thousand per month. These monthly amounts are reflected
170 accordingly in Confidential Exhibit RMP____(JLS-2) and produce a total of \$7.3
171 million in Utah-allocated REC revenues during calendar year 2014.

172 **Q. Did you apply carrying charges to the 2015 RBA Deferral Balance in this**
173 **filing? If so, please describe how they were calculated.**

174 A. Yes. Approximately \$313 thousand in carrying charges were applied to arrive at the
175 \$5.6 million 2015 RBA Deferral Balance. Of this amount, approximately \$193
176 thousand were accrued during the deferral period (calendar year 2014) and
177 approximately \$120 thousand were accrued during the interim period (January
178 through May 2015). The Company's most recently approved weighted cost of debt
179 was applied to the monthly deferral balance to calculate the monthly carrying
180 charge. The weighted cost of debt rate used was 5.37 percent from January 1, 2014,
181 to August 31, 2014, as approved in the 2012 Stipulation. The weighted cost of debt
182 used from September 1, 2014 to December 31, 2014, was 5.20 percent as stipulated
183 in the 2014 GRC.

184 **Q. Please describe how carrying charges were calculated for the January 1, 2015**
185 **through May 31, 2015 period.**

186 A. Carrying charges for January through May 2015 were calculated in the same
187 manner as the calendar year 2014 carrying charge.

188 **Q. Will carrying charges be applied to the 2015 RBA Deferral Balance during the**
189 **collection period from June 1, 2015, through May 31, 2017?**

190 A. No. In accordance with the 2012 Stipulation, no carrying charges will be accrued
191 during the two-year collection period.

192 Calculation of the Remaining 2014 RBA Deferral Balance

193 **Q. Please clarify what the Remaining 2014 RBA Deferral Balance in this filing**
194 **represents and why the Company included it in this filing.**

195 A. In the 2014 RBA, the Company requested a total deferral balance to be collected
196 from customers of approximately \$17 million, related to the deferral of the
197 difference in calendar year 2013 REC revenue and the amount in base rates. Per the
198 2012 Stipulation, that amount was to be collected from customers over a three year
199 period, June 1, 2014, through May 31, 2017. Thus, the \$11.1 million Remaining
200 2014 RBA Deferral Balance represents the remaining deferral balance that has not
201 yet been collected from customers. This balance includes carrying charges accrued
202 during the deferral period (calendar year 2013) and the interim period (January
203 through May 2014). Carrying charges will not be applied during the collection
204 period (June 2014 through May 2017).

205 **Q. How was the \$11.1 million Remaining 2014 RBA Deferral Balance**
206 **determined?**

207 A. To calculate the \$11.1 million Remaining 2014 RBA Deferral Balance, the
208 Company started with the \$15.1 million RBA deferred balance as of
209 December 31, 2013, adjusted for the final November and December 2013
210 resources. From this, actual amounts collected through Schedule 98 were subtracted
211 and carrying charges were added to arrive at the total amount remaining.

212 **Q. How did the Company determine the REC revenue beginning deferred**
213 **balance as of January 1, 2014?**

214 A. The REC revenue deferred balance of \$15.1 million for January 1, 2014, was rolled
215 over from the December 31, 2013 ending balance shown in Confidential Exhibit
216 RMP___(JLS-2), line 17 in the 2014 RBA.

217 **Q. Are any adjustments to the January 1, 2014 beginning balance necessary?**

218 A. Yes. In the 2014 RBA filing, the resource assignments for the November and
219 December 2013 REC revenue were estimated. The total Company REC sales
220 amounts for those months were known at the time of filing; however, the specific
221 assignment of RECs sold by individual resources in November and December 2013
222 was not finalized. The updated resource assignments for November and December
223 2013 are provided in Mr. Bruce W. Griswold's Confidential Exhibit
224 RMP___(BWG-4). The Company committed to flow through the difference in this
225 filing. The update increases the Utah allocated share of November and December
226 2013 actual REC sales by approximately \$2 thousand. The January 1, 2014 starting
227 balance was decreased by this amount to reflect the final amounts. A similar true
228 up was included in the 2014 RBA to true up November and December 2012

229 resources and will also be necessary in the 2016 RBA to reflect the update of the
230 November and December 2014 resources that are currently estimated in this filing.

231 **Q. What were the total 2014 Schedule 98 surcharges included on customer bills?**

232 A. The 2014 RBA established a \$17 million surcharge, which reset the rate on
233 June 1, 2014. In total, Utah ratepayers paid approximately \$1.9 million in
234 surcharges through Schedule 98 during calendar year 2014. The monthly amounts
235 are shown in Confidential Exhibit RMP____(JLS-2), line 17.

236 **Q. Please describe what the Estimated Schedule 98 January 1, 2015 - May 31,**
237 **2015 represents.**

238 A. This represents an estimate of the surcharges that will be paid by ratepayers during
239 January through May 2015 as a result of the 2014 RBA filing. With the exception
240 of January 2015, the monthly amounts shown on Confidential Exhibit
241 RMP____(JLS-3), line 7 are estimated as the actual amounts were not known at the
242 time of filing. The Company will update the February through May actual
243 collections as part of the 2016 RBA filing.

244 **Q. Why are the Estimated Schedule 98 charges for January through May of 2015**
245 **included in your deferral calculation?**

246 A. As discussed earlier, the deferral balance established in the 2014 RBA was to be
247 collected from customers beginning June 1, 2014 through May 31, 2017. Thus, it
248 is necessary to subtract the January through May 2015 surcharges to correctly
249 represent the May 31, 2015, ending balance.

250 **Q. Please explain why a portion of the Estimated Schedule 98 January 1 through**
251 **May 31 appears in the June 2015 section of Confidential Exhibit**
252 **RMP___(JLS-3).**

253 A. This represents the amount that is related to customer usage prior to June 1, 2015,
254 but due to billing cycle lag, will not be included on customer bills until June 2015.

255 **Q. Did you include carrying charges in this filing related to the Remaining 2014**
256 **RBA Balance? If so, please describe how they were calculated.**

257 A. Yes. Approximately \$355 thousand in carrying charges during the interim period,
258 January through May 2014, were applied to arrive at the total deferral balance. The
259 weighted cost of debt rate used was 5.37 percent as approved in the 2012
260 Stipulation. No carrying charges were applied during the collection period,
261 beginning June 1, 2014.

262 **Q. In the 2014 RBA, the Company estimated surcharges for the February**
263 **through June 2014 period. Is the impact on the carrying charges related to**
264 **updating those surcharges included in this filing?**

265 A. Yes. The \$355 thousand carrying charges described above include the impact of
266 updating the February through June 2014 surcharge amounts.

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

268 A. Yes.