

Rocky Mountain Power
Docket No. 21-035-05
Witness: Grant Bagby

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

Direct Testimony of Grant Bagby

March 2021

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

3 A. My name is Grant Bagby. My business address is 1407 West North Temple Street, Suite
4 330, Salt Lake City, Utah 84116. I am currently employed as a Revenue Requirement
5 Specialist for the Company.

6 **Qualifications**

7 **Q. Briefly describe your education and business experience.**

8 A. I have a Bachelor of Science degree in Finance from the University of Utah. I have also
9 attended various educational, professional, and electric-industry related seminars and
10 courses in connection with my employment. I have been employed with PacifiCorp
11 since August 2014. My experience includes various positions within regulation.

12 **Q. Please explain your responsibilities as Revenue Requirement Specialist.**

13 A. My responsibilities include the calculation of the Company’s revenue requirement, the
14 preparation of business plan regulatory results and the preparation of the Company’s
15 Renewable Energy Credit (“REC”) filings in various states.

16 **Purpose and Summary of Testimony**

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

18 A. The purpose of my testimony is to support and explain the calculation of the balance in
19 the REC Balancing Account (“RBA”). Specifically, I describe the calculation of the
20 \$1.11 million balance the Company is requesting to return to Utah customers,
21 comprised of the outstanding deferral balances associated with Docket No. 20-035-13
22 (“2020 RBA”) and the true-up of calendar year 2020 REC sales. This deferral balance
23 of \$1.11 million will be returned to customers over a one-year period beginning

24 June 1, 2021, pursuant to Schedule 98. My testimony provides details on how these
25 numbers were calculated, including:

- 26 • The determination of the beginning RBA balance at January 1, 2020;
- 27 • The allocation of calendar year 2020 REC revenues;
- 28 • The calculation of the ten percent incentive, as provided in the Stipulation
29 in Docket No. 11-035-200 (the “2012 Stipulation”);
- 30 • The revenues associated with the Leaning Juniper contract;
- 31 • The revenues associated with the Kennecott REC Supply Agreement;
- 32 • The calendar year 2020 REC revenues included in base rates;
- 33 • The amount of surcharges that were paid by Utah customers; and
- 34 • The calculation of carrying charges that were applied to the 2021 RBA
35 deferral balance.

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

37 A. On September 13, 2011, a stipulation (the “2011 Stipulation”) was approved by the
38 Commission that resolved several dockets, including Docket Nos. 10-035-14
39 (“UAE REC Docket”) and 10-035-124 (“2011 General Rate Case”). In the
40 2011 Stipulation, the parties established a REC balancing account mechanism to track
41 the difference between REC revenues included in rates and actual REC revenues
42 collected. Under the RBA, the variances are identified and deferred each month for one
43 calendar year (the “Deferral Period”). Annually on March 15, an RBA application is
44 filed to present these differences, including applicable carrying charges, with a true-up
45 through Schedule 98 of the difference between the amounts in REC sales in rates and
46 actual sales.

47 **Q. Please describe the Company's 2021 RBA filing.**

48 A. The Deferral Period in this 2021 RBA filing was January 1, 2020, through
49 December 31, 2020. The total RBA deferral balance related to calendar year 2020 REC
50 sales to be returned to customers through Schedule 98 is approximately \$1.11 million.
51 This amount will be returned over one year beginning June 1, 2021.
52 Exhibit RMP___(GB-1) provides a table showing the calculation and is linked to
53 Exhibit RMP___(GB-2), which includes the detailed calculations.

54 **Q. Please describe how your Exhibit RMP___(GB-2) is organized.**

55 A. Exhibit RMP___(GB-2) provides the detailed calculation of the \$1.11 million total
56 deferral balance presented in this filing. Exhibit RMP___(GB-2) shows the monthly
57 detail for calendar year 2020 for the 2021 RBA Deferral Balance. Page 2.1 of the
58 exhibit shows the calculation for the Utah allocated actual 2020 REC revenues,
59 illustrating the reallocation of revenue for renewable portfolio standard ("RPS")
60 eligibility. Page 2.2 provides the calculation of the System Generation ("SG")
61 allocation factor that was used on page 2.1 as the basis to allocate REC revenue to Utah.
62 The allocation factors are consistent with those used in the energy balancing account
63 filing.

64 **Calculation of the 2021 RBA Deferral Balance**

65 **Q. Please describe how the 2021 RBA Deferral Balance was calculated.**

66 A. The \$1.11 million 2021 RBA Deferral Balance represents the difference between the
67 actual REC revenue booked by the Company during calendar 2020, less the 10 percent
68 incentive retained by the Company, and the amount of REC revenue set in base rates.
69 This balance accrued carrying charges during the deferral period (calendar year 2020)

70 and the interim period (January through May 2021). Each of these items is described
71 below.

72 **Q. How did the Company determine the REC revenue beginning deferred balance as**
73 **of January 1, 2020?**

74 A. The REC revenue deferred balance of \$671 thousand for January 1, 2020 was rolled
75 over from the December 31, 2019 ending balance shown in Exhibit RMP___(THS-2),
76 line 15 in Docket No. 20-035-13 (“2020 RBA”).

77 **Q. Are any adjustments to the January 1, 2020 beginning balance necessary?**

78 A. No. In the 2020 RBA filing, the resource assignments for the November and December
79 2019 REC revenue were correctly estimated and actual resource assignments result in
80 no change to the December 31, 2019 balance projected in the 2020 RBA filing.

81 **Q. Please describe how the 2020 Utah allocated booked REC revenue was calculated.**

82 A. During calendar year 2020, the Company booked \$4.3 million from REC sales,
83 excluding REC sales from the Kennecott REC Supply Agreement which will be
84 described later, on a total Company basis. Utah’s allocated share of REC revenue is
85 determined using the SG factor, including a reallocation of revenue initially allocated
86 system wide to reflect compliance with state RPSs. The resulting Utah-allocated
87 amount of REC revenue during 2020 was \$2.9 million, as shown in
88 Exhibit RMP___(GB-2) on page 2.1.

89 **Q. Please describe the 10 percent incentive that parties agreed to in the 2012**
90 **Stipulation.**

91 A. The parties to the 2012 Stipulation agreed that the Company would be allowed to retain
92 10 percent of the revenues obtained from sales of RECs incremental to the forecast

93 REC revenue included in that case of \$25 million through May 31, 2013, and thereafter
94 incremental to the revenues received under contracts entered into after July 1, 2012.
95 These contracts were memorialized in Exhibit B to the 2012 Stipulation. The contracts
96 that were listed as excludable from the 10 percent incentive calculation all expired
97 during 2012. Thus, all the REC revenue, excluding the REC revenue from the
98 Kennecott REC Supply Agreement as explained below, booked in calendar year 2019
99 qualifies for the 10 percent incentive calculation. The Company calculated the
100 incentive by taking 10 percent of the Utah allocated REC revenue as shown in
101 Exhibit RMP___(GB-2), line 4, resulting in \$286 thousand.

102 **Q. Please explain the REC revenue attributable to the Leaning Juniper contract REC**
103 **revenues shown on Exhibit RMP___(GB-2), line 6.**

104 A. The Leaning Juniper contract revenues shown on line 6 represents the revenue the
105 Company received from the Leaning Juniper contract. The Company booked
106 approximately \$11 thousand during calendar year 2020 related to the REC component
107 of the contract. The Utah allocated amount of these revenues is approximately
108 \$5 thousand and is included as a credit to Utah customers in this RBA filing.

109 **Q. Please explain the REC revenue attributable to the Kennecott REC Supply**
110 **Agreement shown on Exhibit RMP___(GB-2), line 7.**

111 A. The Kennecott REC Supply Agreement revenues shown on line 7 represents the
112 revenue the Company received from the Non-Generation and REC Supply Agreement
113 between Kennecott Utah Copper LLC and PacifiCorp, dated April 18, 2019. The
114 agreement specifies that:

115 “Rocky Mountain Power shall allocate one hundred percent of the
116 revenue from the REC Charge as REC revenue in the Utah REC
117 Balancing Account (of alternative REC regulatory tracking mechanism
118 approved by the Utah Public Service Commission) for the sole benefit
119 of Rocky Mountain Power’s Utah customers. Rocky Mountain Power
120 will forego any REC sale incentive related to the REC Charge under the
121 current REC Balancing Account or future rate tracking mechanism.”

122 The Company booked \$600 thousand during calendar year 2020 related to the REC
123 component of the agreement which is included as a credit to Utah customers in this
124 RBA filing.

125 **Q. How was the amount of 2020 REC revenue in base rates determined?**

126 A. The REC revenue in rates during 2020 was determined in accordance with the amounts
127 set in the Docket No. 13-035-184 (“2014 General Rate Case”). From January 1, 2015,
128 through December 31, 2015, the amount of REC revenue in base rates was set to
129 \$2 million Utah-allocated, which equates to approximately \$167 thousand per month.
130 These monthly amounts are reflected accordingly in Exhibit RMP__(GB-2).

131 **Q. What were the total 2020 Schedule 98 surcharges included on customer bills?**

132 A. During calendar year 2020, Utah customers were credited approximately
133 \$304 thousand through Schedule 98. The monthly amounts are shown in Exhibit
134 RMP__(GB-2), line 10.

135 **Q. Please describe what the Estimated Schedule 98 January 1, 2021 – May 31, 2021
136 represents.**

137 A. This represents an estimate of the surcharges that will be collected from ratepayers
138 during January through May 2021 as a result of the 2020 RBA filing. Except for
139 January 2021, the monthly amounts shown on Exhibit RMP__(GB-2), line 17 are
140 estimated as the actual amounts are not known at the time of filing. The Company will

141 update the February through May 2021 actual collections as part of the 2022 RBA
142 filing.

143 **Q. Did you apply carrying charges to the 2020 RBA Deferral Balance in this filing?**
144 **If so, please describe how they were calculated.**

145 A. Yes. Approximately \$45 thousand in carrying charges credit were applied to arrive at
146 the \$1.11 million in 2021 RBA Deferral Balance. Of this amount, approximately
147 \$25 thousand credit was accrued during the deferral period (calendar year 2020) and
148 approximately \$20 thousand was accrued during the interim period (January through
149 May 2021). The Commission's most recently approved carrying charge rates were
150 applied to the monthly deferral balance to calculate the monthly carrying charges. The
151 carrying charge rate used from January 1, 2020 to March 31, 2020, was 4.37 percent as
152 ordered in Docket No. 19-035-T03. The carrying charge rate used from April 1, 2020
153 to March 31, 2021 was 3.88 percent as ordered in Docket No. 20-035-T01. The carrying
154 charge rate used from April 1, 2021 to May 31, 2021, was 3.04 percent as calculated in
155 Docket No. 21-035-T02.

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

157 A. Yes.

Rocky Mountain Power
Exhibit RMP__ (GB-1)
Docket No. 21-035-05
Witness: Grant Bagby

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

Exhibit Accompanying Direct Testimony of Grant Bagby

Summary of Utah REC Balancing Account

March 2021

Rocky Mountain Power
 Utah REC Balancing Account
 March 15, 2021

Summary of REC Balancing Account (Schedule 98)

Line No.	Reference	Amount
2021 RBA Deferral Balance Calculation:		
1	2020 REC Revenue Deferred Balance @ December 31, 2019	\$ 670,986
2	True Up for using actual resource allocations for Nov. 19 & Dec. 19	-
3	REC Revenue Deferred Balance @ December 31, 2019 in this RBA filing	670,986
4	2020 Actual REC Revenue	2,857,472
5	10% retention incentive on incremental REC sales	(285,747)
6	2020 Leaning Juniper Contract Revenue	4,898
7	2020 Kennecott Contract Revenue	600,000
8	2020 REC Revenues in Base Rates	(2,000,000)
9	2020 Schedule 98 Surcharge/(Surcredit)	(303,758)
10	Estimated Schedule 98 Surcharge/(Surcredit) January 2020 to May 2020	(482,467)
11	Carrying Charges for Deferral Period (January - December 2020)	24,510
12	Carrying Charges for Interim Period (January 2021 - June 2021)	20,204
13	Total 2021 RBA Deferral Balance	\$ 1,106,098

Rocky Mountain Power
Exhibit RMP__ (GB-2)
Docket No. 21-035-05
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BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

Exhibit Accompanying Direct Testimony of Grant Bagby
Calculation of REC Revenue Deferred Balance - Calendar Year 2020

March 2021

Rocky Mountain Power
 Utah REC Balancing Account
 March 15, 2021

Calendar Year 2020

2021 RBA (Deferral of CY 2020 REC Revenue)

Line No.	Reference	2021 RBA - Deferral Period												Total
		Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	
Actual Company REC Revenue														
1	SAP Actuals	(744,219)	10,256	1,050,750	649,880	(252,250)	33,750	12,780	(6,390)	-	627,096	2,701,600	243,750	4,327,004
2	Page 2.1	66.04%	66.04%	66.04%	66.04%	66.04%	66.04%	66.04%	66.04%	66.04%	66.04%	66.04%	66.04%	66.04%
3	Line 1 + Line 2	(491,468)	6,773	693,895	429,169	(168,581)	22,288	8,440	(4,220)	-	414,122	1,784,086	160,968	2,857,472
4	10% incentive	(49,147)	677	69,390	42,917	(16,658)	2,229	844	(422)	-	41,412	178,409	16,097	285,747
5	Net Utah Allocated REC Revenue	(442,321)	6,096	624,506	386,252	(149,923)	20,059	7,596	(3,798)	-	372,710	1,605,677	144,871	2,571,724
6	Page 2.1	96	372	505	399	322	479	578	564	498	286	460	338	4,898
7	SAP Actuals	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	600,000
8	Line 5 + Line 6 + Line 7	(392,225)	56,468	675,011	436,651	(99,601)	70,538	58,174	46,767	50,498	422,996	1,656,137	195,209	3,176,623
REC Revenue in Rates														
9	Docket No. 13-035-184 Projected UT Allocated	166,667	166,667	166,667	166,667	166,667	166,667	166,667	166,667	166,667	166,667	166,667	166,667	2,000,000
10	Schedule 98 Surcredits/(Surcharges) Billed	(69,892)	(65,857)	(59,538)	(54,656)	(59,940)	(12,243)	112,835	134,452	121,420	89,605	80,367	87,607	303,758
11	Total in Rates	96,875	100,809	106,829	112,010	106,727	154,424	279,501	301,118	288,087	256,271	247,034	254,273	2,303,758
12	Monthly Deferral Amount	(488,900)	(44,342)	568,182	324,641	(206,328)	(83,885)	(221,327)	(254,352)	(237,588)	166,725	1,409,104	(59,065)	872,864
13	CY 2020 Deferral Balance	670,986	183,639	139,885	709,611	1,037,071	833,762	752,437	533,185	280,146	43,080	210,214	1,622,275	2,000,000
14	Monthly Deferral	(488,900)	(44,342)	568,182	324,641	(206,328)	(83,885)	(221,327)	(254,352)	(237,588)	166,725	1,409,104	(59,065)	872,864
15	Carrying Charge	1,553	588	1,544	2,819	3,020	2,560	2,075	1,313	522	409	2,958	5,150	24,510
16	Ending Deferral Balance - 2021 RBA	183,639	139,885	709,611	1,037,071	833,762	752,437	533,185	280,146	43,080	210,214	1,622,275	1,568,361	2,000,000

Interim Period - Jan - June 2021

Line No.	Reference	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Total
17	Schedule 98 Surcredits/(Surcharges) Billed	90,967	87,000	87,000	87,000	87,000	43,500	482,467
18	Beginning Deferral Balance	1,568,361	1,482,318	1,399,970	1,317,356	1,233,583	1,149,598	(482,467)
19	Monthly Deferral	(90,867)	(87,000)	(87,000)	(87,000)	(87,000)	(43,500)	20,204
20	Carrying Charge	4,824	4,652	4,386	3,227	3,015	-	20,204
21	Ending Deferral Balance -	1,482,318	1,399,970	1,317,356	1,233,583	1,149,598	1,106,098	
Carrying Charge Rates								
22	Carrying Charge Rate (Apr 2019 - Mar 2020)	4.37%						
23	Carrying Charge Rate (Apr 2020 - Mar 2021)	3.88%						
24	Carrying Charge Rate (Apr 2021 - Jun 2021)	3.04%						

FOOTNOTES:

- The Stipulation in Docket No. 11-035-200, paragraph 39 permits the Company to retain 10% of Utah-allocated REC revenue received after May 31, 2013, incremental to certain contracts executed before July 1, 2012. The excludable contracts listed in Exhibit B to the 2012 GRC stipulation terminated during 2012, all REC revenue booked January 1, 2019 through December 31, 2019 is eligible for the 10% incentive.
- The REC revenue in rates for January 1, 2020 through December 31, 2020 is consistent with the stipulation in Docket No. 13-035-184, page 9, paragraph 29 (\$2 million Utah allocated per year).
- The beginning balance shown for January 2019 represents the \$670,986 ending December 31, 2019 balance from Docket No. 20-035-13, plus a true up \$6 related to replace the November 2019 and December 2019 resource allocation estimates with actual resource allocated for November 2019 and December 2019.
- The carrying charge of 4.37 percent applied to April 2019 through March 2020 represents the carrying charge determined in Docket No. 19-035-T03 with an effective April 1, 2019 through March 31, 2020.
- The carrying charge of 3.88 percent applied to April 2020 through March 2021 represents the carrying charge determined in Docket No. 20-035-T01 with an effective April 1, 2020 through March 31, 2021.
- The carrying charge of 3.04 percent applied to April 2021 through June 2021 represents the carrying charge determined in Docket No. 21-035-101 with an effective April 1, 2021 through March 31, 2022.