

Rocky Mountain Power
Docket No. 21-035-05
Witness: Michael G. Wilding

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

Direct Testimony of Michael G. Wilding

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 Michael G. Wilding. My business address is 825 NE Multnomah, Suite
4 600, Portland, Oregon 97232. I am employed by PacifiCorp as Vice President of Energy
5 Supply Management (“ESM”).

6 **Q. Please describe your education and business experience.**

7 A. I received a Master of Accounting from Weber State University and a Bachelor of
8 Science degree in accounting from Utah State University and am a Certified Public
9 Accountant licensed in the state of Utah. During my tenure at the Company, I have held
10 various positions and have worked on multiple regulatory projects including general
11 rate cases, the multi-state protocol, and net power cost filings. I have been employed
12 by PacifiCorp since 2014.

13 **Q. Please explain your responsibilities as PacifiCorp’s Vice President of ESM.**

14 A. My current responsibilities include directing PacifiCorp’s front office organization or
15 ESM in commercial and trading activities. ESM is responsible for commercially
16 managing PacifiCorp’s diverse generation portfolio. This includes the electric and
17 natural gas hedging, term and day-ahead trading, real-time trading and system
18 balancing. Most relevant to this docket, I also manage PacifiCorp’s renewable energy
19 credit (“REC”) portfolio including the sale of RECs in excess of compliance
20 requirements.

21 **Summary of Testimony**

22 **Q. Please summarize your testimony.**

23 A. My testimony presents and supports the actual PacifiCorp total-Company 2020 REC

24 Revenues that were used in the calculation to set the Schedule 98 REC Balancing
25 Account (“RBA”) surcharge to be effective June 1, 2021. My testimony provides
26 details on the REC contracts associated with 2020 REC revenues. It also supports that
27 the Confidential Settlement Stipulation between the Company and the Office of
28 Consumer Services (“OCS”) and the Division of Public Utilities (“DPU”) entered into
29 on or about February 28, 2021, concerning the transfer of some of Utah’s allocated
30 RECs to California retail customers is just, reasonable, and in the public interest. The
31 direct testimony of Mr. Grant Bagby supports and explains the calculation of the
32 balance in the RBA. Mr. Robert M. Meredith addresses and supports the Company’s
33 proposed rate spread and rates in Schedule 98 to recover the balance in the RBA.

34 **Q. What was the actual REC revenue for calendar year 2020?**

35 A. Actual REC revenue for calendar year 2020 was \$4.3 million on a total-Company basis
36 and \$2.9 million on a Utah-basis, as further discussed in Mr. Bagby’s direct testimony
37 and shown on page 2.1 of Exhibit RMP___(GB-2). These amounts do not include the
38 sales of Utah-allocated RECs to Kennecott Utah Copper LLC (“Kennecott”) per the
39 Non-Generation and Renewable Energy Credit (REC) Supply Agreement approved in
40 Docket No. 19-035-20, which are described later in my testimony (“Kennecott
41 Agreement”).

42 **Q. Is the REC revenue amount allocated to Utah customers for calendar year 2020 a**
43 **final number?**

44 A. No. The booked REC revenue is determined from the contracts in 2020; however, those
45 contracts rely on the RECs that are transferred using the Western Renewable Energy
46 Generation Information System (“WREGIS”), which can take up to 90 days. The

47 underlying resources associated with the October, November, and December 2020 REC
48 sales, which is used to determine the allocation to Utah, are estimated. Similar to
49 previous years, any difference will flow through subsequent true ups.

50 **Q. Have you prepared an exhibit that provides the details of the 2020 actual REC**
51 **revenue?**

52 A. Yes. Total-Company 2020 REC revenue is detailed in Confidential Exhibits
53 RMP___(MGW-1) and RMP___(MGW-2).

54 **Detailed Accounting of REC Revenues**

55 **Q. Please explain Confidential Exhibits RMP___(MGW-1) and RMP___(MGW-2).**

56 A. Confidential Exhibits RMP___(MGW-1) and RMP___(MGW-2) provide a detailed
57 accounting of REC revenues received for calendar year 2020. Confidential
58 Exhibit RMP___(MGW-1) contains a summary table of actual REC revenues by month
59 and by resource for calendar year 2020 on a total-Company basis, excluding the sales
60 to Kennecott, which are discussed later in my testimony. Confidential
61 Exhibit RMP___(MGW-2) provides a summary table of actual REC sales by entity, tag
62 price, resource, and vintage for calendar year 2020. Except for the Kennecott
63 Agreement, all the contracts contributing to 2020 REC revenues qualify for the ten
64 percent incentive calculation that is allowed pursuant to the agreement reached in the
65 settlement stipulation in Docket No. 11-035-200. Mr. Bagby provides further
66 description of the ten percent incentive in his direct testimony.

67 **Q. Have you prepared an exhibit that provides the details of the final November and**
68 **December 2019 actual REC revenue by resource? Please explain.**

69 A. Yes. Total-Company November and December 2019 REC revenue by resource is

70 detailed in Confidential Exhibit RMP ___(MGW-3). At the time of filing the 2020 RBA,
71 the Company did not know the resource allocation of the REC revenue for these months
72 due to the timing in WREGIS described above. In that filing, the Company utilized
73 estimates of the attributed resources for those months and committed to provide a
74 subsequent true-up of those numbers. November 2019 and December 2019 actual
75 amounts are included in this filing. There is no real difference between the revenue
76 estimates for those months that were used to calculate Utah-allocated REC revenue in
77 the 2020 RBA even though the revenues were allocated in different months in SAP than
78 were expected at the time of the original estimates. The actual resource allocations are
79 discussed in the direct testimony of Mr. Bagby.

80 **Q. Please describe the Kennecott Agreement and the RECs allocation for compliance**
81 **year 2020.**

82 A. On August 7, 2019, the Utah Public Service Commission approved the Kennecott
83 Agreement in Docket No. 19-035-20. The Kennecott Agreement calls for the Company
84 to retire 1.5 million Utah-allocated RECs on behalf of Kennecott, or a Kennecott
85 affiliate, on an annual basis, in exchange for Kennecott not generating power from its
86 Unit 4 generation facility. The effective term of the Kennecott Agreement is from April
87 1, 2019 to December 31, 2025. In addition to REC charges, the Company has agreed
88 to obtain Green-e certification on behalf of Kennecott through the Center for Resource
89 Solutions. Kennecott has agreed to reimburse the Company for all the direct costs of
90 such certification, as well as to pay a fee covering the Company's administrative costs
91 related to internal administration of obtaining and maintaining certification. The
92 Kennecott Agreement states the Company will allocate one hundred percent of the

93 revenue from the REC charges Kennecott pays under the Kennecott Agreement as
94 revenue into the Utah REC Balancing Account for the sole benefit of the Company's
95 Utah customers.

96 Revenue and RECs from the Kennecott Agreement is detailed in Confidential
97 Exhibit RMP___(MGW-4). Kennecott was allocated 1,500,000 Utah-allocated RECs
98 for the compliance period of 2020, which reflects the amount for the second year under
99 the contract.

100 **REC Transfer to California Retail Customers**

101 **Q. Please describe the Confidential Settlement Stipulation attached as Confidential**
102 **Exhibit RMP___(MGW-5).**

103 A. On or about February 28, 2021, Rocky Mountain Power entered a Confidential
104 Settlement Stipulation with the DPU and OCS ("Confidential Settlement Stipulation")
105 wherein OCS and DPU agreed that the Company could transfer some of Utah's
106 allocated RECs to be used on behalf of the Company's California retail customers for
107 compliance with California's Renewable Portfolio Standard. Parties agreed on
108 compensation for Utah customers, which will be booked in 2021 and included in the
109 Company's 2022 RBA.

110 **Q. Will the Confidential Settlement Stipulation affect Utah's ability to meet its 2025**
111 **renewable portfolio goal ("RPG")?**

112 A. No. Utah has an RPG for 2025 of 20 percent of 2022 adjusted retail sales. Utah has
113 more than enough RECs to meet this goal after the transfer agreed to in the Confidential
114 Settlement Stipulation.

115 **Q. How will Utah customers benefit from the transfer of RECs to California?**

116 A. Utah customers will receive compensation consistent with the market price for RECs
117 of the same vintage. This payment will be passed back to Utah customers through the
118 2022 RBA.

119 **Q. What is your recommendation concerning the Confidential Settlement**
120 **Stipulation?**

121 A. I recommend the Commission approve the Confidential Settlement Stipulation as just,
122 reasonable, and in the public interest.

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

124 A. Yes, it does.

REDACTED

Rocky Mountain Power

Exhibit RMP___(MGW-1)

Docket No. 21-035-05

Witness: Michael G. Wilding

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

REDACTED

Exhibit Accompanying Direct Testimony of Michael G. Wilding

Total Company REC Revenues CY 2020

March 2021

**THIS EXHIBIT IS CONFIDENTIAL IN ITS
ENTIRETY AND IS PROVIDED UNDER
SEPARATE COVER**

REDACTED

Rocky Mountain Power

Exhibit RMP___(MGW-2)

Docket No. 21-035-05

Witness: Michael G. Wilding

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

REDACTED

Exhibit Accompanying Direct Testimony of Michael G. Wilding

Total Company REC Sales by Entity, Tag Price, Resource, and Vintage CY 2020

March 2021

**THIS EXHIBIT IS CONFIDENTIAL IN ITS
ENTIRETY AND IS PROVIDED UNDER
SEPARATE COVER**

REDACTED

Rocky Mountain Power
Exhibit RMP__ (MGW-3)
Docket No. 21-035-05
Witness: Michael G. Wilding

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

REDACTED

Exhibit Accompanying Direct Testimony of Michael G. Wilding

November and December 2019 Actual REC Revenue

March 2021

**THIS EXHIBIT IS CONFIDENTIAL IN ITS
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SEPARATE COVER**

REDACTED

Rocky Mountain Power
Exhibit RMP___(MGW-4)
Docket No. 21-035-05
Witness: Michael G. Wilding

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

REDACTED

Exhibit Accompanying Direct Testimony of Michael G. Wilding

Kennecott REC Supply Agreement Details

March 2021

**THIS EXHIBIT IS CONFIDENTIAL IN ITS
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REDACTED

Rocky Mountain Power

Exhibit RMP___(MGW-5)

Docket No. 21-035-05

Witness: Michael G. Wilding

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

REDACTED

Exhibit Accompanying Direct Testimony of Michael G. Wilding

Confidential Settlement Stipulation

March 2021

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of Rocky Mountain Power for Authority to Revise Rates in Tariff Schedule 98, Renewable Energy Credits Balancing Account)	
)	
)	Docket No. 21-035-05
)	
)	
)	

CONFIDENTIAL SETTLEMENT STIPULATION

This Settlement Stipulation (“Stipulation”) is entered into by and among the parties whose signatures appear on the signature pages hereof (collectively referred to herein as the “Parties” and individually as a “Party”).

1. PacifiCorp d.b.a. Rocky Mountain Power (“Company” or “Rocky Mountain Power”), the Division of Public Utilities (“DPU”) and the Office of Consumer Services (“OCS”) have conducted discussions regarding a transfer of Utah allocated Renewable Energy Credits (“RECs”) to be used on behalf of the Company’s California retail customers for compliance with California’s Renewable Portfolio Standard (“RPS”) as described in this Stipulation. This Stipulation has been entered into by the Parties after those discussions and discovery to support the transfer price.

2. The Parties represent that this Stipulation is just and reasonable in result. The Parties recommend that the Public Service Commission of Utah (“Commission”) approve the Stipulation and all of its terms and conditions as part of the final approval of the 2020 Renewable Balancing Account filing in this docket. The Parties request that the Commission make findings of fact and reach conclusions of law based on the evidence and on this Stipulation and issue an appropriate order thereon.

BACKGROUND

3. Due to unforeseen COVID-related delays in generation on-line dates as well as reduced generation due to wildfires, PacifiCorp's actual generation available for California's RPS requirements were lower than anticipated in 2020. As a result, PacifiCorp is in a short position for California RPS compliance period 3, which spans 2017-2020. Generally, RECs from PacifiCorp-owned and contracted renewable resources created in years 2018 through 2020 qualify to fill this short position; however, California's current allocation of RECs is not sufficient to fully do so. As a result, on December 29, 2020, the Company initiated a preliminary discussion with the DPU to explore the potential for transferring Utah allocated RECs to PacifiCorp's California jurisdiction to address the compliance shortfall. PacifiCorp's request was urgent based on the need to establish certainty regarding how California RPS requirements will be met. Thereafter in January 2021, the Company provided the DPU and OCS with a proposal to transfer Utah-allocated RECs to its California jurisdiction to address the compliance shortfall based on the price agreed to in the Stipulation.

4. The State of Utah has a renewable portfolio goal ("RPG") in 2025 of 20 percent of 2022 adjusted retail sales. PacifiCorp's Utah jurisdiction has a sufficient allocation of RECs to transfer some of its share to California, while still meeting its 2025 RPG and existing REC sales commitments.¹ Even after a transfer to California, Utah is expected to still have marketable RECs available.

¹ See Docket No. 19-035-20, In the Matter of the Application of Rocky Mountain Power for Approval of the Non-Generation and Renewable Energy Credit Supply Agreement Between PacifiCorp and Kennecott Utah Copper LLC.

5. On January 29, 2021, PacifiCorp filed a notice of intent with the Commission to open this proceeding to facilitate parties to conduct discovery on the Company's proposal and to present this Stipulation to the Commission for consideration.

6. The Parties have reached a settlement on the terms of a transfer of Utah allocated RECs to California as specified herein and respectfully request approval of the terms and conditions provided in this Stipulation with the final order in this proceeding.

SETTLEMENT TERMS

For purposes of this Stipulation, the Parties agree and recommend the Commission approve the following:

7. The Parties hereby agree that PacifiCorp may re-allocate 50,000 2019 vintage RECs from its Utah retail customers to its California retail customers to address a compliance shortfall for PacifiCorp's obligation under the California Renewable Portfolio Standard. In exchange, Utah retail customers will receive \$ [REDACTED] /REC, which is based upon PacifiCorp's average REC sales price in 2020 for 2019 and 2020 vintage RECs, for a total of \$ [REDACTED].

8. PacifiCorp will re-allocate the RECs no later than March 1, 2021.

9. PacifiCorp will include the one-time revenue credit of \$ [REDACTED] in the REC balancing account ("RBA") filed on or around March 15, 2022 to benefit Utah retail customers.

GENERAL TERMS AND CONDITIONS

10. Utah Code Ann. §54-7-1 authorizes the Commission to approve a settlement so long as the settlement is just and reasonable in result and that the evidence supports such a finding. The Parties agree that this Stipulation is just and reasonable in result and in the public interest.

11. All negotiations related to this Stipulation are confidential, and no Party shall be bound by any position asserted in negotiations. Except as expressly provided in this Stipulation, neither the execution of this Stipulation nor any Order adopting it shall be deemed to constitute an admission or acknowledgment by any Party of the validity or invalidity of any principle or practice of regulatory accounting or ratemaking; nor shall they be construed to constitute the basis of an estoppel or waiver by any Party; nor shall they be introduced or used as evidence for any other purpose in a future proceeding by any Party except in a proceeding to enforce this Stipulation.

12. In accordance with, and in addition to, the provisions in paragraph 11 the Parties agree that no part of this Stipulation or the formulae and methodologies used in developing the same or a Commission Order approving the same shall in any manner be argued or considered as precedential in any future case except with regard to issues expressly called-out and forever resolved by this Stipulation. This Stipulation does not resolve and does not provide any inferences regarding, and the Parties are free to take any position with respect to any issues not specifically called-out and settled herein.

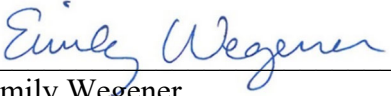
13. The Parties agree that if any person challenges the approval of this Stipulation or requests rehearing or reconsideration of any order of the Commission approving this Stipulation, each Party will use reasonable efforts to support the terms and conditions of this Stipulation. As applied to the DPU and the OCS, the phrase “use reasonable efforts” means that they shall do so in a manner consistent with their statutory authority and responsibility. In the event any person seeks judicial review of a Commission order approving this Stipulation, no Party shall take a position in that judicial review proceeding in opposition to the Stipulation.


14. Except with regard to the obligations of the Parties under the four immediately preceding paragraphs of this Stipulation, this Stipulation shall not be final and binding on the Parties until it has been approved without material change or condition by the Commission.


15. This Stipulation is an integrated whole, and any Party may withdraw from it if it is not approved without material change or condition by the Commission or if the Commission's approval is rejected or materially conditioned by a reviewing court. If the Commission rejects any part of this Stipulation or imposes any material change or condition on approval of this Stipulation or if the Commission's approval of this Stipulation is rejected or materially conditioned by a reviewing court, the Parties agree to meet and discuss the applicable Commission or court order within five business days of its issuance and to attempt in good faith to determine if they are willing to modify the Stipulation consistent with the order. No Party shall withdraw from the Stipulation prior to complying with the foregoing sentence. If any Party withdraws from the Stipulation, any Party retains the right to seek additional procedures before the Commission, including presentation of testimony and cross-examination of witnesses, with respect to issues resolved by the Stipulation, and no party shall be bound or prejudiced by the terms and conditions of the Stipulation.

16. This Stipulation may be executed by individual Parties through two or more separate, conformed copies, the aggregate of which will be considered as an integrated instrument.

DATED this 28th day of February, 2021.

<p>UTAH OFFICE OF CONSUMER SERVICES</p> <hr/> <p>Michele Beck Director Office of Consumer Services 160 East 300 South, 2nd Floor Salt Lake City, UT 84114</p>	<p>ROCKY MOUNTAIN POWER</p> <p> Emily Wegener Senior Attorney Rocky Mountain Power 1407 W. North Temple, Suite 320 Salt Lake City, UT 84116</p>
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