

Rocky Mountain Power
Docket No. 22-035-07
Witness: Michael G. Wilding

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

Direct Testimony of Michael G. Wilding

March 2022

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 2021 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, 2022. My testimony provides
26 details on the REC contracts associated with 2021 REC revenues, which includes
27 revenues related to a transfer of some of Utah’s allocated RECs to California retail
28 customers as part of the Confidential Settlement Stipulation between the Company and
29 the Office of Consumer Services (“OCS”) and the Division of Public Utilities (“DPU”).
30 The direct testimony of Mr. Justin B. Farr supports and explains the calculation of the
31 balance in the RBA. Mr. Robert M. Meredith addresses and supports the Company’s
32 proposed rate spread and rates in Schedule 98 to recover the balance in the RBA.

33 **Q. What was the actual REC revenue for calendar year 2021?**

34 A. Actual REC revenue for calendar year 2021 was \$7.25 million on a total-Company
35 basis and \$4.66 million on a Utah-basis, as further discussed in Mr. Farr’s direct
36 testimony and shown on page 2.1 of Confidential Exhibit RMP___(JBF-2). These
37 amounts do not include the sales the REC transfer to California or the Kennecott
38 Agreement which are described later in my testimony.

39 **Q. Is the REC revenue amount allocated to Utah customers for calendar year 2021 a**
40 **final number?**

41 A. No. The booked REC revenue is determined from the contracts in 2021; however, those
42 contracts rely on the RECs that are transferred using the Western Renewable Energy
43 Generation Information System (“WREGIS”), which can take up to 90 days. The
44 underlying resources associated with the October, November, and December 2021 REC
45 sales, which is used to determine the allocation to Utah, are estimated. Similar to
46 previous years, any difference will flow through subsequent true ups.

47 **Q. Have you prepared an exhibit that provides the details of the 2021 actual REC**
48 **revenue?**

49 A. Yes. Total-Company 2021 REC revenue is detailed in Confidential Exhibits
50 RMP___(MGW-1) and RMP___(MGW-2).

51 **Detailed Accounting of REC Revenues**

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

53 A. Confidential Exhibits RMP___(MGW-1) and RMP___(MGW-2) provide a detailed
54 accounting of REC revenues received for calendar year 2021. Confidential
55 Exhibit RMP___(MGW-1) contains a summary table of actual REC revenues by month
56 and by resource for calendar year 2021 on a total-Company basis, excluding the sales
57 to Kennecott, which are discussed later in my testimony. Confidential
58 Exhibit RMP___(MGW-2) provides a summary table of actual REC sales by entity, tag
59 price, resource, and vintage for calendar year 2021. Except for the Kennecott
60 Agreement and California REC transfer, all the contracts contributing to 2021 REC
61 revenues qualify for the ten percent incentive calculation that is allowed pursuant to the
62 agreement reached in the settlement stipulation in Docket No. 11-035-200. Mr. Farr
63 provides further description of the ten percent incentive in his direct testimony.

64 **Q. Have you prepared an exhibit that provides the details of the final November and**
65 **December 2020 actual REC revenue by resource? Please explain.**

66 A. Yes. Total-Company November and December 2020 REC revenue by resource is
67 detailed in Confidential Exhibit RMP___(MGW-3). At the time of filing the 2021 RBA,
68 the Company did not know the resource allocation of the REC revenue for these months
69 due to the timing in WREGIS described above. In that filing, the Company utilized

70 estimates of the attributed resources for those months and committed to provide a
71 subsequent true-up of those numbers. November 2020 and December 2020 actual
72 amounts are included in this filing. There is no real difference between the revenue
73 estimates for those months that were used to calculate Utah-allocated REC revenue in
74 the 2021 RBA even though the revenues were allocated in different months in SAP than
75 were expected at the time of the original estimates. The actual resource allocations are
76 discussed in the direct testimony of Mr. Farr.

77 **Q. Please describe the Kennecott Agreement and the REC allocation for compliance**
78 **year 2021.**

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

93 Revenue and RECs from the Kennecott Agreement are detailed in Confidential
94 Exhibit RMP___(MGW-4). Kennecott was allocated 1,500,000 Utah-allocated RECs
95 for the compliance period of 2021, which reflects the amount for the third year under
96 the contract.

97 **REC Transfer to California Retail Customers**

98 **Q. Please describe the revenues associated with the transfer of Utah RECs to**
99 **California retail customers.**

100 A. On February 28, 2021, Rocky Mountain Power entered a Confidential Settlement
101 Stipulation with the DPU and OCS (“Confidential Settlement Stipulation”) wherein the
102 parties agreed that the Company could transfer some of Utah’s allocated RECs to be
103 used on behalf of the Company’s California retail customers for compliance with
104 California’s Renewable Portfolio Standard. Parties agreed on compensation for Utah
105 customers, which was booked in 2021 and included in the Company’s 2022 RBA. The
106 Confidential Settlement Stipulation was presented in my direct testimony in Docket
107 No. 21-035-05 and approved by the Commission in its order issued on June 1, 2021.
108 The revenues associated with this transaction are included in the REC revenues show
109 in Confidential Exhibit RMP__(MGW-5).

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

111 A. Yes.