

REDACTED

Docket No. 20000-__-EM-24

Witness: Marcelina R Hundis

BEFORE THE WYOMING PUBLIC SERVICE
COMMISSION

ROCKY MOUNTAIN POWER

REDACTED

Direct Testimony of Marcelina R. Hundis

April 2024

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

3 A. My name is Marcelina R. Hundis. My business address is 825 NE Multnomah, Suite
4 600, Portland, Oregon 97232. I am employed by PacifiCorp as an Environmental
5 Commodity Trader for Energy Supply Management (“ESM”).

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

7 A. I received a Master of Science in Environmental Planning and Management from
8 Johns Hopkins University and a dual Bachelor of Arts and Sciences degree from The
9 Evergreen State College. During my tenure at the Company, I have held several
10 positions and have worked on hydro power water management, hydro power
11 optimization, and data analysis. I have been employed by PacifiCorp since 2014.

12 **Q. Please explain your responsibilities as an Environmental Commodity Trader for**
13 **PacifiCorp.**

14 A. My current responsibilities include managing financial and physical commodity
15 positions including compiling, analyzing, interpreting, and summarizing environmental
16 commodities. I also implement all elements (i.e. contracting, tracking, reporting, and
17 approvals) of marketing activities related to environmental commodities data. Most
18 relevant to this docket, I sell and purchase environmental commodities (renewable
19 energy credits or “RECs,” Oregon Clean Fuels Program credits) within the Company’s
20 risk policy.

1 **Q. Please describe the REC and Sulfur Dioxide (“SO₂”) Revenue Adjustment**
2 **(“RRA”) Mechanism, referred to as Schedule 93.**

3 A. The RRA Mechanism, as established in the stipulation in the Company’s 2010 rate case,
4 Docket No. 20000-384-ER-10, contains two main components. First, it imputes REC
5 and SO₂ revenue forecasted for the 12 months ending December 31, 2024 (“Forecast
6 Period”). Second, it calculates the deferral amount which accrued during the 12 months
7 ending December 31, 2023 (“Comparison Period”) to true-up the actual REC and SO₂
8 revenue.

9 **Q. Please describe the purpose of your testimony.**

10 A. First, I discuss the actual REC revenue and SO₂ sales that were used by Company
11 witness Aaron J. Rose to calculate the RRA deferral component of this RRA filing.
12 Second, I provide and support the basis for the REC revenue and SO₂ sales forecast for
13 the Forecast Period. Finally, I explain REC revenue related to the Leaning Juniper I
14 wind project in the Forecast Period and Comparison Period.

15 **ACTUAL REC AND SO₂ REVENUE**

16 **Q. What was the REC volume the Company sold in the Comparison Period?**

17 A. In the Comparison Period, the total RECs sold was [REDACTED]. Confidential Exhibits
18 3.5 and 3.6 provide the details of REC revenues received for the Comparison Period.
19 Confidential Exhibit 3.5 provides a summary table of actual REC revenues by month
20 and resource for the Comparison Period. This information is provided on a
21 total-Company basis for all of the Company’s REC sales and is summarized by
22 Renewable Portfolio Standard (“RPS”) eligibility. Exhibit 4.3, page 4.3.3 of Mr. Rose’s
23 testimony shows how these revenues are allocated to Wyoming based on their

1 eligibility for RPS compliance. Confidential Exhibit 3.6 provides a summary table of
2 the actual number of RECs sold by entity, tag price, resource, and vintage for the
3 Comparison Period.

4 **Q. What were the actual REC revenues for the Comparison Period?**

5 A. Actual REC revenues for the Comparison Period were approximately \$ [REDACTED] million on
6 a total-Company basis or \$2.1 million on a Wyoming-allocated basis, as shown in
7 Confidential Exhibit 3.5. The calculation of the Wyoming-allocated amount is
8 discussed in the testimony of Mr. Rose.

9 **Q. What were the actual SO₂ sales in the Comparison Period?**

10 A. In 2023, the Company made no SO₂ sales transactions. However, the Company
11 received its allocation of the annual Environmental Protection Agency (“EPA”) auction
12 proceeds. The revenue from the EPA auction was approximately \$91 on a total-
13 Company basis and \$14 on a Wyoming-allocated basis. The calculation of the
14 Wyoming-allocated amount is shown in Exhibit 4.3 of Mr. Rose’s testimony. The
15 monthly detail for the Comparison Period SO₂ sales is provided in Exhibit 3.4.

16 FORECAST REC AND SO₂ REVENUE

17 **Q. What is the Company’s REC forecast for the Forecast Period in this RRA filing?**

18 A. The 2024 REC revenue forecast included in this RRA filing is \$18.6 million on a total-
19 Company basis and \$3.9 million on a Wyoming-allocated basis. The method used to
20 calculate the Wyoming-allocated amount is discussed in the testimony of Mr. Rose.

21 **Q. Please explain how the Company calculated the forecast REC revenue for the
22 Forecast Period.**

23 A. To calculate the Forecast Period REC revenue, the Company included expected REC

1 revenue from 17 existing contracts in place as of March 12, 2024 (“Existing
2 Contracts”), additional REC revenues at projected volumes and forecast market prices,
3 and the forecast REC revenues related to the Leaning Juniper wind project. The REC
4 revenue related to the signed Existing Contracts in 2024 accounts for approximately
5 \$ [REDACTED] million of the approximately \$18.6 million total REC revenue, as shown in
6 Confidential Exhibit 3.1. The Forecast Period assumes additional forecast REC sales
7 of [REDACTED] RECs at an average forecast REC price of \$ [REDACTED] per REC for the
8 Structured REC Market, \$ [REDACTED] per REC for the Unstructured REC Market for RECs
9 generated 2023 or later, and \$ [REDACTED] per REC for the Unstructured REC Market for RECs
10 generated prior to 2023. The forecast prices and volumes are based on the Company’s
11 historical experience in voluntary and compliance markets, the information from
12 counterparties that are active in the REC market, and the bids received through
13 Company’s REC Reverse request for proposals (“RFPs”) conducted in 2023.
14 Confidential Exhibit 3.1 is a summary of total Forecast Period REC sales, including
15 the Existing Contracts and additional forecast REC sales. Confidential Exhibit 3.2
16 provides a summary of REC sales forecast for the Forecast Period for the Existing
17 Contracts, by entity, per REC price, resource, on a megawatt-hour basis. Confidential
18 Exhibit 3.3 provides a summary of REC sales forecast for the Forecast Period for the
19 Existing Contracts, by entity, per REC price, resource, on a dollar revenue basis.

1 **Q. What is the Company's basis for the \$ [REDACTED] price per REC associated with the**
2 **Structured REC forecast, \$ [REDACTED] per REC for the Unstructured REC market for**
3 **RECs generated 2023 or later, and \$ [REDACTED] per REC for the Unstructured RECs**
4 **generated prior to 2023 used in 2024?**

5 A. The Company has been following the activity on both the pricing and availability of
6 RECs in the Unstructured REC Market, the Structured REC Market, and the prices
7 associated with the Company REC purchases executed under the voluntary Blue Sky
8 program. Structured REC Market forecast assumes a three-year historical average price
9 of \$ [REDACTED] per REC, which also aligns with REC market research. Unstructured REC
10 Market forecast assumes a historical average price of \$ [REDACTED] for RECs generated since
11 2023 and \$ [REDACTED] for RECs generated prior to 2023 based on transactions executed since
12 2023. The newer vintage RECs are more desirable in the Unstructured REC Market
13 due to broader qualification with RPS and Green-e eligibility in western states, and
14 have a higher price point than older vintage RECs.

15 **Q. How does the Comparison Period REC revenue and volumes compare to the**
16 **Forecast Period REC revenue and volumes?**

17 A. In 2023, the actual total REC revenue was approximately \$ [REDACTED] million from
18 approximately [REDACTED] million RECs sold. The 2024 revenue from Existing Contracts is
19 forecasted to exceed Comparison Period revenue with \$ [REDACTED] million from
20 approximately [REDACTED] RECs sold. The Forecast Period assumes [REDACTED] million total
21 RECs will be sold. The forecast volume is determined using average annual REC sales
22 since 2017. Based on historical averages, the forecast assumes [REDACTED] percent of total RECs
23 sold in 2024 will come from Structured Market RECs, [REDACTED] percent from Unstructured

1 Market RECs generated 2023 or later, and [REDACTED] percent from Unstructured Market RECs
2 generated prior to 2023.

3 **Q. What was the response to the Company's reverse RFPs?**

4 A. The Company issued [REDACTED] reverse RFP during the Comparison Period. The reverse RFP
5 were emailed directly to [REDACTED] potentially interested parties. The Company completed [REDACTED]
6 separate sale transactions as a result of bids received from these reverse RFPs, which
7 are more particularly described in Confidential Exhibit 3.9.

8 **Q. Please describe why the Company is forecasting limited REC revenue related to
9 the Leaning Juniper I wind project.**

10 A. The Company is forecasting limited REC revenue related to the Leaning Juniper I wind
11 project due to a contract unique to that wind project, as summarized in Confidential
12 Exhibit 3.10.

13 **Q. What is the value of the RECs from the Leaning Juniper I wind project used in
14 the Forecast Period?**

15 A. The Company used a value of \$ [REDACTED] per REC in the Forecast Period.

16 **Q. How was the value determined?**

17 A. Since current Leaning Juniper wind project contract data was not available at the time
18 of filing this Application – the value is an estimate based on an average price from the
19 last three years, which is used as the forecast for the Forecast Period. The REC revenues
20 related to the Leaning Juniper I wind project are included in the Company's revenue
21 requirement calculation presented by Mr. Rose.

22 **Q. What is the SO₂ Forecast for the Forecast Period?**

23 A. The Company is forecasting no sales from SO₂ allowances.

1 **Q. Why is the Company forecasting no sales related to SO₂ credits?**

2 A. The Clean Air Interstate Rule (“CAIR”) SO₂ program was superseded by the
3 Cross-State Air Pollution Rule (“CSAPR” pronounced “Caspar”) on January 1, 2012.
4 PacifiCorp’s SO₂ credits were usable through any of the remaining CAIR compliance
5 periods, but are not usable as currency in CSAPR. CSAPR was subject to numerous
6 challenges since 2012, which created regulatory uncertainty as well as devastating the
7 market, resulting in minimal sales opportunities for recent vintage allowances. In
8 November 2014, EPA issued a revised implementation and schedule of CSAPR as a
9 result of final order from the U.S. Court of Appeals in the District of Columbia,
10 allowing a three-year delay in implementation. CSAPR was reset to take effect January
11 1, 2015, with CAIR retained through the 2014 compliance periods, and then replaced
12 by the CSAPR. While the forward market for PacifiCorp’s SO₂ credits has vanished,
13 the Company continues to monitor the market and occasionally can take advantage of
14 inquiries for 2015-vintage or earlier SO₂ credits. However, because of the change in
15 the clean air rules, the Company does not expect any future market sales opportunities
16 to materialize.

17 **Q. Given the RRA mechanism, does the Company and its customers have a common
18 objective in forecasting REC and SO₂ revenues during the Forecast Period?**

19 A. Yes. The Company and its customers have a common objective of keeping the balance
20 in the RRA as low as possible. Therefore, the Company has reflected its best attempt
21 to impute a reasonable level of REC and SO₂ revenues into the Forecast Period.

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

23 A. Yes.

BEFORE THE WYOMING PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE)
APPLICATION OF ROCKY MOUNTAIN) DOCKET NO. 20000-__-EM-24
POWER TO RECOVER DEFERRED NET)
POWER COSTS PURSUANT TO TARIFF) (RECORD NO. ____)
SCHEDULE 95 ENERGY COST)
ADJUSTMENT MECHANISM AND)
PURSUANT TO TARIFF SCHEDULE 93,)
REC AND SO2 REVENUE ADJUSTMENT)
MECHANISM)

AFFIDAVIT, OATH AND VERIFICATION

Marcelina R. Hundis (Affiant) being of lawful age and being first duly sworn, hereby deposes and says that:

Affiant is the Environmental Commodity Trader for PacifiCorp, which is a party in this matter.

Affiant prepared and caused to be filed the testimony submitted on April 15, 2024. Affiant has, by all necessary action, been duly authorized to file the testimony and make this Oath and Verification.

Affiant hereby verifies that, based on Affiant's knowledge, all statements and information contained within the testimony and all of its associated attachments are true and complete and constitute the recommendations of the Affiant in their official capacity as Environmental Commodity Trader.

Further Affiant Sayeth Not.

Dated this 4 day of April, 2024

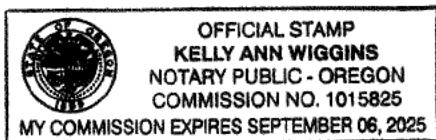
Marcelina R. Hundis
Marcelina R. Hundis
Environmental Commodity Trader
825 NE Multnomah St
Portland, Oregon 97232

STATE OF OREGON)
) SS:
COUNTY OF MULTNOMAH)

The foregoing was acknowledged before me by Kelly Wiggins on this 4 day of April, 2024. Witness my hand and official seal.

K Wiggins
Notary Public

My Commission Expires: 9/6/2025



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Rocky Mountain Power

Exhibit 3.1

Docket No. 20000-____-EM-24

Witness: Marcelina R. Hundis

BEFORE THE WYOMING PUBLIC SERVICE
COMMISSION

ROCKY MOUNTAIN POWER

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Exhibit Accompanying Direct Testimony of Marcelina R. Hundis

Summary of REC & SO2 Revenue Forecasts

April 2024

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

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Rocky Mountain Power

Exhibit 3.2

Docket No. 20000-____-EM-24

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BEFORE THE WYOMING PUBLIC SERVICE
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Exhibit Accompanying Direct Testimony of Marcelina R. Hundis

Summary of REC Sales Forecast for CY 2024 by Entity/Resource (in MWh)

April 2024

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Rocky Mountain Power
Exhibit 3.3
Docket No. 20000-____-EM-24
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BEFORE THE WYOMING PUBLIC SERVICE
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Exhibit Accompanying Direct Testimony of Marcelina R. Hundis
Summary of REC Sales Forecast for CY 2024 by Entity/Resource (in \$)

April 2024

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Rocky Mountain Power
Exhibit 3.4
Docket No. 20000-____-EM-24
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BEFORE THE WYOMING PUBLIC SERVICE
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Exhibit Accompanying Direct Testimony of Marcelina R. Hundis
Actual SO2 Revenue for CY 2023 and Forecast for CY 2024

April 2024

Rocky Mountain Power
Wyoming REC and SO2 Revenue Adjustment Mechanism
 April 12, 2024

Actual SO2 Revenue for CY 2023 and Forecast for CY 2024

Year	Month	Amount	Accumulated Amount
2023	1	\$0	\$0
2023	2	\$0	\$0
2023	3	\$0	\$0
2023	4	\$91	\$91
2023	5	\$0	\$91
2023	6	\$0	\$91
2023	7	\$0	\$91
2023	8	\$0	\$91
2023	9	\$0	\$91
2023	10	\$0	\$91
2023	11	\$0	\$91
2023	12	\$0	\$91 Total

Forecast SO2 Revenue for CY 2024

Year	Month	Amount	Accumulated Amount	Counterparty	SO2 Volume (Allowances)	SO2 Price (\$)
2024	1	\$0	\$0			
2024	2	\$0	\$0			
2024	3	\$0	\$0			
2024	4	\$0	\$0	EPA Auction		
2024	5	\$0	\$0			
2024	6	\$0	\$0			
2024	7	\$0	\$0			
2024	8	\$0	\$0			
2024	9	\$0	\$0			
2024	10	\$0	\$0			
2024	11	\$0	\$0			
2024	12	\$0	\$0 Total			

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Exhibit 3.5

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Exhibit Accompanying Direct Testimony of Marcelina R. Hundis

Actual REC Revenue Sales by Resource (in \$)

April 2024

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Exhibit Accompanying Direct Testimony of Marcelina R. Hundis

Actual REC Revenue Sales by Entity, Tag Price, Resource, and Vintage (in MWh)

April 2024

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Exhibit 3.7
Docket No. 20000-____-EM-24
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Exhibit Accompanying Direct Testimony of Marcelina R. Hundis

Actual REC Revenue Sales by Resource (in \$)

April 2024

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Exhibit 3.8

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BEFORE THE WYOMING PUBLIC SERVICE
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Exhibit Accompanying Direct Testimony of Marcelina R. Hundis

REC Sale Transactions Completed in 2023 by Structured/Unstructured Type

April 2024

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Exhibit 3.9

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Exhibit Accompanying Direct Testimony of Marcelina R. Hundis

REC Request for Proposals Since 2023

April 2024

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Exhibit 3.10

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BEFORE THE WYOMING PUBLIC SERVICE
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Exhibit Accompanying Direct Testimony of Marcelina R. Hundis

Leaning Juniper Indemnity Memo

April 2024

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