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IDAHO PUBLIC
UTILITIES COMMISSION

BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION

_____)
IN THE MATTER OF THE)
APPLICATION OF ROCKY MOUNTAIN)
POWER FOR AUTHORITY TO)
INCREASE ITS RATES AND CHARGES)
IN IDAHO AND APPROVAL OF)
PROPOSED ELECTRIC SERVICE)
SCHEDULES AND REGULATIONS)
_____)

CASE NO. PAC-E-21-07

Redacted Direct Testimony of

Brian C. Collins

On behalf of

**Bayer Corporation
P4 Production, L.L.C.**

November 8, 2021



Project 11150

PACIFICORP dba ROCKY MOUNTAIN POWER

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

CASE NO. PAC-E-21-07

Direct Testimony of Brian C. Collins

1 **Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A Brian C. Collins. My business address is 16690 Swingley Ridge Road, Suite 140,
3 Chesterfield, MO 63017.

4 **Q WHAT IS YOUR OCCUPATION?**

5 A I am a consultant in the field of public utility regulation and a Principal of Brubaker &
6 Associates, Inc. ("BAI"), an energy, economic and regulatory consulting firm.

7 **Q PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.**

8 A This information is included in Appendix A to my testimony.

9 **Q ON WHOSE BEHALF ARE YOU APPEARING IN THIS PROCEEDING?**

10 A I am appearing on behalf of P4 Production, L.L.C., an affiliate of Bayer Corporation
11 (hereinafter "Bayer"), a special contract customer of Rocky Mountain Power ("RMP"
12 or "Company"). RMP is a division of PacifiCorp.

13 I have previously appeared on behalf of Bayer, formerly Monsanto Company,
14 in Case No. PAC-E-10-07.

15 **Q WHAT IS THE SUBJECT OF YOUR TESTIMONY?**

16 A I provide testimony regarding Bayer's support for the Idaho Public Utilities
17 Commission ("Commission") to enter an order approving the Settlement Stipulation

1 (“Stipulation”) between the Company, Staff and Intervenors (“Parties”) settling all
2 issues in this proceeding. The Stipulation provides for an \$8 million increase in the
3 Company’s base rates. The Stipulation also includes a provision for valuing the
4 interruptibility provided by Bayer to the Company under the new Electric Service
5 Agreement (“ESA”) between Bayer and the Company.

6 As described by Mr. Mike Veile of Bayer in his testimony, the ESA terms and
7 conditions have now been finalized and agreed to by both parties and submitted to
8 the Commission for approval. Under the ESA effective January 1, 2022, Bayer
9 provides two curtailment products to RMP, an operating reserves product and an
10 economic curtailment product.

11 **Q IS THE SETTLEMENT REACHED BY ALL PARTIES IN THIS RATE CASE**
12 **REASONABLE?**

13 **A** Yes. Bayer undertook an active role in the review of the Company’s rate filing. Bayer
14 engaged a large team of expert consultants from three different firms, Brubaker and
15 Associates, Inc. (primary witnesses Brian C. Collins, Greg R. Meyer, and Christopher
16 C. Walters), Energy Strategies (primary witness Kevin Higgins) and Aegis Insight
17 (primary witness Lance Kaufman).

18 Bayer’s consulting team conducted extensive discovery and made a thorough
19 review of the Company’s rate filing, scrutinizing all aspects of the Company’s filing.
20 As a result, Bayer identified an extensive list of adjustments to the Company’s
21 revenue requirements and rate base to be included in filed testimony and exhibits.
22 These adjustments were shared with the Parties.

23 Commencing on September 13, 2021, the Parties held several meetings
24 which culminated in a settlement agreement, the details of which are set forth in the
25 Stipulation submitted to the Commission for approval.

REDACTED

1 When considering all aspects of the global settlement, and recognizing that
2 the settlement is a compromise of disputed claims, Bayer believes that the terms and
3 conditions of the Stipulation are fair, just, reasonable, and in the public interest. All
4 Parties independently and collectively reached this same conclusion, upon which the
5 Commission is urged to enter an order approving the Stipulation, including Bayer's
6 new ESA and the valuation of Bayer's interruptibility.

7 **Q WHAT AMOUNT OF INTERRUPTIBILITY DOES BAYER PROVIDE RMP IN THE**
8 **NEW ESA?**

9 A The 2022 ESA specifically provides for two types of interruption of Bayer's furnace
10 loads: (1) Operating Reserves of at least 95 MW (Furnaces 7 and 8) which can be
11 called upon 188 hours per calendar year; and (2) Economic Curtailment of 67 MW
12 (Furnace 9) which can be called upon for 1,600 incidents of 15 minutes each per
13 calendar year. Thus, Bayer provides both an operating reserve product and an
14 economic curtailment product.

15 **Q HOW WAS BAYER'S [REDACTED] MILLION CURTAILMENT PRODUCT VALUE**
16 **ARRIVED AT IN THE SETTLEMENT AND WHY SHOULD THE COMMISSION**
17 **APPROVE IT AS PART OF THE SETTLEMENT?**

18 A When considered in the context of the global settlement that resolves all issues in the
19 case, the value of Bayer's curtailment product is a reasonable compromise among all
20 Parties. As a result, the Commission should approve the [REDACTED] million as part of the
21 settlement agreed upon by all Parties.

REDACTED

1 Q PLEASE DESCRIBE THE COMPROMISE REACHED REGARDING BAYER'S
2 INTERRUPTIBILITY VALUATION.

3 A The Company offered its valuation of Bayer's interruptibility through the Direct
4 Testimony of RMP witness Craig Eller. Mr. Eller's valuation analysis resulted in a
5 value of [REDACTED] million for Bayer's interruptibility. By contrast, Bayer's valuation
6 analysis resulted in a value range of [REDACTED] million to [REDACTED] million.

7 Both the Company and Bayer recognize capacity value for both the operating
8 reserve and economic curtailment products provided by Bayer. One of the primary
9 differences between the Company's valuation and Bayer's valuation lies in the
10 specific capacity resource used as a proxy for valuing Bayer's interruptibility.

11 RMP uses Bayer's interruptible load resource much like it would a simple
12 cycle combustion turbine ("SCCT"), which is a peak generation resource or "peaker."
13 Bayer's provision of operating reserves and economic curtailment to RMP under the
14 2022 ESA effectively avoids the cost of constructing and operating an SCCT
15 resource. Bayer calculated the avoided peaker cost under two different scenarios.
16 The first scenario is based on two separate SCCT resources – an Aeroderivative
17 ("Aero") SCCT for the operating reserve product and a Frame F SCCT for the
18 economic curtailment product – and resulted in a value of [REDACTED] million. This
19 valuation is based on values from PacifiCorp's 2019 Integrated Resource Plan
20 ("IRP"). The second scenario is based on a single proxy resource that would replace
21 both Bayer's operating reserve and the economic curtailment products and resulted in
22 a value of approximately [REDACTED] million. Thus, Bayer determined a range of its
23 interruptibility value of between [REDACTED] million and [REDACTED] million.

24 Based on the context of the global settlement, and all things considered,
25 including the settlement of all revenue requirement issues in the amount of an
26 \$8 million increase for the Company, the [REDACTED] million for Bayer's interruptibility

1 valuation is a reasonable compromise between all Parties and should be approved by
2 the Commission.

3 **Q DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

4 **A** Yes, it does.

Qualifications of Brian C. Collins

1 **Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A Brian C. Collins. My business address is 16690 Swingley Ridge Road, Suite 140,
3 Chesterfield, MO 63017.

4 **Q WHAT IS YOUR OCCUPATION AND BY WHOM ARE YOU EMPLOYED?**

5 A I am a consultant in the field of public utility regulation and a Principal with the firm of
6 Brubaker & Associates, Inc. ("BAI"), energy, economic and regulatory consultants.

7 **Q PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND WORK
8 EXPERIENCE.**

9 A I graduated from Southern Illinois University Carbondale with a Bachelor of Science
10 degree in Electrical Engineering. I also graduated from the University of Illinois at
11 Springfield with a Master of Business Administration degree. Prior to joining BAI, I
12 was employed by the Illinois Commerce Commission and City Water Light & Power
13 ("CWLP") in Springfield, Illinois.

14 My responsibilities at the Illinois Commerce Commission included the review
15 of the prudence of utilities' fuel costs in fuel adjustment reconciliation cases before
16 the Commission as well as the review of utilities' requests for certificates of public
17 convenience and necessity for new electric transmission lines. My responsibilities at
18 CWLP included generation and transmission system planning. While at CWLP, I
19 completed several thermal and voltage studies in support of CWLP's operating and
20 planning decisions. I also performed duties for CWLP's Operations Department,
21 including calculating CWLP's monthly cost of production. I also determined CWLP's

1 allocation of wholesale purchased power costs to retail and wholesale customers for
2 use in the monthly fuel adjustment.

3 In June 2001, I joined BAI as a Consultant. Since that time, I have
4 participated in the analysis of various utility rate and other matters in several states
5 and before the Federal Energy Regulatory Commission ("FERC"). I have filed or
6 presented testimony before the Arkansas Public Service Commission, the California
7 Public Utilities Commission, the Delaware Public Service Commission, the Public
8 Service Commission of the District of Columbia, the Florida Public Service
9 Commission, the Georgia Public Service Commission, the Guam Public Utilities
10 Commission, the Idaho Public Utilities Commission, the Illinois Commerce
11 Commission, the Indiana Utility Regulatory Commission, the Kentucky Public Service
12 Commission, the Public Utilities Board of Manitoba, the Minnesota Public Utilities
13 Commission, the Mississippi Public Service Commission, the Missouri Public Service
14 Commission, the Montana Public Service Commission, the North Carolina Utilities
15 Commission, the North Dakota Public Service Commission, the Public Utilities
16 Commission of Ohio, the Oklahoma Corporation Commission, the Oregon Public
17 Utility Commission, the Rhode Island Public Utilities Commission, the Public Service
18 Commission of Utah, the Virginia State Corporation Commission, the Public Service
19 Commission of Wisconsin, the Washington Utilities and Transportation Commission,
20 and the Wyoming Public Service Commission. I have also assisted in the analysis of
21 transmission line routes proposed in certificate of convenience and necessity
22 proceedings before the Public Utility Commission of Texas.

23 In 2009, I completed the University of Wisconsin – Madison High Voltage
24 Direct Current ("HVDC") Transmission Course for Planners that was sponsored by
25 the Midwest Independent Transmission System Operator, Inc. ("MISO").

1 BAI was formed in April 1995. BAI and its predecessor firm has participated in
2 more than 700 regulatory proceedings in forty states and Canada.

3 BAI provides consulting services in the economic, technical, accounting, and
4 financial aspects of public utility rates and in the acquisition of utility and energy
5 services through RFPs and negotiations, in both regulated and unregulated markets.
6 Our clients include large industrial and institutional customers, some utilities and, on
7 occasion, state regulatory agencies. We also prepare special studies and reports,
8 forecasts, surveys and siting studies, and present seminars on utility-related issues.

9 In general, we are engaged in energy and regulatory consulting, economic
10 analysis and contract negotiation. In addition to our main office in St. Louis, the firm
11 also has branch offices in Phoenix, Arizona and Corpus Christi, Texas.

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