

1 **Q. Please state your name, business address and present position with**  
2 **PacifiCorp, dba Pacific Power & Light Company (the Company).**

3 A. My name is William R. Griffith. My business address is 825 NE Multnomah St.,  
4 Suite 800, Portland, Oregon. My present position is Director, Regulation.

5 **Q. Briefly describe your educational and professional background.**

6 A. I have a B.A. degree with High Honors and distinction in Political Science and  
7 Economics from San Diego State University and an M.A. in Political Science  
8 from that same institution; I was subsequently employed on the faculty. I  
9 attended the University of Oregon and completed all course work towards a Ph.D.  
10 in Political Science. I joined the Company in the Rates & Regulation Department  
11 in December 1983. In June 1989, I became Manager, Pricing in the Regulation  
12 Department. In February 2001, I assumed my present responsibilities.

13 **Q. Have you appeared as a witness in previous regulatory proceedings?**

14 A. Yes. I have testified on behalf of the Company in regulatory proceedings in the  
15 states of Washington, Oregon, Utah, Idaho, Wyoming, and California.

16 **Q. What are your responsibilities in this proceeding?**

17 A. I am responsible for the development of revisions to the Company's prices  
18 proposed in this proceeding.

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

20 A. The purpose of my testimony is to:

- 21 1. Present the Company's proposed tariffs in this case.  
22 2. Describe the Company's proposed allocation of the proposed revenue  
23 requirement change.

1           3.     Discuss the Company's proposed rate design and rate schedule changes.

2     **Proposed Tariffs**

3     **Q.     Are you familiar with the Company's Washington electric tariff schedules**  
4         **proposed to be revised in this filing?**

5     A.     Yes. Exhibit No.\_\_(WRG-2) contains revised tariff sheets incorporating the  
6         changes as proposed for approval at the end of this proceeding.

7     **Proposed Revenue Allocation**

8     **Q.     How is the Company proposing to allocate the revenue increase to customer**  
9         **classes in this proceeding?**

10    A.     The Company is proposing to allocate the \$39.2 million (17.9 percent) revenue  
11         increase across customer classes on an equal percentage basis to most schedules  
12         with the exception of General Service Schedules 24 and 36 which are proposed to  
13         receive a smaller increase.

14    **Q.     Why has the Company proposed to allocate the increase in this manner?**

15    A.     Guided by the cost of service results, this allocation is similar to the final rate  
16         spread ordered by the Commission in the Company's last general rate case  
17         (Docket No. UE-032065), approved in November 2004. The Cost of Service  
18         results presented by Mr. Taylor show that General Service Schedules 24 and 36  
19         require less of an increase than other schedules. A smaller than average increase  
20         to those schedules more accurately reflects the cost of serving those customers.

21    **Q.     How were the percentage increases calculated and what are the effects of the**  
22         **Company's proposed rate spread?**

23    A.     The increase for Schedules 24 and 36 is 75 percent of the overall proposed

1 increase, or a 13.4 percent increase. The other schedules were allocated the  
2 remaining revenue requirement on an equal percentage basis, resulting in a 20.3  
3 percent increase for each schedule. The table in Exhibit No.\_\_(WRG-3)  
4 provides a detailed presentation of the Company's proposed revenue allocation.

5 **Q. Please explain Exhibit No.\_\_(WRG-3), Table A.**

6 A. Exhibit No.\_\_(WRG-3), Table A shows the estimated effect of proposed prices  
7 on revenues from electric sales to ultimate consumers in Washington, distributed  
8 by rate schedule, for the normalized 12-month period concluding September 30,  
9 2004.

10 Table A shows the effects of the proposed base rate changes. Current rate  
11 schedule numbers, proposed rate schedule numbers, the average number of  
12 customers during the test year and the Megawatt-hours of energy consumption are  
13 displayed in columns two through five. Normalized revenues for the test period  
14 are displayed in column six. Column seven shows the proposed base revenues  
15 and column eight shows the proposed change in revenues for each schedule.  
16 Column nine shows the proposed change as a percentage. The overall proposed  
17 base annual increase to tariff rates of \$39.2 million is shown at the bottom of  
18 column eight.

19 **Q. How do the Company's prices compare with other utilities?**

20 A. As indicated in Mr. Furman's testimony, including the effect of this proposed  
21 increase, Pacific Power's average rate will remain low in a low-cost state. Based  
22 on the most recent (2003) data available from the Energy Information  
23 Administration (EIA) for Washington electric utilities, including the effect of the

1 Company's proposed price change while ignoring price increases for other utilities  
2 that may have occurred since 2003, Exhibit No.\_\_(WRG-4) shows that Pacific  
3 Power's average rate ranking would lie at the middle of all electric utilities serving  
4 in Washington. Moreover, given that Washington has the tenth lowest electric  
5 prices among the fifty states according to the EIA, Pacific Power's Washington  
6 customers will continue to see electric prices that are among the lowest in the US.

### 7 **Rate Design**

8 **Q. How does the Company propose to design rates to implement the proposed**  
9 **revenue increase?**

10 A. The Company's rate design proposals continue to reflect cost of service results in  
11 order to send proper price signals to customers while recovering the proposed  
12 revenue requirement. For most rate schedules, the proposals result in larger  
13 increases to fixed charges and demand charge components with smaller impacts  
14 on energy charges. Exhibit No.\_\_(WRG-5) contains the proposed prices and the  
15 billing determinants used in calculating proposed prices. Exhibit No.\_\_(WRG-6)  
16 contains monthly billing comparisons for representative customers of each  
17 schedule.

### 18 **Residential Rate Design**

19 **Q. Please discuss proposed rate design changes for the residential rate**  
20 **schedules.**

21 A. For the monthly basic charge, the Company proposes an increase from \$4.75 to  
22 \$5.25 per month in order to more closely reflect cost of service results. If this  
23 change is approved, Pacific Power's residential Basic Charge will remain one of

1 the lowest in Washington. The Company surveyed the current Basic Charges of  
2 18 utilities in the state and found the Company's proposed Basic Charge of \$5.25  
3 per month would rank third lowest, well below the average Basic Charge of  
4 approximately \$9 per month among utilities surveyed.

5 For the energy charge, the Company proposes to retain the existing  
6 inverted rate design and to apply an equal percentage increase to the two kilowatt-  
7 hour blocks. Large users will continue to pay higher prices under the inverted  
8 rate design while all customers will pay a fair share of the price change.

9 **Q. How do the proposed increases in the Company's residential prices compare**  
10 **to inflation rates?**

11 A. If the average Washington residential customer using 1,300 kilowatt-hours per  
12 month had seen price increases which tracked inflation since the 1989  
13 PacifiCorp/Utah Power merger, this customer's bill today would be about \$94.  
14 Using the proposed rates filed in the case, the average Washington residential  
15 customer's bill would be only \$81, or approximately 14 percent lower on a real  
16 basis. Moreover, at the time the Company's proposed rates are expected to  
17 become effective (in approximately eleven months) the average customer's bill  
18 would be approximately 16 percent lower on a real basis than it was at the time of  
19 the PacifiCorp/Utah Power merger.

20 Under the Company's proposed rate design, smaller users will continue to  
21 see prices that compare even more favorably to inflation. If a Washington  
22 residential customer using 500 kilowatt-hours per month had seen price increases  
23 which tracked inflation since the PacifiCorp/Utah Power merger, this customer's

1 bill today would be about \$35. Using the proposed rate design filed in the case,  
2 this customer's bill would be only \$26, or approximately 24 percent lower on a  
3 real basis.

4 **General Service Rate Design**

5 **Q. What changes are proposed for General Service Schedules 24 and 36?**

6 A. In line with the cost of service results, the Company proposes to increase Load  
7 Size and Demand charges while applying smaller increases to Energy Charges for  
8 these schedules.

9 **Q. What changes are proposed for Large General Service Schedule 48T?**

10 A. The Company proposes to increase the Load Size and Demand charges and apply  
11 a smaller percentage increase to the Energy Charge. This will lessen the impact  
12 on higher load factor customers while appropriately reflecting cost of service.

13 **Other Rate Design Changes**

14 **Q. What changes are proposed for Agricultural Pumping Service Schedule 40?**

15 A. The Company proposes to increase the Load Size charges and apply a smaller  
16 percentage increase to the Energy Charges.

17 **Q. What changes are proposed for lighting schedules?**

18 A. The Company proposes to increase all fixed per lamp charges and cents per kWh  
19 charges by an equal percentage.

20 **PCAM**

21 **Q. Please explain the proposed Schedule 99, Power Cost Adjustment**  
22 **Mechanism.**

23 A. As discussed in Mr. Widmer's testimony, the Company proposes to implement a

1 Power Cost Adjustment Mechanism (PCAM). Schedule 99, found in Exhibit  
2 No.\_\_(WRG-2), outlines the PCAM proposed by Mr. Widmer and includes the  
3 proposed cents per kilowatt-hour pricing structure.

4 **Q. How does the Company propose to treat sur-charges and sur-credits which  
5 may arise in connection with operation of the proposed PCAM?**

6 A. Both will be spread to customers on a uniform cents per kWh basis to all  
7 customer classes in order to reflect changes in costs per MWh incurred by the  
8 Company to serve customers. Because differences in delivery voltage result in  
9 different line losses and power requirements, the Company proposes to vary the  
10 sur-charge or sur-credit amounts by delivery voltage. The loss factors in effect at  
11 the time of the deferral would be used for this determination.

12 **Other Tariff Changes**

13 **Q. What other tariff changes has the Company proposed?**

14 A. The Company proposes to delete several obsolete schedules from the Company's  
15 tariff book. Currently, no customers are served on these schedules. The deleted  
16 schedules have been removed from Exhibit No.\_\_(WRG-2).

17 **Q. Does this conclude your testimony?**

18 A. Yes, it does.