

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

3 A. My name is William R. Griffith. My business address is 825 NE Multnomah St.,
4 Suite 2000, Portland, Oregon. My present position is Director, Pricing, Cost of
5 Service & Regulatory Operations.

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

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

14 **Q. What are your responsibilities?**

15 A. I am responsible for the development of revisions to the Company's proposed
16 prices for this proceeding.

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

18 A. Yes. I have testified for the Company in regulatory proceedings in the states of
19 Washington, Oregon, Utah, Wyoming, Idaho, and California.

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

21 A. The purpose of my testimony is to present the Company's proposed tariffs in this
22 case, to describe the Company's proposed rate spread, and to discuss the
23 Company's proposed rate design and rate schedule changes.

1 **Q. What are the Company's pricing proposals in this case?**

2 A. The Company proposes a rate spread that is guided by the results of the cost of
3 service while minimizing rate impacts on customers. It is explained more fully
4 below. The Company's rate design proposals continue to reflect cost of service
5 results in order to send proper price signals to customers while recovering the
6 proposed revenue requirement. For most rate schedules, the proposals result in
7 larger increases to fixed charges and energy charge components with smaller
8 impacts on demand charges.

9 **Proposed Tariffs**

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

12 A. Yes. Exhibit No.__(WRG-2) contains revised tariff sheets incorporating the
13 changes I have proposed for approval at the end of this proceeding.

14 **Rate Spread**

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

17 A. Based on the results of the cost of service study presented by Company witness
18 Mr. C. Craig Paice, the Company's proposed rate spread allocates the revenue
19 requirement change across the customer classes in four steps.

20 First, for Schedule 48T Large General Service, the cost of service results
21 suggest that an increase greater than 28 percent--well above the overall average
22 increase--is warranted. To mitigate the increase to these customers, the Company
23 proposes to cap the rate increase for Schedule 48T at 19.9 percent. This proposed

1 increase for Schedule 48T would make progress in moving Schedule 48T closer
2 to full cost of service.

3 Second, for public street lighting customers, the cost of service results
4 suggest a rate decrease is warranted. The Company does not believe that a price
5 decrease is warranted in this period of rising costs and proposes that street
6 lighting rates remain unchanged.

7 Third, for Schedule 24 Small General Service, the cost of service results
8 suggest that an increase below the overall average increase should occur. The
9 Company proposes an increase for these customers equal to 9.9 percent.

10 Last, for Residential, Schedule 36 Large General Service, and Schedule 40
11 Agricultural Pumping Service, the cost of service results suggest that these rate
12 schedules should receive an increase of within four percentage points of the
13 overall average increase. The Company proposes to apply the remaining increase
14 to these rate schedules resulting in an increase of 15.2 percent, approximately
15 equal to the overall average increase.

16 **Q. Please explain Exhibit No. ___(WRG-3).**

17 A. Exhibit No. ___(WRG-3), Table A shows the effect of the proposed base rate
18 increase. In Table A, current rate schedule numbers, the number of customers
19 during the test year and the megawatt-hours of energy consumption during the test
20 year are displayed in columns two through four. Normalized base revenues for
21 the test period are displayed in column five. Column six shows the proposed
22 revenues and column seven shows the proposed change in revenues for each
23 schedule. Column eight shows the proposed change as a percentage. The overall

1 proposed annual increase to tariff rates of \$38.5 million is shown at the bottom of
2 column seven.

3 **Rate Design**

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

6 A. The Company's rate design proposals closely follow cost of service results in
7 order to send proper price signals to customers while recovering the proposed
8 revenue requirement. The Company's cost of service study indicates that costs
9 related to the Energy charge have increased more than costs related to other rate
10 components. For most rate schedules, the proposals result in larger increases to
11 energy charges with smaller increases to demand charges. Exhibit No.__(WRG-
12 4) contains the proposed prices and the billing determinants used in calculating
13 proposed prices. Exhibit No.__(WRG-5) contains monthly billing comparisons
14 for representative customers for each schedule.

15 **Residential Rate Design**

16 **Q. Please discuss proposed rate design changes for the residential rate**
17 **schedules.**

18 A. For the monthly residential basic charge, the Company proposes an increase from
19 \$6.00 to \$7.00 per month in order to more closely reflect cost of service results.
20 For the energy charge, the Company proposes to retain the existing inverted rate
21 structure and to apply approximately the same percentage increase to the two
22 kilowatt-hour blocks. Large users will continue to pay higher prices under the
23 inverted rate design while all customers will pay a fair share of the price change.

1 **Q. Please discuss the proposed change to the residential Basic Charge.**

2 A. The current residential Basic Charge of \$6.00 fails to recover the related costs of
3 service, including the cost of meters, service drops, meter reading, and billing for
4 residential customers. Based on the embedded cost of service results, the
5 Company's analysis indicates that a Basic Charge of \$8.20 is the appropriate
6 amount needed to recover these costs. Based on these results and in order to
7 minimize bill impacts, the Company proposes to move the current basic charge
8 closer toward full cost of service with a proposed \$7.00 Basic Charge.

9 **Q. If approved, how will Pacific Power's residential Basic Charge compare to**
10 **other utilities in Washington?**

11 A. If approved, Pacific Power's residential Basic Charge will continue to be one of
12 the lowest among Washington utilities. The Company surveyed the current Basic
13 Charges of 17 utilities in Washington and found the Company's proposed Basic
14 Charge of \$7.00 per month would tie for the fourth lowest, well below the
15 survey's average Basic Charge of approximately \$9.04 per month among utilities
16 surveyed.

17 **General Service Rate Design**

18 **Q. What changes are proposed for General Service Schedule 24?**

19 A. For Schedule 24, the cost of service results indicate that the largest percentage
20 increase is needed for the Energy Charge, while moderate increases are needed
21 for Demand, Load Size, and Basic charges. Proposed rates for Schedule 24
22 follow the cost of service results.

1 **Q. What changes are proposed for General Service Schedules 36 and 48T?**

2 A. For Schedules 36 and 48T, Basic and Load Size charges were both considered
3 together when determining proposed increases. The cost of service results
4 indicate that larger percentage increases are needed for Energy charges than for
5 the Demand and Load Size/Basic charges. In line with the cost of service results,
6 the Company proposes to increase Energy charges while applying smaller
7 increases to the Load Size/Basic and Demand Charge for this schedule.

8 **Q. Are there any other changes proposed for Schedule 48T?**

9 A. Yes. The Company proposes to eliminate the Primary voltage discounts and to
10 implement direct rates for service that reflect the voltage differences. In addition,
11 the Company proposes to offer a third level of service under Schedule 48T that is
12 available to any customer whose demand exceeds 30,000 kW and who receives
13 primary delivery voltage service from a Company-owned distribution substation
14 that serves only that customer and no other customers. The Company believes
15 that this rate will better track the cost of serving this type of large customer.

16 **Q. What is the basis of this revision to Schedule 48T?**

17 A. In the last general rate case, Docket No. UE-080220 (“2008 Rate Case”), the
18 Company entered into an all-party settlement stipulation that was approved and
19 adopted by the Washington Utilities and Transportation Commission
20 (“Commission”) in its Order 05 issued October 8, 2008. In section III.B of the
21 settlement stipulation, the Company agreed to consult with the Industrial
22 Customers of Northwest Utilities (“ICNU”) and other interested parties to review
23 Schedule 48T cost of service and rate design issues. As a result of those

1 discussions, which occurred in December 2008 and January 2009, along with a
2 review of Schedule 48T cost of service data, it was revealed that the service
3 characteristics of the Company's largest Schedule 48T customer differed from
4 other Schedule 48T customers. Besides the facts that the customer's load size is
5 approximately ten times larger than the next largest Schedule 48T customer, and
6 that the customer's energy usage comprises over one-half of total present
7 Schedule 48T energy sales, this large customer is served from a Company-owned
8 distribution substation that is directly dedicated to serving only that customer. As
9 presented in the cost of service study sponsored by Mr. Paice, the cost of serving
10 a primary voltage customer from dedicated facilities differs significantly from
11 other Schedule 48T customers. The Company has proposed that the unique
12 service characteristics of such large customers be charged separately under
13 proposed Schedule 48T.

14 **Other Rate Design Changes**

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

16 A. The cost of service results indicate that the energy related charges require a
17 smaller increase than load size charges for Schedule 40. Following the cost of
18 service results, the Company proposes to increase the Load Size charge and apply
19 a slightly smaller percentage increase to the Energy Charge.

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

21 A. As discussed in the rate spread portion of my testimony, the Company proposes
22 no increase to Street Lighting.

1 **Low Income Bill Assistance Program**

2 **Q. How is the Company proposing to implement changes to the Low Income Bill**
3 **Assistance Program?**

4 A. The Low Income Bill Assistance (“LIBA”) Program credit is available through
5 Schedule 17 and is funded by other customers through the Schedule 91 Low
6 Income Bill Assistance Program surcharge. The Company proposes to increase
7 both the Schedule 17 low income credits and the Schedule 17 participation cap.
8 In order to balance benefits to current recipients and to allow new participants, the
9 Company proposes that 50 percent of the Schedule 91 collection increase be
10 allocated to increasing the Schedule 17 credit rates, and 50 percent of the increase
11 be allocated to increasing the qualifying low income customer program cap.
12 Moreover, under current economic conditions, the Company believes that it is
13 appropriate both to increase credits to existing qualifying low income customers
14 and to expand program enrollments to allow additional qualifying low income
15 customers to participate. This proposal ties changes in the LIBA program to
16 changes in our Washington prices and helps to reduce the impacts of price
17 changes on the Company’s low income customers.

18 **Q. Has the Company prepared an exhibit showing the proposed changes for**
19 **Schedule 91 and Schedule 17?**

20 A. Yes. Exhibit No.____(WRG-6) contains two pages. Page 1, Schedule 91
21 Surcharge Rate Proposal, shows the proposed new LIBA program collection cap,
22 the revised Schedule 91 surcharge rates, and the expected number of qualifying
23 customers who could be served by the program. Fifty percent of the Schedule 91

1 collection increase has been applied to increase Schedule 17 rate credits and 50
2 percent of the Schedule 91 collection increase has been applied to increase the
3 number of qualifying LIBA program customers. If the Company's proposed
4 increase is approved as filed and the surcharge is increased as proposed, the LIBA
5 program cap would increase from 4,475 qualifying customers to 4,791 customers.
6 The proposed collections for low income bill assistance would increase from
7 \$1.14 million to \$1.31 million per year.

8 Page 2, Energy Rate Credit Proposal, shows the proposed new Schedule
9 17 rate credits that would apply if the Company's proposed increase is approved
10 as filed and the surcharge is increased as proposed. The proposed Schedule 17
11 tariff rates, and Schedule 91 tariff rates, are also contained in Exhibit
12 No.____(WRG-2).

13 **Deferral Amortization Surcharge**

14 **Q. Does the Company propose any changes to Schedule 96?**

15 A. Yes. As discussed in the direct testimony of Company witness Mr. R. Bryce
16 Dalley, the Company proposes to recover the deferred costs related to the
17 Chehalis Plant through the existing rate Schedule 96, Hydro Deferral Surcharge,
18 that was approved by the Commission in the 2008 Rate Case. As indicated in Mr.
19 Dalley's testimony, the Company proposes to extend the effective period of
20 Schedule 96 to recover the amortization related to the Company's newly acquired
21 Chehalis plant. Schedule 96 is proposed to be titled "Deferral Amortization
22 Surcharge". We are proposing no change to present Schedule 96 rates although
23 the rate effective period will be extended until the balances are amortized.

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

2 **A. Yes.**