

Exhibit No.__(WRG-1T)
Docket UE-11____
Witness: William R. Griffith

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

vs.

PACIFICORP dba
Pacific Power & Light Company

Respondent.

Docket UE-11_____

PACIFICORP

DIRECT TESTIMONY OF WILLIAM R. GRIFFITH

July 2011

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
4 Street, Suite 2000, Portland, Oregon. My present position is Director, Pricing,
5 Cost of Service & Regulatory Operations.

6 **Q. Describe your education 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 **Purpose of Testimony**

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

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

1 proposed rate design changes, and to propose changes to the Company's Low
2 Income Bill Assistance Program.

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

4 A. The Company proposes a rate spread that is guided by the results of the cost of
5 service study and by Order 06 in the Company's most recent general rate case,
6 UE-100749 (2010 Rate Case).¹ It is explained more fully below. The Company's
7 rate design proposals follow the rate spread changes and are also guided by Order
8 06 in the 2010 Rate Case in order to reflect costs and to recover the proposed
9 revenue requirement. They are discussed below.

10 **Proposed Tariffs**

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

13 A. Yes. Exhibit No.____(WRG-2) contains revised tariff sheets incorporating the
14 changes proposed for approval in this proceeding.

15 **Rate Spread**

16 **Q. How is the Company proposing to allocate the revenue increase to customer**
17 **classes?**

18 A. Based on the results of the cost of service study presented by Company witness
19 Robert M. Meredith, and in order to minimize rate impacts across customer
20 classes as ordered in the 2010 Rate Case, the Company's proposed rate spread
21 allocates the revenue requirement change to all rate schedule classes, other than
22 public street lighting customers, on an equal percentage basis. This results in a

¹ See *Wash. Utils. & Transp. Comm'n v. PacifiCorp*, Docket UE-100749, Order 06 (March 25, 2011) (Order 06).

1 proposed increase of 4.3 percent for these rate schedules. For public street
2 lighting customers, the cost of service study results continue to suggest a price
3 change well below the overall average. As a result, the Company proposes a one
4 percent increase for this class, or approximately one-fourth of the proposed
5 overall average percentage increase. These proposals are in line with the rate
6 spread ordered by the Commission in the 2010 Rate Case.

7 **Q. Please explain Exhibit No.__(WRG-3).**

8 A. Exhibit No.__(WRG-3), Table A shows the effect of the proposed base rate
9 increase. In Table A, current rate schedule numbers, the number of customers
10 during the test year and the megawatt-hours of energy consumption during the test
11 year are displayed in columns two through four. Normalized base revenues for
12 the test period are displayed in column five. Column six shows the proposed
13 revenues and column seven shows the proposed change in revenues for each
14 schedule. Column eight shows the proposed change as a percentage. The overall
15 proposed rate increase of \$12.9 million is shown at the bottom of column seven.

16 **Rate Design**

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

19 A. As indicated above, the Company's rate design proposals follow the rate spread
20 changes and are also guided by Order 06 in the 2010 Rate Case in order to reflect
21 costs and to recover the proposed revenue requirement. The Company proposes
22 uniform percentage increases to customer, energy and demand charges, where
23 applicable, for all rate schedules. Exhibit No.__(WRG-4) contains the proposed

1 prices and the billing determinants used in calculating proposed prices. Exhibit
2 No.__(WRG-5) contains monthly billing comparisons for representative
3 customers for each rate schedule.

4 **Residential Rate Design**

5 **Q. Please discuss the rate design proposals for the residential rate schedules.**

6 A. For the monthly residential basic charge, the Company proposes an increase from
7 \$6.00 to \$6.25 per month. This increase is equal to the overall percentage
8 increase for residential customers and contributes to the uniform increases to all
9 usage levels across the residential class. Similarly, for the energy charges, the
10 Company proposes to retain the existing inverted rate structure and to apply a
11 uniform percentage increase to the two kilowatt-hour blocks. Larger users will
12 continue to pay higher prices under the inverted rate design while all customers
13 will pay a fair share of the price change.

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

15 A. The current residential Basic Charge of \$6.00 fails to recover the related costs of
16 service, including the cost of meters, service drops, meter reading, and billing for
17 residential customers. Based on the embedded cost of service results, the
18 Company's analysis indicates that a Basic Charge of \$9.82 is appropriate.
19 However, based on the rate design goals in this case, an approximate 4.3 percent
20 increase to the Basic Charge will make some progress toward this level.

1 **General Service and Large General Service Rates**

2 **Q. What changes are proposed for General Service Schedules 24, 36, 40 and**
3 **48T?**

4 A. For all general service and large general service schedules, the Company proposes
5 to apply equal percentage increases to customer, demand and energy charges.

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

7 A. As indicated in the rate spread discussion above, the Company proposes an
8 increase of one percent spread equally to all Street Lighting schedules.

9 **Low Income Bill Assistance Program**

10 **Q. Does the Company propose any changes to the Low Income Bill Assistance**
11 **Program?**

12 A. Yes. The Low Income Bill Assistance (LIBA) Program credit is available
13 through Schedule 17 and is funded by other customers through the Schedule 91
14 Low Income Bill Assistance Program surcharge. The Company proposes to
15 increase the Schedule 91 surcharge collection rate by the same percentage amount
16 as the price change proposed or realized by residential customers in this case.

17 This proposed change is consistent with recent revisions to Schedule 91 approved
18 by the Commission.

19 **Q. Does the Company have any other comments on the Low Income Bill**
20 **Assistance Program?**

21 A. Yes. In response to Order 06 in the 2010 Rate Case, meetings are being held with
22 Staff, the Company, the Energy Project, and the affected agencies in a
23 collaborative process to discuss the current allocation of the LIBA surcharge

1 collections, the interval for eligibility certification, and the level of administrative
2 fees. As ordered by the Commission, Staff must report the results of this process
3 by September 25, 2011.

4 As a result of the collaborative process, the Company may be filing an
5 advice filing later in 2011 to revise some aspects of the LIBA program. While the
6 content of that filing is yet to be determined, the proposals contained in it may add
7 to or replace the Company's low income surcharge and the Schedule 17 rate
8 credits proposal in this case.

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

11 A. Yes. Exhibit No.__(WRG-6) contains two pages. Page 1, Schedule 91
12 Surcharge Rate Proposal, shows the proposed new LIBA program collection cap,
13 the revised Schedule 91 surcharge rates, and the expected number of qualifying
14 customers who could be served by the program. The total surcharge has been
15 applied to increase Schedule 17 rate credits. The proposed collections for low
16 income bill assistance would increase from \$1.47 million to \$1.53 million per
17 year.

18 Page 2 of Exhibit No.__(WRG-6), Energy Rate Credit Proposal, shows
19 the proposed new Schedule 17 rate credits that would apply if the Company's
20 proposed increase is approved as filed and the surcharge is increased as proposed.
21 The proposed Schedule 17 tariff rates, and Schedule 91 tariff rates, are also
22 contained in Exhibit No.__(WRG-2).

1 Q. Does this conclude your direct testimony?

2 A. Yes.