



1 **Q. Are you the same William R. Griffith that previously provided testimony in**  
2 **this docket?**

3 A. Yes.

4 **Purpose and Summary**

5 **Q. What is the purpose of your Rebuttal Testimony?**

6 A. The purpose of my Rebuttal Testimony is to present rate spread and rate design  
7 proposals reflecting the Company's revised revenue requirement and updated cost  
8 of service study. I also respond to proposals of other parties.

9 **Q. Please summarize your testimony.**

10 A. My testimony addresses the following:

- 11 • Rate spread. The Company proposes a revised rate spread based on the  
12 Company's rebuttal revenue requirement equal to \$48.5 million or 17.8  
13 percent presented by Mr. R. Bryce Dalley.
- 14 • Rate Design. Based on the rebuttal revenue requirement and in response to  
15 proposals of other parties, the Company presents revised rate design  
16 proposals.
- 17 • Low Income Bill Assistance Program. I comment on the recommendations  
18 concerning the low income bill assistance program.

19 **Rebuttal Exhibits**

20 **Q. Have you prepared exhibits showing the Company's revised rate spread and**  
21 **rate design based on the updates made in this rebuttal filing?**

22 A. Yes. Exhibit No.\_\_(WRG-8) shows the effect of the proposed rebuttal rate  
23 increase. Exhibit No.\_\_(WRG-9) contains the proposed prices and the billing

1 determinants used in calculating the proposed rebuttal prices. Exhibit  
2 No.\_\_(WRG-10) contains monthly billing comparisons at different usage levels  
3 for each rate schedule applying the proposed rebuttal prices.

4 **Q. What is the Company's rate spread proposal?**

5 A. Based on the proposed rebuttal revenue requirement, the cost of service results,  
6 and the proposals of other parties, the Company proposes to revise its rate spread  
7 recommendation. In its direct case, the Company proposed equal percentage  
8 increases to each of the major rate schedule classes. For this rebuttal case, based  
9 on a revised increase equal to 17.8 percent, the Company proposes to apply the  
10 revenue allocation increase consistent with the rate spread methodology  
11 recommended by Staff witness Mr. Thomas E. Schooley. This revised rate spread  
12 also responds to the issues proposed by Mr. Steve W. Chriss on behalf of Wal-  
13 Mart Stores.

14 This revised proposal better reflects cost of service results and applies  
15 smaller increases to those rate schedule classes—Schedule 24, Schedule 36,  
16 Schedule 40, and the lighting schedules—that are currently paying more than the  
17 cost to serve them. The other major rate schedule classes would receive a  
18 uniform percentage increase. As a result, Schedule 16 - Residential and Schedule  
19 48T - Large General Service will each receive increases of 20.2 percent, equal to  
20 approximately 113 percent of the average increase. Schedule 24 - Small General  
21 Service, Schedule 36 – Large General Service, and Schedule 40 – Agricultural  
22 Pumping Service will receive increases of 14.7 percent or approximately 83  
23 percent of the overall average increase. The various lighting schedules will

1 receive a one percent increase.

2 The overall result of this rate spread proposal is that all major rate  
3 schedule classes will see proposed increases that are less than those originally  
4 proposed by the Company, while at the same time additional progress will be  
5 made toward reflecting the cost of service results.

6 **Residential Rate Design**

7 **Q. Please discuss the proposed residential rate design.**

8 A. For the monthly residential basic charge, the Company revises its Basic Charge  
9 proposal to be largely in line with the change in the proposed revenue  
10 requirement. The Company proposes an increase from \$6.00 to \$8.50 per month,  
11 rather than the \$9.00 level proposed in the direct case. For the energy charges, the  
12 Company proposes to retain the existing inverted rate structure and to apply an  
13 approximately uniform percentage increase to the two kilowatt-hour blocks.

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

15 A. Based on the rebuttal revenue requirement and the revised cost of service results,  
16 the current residential Basic Charge of \$6.00 fails to recover the related costs of  
17 service, including the cost of meters, service drops, meter reading, and billing for  
18 residential customers. Based on the embedded cost of service results submitted in  
19 this rebuttal filing by Mr. C. Craig Paice, the Company's analysis indicates that a  
20 Basic Charge of \$10.27 is appropriate. Based on these results and in order to  
21 reflect the revenue requirement change, the Company proposes an \$8.50 monthly  
22 residential Basic Charge. This proposal makes good progress toward a more cost  
23 compensatory residential Basic Charge.

1 **Q. Mr. Charles M. Eberdt on behalf of The Energy Project indicates that**  
2 **raising the Basic Charge sends an anti-conservation message and that it**  
3 **unfairly impacts low-use customers. Do you agree with his assertions?**

4 A. No. First, the message sent to customers from the Company's proposed  
5 residential rate design supports the efficient use of energy. The Company has  
6 proposed to increase the energy charges in the current inverted rate structure by  
7 more than 18 percent. This sends a proper conservation signal to all customers.

8 At the same time, the Company has proposed that all customers pay more  
9 of their fair share of the fixed costs of serving them. This improves equity and  
10 fairness for both small and large users and for low income and non low income  
11 customers.

12 Second, concerning Mr. Eberdt's contention that an increase to the basic  
13 charge unfairly impacts low use customers, the Company agrees with Mr.  
14 Schooley's discussion where he addresses the impact of an increase to the Basic  
15 Charge on low use customers. He states on page 39, line 14 of his responsive  
16 testimony, that an increase to the basic charge "fairly imposes on these customers  
17 the cost to serve that group." Moreover, Mr. Schooley indicates correctly on page  
18 39, line 7, of his responsive testimony, that low-use customers are not the same as  
19 low income customers, but that "all low-use customers benefit by artificially  
20 keeping the basic charge low, regardless of income level."

21 Exhibit No.\_\_(WRG-11) provides a comparison of the usage patterns of  
22 customers on the Company's standard residential rate, Schedule 16, and  
23 customers on the Low Income Bill Assistance Program, Schedule 17. It shows

1 clearly that customers on the Company's residential low-income bill assistance  
2 program, Schedule 17, have, on average, higher usage than customers receiving  
3 service on the Company's standard residential schedule, Schedule 16. As shown  
4 in the exhibit, a higher percentage of low income customers fall in each usage  
5 category over 900 kWh than non-low income customers. In addition, only 15  
6 percent of low income customers use 600 kWh per month or less, while over 20  
7 percent of non-low income customers use 600 kWh or less. Clearly, on average,  
8 low-income customers do not have lower consumption than non low-income  
9 customers, and, in fact, the opposite appears to be true.

10 The Company believes that its residential rate design proposal balances  
11 the message of energy efficiency along with reflecting cost responsibility,  
12 reducing subsidization and maintaining fairness for all residential customers.

### 13 **General Service and Large General Service Rates**

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

15 A. Based upon additional review of rate design for these rate schedules and in  
16 response to the testimonies of Mr. Chriss and Industrial Customers of Northwest  
17 Utilities witness Mr. Donald W. Schoenbeck, the Company has revised its rate  
18 design proposals for general service customers. The Company proposes to  
19 increase all billing elements by a uniform percentage amount for Schedule 24,  
20 Schedule 36 and Schedule 48T. This will more closely follow cost of service and  
21 will minimize bill impacts on all customers, including seasonal customers, in  
22 Washington.

1 **Agricultural Pumping Service and Street Lighting**

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

3 A. The Company proposes to reflect the revised revenue requirement by increasing  
4 the Load Size Charge and the Energy Charge by approximately an equal  
5 percentage for Schedule 40.

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

7 A. The Company proposes that the increase of one percent be implemented  
8 uniformly to all lighting schedules.

9 **Low Income Bill Assistance Program**

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

12 A. Yes. The Company believes that the proposal by Staff witness Mr. Schooley is  
13 reasonable. Staff's proposal increases the low income Schedule 91 surcharge  
14 collection by the originally filed amount proposed by the Company and does not  
15 adjust it for the final ordered rate change in this case.

16 In addition, the Company will agree to support other low income  
17 proposals in this case that provide additional benefits for low income customers,  
18 as long as those are supported by other customers and are consistent with  
19 Commission policy. Company witness Ms. Rebecca M. Eberle offers additional  
20 rebuttal testimony on low income issues.

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

22 A. Yes.