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

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

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

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

**Q. What are your responsibilities?**

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

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

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

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

A. The purpose of my testimony is to present the Company’s proposed tariffs in this case, to describe the Company’s proposed rate spread, to discuss the Company’s proposed rate design changes, and to propose changes to the Company’s Low Income Bill Assistance Program.

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

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

**Proposed Tariffs**

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

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

**Rate Spread**

1. **How is the Company proposing to allocate the revenue increase to customer classes?**

A. Based on the results of the cost of service study presented by Company witness C. Craig Paice, the Company’s proposed rate spread allocates the revenue requirement change across the customer classes in two steps.

First, the Company proposes to spread the rate increase to all rate schedule classes, other than public street lighting customers, on an equal percentage basis. This results in a proposed increase of 21.0 percent for these rate schedules.

For public street lighting customers, the cost of service study results suggest only a small increase. The Company proposes a five percent increase for this class, or approximately one-fourth the proposed overall average percentage increase.

**Q. Please explain Exhibit No.\_\_\_(WRG-3).**

A. Exhibit No.\_\_\_(WRG-3), Table A shows the effect of the proposed base rate increase. In Table A, current rate schedule numbers, the number of customers during the test year and the megawatt-hours of energy consumption during the test year are displayed in columns two through four. Normalized base revenues for the test period are displayed in column five. Column six shows the proposed revenues and column seven shows the proposed change in revenues for each schedule. Column eight shows the proposed change as a percentage. The overall proposed rate increase of $56.7 million is shown at the bottom of column seven.

**Rate Design**

1. **How does the Company propose to design rates to implement the proposed revenue increase?**
2. The Company’s rate design proposals follow cost of service results in order to send proper price signals to customers while recovering the proposed revenue requirement. The Company’s cost of service study indicates that costs related to the energy charges have increased more than costs related to other rate components. For most rate schedules, the proposals result in larger increases to energy charges with smaller increases to demand charges. Exhibit No.\_\_\_(WRG-4) contains the proposed prices and the billing determinants used in calculating proposed prices. Exhibit No.\_\_\_(WRG‑5) contains monthly billing comparisons for representative customers for each rate schedule.

**Residential Rate Design**

1. **Please discuss proposed rate design changes for the residential rate schedules.**
2. For the monthly residential basic charge, the Company proposes an increase from $6.00 to $9.00 per month in order to more closely reflect cost of service results. For the energy charges, the Company proposes to retain the existing inverted rate structure and to apply an approximately uniform percentage increase to the two kilowatt-hour blocks. Larger users will continue to pay higher prices under the inverted rate design while all customers will pay a fair share of the price change.

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

1. The current residential Basic Charge of $6.00 fails to recover the related costs of service, including the cost of meters, service drops, meter reading, and billing for residential customers. Based on the embedded cost of service results, the Company’s analysis indicates that a Basic Charge of $10.38 is appropriate. Based on these results and in order to minimize bill impacts, the Company proposes to move the current basic charge closer toward full cost of service with a proposed $9.00 Basic Charge.
2. **If approved, how will PacifiCorp’s residential Basic Charge compare to other utilities in Washington?**

A. If approved, PacifiCorp’s residential Basic Charge will continue to be one of the lowest among Washington utilities. The Company recently completed a survey of current basic charges of utilities in Washington. If approved by this Commission, the Company’s proposed Basic Charge of $9.00 per month would be the ninth lowest among the 17 utilities surveyed, and still below the survey’s average basic charge of approximately $9.22 per month among utilities surveyed.

**General Service and Large General Service Rates**

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

A. For all general service schedules, the cost of service results indicate that larger increases are needed for energy charges than for demand, load size, and basic charges. The proposed rates for these general service schedules follow these cost of service results.

**Agricultural Pumping Service and Street Lighting**

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

A. The cost of service results indicate that changes to energy-related charges and load size charges for Schedule 40 should be relatively uniform. Following these cost of service results, the Company proposes to increase the Load Size charge and the Energy Charge by approximately an equal percentage for Schedule 40.

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

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

**Q.** **Please discuss the change proposed for Street Lighting Service Schedule 51.**

A. The Company proposes that the metal halide offerings currently available in Schedule 51 be eliminated. The Company currently has no customers on these rates and do not expect any customers in the future. The Energy Independence and Security Act of 2007 Section 324 indicates that the metal halide fixtures that are offered in our tariffs cannot be manufactured after January 1, 2009. The Company is currently looking at other new energy saving technologies, and will address those in future filings.

**Low Income Bill Assistance Program**

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

A. Yes. The Low Income Bill Assistance (LIBA) Program credit is available through Schedule 17 and is funded by other customers through the Schedule 91 Low Income Bill Assistance Program surcharge. The Company proposes to increase the Schedule 91 surcharge collection rate by the same percentage amount as the price change realized by residential customers in this case. This proposed change is consistent with the revision to Schedule 91 approved by the Commission in the Company’s last general rate case.

**Q. What changes to the Low Income Bill Assistance Program are proposed?**

A. During the 2009 general rate case settlement discussions, the Company and the Energy Project agreed to meet prior to the next rate case filing to discuss potential revisions to the Low Income Bill Assistance Program. As a result, Company staff members met with Chuck Eberdt, Michael Karp and Brad Purdy representing the Energy Project, as well as representatives from the three partnering agencies

(Blue Mountain Action Council located in Walla Walla, Opportunities Industrialization Center of Washington located in Yakima and Northwest Community Action Center located in Toppenish) on March 24, 2010. Based on this meeting, the Company proposes the following:

1. Seventy percent of the increase to the Schedule 91 collections should be allocated to increasing the Schedule 17 credit rates to qualifying customers, and 30 percent of the increase should be allocated to increasing the qualifying low income customer program cap.
2. Income eligibility should be increased from 125 percent to 150 percent of federal poverty guidelines. This will provide a benefit to households with limited income that do not qualify for other services such as the federally funded Low Income Home Energy Assistance Program.

**Q. Are there additional Low Income Bill Assistance Program revisions proposed?**

A. Yes. In order to decrease program costs and to provide greater benefits to customers, the Company proposes that participating households be recertified every other year (bi-annual recertification), rather than the annual recertification that is currently in place.

**Q. Please explain.**

A.Program participants apply for the Low Income Bill Assistance Program annually. The local agencies that administer this program certify income-eligible participants annually at a cost of $48 per household. Currently this results in a $214,800 annual cost to the program. Bi-annual recertification will result in an increase in funding available for the program that can be applied to income eligible customers. In order to transition to bi-annual recertification, the Company proposes that annual recertification continue during the first year of the proposed rate effective period in this case, 2011, and that those customers certified during 2011 be recertified in 2013.

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

1. Yes. Exhibit No.\_\_\_(WRG-6) contains two pages. Page 1, Schedule 91 Surcharge Rate Proposal, shows the proposed new LIBA program collection cap, the revised Schedule 91 surcharge rates, and the expected number of qualifying customers who could be served by the program. Seventy percent of the Schedule 91 collection increase has been applied to increase Schedule 17 rate credits and 30 percent of the Schedule 91 collection increase has been applied to increase the number of qualifying LIBA program customers. If the Company’s proposed increase is approved as filed and the surcharge is increased as proposed, the LIBA

program cap would increase from 4,475 qualifying customers to 4,720 customers. The proposed collections for low income bill assistance would increase from $1.21 million to $1.47 million per year.

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

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

A. Yes.