

BEFORE THE WASHINGTON UTILITIES & TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant

v.

PACIFICORP D/B/A PACIFIC POWER & LIGHT COMPANY,

Respondent.

DOCKET NO. UE-090205

TESTIMONY OF GLEN A. WATKINS (GAW-1T) IN SUPPORT OF SETTLEMENT

ON BEHALF OF

PUBLIC COUNSEL AND THE ENERGY PROJECT

SEPTEMBER 22, 2009

DIRECT TESTIMONY OF GLEN A. WATKINS (GAW-1T)
DOCKET NO. UE-090205

EXHIBIT LIST

Exhibit No. ____ (GAW-2) BACKGROUND & EXPERIENCE PROFILE

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I. INTRODUCTION / SUMMARY

Q: Please state your name, employer, and present position and role in the case.

A: My name is Glenn A. Watkins. I am a Principal and Senior Economist with Technical Associates, Inc., which is an economics and financial consulting firm with offices in Richmond, Virginia. My business address is James Center III, 1051 East Cary Street, Suite 601, Richmond, VA 23219.

Q: On whose behalf are you testifying?

A: I am testifying on behalf of the Public Counsel Section of the Washington Attorney General’s Office (Public Counsel) and The Energy Project.

Q: Please describe your professional qualifications.

A: Except for a six-month period during 1987 in which I was employed by Old Dominion Electric Cooperative as its forecasting and rate economist, I have been employed by Technical Associates continuously since 1980. During my twenty-nine year career at Technical Associates, I have conducted marginal and embedded cost of service, rate design, cost of capital, revenue requirement, and load forecasting studies involving numerous gas, electric, water/wastewater, and telephone utilities, and have provided expert testimony in Alabama, Arizona, Georgia, Kansas, Kentucky, Maine, Maryland, Massachusetts, Michigan, North Carolina, New Jersey, Ohio, Illinois, Pennsylvania, Vermont, Virginia, South Carolina, Washington, and West Virginia. I hold an M.B.A. and B.S. in economics from Virginia Commonwealth University. I am a member of several professional organizations as well as a

1 Certified Rate of Return Analyst. A more complete description of my education
2 and experience is provided in Exhibit No.__(GAW-2).

3 **Q: What is your ratemaking experience within Washington State?**

4 A: I represented Public Counsel in the 2008 rate case involving Puget Sound Energy
5 (electric and gas)¹ and the 2008 Pacific Power rate case² on issues relating to cost
6 of service and rate design. I also recently pre-filed testimony in the pending
7 Avista general rate case involving its electric and natural gas operations.³

8 **Q: What is the purpose of your testimony in this proceeding?**

9 A: Technical Associates was initially engaged to review and evaluate PacifiCorp's
10 electric class cost of service study, proposed class revenue increases, residential
11 rate design, and low-income rate assistance program proposals. As a result of my
12 investigation in these areas, I advised Public Counsel and The Energy Project in
13 settlement negotiations concerning class revenue increases (rate spread) and
14 residential rate design. I have evaluated the proposed settlement class rate spread
15 and residential rate design and support this proposed settlement. The purpose of
16 this testimony, therefore, is to provide my support for the settlement agreement in
17 these areas.

18 **Q: Please explain the basis for your support of the proposed settlement class**
19 **rate spread and residential rate design.**

20 A. The proposed settlement agreement reflects a 5.3 percent increase to
21 PacifiCorp's jurisdictional revenues and applies this increase to all classes on an

¹ *WUTC v. Puget Sound Energy, Inc.*, Docket Nos. UE-072300 and UG-072301 (consolidated).

² *WUTC v. PacifiCorp, d/b/a/ Pacific Power & Light Co.*, Docket No. UE-080220.

³ *WUTC v. Avista Corp., d/b/a/ Avista Utilities*, Docket Nos. UE-090134 and UG-090135 (consolidated).

1 equal percentage basis. The proposed rate spread is consistent with the
2 Company's original filing request. My review and examination of the Company's
3 class cost of service study sponsored by witness C. Craig Paice indicates that the
4 increase to the residential class should be approximately the same (in percentage
5 terms) as the overall increase authorized in this case. Furthermore, I recognize
6 the diverse interests of the various parties and stakeholders in this proceeding and
7 that compromises have to be made by all interests. The proposed settlement for
8 an equal percentage increase to all classes represents a fair and reasonable
9 assignment of revenue responsibility for all classes.

10 I also support the proposed \$6.00 residential customer charge which
11 maintains the current rate and is reasonable in light of the direct costs to connect
12 and maintain a customer's account, combined with the recognition of the 20
13 percent (\$1.00) increase to this charge in PacifiCorp's general rate case last year
14 (WUTC Docket No. UE-080220).

15 **Q: Does this complete your testimony?**

16 **A: Yes.**