Q. Please state your name, business address and present position with PacifiCorp, dba Pacific Power & Light Company (the Company).

A. My name is William R. Griffith. My business address is 825 NE Multnomah Avenue, Suite 800, Portland, Oregon. My present position is Director, Pricing & Regulatory Operations, in the Regulation Department.

Qualifications

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 for one year. I also attended the University of Oregon and completed all course work towards a Ph.D. in Political Science. I joined the Company in the Pricing & Regulatory Affairs Department in December 1983. In June 1989, I became Manager, Pricing in the Regulation Department. In February 2001, I assumed my present responsibilities.

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

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

Purpose of Testimony

Q. What is the purpose of your testimony?

A. My testimony describes the Company's proposal to modify the Centralia Credit and the Merger Credit in order to implement recovery of deferred Excess Net

Power Costs.

Q. Please describe the Company's proposal.

A. The Company proposes to modify currently effective Schedule 97, Adjustment Associated with the Sale of Centralia (Centralia Credit), and Schedule 99, Credit from ScottishPower (Merger Credit), to suspend the amounts currently being credited. Those amounts would be applied instead towards recovery of the $17.5 million in Excess Net Power Costs described by Mr. Widmer.

Q. What is the current balance remaining in the Centralia and Merger Credit accounts?

A. As of October 2002, the Centralia Credit account contains about $10.2 million. The Merger Credit account contains about $6.8 million. As of January 1, 2003, we expect these accounts will contain approximately a total of $14.8 million remaining to be distributed.

Q. Why does the Company propose this method for recovering Excess Net Power Costs?

A. For the reasons discussed in Mr. Larsen's testimony, the Company believes that suspending the Centralia Credit and the Merger Credit will provide some relief for extraordinary power costs while preserving our commitment under the Rate Plan to maintain base rate stability.

Q. What is the effect of the Company's proposal on customers?

A. This proposal removes two credits that currently appear as separate line item adjustments on customers' bills. The Centralia Credit currently produces an average 2.8 percent reduction to customers' bills, while the Merger Credit results in a 1.7 percent reduction to customers' bills. The effect of removing these two credits will increase customers' bills by an average of 4.6 percent. For a residential customer using 1000 kWh per month, this will result in an increase of $2.45 per month. The Company's proposal has no effect on base rates.

Q. Over what period would the Company's proposal be in effect?

A. As shown in Exhibit ___(WRG-1), the Company expects its proposal would result in annual recovery of about $8.6 million. Based on the projected balance in the Centralia Credit and Merger Credit accounts of $14.8 million as of January 2003, the proposal would be in effect for approximately 21 months as the credit balances are eliminated.

Q. Will there be a change in rates once the credit balances have been extinguished?

A. No. Under the Company's proposal in this case, there would be no further changes after January 1, 2003 through the remainder of the Rate Plan Period.

Q. In the event the Centralia Credit and Merger Credit balances prove to be insufficient to recover the Excess Net Power Costs in rates, how does the Company propose to recover any remaining balance?

A. As discussed in Mr. Larsen's testimony, the Company proposes that any remaining balance after exhausting the Centralia and Merger Credits be retained in the deferred account and addressed in the Company's next general rate filing in Washington after expiration of the Rate Plan Period.

Q. How will the Company's proposal be affected if recovery does not commence as of January 1, 2003?

A. As discussed in Mr. Larsen's testimony, a surcharge may be necessary if a delay in recovery results in the remaining balance in the combined credit accounts falling far short of that necessary to recover the Excess Net Power Costs. We are not making a specific proposal for such a surcharge now, however, since the Company's proposal would make that remedy unnecessary.

Q. As a result of this proposal, how will the Company's rates be positioned relative to other utilities?

A. The Company's Washington rates will continue to be among the lowest in the United States. According to the most recent Edison Electric Institute (EEI) survey (January 2002), the Company's total average Washington rates rank 14th lowest out of 160 utilities. Including the effects of this change, and assuming no other rate changes among the other utilities, the Company's rates would be ranked 28th lowest.

Q. How would the Company's residential rates be positioned relative to other utilities?

A. Currently, the Company's residential rates are ranked seventh lowest out of 162 utilities in the EEI residential rankings. Including the effects of the Company's proposal, and assuming no other rate changes for the other utilities reporting, the Company's residential rates would be ranked eleventh lowest out of 162 utilities.

Q. Among Washington utilities, how would the Company's residential rates be positioned if this proposal were approved?

A. In 2002, out of twelve Washington utilities considered by Standard & Poor's, the Company's Washington residential rates were ranked third lowest in the state (Exhibit ___(WRG-2)). Based on rates that would be in effect with approval of the Company's proposed price change, and assuming no rate changes for the other utilities, the Company's ranking would shift only slightly—it would be fourth lowest out of 12 utilities.

Q. Please describe Exhibit ___(WRG-3).

A. Exhibit ___(WRG-3) contains proposed tariffs to implement this collection mechanism. For Schedule 97 and Schedule 99, the Company proposes to add a paragraph to these tariffs as follows:

> Excess Net Power Cost Offset. In addition, effective January 1, 2003, adjustments shown in this tariff will be applied to offset Excess Net Power Costs and will not be applied to the customer's bill. This offset will expire upon recovery of Excess Net Power Costs as determined by the Washington Utilities & Transportation Commission.

Q. Please summarize your testimony.

A. The Company's proposal to recover Excess Net Power Costs by modifying the Centralia and Merger Credits will leave base rates unaffected and will have minimal impacts on our customers. Our customers would continue to see some of the lowest rates in both Washington and the United States upon approval of the Company's proposal.

Q. Does this conclude your testimony?

A. Yes, it does.