

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

3 A. My name is William R. Griffith. My business address is 825 NE Multnomah Street,  
4 Suite 800, Portland, Oregon 97232. My present position is Director, Pricing &  
5 Regulatory Operations, in the Regulation Department.

6 **Qualifications**

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

8 A. I have a B.A. degree with High Honors and distinction in Political Science and  
9 Economics from San Diego State University and an M.A. in Political Science from  
10 that same institution; I was subsequently employed on the faculty. I attended the  
11 University of Oregon and completed all course work towards a Ph.D. in Political  
12 Science. I joined the Company in the Rates & Regulation Department in December  
13 1983. In June 1989, I became Manager, Pricing in the Regulation Department. In  
14 February, 2001, I assumed my present responsibilities.

15 **Q. What are your responsibilities as Director of Pricing & Regulatory Operations?**

16 A. I am responsible for regulated retail prices in the Company's six state service  
17 territory.

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

19 A. Yes. I have testified for the Company in regulatory proceedings in Utah, Oregon,  
20 Wyoming, Washington, and California.

21 **Purpose of Testimony**

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

23 A. The purpose of my testimony is to address the Company's proposed rate spread in

1 this case and to propose price changes for the affected rate schedules.

2 **Q. Please describe PacifiCorp's pricing objectives in this case.**

3 A. The Company's pricing objectives in this case are to implement the 9.6 percent  
4 overall increase while reflecting cost of service, minimizing customer impacts and  
5 continuing to give customers proper price signals concerning summer usage in Utah.  
6 These rates are proposed to become effective April 2005.

7 **Q. How does the Company propose to allocate the increase across customer classes?**

8 A. Relying on the results of Mr. Taylor's cost of service study, the Company proposes to  
9 allocate the price increase to tariff customers on generally an equal percentage basis  
10 across customer classes. With the exception of irrigation and lighting schedules, Mr.  
11 Taylor's cost of service study shows that the customer classes fall within five percent  
12 of cost of service unity.

13 In addition, the Company proposes a number of changes to rate design for  
14 some of the affected schedules that we believe will send clearer price signals to  
15 customers and allow them to shift usage to lower priced periods.

16 **Q. Please describe Exhibit UP&L\_\_(WRG-1).**

17 A. Exhibit UP&L\_\_(WRG-1) details the Company's proposed changes to class  
18 revenues to be implemented in this case. On an overall basis, based on the forecast  
19 12 month test period ending March 2006, these revisions produce a 9.6 percent  
20 revenue increase in Utah.

21 **Q. Please describe Exhibit UP&L\_\_(WRG-2)**

22 A. Exhibit UP&L\_\_(WRG-2) contains the Company's proposed revised tariffs in this  
23 case.

1 **Q. Please describe the Company's proposal for the allocation of the revenue**  
2 **requirement.**

3 A. Excluding special contracts, the overall average percentage change is 10.16 percent.  
4 The Company proposes the following allocation of the price increase for the major  
5 customer classes.

	<u>Customer Class</u>	<u>Proposed Price Change</u>
6	Residential	10.11%
7	General Service	
8	Schedule 23	10.11%
9	Schedule 6/8	10.11%
10	Schedule 9	10.11%
11	Irrigation	10.16%
12	Lighting	13.96%
13		
14		
15		

16 **Q. Please explain the proposed rate spread.**

17 A. For the major customer classes which fall within five percent of cost of service unity,  
18 the Company proposes a uniform percentage increase. For irrigation customers,  
19 consistent with the agreement of the parties presented in the Load Research Working  
20 Group Report to the Commission dated July 1, 2002, the Company proposes the  
21 overall average percentage change. Cost of service results indicate that a price  
22 change in excess of twenty percent would otherwise be indicated for irrigation.

23 **Q. Please explain the proposed higher increase for lighting customers.**

24 A. For most lighting customers, the cost of service results suggest that a much larger  
25 than average price increase is warranted. Based on these results, the Company  
26 proposes to increase prices by approximately 1.5 times the overall average increase  
27 for Schedules 7, 11 and 13 and Schedule 12 Street Lighting customers. Similarly,  
28 due to contrary results in the cost of service study for Schedule 21 and Schedule 12

1 Outdoor Metered Lighting, the Company is proposing no change to these rates at this  
2 time.

3 **Q. Including the effects of the Company's proposal, how have the Company's**  
4 **proposed rates in Utah changed over time?**

5 A. If the proposed price changes are approved effective April 2005, the Company's Utah  
6 overall average rate per kWh will remain lower than the overall average rate in 1984,  
7 over twenty years ago. With this price change, electricity prices will continue to  
8 remain low for Utah customers.

9 **Q. Does the Company propose price changes for any other customer?**

10 A. Not at this time. However, depending on outcome of the US Magnesium LLC docket  
11 (Docket No. 03-035-19), a price change proposal may be forthcoming later.

## 12 **Residential Rate design**

13 **Q. Please describe the Company's proposed residential rate design changes.**

14 A. In the last case, the Company implemented a three-block inverted residential energy  
15 charge for the months May through September. This seasonal rate included a third  
16 block charging usage above 1,000 kWh per month a price of 9.0 cents per kWh. This  
17 third block gives a clear signal to large users of the higher costs of growing energy  
18 use.

19 In this case, the Company proposes to retain the structure of the current May  
20 through September inverted rate. We also propose to maintain the relationships  
21 between the energy blocks by applying the increase on a uniform percentage basis to  
22 each of the three energy charge blocks. In this way, all customers will see the effects  
23 of the higher costs the Company is facing while large users will see the largest

1 cents/kWh increase.

2 **Q. Does the Company propose any changes to the residential customer charge or**  
3 **minimum bill in this case?**

4 A. Yes. The Company proposes to increase the current Customer Charge of \$0.98 per  
5 month to \$2.00 per month. The Company also proposes to increase the minimum bill  
6 to \$3.90 per month.

7 The current Customer Charge fails to recover the related costs of service,  
8 including the cost of meters, service drops, meter reading, billing and collections for  
9 residential customers. Following the Utah Public Service Commission's preferred  
10 methodology for determining a customer charge, the Company's analysis indicates  
11 that a Customer Charge of approximately \$3.00 is the appropriate amount. Given this  
12 and while working to mitigate bill impacts on small customers, the Company believes  
13 that the proposed \$2.00 monthly Customer Charge, which amounts to an increase of  
14 \$1.02 per month, is reasonable.

15 For the minimum bill, the Company proposes to increase it by roughly the  
16 overall class average increase. This results in a proposed minimum bill of \$3.90. In  
17 the future, the Company believes that the minimum bill should be eliminated once a  
18 more cost-compensatory Customer Charge is in place.

19 **Q. How does the Company's proposed Customer Charge compare to other**  
20 **customer charges in Utah?**

21 A. With this proposed change, Utah Power will continue to have one of the lowest  
22 residential customer charges in Utah. Based on a survey conducted by the Company  
23 in November 2003 of fifteen electric utilities in Utah with monthly customer charges,

1 the average customer charge was \$4.93. Including the Company's proposed change,  
2 Utah Power's proposed Customer Charge will be ranked fifth-lowest of fifteen  
3 surveyed utilities in Utah. The proposed Customer Charge will equal only about 40  
4 percent of the overall average customer charge surveyed in Utah.

5 **Q. How will the proposed residential rate design impact customers?**

6 A. Exhibit UP&L\_\_\_(WRG-3) contains monthly billing comparisons for the Company's  
7 proposed tariff revisions. For Residential Schedule 1, two tables are presented. The  
8 first table presents the billing impacts of changes to the energy charge, excluding  
9 effects of the Customer Charge, while the second table includes all billing elements,  
10 including present and proposed Customer Charges. Taken together these two tables  
11 provide a clear assessment of the effects of the proposed rate design. Excluding the  
12 impact of the proposed \$1.02 increase to the Customer Charge, the Company's rate  
13 design proposal results in uniform percentage impacts across usage levels, with large  
14 users seeing the largest dollar impacts. Including the effects of the Customer Charge,  
15 the percentage impacts for low usage customers are larger; however, the dollar  
16 impacts are small for these smaller users. We believe this proposed residential rate  
17 design balances the need to continue to reflect high cost summer periods in energy  
18 prices while moving toward a Customer Charge that more closely approaches cost of  
19 service.

20 **Q. How does the Company propose to implement the price change for residential**  
21 **customers on Schedule 25, Mobile Home and House Trailer Park Service?**

22 A. The Company proposes to increase demand and energy charges roughly equally in  
23 order to recover the overall price change. Along with this, in order to simplify prices,

1 the Company proposes to increase the Customer Charge from \$8.76 to \$9.00 per  
2 month. Similar changes to simplify the Customer Charge are also proposed for  
3 general service schedules.

4 **Residential Time of Use Experiment**

5 **Q. Does the Company propose any changes to the current optional, experimental**  
6 **residential time of day tariff rider (Schedule 2)?**

7 A. No. The Company proposes that the optional, experimental time of day tariff rider  
8 for residential customers continue without change through Summer 2005. As the  
9 Revenue Spread and Rate Design Stipulation accepted by the Commission in Docket  
10 No. 03-2035-02 indicates, “PacifiCorp agrees that after September 2005, it will  
11 review program results with the Parties and may propose changes to the (TOD) rate  
12 design based on these results.” Given that this case will conclude prior to September  
13 2005, the Company proposes no change to the structure of the Schedule 2 tariff rider  
14 in this case.

15 **General Service & Irrigation Prices**

16 **Q. Please describe the Company’s proposed rate design changes for commercial,**  
17 **industrial and irrigation customers.**

18 A. The Company proposes to implement a number of rate design changes in this case in  
19 line with its recent recommendations presented in the Company’s Rate Design  
20 Taskforce (Taskforce) report filed with the Commission in July 2004. The  
21 Company’s Taskforce report is included as Exhibit UP&L\_\_\_(WRG-4).

22 **Q. Please describe the Taskforce.**

23 A. The Rate Design Taskforce (Taskforce) emerged out of the Revenue Spread and Rate

1 Design Stipulation (Stipulation) in the Company’s last general rate case (Docket No.  
2 03-2035-02). The Taskforce was charged with discussing alternative time and/or  
3 season-differentiated rate designs for Schedules 6 and 9 that might be proposed in the  
4 Company’s current general rate case. As indicated in the Stipulation, a goal of the  
5 Taskforce was “the development of cost-based rate designs for Schedules 6 and 9  
6 which send proper price signals to manage peak demands on the PacifiCorp Utah  
7 system.”

8 **Q. What parties comprised the Taskforce?**

9 A. Members of the Taskforce included: the Committee of Consumer Services (CCS), the  
10 Division of Public Utilities (DPU), Federal Executive Agencies (FEA), Kroger Co.,  
11 PacifiCorp, Utah Association of Energy Users (UAE), and Utah Industrial Energy  
12 Consumers (UIEC). The Taskforce held its initial meeting on March 30, 2004;  
13 subsequent meetings were held on May 14, June 8, and July 12, 2004.

14 **Q. What recommendations did the Company propose?**

15 A. The recommendations from the Company’s Taskforce report are as follows:

16 Schedule 9

- 17 • In its next general rate case, the Company will propose to replace Schedule  
18 9’s current rate design with a time of day demand and energy pricing  
19 structure.
- 20 • For purposes of the time of day rate, on-peak periods will be 7AM to 11PM in  
21 the winter months and 1PM to 9PM in the summer months.
- 22 • As is currently the case, summer months will be defined occurring from May  
23 through September. Winter months will be all other months.
- 24 • The time of day demand charge will be effective for on-peak periods only.
- 25 • A demand-based, non-time-differentiated facilities charge will be proposed.
- 26 • The energy charge will be time differentiated. Differentials will be  
27 approximately as follows:
  - 28 Winter on-peak energy charge 0.3 cents/kWh higher than off-peak
  - 29 Summer on-peak energy charge 1.0 cents/kWh higher than off-peak



1            Schedule 6

2            •        In its next general rate case, the Company will propose to implement time of  
3            day pricing to all Schedule 6, 6A and 6B customers registering demands over  
4            1,000 kW. This proposed rate schedule will be offered as Schedule 8.

5            •        The proposed Schedule 8 rate design methodology will be similar to that  
6            proposed for Schedule 9:

7                    On-peak periods will be 7AM to 11PM in the winter months and 1PM  
8                    to 9PM in the summer months.

9                    Summer months will occur from May through September. Winter  
10                   months will be all other months.

11                   The time of day demand charge will be effective for on-peak periods  
12                   only.

13                   A demand-based, non-time-differentiated facilities charge will be  
14                   proposed.

15                   The energy charge will be time differentiated. Differentials will be  
16                   approximately as follows:

17                            Winter on-peak energy charge 0.3 cents/kWh higher than off-  
18                            peak

19                            Summer on-peak energy charge 1.0 cents/kWh higher than off-  
20                            peak

21                    (Taskforce report, page 2)

22    **Q.        Was the Taskforce report a consensus report?**

23    A.        No. As indicated in the report, the Taskforce was unable to produce a consensus  
24        report within the time constraints outlined in the Stipulation, and chose instead to file  
25        separate reports and comments on the understanding that the issue would be  
26        considered as part of the general rate case. The Taskforce report referenced in my  
27        testimony was submitted by the Company.

28    **Schedule 9**

29    **Q.        What does the Company propose for Schedule 9?**

30    A.        As recommended in the Company's Taskforce report, the Company proposes to  
31        implement on-peak period demand and energy pricing for Schedule 9 customers.

32    **Q.        Please describe the on-peak period pricing proposed for Schedule 9.**

33    A.        For Schedule 9 and for Schedule 8 discussed later in my testimony, the Company

1 proposes an on-peak period for May-September, Monday through Friday occurring  
2 from 1PM to 9PM, and for October-April, Monday through Friday, an on-peak period  
3 occurring from 7AM to 11 PM. As indicated in the Taskforce report, hourly power  
4 costs support higher prices during the 8 hour May through September on-peak period.  
5 The report indicates that the price for the 1:00 to 9:00 PM 8 hour period is about 25  
6 percent higher than the average price over the traditional 16 hour on-peak period.

7 For non-summer months, the proposed October-April on-peak period is  
8 consistent with the Company's standard on-peak period as employed in current  
9 Schedule 9A.

10 **Q. Please describe the on-peak period pricing proposed for Schedule 9.**

11 A. For demand, the Company proposes to break out the Power Charge in present  
12 Schedule 9 into two components—an on-peak period demand charge and a facilities  
13 charge. The on-peak period demand charge is computed based on the maximum  
14 demand in the month during the on-peak period. A demand charge is not applied  
15 during other periods.

16 The second charge, the facilities charge, would be based on the maximum  
17 monthly kW demand regardless of the time of day. It would be assessed primarily to  
18 recover the cost of facilities to serve Schedule 9 customers.

19 **Q. What does the Company propose for the energy charge for Schedule 9?**

20 A. In line with the Company's Taskforce report, the Company proposes time of use  
21 energy pricing for Schedule 9. The summer on-peak energy charge is proposed to be  
22 1.0 cents/kWh higher than the off-peak energy charge, while the winter on-peak  
23 energy charge is proposed to be 0.3 cents/kWh higher than off-peak. The off-peak

1 energy charge is the same for all twelve months. These energy charge differentials  
2 are in line with the recommendation (pp. 5-6) of the Brubaker & Associates, Inc.  
3 report (BAI Report) attached to the Taskforce report.

4 These changes comply with the proposed energy charge differentials outlined  
5 in the Taskforce report while recovering the proposed revenue requirement for  
6 Schedule 9 in this case.

7 **Q. What are the benefits of proposed Schedule 9?**

8 A. Proposed Schedule 9 is a reasonable next step in implementing seasonal and time of  
9 use pricing for Utah Power's largest customers. In the last case, summer/winter  
10 seasonal demand pricing was implemented so that, currently, seasonal tariff prices are  
11 in place for all major customer classes. These prices give clear signals to customers  
12 of the higher cost summer season.

13 Time of use pricing gives more specific signals to customers about higher  
14 priced periods, while at the same time it allows customers to shift load and avoid  
15 higher costs. This will allow customers to benefit by shifting load to off-peak periods  
16 and offers savings to those who do. At the same time, those who do not shift will not  
17 be unduly impacted. For example, under proposed Schedule 9, a high load factor  
18 customer with the average load profile for Schedule 9 that does not shift any load to  
19 the off-peak period would see a smaller price increase than the class average for  
20 Schedule 9. This proposal allows gradual movement toward time of day pricing  
21 without resulting in large impacts on important industries and the economy of the  
22 State of Utah.

1 **Q. Are metering additions required in order to implement this change for Schedule**  
2 **9 customers?**

3 A. Yes. TOD meters will be required in order to bill these customers on proposed  
4 Schedule 9. Current load profile meter data is collected for these customers;  
5 however, load profile data is not suitable for billing purposes. The estimated  
6 additional installed cost to implement TOD billing is approximately \$400 per meter.  
7 For the total Schedule 9 class, the cost of TOD metering equals approximately  
8 \$60,000.

9 **Q. What does the Company propose for the optional time of use Schedule 9A**  
10 **currently in effect?**

11 A. The Company proposes that Schedule 9A remain closed to new service. These  
12 customers will have the ability to shift to Schedule 9 if they desire.

13 **Q. Why does the Company propose to allow existing customers to remain on**  
14 **Schedule 9A?**

15 A. The Company proposes to allow the customers currently served on Schedule 9A to  
16 remain on it in order to mitigate the bill impacts on these customers. Transferring  
17 these customers to proposed Schedule 9 would produce an increase in excess of 50  
18 percent for these customers. This amount is far in excess of the average increase  
19 proposed in this case and is not consistent with the Company's proposed rate spread.

20 **Schedule 6 and Schedule 8**

21 **Q. Please explain proposed Schedule 8 mentioned earlier.**

22 A. In order to offer time of use pricing more widely to all large customers in Utah, the  
23 Company proposes that all customers over 1 MW currently served at distribution

1 voltage on Schedule 6 be served on proposed new Schedule 8. As indicated above  
2 and in the Taskforce report, the pricing structure of proposed Schedule 8 is similar to  
3 Schedule 9's proposed structure.

4 **Q. Why was the 1 MW threshold selected for proposed Schedule 8?**

5 A. The 1 MW threshold was selected for two reasons. First, hourly load profile data is  
6 currently available for customers over 1 MW. On- and off-peak demand and energy  
7 data for customers is required in order to design TOD rates, and the data is available  
8 for these customers. Also, the current availability of load profile data for these  
9 customers provides a baseline to examine behavior changes for these customers after  
10 adoption of this proposal.

11 Second, initially targeting the largest customers for TOD pricing minimizes  
12 billing and meter costs. The estimated additional installed cost per meter to  
13 implement TOD billing is approximately \$400. Selecting the largest customers first  
14 minimizes metering costs/kWh. For Schedule 8 customers, total additional metering  
15 costs should be approximately \$90,000.

16 In the future, rate design will entail greater cost and data needs for smaller  
17 customers because on- and off-peak usage data is not currently, widely available on  
18 customers below 1 MW. For TOD pricing to be implemented for smaller customers  
19 in the future, additional data collection will be required in order to design rates, and  
20 metering costs will increase.

21 **Q. What does the Company propose for customers below 1 MW remaining on**  
22 **Schedule 6?**

23 A. The Company proposes to modify the current price structure to recover the proposed

1 revenue requirement by applying a slightly greater increase to demand charges than to  
2 energy charges. Cost of service results support a relatively larger increase to demand  
3 charges than energy charges. At the same time, however, in the interest of  
4 gradualism we want to minimize rate shock to lower load factor customers.

5 **General Service Schedule 23**

6 **Q. How does the Company propose to implement the price change for Schedule 23?**

7 A. The Company proposes to implement the price change for Schedule 23 uniformly to  
8 demand and energy charges.

9 **Irrigation Schedule 10**

10 **Q. How does the Company propose to implement the price change for Schedule 10?**

11 A. Similar to Schedule 23, the Company proposes to implement the price change for  
12 Schedule 10 uniformly to demand and energy charges.

13 **Other Rate Design Changes**

14 **Q. Does the Company propose any other rate design changes?**

15 A. Yes. As shown in my exhibits, for rate simplification and ease of administration, the  
16 Company proposes to increase monthly Customer Charges by rounding them up to  
17 whole dollar amounts. The customer charge for Schedule 23 is proposed to increase  
18 from \$3.93 to \$4.00 per month; Schedule 6, from \$14.74 to \$15.00; Schedule 9, from  
19 \$98.29 to \$100.00; Schedule 10, from \$78.63 to \$80.00; and Schedule 31, from  
20 \$54.06 to \$55.00.

21

1 **Lighting**

2 **Q. How does the Company propose to implement the price change for lighting**  
3 **customers?**

4 A. The Company designed the price change for lighting customers by applying a  
5 percentage increase to the current rate to achieve the proposed overall revenue  
6 change.

7 **Monthly Billing Comparisons**

8 **Q. Please explain Exhibit UP&L\_\_\_(WRG-3).**

9 A. As referenced earlier, Exhibit UP&L\_\_\_(WRG-3) details the customer impacts of the  
10 Company's proposed pricing changes. For each rate schedule, it shows the dollar and  
11 percentage change in monthly bills for various load and usage levels.

12 **Billing Determinants**

13 **Q. Please explain Exhibit UP&L\_\_\_(WRG-5).**

14 A. Exhibit UP&L\_\_\_(WRG-5) details the billing determinants used in preparing the  
15 pricing proposals in this case. It shows billing quantities and prices at present (T45)  
16 rates and proposed (T46) rates.

17 **Aquila Hydro Hedge Balancing Account Rider**

18 **Q. Please describe the treatment of the Aquila Hydro Hedge Balancing Account**  
19 **referenced in Mr. Widmer's testimony.**

20 A. The Company proposes that the balance in the Aquila Hydro Hedge Balancing  
21 Account (pp. 23-24 of Mr. Widmer's testimony) occurring at the contract year end  
22 (September 30 each year) be passed on to customers through a tariff rider  
23 commencing January 1 of the subsequent calendar year. The Company proposes that

1 the rider surcharge or surcredit be designed to amortize the balance over one year, but  
2 it would expire once the balance is fully amortized.

3 **Q. Please explain how the Company proposes to collect or return to customers the**  
4 **Aquila Hydro Hedge balance through a tariff rider.**

5 A. The tariff rider would be passed on to customers as a line item surcharge/surcredit on  
6 customer bills. The rider would be designed to return or collect the total amount  
7 allocated on a uniform percentage basis to each tariff schedule over a 12 month  
8 period through the non-customer charge components (Power Charge, Energy Charge,  
9 and Voltage Discount) of tariffed rates. This rate design is consistent with the  
10 methodology currently utilized for present Schedule 193.

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

12 A. Yes, it does.