

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

3 A. My name is William R. Griffith. My business address is 825 NE Multnomah
4 Street, Suite 300, Portland, Oregon 97232. My present position is Director,
5 Pricing and Cost of Service, 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
10 from that same institution; I was subsequently employed on the faculty. I attended
11 the University of Oregon and completed all course work towards a Ph.D. in
12 Political Science. I joined the Company in the Rates and Regulation Department
13 in December 1983. In June 1989, I became Manager, Pricing in the Regulation
14 Department. In February, 2001, I assumed my present responsibilities.

15 **Q. What are your responsibilities as Director of Pricing & Cost of Service?**

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, Idaho, 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

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

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

26 A. The Company's pricing objectives in this case are to implement the proposed
27 price increase while reflecting cost of service, minimizing customer impacts and
28 continuing to give customers proper price signals.

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

31 A. The Company proposes to rely on the results of Mr. Anderberg's cost of service
32 study to guide the allocation of the price increase to tariff customers.

33 **Q. Please describe Exhibit UP&L__(WRG-1).**

34 A. Exhibit UP&L__(WRG-1) details the Company's proposed changes to class
35 revenues to be implemented in this case. On an overall basis, based on the
36 forecast 12 month test period ending September 2007, these revisions produce a
37 17.06 percent revenue increase to tariff customers in Utah.

38 **Q. Please describe Exhibit UP&L__(WRG-2).**

39 A. Exhibit UP&L__(WRG-2) contains the Company's proposed revised tariffs in
40 this case.

41 **Q. Please describe the Company's proposal for the allocation of the revenue**
42 **requirement.**

43 A. Excluding special contracts, the overall average percentage change is 17.06
44 percent. The Company proposes the following allocation of the price increase for
45 the major customer classes.

46

	<u>Customer Class</u>	<u>Proposed Price Change</u>
47		
48	Residential	17.35%
49	General Service	
50	Schedule 23	17.35%
51	Schedule 6	16.35%
52	Schedule 8	17.35%
53	Schedule 9	17.35%
54	Irrigation	17.06%
55		

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

57 A. The proposed rate spread is designed to reflect cost of service results while
58 balancing the impact of the rate change across customer classes. Based on the
59 cost of service results for the target return on rate base (Exhibit UP&L___(KDA-
60 1), page 2), for the major customer classes which fall within four percentage
61 points of the overall proposed price change (Column M), the Company proposes a
62 uniform percentage increase.

63 The cost of service results recommend an increase to Schedule 6 of over
64 four percentage points below the overall price change. Based on these results, the
65 Company recommends a price increase for Schedule 6 one percentage point less
66 than the uniform increase for the other major schedules. At the same time, some
67 lighting schedules along with Schedule 25 warrant an increase well above the
68 average. The Company proposes a price increase for these customers two
69 percentage points more than the uniform increase for most other major schedules.

70 For irrigation customers, consistent with the agreement of the parties
71 presented in the Load Research Working Group Report to the Commission dated
72 July 1, 2002, the Company proposes the overall average percentage change to
73 tariff customers. Cost of service results indicate that a price change in excess of

74 25 percent would otherwise be indicated for irrigation. As requested by the
75 Commission, the Company is presently in the process of installing a new
76 irrigation load research sample. Installation of load research meters commenced
77 in February 2006 with the expectation that the first load research data from the
78 study will become available following the close of the 2006 pumping season.

79 Electric furnace service and other lighting schedules warrant price
80 decreases. The Company proposes no price change for these customers.

81 **Special Contract Customers**

82 **Q. How has the Company treated special contract customer price changes in**
83 **this case?**

84 A. The Company has made a conservative assumption in this case that proposed
85 special contract rates are unchanged. We recognize that special contract rates are
86 in some instances linked to tariff changes, and that based on the outcome of this
87 case, some special contract rates will change. At the conclusion of this case, the
88 Company proposes to reflect the final ordered tariff changes in special contract
89 rates as appropriate. Including these changes will affect the final rate spread
90 which may reduce the impacts on tariff customers when the final revenue
91 requirement is implemented.

92 **Residential Rate design**

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

94 A. The Company proposes to retain the structure of the current May through
95 September inverted rate. We also propose to apply the increase on a uniform
96 cents per kilowatt-hour basis to each of the three energy charge blocks. In this

97 way, all customers will see the effects of the higher costs the Company is facing.

98 **Q. Does the Company propose any changes to the residential Customer Charge**
99 **or minimum bill in this case?**

100 A. Yes. The Company proposes to increase the current Customer Charge of \$0.98
101 per month to \$3.40 per month. The Company also proposes to eliminate the
102 minimum bill charge for single phase residential customers.

103 The current Customer Charge fails to recover the related costs of service,
104 including the cost of meters, service drops, meter reading, billing and collections
105 for residential customers. Following the Utah Public Service Commission's
106 preferred methodology for determining a Customer Charge, the Company's
107 analysis, as shown in Exhibit UP&L___(WRG-3), indicates that a Customer
108 Charge of approximately \$3.40 is the appropriate amount. Based on this, an
109 increase to the Customer Charge of \$2.42 per month is reasonable and
110 appropriate.

111 The Company believes that the implementation of a cost-compensatory
112 Customer Charge no longer necessitates the need for a minimum bill for single
113 phase customers, and the Company proposes to eliminate the single phase
114 minimum bill in this case. This will, in effect, lower the single phase minimum
115 bill from \$3.67 to \$3.40 per month.

116 **Q. How does the Company's proposed Customer Charge compare to Customer**
117 **Charges of other utilities serving in Utah?**

118 A. With this proposed change, Utah Power will continue to have one of the lowest
119 residential Customer Charges in Utah. Based on a survey conducted by the

120 Company in December 2005 of fourteen electric utilities in Utah with monthly
121 Customer Charges, the average Customer Charge was \$5.39. Including the
122 Company's proposed change, Utah Power's proposed Customer Charge will be
123 ranked sixth lowest of fourteen surveyed utilities in Utah. The proposed
124 Customer Charge will equal only about 63 percent of the overall average
125 Customer Charge surveyed in Utah.

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

127 A. Exhibit UP&L__(WRG-4) contains monthly billing comparisons for the
128 Company's proposed tariff revisions. The billing comparison for Schedule 1
129 reflects the proposed change to the residential Customer Charge and shows that,
130 while the percentage impacts for low usage customers are larger, the overall dollar
131 impacts are less for smaller users. We believe this proposed residential rate
132 design balances the need to continue to differentiate summer and winter energy
133 prices while moving toward a Customer Charge that reflects cost of service.

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

137 A. The Company proposes to increase demand and energy charges roughly equally in
138 order to recover the overall price change. In addition, the Company proposes to
139 increase the Customer Charge from \$9.00 to \$11.00 per month. Changes to the
140 Customer Charge are also proposed for general service schedules.

141 **Residential Time-of-Day Experiment**

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

144 A. No. The Company proposes that the optional, experimental time of day tariff
145 rider for residential customers continue without change. As the Revenue Spread
146 and Rate Design Stipulation accepted by the Commission in Docket No. 03-2035-
147 02 indicates, “PacifiCorp agrees that after September 2005, it will review program
148 results with the Parties and may propose changes to the (TOD) rate design based
149 on these results.” In compliance with the stipulation, in December 2005, the
150 Company filed a report, “Optional Experimental Residential Time-of-Day Tariff
151 Analysis”. Based on the results of the study, the Company does not propose any
152 revisions to the rate design structure of Schedule 2 in this case.

153 **General Service & Irrigation Prices**

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

156 A. In the last general rate case, the Company proposed and implemented a number of
157 rate design changes that were in line with the recommendations presented in the
158 Company’s Rate Design Taskforce report filed with the Commission in July 2004.
159 Those changes included time of day pricing for Schedule 9 and a new tariff
160 schedule, Schedule 8, that implemented time of day pricing for all customers over
161 1 MW. In this general rate case, the Company proposes to continue these pricing
162 structures. In addition, in this case, the Company proposes to increase customer
163 charges to more appropriately reflect cost of service.

164 **Schedule 8 and Schedule 9**

165 **Q. What does the Company propose for Schedule 8 and Schedule 9?**

166 A. The Company proposes to maintain the existing 1.0 cents/kWh on-peak
167 differential and the 0.3 cents/kWh off-peak differential for Schedule 8 and 9
168 energy charges while uniformly increasing demand and energy charges to reflect
169 the proposed revenue requirement change. The Company also proposes increases
170 to the monthly Customer Charges based on cost of service results.

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

173 A. Schedule 9A is closed to new service. These customers have the ability to shift to
174 Schedule 9 if they desire. The Company proposes to increase Schedule 9A
175 charges consistent with the proposed changes to Schedule 9.

176 **Schedule 6**

177 **Q. What changes does the Company propose for customers below 1 MW on**
178 **Schedule 6?**

179 A. The Company proposes to apply the proposed revenue requirement change by
180 applying a uniform percentage increase to demand charges and energy charges.
181 We also propose to increase the Customer Charge to \$25.00 per month.

182 **General Service Schedule 23**

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

185 A. The Company proposes to implement the price change for Schedule 23 uniformly
186 to demand and energy charges, and to increase the Customer Charge from \$4.00

187 to \$6.00 per month.

188 **Irrigation Schedule 10**

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

191 A. Similar to Schedule 23, the Company proposes to implement the price change for
192 Schedule 10 uniformly to demand and energy charges and to increase the
193 Customer Charges for both primary and secondary service.

194 **Lighting**

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

197 A. The Company designed the price change for lighting customers by applying a
198 percentage increase to the current rate to achieve the proposed overall revenue
199 change.

200 **Filing Requirements**

201 **Q. As part of the general rate case filing requirements agreed to for this case by**
202 **stipulation, the Company is required to provide the 12-month period ending**
203 **September 30, 2007 rate design data on a Utah allocated basis under both**
204 **Rolled-In and MSP allocation methods. Has the Company provided this**
205 **information?**

206 A. Yes. Under both Rolled-In and MSP allocation methods the rate design proposals
207 are the same.

208

209 **Monthly Billing Comparisons**

210 **Q. Please explain Exhibit UP&L___(WRG-4).**

211 A. As referenced earlier, Exhibit UP&L___(WRG-4) details the customer impacts of
212 the Company's proposed pricing changes. For each rate schedule, it shows the
213 dollar and percentage change in monthly bills for various load and usage levels.

214 **Billing Determinants**

215 **Q. Please explain Exhibit UP&L___(WRG-5).**

216 A. Exhibit UP&L___(WRG-5) details the billing determinants used in preparing the
217 pricing proposals in this case. It shows historic and forecast billing quantities
218 along with prices at present rates and proposed rates.

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

220 A. Yes, it does.