Q. Please state your name, business address and present position with Rocky Mountain Power Company (the Company), a division of PacifiCorp.

A. My name is William R. Griffith. My business address is 825 NE Multnomah Street, Suite 2000, Portland, Oregon 97232. My present position is Director, Pricing, Cost of Service, and 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. 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 regulated retail rates, cost of service analysis, and regulatory filings and documentation in the Company's six state service territory.

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

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

Purpose of Testimony

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to address the Company's proposed rate spread in this case and to propose rate changes for the affected rate schedules.

Q. Please describe Rocky Mountain Power's pricing objectives in this case.

A. The Company's pricing objectives in this case are to implement the proposed rate increase while reflecting cost of service, giving customers clear price signals, and minimizing customer impacts. We are also proposing a tariff applicable to large new loads and an associated but separate commission process to consider whether, and to what classes, marginal-cost-based pricing principles should be applied in Utah.

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

A. The Company proposes to rely on the results of Mr. C. Craig Paice's cost of service study to guide the allocation of the rate increase to tariff customers.

Q. Please describe Exhibit RMP___(WRG-1).

A. Exhibit RMP___(WRG-1) details the Company's proposed changes to class revenues to be implemented in this case. On an overall basis, based on the forecast 12 month test period ending June 2009, these revisions produce an 11.99 percent revenue increase to tariff customers in Utah.

Q. Please describe Exhibit RMP___(WRG-2)

A. Exhibit RMP___(WRG-2) contains the Company's proposed revised tariffs in this case.

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

A. Excluding special contracts, the overall average percentage change is 11.99 percent. The Company proposes the following allocation of the rate increase for the major customer classes.

Customer Class	Proposed Rate Change
Residential	12.2%
General Service	
Schedule 23	13.0%
Schedule 6	11.0%
Schedule 8	12.2%
Schedule 9	12.2%
Irrigation	24.0%

Q. Please explain the proposed rate spread.

A. The proposed rate spread is designed to reflect cost of service results while balancing the impact of the rate change across customer classes. Based on the cost of service results for the target return on rate base Exhibit RMP___(CCP-1), for the major customer classes which fall within four percentage points of the overall proposed rate change (Column M), including most lighting schedules, the Company proposes a uniform percentage increase. This approach is consistent with the Company's proposal in the last general rate case, Docket 06-035-21.

The cost of service results reflect a smaller increase to Schedule 6, outside the four percentage point band. As a result the Company recommends a rate increase one percentage point less than the jurisdictional increase. For Schedule 23, the cost of service results recommend an increase greater than 4 percentage points above the jurisdictional average (an increase equal to 16.7 percent). Accordingly the Company recommends a rate increase one percentage point more than the jurisdictional increase for Schedule 23.

Q. Please explain the proposed rate increase for irrigation Schedule 10.

A. For irrigation customers, the Company proposes an increase equal to two times the overall jurisdictional average or 24.0 percent. The Company has proposed a cap on the increase in order to mitigate the increase to these customers.

As a result of the agreement of the parties in the Load Research Working Group Report to the Commission dated July 1, 2002, irrigation customers have received increases in recent general rate cases equal to the overall jurisdictional average. In that report, the parties agreed that without new load research data, Schedule 10 customers should receive the overall jurisdictional average. Following the report, the Company fielded a new irrigation load research study. In our proposal for Schedule 10 in this case, the Company has utilized the results of the new irrigation load research study in the cost of service study. The cost of service study indicates that irrigation rates should be increased by approximately 35 percent, but we are recommending only a 24 percent increase.

This recommendation, based on the results of the new load research data is directionally consistent with past studies where older data was utilized. In Docket 06-035-21, for example, cost of service results indicated that a rate change in excess of 25 percent would be warranted for irrigation, but due to the Load Research Working Group agreement only the jurisdictional average increase was requested. As a result of the earlier limits on irrigation rate increases, irrigation rate increases have not kept pace with rate changes for other customer groups. The Company believes that an increase capped at two times the overall average increase, or approximately two thirds of the amount recommended in the cost of service study for irrigation, is fair and makes good progress toward cost of service while mitigating rate impacts on irrigation customers.

Special Contract Customers

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

A. For present revenues in this case, the Company has assumed that the rate changes expected to become effective in 2008 will occur in line with each special contract's terms. For the proposed revenues in this case, the Company has made a conservative assumption that the 2008 special contract rates are unchanged. Because special contract rates are in some instances linked to tariff changes, some special contract rates will change depending on the outcome of this case. At the conclusion of this case, the Company proposes to reflect the final ordered tariff changes in special contract rates as appropriate. Including these changes will affect the final rate spread which may reduce the impacts on tariff customers when the final revenue requirement is implemented.

Residential Rate Design

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

A. The proposal provides some important changes to the structure of Rocky Mountain Power's residential rates in Utah. The purpose of these changes is to give customers clearer and more understandable price signals of the costs of increasing usage while reflecting cost of service. Specifically, four changes are proposed:

1. We propose an increase to the residential customer charge that will bring it fully in line with the Commission's methodology used to calculate the customer charge.
2. We propose to implement a usage-based residential Customer Load Charge

(CLC) that will be triggered when a residential customer's monthly usage in the May through September billing months exceeds 1000 kWh more than once. For reference, the monthly average residential usage during the summer months is about 150 kWh below the trigger. Once triggered, the CLC will result in a higher fixed monthly charge to large customers throughout the year and is explained fully below.

3. We propose to modify the May through September three-block inverted residential rate and replace it with a two-block inverted rate. As discussed later in my testimony, our research indicates that the current rate design is too complicated to effectively influence customer usage decisions.
4. We propose to increase the differential between summer and winter energy charges in order to reflect higher summer costs so that all summer usage receives appropriate price signals.

Q. Please describe the Company's proposed change to the residential Customer Charge.

A. The Company proposes to increase the current Customer Charge from $2.00 per month to $4.00 per month. The Company also proposes to eliminate the minimum bill for single phase residential customers.

The current Customer Charge fails to recover the related costs of service, including the cost of meters, service drops, meter reading, and billing for residential customers. Following the Utah Public Service Commission's preferred methodology for determining a Customer Charge, the Company's analysis indicates that a Customer Charge of $4.13 is the appropriate amount. Accordingly, an increase to the

Customer Charge of $2.00 per month is reasonable and appropriate. Exhibit RMP___(WRG-3) contains the calculation of the Customer Charge using the Commission's preferred methodology.

The Company believes that the implementation of Customer Charge under the Commission's methodology no longer necessitates the need for a minimum bill for single phase service, and the Company proposes to eliminate the minimum bill for single phase service in this case.

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

A. With this proposed change, Rocky Mountain Power will continue to have one of the lowest residential Customer Charges in Utah. Based on a survey conducted by the Company in December 2006 of fourteen electric utilities in Utah with monthly Customer Charges, the average Customer Charge was $6.34. Including the Company's proposed change, Rocky Mountain Power's proposed Customer Charge will be ranked lower than eight of fourteen surveyed utilities in Utah. The proposed Customer Charge will equal only about 63 percent of the overall average Customer Charge surveyed in Utah.

Residential Rate Design Background

Q. Please discuss the background of the other residential rate design changes proposed by the Company.

A. The present residential summer rate design structure does not provide effective price signals to our customers. Since 2004, when the summer inverted rate was first put in place, through 2007, we have seen a 29 percent increase in overall summer residential usage. Over this same time period, higher priced residential tailblock usage has grown by almost three times as much, 79 percent. Clearly, residential customers are not reducing usage in response to the current summer residential tailblock rate structure.

Q. Has the Company performed any studies of the present residential rate structure?

A. Yes. In order to understand this issue more fully, the Company conducted telephone interview surveys of 405 randomly selected Utah residential customers in September 2007 to assess their understanding of Rocky Mountain Power's Utah residential rates.

Q. What are the major findings of the study?

A. The major findings of the study are that most residential customers are unaware of their electric rates and usage. As reported by the survey respondents, 67 percent do not know how much energy they use each month, 67 percent do not know when their billing cycle begins and ends, and 86 percent do not know on average how many kWh they use in a typical month. All of this information, plus knowledge of the rate blocks and the amount of energy consumed during the billing cycle at any given point in time, is required to effectively receive a price signal under the current rate design. When asked their preference, only 30 percent indicated that they preferred a tiered rate in the summer and a flat rate in the winter. The majority of customers, 54 percent, preferred a flat rate year round, and 16 percent did not know.

Q. What are the Company's conclusions from these findings?

A. Rocky Mountain Power concludes that the present three-block summer residential inverted rate structure is not understood by customers and as a result it is not significantly impacting consumption decisions.

Q. What were the results of this study?

A. A summary of the results is contained in Exhibit RMP___(WRG-4).

Q. What alternative does the Company propose?

A. Rocky Mountain Power proposes increasing the summer/winter differential, enhancing our ability to explain the rate to customers by simplifying it to eliminate one of the three summer rate blocks, setting the trigger for the new second rate block at a point above the average summer usage to focus on the largest users, and increasing that new second rate block to send better price signals more in line with cost.

Essential to the proposed residential rate design is the proposed increase in the customer charge for all residential customers. The increase to $4.00 for all residential customers avoids increasing the amount of fixed costs that are at risk for recovery through the energy charge. In today's environment where we encourage reductions in usage where possible and attempt to achieve efficient usage in all circumstances, it is no longer appropriate to achieve the recovery of fixed costs through the variable energy components of rates.

Also appropriate to this rate design is the CLC for our largest residential users. This effectively creates a fixed monthly charge of $10 that would apply throughout the year. This means that large summer users will see the effect of their high summer usage throughout the year through their higher fixed monthly charge. We believe these changes will result in more effective and long-lasting price signals to residential customers that can help to control kWh growth.

Q. Please explain the Company's proposal.

A. First, the Company proposes a two-block energy charge in the five "summer" months with a rate of 8.7929 cents per kWh for the first 1000 kWh and 11.8704 cents per kWh for all additional kWh. We believe that this simplifies the present rate structure and makes progress toward providing clearer price signals to customers. At the same time, we propose no change to the flat "winter" residential energy charge (i.e., the residential energy charge applicable from October to April); it is proposed to remain at 7.5389 cents per kWh.

Second, the Company proposes a year round CLC which will be zero for customers that keep their usage at or slightly above average summer usage but will be $6.00 per month for customers whose usage exceeds 1000 kWh more than once in the summer billing period from May through September. The purpose of this charge is to provide a readily understandable and persistent price signal to customers with higher than average summer usage levels. This will result in a fixed monthly charge that will remain low for small users, while large users will pay higher summer rates along with higher fixed charges year round.

Q. How frequently will the CLC be calculated?

A. It will be calculated based on usage for the billing months May through September of each year and will become effective beginning on customers' October bills.

Q. Rates proposed in this case are expected to become effective in August 2008. How does the Company propose to implement the CLC in 2008?

A. The Company proposes that customer usage from May through September 2008 be reviewed when the CLC is first implemented on October 2008 bills. The proposed revenue requirement and residential rate design have assumed that the CLC would apply in 2008 based on a review of May through September 2008 usage. If this does not occur, rates will need to be adjusted to reflect the revenue shortfall.

Q. What are the benefits of the proposed CLC?

A. The CLC will provide more consistent, understandable and persistent price signals to large customers about the costs of their above-average usage. For example, under the current inverted rate design, a customer who exceeds 1000 kWh per month for two months during the May through September time period pays higher energy rates during those two months only. Under the CLC proposal, this same customer would not only pay higher energy rates during those two months of usage, but the customer would also pay a total fixed monthly charge equal to $10.00 per month for the next twelve months, an increase of $72.00 annually, as a result of higher summer usage. The CLC would produce a strong and persistent price signal that we believe would more effectively influence customer usage decisions.

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

A. Exhibit RMP___(WRG-5) contains monthly billing comparisons for the Company's proposed tariff revisions. For Residential Schedule 1, large users see bill impacts of approximately 18 percent in the summer—six percentage points above the increase for the average Utahn using 853 kWh in the summer. In the winter, smaller users will see an increase of $2.00 per month during the seven winter months. Large users (those who used over 1000 kWh more than once from May through September) will see an increase of over $8.00 per month due to the larger monthly charge.

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

A. The Company proposes to increase demand and energy charges roughly equally in order to recover the overall rate change. In addition, the Company proposes to increase the Customer Charge from $10.00 to $20.00 per month.

Residential Time of Use Experiment

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

A. No. The Company proposes that the optional, experimental time of day tariff rider for residential customers continue without change.

General Service & Irrigation Rates

Q. Please describe the Company's proposed rate design changes for commercial, industrial and irrigation customers.

A. Consistent with the Company's proposal in the last general rate case, the Company does not propose any structural changes to its general service rates. The Company proposed a number of rate design changes that were in line with the recommendations presented in the Company's Rate Design Taskforce (Taskforce) report filed with the Commission in July 2004. Those changes included time of day pricing for Schedule 9 and a new tariff Schedule, Schedule 8 that implemented time of day pricing for all customers over 1 MW. In this general rate case, the Company proposes to continue these pricing structures.

Schedule 8 and Schedule 9

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

A. The Company proposes to maintain the existing 1.2 cents/kWh summer on-peak/off-peak differential and the 0.4 cents/kWh winter on-peak/off-peak differential established in the last general rate case for Schedule 8 and 9 energy charges while uniformly increasing demand and energy charges to reflect the proposed revenue requirement change. We also propose to increase the monthly Customer Service Charge from $25 to $65 for Schedule 8 and from $170 to $235 for Schedule 9.

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

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

Schedule 6

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

A. The Company proposes to apply the proposed revenue requirement change by applying a uniform percentage to demand charges and energy charges. We also propose no change to the Customer Service Charge.

General Service Schedule 23

Q. How does the Company propose to implement the rate change for Schedule 23?

A. The Company proposes to implement the rate change for Schedule 23 uniformly to demand and energy charges, and to increase the Customer Charge from $6.00 to

$6.30 per month. Also, given that Schedule 23B currently has no customers, the Company proposes to eliminate Schedule 23B.

Irrigation Schedule 10

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

A. The Company proposes to implement the rate change for Schedule 10 uniformly to demand and energy charges and to increase the Annual Customer Service Charge by approximately 24 percent in line with the overall proposed rate increase. We also propose no change to the Monthly Customer Service Charge.

Lighting

Q. How does the Company propose to implement the rate change for lighting customers?

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

Alternative Pricing Proposal for New Large Loads

Q. Please discuss the Company's alternative pricing proposal for new large loads.

A. The Company currently has 431 large General Service customers in Utah. Of these customers, 352 have annual demands greater than 1 MW, 58 have annual demands greater than 5 MW, and 21 have annual demands greater than 10 MW. Utah system peak demand (normalized) for 2006 was about 3,600 MW. Existing and potential Utah industrial customers advised the Company of their expectation to add around 390 MW of new load, of which 264 MW is estimated to occur over the next five years (by 2012). Most of this new load will be in facilities with annual customer demands ultimately exceeding 10 MW.

The Company's Utah rates are based upon embedded cost of service. The generation and transmission component of proposed Schedule 9, for example, is approximately 4.2 cents per kWh at a class average 75 percent billing load factor. In comparison, the cost of generation to serve new load is in excess of a 20-year nominal levelized price of 5.8 cents per kWh if based on the methodology approved by the Public Service Commission of Utah in Docket No. 03-035-14 to calculate the avoided costs for large qualifying facilities projects in Utah. The marginal cost of generation is even greater.

A small difference between average embedded generation cost and marginal generation cost can typically occur. However, the higher cost of new generation has contributed to produce a large difference between the two cost measurements. The combination of the large difference and the anticipated significant load growth in Utah is creating two significant problems:

1. Because marginal costs are significantly higher than system average embedded costs, and new loads in Utah are not paying the full marginal cost of service, new large loads will create upward pressure on the rates of all Rocky Mountain Power Utah customers.
2. Average embedded cost pricing is sending poor price signals and may be encouraging new customers to make fuel choices that are not economically or societally optimal.

Q. Please describe the Company's proposal.

A. As an alternative to traditional embedded cost pricing, the Company requests the

Commission consider permitting all new loads 10 MW or greater to be served at prices that more closely reflect the marginal cost of serving new loads. Specifically, the Company proposes a 25 percent surcharge (approximately 1 average cent per kWh) commencing August 2008 which increases to a 30 percent surcharge (approximately 1.2 average cents per kWh) commencing August 2009. During the period while these surcharges are initially in place, we propose that the Commission open a docket to investigate this issue and to explore alternatives to embedded cost pricing.

Q. The Company filed a marginal cost pricing proposal in Wyoming earlier this year. The Company's Utah proposal is different than its Wyoming proposal. Please explain.

A. Based on feedback from the Wyoming parties following our filing, the Company has incorporated a number of changes into our Utah filing. We believe this proposal will send price signals to new large customers about the higher costs they place on the system and will initiate a process to address marginal cost pricing in the long term.

Q. Why was the percentage surcharge approach chosen?

A. This method was selected for two main reasons. First, it sends a clear and simple price signal to customers about the high cost of energy. Second, this proposal produces prices that are below alternative approaches, such as an avoided cost or full-marginal-cost-based approach, and, therefore, it should be more acceptable to participating customers while moving them toward marginal-cost-based pricing.

Q. What are the advantages of this proposal over the historic approach of serving customers under embedded cost-based rates?

A. As mentioned earlier, the generation cost of serving new resources far exceeds the Company's current embedded generation costs. Serving large new loads under embedded generation cost prices will send incorrect price signals to these customers and may result in them making uneconomic decisions when bringing on new load, which will result in upward price pressure for all of our Utah customers. The benefits of this proposal are that it will provide better price signals to new customers about the cost of serving them, and it will reduce future rate impacts on our current Utah customers in the absence of this proposal. The Company's witness Dr. Karl McDermott in his prefiled direct testimony offers additional discussion on the advantages of marginal cost pricing.

Q. Has the Company developed a proposed tariff for new large loads?

A. Yes. Exhibit RMP___(WRG-2) contains proposed Schedule 500 for new large loads. This tariff contains surcharges applicable to new large loads 10 MW or greater served under Schedule 8, and 9 rates, respectively. This surcharge tariff applies only to new large loads as described above.

Q. Please describe proposed Schedule 500.

A. Proposed Schedule 500 is a surcharge tariff applicable to service provided under other applicable tariffs for all new load service agreements 10 MW or greater. For existing customers, if the customer's load grows by 10 MW or more in a 12-month period, the incremental load amount would be separately metered and billed under the applicable service Schedule 8 or 9, and the applicable Schedule 500 surcharge would apply on a going-forward basis once the threshold is achieved. If separate metering is not possible, then a baseline usage level would need to be developed for billing new incremental load. The incremental load eligibility for Schedule 500 would be based on the greatest kW demand registered in either the on and off-peak period. For qualifying customers, the Schedule 500 surcharges would be applied in addition to the standard charges applicable for service contained in Schedules 8 or 9.

Q. What is the proposed effective date of service for Schedule 500 service?

A. The Company proposes that the tariff apply to all qualifying customers who do not have either a fully executed Engineering and Materials Procurement Agreement (EMPA) or a Master Electric Services Agreement (MESA) in place as of December 31, 2007.

Q. Why is the Company proposing marginal-cost-based pricing only for new loads 10 MW or greater?

A. Two factors led us to select this threshold.

1. Operational significance. New large single loads can have significant, immediate effects on our system which smaller new loads do not. This significance has been acknowledged by the Bonneville Power Administration (BPA) which requires new large single loads larger than 10 MW to be priced at higher new resource rates rather than BPA's priority firm rates. We believe the proposed 10 MW threshold captures the significant new loads, and we are very interested in hearing from our customers during this case and within the docket we propose the Commission open on this issue.

2. Administrative efficiency. While it could be argued that all incremental

load, from the smallest residential customers to the largest industrial customers, should be priced at marginal cost, administration of such an approach would be costly and difficult. The proposed 10 MW threshold for new load captures more growth than a higher threshold would, and therefore helps to mitigate future rate impacts on our other customers. The 10 MW threshold, therefore, balances administrative efficiency with customer benefits.

Q. How often would Schedule 500 rates change?

A. The Company proposes that Schedule 500 be implemented on the effective date of the tariffs filed in this case. We propose that it be revised 12 months later as indicated above. During this period, we recommend that a docket be opened by the Commission to examine whether marginal cost pricing principles should be applied in Utah and, if so, to which classes and under what conditions. We are not proposing to consider whether revenue requirements should be based upon marginal cost.

Q. How does the Company propose to treat load changes for customers served under Schedule 500?

A. Once a qualifying new load is served under Schedule 500, any subsequent increment of the customer's load at the separately metered facilities would also be considered new load and served under Schedule 500. If the Schedule 500 load falls below 10 MW, any minimum contract demand specified in the New Large Customer Contract (NLCC) would continue to apply, and Schedule 500 rates would be charged until the end of the minimum contract period specified in each customer's NLCC.

Q. Schedule 500 states that the tariff is available subject to engineering analysis. Please explain.

A. The applicability restriction means that the Company would not be obligated to serve these new large loads if based on the Company's engineering analysis it were not possible to do so.

Q. Based on the anticipated size of these new loads, new facilities will be required. How does the Company propose to assure that these new customers will continue to pay their fair share of the costs of these new facilities?

A. The Company proposes to implement a New Large Customer Contract (NLCC) for each new large load customer that will help to assure cost recovery through methods such as specified contract minimums and other contract terms. In each case, the NLCC may differ based on the individual customer's service requirements and characteristics. The goal of each NLCC would be the same—to assure that each new large load pays its fair share of costs while minimizing the rate impacts of these new large loads on our other customers both today and in the future.

Q. Are there other approaches that the Commission could order to assure that these new customers will continue to pay their fair share of the full costs of these new facilities in order to assure that other customers will not be burdened with these costs?

A. Yes. An alternative approach would be to require take-or-pay agreements for these new large loads over their projected lifetime of service or until the costs of the dedicated distribution, transmission and generation facilities to serve these new large customers have been recovered.

Q. Do you have this type of pricing in any of your states you serve?

A. As indicated earlier, the Company filed a similar marginal-cost-based pricing proposal applicable to new large loads as part of its currently pending general rate case application in Wyoming earlier this year. The other states served by Rocky Mountain Power and Pacific Power are not experiencing the level of growth that we are experiencing in Utah and Wyoming.

Q. Do you know of any other utilities in neighboring states that use this type of pricing?

A. Yes. In addition to the Bonneville Power Administration mentioned earlier in my testimony, Powder River Energy Corporation (PreCorp) in Wyoming has a similar tariff for some new large loads.

Q. How does Schedule 500 pricing impact other rate schedules?

A. Schedule 500 will help keep rates low for all our customers. The Company proposes that revenues from Schedule 500 be treated as situs revenue credits in future rate cases. If the Schedule is continued beyond 2010, the better price signals coupled with the revenues from Schedule 500 will reduce upward pressure on other Utah rates caused by the need to add capacity and energy to serve new large loads. Currently, the costs to serve new large loads are borne by all Utah customers.

Q. Please summarize the Company's pricing proposal for new large loads.

A. In the coming years, it is anticipated that Utah will be experiencing a significant growth driven, in part, by new large loads in excess of 10 MW. If generation remains priced at embedded cost, these new large loads will put upward price pressure on the rates of all our customers. To minimize the impact on our other customers of these new large loads, the Company has proposed an alternative pricing proposal for the Commission's immediate consideration along with a request to open a proceeding on this issue. We believe that marginal-cost-based pricing will provide benefits to all of our customers. It will minimize rate impacts on our existing customers driven by both the cost of acquiring new resources to meet new large loads and the risk of stranded resources built to serve these new large load customers. It will also provide the proper price signals to new large load customers helping to assure that they make economically efficient fuel choices when obtaining service for their new facilities.

We anticipate that this proposal will generate a high level of interest and that it may be controversial; however, we believe it is critical that these issues be raised and that the state, though the commission, determine how the costs of growth should be allocated in rates.

Filing Requirements

Q. As part of the general rate case filing requirements, the Company is required to provide the 12-month period ending June 2009 rate design data on a Utah allocated basis under both Rolled-In and MSP allocation methods. Has the Company provided this information?

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

Monthly Billing Comparisons

Q. Please explain Exhibit RMP___(WRG-5).

A. As referenced earlier, Exhibit RMP___(WRG-5) details the customer impacts of the Company's proposed pricing changes. For each rate schedule, it shows the dollar and percentage change in monthly bills for various load and usage levels.

Billing Determinants

Q. Please explain Exhibit RMP___(WRG-6).

A. Exhibit RMP___(WRG-6) details the billing determinants used in preparing the pricing proposals in this case. It shows billing quantities and prices at present rates and proposed rates.

Q. Please explain Exhibit RMP___(WRG-7).

A. Exhibit RMP___(WRG-7) contain the billing determinants used in preparing the proposed street lighting pricing proposals in this case. The changes to street lighting rate structures are being presented in the testimony of Company witness Mr. Daren H. Dixon.

Q. Does this conclude your direct testimony?

A. Yes, it does.