

Rocky Mountain Power
Docket No. 07-035-93
Witness: William R. Griffith

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

Rebuttal Testimony of William R. Griffith

Rate Spread and Rate Design

September 2008

1 **Q. Are you the same William R. Griffith who has previously testified in this**
2 **proceeding?**

3 A. Yes I am.

4 **Q. What is the purpose of your rebuttal testimony?**

5 A. The purpose of my rebuttal testimony is to:

- 6 • Provide an updated rate spread and rate design proposal that reflects the
7 Commission's ordered revenue requirement issued in its Erratum Report and
8 Order on Revenue Requirement on August 21, 2008 in Phase I of this docket.
- 9 • Address issues raised in this docket concerning the Company's proposed
10 marginal cost-based pricing proposal, Schedule 500.
- 11 • Recommend that the proposed street lighting changes sponsored in the direct
12 testimony of Mr. Daren H. Dixon go into effect.

13 **Updated Rate Spread and Rate Design Exhibit**

14 **Q. Please explain Exhibit RMP___(WRG-1R-COS).**

15 A. Exhibit RMP___(WRG-1R-COS) contains the proposed rate spread and rate
16 design for all rate schedules in this case that reflect the Commission-ordered
17 revenue requirement of \$36.16 million.

18 **Rate Spread**

19 **Q. What modifications has the Company made to its rate spread proposal and**
20 **methodology filed in your direct and supplemental direct testimony in this**
21 **docket?**

22 A. The Company had proposed for rate schedule classes falling within four
23 percentage points of the overall proposed rate change, that a uniform percentage

24 increase be applied. The Company also, based on cost of service results,
25 supported an increase of two times the overall average for Schedule 10 and a
26 smaller increase than other rate schedules for Schedule 6. However, based on the
27 size of the increase ordered in this case, Rocky Mountain Power believes that a
28 uniform percentage increase across all tariff schedules as ordered by the
29 Commission in Phase I and implemented through Schedule 97 of this docket is
30 reasonable and should continue to apply. With the level of this price change, any
31 deviations from the equal percentage rate spread ordered in Phase I would have
32 minimal impacts on overall rate levels and would do little to reconcile any
33 subsidization across customer classes.

34 **Rate Design Update**

35 **Q. What modifications has the Company made to its rate design proposals as a**
36 **result of the Commission's order in Phase I of this docket?**

37 A. Based on the Commission's order in Phase I of this docket, the Company
38 proposes that the present Tariff Rate Rider, equal to 2.72 percent of the monthly
39 charges of the customer's applicable schedule, continue to be applied and that no
40 further rate design changes be ordered in this case.

41 **Q. Please explain why the Company has changed its rate design proposals for**
42 **residential customers.**

43 A. With the ordered revenue requirement in this case, the Company's original rate
44 design proposals for residential customers cannot be implemented without
45 creating unintended consequences that will not send proper price signals to
46 customers. In my direct and supplemental testimony the Company proposed a

47 residential Monthly Customer Charge equal to \$4.00 per month based on the Utah
48 Public Service Commission's methodology for determining a customer charge.
49 Using the updated cost of service study results prepared by Mr. C. Craig Paice
50 and filed in his rebuttal testimony, a \$4.00 customer charge is still fully supported
51 based on the Utah Public Service Commission's methodology for determining a
52 customer charge. However, based on the ordered revenue requirement in this
53 case, implementation of a \$4.00 customer charge would result in an overall
54 reduction in residential energy charges. During a period of rising costs, we do not
55 believe that reducing energy charges overall is the appropriate price signal to send
56 to customers.

57 **Q. Please explain the Company's updated proposal for the Customer Load**
58 **Charge and residential energy charge rate design.**

59 A. Similar to the Monthly Customer Charge results discussed above, based on the
60 ordered revenue requirement in this docket, implementation of the proposed
61 Customer Load Charge would lead to reductions in residential energy charges
62 overall. The Company withdraws the Customer Load Charge along with the
63 proposed changes to residential energy charge rate design from this docket and
64 will address those in the next general rate case.

65 **Alternative Pricing Proposal for New Large Loads**

66 **Q. Does the Company have a response to other parties' testimonies concerning**
67 **the Company's proposed tariff for new large loads, Schedule 500?**

68 A. Yes. As stated in my direct testimony, we expected that this proposal would
69 generate a high level of interest and that it would be controversial. Indeed, the

70 Schedule 500 proposal generated significant interest and controversy among the
71 parties. Given the wide range of opinions expressed, and the importance of these
72 issues for the Company and our customers, we agree with the DPU, CCS and
73 others who recommend that the Commission set up a collaborative process to
74 study load growth and marginal cost-based pricing issues. We are currently
75 engaged in a collaborative process in Wyoming and believe that this approach can
76 be worthwhile.

77 **Proposed Street Lighting Changes**

78 **Q. What does the Company recommend concerning the proposed street lighting**
79 **changes sponsored in the direct testimony of Mr. Dixon?**

80 A. As Mr. Dixon indicated in his direct testimony, there is no revenue impact of his
81 proposed changes for existing services being delivered. Given that no party filed
82 any objections to his proposals in this docket, the Company recommends that Mr.
83 Dixon's proposed changes be approved by the Commission as filed.

84 **Q. Does this conclude your rebuttal testimony?**

85 A. Yes, it does.