

1 **Q. Please state your name, business address and present position with PacifiCorp,**
2 **dba Rocky Mountain Power (“Company”).**

3 A. My name is William R. Griffith. My business address is 825 NE Multnomah Street,
4 Suite 2000, Portland, Oregon, 97232. My present position is Director, Pricing, Cost of
5 Service, and 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?**

16 A. I am responsible for regulated retail rates, cost of service analysis, and regulatory
17 filings and documentation in the Company’s six state service 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, Wyoming,
20 Idaho, Oregon, 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 rate changes for the affected rate schedules.

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

26 A. The Company's pricing objectives in this case are to implement the proposed rate
27 increase while reflecting cost of service, appropriately reflecting the fixed costs of
28 serving customers, and minimizing customer impacts.

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

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

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

33 A. Exhibit RMP___(WRG-1) details the Company's proposed changes to class revenues
34 to be implemented in this case. On an overall basis, based on the forecast 12 month
35 test period ending June 2012, this proposal would result in an overall increase of 14.1
36 percent to tariff customers in Utah.

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

39 A. The Company proposes the following allocation of the rate increase for the major
40 customer classes.

<u>Customer Class</u>	<u>Proposed Rate Change</u>
Residential	14.6%
General Service	
Schedule 23	12.6%
Schedule 6	12.6%
Schedule 8	14.6%
Schedule 9	16.6%
Irrigation	18.6%

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

42 A. The proposed rate spread is designed to reflect cost of service results while balancing
43 the impact of the rate change across customer classes. The proposed increases are
44 clustered into four groups. These groups vary by intervals of two percentage points:

45 Schedule 6 and Schedule 23 – 12.6%

46 Residential and Schedule 8 – 14.6%

47 Schedule 9 – 16.6%

48 Irrigation – 18.6%

49 In order to achieve the revenue requirement target, the proposed rate spread midpoint
50 was set at 14.6 percent.

51 The Company proposes the rate spread midpoint amount for residential and
52 Schedule 8 customers based on their cost of service results' proximity to this average
53 amount—less than two percentage points from the rate spread midpoint.

54 For Schedule 6 and Schedule 23, the cost of service results indicated that they
55 should receive an increase slightly over four percentage points less than the rate
56 spread midpoint. Based on these results, the Company proposes to give them an
57 increase two percentage points less than the rate spread midpoint, or roughly one-half
58 the cost of service percentage difference from the rate spread midpoint.

59 For Schedule 9, the cost of service results indicate that they should receive an
60 increase slightly over four percentage points more than the rate spread midpoint.
61 Based on these results, the Company proposed to give them an increase two
62 percentage points higher than the rate spread midpoint, or roughly one-half the cost of
63 service percentage difference from the rate spread midpoint.

64 For irrigation, the cost of service results indicate that Schedule 10 customers
65 should receive an increase about eight percentage points more than the average.
66 Based on these results, the Company proposes to give them an increase four
67 percentage points higher than the rate spread midpoint, or also one-half the cost of
68 service percentage difference from the rate spread midpoint.

69 **Special Contract Customers**

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

72 A. The two special contract customers whose rates are set at Schedule 31/Schedule 9 or
73 Schedule 9 equivalent rates have been reflected in the proposed rate change for this
74 case. The dollar and percentage rate changes indicated in this case for those two
75 customers reflect their usage at the proposed applicable tariff rates.

76 For the other two special contract customers, their 2011 prices have been
77 calculated and assumed in the present revenues in this case.

78 **Residential Rate Design**

79 **Q. Please describe the Company's proposed residential rate design proposal.**

80 A. In this case the Company proposes to increase the current Customer Charge by \$6.25
81 per month to \$10.00 per month and to implement the balance of the increase to the
82 residential energy charges. The Company proposes no substantive changes to the
83 residential energy charges or energy charge structure. The Company also proposes to
84 eliminate the minimum bill for both single and three phase residential customers.

85 The current Customer Charge fails to recover the related fixed costs of serving
86 residential customers, including the cost of meters, service drops, poles and

87 conductors, transformers, and retail service. Exhibit RMP____(WRG-2) contains two
88 customer charge analyses. The first analysis of the fixed costs of serving residential
89 customers, including the cost of meters, service drops, poles and conductors,
90 transformers, and retail service, shows that a fixed monthly charge in excess of \$23 is
91 appropriate.

92 The second analysis utilizes the Commission's methodology of determining a
93 customer charge. It adds two items to the Commission's method which are customer-
94 related and do not vary with usage—the customer component of transformer costs
95 (based on the marginal cost of service study filed by Mr. Paice) and costs of retail
96 service. Regardless of the amount of energy a residential customer uses, these costs
97 are fixed and should be reflected in the monthly customer charge. This second
98 analysis shows that a monthly customer charge in excess of \$10.00 per month is
99 appropriate.

100 **Q. Why is it important that the Customer Charge recover a significant portion of**
101 **the fixed costs of serving customers?**

102 A. In today's environment where we encourage reductions in usage where possible and
103 attempt to achieve efficient usage in all circumstances, it is not appropriate to achieve
104 the recovery of fixed costs through the variable energy components of rates. Doing so
105 gives the utility the incentive to sell more kWh in order to recover its fixed costs.
106 Moreover, it does not give customers clear price signals about the cost of serving
107 them and it creates subsidies within the customer class.

108 **Q. With the summer inverted rate design in Utah, is it more important or less**
109 **important that the Monthly Customer Charge recover a significant portion of**
110 **the fixed costs of serving customers?**

111 A. It is even more important. Under the current May through September inverted rate, a
112 large proportion of the fixed costs of serving customers are continuing to be
113 recovered through the volumetric energy charge. The recovery of fixed costs is
114 dependent on weather and changes in usage. This creates revenue volatility and a
115 strong likelihood that the fixed costs of serving customers will be either under- or
116 over-recovered by the Company depending on weather and other variables.

117 **Q. Why does the Company propose to eliminate the minimum bill for single phase**
118 **customers in this case?**

119 A. Presently, the single-phase minimum bill differs from the monthly customer charge
120 by only three cents per month. The minimum bill is \$3.78 per month, and the
121 customer charge is presently \$3.75 per month. Given this difference, the Company
122 believes that there is no need to retain the minimum bill rate structure. The minimum
123 bill adds complexity to the present residential rate structure, and, given the current
124 differences between the minimum bill and the customer charge, is unnecessary.

125 **Q. Does the Company charge a minimum bill for residential customers in any of the**
126 **other five states that it serves?**

127 A. No, it does not.

128 **Q. Why does the Company propose to eliminate the minimum bill for three phase**
129 **customers?**

130 A. The Company proposes to eliminate the minimum bill for three phase customers for

131 the same reasons discussed above for single-phase customers. At the same time it
132 proposes that the customer charge for three phase customers be set to equal a charge
133 of two times the proposed monthly customer charge for single phase customers.

134 **Q. Why does the Company propose a three phase customer charge equal to two**
135 **times the single phase customer charge?**

136 A. The Company proposes this amount in order to give three phase customers an
137 appropriate price signal about the higher cost of three phase service. Presently three
138 phase customers pay the same monthly customer charge as other residential
139 customers. However, three phase customers pay a minimum bill equal to three times
140 the single phase minimum bill, and this proposal is in line with that approach.

141 Approximately 1200 customers out of over 719,000 residential customers are
142 provided three phase residential service. Due to the small number of customers
143 served, the Company does not collect separate cost of service data on three phase
144 residential service. It is clear, however, that the cost to serve three phase customers is
145 significantly higher and should be reflected in the prices these customers pay. Three
146 phase service requires more advanced transformation. The cost of a three phase
147 transformer is approximately three times (or over \$5,000 more than) the cost of a
148 single phase transformer. In addition, three phase service requires that all three wires
149 of conductor be routed to the dwelling, rather than just one single phase (one wire of
150 conductor) which is routed to other residential customers. These additional costs
151 should be reflected in the rates that three phase residential customers pay.

152 **Residential Time of Use Experiment**

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

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

157 **Q. What does the Company propose for residential customers on Schedule 25,**
158 **Mobile Home and House Trailer Park Service?**

159 A. In the Non-Residential Rate Design Stipulation agreed to by the parties and approved
160 by the Commission in Docket 09-035-23, the parties agreed to address the issue of
161 moving customers from Schedule 25 to the appropriate general service schedule in
162 the next general rate case. Schedule 25 is closed to new service and has been closed
163 for a number of years. As a result of this “grandfathered” rate, rates for mobile home
164 and trailer park service are not uniform in Utah. Older parks are served under
165 Schedule 25 while newer parks are served under the appropriate general service
166 schedule. In this case, consistent with the Stipulation in Docket 09-035-23, the
167 Company proposes to close Schedule 25 and to move these customers to Schedule 23
168 or Schedule 6 as appropriate. In this way, all mobile home and trailer park service
169 customers will be treated similarly.

170 **Q. Please describe Exhibit RMP__(WRG-3).**

171 A. As agreed to in the Non-Residential Rate Design Stipulation, the Company has
172 prepared Exhibit RMP__(WRG-3) that shows the impacts of moving the Schedule 25
173 customers to the proposed general service schedules. It shows that in all cases these

174 Schedule 25 customers will pay less on current Schedule 23 or Schedule 6 (as
175 appropriate) than they would under present Schedule 25.

176 **General Service & Irrigation Rates**

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

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

187 **Schedule 8 and Schedule 9**

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

189 A. The Company proposes to maintain the current summer and winter on-peak/off-peak
190 differentials while uniformly increasing demand and energy charges to reflect the
191 proposed revenue requirement change. We also propose to increase the monthly
192 Customer Service Charge for Schedule 8 and Schedule 9.

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

195 A. Schedule 9A is closed to new service. These customers have the ability to shift to
196 Schedule 9 if they desire. The Company proposes to increase Schedule 9A charges

197 consistent with the proposed changes to Schedule 9.

198 **Schedule 6**

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

201 A. The Company proposes to apply the proposed revenue requirement change by
202 applying a uniform percentage to demand charges and energy charges. We also
203 propose to increase the Customer Service Charge.

204 **General Service Schedule 23**

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

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

208 **Irrigation Schedule 10**

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

210 A. The Company proposes to implement the rate change for Schedule 10 uniformly to
211 demand and energy charges and to increase the Customer Service charges.

212 **Lighting**

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

215 A. Based on the cost of service results, the Company does not propose an increase for
216 most lighting customers; however, it does propose an increase for traffic signals. For
217 those customers, the Company designed the rate change by applying a percentage
218 increase to the current rate to achieve the proposed overall revenue change.

219 **Filing Requirements**

220 **Q. As part of the general rate case filing requirements, the Company is required to**
221 **provide the 12-month period ending June 2012 rate design data on a Utah**
222 **allocated basis under both Rolled-In and MSP allocation methods. Has the**
223 **Company provided this information?**

224 A. Yes. Under both Rolled-In and MSP allocation methods the rate design data (billing
225 determinants) are the same.

226 **Housekeeping Changes**

227 **Q. Does the Company propose to implement any housekeeping changes in this case?**

228 A. Yes. The Company proposes to clarify the billing language for Schedule 1 and
229 Schedule 3. A discussion of this proposal is contained in Exhibit RMP__(WRG-4).
230 Proposed Schedule 1 and Schedule 3 contain the revised tariff language that reflects
231 this proposed change.

232 **Billing Determinants**

233 **Q. Please explain Exhibit RMP__(WRG-5).**

234 A. Exhibit RMP__(WRG-5) contains a summary of present and proposed prices along
235 with the billing determinants used in preparing the pricing proposals in this case. In
236 the billing determinants, Schedule 40 Major Plant Additions revenues are shown
237 separately in T47 present prices. For T48 proposed prices, tariff Schedule 40 has
238 been eliminated and those revenues, along with the proposed price change, are
239 recovered through the proposed prices. In accordance with R746-700-21.D.1, Exhibit
240 RMP__(WRG-5) provides in a readily identifiable form the Company's proposed
241 price changes for all rate schedules.

242 **Monthly Billing Comparisons**

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

244 A. Exhibit RMP___(WRG-6) details the customer impacts of the Company's proposed
245 pricing changes. For each rate schedule, it shows the change in monthly bills for
246 various load and usage levels.

247 **Q. Does this conclude your direct testimony?**

248 A. Yes, it does.