

1 Q. Please state your name.

2 A. My name is William R. Griffith.

3 Q. What is your business address and by whom are you employed?

4 A. My business address is 825 NE Multnomah Avenue, Portland, Oregon 97232. I am  
5 employed by PacifiCorp (the Company).

6 **Qualifications**

7 Q. What is your position with PacifiCorp, and what are your responsibilities?

8 A. My current position is Director, Pricing & Regulatory Operations, in the Regulation  
9 Department. I am responsible for the development of regulated retail prices in  
10 PacifiCorp's six state service territory.

11 Q. What is your educational and professional background?

12 A. I earned a B.A. degree with High Honors and distinction in Political Science and  
13 Economics from San Diego State University in 1973 and an M.A. in Political Science  
14 in 1974 from that same institution; I was subsequently employed on the faculty for  
15 one year. I attended the University of Oregon and completed all course work towards  
16 a Ph.D. in Political Science from 1975 through 1978. I joined the Company in the  
17 Rates & Regulation Department in December 1983. In June 1989, I became Manager,  
18 Pricing in the Regulation Department. In February 2001, I assumed my present  
19 responsibilities.

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

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

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1 **Purpose of Testimony**

2 Q. What is the purpose of your testimony?

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

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

6 A. The Company's pricing objectives in this case are to implement the 17.9 percent  
7 overall price increase in such a way as to minimize customer impacts while giving  
8 customers correct price signals concerning high power costs.

9 Q. How does the Company propose to implement its rate spread?

10 A. Based on the results of Mr. Taylor's cost of service study, and in the interest of  
11 implementing the price increase in a fairly uniform manner across customer classes,  
12 the Company proposes to allocate the price increase to most customers on an equal  
13 percentage basis of 17.9 percent. For irrigation customers, the cost of service results  
14 suggest that a much larger than average price increase is warranted. For lighting  
15 customers, the cost of service results suggest that a much smaller than average price  
16 increase is warranted. Based on these results, the Company proposes to increase  
17 prices by approximately 125 percent of the overall average increase for irrigation  
18 customers, and by approximately 75 percent of the overall average for most lighting  
19 customers.

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

21 A. Exhibit UP&L \_\_.1 (WRG-1) details the Company's proposed changes to class  
22 revenue requirements to be implemented in this case. On an overall basis, based on

1 the 12-month test period ending September 2000, these revisions produce a 17.9  
2 percent increase to the Company's jurisdictional revenue requirement in Utah.

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

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

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

7 A. Based on rates in effect prior to the interim rate adjustment ordered by the  
8 Commission in February 2001, the Company proposes the following allocation of the  
9 price increase for the major customer classes.

<u>Customer Class</u>	<u>Proposed Price Change</u>
Residential	17.95%
General Service	
Schedule 23	17.95%
Schedule 6	17.95%
Schedule 9	17.96%
Irrigation	
Schedule 10	22.44%
Lighting	13.77%

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20 Q. What is the impact of the proposed price change after including the effect of the  
21 interim rate change?

22 A. Using rates in effect today which include the effect of the Interim Rate Adjustment,  
23 the Company's proposal would result in the following price changes.

<u>Customer Class</u>	<u>Proposed Price Change</u>
Residential	7.79%
General Service	
Schedule 23	7.93%
Schedule 6	7.91%
Schedule 9	7.97%
Irrigation	
Schedule 10	12.01%
Lighting	4.17%

1 Q. Given that the initial proposed rate spread is uniform across many customer classes  
2 when compared against rates in effect prior to the interim rate adjustment, why do the  
3 effects of the proposed increase vary across customer classes when compared against  
4 the interim rates?

5 A. The differences are due to the historical test period used in computing the rate  
6 changes. The interim increase was applied to the December 1999 test period loads,  
7 while this proposal is based on the September 2000 test period loads. Changes in  
8 loads within and across customer classes between the two test periods account for  
9 these differences.

#### 10 **Residential Prices**

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

12 A. For residential customers, the Company proposes to implement an energy price  
13 redesign in this case in order to give clearer price signals to residential customers  
14 during the current high energy price environment. The Company proposes a two-  
15 block inverted rate for residential customers. Under the Company's proposal, usage  
16 in excess of 400 kWh per month would be charged at a higher price per kWh than  
17 usage below that level.

18 Q. Please describe the proposed inverted rate.

19 A. Excluding the effects of the Interim Rate Adjustment, for all usage up to 400 kWh per  
20 month, the proposed inverted residential rate would increase the current flat energy  
21 charge of 6.1307 cents/kWh to 6.8897 cents/kWh, a 12 percent increase. For all  
22 usage in excess of 400 kWh per month, the current flat energy charge of 6.1307  
23 cents/kWh would be increased to 7.6734 cents/kWh, a 25 percent increase. In this

1 manner, all customers would receive signals of higher prices, but usage over 400 kWh  
2 would be specifically targeted. This proposed rate will recover the overall 17.95  
3 percent residential price change.

4 Q. How will the proposed inverted rate impact customers?

5 A. Exhibit UP&L \_\_.3 (WRG-3) contains customer impact summaries for all proposed  
6 tariff revisions. For the proposed inverted residential rate, excluding the effects of the  
7 Interim Rate Adjustment, customer increases would range from 9.1 percent to 11.8  
8 percent for usage from 50 to 400 kWh per month. Usage between 1000 and 5000  
9 kWh per month would see increases ranging from 19.7 percent up to 24.1 percent.  
10 The inverted rate will give customers clear price signals that reduced usage will result  
11 in substantial savings.

12 Q. How will the proposed inverted rate impact customers when the effects of the Interim  
13 Rate Adjustment are included? In other words, what is the impact of the inverted  
14 rate compared to rates in effect today?

15 A. Including the impact of the Interim Rate Adjustment, the proposed inverted  
16 residential rate would increase prices from 1.6 percent to 2.2 percent for usage from  
17 50 to 400 kWh per month. Usage between 1000 and 5000 kWh per month would see  
18 increases ranging from 9.1 percent up to 13.0 percent.

19 Q. Does the Company propose any changes to the residential customer charge or  
20 minimum bill in this case?

21 A. No. Based on recent commission decisions concerning these issues, the Company  
22 does not propose any changes to the current Customer Charge or the minimum bill in  
23 this case.

1 Q. How does the Company propose to implement the price change for Schedule 25?

2 A. The Company proposes to increase the demand and energy charges roughly equally in  
3 order to recover the overall price change.

4 **General Service & Irrigation Prices**

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

7 A. To implement the price change, the Company proposes uniform increases to demand  
8 and energy charges for rate Schedules 23, 6, 9 and 10. These changes are indicated in  
9 the affected tariffs in Exhibit UP&L \_\_.2 (WRG-2).

10 Q. Does the Company propose any tariff revisions for commercial customers?

11 A. Yes. The Company proposes language and applicability changes to Schedule 9, and  
12 we propose to eliminate Schedules 19 and 21.

13 Q. What does the Company propose for Schedule 9?

14 A. The Company proposes to cap service to Schedule 9 customers at 50 MW.  
15 Customers greater than 50 MW will be served by contracts to be filed with and  
16 approved by the Public Service Commission of Utah.

17 Q. What is the rationale for the Company's proposal?

18 A. Currently no customer on Schedule 9 exceeds 50 MW. Clearly, the Schedule 9 rate  
19 does not take into account customers greater than that size. If, in the future, a  
20 customer in excess of 50 MW were to receive service under Schedule 9, it could  
21 significantly change the characteristics of the customer class and have an impact on  
22 rates paid by other customers. Because of these effects, the Company believes it is

1 more appropriate to serve customers over 50 MW on individual rates that recognize  
2 the large size of the customer and the customer characteristics.

3 Q. What are your proposals for Schedules No. 19 and 21, Space Heating and Electric  
4 Furnaces?

5 A. In this case, we propose to move Schedule 19 and 21 customers to the appropriate  
6 general service rate schedule based on their demand level and service type, and we  
7 propose to terminate Schedules 19 and 21. The process of closing these rate  
8 schedules began in Docket 97-035-01. In that docket, the Company proposed to  
9 move to eliminate these schedules and to serve these customers under the appropriate  
10 general service schedules in the future. In that docket, the Company received  
11 approval to install demand meters on these customers in order to commence  
12 collecting demand information to determine the appropriate general service schedule  
13 for serving each of these customers.

14 In compliance with the Order in Docket 97-035-01, the Company installed  
15 demand meters on these customers' premises. This process was completed in July  
16 1999. As a result, in the test period in this case, the Company has a full year of  
17 demand and energy data for all current Schedule 19 and 21 customers, and we can  
18 proceed to move these customers to their appropriate general service rate schedules.  
19 Closing Schedules 19 and 21 and moving these customers to the applicable general  
20 service rate schedules will assure that these customers pay prices equivalent to other  
21 similarly situated customers with the same service requirements.

22 **Other Changes**

23 Q. What price changes does the Company propose for lighting customers?

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

4 Q. Does the Company propose any street lighting service changes?

5 A. Yes. The Company proposes to amend Schedule 13 to allow energy only service for  
6 lamp sizes and types not listed in Schedule 13. Full service and maintenance service  
7 will not be available for these non-standard lamps. Energy only service for non-  
8 standard lights will be priced at 5.167 cents/kWh, the same price per kWh used to  
9 develop the energy only option price for the lamps listed in Schedule 13.

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

11 A. As referenced earlier, Exhibit UP&L \_\_.3 (WRG-3) details the customer impacts of  
12 the Company's proposed pricing changes. For each rate schedule, it shows two  
13 monthly billing comparisons—one comparing prices in effect prior to the interim rate  
14 adjustment against the Company's proposed prices, and a second comparison  
15 including the effects of the interim rate adjustment against the Company's proposed  
16 prices. It also shows the dollar and percentage change in monthly bills for various  
17 load and usage levels.

18 Q. Please explain Exhibit UP&L \_\_.4 (WRG-4).

19 A. Exhibit UP&L \_\_.4 (WRG-4) details the billing determinants used in preparing the  
20 pricing proposals in this case. It shows billing quantities and prices at present (T43)  
21 rates and proposed (T44) rates.

22 Q. Does this conclude your testimony?

23 A. Yes, it does.