

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

3 A. Yes, I am.

4 **Purpose of Testimony**

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

6 A. My rebuttal testimony addresses two issues that have been raised in this docket  
7 relating to the implementation of the revenue requirement change in this proceeding.  
8 The first issue is the proposed implementation of a revenue requirement change in  
9 Phase I of this proceeding prior to a Commission decision in Phase II on cost of  
10 service, rate spread and rate design. The second issue is the treatment of special  
11 contract customer revenues at the time that the commission orders the revenue  
12 requirement change in this case.

13 **Phase I Rate Change**

14 **Q. Please discuss the Company's proposed implementation of a revenue**  
15 **requirement change in customers' rates prior to the Commission's decision on**  
16 **cost of service, rate spread and rate design in Phase II of this docket.**

17 A. The Company proposes that the revenue requirement change ordered in Phase I of  
18 this docket be applied through a uniform percentage Tariff Rider Rate applied to all  
19 tariff customers' bills prior to the Commission's determination of cost of service, rate  
20 spread and rate design in Phase II of this docket. This Tariff Rider Rate would be  
21 similar to the Schedule 95 Credit that was applied in Docket No. 06-035-21 and that  
22 expired on May 31, 2007. In the absence of any determination on cost of service, we  
23 believe that this is the most appropriate way to reflect the Commission's ordered

24 revenue requirement in Phase I prior to the Phase II determination of cost of service.

25 **Q. How does the Company propose that the Tariff Rider Rate be treated?**

26 A. The Company proposes that the Tariff Rider Rate ordered in Phase I be treated no  
27 differently than any of the Company's other rates in effect at that time. The Tariff  
28 Rider Rate would be applied to customer's bills as a line item for service on and after  
29 the effective date of the Phase I order through the effective date of the Phase II order.  
30 Following the conclusion of Phase II, a new tariff book (P.S.C.U. No. 48) with new  
31 rates would go into effect, and the Tariff Rider Rate and all other previous tariffs  
32 would be cancelled. Prospectively, customers would be billed for usage on and after  
33 the effective date of the new tariffs ordered in Phase II in the same manner as occurs  
34 for any other rate change ordered by the Commission.

35 **Q. If the Commission ordered rate spread and rate design changes in its Phase II**  
36 **order that differed from the equal percentage rate spread being proposed**  
37 **through the Phase I Tariff Rider Rate, should the Commission true up the**  
38 **differences following its Phase II order?**

39 A. No. There should be no change to the rates in effect prior the Phase II order. The  
40 rates ordered in Phase II are to be applied on and after the effective date of the Phase  
41 II order, and they should not impact previous periods. Since the revenue requirement  
42 would be unchanged following the Phase I order, any rate adjustment of the Phase I  
43 rates following the Phase II order would be required to be revenue neutral. This  
44 adjustment of Phase I rates following the Phase II order would, therefore, create  
45 winners and losers and be viewed by some customers as unfair.

46 **Q. If the Commission should ultimately rule against Rocky Mountain Power's**  
47 **recommendation and decide to revise Phase I rates at the end of Phase II, does**  
48 **Rocky Mountain Power have a methodology it would recommend to the**  
49 **Commission to accomplish this?**

50 A. Yes. Under those circumstances, Rocky Mountain Power would recommend that a  
51 Phase II Tariff Rider Rate be applied prospectively to each customer class in order to  
52 implement the total dollar reallocation over a short period of time (perhaps four  
53 months). The Phase II Tariff Rider Rate would be designed to credit or charge each  
54 rate schedule class the estimated dollars on a percentage basis of the bill that were  
55 over or under collected from that rate schedule (compared to the final Phase II order)  
56 during the Phase I rate effective period. Undertaking any more detailed rate  
57 adjustment (at each schedule's rate design level or at the customer bill level) would  
58 be administratively complex, costly and most likely confusing to customers while  
59 producing minuscule benefit.

#### 60 **Treatment of Special Contract Revenues**

61 **Q. Please describe the Company's proposal for the treatment of special contract**  
62 **revenues.**

63 A. In my direct testimony (page 5) I state,

64 For present revenues in this case, the Company has assumed that the rate  
65 changes expected to become effective in 2008 will occur in line with each  
66 special contract's terms. For the proposed revenues in this case, the Company  
67 has made a conservative assumption that the 2008 special contract rates are  
68 unchanged. Because special contract rates are in some instances linked to  
69 tariff changes, some special contract rates will change depending on the  
70 outcome of this case. At the conclusion of this case, the Company proposes to  
71 reflect the final ordered tariff changes in special contract rates as appropriate.  
72 Including these changes will affect the final rate spread which may reduce the

73 impacts on tariff customers when the final revenue requirement is  
74 implemented.

75 **Q. Would Rocky Mountain Power like to clarify its proposal for the treatment of**  
76 **special contract revenues?**

77 A. Yes. Any changes in special contract prices due to the rate change during the rate  
78 effective period (approximately August 13, 2008 to August 13, 2009) should be  
79 applied to modify the rate change collected from tariff customers.

80 **Q. Please explain.**

81 A. The August 2008 rate change will impact the rates of three special contract customers  
82 on January 1, 2009. For the fourth special contract customer, there will be no price  
83 change during the rate effective period.

84 At the time of the Phase II order, Rocky Mountain Power proposes to  
85 calculate the effect of the January 1 price change on the three special contract  
86 customers. It will also calculate the revenue effect of the special contract price  
87 change for the three customers for the period January 1, 2009 through August 13,  
88 2009. It will then subtract the calculated revenue effect of the special contract price  
89 change from the ordered revenue requirement amount and apply the net rate change  
90 to the tariff customers through the final rate spread ordered by the Commission in  
91 Phase II. Assuming that a rate increase is ordered, this will reduce the rate increase to  
92 tariff customers.

93 **Q. Does this conclude your supplemental testimony?**

94 A. Yes.