

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

3 A. My name is William R. Griffith. My business address is 825 N.E. 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. Please briefly describe your education and business 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. Please describe your present duties.**

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 2010, this proposal would result in an overall increase of 4.8
36 percent to tariff customers in Utah.

37 **Q. Please describe Exhibit RMP___(WRG-2)**

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

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

42 A. Excluding special contracts, the overall average percentage change is 4.8 percent. The
43 Company proposes the following allocation of the rate increase for the major
44 customer classes.

<u>Customer Class</u>	<u>Proposed Rate Change</u>
Residential	4.0%
General Service	
Schedule 23	5.0%
Schedule 6	5.0%
Schedule 8	6.0%
Schedule 9	6.0%
Irrigation	6.0%

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

46 A. The proposed rate spread is designed to reflect cost of service results while balancing
47 the impact of the rate change across customer classes. It also relies on the recent rate
48 spread stipulation in Docket No. 08-035-38. In that docket, the parties agreed to a rate
49 spread whereby increases by rate schedule would range by two percentage points
50 from lowest to highest. By rate schedule, the Company proposes a similar range of
51 rate increases in this case.

52 Based on the cost of service results for the target return on rate base Exhibit
53 RMP___(CCP-1), for the residential customer class, the Company proposes the
54 minimum increase, equal to 4.0 percent. For Schedules 23, and 6, the Company
55 proposes an increase of 5.0 percent. For Schedules 8, 9 and 10 the Company proposes
56 an increase equal to 6.0 percent. We believe that these increases, within the range
57 approved in the last case, will minimize customer impacts while reflecting cost of
58 service.

59 **Q. Please comment on the cost of service results.**

60 A. In this case, the Cost of Service Study results show the same relative relationships
61 across rate schedules that occurred in Docket No. 08-035-38. In the cost of service
62 stipulation in Docket No. 08-035-38, parties agreed to a Work Group on the cost of
63 service model. The purpose of the Work Group included developing clearer

64 instructions for users of the cost of service model, along with discussion of potential
65 alternative models and potential changes and improvements to the current model. The
66 first meeting of the Work Group was held on June 11, 2009. Additional Work Group
67 meetings will be occurring in the upcoming months.

68 In light of the similarity of the cost of service results in this case with the cost
69 of service results in Docket No. 08-035-38, along with the ongoing Work Group
70 activity, the Company believes that the proposed rate spread bands are appropriate.

71 **Special Contract Customers**

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

74 A. For present revenues and proposed revenues in this case, the Company has assumed
75 that the present rates are in effect. Three of the four special contracts will expire on
76 December 31, 2009, and contract discussions are ongoing. The outcome of those
77 negotiations is not known at this time.

78 **Residential Rate Design**

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

81 A. In this case the Company proposes to increase the current Customer Charge from
82 \$3.00 per month to \$5.70 per month. The Company proposes no substantive changes
83 to the residential energy charges or energy charge structure. (Because of rounding of
84 rates, in order to achieve the proposed residential revenue requirement, a small
85 change to the energy charge is requested.) The Company also proposes to eliminate
86 the minimum bill for single phase residential customers.

87 The current Customer Charge fails to recover the related fixed costs of serving
88 residential customers, including the cost of meters, service drops, poles and
89 conductors, transformers, and retail service. Exhibit RMP___(WRG-3) contains an
90 analysis of these fixed costs of serving residential customers. It shows that a fixed
91 monthly charge in excess of \$23 is appropriate.

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

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

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

103 A. It is even more important. Under the current May through September inverted rate, a
104 large proportion of the fixed costs of serving customers is being recovered through
105 the volumetric energy charge. The recovery of fixed costs is dependent on weather
106 and changes in usage. This creates revenue volatility and a strong likelihood that the
107 fixed costs of serving customers will be either under- or over-recovered by the
108 Company depending on weather and other variables.

109 **Q. How does the Company's proposed Customer Charge compare to customer**
110 **charges of other utilities serving in Utah?**

111 A. With this proposed change, Rocky Mountain Power will have a residential customer
112 charge that is well below the average of other customer charges in Utah. Based on a
113 survey conducted by the Company in December 2008 of fourteen electric utilities in
114 Utah with monthly customer charges, the average customer charge was \$7.24 per
115 month. Including the Company's proposed change, Rocky Mountain Power's
116 proposed Customer Charge will be ranked equal to or lower than eight of fourteen
117 surveyed utilities in Utah. The proposed Customer Charge will equal only about two-
118 thirds of the average customer charge surveyed in Utah.

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

121 A. The Company proposes to increase customer, demand and energy charges roughly
122 equally in order to recover the overall rate change.

123 **Residential Time of Use Experiment**

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

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

128 **General Service & Irrigation Rates**

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

131 A. Consistent with the Company's proposal in recent general rate cases, the Company

132 does not propose any structural changes to its general service rates. In recent cases,
133 the Company proposed a number of rate design changes that were in line with the
134 recommendations presented in the Company's Rate Design Taskforce (Taskforce)
135 report filed with the Commission in July 2004. Those changes included time of day
136 pricing for Schedule 9 and a new tariff Schedule, Schedule 8 that implemented time
137 of day pricing for all customers over 1 MW. As agreed to and ordered in the
138 stipulation in Docket 08-035-38, the Company proposes to continue these pricing
139 structures.

140 **Schedule 8 and Schedule 9**

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

142 A. The Company proposes to maintain the current summer and winter on-peak/off-peak
143 differentials while uniformly increasing demand and energy charges to reflect the
144 proposed revenue requirement change. We also propose to increase the monthly
145 Customer Service Charge from \$27 to \$55 for Schedule 8 and from \$183 to \$200 for
146 Schedule 9.

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

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

152

153 **Schedule 6**

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

156 A. The Company proposes to apply the proposed revenue requirement change by
157 applying a uniform percentage to demand charges and energy charges. We also
158 propose to increase the Customer Service Charge from \$27.00 to \$45.00 per month.

159 **General Service Schedule 23**

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

161 A. The Company proposes to implement the rate change for Schedule 23 uniformly to
162 demand and energy charges, and to increase the Customer Charge from \$6.00 to
163 \$8.00 per month.

164 **Irrigation Schedule 10**

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

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

168 **Lighting**

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

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

174

175 **Filing Requirements**

176 **Q. As part of the general rate case filing requirements, the Company is required to**
177 **provide the 12-month period ending June 2010 rate design data on a Utah**
178 **allocated basis under both Rolled-In and MSP allocation methods. Has the**
179 **Company provided this information?**

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

182 **Monthly Billing Comparisons**

183 **Q. Please explain Exhibit RMP___(WRG-4).**

184 A. As referenced earlier, Exhibit RMP___(WRG-4) details the customer impacts of the
185 Company's proposed pricing changes. For each rate schedule, it shows the change in
186 monthly bills for various load and usage levels.

187 **Billing Determinants**

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

189 A. Exhibit RMP___(WRG-5) details the billing determinants used in preparing the
190 pricing proposals in this case. It shows billing quantities and prices at present rates
191 and proposed rates.

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

193 A. Yes, it does.