

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 NE Multnomah
4 Street, Suite 2000, Portland, Oregon, 97232. My present position is Vice
5 President, Regulation, Pacific Power.

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
10 from that same institution; I was subsequently employed on the faculty. I attended
11 the University of Oregon and completed all course work towards a Ph.D. in
12 Political Science. I joined the Company in the Rates & Regulation Department in
13 December 1983. In June 1989, I became Manager, Pricing in the Regulation
14 Department. In February 2001, I became Director, Pricing, Cost of Service and
15 Regulatory Operations. In February 2012, I was promoted to my current position.

16 **Q. What are your responsibilities in this docket?**

17 A. I have been responsible for regulated retail rates, cost of service analysis, and
18 regulatory filings and documentation in the Company’s six state service territory
19 and am supporting the revenue spread in this case.

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,
22 Wyoming, Idaho, Oregon, Washington, and California.

23 **Purpose of Testimony**

24 **Q. What is the purpose of your testimony?**

25 A. The purpose of my testimony is to address the revenue spread in the
26 Commission's January 20, 2012, Prehearing Order in the Company's tariff
27 compliance filing Docket No. 11-035-T10 filed in compliance with the
28 Commission's September 13, 2011 order approving the Settlement Stipulation in
29 Docket Nos. 10-035-124, 09-035-15, 10-035-14, 11-035-46, and 11-035-47.

30 **Q. Please describe the Commission's revenue spread discussed in its January 20,**
31 **2012 Prehearing Order.**

32 A. In its order the Commission stated,

33 ...in our EBA Order we stated, "...the collection or refund of
34 any EBA balance must also be based on cost of service.
35 Therefore, we will rely on our most recent general rate case
36 revenue spread and rate design decisions for the spread of the
37 deferred balance to rate schedules and to rate elements." By this
38 statement we mean we will rely on the revenue requirement
39 spread approved in the general rate case decision, consistent with
40 cost of service principles. Rate case cost of service analysis
41 identifies cost causation by function. Thus, the spread of deferred
42 EBA amounts to rate schedules must be consistent with the
43 approved spread of the base EBA costs to rate schedules in the
44 general rate case (emphasis added). We invite parties to provide
45 testimony in this docket on the appropriate factors to apply in
46 achieving a cost-based spread of EBA costs to rate schedules.

47 **Q. Regarding the language highlighted above, how were base EBA costs spread**
48 **to rate schedules in the last general rate case?**

49 A. Base EBA costs were spread to rate schedules in the Company's last general rate
50 case, Docket No. 10-035-124, in the same way that all other costs were spread to
51 rate schedules. EBA costs were not spread to rate schedules differently than other
52 costs.

53 **Q. Please explain.**

54 A. The parties to the Stipulation approved by the Commission in that docket on Cost
55 of Service, Rate Spread, and Rate Design (“Stipulation”) agreed that any rate
56 change should be spread according to the percentages of the revenue requirement
57 increase reflected in the column labeled “Stipulated Percentage of Revenue
58 Requirement Increase” of Exhibit A to the Stipulation (Paragraph 5). The parties
59 further agreed to withdraw and not contest any cost of service issues in the case
60 (Paragraph 6), and that the cost of service/rate design issues were suspended
61 (Paragraph 11).

62 **Q. Did the revenue requirement stipulation in Docket No. 10-035-124, provide**
63 **any further guidance concerning the spread of the EBA in this case?**

64 A. Yes. Paragraph 59 of the Revenue Requirement Stipulation in that docket
65 indicated that “...The Parties agree that this \$60.0 million (“EBA”) amount
66 should be recovered through an annual \$20.0 million surcharge over three years
67 without a carrying charge applied as a line item in the EBA surcharge
68 commencing June 1, 2012. The surcharge shall be allocated to rate schedules
69 relying on the Cost of Service Stipulation consistent with the EBA Order
70 (emphasis added).”

71 **Q. What is your conclusion concerning the allocation of the EBA surcharge to**
72 **rate schedule classes?**

73 A. Based on the foregoing, the Company believes that the EBA surcharge that will
74 become effective on June 1, 2012, should be allocated to rate schedules in the
75 same manner that the revenue increase was allocated to rate schedules in the last

76 general rate case, Docket No. 10-035-124. This approach will be “consistent with
77 the approved spread of the base EBA costs to rate schedules in the general rate
78 case” as ordered by the Commission in its January 20, 2012 Prehearing Order,
79 and it will comport with the revenue requirement stipulation in Docket No. 10-
80 035-124 that the surcharge “be allocated to rate schedules relying on the Cost of
81 Service Stipulation consistent with the EBA Order.”

82 **Q. In the future should EBA surcharges or credits be allocated in the same way?**

83 A. Consistent with the Commission’s order in this docket, following the allocation of
84 EBA costs in this first year discussed above, future EBA surcharges or credits to
85 rate schedules should be allocated in a manner consistent with the allocation of
86 base EBA costs in the approved cost of service study used to set base rates.

87 To utilize this method in future EBA surcharge changes it will be
88 necessary for the Commission to issue a finding approving a cost of service study,
89 including the allocation of EBA costs, in a general rate case. If a cost of service
90 study is approved, but specific base EBA costs are not determined in a subsequent
91 general rate case, the Company believes that subsequent EBA surcharges should
92 be approved and allocated on an equal percent of functionalized generation costs
93 to each rate schedule.

94 **Q. Does this conclude your testimony?**

95 A. Yes, it does.