

Docket No. 20000-__-ER-11
Witness: William R. Griffith

BEFORE THE WYOMING PUBLIC SERVICE
COMMISSION

ROCKY MOUNTAIN POWER

Direct Testimony of William R. Griffith

December 2011

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

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 Director,
5 Pricing, Cost of Service, & Regulatory Operations in the Regulation Department.

6 **Q. Briefly describe your educational and professional background.**

7 A. I have a B.A. degree with High Honors and distinction in Political Science and
8 Economics from San Diego State University and an M.A. in Political Science
9 from that same institution; I was subsequently employed on the faculty for one
10 year. I also attended the University of Oregon and completed all course work
11 towards a Ph.D. in Political Science. I joined the Company in the Pricing &
12 Regulatory Affairs Department in December 1983. In June 1989, I became
13 Manager, Pricing in the Regulation Department. In February 2001, I assumed my
14 present responsibilities.

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

16 A. Yes. I have testified on behalf of the Company in regulatory proceedings in the
17 states of Wyoming, Utah, Idaho, Oregon, Washington, and California.

18 **Q. What are your responsibilities in this proceeding?**

19 A. I am responsible for the development of revisions to the Company’s prices
20 proposed in this proceeding.

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

22 A. The purpose of my testimony is to:

23 1. Present the Company’s proposed tariffs and rate spread in this case for the

1 proposed revenue requirement change of \$62.8 million or 10.4 percent.

2 2. Discuss the Company's proposed rate design changes as a result of the
3 revenue requirement change.

4 **Q. Are you familiar with the Company's Wyoming electric tariff schedules**
5 **proposed to be revised in this filing?**

6 A. Yes. Exhibit RMP__(WRG-1) contains the Company's revised tariff sheets that
7 reflect the proposed revenue requirement in this proceeding. Exhibit
8 RMP__(WRG-2) contains the Company's proposed tariff sheets in legislative
9 format.

10 **Q. Has the Company included work papers containing billing determinants and**
11 **proposed prices?**

12 A. Yes. Exhibit RMP__(WRG-3) contains billing determinants and proposed
13 prices.

14 **Proposed Rate Spread**

15 **Q. How is the Company proposing to allocate the revenue increase to customer**
16 **classes in this proceeding?**

17 A. The Company is proposing to allocate the revenue increase to customer classes in
18 accordance with paragraph three of the Stipulation and Agreement included in
19 Docket No. 20000-ER-02-184 (CAS-PPL-2). Paragraph three states: "the prices
20 charged to any customer class shall be designed to collect between 99 percent and
21 101 percent of the class-specific revenue requirement developed from the cost of
22 service study." This rate spread methodology has been utilized in prior general
23 rate cases including the Company's 2010 general rate case, Docket No. 20000-

1 384-ER-10. Company witness Mr. C. Craig Paice supports the cost of service
2 study in his direct testimony.

3 **Q. What are the effects of the Company’s proposed rate spread?**

4 A. Exhibit RMP__(WRG-4) contains a detailed presentation of the Company’s
5 proposed revenue allocation along with Monthly Billing Comparisons. The table
6 below summarizes the proposed price change for each customer class. As a result
7 of following the cost of service results and the provisions of the previously
8 mentioned stipulation, the proposed revenue increase for each rate schedule will
9 vary from the proposed overall increase in this case.

<u>Customer Class</u>	<u>Proposed Percentage Change</u>
Residential	8.81%
General Service	
Schedule 25	12.75%
Schedule 28	8.59%
Large General Service	
Schedule 33	11.60%
Schedule 46	9.60%
Schedule 48T	12.47%
Irrigation	
Schedule 40	7.33%
Schedule 210	8.64%
Lighting Schedules	
Schedules 15, 51, 53, 57, 58	0.85%
Schedules 207, 211, 212	-2.62%
Schedule 213	21.65%

10 **Q. Have you prepared an exhibit showing the estimated effects of the rates**
11 **proposed in this filing?**

12 A. Yes. Exhibit RMP__(WRG-4), Table A, prepared under my supervision and
13 direction, contains a table summarizing the effect of the Company’s proposed
14 rates.

1 **Q. Please explain Exhibit RMP___(WRG-4), Table A.**

2 A. Table A shows the estimated effect of proposed prices on revenues from electric
3 sales to ultimate consumers in Wyoming, distributed by rate schedule, for the
4 forecast 12 month test period ending March 31, 2013. The table displays present
5 rate schedule numbers, the average number of customers during the test year and
6 the kilowatt-hours (kWh) of energy consumption in columns two through four.

7 Present revenues by tariff schedule are displayed in column five. Columns
8 six through eight show the unbundled proposed revenues that reflect the
9 Company's proposed price change. Columns nine and ten illustrate the rate
10 change by dollar amount and percent for each rate schedule. The proposed annual
11 increase to tariff rates is approximately \$62.8 million or 10.4 percent.

12 **Rate Design**

13 **Q. How does the Company propose to design rates to implement the proposed**
14 **rate increase?**

15 A. The Company's rate design methodology proposes rates that continue with the
16 process established in Docket No. 20000-ER-02-184 to move to recover costs by
17 demand, energy, and basic charge rate elements for all schedules except Schedule
18 40 which is discussed below.

19 **Q. Please describe the Company's rate design methodology.**

20 A. Consistent with the process first established in Docket No. 20000-ER-02-184, the
21 Company's proposed rates cover costs in a way that closely resembles the way
22 individual components of cost are incurred. Mr. Paice's cost of service study
23 classifies costs into three broad categories (Generation, Transmission and

1 Distribution) and further into sub-categories. For the purpose of rate design, these
2 categories are grouped into customer-related, load-related, and energy-related
3 costs. Rates are proposed based on those groupings. The Company's proposed
4 rates assign each of these cost groupings to basic, load-size (facilities), demand
5 and energy charges, respectively.

6 **Residential Rate Design**

7 **Q. Is the Company proposing any rate design changes for residential Schedule**
8 **2?**

9 A. No. As approved by the Commission in Docket No. 20000-333-ER-08, the
10 Company proposes that for residential Schedule 2, the basic charge continue to
11 collect a significant portion of the fixed costs of serving customers and that the
12 two-block inverted energy charge rate structure be continued.

13 Based on the cost of service results, the collection of all fixed costs in the
14 Monthly Basic Charge would result in a charge of approximately \$31.00 per
15 month. Even though the cost of service results could justify a higher basic charge,
16 the Company proposes to change the residential basic charge from \$20.00 to
17 \$22.00 per month. At the same time, the Company proposes to design the
18 residential energy charges in such a way that customers using less than the
19 average monthly usage, from 100 to 800 kWh per month, will see actual bill
20 increases below the overall average residential increase. Customers using 1,000
21 kWh per month or more will see increases greater than the average increase. This
22 rate design proposal will minimize the impact on small users while continuing to
23 give larger users stronger price signals about increasing costs.

1 **General Service Rate Design**

2 **Q. How does the Company propose to implement the proposed price change for**
3 **General Service Schedule 25?**

4 A. The Company proposes that for Schedule 25, the basic charge recover customer-
5 related costs defined in Mr. Paice's study including Distribution-Meter,
6 Distribution-Service and Retail costs plus Miscellaneous costs. Additionally, a
7 large portion of Distribution-Poles and Conductors and Distribution-Transformers
8 costs are included in the basic charge. The energy charge includes costs classified
9 as Generation Demand, Generation Energy, Transmission Demand, Transmission
10 Energy, Distribution-Substation, and the remainder of Distribution-Poles and
11 Conductors and Distribution-Transformers.

12 **Q. How does the Company propose to implement the proposed price change for**
13 **General Service Schedule 28?**

14 A. The Company proposes for Schedule 28, the basic charge recover customer-
15 related costs defined in Mr. Paice's study including Distribution-Meter,
16 Distribution-Service and Retail costs plus Miscellaneous costs. The demand
17 charge includes costs classified as Generation Demand, Transmission Demand,
18 Distribution-Transformers and Distribution-Substation and 40 percent of the
19 Distribution-Poles and Conductors costs. The energy charge includes costs
20 classified as Generation Energy and Transmission Energy and the remaining
21 Distribution-Poles and Conductors costs.

22 **Q. Is the Company proposing any structural changes to Schedule 28?**

23 A. No. The current applicability criteria for Schedule 25 and 28 were first put in

1 place on July 1, 2010. As a result, this current general rate case is the first case in
2 which a full year of actual Schedule 25/28 customer usage has been reflected in
3 the test period. Customer response indicates that customers have accepted the
4 current threshold changes ordered by the Commission, and the Company does not
5 propose any additional structural changes at this time.

6 **Irrigation Rate Design**

7 **Q. How does the Company propose to implement the proposed price change for**
8 **Schedule 40?**

9 A. In Docket No. 20000-ET-04-217 the Commission ordered an alternative rate
10 design for Schedule 40 customers that departed from the approach utilized for the
11 Company's other Wyoming rate schedules where rates are designed to recover
12 costs by rate element. The Schedule 40 alternate rate design recognizes the needs
13 of many irrigation customers and mitigates the impacts on low load factor
14 irrigation customers. Specifically, the Schedule 40 rate design provides for lower
15 demand charges and higher energy charges than a strictly applied unit cost-based
16 rate. In that docket, the Commission indicated that "rate parity in itself does not
17 substitute for the ongoing need to ensure that rates and service offerings
18 adequately and fairly meet the needs of the public."

19 The Company continues to support the alternative rate design ordered by
20 the Commission in Docket No. 20000-ET-04-217. In this case, the Company
21 proposes to implement the price change by applying an approximate uniform
22 percentage change to the applicable tariff elements.

1 **Q. How does the Company propose to implement the proposed price change for**
2 **Schedule 210?**

3 A. For Schedule 210 the Company proposes to continue the present unit cost-based
4 rates. In this case, the basic charge would recover customer-related costs defined
5 in Mr. Paice’s study including Distribution-Meter, Distribution-Service and Retail
6 costs plus Miscellaneous costs. The demand charge would include costs classified
7 as Generation Demand, Transmission Demand and Distribution-Substation,
8 Distribution-Poles and Conductors and Distribution-Transformers. The energy
9 charge would include costs classified as Generation Energy and Transmission
10 Energy costs.

11 **Large General Service Rate Design**

12 **Q. How does the Company propose to implement the proposed price change for**
13 **the large general service rate schedules?**

14 A. The Company proposes that for large general service rate schedules, where
15 appropriate, the basic charge recover customer-related costs defined in Mr.
16 Paice’s study including Distribution-Meter, Distribution-Service and Retail costs
17 plus Miscellaneous costs. The demand charge includes costs classified as
18 Generation Demand, Transmission Demand and Distribution-Substation. The load
19 size charge recovers the cost of Distribution-Poles and Conductors and
20 Distribution-Transformers. The energy charge includes costs classified as
21 Generation Energy and Transmission Energy.

1 **Base and Deferred Net Power Costs Tariffs**

2 **Q. Please describe the Company’s proposed revisions to the Company’s Net**
3 **Power Costs (NPC) tariffs.**

4 A. In its Application filed with the Commission April 5, 2010, in Docket No. 20000-
5 368-EA-10, the Company proposed to implement an Energy Cost Adjustment
6 Mechanism (“ECAM”) through proposed new tariff Schedule 95. In that docket,
7 the Commission approved an ECAM and directed the Company to work with
8 parties to revise and submit a Schedule 95 compliance filing. Schedule 95
9 compliance tariffs were filed with the Commission on December 5, 2011, and are
10 currently pending review and approval. If approved effective April 1, 2012, the
11 present unbundled Base NPC rates contained in Schedule 94 will be set to zero
12 and the present Base NPC rates will be migrated from Schedule 94 to Schedule
13 95. Thus, the Base NPC rates currently reflected in Schedule 94 will be contained
14 in Schedule 95 effective April 1, 2012. Deferred NPC rates in Schedule 94 will
15 continue through March 31, 2012.

16 In this general rate case, the Company proposes to revise Base NPC
17 currently in effect. The Company’s proposed Base NPC rates are contained in
18 Schedule 95 included in Exhibits RMP___(WRG-1) and RMP___(WRG-2). If the
19 Commission approves the Schedule 95 compliance tariff sheets filed in Docket
20 No. 20000-368-EA-10, or orders revisions, the Company’s proposed net power
21 cost rate tariff will be modified to reflect the Commission’s order. The Schedule
22 94 Deferred NPC rates approved in Docket 20000-389-EP-11 do not change in
23 this case.

1 **Optional Interruptible Service Rider Experimental Schedule 73**

2 **Q. What changes does the Company propose for present Schedule 73?**

3 A. The Company proposes to extend the term of experimental Schedule 73 for an
4 additional year (through August 31, 2013) and to revise the Schedule 73
5 curtailment payment to participating customers to reflect forecast costs and prices
6 in this case.

7 **Q. What is the basis for the payment level proposed in Schedule 73?**

8 A. The payment amount has been calculated consistent with the methodology
9 utilized for the present Schedule 73 rate. This methodology was first presented in
10 the Load Growth and Pricing Collaborative in 2008. In the analysis in Exhibit
11 RMP___(WRG-5), the proposed payment amount is based on a curtailment of
12 200 MW and 8,000,000 kWh. The proposed Schedule 73 rate equals 4.3
13 cents/kWh minus the effective energy charge for qualifying customers.

14 **Price Comparisons**

15 **Q. If the Company's proposed prices are approved in this docket, how will the**
16 **Company's rates compare to other electric rates?**

17 A. The Company's rates in Wyoming will compare favorably to other utilities
18 nationally, even after considering the proposed revenue increase in this
19 Application based on the Edison Electric Institute's ("EEI") most recent Typical
20 Bills Survey.

21 Based on the filed rates in this case to become effective October 9, 2012,
22 and using the most recent EEI Typical Bill Survey of 169 investor-owned utilities
23 for the 12-months ending June 30, 2011, the Company has prepared an estimate

1 of rankings in 2010. This estimate is conservative since it ignores any increases in
2 rates that might occur for other utilities after June 2011. If the rates in this case
3 are approved as filed, the Company's Wyoming average retail price will be
4 ranked 137 (the utility ranked 169 had the lowest rates in the nation and the utility
5 ranked number one had the highest rates).

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

7 A. Yes.