

McDowell & Rackner PC



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September 25, 2009

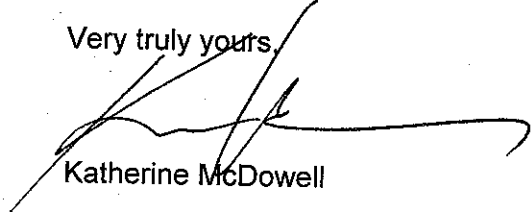
VIA ELECTRONIC FILING AND U.S. MAIL

PUC Filing Center
Public Utility Commission of Oregon
PO Box 2148
Salem, OR 97308-2148

Re: Docket UE 210

Enclosed for filing in the above docket are an original and five copies of the Rate Spread and Rate Design Stipulation and the Joint Testimony in Support of Rate Spread and Rate Design Stipulation. A copy of this filing has been served on all parties to this proceeding as indicated on the attached Certificate of Service.

Very truly yours,



Katherine McDowell

cc: UE 210 Service List

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CERTIFICATE OF SERVICE

I hereby certify that I served a true and correct copy of the foregoing document in Docket UE 210 on the following named person(s) on the date indicated below by email and first-class mail addressed to said person(s) at his or her last-known address(es) indicated below.

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Gordon R. Feighner
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DATED: September 25, 2009



Katherine McDowell
Of Attorneys for PacifiCorp

1 **BEFORE THE PUBLIC UTILITY COMMISSION**
2 **OF OREGON**

3 **UE 210**

4 In the Matter of:

**RATE SPREAD AND RATE DESIGN
STIPULATION**

5 PacifiCorp d/b/a Pacific Power's Request for a
6 General Rate Increase in the Company's
Oregon Annual Revenues

7
8 This Rate Spread and Rate Design Stipulation ("Stipulation") is entered into for the
9 purpose of resolving the issues among the parties to this Stipulation related to the rate spread
10 and rate design of rates resulting from PacifiCorp's (or the "Company") revenue requirement
11 increase in this docket. The revenue requirement increase is the subject of a separate
12 stipulation filed by the parties to this Stipulation, with the exception of the Industrial Customers
13 of Northwest Utilities ("ICNU").

14 **PARTIES**

15 1. The parties to this Stipulation are PacifiCorp, Staff of the Public Utility
16 Commission of Oregon ("Staff"), the Citizens' Utility Board ("CUB"), ICNU, Fred Meyer Stores
17 and Quality Food Centers, divisions of Kroger Company ("Kroger") and the Klamath Water
18 Users Association ("KWUA") (together, the "Parties"). The Parties represent all active
19 participants in this docket.¹

20 **BACKGROUND**

21 2. On April 2, 2009, PacifiCorp filed revised tariff sheets to be effective May 2,
22 2009, for Oregon that would result in a base price increase of approximately \$92.1 million or
23 9.1 percent. PacifiCorp based its filing on a 2010 calendar year test period.

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25
26 ¹ Portland General Electric also intervened in this proceeding but is not a signatory to this Stipulation. PGE does not, however, oppose this Stipulation.

Rate Schedule		Net Rate Increase Factor
Residential	4	76.8%
General Service		
Gen. Svc. < 31 kW	23	147%
Gen. Svc. 31 - 200 kW	28	124%
Gen. Svc. 201 - 999 kW	30	123%
Partial Requirements Service >= 1,000 kW	47	117%
Large General Service >= 1,000 kW	48	117%
Agricultural Pumping Service	41	117%
Public Street Lighting		117%

8. Rate Design.

a. Residential Basic Charge. The Parties agree to increase the residential basic charge from \$7.50 per month to \$8.00 per month.

b. Schedule 200 Rate Design. The Parties agree to change the present Schedule 200 Supply Service rate design. The Parties agree that the proposed Schedule 200 Supply Service rate design will be non-bypassable to direct access customers and will not be subtracted in the calculation of the Transition Adjustment. In addition, the Schedule 201 rate design as proposed by the Company will be allowed to go into effect and will be bypassable to direct access customers. The rate design for proposed Schedule 200 applicable to delivery service Schedules 30, 47, and 48 will be changed from its present energy only cents per kWh rate design to a two-part rate design which includes a demand charge equal to \$1.00 per billing kW (as defined in the respective tariffs) plus a cents per kWh energy charge. Schedule 200 rates will go into effect on January 1, 2010, as described in the Stipulation in UE 207.

c. General. With the exception of the items listed above, the Parties agree to the rate design in the Company's filing in this case.

1 9. Tariff. Upon approval of this Stipulation and the Revenue Requirement
2 Stipulation filed in this proceeding, PacifiCorp will file its revised tariff sheets and new tariff
3 riders as a compliance filing in Docket UE 210, effective February 2, 2010. The tariff sheets
4 and new tariff riders will reflect rates designed as agreed in this Stipulation.

5 10. Rate Mitigation Adjustment ("RMA"). If PacifiCorp files a stand-alone Transition
6 Adjustment Mechanism ("TAM") prior to the filing of its next general rate case, and if the TAM
7 could produce a rate decrease, the Parties agree that they may address the level of the RMA
8 in that TAM.

9 11. This Stipulation will be offered into the record of this proceeding as evidence
10 pursuant to OAR 860-014-0085. The Parties agree to support this Stipulation throughout this
11 proceeding and any appeal, (if necessary) provide witnesses to sponsor this Stipulation at the
12 hearing, and recommend that the Commission issue an order adopting the settlements
13 contained herein.

14 12. The Parties have negotiated this Stipulation as an integrated document. If the
15 Commission rejects all or any material portion of this Stipulation or imposes additional material
16 conditions in approving this Stipulation, any Party disadvantaged by such action shall have the
17 rights provided in OAR 860-014-0085 and shall be entitled to seek reconsideration or appeal
18 of the Commission's Order.

19 13. By entering into this Stipulation, no Party shall be deemed to have approved,
20 admitted, or consented to the studies, facts, principles, methods, or theories employed by any
21 other Party in arriving at the terms of this Stipulation, other than those specifically identified in
22 the body of this Stipulation. No Party shall be deemed to have agreed that any provision of
23 this Stipulation is appropriate for resolving issues in any other proceeding, except as
24 specifically identified in this Stipulation.

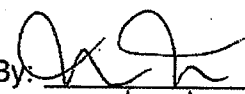
25 14. This Stipulation may be executed in counterparts and each signed counterpart
26 shall constitute an original document.

1 This Stipulation is entered into by each party on the date entered below such Party's
2 signature.

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STAFF

CUB

By: 
Date: 9/25/9

By: _____
Date: _____

KROGER

ICNU

By: _____
Date: _____

By: _____
Date: _____

KWUA

PACIFICORP

By: _____
Date: _____

By: _____
Date: _____

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4 STAFF

CUB

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6 By: _____

By: HT Guls

7 Date: _____

Date: 9-25-09

8 KROGER

ICNU

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10 By: _____

By: _____

11 Date: _____

Date: _____

12 KWUA

PACIFICORP

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14 By: _____

By: _____

15 Date: _____

Date: _____

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STAFF

CUB

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By: _____

By: _____

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Date: _____

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KROGER



ICNU

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By: Kurt J. Boehm

By: _____

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Date: 9-25-09

Date: _____

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KWUA

PACIFICORP

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By: _____

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9 KROGER

ICNU

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By:  _____

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Date: _____

Date: Sept 25 2009

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13 KWUA

PACIFICORP

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By: _____

By: _____

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Date: _____

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STAFF

CUB

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By: _____

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KROGER

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By: _____

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Date: _____

Date: _____

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KWUA

PACIFICORP

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By: *Craig Addy*

By: _____

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Date: 9/25/09

Date: _____

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Date: _____

8 KROGER

ICNU

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10 By: _____

By: _____

11 Date: _____

Date: _____

12 KWUA

PACIFICORP

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14 By: _____

By: Andrea Kelly

15 Date: _____

Date: _____

Docket UE 210

RATE SPREAD AND DESIGN STIPULATION

Exhibit A

September 25, 2009

Exhibit A - Page 1 of 3

PACIFIC POWER & LIGHT COMPANY
ESTIMATED EFFECT OF PROPOSED PRICE CHANGE
ON REVENUES FROM ELECTRIC SALES TO ULTIMATE CONSUMERS
DISTRIBUTED BY RATE SCHEDULES IN OREGON
FORECAST 12 MONTHS ENDED DECEMBER 31, 2010

Line No.	Description	Pre Sch No.	Pro Sch No.	No. of Cust	MWh	Present Revenues (\$000)			Proposed Revenues (\$000)			Change						Factor	Line No.
						Base Rates ¹	Adders ²	Net Rates	Base Rates	Adders ²	Net Rates	Base Rates			Net Rates				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)		
								(6) + (7)			(9) + (10)	(\$000)	¢/kWh ³	% ³	(15) - (8)	(15)/(5)	(15)/(8)		
Residential																			
1	Residential	4	4	478,485	5,435,846	\$473,282	\$18,970	\$492,252	\$483,818	\$25,928	\$509,746	\$10,536	0.194	2.2%	\$17,494	0.322	3.6%	76.8%	1
2	Total Residential			478,485	5,435,846	\$473,282	\$18,970	\$492,252	\$483,818	\$25,928	\$509,746	\$10,536		2.2%	\$17,494		3.6%		2
Commercial & Industrial																			
3	Gen. Svc. < 31 kW	23	23	74,055	1,013,941	\$91,209	(\$2,688)	\$88,521	\$94,009	\$517	\$94,526	\$2,800	0.276	3.1%	\$6,005	0.592	6.8%	147%	3
4	Gen. Svc. 31 - 200 kW	28	28	10,101	2,045,065	\$126,124	\$14,255	\$140,379	\$135,081	\$13,314	\$148,395	\$8,957	0.438	7.1%	\$8,016	0.392	5.7%	124%	4
5	Gen. Svc. 201 - 999 kW	30	30	853	1,378,646	\$79,102	\$6,369	\$85,471	\$84,595	\$5,721	\$90,316	\$5,493	0.398	6.9%	\$4,845	0.351	5.7%	123%	5
6	Large General Service >= 1,000 kW	48	48	215	2,643,901	\$131,448	\$3,542	\$134,990	\$142,594	(\$236)	\$142,358	\$11,146	0.415	8.5%	\$7,368	0.272	5.4%	117%	6
7	Partial Req. Svc. >= 1,000 kW	47	47	7	571,965	\$25,876	\$767	\$26,643	\$28,067	(\$51)	\$28,016	\$2,191	0.415	8.5%	\$1,373	0.272	5.4%	117%	7
8	Agricultural Pumping Service	41	41	6,108	136,792	\$14,365	(\$3,071)	\$11,294	\$14,758	(\$2,852)	\$11,906	\$393	0.287	2.7%	\$612	0.447	5.4%	117%	8
9	Agricultural Pumping - Other	33	33	2,062	118,046	\$3,839	\$344	\$4,183	\$3,609	\$385	\$3,994	(\$230)	(0.195)	-6.0%	(\$189)	(0.160)	-4.5%		9
10	Total Commercial & Industrial			93,401	7,908,356	\$471,963	\$19,518	\$491,481	\$502,713	\$16,798	\$519,511	\$30,750		6.5%	\$28,030		5.7%		10
Lighting																			
11	Outdoor Area Lighting Service	15	15	7,404	10,466	\$1,314	\$132	\$1,446	\$1,375	\$149	\$1,524	\$61	0.583	4.6%	\$78	0.745	5.4%		11
12	Street Lighting Service	50	50	287	10,738	\$1,173	\$124	\$1,297	\$1,212	\$155	\$1,367	\$39	0.363	3.3%	\$70	0.652	5.4%		12
13	Street Lighting Service HPS	51	51	686	16,085	\$2,833	\$270	\$3,103	\$2,928	\$343	\$3,271	\$95	0.591	3.4%	\$168	1.044	5.4%		13
14	Street Lighting Service	52	52	79	1,186	\$134	\$14	\$148	\$139	\$17	\$156	\$5	0.422	3.7%	\$8	0.675	5.4%		14
15	Street Lighting Service	53	53	250	9,316	\$591	\$75	\$666	\$611	\$91	\$702	\$20	0.215	3.4%	\$36	0.386	5.4%		15
16	Recreational Field Lighting	54	54	105	816	\$70	\$6	\$76	\$72	\$8	\$80	\$2	0.245	2.9%	\$4	0.490	5.3%		16
17	Total Public Street Lighting			8,811	48,607	\$6,115	\$621	\$6,736	\$6,337	\$763	\$7,100	\$222		3.6%	\$364		5.4%	117%	17
18	Total Sales to Ultimate Consumers			580,697	13,392,809	\$951,360	\$39,109	\$990,469	\$992,868	\$43,489	\$1,036,357	\$41,508		4.4%	\$45,888		4.6%		18
19	Employee Discount				18,481	(\$397)	(\$16)	(\$413)	(\$407)	(\$22)	(\$429)	(\$10)			(\$16)				19
20	Total Sales with Employee Discount			580,697	13,392,809	\$950,963	\$39,093	\$990,056	\$992,461	\$43,467	\$1,035,928	\$41,498		4.4%	\$45,872		4.6%		20
21	AGA Revenue					\$2,380		\$2,380	\$2,380		\$2,380	\$0			\$0				21
22	Total Sales with Employee Discount and AGA			580,697	13,392,809	\$953,343	\$39,093	\$992,436	\$994,841	\$43,467	\$1,038,308	\$41,498		4.4%	\$45,872		4.6%		22

¹ Includes the effects of the Transition Adjustment Mechanism for January 1, 2010.

² Excludes effects of the Low Income Bill Payment Assistance Charge (Sch. 91), BPA Credit (Sch. 98), Public Purpose Charge (Sch. 290) and Energy Conservation Charge (Sch. 297).

³ Percentages and per kilowatt-hour rates shown for Schedules 48 and 47 reflect the combined rate change for both schedules

PACIFIC POWER & LIGHT COMPANY
 ESTIMATED REVENUES OF ADJUSTMENT SCHEDULES
 FORECAST 12 MONTHS ENDED DECEMBER 31, 2010

Line No.	Description	Pre Sch No.	Pro Sch No.	Indep. Eval. 93 (000)	Prop. Sales 96 (000)	Interv. Fndg. 97 (000)	Tax Adj 102 (000)	OR Trns Plan 193 (000)	MEHC Sev 194 (000)	Grid West 195 (000)	RAC Defer. 203 (000)	Shop. Inctv. 296 (000)	RMA 299 (000)	RMA 299 (000)	Total (000)	Total (000)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	
							PRO	PRO	PRO			PRE	PRO	PRE	PRO	
Residential																
1	Residential	4	4	\$381	(\$544)	\$0	\$10,817	\$815	\$870	\$163	\$5,218	\$0	\$3,098	\$8,208	\$18,970	\$25,928
2	Total Residential															
Commercial & Industrial																
3	Gen. Svc. < 31 kW	23	23	\$71	(\$101)	\$0	\$2,017	\$152	\$163	\$31	\$993	\$0	(\$5,668)	(\$2,809)	(\$2,688)	\$517
4	Gen. Svc. 31 - 200 kW	28	28	\$144	(\$205)	\$0	\$4,070	\$307	\$327	\$61	\$1,963	\$82	\$8,201	\$6,565	\$14,255	\$13,314
5	Gen. Svc. 201 - 999 kW	30	30	\$96	(\$138)	\$0	\$2,744	\$207	\$221	\$41	\$1,296	\$55	\$2,316	\$1,199	\$6,369	\$5,721
6	Large General Service >= 1,000 kW	48	48	\$185	(\$264)	\$0	\$5,261	\$397	\$424	\$80	\$2,300	\$0	(\$3,940)	(\$8,619)	\$3,542	(\$236)
7	Partial Req. Svc. >= 1,000 kW	47	47	\$40	(\$57)	\$0	\$1,138	\$86	\$92	\$17	\$498	\$0	(\$852)	(\$1,865)	\$767	(\$51)
8	Agricultural Pumping Service	41	41	\$10	(\$14)	\$0	\$272	\$21	\$22	\$4	\$131	\$3	(\$3,473)	(\$3,301)	(\$3,071)	(\$2,852)
9	Agricultural Pumping - Other	33	33	\$8	(\$12)	\$0	\$235	\$18	\$19	\$4	\$113	\$0	\$0	\$0	\$344	\$385
10	Total Commercial & Industrial			\$554	(\$791)	\$0	\$15,737	\$1,188	\$1,268	\$238	\$7,294	\$140	(\$3,416)	(\$8,830)	\$19,518	\$16,798
Lighting																
11	Outdoor Area Lighting Service	15	15	\$1	(\$1)	\$0	\$22	\$1	\$1	\$0	\$5	\$0	\$105	\$120	\$132	\$149
12	Street Lighting Service	50	50	\$1	(\$1)	\$0	\$21	\$2	\$2	\$0	\$5	\$0	\$98	\$125	\$124	\$155
13	Street Lighting Service HPS	51	51	\$1	(\$2)	\$0	\$32	\$2	\$3	\$0	\$11	\$0	\$228	\$296	\$270	\$343
14	Street Lighting Service	52	52	\$0	\$0	\$0	\$2	\$0	\$0	\$0	\$1	\$0	\$11	\$14	\$14	\$17
15	Street Lighting Service	53	53	\$1	(\$1)	\$0	\$19	\$1	\$1	\$0	\$2	\$0	\$54	\$68	\$75	\$91
16	Recreational Field Lighting	54	54	\$0	\$0	\$0	\$2	\$0	\$0	\$0	\$0	\$0	\$4	\$6	\$6	\$8
17	Total Public Street Lighting			\$4	(\$5)	\$0	\$98	\$6	\$7	\$0	\$24	\$0	\$500	\$629	\$621	\$763
18	Total			\$939	(\$1,340)	\$0	\$26,652	\$2,009	\$2,145	\$401	\$12,536	\$140	\$182	\$7	\$39,109	\$43,489
19	Employee Discount			\$0	\$0	\$0	(\$9)	(\$1)	(\$1)	\$0	(\$4)	\$0	(\$3)	(\$7)	(\$16)	(\$22)
20	Total Sales with Employee Discount			\$939	(\$1,340)	\$0	\$26,643	\$2,008	\$2,144	\$401	\$12,532	\$140	\$179	\$0	\$39,093	\$43,467

**PACIFIC POWER & LIGHT COMPANY
PRESENT AND PROPOSED RATES OF ADJUSTMENT SCHEDULES
FORECAST 12 MONTHS ENDED DECEMBER 31, 2010**

Line No.	Description	Pre Sch	Pro Sch	Indep. Eval.	Prop. Sales	Interv. Fndg.	Tax Adj	OR Trns Plan	MEHC Sev	Grid West	RAC Defer.	Shop. Inctv.	RMA 299	RMA 299
		No.	No.	93	96	97	102	193	194	195	203	296	299	299
	(1)	(2)	(3)	¢/kWh	¢/kWh	¢/kWh	¢/kWh	¢/kWh	¢/kWh	¢/kWh	¢/kWh	¢/kWh	¢/kWh	¢/kWh
								PRO	PRO	PRO			PRE	PRO
<u>Residential</u>														
1	Residential	4	4	0.007	(0.010)	0.000	0.199	0.015	0.016	0.003	0.096	0.000	0.057	0.151
<u>Commercial & Industrial</u>														
2	Gen. Svc. < 31 kW	23	23	0.007	(0.010)	0.000	0.199	0.015	0.016	0.003	0.098	0.000	(0.559)	(0.277)
3	Gen. Svc. 31 - 200 kW	28	28	0.007	(0.010)	0.000	0.199	0.015	0.016	0.003	0.096	0.004	0.401	0.321
4	Gen. Svc. 201 - 999 kW	30	30	0.007	(0.010)	0.000	0.199	0.015	0.016	0.003	0.094	0.004	0.168	0.087
5	Large General Service >= 1,000 kW	48	48	0.007	(0.010)	0.000	0.199	0.015	0.016	0.003	0.087	0.000	(0.149)	(0.326)
6	Partial Req. Svc. >= 1,000 kW	47	47	0.007	(0.010)	0.000	0.199	0.015	0.016	0.003	0.087	0.000	(0.149)	(0.326)
7	Agricultural Pumping Service	41	41	0.007	(0.010)	0.000	0.199	0.015	0.016	0.003	0.096	0.004	(2.539)	(2.413)
8	Agricultural Pumping - Other	33	33	0.007	(0.010)	0.000	0.199	0.015	0.016	0.003	0.096	0.000	0.000	0.000
<u>Lighting</u>														
9	Outdoor Area Lighting Service	15	15	0.007	(0.010)	0.000	0.199	0.015	0.016	0.003	0.053	0.000	1.002	1.150
10	Street Lighting Service	50	50	0.007	(0.010)	0.000	0.199	0.015	0.016	0.003	0.044	0.000	0.908	1.160
11	Street Lighting Service HPS	51	51	0.007	(0.010)	0.000	0.199	0.015	0.016	0.003	0.069	0.000	1.416	1.840
12	Street Lighting Service	52	52	0.007	(0.010)	0.000	0.199	0.015	0.016	0.003	0.053	0.000	0.920	1.200
13	Street Lighting Service	53	53	0.007	(0.010)	0.000	0.199	0.015	0.016	0.003	0.023	0.000	0.580	0.725
14	Recreational Field Lighting	54	54	0.007	(0.010)	0.000	0.199	0.015	0.016	0.003	0.039	0.000	0.539	0.760

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UE 210

In the Matter of:

PacifiCorp d/b/a Pacific Power's Request for
a General Rate Increase in the Company's
Oregon Annual Revenues

STAFF-PACIFICORP-CUB-ICNU-KROGER-KWUA

JOINT TESTIMONY IN SUPPORT OF
RATE SPREAD AND RATE DESIGN STIPULATION

WITNESSES: GEORGE R. COMPTON, WILLIAM R. GRIFFITH, BOB JENKS,
DONALD SCHOENBECK, KEVIN C. HIGGINS, and GARY SALEBA

September 2009

1 **Q. Who is sponsoring this testimony?**

2 A. This testimony is jointly sponsored by PacifiCorp (or the “Company”), Staff of the Public
3 Utility Commission of Oregon (“Staff”), the Citizens’ Utility Board of Oregon (“CUB”),
4 the Industrial Customers of Northwest Utilities (“ICNU”), Fred Meyer Food Stores and
5 Quality Food Centers, Divisions of The Kroger Co. (“Kroger”), and Klamath Water
6 Users Association (“KWUA”). In this Joint Testimony, the parties are referred to
7 collectively as the “Parties.”

8 **Q. Please state your names.**

9 A. George R. Compton, William R. Griffith, Bob Jenks, Donald Schoenbeck, Kevin C.
10 Higgins, and Gary Saleba. Mr. Compton’s qualifications are set forth in Staff/1101;
11 Mr. Griffith’s qualifications are set forth in PPL/1000; Mr. Jenks’ qualifications are set
12 forth in CUB Exhibit/101; Mr. Schoenbeck’s qualifications are set forth in ICNU/200;
13 Mr. Higgins’ qualifications are set forth in FM Exhibit/101; and Mr. Saleba’s
14 qualifications are set forth in KWUA/101.

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

16 A. This testimony describes and supports the Rate Spread and Rate Design Stipulation dated
17 and filed in this case on September 25, 2009 among PacifiCorp, Staff, CUB, ICNU,
18 Kroger, and KWUA (the “Stipulation”). Our testimony supports all provisions of the
19 Stipulation.

20 **Q. Does your testimony discuss the revenue requirement used to calculate the rates
21 discussed in the Stipulation?**

22 A. No. The Stipulation does not address issues related to revenue requirement. The Parties,
23 with the exception of ICNU, have filed a separate stipulation that resolves revenue

1 requirement issues ("Revenue Requirement Stipulation"). That stipulation is supported
2 by separate testimony.

3 **Q. How did the Parties arrive at the Stipulation?**

4 A. Administrative Law Judges Wallace's and Hardie's Prehearing Conference Memorandum
5 scheduled settlement conferences in this docket commencing on June 24, 2009. The
6 conferences were open to all parties. The parties held additional settlement conferences
7 on August 20, 2009 and September 10, 2009, resulting in the Stipulation.

8 **Q. Have all the Parties joined in the Stipulation?**

9 A. With the exception of Portland General Electric Company ("PGE"), which has not been
10 an active participant in this docket, all parties are signatories to this Stipulation. PGE
11 does not object to the Stipulation.

12 **Q. Please describe PacifiCorp's original revenue requirement increase request in this
13 proceeding.**

14 A. On April 2, 2009, PacifiCorp filed revised tariff sheets for Oregon that would result in a
15 price increase of approximately \$92.1 million or 9.1 percent. Based on the suspension
16 period of the filing, the effective date of the revised tariffs sheets would be February 2,
17 2009. PacifiCorp based its filing on a 2010 calendar year test period.

18 **Terms of the Stipulation**

19 **Q. What is the purpose of the Stipulation?**

20 A. The purpose of the Stipulation is to describe the rate spread and rate design to be applied
21 to the revenue requirement in this case.

22 **Q. What did the Parties agree with respect to rate spread?**

23 A. The Parties agree to apply the net rate increase factors shown in the table below to the
24 overall general rate case net rate percentage increase for each rate schedule class. Net

1 rates include the effect of all tariff riders. For illustrative purposes, Exhibit A to the
 2 Stipulation demonstrates the agreed-upon rate spread in this case based upon the Revenue
 3 Requirement Stipulation. Exhibit A contains three pages. Page 1 shows the agreed upon
 4 rate spread based upon the Revenue Requirement Stipulation. Page 2 shows estimated
 5 present and proposed revenues for each of the tariff riders. Page 3 shows present and
 6 proposed rates for each of the tariff riders.

Rate Schedule		Net Rate Increase Factor
Residential	4	76.8%
General Service		
Gen. Svc. < 31 kW	23	147%
Gen. Svc. 31 - 200 kW	28	124%
Gen. Svc. 201 - 999 kW	30	123%
Partial Requirements Service >= 1,000 kW	47	117%
Large General Service >= 1,000 kW	48	117%
Agricultural Pumping Service	41	117%
Public Street Lighting		117%

7

8 **Q. How did the Parties derive these factors?**

9 A. These factors reflect a reasonable compromise position among the various rate spread
 10 positions of the Parties. The Company filed a cost of service study in its direct case,
 11 upon which the Company based its rate spread proposals. In their reply testimony, Staff
 12 and intervenors challenged different aspects of the Company's study and proposed rate
 13 spread. In the Stipulation, the rate spread for the base rates is derived from the
 14 Company's cost of service study; the rate spread for net rates is based upon the stipulated
 15 factors. The rate spread reflects the fact that the Parties did not reach agreement on a

1 specific long-run incremental cost basis for establishing rate spread, but the Parties do
2 agree that the rate spread reflects the general direction the cost studies were indicating
3 with regards to the relative percentage increases that the various schedules should receive
4 when compared with the overall rate increase. Thus, the factors balance the Parties'
5 different points of view on cost of service and rate spread.

6 **Q. Does the Stipulation address any other issues related to rate spread?**

7 A. Yes. The Stipulation also addresses the Company's Rate Mitigation Adjustment
8 ("RMA"). The Parties agree that if PacifiCorp files a stand-alone Transition Adjustment
9 Mechanism ("TAM") prior to the filing of its next general rate case, and if the TAM
10 produces a rate decrease, the Parties may address the level of the RMA in the TAM
11 proceeding. In the past, the RMA has only been adjusted as part of a general rate case
12 proceeding.

13 **Q. What did the Parties agree with respect to rate design?**

14 A. With the exception of specific items listed in the Stipulation, addressing the residential
15 basic charge and Schedule 200, the Parties agree to the rate design in the Company's
16 filing in this case. The rate design proposals are set forth in PPL/1012, attached to Mr.
17 Griffith's rebuttal testimony. The Parties agree that these rate design proposals will be
18 appropriately adjusted to reflect the final revenue requirement ordered in this case.

19 **Q. What are the exceptions to the Company's proposed rate design listed in the
20 Stipulation?**

21 A. First, the Parties agree to increase the residential basic charge from \$7.50 per month to
22 \$8.00 per month. While the Company had proposed a \$1.00 increase, with a smaller
23 revenue requirement increase the Parties agree that a smaller increase in the residential
24 service charge is justified. Second, the Parties agree to change the present Schedule 200

1 Supply Service rate design. The rate design for proposed Schedule 200 applicable to
2 delivery service Schedules 30, 47, and 48 will be changed from its present energy-only
3 cents-per-kWh rate design to a two-part rate design which includes a demand charge
4 equal to \$1.00 per billing kW (as defined in the respective tariffs) in addition to a cents-
5 per-kWh energy charge. Staff, the Company, and Kroger support this because they view
6 this change as providing better price signals to customers. The Parties agree that the
7 proposed Schedule 200 Supply Service rate design will be non-bypassable to direct
8 access customers and will not be subtracted in the calculation of the Transition
9 Adjustment. In addition, the Schedule 201, Net Power Costs, rate design as proposed by
10 the Company will be allowed to go into effect and will be bypassable to direct access
11 customers.

12 **Q. What is the significance of the agreement related to what is and is not bypassable to**
13 **direct access customers?**

14 A. Making Schedule 200 non-bypassable and not subtracting it in the calculation of the
15 Transition Adjustment ensures that the introduction of a demand charge for Schedule 200
16 will be neutral with respect to a customer's direct access decision, i.e., it ensures that the
17 Schedule 200 demand charge will not have any impact on the economics of a customer's
18 decision to participate in direct access service. It also means that there will be greater
19 certainty for direct access customers during the direct access open enrollment window
20 during periods when general rate cases are being decided. In such instances, the final
21 Schedule 200 rates may not be known until after the direct access open enrollment
22 window closes. With the change proposed under this agreement, Schedule 200 will not
23 have an effect on the transition adjustments. Consequently, the transition adjustments
24 can be "locked down" prior to the determination of final Schedule 200 rates.

1 **Connection to Docket UE 207**

2 **Q. Is there any connection between this Stipulation and Docket UE 207, PacifiCorp's**
3 **Transition Adjustment Mechanism proceeding?**

4 A. No. There is a separate all-party stipulation in the TAM proceeding that addresses rate
5 spread for the TAM increase. In addition, it is important to note that the TAM rates will
6 go into effect on January 1, 2010, while the rates from this proceeding will go into effect
7 on February 2, 2010. The stipulation and supporting testimony filed in UE 207 explain
8 how the transition in rate design will occur for purposes of direct access.

9 **Other Terms of Stipulation**

10 **Q. Do the Parties agree to support this Stipulation throughout the remainder of the**
11 **UE 210 rate proceeding?**

12 A. Yes. The Parties agree that the Stipulation resolves all issues related to rate spread and
13 rate design in PacifiCorp's UE 210 general rate filing. In this regard, the Parties agree to
14 support the Stipulation throughout this case and any appeal, provide witnesses to sponsor
15 the Stipulation at any hearings, and recommend that the Commission issue an order
16 adopting the settlements contained in the Stipulation.

17 **Q. Do the terms of the Stipulation apply to other cases?**

18 A. No, the Stipulation represents a compromise in the positions of the Parties made for this
19 case only. By entering into the Stipulation, none of the Parties are deemed to have
20 approved, admitted, or consented to the facts, principles, methods, or theories employed
21 in arriving at the terms of the Stipulation, other than those specifically identified in the
22 body of the Stipulation. No Party has agreed that any provision of the Stipulation is
23 appropriate for resolving issues in any other proceeding, except as specified in the
24 Stipulation.

1 **Q. If the Commission rejects any part of the Stipulation, are the Parties entitled to**
2 **reconsider their participation in the Stipulation?**

3 A. Yes. The Stipulation provides that if the Commission rejects all or any material portions
4 of the Stipulation, any Party that is disadvantaged by such action shall have the rights
5 provided by OAR 860-014-0085 and shall be entitled to seek reconsideration or appeal of
6 the Commission's Order.

7 **Reasonableness of the Stipulation**

8 **Q. Have the Parties evaluated the overall fairness of the Stipulation?**

9 A. Yes. Each Party has reviewed the rate spread and rate design contained in the
10 Stipulation. The Parties agree that the Stipulation will produce rates that are spread and
11 designed in a fair, just, and reasonable manner.

12 **Q. What do the Parties recommend?**

13 A. The Parties recommend that the Commission adopt the Stipulation and include the terms
14 and conditions in its order in this case.

15 **Q. Does this conclude your testimony in support of the Stipulation?**

16 A. Yes.