

Case UE-170
PPL Exhibit 1214
Witness: William R. Griffith

BEFORE THE PUBLIC UTILITY COMMISSION
OF THE STATE OF OREGON

PACIFICORP

Direct Testimony of William R. Griffith

Rates

UNMARKED VERSION

January 2006

1 **Q. Are you the same William R. Griffith who presented direct testimony in this**
2 **docket?**

3 A. Yes, I am.

4 **Purpose of Testimony**

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

6 A. My testimony addresses issues 2 and 3 of this proceeding:

7 Issue 2: What are the appropriate rates PacifiCorp should charge the Klamath
8 Basin Irrigators for electric service?

9 Issue 3: If any rate change affecting these customers is implemented, how and
10 when should these customers be transitioned from the rates established in the
11 historical contracts?

12 **Appropriate Rates for Klamath River Basin Irrigators**

13 **Q. Who are the Klamath River Basin Irrigators that are the subject of your**
14 **testimony?**

15 A. The Klamath River Basin Irrigators, or “Klamath Basin Customers,” are the
16 customers receiving electric service at the rates specified in the 1956 “USBR
17 Contract” and the “UKRB Contract.” The USBR Contract provides for
18 discounted rates for “On-Project” customers (customers within the Klamath River
19 Basin irrigation project boundaries), and the UKRB Contract provides for
20 discounted electric rates for “Off-Project” irrigation customers within the Upper
21 Klamath River Basin outside of the irrigation project boundaries.

1 **Q. What is the appropriate rate under which Klamath River Basin Irrigators**
2 **should be served?**

3 A. The Klamath River Basin Irrigators should be served under the same rates as all
4 other similarly situated Oregon customers. For qualifying irrigation customers,
5 Schedule 41, Agricultural Pumping Service is the applicable delivery service
6 tariff.

7 If some of these customers do not qualify for Schedule 41 because of end
8 use or load size characteristics either now or in the future, those customers should
9 be served from the same delivery service tariffs applicable to all other similarly
10 situated general service customers--General Service Schedules 23, 28, 30 or 48,
11 depending on load size. In addition, those customers should have the same supply
12 service options available to them as all other similarly situated customers,
13 including standard offer supply service and direct access supply.

14 **Q. When should the transition to standard tariff rates for the Klamath Basin**
15 **Customers occur?**

16 A. The transition should begin April 17, 2006. It is my understanding that while the
17 Off-Project irrigators claim that their contract will never expire, there is no
18 dispute that the USBR Contract expires April 16, 2006. Without addressing the
19 legal arguments presented by the Company on this issue, I don't believe there is
20 any reasonable justification for continuing the UKRB Contract rates past the date
21 on which the On-Project customers' contract rates expire.

1 **Q. In the past, have special contract customers been moved to standard tariff**
2 **service upon contract expiration?**

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4 in a return to standard tariff service upon its final expiration.

5 **Q. If the Commission ordered the Company to serve Klamath River Basin**
6 **Irrigators under standard tariff rates as described above, what rates could**
7 **the Company bill these customers?**

8 A. Serving Klamath River Basin Irrigators under standard tariff rates would result in
9 bill increases in excess of 50 percent in the first year. Senate Bill 81, passed in the
10 Oregon 2005 legislative session, indicates that for qualifying Klamath River Basin
11 customers, the Commission shall require the Company to mitigate rate increases
12 and hold them to no more than 50 percent per year for seven years by means of
13 rate credits. Under Senate Bill 81, the full cost of providing rate credits is to be
14 spread equally among all other customers.

15 If the Commission ordered the Company to serve Klamath River Basin
16 Irrigators under standard tariff rates, in the first year, the Company could
17 implement SB 81 by increasing the rates under the current contract by 50 percent
18 and computing charges for these amounts. We believe this would be easy to
19 understand for customers (particularly given the differences in rate design
20 between the contract rate and standard tariff rates) and would reflect the intent of
21 SB 81. At the same time, the Company would also show a second alternate
22 billing for each customer using the standard tariff rate ordered by the
23 Commission. The Company would compute the dollar difference between the

1 charges under SB 81 and the alternate standard tariff billing and show that amount
2 as a rate credit. The total annual amount of these dollar differences for this class
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6 **Q. As you indicated, Senate Bill 81 requires that rate impacts must be no more**
7 **than 50 percent per year for seven years following termination of the**
8 **contract. What does the Company propose after the first year of**
9 **implementation?**

10 A. Assuming Senate Bill 81 remains in effect, in the subsequent years PacifiCorp
11 could continue to implement SB 81 by increasing the applicable charges billed to
12 the qualifying customers by 50 percent per year. At the same time, the Company
13 would continue to show an alternate billing for each customer on standard tariff.
14 The Company would continue to compute the dollar difference between the
15 charges billed under SB 81 and the alternate standard tariff billing. The total
16 annual amount of these dollar differences for this class of customers (as defined
17 under SB 81) for the mitigated rate and the standard tariff rate would equal the
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20 end of seven years, these Klamath Basin customers would be served under
21 standard tariff rates.

1 Q. Do qualifying Klamath Basin Customers currently receive the BPA credit
2 (Schedule 98) at a rate lower than other qualifying customers?

3 A. Yes.

4 **Q. How does the Company propose that Schedule 98 be modified for Klamath**
5 **Basin Customers on April 17, 2006 in response to Senate Bill 81?**

6 A. Based on the seven year timeframe in SB 81, the Company proposes that the BPA
7 credit (Schedule 98) currently being applied to Klamath Basin Customers
8 (Schedule 33) be increased by 0.08 cents per kWh per year for seven years or until
9 the Klamath Basin Customer's credit is equivalent to the charge being applied to
10 other customers, whichever comes first. The current credit being applied to
11 Klamath Basin Customers is 0.488 cents per kWh; for other customers, the credit
12 is 1.026 cents per kWh. Under this proposal, at current rates, the credit applied to
13 Klamath Basin Customers would come to equal the credit being applied to other
14 customers in seven years.

15 **Q. To which customers does the Company believe the SB 81 rate mitigation**
16 **language applies?**

17 A. We believe this language means that the current metering points for current
18 Klamath Basin Customers on contract rates are eligible for rate mitigation under
19 SB 81. In no case should rate mitigation apply to new customers who begin
20 receiving service after April 16, 2006, whether or not service was previously
21 provided at the metering point under either the USBR Contract or the UKRB
22 Contract. Moreover, if an existing Klamath Basin customer has a new metering
23 point location for land that had not been previously served under contract rates,

1 then SB 81 rate mitigation should not apply. Generally, new metering points that
2 were not previously served under the USBR or UKRB Contract rates are not
3 eligible for rate mitigation under SB 81.

4 **Q. Are there cases where a new metering point for an existing Klamath Basin**
5 **Customer may be eligible for rate mitigation under SB 81?**

6 A. Yes, there may be. For example, if an existing Klamath Contract customer
7 combined two existing metering points into one new metering point to irrigate the
8 same land, we believe that the energy used at this new metering point may be
9 eligible for mitigation, since energy use and application would be virtually
10 unchanged; however, any new line extension costs would be subject to standard
11 line extension tariffs.

12 **Q. Do you agree with the testimony of Mr. Schoenbeck filed earlier in this**
13 **docket that Klamath Basin Customers (Schedule 33 customers) should be**
14 **served on a standard delivery service tariff separate from Schedule 41?**

15 A. No. Schedule 41 is applicable to agricultural pumping loads under 1,000 kW. It
16 is designed for customers with seasonal usage and incorporates an annual load
17 size charge instead of monthly basic and demand charges in order to recognize the
18 seasonal nature of these customers. The Schedule 41 rate structure is similar to
19 agricultural pumping tariffs in other states served by the Company. As long as
20 customers meet the applicability criteria of Schedule 41, it is appropriate to serve
21 qualifying agricultural pumping loads under this tariff structure in Oregon.

22 In addition to end use similarities, Exhibit PPL/1215 shows that the
23 Klamath Basin Irrigators (Schedule 33) have usage characteristics not unlike

1 Schedule 41 customers. It shows that both groups contain a full range of customer
2 usage characteristics, from small to large. While Schedule 33 customers are
3 somewhat larger on average, Exhibit PPL/1215 shows that both Schedule 33 and
4 Schedule 41 customers cover a full range of usage from zero usage (inactive
5 accounts) to usage over 1,000 MWh per year. In fact, it appears that the only
6 unique characteristics shared by Klamath River Basin Irrigators are a common
7 geography along with the extremely low electric prices they have paid for 50 years
8 under the USBR and UKRB Contracts. We do not believe these are reasonable
9 criteria for a separate rate schedule in the future.

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

11 **A.** Yes it does.

Case UE -170
PPL Exhibit 1215
Witness: William R. Griffith

BEFORE THE PUBLIC UTILITY COMMISSION
OF THE STATE OF OREGON

PACIFICORP

Exhibit Accompanying Direct Testimony of William R. Griffith

Customer Frequency by Annual kWh
Test Period April 2003 to March 2004 - Actual

UNMARKED VERSION

January 2006

REVISED JANUARY 18, 2006

Table 1215 - 1
PacifiCorp - State of Oregon
Customer Frequency by Annual kWh
Test Period April 2003 to March 2004 - Actual

| Annual kWh | % of Number of Customers | |
|------------------------|---------------------------------|---------------|
| | Sch 33 | Sch 41 |
| A: 0 | 12.30% | 18.49% |
| B: 1 - 500 | 4.61% | 5.98% |
| C: 501 - 1,000 | 1.80% | 4.54% |
| D: 1,001 - 2,000 | 3.04% | 6.14% |
| E: 2,001 - 5,000 | 6.17% | 12.96% |
| F: 5,001 - 10,000 | 7.92% | 13.55% |
| G: 10,001 - 15,000 | 7.51% | 8.19% |
| H: 15,001 - 20,000 | 6.03% | 6.00% |
| I: 20,001 - 30,000 | 10.46% | 7.30% |
| J: 30,001 - 50,000 | 13.17% | 8.78% |
| K: 50,001 - 80,000 | 10.32% | 4.63% |
| L: 80,001 - 100,000 | 3.27% | 1.18% |
| M: 100,001 - 150,000 | 5.34% | 1.27% |
| N: 150,001 - 200,000 | 3.22% | 0.45% |
| O: 200,001 - 250,000 | 1.89% | 0.13% |
| P: 250,001 - 300,000 | 1.52% | 0.09% |
| Q: 300,001 - 400,000 | 0.74% | 0.10% |
| R: 400,001 - 600,000 | 0.46% | 0.04% |
| S: 600,001 - 1,000,000 | 0.18% | 0.15% |
| T: > 1,000,000 | 0.05% | 0.04% |
| Overall | 100.00% | 100.00% |



January 18, 2006

Oregon Public Utility Commission
550 Capitol Street NE, Ste 215
Salem, OR 97301-2551

VIA ELECTRONIC FILING

Attn: Vikie Bailey-Goggins, Administrator
Regulatory and Technical Support

Re: PacifiCorp's Errata filing of Simultaneous Opening Testimony and Exhibit for William R. Griffith in Docket No. UE-170

Enclosed for filing is an original and 5 copies of PacifiCorp's Errata filing of Simultaneous Opening Testimony and Exhibit of William R. Griffith in both marked and unmarked versions. Each changed page is labeled "REVISED JANUARY 18, 2006". Copies of this filing have been served on the UE-170 Service List.

PacifiCorp requests that the corrected versions of the Direct Testimony of William R. Griffith (PPL/1214) and the accompanying exhibit (PPL/1215) be used in place of the language originally filed.

It is respectfully requested that all formal correspondence and staff requests regarding this matter be addressed to:

By E-mail (preferred): datarequest@pacificorp.com.

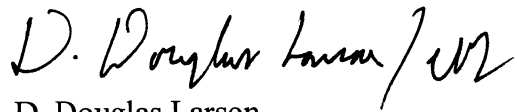
By Fax: (503) 813-6060

By regular mail: Data Request Response Center
PacifiCorp
825 NE Multnomah, Suite 800
Portland, OR 97232

With copies to: Katherine A. McDowell
Stoel Rives LLP
900 S.W. Fifth Ave., Suite 2600
Portland, OR 97204
Telephone Nos. (503) 294-9602
Fax No. (503) 220-2480
Email: kamcdowell@stoel.com

Informal inquiries may be directed to Laura Beane, Regulatory Manager at (503) 813-5542.

Very truly yours,

A handwritten signature in black ink, appearing to read "D. Douglas Larson" followed by a stylized flourish or initials.

D. Douglas Larson
Vice President, Regulation

cc: Service List
Enclosures

I hereby certify that on this 18th day of January 2006, I caused to be served, via email if available and overnight delivery, a true and correct copy of PacifiCorp's Simultaneous Opening Direct Testimony and Exhibits in Docket No. UE-170.

| | |
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Oregon Public Utility Commission



Debbie DePetrìs
Regulatory Analyst

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Q. As you indicated, Senate Bill 81 requires that rate impacts must be no more than 50 percent per year for seven years following termination of the contract. What does the Company propose after the first year of implementation?

A. Assuming Senate Bill 81 remains in effect, in the subsequent years PacifiCorp could continue to implement SB 81 by increasing the applicable charges billed to the qualifying customers by 50 percent per year. At the same time, the Company would continue to show an alternate billing for each customer on standard tariff. The Company would continue to compute the dollar difference between the charges billed under SB 81 and the alternate standard tariff billing. The total annual amount of these dollar differences for this class of customers (as defined under SB 81) for the mitigated rate and the standard tariff rate would equal the rate credits applicable to these customers per year. The cost of providing these rate credits would be spread equally among all other Oregon customers. At the end of seven years, these Klamath Basin customers would be served under standard tariff rates.

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6 A. Yes, there may be. For example, if an existing Klamath Contract customer
7 combined two existing metering points into one new metering point to irrigate the
8 same land, we believe that the energy used at this new metering point may be
9 eligible for mitigation, since energy use and application would be virtually
10 unchanged; however, any new line extension costs would be subject to standard
11 line extension tariffs.

12 **Q. Do you agree with the testimony of Mr. Schoenbeck filed earlier in this**
13 **docket that Klamath Basin Customers (Schedule 33 customers) should be**
14 **served on a standard delivery service tariff separate from Schedule 41?**

15 A. No. Schedule 41 is applicable to agricultural pumping loads under 1,000 kW. It
16 is designed for customers with seasonal usage and incorporates an annual load
17 size charge instead of monthly basic and demand charges in order to recognize the
18 seasonal nature of these customers. The Schedule 41 rate structure is similar to
19 agricultural pumping tariffs in other states served by the Company. As long as
20 customers meet the applicability criteria of Schedule 41, it is appropriate to serve
21 qualifying agricultural pumping loads under this tariff structure in Oregon.

22 In addition to end use similarities, Exhibit PPL/1215 shows that the
23 Klamath Basin Irrigators (Schedule 33) have usage characteristics not unlike

1 Schedule 41 customers. It shows that both groups contain a full range of customer
2 usage characteristics, from small to large. While Schedule 33 customers are
3 somewhat larger on average, Exhibit PPL/1215 shows that both Schedule 33 and
4 Schedule 41 customers cover a full range of usage from zero usage (inactive
5 accounts) to usage over 1,000 MWh per year. In fact, it appears that the only
6 unique characteristics shared by Klamath River Basin Irrigators are a common
7 geography along with the extremely low electric prices they have paid for 50 years
8 under the USBR and UKRB Contracts. We do not believe these are reasonable
9 criteria for a separate rate schedule in the future.

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

11 **A.** Yes it does.

Case UE -170
PPL Exhibit 1215
Witness: William R. Griffith

BEFORE THE PUBLIC UTILITY COMMISSION
OF THE STATE OF OREGON

PACIFICORP

Exhibit Accompanying Direct Testimony of William R. Griffith

Customer Frequency by Annual kWh
Test Period April 2003 to March 2004 - Actual

MARKED VERSION

January 2006

REVISED JANUARY 18, 2006

Table 42141215 - 1
PacifiCorp - State of Oregon
Customer Frequency by Annual kWh
Test Period April 2003 to March 2004 - Actual

| Annual kWh | % of Number of Customers | |
|------------------------|---------------------------------|---------------|
| | Sch 33 | Sch 41 |
| A: 0 | 12.30% | 18.49% |
| B: 1 - 500 | 4.61% | 5.98% |
| C: 501 - 1,000 | 1.80% | 4.54% |
| D: 1,001 - 2,000 | 3.04% | 6.14% |
| E: 2,001 - 5,000 | 6.17% | 12.96% |
| F: 5,001 - 10,000 | 7.92% | 13.55% |
| G: 10,001 - 15,000 | 7.51% | 8.19% |
| H: 15,001 - 20,000 | 6.03% | 6.00% |
| I: 20,001 - 30,000 | 10.46% | 7.30% |
| J: 30,001 - 50,000 | 13.17% | 8.78% |
| K: 50,001 - 80,000 | 10.32% | 4.63% |
| L: 80,001 - 100,000 | 3.27% | 1.18% |
| M: 100,001 - 150,000 | 5.34% | 1.27% |
| N: 150,001 - 200,000 | 3.22% | 0.45% |
| O: 200,001 - 250,000 | 1.89% | 0.13% |
| P: 250,001 - 300,000 | 1.52% | 0.09% |
| Q: 300,001 - 400,000 | 0.74% | 0.10% |
| R: 400,001 - 600,000 | 0.46% | 0.04% |
| S: 600,001 - 1,000,000 | 0.18% | 0.15% |
| T: > 1,000,000 | 0.05% | 0.04% |
| Overall | 100.00% | 100.00% |

Case UE –170
PPL Exhibit 1215
Witness: William R. Griffith

BEFORE THE PUBLIC UTILITY COMMISSION
OF THE STATE OF OREGON

PACIFICORP

Exhibit Accompanying Direct Testimony of William R. Griffith

Customer Frequency by Annual kWh
Test Period April 2003 to March 2004 - Actual

UNMARKED VERSION

January 2006

REVISED JANUARY 18, 2006

Table 1215 - 1
PacifiCorp - State of Oregon
Customer Frequency by Annual kWh
Test Period April 2003 to March 2004 - Actual

| Annual kWh | % of Number of Customers | |
|------------------------|---------------------------------|---------------|
| | Sch 33 | Sch 41 |
| A: 0 | 12.30% | 18.49% |
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| Overall | 100.00% | 100.00% |