

Application No. 18-04-002
Exhibit PAC/2000
Witness: Judith M. Ridenour

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

PACIFICORP

Rebuttal Testimony of Judith M. Ridenour

Rate Spread and Rate Design

November 2018

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ATTACHED EXHIBITS

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Exhibit No. PAC/2002 – Billing Determinants for Present and Proposed Prices

Exhibit No. PAC/2003 – Monthly Billing Comparisons

1 **Q. Are you the same Judith M. Ridenour who submitted direct testimony in this**
2 **case on behalf of PacifiCorp d/b/a Pacific Power (PacifiCorp)?**

3 A. Yes.

4 **I. PURPOSE OF TESTIMONY**

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

6 A. The purpose of my rebuttal testimony is to present PacifiCorp's revised proposed rate
7 spread and rate design based on the revised revenue requirement in this case. I will
8 also respond to the testimony of the Public Advocates Office at the California Public
9 Utilities Commission (Cal Advocates) and the California Farm Bureau Federation
10 (Farm Bureau) regarding rate spread and rate design.

11 **II. RATE SPREAD**

12 **Q. Please summarize the company's proposed revised rate spread.**

13 A. PacifiCorp's proposed rate spread recommends the following net price changes by
14 rate schedule.

<u>Rate Schedule</u>	<u>Proposed Price Change</u>
Residential	1.4%
General Service	
Schedule A-25	0.0%
Schedule A-32	0.0%
Schedule A-36	0.0%
Large General Service	
Schedule AT-48	0.0%
Irrigation – Schedule PA-20	0.0%
Lighting (overall)	-4.4%

25 The rate impacts in this table and described throughout my testimony reflect
26 the impact on total revenues including power cost revenues from PacifiCorp's Energy
27 Cost Adjustment Clause.

1 **Q. What is the basis for PacifiCorp's proposed rate spread?**

2 A. The revised price increase proposed in PacifiCorp's rebuttal case is approximately
3 \$0.8 million or 0.7 percent on a net basis. PacifiCorp's rebuttal rate spread is based
4 on an updated functionalized revenue requirement by customer class from the
5 marginal cost of service study that reflects the revenue requirement supported in
6 company witness Ms. Shelley E. McCoy's rebuttal testimony. PacifiCorp's proposed
7 revised rate spread caps the net rate change for residential customers at 1.4 percent or
8 approximately two times the revised overall net average proposed increase.

9 PacifiCorp has maintained its proposal to keep the increase to general service and
10 irrigation customers at 0.0 percent. For lighting schedules the revised proposed net
11 change is a decrease of 4.4 percent. The revised rate spread and rate design is similar
12 to PacifiCorp's original proposal in this case but takes into account some of the
13 concerns Cal Advocates and Farm Bureau voiced in their respective direct testimony.
14 I will discuss these changes in the next section of my testimony.

15 **Q. Have you prepared an updated exhibit which details PacifiCorp's proposed rate
16 spread by rate schedule?**

17 A. Yes. Exhibit No. PAC/2001 shows the proposed rate spread by rate schedule. It is an
18 update to Exhibit No. PAC/1301 that accompanied my direct testimony.

19 **III. RESPONSE TO INTERVENOR TESTIMONY**

20 **Q. What concerns were raised about rate spread and rate design by Cal Advocates?**

21 A. In her direct testimony, Cal Advocates witness Ms. Crystal Yeh raised two main
22 concerns with PacifiCorp's proposed rate spread and rate design. First, Cal Advocates
23 opposes an increase to the residential basic charge. Ms. Yeh states that an increase to

1 the basic charge will serve to decrease the control residential customers have over
2 their monthly energy costs.¹ Second, Cal Advocates prefers an equal percentage rate
3 spread to all rate schedules. Ms. Yeh explains that the reason for this preference is to
4 mitigate significant changes to rates to any one class of service and to result in an
5 equitable sharing of Cal Advocates proposed revenue requirement decrease.²

6 **Q. How do you respond to Cal Advocates' position on the residential basic charge?**

7 A. Although PacifiCorp maintains that a modest movement toward the marginal monthly
8 commitment and billing cost for a residential customer would be reasonable and
9 appropriate, in light of the smaller increase presented in the company's rebuttal
10 testimony and in response to Cal Advocates position, the company now proposes to
11 maintain the residential basic charge at \$7.20.

12 **Q. How do you respond to Cal Advocates' position on rate spread?**

13 A. PacifiCorp appreciates Cal Advocates' goal of mitigating significant changes to any
14 one class of service. However, the small overall change in revenue requirement
15 proposed in this case presents an ideal opportunity to correct some of the inequity
16 amongst the classes by making movement toward cost of service. Cal Advocates did
17 not oppose PacifiCorp's marginal cost of service study.³ The study indicates that the
18 residential class is currently paying less than cost of service while all other classes of
19 customers are paying more than cost of service.⁴ It is reasonable to make some
20 movement toward cost of service for the residential class while holding general
21 service and irrigation classes at no change and offering a small decrease to the

¹ Exhibit Cal Advocates-05, page 7, lines 2-8.

² *Id.*, page 5, lines 8-15.

³ *Id.*, page 3, lines 12-13.

⁴ Exhibit No. PAC 1201, page 4.

1 lighting class which is furthest from cost of service. PacifiCorp also advocates
2 mitigating significant changes to any one class of service, which is why the proposed
3 increase to the residential class is capped at two times the overall increase. The
4 proposed net increase to the residential class in this rebuttal case is 1.4 percent. A
5 residential customer using an average of 850 kilowatt-hours per month would see no
6 change to their monthly basic charge and an average increase in their monthly energy
7 charges of approximately \$1.83.

8 **Q. What concerns were raised about rate spread and rate design by Farm Bureau?**

9 A. In his direct testimony, Farm Bureau witness Mr. Brandon Charles indicated support
10 for PacifiCorp's proposed rate caps and determined that the proposed rate spread was
11 reasonable based on PacifiCorp's direct case.⁵ Mr. Charles states that the maximum
12 change that the irrigation class should incur is the proposed zero percent.⁶ Farm
13 Bureau appreciates that PacifiCorp proposed no structural changes to irrigation rates⁷
14 and supports PacifiCorp' rate design as filed,⁸ but describes some concern that the
15 cost of service study results in shifting some revenue recovery away from energy
16 charges and toward demand charges.⁹

17 **Q. How do you respond to Farm Bureau's position?**

18 A. PacifiCorp appreciates Farm Bureau's support of the rate spread and rate design
19 proposed in my direct testimony.¹⁰ The rate spread and rate design that I propose in
20 this testimony generally follow the same principles as the rate spread and rate design

⁵ Testimony of Brandon Charles, California Farm Bureau, page 6.

⁶ *Id.*, page 6.

⁷ *Id.*, page 10.

⁸ *Id.*, page 11.

⁹ *Id.*, pages 8-10.

¹⁰ *Id.*, page 11.

1 I proposed in my direct testimony. PacifiCorp has again proposed a zero percent
2 increase to the irrigation class. To address Farm Bureau's concerns regarding the
3 increase in demand charges to the irrigation class, the company has shifted some of
4 the increase to functionalized generation costs for the irrigation class away from
5 demand based charges and into energy based charges, which should help to address
6 Farm Bureau's concerns.

7 **IV. PROPOSED RATES**

8 **Q. Have you prepared updated exhibits which show PacifiCorp's proposed rates**
9 **and monthly billing impacts?**

10 A. Yes. Exhibit No. PAC/2002 shows the present and updated proposed rates. It is an
11 update to Exhibit No. PAC/1303 that accompanied my direct testimony. Exhibit No.
12 PAC/2003 shows the monthly billing impacts for customers of various sizes. It is an
13 update to Exhibit No. PAC/1305 that accompanied my direct testimony.

14 **Q. Does this conclude your rebuttal testimony?**

15 A. Yes.