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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

<p>In the Matter of the Application of Rocky Mountain Power for Authority to Increase its Retail Electric Utility Service Rates in Utah and for Approval of its Proposed Electric Service Schedules and Electric Service Regulations, Consisting of a General Rate Increase of Approximately \$161.2 Million Per Year, and for Approval of a New Large Load Surcharge</p>	<p>Docket No. 07-035-93</p>
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PREFILED DIRECT TESTIMONY OF STEVE W. CHRISS

[COST OF SERVICE / RATE DESIGN]

The UAE Intervention Group (UAE) and Wal-Mart Stores, Inc. (“Wal-Mart”) hereby submit the Prefiled Direct Testimony of Steve W. Chriss on cost of service/rate design issues.

DATED this 21st day of July, 2008.

/s/ _____
Gary A. Dodge,
Attorneys for UAE

Holly Rachel Smith,
Ryan W. Kelly
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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by email this

21st day of July, 2008, on the following:

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BEFORE
THE PUBLIC SERVICE COMMISSION OF UTAH

Direct Testimony of Steve W. Chriss

on behalf of

UAE and Wal-Mart

[Cost of Service / Rate Design]

July 21, 2008

1 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND**
2 **OCCUPATION.**

3 A. My name is Steve W. Chriss. My business address is 2001 SE 10th St.,
4 Bentonville, AR 72716-0550. I am Manager, State Rate Proceedings, for Wal-
5 Mart Stores, Inc.

6 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS DOCKET?**

7 A. I am testifying on behalf of Wal-Mart Stores, Inc. and the Utah Association of
8 Energy Users (“UAE and Wal-Mart”).

9 **Q. ARE UAE AND WAL-MART SPONSORING THE TESTIMONY OF ANY**
10 **OTHER WITNESSES IN THIS PHASE OF THE PROCEEDING?**

11 A. Yes. They are also co-sponsoring the testimony of Kevin Higgins.

12 **Q. PLEASE DESCRIBE YOUR EDUCATION AND EXPERIENCE.**

13 A. In 2001, I completed a Masters of Science in Agricultural Economics at Louisiana
14 State University. From 2001 to 2003, I was an Analyst and later a Senior Analyst
15 at the Houston office of Econ One Research, Inc., a Los Angeles-based consulting
16 firm. My duties included research and analysis on domestic and international
17 energy and regulatory issues. From 2003 to 2007, I was an Economist and later a
18 Senior Utility Analyst at the Public Utility Commission of Oregon in Salem,
19 Oregon. My duties included appearing as a witness for PUC Staff in electric,
20 natural gas, and telecommunications dockets. I joined the energy department at

1 Wal-Mart in July 2007. My Witness Qualifications Statement is found at
2 UAE-WM Exhibit COS/RD 2.1 attached hereto.

3 **Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE THE**
4 **UTAH PUBLIC SERVICE COMMISSION?**

5 A. No, this is my first time submitting testimony before the Utah Public Service
6 Commission.

7 **Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE**
8 **OTHER STATE REGULATORY COMMISSIONS?**

9 A. Yes. I have submitted testimony before the utility regulatory commissions in
10 Colorado, Louisiana, Nevada, Indiana, and Oregon on dockets regarding cost of
11 service and rate spread, qualifying facility rates, telecommunications deregulation,
12 resource certification, demand side management, and the collection of cash
13 earnings on construction work in progress.

14 **Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY IN A**
15 **PACIFICORP RATE CASE?**

16 A. Yes. I submitted testimony in Oregon docket UE 179, PacifiCorp's 2006 general
17 rate case in that jurisdiction.

18 **Q. HAVE YOU PREPARED EXHIBITS?**

19 A. Yes, I have prepared UAE-WM Exhibit COS/RD 2.1, consisting of three (3)
20 pages and UAE-WM Exhibit COS/RD 2.2, consisting of fourteen (14) pages.

21

1 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

2 A. I address an issue with Rocky Mountain Power's ("RMP") Schedule 115,
3 Commercial and Industrial Energy Efficiency Incentives, Optional for Qualifying
4 Customers, Schedule 125, Commercial & Industrial Energy Services, Optional for
5 Qualifying Customers, and Schedule 192, Self-Direction Credit, and the contracts
6 used by RMP to implement these schedules.

7 **Q. WHAT CHANGES DO UAE AND WAL-MART PROPOSE TO THESE**
8 **SCHEDULES AND THEIR IMPLEMENTATION?**

9 A. UAE and Wal-Mart propose to delete some language contained in the standard
10 contracts used by RMP when it enters into an agreement with a customer under a
11 demand side management program.

12 **Q. WHAT IS THE LANGUAGE OF CONCERN?**

13 A. As I understand it, the standard contracts currently used by RMP contain language
14 identical or similar to the following:

15 "Customer hereby transfers to Rocky Mountain Power all "Environmental
16 Attributes" attributable to the Energy Efficiency Project or its operation.
17 Environmental Attributes include any and all credits, benefits, emissions
18 reductions, offsets and allowances, howsoever entitled, resulting from the
19 avoidance of the emission of any substance to the air, soil or water at or by
20 PacifiCorp generating facilities through reduced generation of energy or other
21 savings or offsets on account of the Energy Efficiency Project. Customer will

1 not claim ownership of any Environmental Attributes. As long as Customer at
2 the same time states the Energy Efficiency Project was made possible with
3 funding from Rocky Mountain Power, Customer may claim that it is
4 facilitating the production of the Environmental Attributes attributable to the
5 Energy Efficiency Project.” See UAE-WM Exhibit COS/RD 2.2, pages 3 and
6 10 (Section 2.5). It is my understanding that the contract used to implement
7 Schedule 192 contains this or similar language.

8 **Q. WHY IS THIS LANGUAGE PROBLEMATIC?**

9 A. This language is problematic for several reasons. First, it is an impediment to
10 broader participation in energy efficiency and demand reduction programs
11 because it effectively conditions a customer’s decision to participate in such a
12 program with RMP on transferring ownership of the related environmental
13 attributes to RMP. This transfer is required under the current contractual language
14 without any corresponding payment or consideration to the customer.

15 Second, it is inconsistent with my reading of recently-enacted Utah law, Utah
16 Code Sections 54-17-601(10)(e)(i) and 54-17-603(4)(b), which provide that
17 customers who own demand side measures have the right to any environmental
18 credits or attributes derived from those measures. While the market for these
19 attributes is still in its infancy, their future value is not known and customers
20 should not be required to forego those future market opportunities.

1 **Q. IS IT FAIR FOR A CUSTOMER WHO PARTICIPATES IN A DEMAND**
2 **SIDE PROGRAM TO RETAIN THE VALUE OF THE**
3 **ENVIRONMENTAL ATTRIBUTES?**

4 A. Yes. It is the customer who implements and owns the measure, not the Company.
5 Although implementation of these measures may utilize money collected from
6 other customers, they defer or eliminate the need for more costly supply-side
7 resources and are thus cost-effective and fair for all customers. Additionally, this
8 funding does not confer ownership rights and responsibilities to any party other
9 than the customer implementing the measure – it is the customer implementing
10 the measure that is generally providing the bulk of the investment and who will be
11 responsible for ongoing operation and maintenance costs. That customer should
12 have the right to retain all of the benefits that result from its actions, as is clearly
13 contemplated by Utah Code Sections 54-17-601(10)(e)(1) and 54-17-603(4)(b).

14 **Q. WHAT CHANGE DO YOU PROPOSE TO THE CONTRACTUAL**
15 **LANGUAGE?**

16 A. To avoid these issues and to ensure consistency with the intent of the legislature,
17 all of the language referenced above, or any similar language, should be deleted in
18 its entirety from all demand side management contracts.

19 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

20 A. Yes.