

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
5 Wal-Mart Stores, Inc.

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

7 A. I am testifying on behalf of Wal-Mart Stores, Inc. and Sam's West, Inc.
8 (collectively "Wal-Mart").

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

10 A. In 2001, I completed a Masters of Science in Agricultural Economics at
11 Louisiana State University. From 2001 to 2003, I was an Analyst and later
12 a Senior Analyst at the Houston office of Econ One Research, Inc., a Los
13 Angeles-based consulting firm. My duties included research and analysis
14 on domestic and international energy and regulatory issues. From 2003
15 to 2007, I was an Economist and later a Senior Utility Analyst at the Public
16 Utility Commission of Oregon in Salem, Oregon. My duties included
17 appearing as a witness for PUC Staff in electric, natural gas, and
18 telecommunications dockets. I joined the energy department at Wal-Mart
19 in July 2007. My Witness Qualifications Statement is found on Exhibit
20 SWC-1.

1 **Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE THE**
2 **PUBLIC SERVICE COMMISSION OF UTAH (“PSC” OR**
3 **“COMMISSION”)?**

4 A. Yes. I submitted testimony in Docket 07-035-93.

5 **Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE OTHER**
6 **STATE REGULATORY COMMISSIONS?**

7 A. Yes. I have submitted testimony before utility regulatory commissions in
8 Arkansas, Colorado, Indiana, Louisiana, Nevada, New Mexico, Oklahoma,
9 Oregon, and South Carolina on dockets regarding cost of service and rate
10 spread, qualifying facility rates, telecommunications deregulation,
11 resource certification, energy efficiency/demand side management, fuel
12 cost adjustment mechanisms, and the collection of cash earnings on
13 construction work in progress.

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

15 A. Yes. I have prepared Exhibit SWC-1, consisting of four pages, and
16 Exhibit SWC-2, consisting of one page.

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

18 A. The purpose of my testimony is to address the issues related to cost of
19 service and revenue allocation, responding specifically to the testimonies
20 of Rocky Mountain Power (“RMP” or “the Company”) witnesses William R.
21 Griffith and C. Craig Paice. The fact that an issue is not addressed

1 should not be construed as an endorsement of RMP's position or the
2 position of any other party.

3 **Q. PLEASE SUMMARIZE YOUR RECOMMENDATIONS.**

4 A. My recommendations are as follows:

- 5 1) Wal-Mart does not take a position on the Company's proposed cost of
6 service model at this time, and to the extent that alternative cost of service
7 models are proposed by other parties, Wal-Mart reserves the right to
8 address any such models in rebuttal testimony;
- 9 2) Revenue should be allocated in accordance with the approved cost of
10 service model in this docket; and
- 11 3) Any rate mitigation mechanism put in place should attempt to move each
12 customer class closer to rates based on its cost of service. Additionally,
13 the mechanism should ensure that if a cost-based increase for a customer
14 class falls within the banded range of percentage increases approved by
15 the Commission, the increase for that customer class is set no higher than
16 the cost-based increase.

17 **Q. GENERALLY, WHAT IS WAL-MART'S POSITION ON SETTING RATES**
18 **BASED ON THE UTILITY'S COST OF SERVICE?**

19 A. Wal-Mart advocates that rates be set based on the utility's cost of service.
20 This produces equitable rates that reflect cost causation, send proper
21 price signals, and minimize price distortions.

1 **Q. DOES WAL-MART TAKE A POSITION ON THE COMPANY'S**
2 **PROPOSED COST OF SERVICE MODEL AT THIS TIME?**

3 A. No. However, to the extent that alternative cost of service models are
4 proposed by other parties, Wal-Mart reserves the right to address any
5 such models in rebuttal testimony.

6 **Q. HAS THE COMPANY PRESENTED PROPOSED CUSTOMER CLASS**
7 **REVENUE INCREASES BASED ON ITS COST OF SERVICE MODEL?**

8 A. Yes. Those proposed customer class revenue increases are put forth in
9 the Exhibits of Mr. Paice. The rate changes for the various customer
10 classes, at the Company's proposed revenue requirement, per the cost of
11 service model, range from a reduction of 43 percent to an increase of 39
12 percent. For the major rate classes – Residential, General Service, and
13 Irrigation – the proposed rate increases at cost of service range from 0.6
14 percent for Residential to 21.68 percent for Irrigation. See Exhibit CCP-1,
15 page 2.

16 **Q. PLEASE EXPLAIN YOUR UNDERSTANDING OF THE COMPANY'S**
17 **RATE SPREAD PROPOSAL.**

18 A. The Company has proposed limiting the increases to each class within a
19 banded range of percentage increases. By banded range, I mean the
20 Company has set a floor and ceiling for the percentage level of rate
21 increases faced by the utility's customer classes. The proposed band is
22 sized at two percent; that is, the maximum proposed rate increase is two

1 percent higher than the minimum proposed rate increase. In this docket,
2 the Company's proposed range of increases at their proposed revenue
3 requirement is four percent to six percent. See Direct Testimony of
4 William R. Griffith, page 3, lines 46 through 58.

5 **Q. DOES THE COMPANY'S PROPOSED RATE SPREAD REFLECT THE**
6 **COMPANY'S PROPOSED COST OF SERVICE?**

7 A. No. The Company has proposed a rate spread that differs significantly
8 from the customer class revenue increases that result from the
9 Company's cost of service study sponsored by Mr. Paice. See Exhibit
10 WRG-1, page 1.

11 **Q. WHAT REASONING HAS THE COMPANY PROVIDED FOR THE**
12 **PROPOSED RATE SPREAD?**

13 A. The Company states that the increases will minimize customer impacts
14 while reflecting cost of service. Also, the Company states that the
15 proposed rate spread "relies on the recent rate spread stipulation in
16 Docket No. 08-035-38," the Company's prior general rate case. See
17 Direct Testimony of William R. Griffith, page 3, lines 46 through 58.

18 **Q. SHOULD THE COMMISSION ADOPT THE PROPOSED RATE**
19 **SPREAD?**

20 A. No. At the Company's proposed revenue requirement, the proposed rate
21 spread results in significant over- and under-collections of the revenue
22 requirement increase for the major rate classes. In total, amongst the

1 Residential, General Service, and Irrigation classes, classes from which
2 revenues are over-collected will experience over-collections of
3 approximately \$24 million and classes from which revenues are under-
4 collected will experience under-collections of approximately \$11 million.
5 See Exhibit SWC-2.

6 **Q. WHAT IS YOUR RECOMMENDATION FOR RATE SPREAD IN THIS**
7 **DOCKET?**

8 A. Rates should be set such that the utility recovers from each class 100
9 percent of its cost of service per the approved cost of service model and
10 revenue requirement in this docket.

11 **Q. GIVEN THAT THE APPROVED COST OF SERVICE MODEL MAY**
12 **LIKELY RESULT IN A WIDE RANGE OF CUSTOMER IMPACTS, DOES**
13 **WAL-MART OPPOSE THE USE OF A RATE MITIGATION**
14 **MECHANISM?**

15 A. Not necessarily. However, for the purposes of this docket, any rate
16 mitigation mechanism put in place should attempt to move each customer
17 class closer to rates based on its cost of service. Additionally, the
18 mechanism should ensure that if a cost-based increase for a customer
19 class falls within the banded range of percentage increases approved by
20 the Commission the increase for that customer class is set no higher than
21 the cost-based increase. For example, if the banded range is two percent

1 to five percent, and the cost of service increase for a customer class is
2 four percent, the rate increase for that class should be set at four percent.

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

4 A. Yes.