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**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

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**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.**

**Docket No. 10-035-124**

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**DIRECT TESTIMONY  
OF  
STEVE W. CHRISS  
COST OF SERVICE AND RATE DESIGN PHASE  
ON BEHALF OF WAL-MART STORES, INC. AND SAM'S WEST, INC.**

**Dated: June 2, 2011**

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 DOCKET?**

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

9 **Q. ARE YOU THE SAME STEVE W. CHRISS WHO TESTIFIED EARLIER**  
10 **IN THIS DOCKET?**

11 A. Yes. I submitted testimony in this docket on May 11, 2011. My Witness  
12 Qualifications Statement is found on Exhibit SWC-1.

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

14 A. Yes. I have prepared Exhibit SWC-3, consisting of one page.

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

16 A. The purpose of my testimony is to address the proposed rate spread of  
17 Rocky Mountain Power ("RMP" or "the Company"). Specifically, I respond  
18 to the testimonies of Company witnesses William R. Griffith and C. Craig  
19 Paice. My recommendations are as follows:

20 1) Walmart does not take a position on the Company's proposed cost of  
21 service model at this time, and to the extent that alternative cost of service

1 models are proposed by other parties, Walmart reserves the right to  
2 address any such models in rebuttal testimony;

- 3 2) For the purposes of this docket, Walmart does not object to the  
4 Company's proposed revenue allocation; and
- 5 3) If the Commission determines that the appropriate level of revenue  
6 requirement is lower than the level proposed by the Company, the  
7 Commission should determine the extent to which rates can be moved  
8 closer to the cost of service for each rate class.

9 **Q. GENERALLY, WHAT IS WALMART'S POSITION ON SETTING RATES**  
10 **BASED ON THE UTILITY'S COST OF SERVICE?**

11 A. Walmart advocates that rates be set based on the utility's cost of service.  
12 This produces equitable rates that reflect cost causation, send proper  
13 price signals, and minimize price distortions.

14 **Q. DOES WALMART TAKE A POSITION ON THE COMPANY'S**  
15 **PROPOSED COST OF SERVICE MODEL AT THIS TIME?**

16 A. No. However, to the extent that alternative cost of service models are  
17 proposed by other parties, Walmart reserves the right to address any such  
18 models in rebuttal testimony.

19 **Q. HAS THE COMPANY PRESENTED PROPOSED CUSTOMER CLASS**  
20 **REVENUE INCREASES BASED UPON ITS COST OF SERVICE**  
21 **MODEL?**

1 A. Yes. Those proposed customer class revenue increases are put forth in  
2 the Exhibits of Mr. Paice. For the General Service rate classes, the  
3 proposed cost of service revenue changes, at the Company's proposed  
4 revenue requirement, range from 9.29 percent for Schedule 6 to 18.88  
5 percent for Schedule 9. See Exhibit CCP-1, page 2.

6 **Q. PLEASE EXPLAIN YOUR UNDERSTANDING OF THE COMPANY'S**  
7 **RATE SPREAD PROPOSAL?**

8 A. The Company has proposed a rate spread in which the proposed rate  
9 increases have generally been assigned to each customer class in relation  
10 to the cost of service-based revenue increase at the Company's proposed  
11 revenue requirement. See Direct Testimony of William R. Griffith, page 3,  
12 line 41 to page 4, line 68.

13 **Q. DOES THE COMPANY PROPOSE TO MOVE EACH CLASS TO ITS**  
14 **COST OF SERVICE AT THE PROPOSED REVENUE REQUIREMENT?**

15 A. No. Instead, for the General Service classes, the Company proposes  
16 moving Schedules 6 and 23, approximately 50 percent toward their  
17 respective cost of service-based levels, from the mid-point increase, and  
18 Schedule 9 approximately 37 percent toward its respective cost of service-  
19 based level. See Exhibit SWC-3. The revenue level for Schedule 8 would  
20 be set slightly higher than its cost of service-based level. See Exhibit  
21 CPP-1, page 2 and WRG-1.

1       **Q.    DOES THE COMPANY PROVIDE A REASON FOR NOT MOVING**  
2       **EACH CLASS TO THEIR RESPECTIVE CLASS COST OF SERVICE?**

3       A.    Generally, yes. The Company states that the rate spread is “designed to  
4       reflect cost of service results while balancing the impact of the rate change  
5       across customer classes.” See Direct Testimony of William R. Griffith,  
6       page 3, line 42 to line 43.

7       **Q.    FOR THE PURPOSES OF THIS DOCKET, DO YOU OBJECT TO THE**  
8       **COMPANY’S PROPOSED RATE SPREAD?**

9       A.    No. Given the level of the Company’s proposed revenue requirement  
10      increase and the associated increase to customer bills during the current  
11      economic downturn, for the purposes of this docket I do not object to the  
12      Company’s revenue allocation.

13      **Q.    WHAT IS YOUR RECOMMENDATION TO THE COMMISSION IF IT**  
14      **DETERMINES THAT A LOWER LEVEL OF REVENUE REQUIREMENT**  
15      **IS APPROPRIATE?**

16      A.    If the Commission determines that the appropriate level of revenue  
17      requirement is lower than the level proposed by the Company, the  
18      Commission should determine the extent to which rates can be moved  
19      closer to the cost of service for each rate class.

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

21      A.    Yes.