

STATE OF UTAH
PUBLIC SERVICE COMMISSION

In the Matter of Rocky Mountain Power's)
Proposed Electric Service Schedule No. 34,) **Docket No. 16-035-T09**
Renewable Energy Tariff)

DIRECT TESTIMONY AND EXHIBITS OF
STEVE W. CHRISS
ON BEHALF OF
WAL-MART STORES, INC.

JULY 28, 2016

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Exhibits

Exhibit SWC-1: Witness Qualifications Statement

1 **Introduction**

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

3 A. My name is Steve W. Chriss. My business address is 2001 SE 10th St.,
4 Bentonville, AR 72716-0550. I am employed by Wal-Mart Stores, Inc. as Senior
5 Manager, Energy Regulatory Analysis.

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

7 A. I am testifying on behalf of Wal-Mart Stores, Inc. ("Walmart").

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

9 A. In 2001, I completed a Master of Science in Agricultural Economics at Louisiana State
10 University. From 2001 to 2003, I was an Analyst and later a Senior Analyst at the
11 Houston office of Econ One Research, Inc., a Los Angeles-based consulting firm. My
12 duties included research and analysis on domestic and international energy and
13 regulatory issues. From 2003 to 2007, I was an Economist and later a Senior Utility
14 Analyst at the Public Utility Commission of Oregon in Salem, Oregon. My duties
15 included appearing as a witness for PUC Staff in electric, natural gas, and
16 telecommunications dockets. I joined the energy department at Walmart in July
17 2007 as Manager, State Rate Proceedings, and was promoted to my current position
18 in June 2011. My Witness Qualifications Statement is attached as Exhibit SWC-1.

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

3 A. Yes. I submitted testimony in Docket Nos. 07-035-93, 09-035-23, 09-035-15, 10-035-
4 124, 11-035-200, 13-035-184, and 14-035-T02.

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

7 A. Yes. I have submitted testimony in over 145 proceedings before 37 other utility
8 regulatory commissions. I have also submitted testimony before the Missouri House
9 Committee on Utilities, the Missouri House Energy and Environment Committee, the
10 Missouri Senate Veterans' Affairs, Emerging Issues, Pensions, and Urban Affairs
11 Committee, and the Kansas House Standing Committee on Utilities and
12 Telecommunications. My testimony has addressed topics including, but not limited
13 to, cost of service and rate design, return on equity (“ROE”), revenue requirement,
14 ratemaking policy, large customer renewable programs, qualifying facility rates,
15 telecommunications deregulation, resource certification, energy efficiency/demand
16 side management, fuel cost adjustment mechanisms, decoupling, and the collection
17 of cash earnings on construction work in progress (“CWIP”).

18 **Q. ARE YOU SPONSORING EXHIBITS IN YOUR TESTIMONY?**

19 A. Yes. I am sponsoring the exhibits listed in the Table of Contents.

1 **Q. PLEASE BRIEFLY DESCRIBE WALMART'S OPERATIONS IN UTAH.**

2 A. Walmart operates 59 retail units and three distribution centers and employs 17,128
3 associates in Utah. In fiscal year ending 2015, Walmart purchased \$1.6 billion worth
4 of goods and services from Utah-based suppliers, supporting 25,037 supplier jobs.¹

5 **Q. PLEASE BRIEFLY DESCRIBE WALMART'S OPERATIONS WITHIN ROCKY MOUNTAIN**
6 **POWER'S ("RMP" OR "COMPANY") SERVICE TERRITORY.**

7 A. Walmart has 45 stores, three distribution centers, and related facilities that take
8 electric service from RMP. For the purposes of my analysis in this testimony, I am
9 assuming that Walmart, as a potential Schedule 34 customer, has 50 delivery points.

10 **Q. HAS WALMART ESTABLISHED CORPORATE RENEWABLE ENERGY GOALS?**

11 A. Yes. Walmart has established aggressive and significant renewable energy goals,
12 including: (1) to be supplied 100 percent by renewable energy² and (2) to drive, by
13 2020, the annual production or procurement of seven billion kWh of renewable
14 energy across the globe.³ The Corporate Renewable Energy Buyer's Principles,
15 published by World Resources Institute and World Wildlife Fund and to which
16 Walmart is a signatory, provides more detail around corporate customer renewable
17 energy needs.⁴

¹ <http://corporate.walmart.com/our-story/locations/united-states#/united-states/utah>

² <http://corporate.walmart.com/global-responsibility/environmental-sustainability>

³ <http://www.walmartgreenroom.com/2013/04/walmarts-next-big-step-on-renewable-energy-and-energy-efficiency/>

⁴ <http://buyersprinciples.org/principles/>

1 **Purpose of Testimony and Summary of Recommendations**

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

3 A. The purpose of my testimony is to address aspects of RMP's application for approval
4 of Schedule No. 34, Renewable Energy Purchases for Qualified Customers – 5,000
5 kW and Over ("Schedule 34" or "RET").

6 **Q. PLEASE SUMMARIZE YOUR RECOMMENDATIONS TO THE COMMISSION.**

7 A. My recommendations to the Commission are as follows:

8 1) Walmart recommends the Commission find that approval of Schedule 34, as
9 modified per the recommendations below, is reasonable and in the public
10 interest.

11 2) The Commission should limit the assessment of the proposed application fee
12 to a single fee per customer contract, regardless of the number of delivery
13 points contained in the contract.

14 3) The Commission should set the delivery point administrative fee to
15 \$150/month as proposed by the Company, subject to a cap of \$1,500/month
16 for all delivery points for multi-site customers. This cap represents the
17 equivalent of 20 hours of work at \$75/hour. To the extent that, after
18 implementation of Schedule 34, the actual cost incurred is found to be
19 different, the Company may propose a new fee for consideration by the
20 Commission as part of their next general rate case.

1 4) Walmart recommends that the Commission require the Company to treat all
2 customers equally and approve the following language to replace the
3 Company's proposed Condition 1(c)(ii):

4 ~~For a new Customer or for new load from expansion of an existing Customer~~
5 ~~facility, †~~The Renewable Energy Rate may be based on a different methodology
6 which must be set forth in the contract.

7
8 5) Walmart proposes the following change to Condition 1(d) in the Company's
9 proposed Schedule 34 tariff:

10 The contract will contain service termination provisions obligating the Customer
11 to continue to pay all of the costs of the renewable energy contract or contracts
12 entered into by the Company on the Customer's behalf in the event the contract
13 is terminated early and a cost obligation related to the renewable energy
14 contract or contracts continues beyond the termination. All costs related to the
15 renewable energy contract(s) will be borne by the Customer. A customer with
16 multiple delivery points shall have the option to transfer the renewable energy
17 contract obligation of one delivery point to a new or existing delivery point
18 within the Company's service territory without termination or other fees. The
19 Customer shall be required to provide adequate credit assurances.

20 **Q. DOES THE FACT THAT YOU MAY NOT ADDRESS AN ISSUE OR POSITION**
21 **ADVOCATED BY THE COMPANY INDICATE WALMART'S SUPPORT?**

22 A. No. The fact that an issue is not addressed herein or in related filings should not be
23 construed as an endorsement of any filed position.

1 **Enabling Statute**

2 **Q. WHAT IS YOUR UNDERSTANDING OF THE STATUTE THAT ENABLES RMP'S**
3 **PROPOSED SCHEDULE 34?**

4 A. While I am not an attorney, my understanding is that the statute that enables
5 Schedule 34 proposed by RMP is Utah Annotated Code § 54-17-806. The Code
6 section specifically states:

7 (1) The commission may authorize a qualified utility to implement a renewable
8 energy tariff in accordance with this section if the commission determines the
9 tariff that the qualified utility proposes is reasonable and in the public interest.

10 (2) If a tariff is authorized under Subsection (1), a qualified utility customer with
11 an aggregated electrical load of at least five megawatts and who agrees to
12 service that is subject to the renewable energy tariff shall pay:

13 (a) the customer's normal tariff rate;

14 (b) an incremental charge in an amount equal to the difference between
15 the cost to the qualified utility to supply renewable generation to the
16 renewable energy tariff customer and the qualified utility's avoided costs
17 as defined in Subsection 54-2-1(1), or a different methodology
18 recommended by the qualified utility; and

19 (c) an administrative fee in an amount approved by the commission.

20 (3) The commission shall allow a qualified utility to recover the qualified utility's
21 prudently incurred cost of renewable generation procured pursuant to the tariff
22 established in this section that is not otherwise recovered from the proceeds of
23 the tariff paid by customers agreeing to service that is subject to the renewable
24 energy tariff.

1 **Advice No. 16-08, Proposed Schedule 34**

2 **Q. WHAT IS YOUR UNDERSTANDING OF THE COMPANY'S PROPOSED SCHEDULE 34?**

3 A. My understanding is that the Company's June 17, 2016, filed Schedule 34 proposal is
4 structured as follows:

5 1) Schedule 34 may be utilized by a customer with an aggregated load
6 under a single corporate entity of at least 5,000 kW;

7 2) The Company will deliver energy from one or more renewable energy
8 resources;

9 3) The renewable energy resource may be owned by the Company, the
10 Customer, or any other person or entity, and the resource may not be
11 already included in the Company's rates;

12 4) Renewable energy credits ("RECs") will be deposited in to an account
13 maintained by or on behalf of the customer;

14 5) The maximum amount of renewable energy to be acquired is based upon
15 the projected annual energy consumption of the customer;

16 6) The Company proposes a \$5,000 application fee;

17 7) The Company proposes to bill the customer's account(s) per the terms
18 and conditions of the account's otherwise applicable tariff plus the
19 monthly administrative fee and renewable energy rate;

20 8) The Company proposes an administrative fee of \$110/generation
21 source/month and \$150/delivery point/month;

1 9) The Company proposes the renewable energy rate to be the difference
2 between the cost to the Company to supply renewable energy to the
3 customer, which is the contract rate with the renewable generator, and
4 the Company's avoided costs;

5 10) For a new customer or new load from expansion of an existing customer,
6 the Company proposes that the renewable energy rate may be based on
7 a "different methodology"; and

8 11) The Company proposes that the contract termination provisions obligate
9 the Customer to continue to pay all of the costs of the renewable energy
10 contract to the extent obligations extend past the termination. *See*
11 Advice No. 16-08, Schedule No. 34.

12 **Q. DOES WALMART HAVE CONCERNS WITH THE COMPANY'S PROPOSED RET?**

13 A. Yes. There are several items, particularly in regards to the Company's proposed
14 fees, which should be addressed by the Commission prior to approval of a RET.

15
16 **Application Fee**

17 **Q. WHAT IS WALMART'S CONCERN IN REGARDS TO THE COMPANY'S PROPOSED**
18 **APPLICATION FEE?**

19 A. Walmart's concern is the lack of clarity in the proposed RET in regards to the
20 operation of the application fee of \$5,000. The Company's proposed language does
21 not specify if the application fee would apply once per customer contract, regardless

1 of the number of delivery points, or if the fee would be assessed to a customer by
2 delivery point contained in the contract. See Advice No. 16-08, Schedule No. 34,
3 condition 3. For example, if the application fee is applied once per customer
4 contract, the application fee assessed to Walmart would be \$5,000. If the
5 application fee is assessed by delivery point contained in the contract, the
6 application fee assessed to Walmart would be \$250,000.⁵ As such, this fee, if
7 assessed by delivery point, will severely disadvantage customers who would use the
8 RET to serve multiple delivery points.

9 **Q. DOES THE COMPANY IDENTIFY THE COSTS TO BE RECOVERED THROUGH THE**
10 **APPLICATION FEE?**

11 A. Yes. The Company identifies costs incurred by the Company to negotiate and
12 prepare the renewable energy contract for review by the Commission. See Advice
13 No. 16-08, Schedule No. 34, condition 3 and Direct Testimony of Joelle Steward,
14 page 5, line 102 to 104. However, the Company has not included any justification in
15 its filing as to how this cost would vary by the number of delivery points included in
16 the contract.

17 **Q. WHAT IS YOUR RECOMMENDATION TO THE COMMISSION ON THIS ISSUE?**

18 A. The Commission should limit the assessment of the proposed application fee to a
19 single fee per customer contract, regardless of the number of delivery points
20 contained in the contract.

⁵ \$5,000 x 50 Delivery Points

1 **Delivery Point Administrative Fee**

2 **Q. WHAT IS WALMART'S CONCERN IN REGARDS TO THE COMPANY'S PROPOSED**
3 **DELIVERY POINT ADMINISTRATIVE FEE?**

4 A. Walmart's concern is the amount of the proposed delivery point administrative fee
5 of \$150/delivery point/month. See Advice No. 16-08, Schedule No. 34, page 1. The
6 proposed administrative fee appears to be excessive and not supported by
7 substantial evidence that the proposed fee is cost based. Additionally, the rate and
8 structure of the administrative fee disadvantages multi-site customers who would
9 pursue service under the RET.

10 **Q. HOW DOES THE PROPOSED DELIVERY POINT ADMINISTRATIVE FEE DISADVANTAGE**
11 **MULTI-SITE CUSTOMERS?**

12 A. The proposed administrative fee would create a significant cost barrier to
13 participation in Schedule 34 by multi-site customers. For example, as I state above,
14 for the purposes of analysis in this docket, Walmart has 50 delivery points that
15 would participate in the RET. Under RMP's proposal, Walmart would then spend
16 \$90,000/year just for costs from the delivery point administrative fee, whereas a
17 single-site customer would incur only \$1,800/year.

1 **Q. DOES THE COST IMPACT OF THE PROPOSED DELIVERY POINT ADMINISTRATIVE FEE**
 2 **HAVE A POTENTIALLY SIGNIFICANT IMPACT ON THE ECONOMICS OF A RET**
 3 **CONTRACT FOR A MULTI-SITE CUSTOMER?**

4 A. Yes, as an increase in the number of delivery points, all else being equal, will
 5 correspondingly increase the customer’s cost per MWh or kWh. I have estimated
 6 the annual \$/MWh impact of the administrative fee as proposed, assuming a
 7 customer purchases 75,000 MWh/year through Schedule 34, and have summarized
 8 the results in Table 1. For a single-site customer, the administrative fee would
 9 constitute only \$0.02/MWh of the cost to the customer. In contrast, for a customer
 10 with 50 delivery points, the administrative fee would constitute \$1.20/MWh in cost
 11 to the customer. This difference could potentially make the RET prohibitively
 12 expensive for a customer and discourage the purchase of renewable energy.

Table 1. Impact of RMP’s Proposed Delivery Point Administrative Fee.			
Number of Delivery Points	Annual MWh Purchased	Annual Delivery Point Administrative Fee Cost (\$)	Administrative Fee Cost (\$/MWh)
(1)	(2)	(3) (1) X \$150 x 12	(4) (3) / (2)
1	75,000	\$1,800	\$0.02
25	75,000	\$45,000	\$0.60
50	75,000	\$90,000	\$1.20

13
 14 **Q. DOES THE COMPANY IDENTIFY THE BASIS FOR THE PROPOSED FEE?**

15 A. Yes. The Company identifies the basis for the proposed fee as the Commission-
 16 approved delivery point administrative fee in Schedule 32, Service From Renewable

1 Energy Facilities. See Direct Testimony of Joelle R. Steward, page 6, line 119 to line
2 123.

3 **Q. DOES THE COMPANY PROVIDE ANY ANALYSIS TO JUSTIFY THE LEVEL OF COST AS IT**
4 **PERTAINS TO THE PROPOSED RET?**

5 A. No.

6 **Q. DOES THE PROPOSED RET APPEAR TO BE POTENTIALLY SIMPLER TO ADMINISTER**
7 **AND BILL THAN SCHEDULE 32?**

8 A. Yes. It appears that the RET billing process will require the Company to measure the
9 generation output for the billing period, multiply that output by the difference
10 between the renewable contract rate and the applicable avoided cost rate for that
11 period in order to generate a total amount to be charged or credited to the
12 customer, and allocate and bill that amount to the customer's delivery points.

13 In contrast, my understanding of Schedule 32 is that, in addition to the
14 measurement of the generator output and allocation of the output to a customer's
15 delivery points, the load at each delivery point is subdivided into Renewable
16 Contract Power and Supplementary Contract Power. The Renewable Contract
17 Power subdivision is settled against allocated generation output and billed using
18 Schedule 32 rates and the renewable contract rate, and the Supplemental Contract
19 Power subdivision is billed at the otherwise applicable tariff.

1 **Q. DID THE COMPANY PROVIDE A LABOR RATE IN THEIR APPLICATION FOR**
2 **APPROVAL OF SCHEDULE 32?**

3 A. Yes. In that docket the Company provided a labor rate of \$75/hour for proposed
4 Schedule 32 billing activities. See Docket No. 14-035-T02, Direct Testimony of David
5 L. Taylor, page 9, line 182 to line 191.

6 **Q. FOR A CUSTOMER WITH 50 DELIVERY POINTS, WHAT IS THE IMPLIED NUMBER OF**
7 **HOURS IN A YEAR NEEDED TO BILL THE PROPOSED RET TO THE 50 DELIVERY**
8 **POINTS?**

9 A. Using the labor rate of \$75/hour and \$90,000 annual delivery point administrative
10 fee cost, the implication is that the Company requires 1,200 hours a year to perform
11 the billing task described above. While I am not an expert in utility billing, this
12 appears to be an excessive amount of time.

13 **Q. WHAT IS YOUR RECOMMENDATION TO THE COMMISSION ON THIS ISSUE?**

14 A. Without a cost study to determine the actual cost that would be incurred by the
15 Company for billing, Walmart proposes that the Commission should set the delivery
16 point administrative fee to \$150/month as proposed by the Company, subject to a
17 cap of \$1,500/month for all delivery points for multi-site customers. This cap
18 represents the equivalent of 20 hours of work per month at \$75/hour. To the extent
19 that, after implementation of Schedule 34, the actual cost incurred is found to be
20 different, the Company may propose a new fee for consideration by the Commission
21 as part of their next general rate case.

1 **New Vs. Existing Load**

2 **Q. DOES THE COMPANY'S PROPOSED SCHEDULE 34 LANGUAGE ALLOW FOR A**
3 **DIFFERENT RENEWABLE ENERGY RATE METHODOLOGY FOR A NEW CUSTOMER OR**
4 **NEW LOAD FROM AN EXPANSION OF AN EXISTING CUSTOMER?**

5 A. Yes. See Advice No. 16-08, Schedule No. 34, condition 1(c)(ii).

6 **Q. DOES THE ENABLING STATUTE APPEAR TO ALLOW RMP TO PROPOSE A**
7 **"DIFFERENT METHODOLOGY" TO CALCULATE THE RENEWABLE ENERGY RATE IN**
8 **THE RET?**

9 A. Yes. See Utah Code Annotated § 54-17-806(2)(b).

10 **Q. DOES THE ENABLING STATUTE APPEAR TO ALLOW DIFFERENTIATION BETWEEN**
11 **NEW AND EXISTING LOAD FOR SETTING OF PRICES IN THE RET?**

12 A. My reading of the language of the statute is that it does not contain any provisions
13 allowing for differentiation between new and existing load. *Id.* As such, RMP's
14 proposal to allow new load, or expansion of existing load, to take RET service using a
15 different renewable energy rate methodology is unfair and unduly discriminatory.

16 **Q. WHAT IS YOUR RECOMMENDATION TO THE COMMISSION ON THIS ISSUE?**

17 A. Walmart recommends that the Commission require the Company to treat all
18 customers equally and approve the following language to replace the Company's
19 proposed Condition 1(c)(ii):

20 ~~For a new Customer or for new load from expansion of an existing Customer facility,~~
21 ~~€The Renewable Energy Rate may be based on a different methodology which must be~~
22 ~~set forth in the contract.~~

1

2 **Termination**

3 **Q. DOES WALMART PROPOSE ANY ADDITIONAL TERMS IN REGARDS TO**
4 **TERMINATION?**

5 A. Yes. Walmart proposes that the Commission add language that allows customers
6 with multiple sites to leverage their scale to continue participation in the RET
7 program in the event that a participating site closes. A multi-site customer should
8 be allowed, without paying early termination fees, to transfer the RET obligation for
9 the remaining contract term from a site that is closing to another site in RMP's
10 territory.

11 **Q. WHAT LANGUAGE DOES WALMART PROPOSE?**

12 A. Walmart proposes the following change to Condition 1(d) in the Company's
13 proposed Schedule 34 tariff:

14 The contract will contain service termination provisions obligating the Customer to
15 continue to pay all of the costs of the renewable energy contract or contracts entered
16 into by the Company on the Customer's behalf in the event the contract is terminated
17 early and a cost obligation related to the renewable energy contract or contracts
18 continues beyond the termination. All costs related to the renewable energy contract(s)
19 will be borne by the Customer. A customer with multiple delivery points shall have the
20 option to transfer the renewable energy contract obligation of one delivery point to a
21 new or existing delivery point within the Company's service territory without
22 termination or other fees. The Customer shall be required to provide adequate credit
23 assurances.

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

25 A. Yes.