BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY

Respondent.

DOCKET NOS. UE-220066 & UG-220067

RESPONSIVE TESTIMONY AND EXHIBITS OF

STEVE W. CHRISS

ON BEHALF OF

WALMART INC.

JULY 28, 2022

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Introduction

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

A. My name is Steve W. Chriss. My business address is 2608 SE J St., Bentonville, Arkansas 72716. I am employed by Walmart Inc. ("Walmart") as Director, Energy Services.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS CASE?

A. I am testifying on behalf of Walmart.

Q. IS WALMART SPONSORING ADDITIONAL TESTIMONY IN THIS DOCKET?

A. Yes. Walmart is sponsoring the testimony of Alex J. Kronauer.

Q. PLEASE DESCRIBE YOUR EDUCATION AND EXPERIENCE.

A. In 2001, I completed a Master of Science in Agricultural Economics at Louisiana State University. From 2001 to 2003, I was an Analyst and later a Senior Analyst at the Houston office of Econ One Research, Inc., a Los Angeles-based consulting firm. My duties included research and analysis on domestic and international energy and regulatory issues. From 2003 to 2007, I was an Economist and later a Senior Utility Analyst at the Public Utility Commission of Oregon in Salem, Oregon. My duties included appearing as a witness for PUC Staff in electric, natural gas, and telecommunications dockets. I joined the energy department at Walmart in July 2007 as Manager, State Rate Proceedings. I was promoted to Senior Manager, Energy Regulatory Analysis, in June 2011. I was promoted to my current position in October 2016, and the position was re-titled in October 2018. My Witness Qualifications Statement is attached as Exhibit SWC-2.

Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION ("COMMISSION")?

A. Yes. I submitted testimony in Docket Nos. UE-100749 and UE-141368.

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

A. Yes. I have submitted testimony in over 250 proceedings before 41 other utility regulatory commissions. I have also submitted testimony before legislative committees in Kansas, Missouri, North Carolina, and South Carolina. My testimony has addressed topics including, but not limited to, cost of service and rate design, return on equity, revenue requirements, ratemaking policy, large customer renewable programs, qualifying facility rates, telecommunications deregulation, resource certification, energy efficiency/demand side management, fuel cost adjustment mechanisms, decoupling, and the collection of cash earnings on construction work in progress.

Q. ARE YOU SPONSORING EXHIBITS IN YOUR TESTIMONY?

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

Q. PLEASE BRIEFLY DESCRIBE WALMART'S OPERATIONS WITHIN THE ELECTRIC SERVICE TERRITORY OF PUGET SOUND ENERGY ("PSE" OR "THE COMPANY").

A. Walmart is a large electric customer of PSE with 19 stores and other related facilities that take electric service from the Company, primarily on the Large Demand General Service Schedule 26 ("Schedule 26") rate schedule.

Purpose of Testimony and Summary of Recommendations

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to address cost of service, revenue allocation, and rate design issues in PSE's electric rate case filing.

Q. PLEASE SUMMARIZE WALMART'S RECOMMENDATIONS TO THE COMMISSION.

A. Walmart's recommendations to the Commission are as follows:

1) For the purposes of this docket Walmart does not propose any alternative cost of service methodologies. However, to the extent that alternative cost of service methodologies or modifications to the Company's model are proposed by other parties, Walmart reserves the right to address any such proposals or changes in accord with the Commission's procedures in this docket.

2) For the purposes of this docket, Walmart does not object to the Company's proposed base revenue allocation methodology.

3) For the purposes of this docket, at the Company's proposed revenue requirement for Schedule 26, Walmart does not oppose the Company's proposed base rate design for Schedule 26. If the Commission determines that the base revenues allocated to Schedule 26 are lower than those proposed by the Company, the Commission should also similarly reduce the Schedule 26 energy charge.

4) For the purposes of this docket, Walmart recommends that the Commission reject the Company's proposed Schedule 141C rate design for demand-

metered rate classes and instead split the recovery for each class into two charges:

a. A $/kW demand charge to recover 80 percent of the revenue requirement allocated to the rate class; and

b. A $/kWh energy charge to recover 20 percent of the revenue requirement allocated to the rate class.

5) In order to minimize unnecessary and unwarranted shifts in rate structures and set rates in a manner that attempts to reflect the mix of costs proposed to be included in the proposed multi-year rate plan ("MYRP"), for the purposes of this docket Walmart makes the following rate design recommendations for Schedules 141N and 141R:

a. The Commission should reject the Company's proposed $/kWh energy charge rate design for Schedules 141N and 141R; and

b. The Commission should require the Company to implement rates for each rate class in Schedules 141N and 141R as a percentage adjustor applied to the base rate charges approved for each rate class in this docket. The multiplier would be based on the respective percent class increase from the approved MYRP revenue requirement for the rate year.

Q. DOES THE FACT THAT YOU MAY NOT ADDRESS AN ISSUE OR POSITION INDICATE WALMART'S SUPPORT?

A. No. The fact that an issue is not addressed herein should not be construed as an endorsement of, agreement with, or consent to any filed position.

Cost of Service and Revenue Allocation

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

A. Walmart advocates that rates be set based on the utility's cost of service for each rate class. This produces equitable rates that reflect cost causation, sends proper price signals, and minimizes price distortions.

Cost Allocation

Q. WHAT IS YOUR UNDERSTANDING OF THE COMPANY'S PROPOSED GENERATION COST ALLOCATION METHODOLOGY?

A. My understanding is that the Company proposes to allocate generation costs, which are production plant-related rate base and expenses, per the "renewable future peak credit method" per WAC 480-85-060. *See* Exh. BDJ1-Tr, page 17, line 4 to line 16. While I am not an attorney, my understanding is that WAC 480-85-060 delineates the cost of service methodology to be employed by the Commission in the ratemaking process, but does allow for a party to file an alternative econometric, marginal, or embedded cost study with modifications that materially improve the cost of service study and would be in the public interest.

Q. WHAT IS THE RESULTING ALLOCATION SPLIT BETWEEN DEMAND AND ENERGY FACTORS FOR THE GENERATION ALLOCATOR?

A. The resulting allocation split is 80 percent demand and 20 percent energy factors. *See* BDJ1-Tr, page 17, line 14 to line 16.

Q. WHAT IS YOUR UNDERSTANDING OF THE COMPANY'S PROPOSED TRANSMISSION COST OF SERVICE METHODOLOGY?

A. My understanding is that the Company proposes to allocate transmission costs, except those related to FERC account 565 – Transmission of Electricity by Others, which is included in the Company's power cost adjustment mechanism, on a demand basis using the average of the 12 system peaks. *Id.,* page 18, line 4 to line 7.

Q. WHAT IS YOUR GENERAL UNDERSTANDING OF THE COMPANY'S PROPOSED DISTRIBUTION COST ALLOCATORS?

A. My general understanding is that the Company proposes demand-based allocators for the allocation of the various distribution cost categories. *Id.,* page 21, line 12 to page 23, line 5.

Q. DOES WALMART PROPOSE ANY ALTERNATIVE COST OF SERVICE METHODOLOGIES FOR THE PURPOSES OF THIS DOCKET?

A. No, for the purposes of this docket Walmart does not propose any alternative cost of service methodologies. However, to the extent that alternative cost of service methodologies or modifications to the Company's model are proposed by other parties, Walmart reserves the right to address any such proposals or changes in accord with the Commission's procedures in this docket.

Revenue Allocation

Q. HOW DOES THE COMPANY REPRESENT WHETHER RATES FOR A CUSTOMER CLASS ACCURATELY REFLECT THE UNDERLYING COST OF SERVICE?

A. The Company represents this relationship in its cost of service study results through the use of class-specific parity ratios based on the ratio of revenue-to-cost. *See* Exh. BDJ-4, Section E, line 12. A parity ratio greater than 1.0 means that the rate class is paying rates in excess of the costs incurred to serve that class, and a parity ratio less than 1.0 means that the rate class is paying rates less than the costs incurred to serve that class. As such, those rate classes with a parity ratio greater than 1.0 shoulder some of the revenue responsibility for the classes with a parity ratio less than 1.0.

Q. WHAT ARE PSE'S CALCULATED PARITY RATIOS FOR EACH CUSTOMER CLASS BASED ON THE COMPANY'S COST OF SERVICE RESULTS?

A. The Company's calculated parity ratios for present and proposed base rates are shown in Table 1 below.

Table 1. Parity Ratios, Present and Proposed Rates, PSE Proposed Cost of Service Study Results.		
Customer Class	**Present Rates**	**Proposed Rates**
Residential Sch. 7	0.99	0.99
Sec Volt Sch. 24	1.05	1.05
Sec Volt Sch. 25	0.99	0.99
Sec Volt Sch. 26	0.99	0.99
Pri Volt Sch. 31	1.00	1.00
Pri Volt Sch. 35	0.61	0.62
Pri Volt Sch. 43	1.14	1.14
Special Contract	0.79	0.65
High Volt Sch. 46 & 49	1.20	1.19
Choice/Retail Wheeling Sch. 449 & 459	1.23	1.24
Street & Area Lighting	1.01	1.01
Firm Resale	0.60	1.01
Total	**1.00**	**1.00**
Sources: Exhibit BDJ-4, Schedule E, line 12 and line 17		

Q. IS IT YOUR UNDERSTANDING THAT THE COST OF SERVICE STUDY RESULTS DO NOT INCLUDE ANY CONSIDERATION OF THE COMPANY'S PROPOSED MYRP RIDERS?

A. That is my understanding based on my examination of the Company's summary of results from the cost of service study.

Q. WHAT IS YOUR UNDERSTANDING OF PSE'S PROPOSED BASE RATE REVENUE ALLOCATION IN THIS CASE?

A. My understanding is that PSE has put forth a four-step revenue allocation proposal for the base rate revenue change in this docket:

1) Apply, with three exceptions, an adjusted rate decrease to retail classes within five percent of full parity;
2) Apply a rate decrease that is 125 percent of the adjusted average to the class that is more than five percent above full parity;

3) Apply a rate decrease that is 150 percent of the adjusted average to the class that is more than 10 percent above full parity; and
4) Apply no change to the one class that is 20 percent or more below full parity. *See* Exh. BDJ-1Tr, page 26, line 17 to page 27, line 4.

Q. WHAT IS WALMART'S RECOMMENDATION TO THE COMMISSION ON THIS ISSUE?

A. For the purposes of this docket, Walmart does not object to the Company's proposed base revenue allocation methodology.

Rate Design

Schedule 26 Base Rates

Q. WHAT IS YOUR UNDERSTANDING OF THE EXISTING SCHEDULE 26 RATE DESIGN?

A. My understanding is that Schedule 26 currently contains the following charges:

1) Basic charge, assessed on a $/customer-month basis;
2) Seasonally differentiated demand charges, assessed on $/kW of billing demand for each month, which is the highest demand established during the month;
3) A flat $/kWh energy charge; and
4) A $/kVarh reactive power charge. *See* Schedule 26, Large Demand General Service, Effective October 1, 2021.

Q. DOES PSE PROPOSE TO CHANGE THE STRUCTURE OF SCHEDULE 26 IN THIS DOCKET?

A. No. PSE only proposes to reduce the Schedule's energy charge by 0.85 percent. *See* Exh. BDJ-1Tr, page 31, line 14 to line 16.

Q. DOES WALMART OPPOSE THE COMPANY'S PROPOSED BASE RATE DESIGN FOR SCHEDULE 26?

A. For the purposes of this docket, at the Company's proposed revenue requirement for Schedule 26, Walmart does not oppose the Company's proposed base rate design for Schedule 26. If the Commission determines that the base revenues allocated to Schedule 26 are lower than those proposed by the Company, the Commission should also similarly reduce the Schedule 26 energy charge.

Q. DOES WALMART HAVE CONCERNS REGARDING THE DESIGN OF RATES CHARGED TO SCHEDULE 26 CUSTOMERS IN LIGHT OF THE COMPANY'S COLSTRIP COST AND MYRP PROPOSALS?

A. Yes. As I will discuss below, the Company's proposal to remove Colstrip costs from base rates and recover them through the proposed Schedule 141C, and the Company's rate design proposal for MYRP cost recovery, through the proposed Schedules 141N and 141R, will skew recovery of costs incurred to serve Schedule 26 customers from the current balance of demand and energy charges towards greater energy charges, regardless of the types of costs being recovered.

Schedule 141C Rates

Q. WHAT IS YOUR UNDERSTANDING OF THE COMPANY'S PROPOSED SCHEDULE 141C?

A. My understanding is the Company proposes Schedule 141C to recover Colstrip costs removed from base rates. *See* Exh. BDJ-1Tr, page 33, line 7 to line 9.

Q. DOES THE COMPANY STATE THAT ALL COSTS PROPOSED TO BE INCLUDED IN SCHEDULE 141C ARE RATE BASE RELATED AND DO NOT INCLUDE VARIABLE POWER COST ITEMS?

A. Yes. *Id.,* page 21, line 6 to line 9.

Q. WHAT COST ALLOCATION METHODOLOGY DOES THE COMPANY PROPOSE FOR SCHEDULE 141C COSTS?

A. The Company proposes to allocate Schedule 141C costs using the renewable future peak credit method. *Id,* page 33, line 9 to line 10. As noted earlier in this testimony, those costs would be allocated 80 percent based on demand and 20 percent based on energy, though, as noted above, none of the costs to be included in the rider are energy-related.

Q. WHAT RATE DESIGN DOES THE COMPANY PROPOSE FOR SCHEDULE 141C?

A. The Company proposes that Schedule 141C be charged on $/kWh energy charges for all classes. *Id.,* page 33, line 15 to line 16.

Q. RECOGNIZING THAT 20 PERCENT OF SCHEDULE 141C COSTS ARE ALLOCATED ON AN ENERGY BASIS, IS, GENERALLY, THE RECOVERY OF FIXED COSTS THROUGH AN ENERGY CHARGE CONSISTENT WITH COST CAUSATION PRINCIPLES?

A. No, as the costs to be included in Schedule 141C, which were incurred fully on a demand basis, should be recovered in a manner which reflects how they are incurred. As such, recovering demand-related (fixed) costs through an energy (variable) charge violates cost causation principles.

Q. DOES THE RECOVERY OF DEMAND-RELATED COSTS THROUGH AN ENERGY CHARGE DISADVANTAGE HIGHER LOAD FACTOR CUSTOMERS?

A. Yes. The shift in demand-related costs from per kW demand charges to per kWh energy charges results in a shift in demand cost responsibility from lower load factor customers to higher load factor customers. This results in a misallocation of cost responsibility as higher load factor customers overpay for the demand-related costs incurred by the Company to serve them. In other words, higher load factor customers are paying for a portion of the demand-related costs that are incurred to serve the lower load factor customers simply because of the manner in which the Company collects those costs in rates.

Q. CAN YOU PROVIDE A GENERAL ILLUSTRATION OF THIS SHIFT IN DEMAND COST RESPONSIBILITY?

A. Yes. Assume the following:

a) A utility has only two customers (Customer 1 and Customer 2), with individual peak demands of 20 Kw for a total system load of 40 Kw.

b) The annual revenue requirement or cost to the utility associated with the investment to serve the customers is $2,000 which will be collected each year. Each customer is responsible for one-half (½) of the cost, or $1,000 of demand-related or fixed costs.

c) Customer 1 has a monthly demand of 20 kW and a load factor of 60 percent and thus consumes 105,120 kWh/year (20 kW * 60% * 8760 hours).

d) Customer 2 has a monthly demand of 20 kW and a load factor of 30 percent and thus consumes 52,560 kWh/year (20 kW * 30% * 8760 hours).

Q. IF THE DEMAND-RELATED COSTS WERE CHARGED ON A PER KW BASIS, WHAT WOULD THE PER KW CHARGE BE?

A. The charge would be $4.17 per kW-month ($2,000 / 40 kW / 12 months). Each customer would then pay $1,000 for the demand-related cost they impose on the system (20 kW * $4.17/kW * 12).

Q. IF THE DEMAND-RELATED COSTS WERE CHARGED ON A PER KWH BASIS, WHAT WOULD THE PER KWH CHARGE BE?

A. If customers were charged on the a per kWh basis, the energy charge would be 1.27 cents per kWh ($2,000 / 157,860 kWh), where the $2,000 is the total cost and 157,860 kWh represents the total annual energy sales.

Q. WHAT WOULD EACH CUSTOMER PAY UNDER THE PER KWH CHARGE OF 1.27 CENTS PER KWH?

A. Customer 1, the customer with the higher load factor of 60 percent, would pay $1,333 ($0.0127/kWh * 105,120 kWh). Customer 2, the customer that has the lower load factor would pay $667 ($0.0127/kWh * 52,560 kWh).

Q. ARE THE RESULTING ENERGY BASED CHARGES REPRESENTATIVE OF THE UNDERLYING COSTS?

A. No. As can be seen in the example, if the Company recovers its demand-related costs through energy-based charges, it will over-collect from one customer and under-collect from the other. Recall that each customer is responsible for causing $1,000 of the annual fixed costs. Under the per kWh scenario, the utility would recover $333 more from the higher load factor customer, Customer 1, than its cost responsibility and $333 less from the lower load factor customer, Customer 2, than its cost responsibility. In other words, Customer 1, would be subsidizing $333 of Customer 2's cost responsibility.

Q. YOU EARLIER RECOGNIZED THAT 20 PERCENT OF SCHEDULE 141C COSTS ARE ALLOCATED ON AN ENERGY BASIS. FOR THE PURPOSES OF THIS DOCKET, WHAT IS WALMART'S RECOMMENDATION TO THE COMMISSION ON SCHEDULE 141C RATE DESIGN?

A. For the purposes of this docket, Walmart recommends that the Commission reject the Company's proposed Schedule 141C rate design for demand-metered rate classes and instead split the recovery for each class into two charges:

1) A $/kW demand charge to recover 80 percent of the revenue requirement allocated to the rate class; and

2) A $/kWh energy charge to recover 20 percent of the revenue requirement allocated to the rate class.

While this proposal does not fully reflect how the costs to be recovered were incurred, it at least matches how the costs were allocated and the resulting rate maintains some relationship to the underlying cost of service study results.

Q. HAVE YOU CALCULATED ILLUSTRATIVE SCHEDULE 141C RATES FOR SCHEDULES 12 AND 26 PER THIS PROPOSAL?

A. Yes, as shown in Exhibit SWC-3. I utilized the revenue requirements included in the Company's Schedule 141C calculations and the billing determinants for Schedules 12 and 26 provided in the Company's base rate proof of revenue. *See* Exh. BDJ-5r-141C and BDJ-5r-SV RD. Eighty percent of the revenue requirement for each year would be recovered through a demand charge and the remaining 20 percent would be recovered through an energy charge.

Schedule 141N and Schedule 141R Rates

Q. WHAT IS YOUR UNDERSTANDING OF THE COMPANY'S PROPOSED SCHEDULE 141N AND SCHEDULE 141R RATES?

A. My understanding is that the Company proposes Schedules 141N and 141R as mechanisms to recover costs related to the MYRP proposed in this docket. Schedule 141N rates are proposed to not be subject to refund, while Schedule 141R rates are proposed to be subject to refund. *See* Exh. BDJ-1Tr, page 33, line 19 to line 21.

Q. WHAT IS YOUR UNDERSTANDING OF THE PREMISE FOR THE BIFURCATION OF MYRP RATES?

A. My understanding is that the Company proposes that the portion of MYRP rates related to net utility plant and depreciation expense be subject to refund in order to best match the time when rates are in effect to recover those costs with when the related assets are used and useful in the provision of service. *See* Exh. SEF-1Tr, page 28, line 17 to line 21.

Q. HOW DOES THE COMPANY PROPOSE TO ALLOCATE THE COSTS TO BE RECOVERED THROUGH SCHEDULES 141N AND 141R?

A. The Company proposes to allocate those costs by the embedded cost of service rate base, with transmission rate base excluded for the Special Contract and Retail Wheeling classes. *See* Exh. BDJ-1Tr, page 34, line 3 to line 4.

Q. WHAT RATE DESIGN DOES THE COMPANY PROPOSE FOR SCHEDULES 141N AND 141R?

A. The Company proposes a $/kWh energy rate for each rate schedule. *Id.,* line 7 to line 9.

Q. DOES WALMART HAVE CONCERNS WITH THE COMPANY'S RATE DESIGN PROPOSAL?

A. Yes. Similar to the concerns regarding the proposed rate design for Schedule 141C discussed above, the Company's proposed rates for Schedules 141N and 141R fail to appropriately reflect the fixed nature of the underlying costs of service included for recovery and create intraclass subsidies within the rates charged to demand-metered classes.

Q. WHAT IS YOUR GENERAL UNDERSTANDING OF THE MAJORITY OF THE COSTS TO BE INCLUDED FOR RECOVERY IN THE MYRP?

A. My general understanding is that the MYRP is meant to recover costs related to investments contained in the Company's 5-year financial plan. *See* Exh. JAP-1T, page 8, line 19, to page 9, line 1. An examination of the Company's overall financial projections for the MYRP shows a significant increase in rate base throughout the plan, from approximately $5.7 billion in rate year one to approximately $6.4 billion in rate year three. *See* Exh. SEF-4r.

Q. IN YOUR EXPERIENCE, WERE THESE INVESTMENT COSTS TO BE BROUGHT IN THROUGH TRADITIONAL RATE CASE PROCESSES, WOULD THEY BE CONSIDERED DEMAND-RELATED AND REFLECTED IN RATE DESIGN FOR DEMAND-METERED CLASSES AS DEMAND CHARGES?

A. Yes. As such, the Company's rate design proposal is a significant departure from traditional ratemaking, especially as the MYRP charges are essentially additional base rate charges – the generally long-term, controllable, and fixed nature of the costs to be incurred are not changed by being included in an MYRP instead of directly into base rates. As such, the MYRP rate changes should reflect the fixed nature of those costs as well, both in order to avoid the intraclass subsidies for demand-metered classes discussed earlier in this testimony as well as to avoid significant future shifts in rate design when those costs are ultimately included in base rates.

Q. HAVE YOU ESTIMATED THE SHIFT IN COST RECOVERY TOWARDS ENERGY CHARGES DURING THE MYRP USING THE RATES PROVIDED BY THE COMPANY IN ITS EXHIBITS?

A. Yes, as shown in Table 2 below.

Table 2. Estimation of Base Rate and Schedule 141C, 141N, 141R, and 141A Cost Recovery by Type of Charge During the MYRP, Schedules 12, 26, and 26P.

	Revenue Requirement			
Charge	**Proposed Base Rates**	**Rate Year 1**	**Rate Year 2**	**Rate Year 3**
Customer	$1,114,585	$1,114,585	$1,114,585	$1,114,585
Energy	$105,764,820	$137,323,190	$142,261,404	$147,392,339
Demand	$44,703,193	$44,703,193	$44,703,193	$44,703,193
Reactive	$989,086	$989,086	$989,086	$989,086
Total	$152,571,684	$181,305,075	$186,217,636	$189,911,550
	Percent of Total			
Customer	0.7%	0.6%	0.6%	0.6%
Energy	69.3%	75.7%	76.4%	77.6%
Demand	29.3%	24.7%	24.0%	23.5%
Reactive	0.6%	0.5%	0.5%	0.5%

Source: Exhibit SWC-4

As shown in Table 2, under the Company's proposed rate structures for MYRP cost recovery through Schedules 141N and 141R, in addition to the proposed Schedules 141C for Colstrip cost recovery and 141A for Schedule 139 Energy Charge Credit Recovery, the percent of revenues recovered through the energy charges jumps from 69.3 percent to 75 to 77 percent during the MYRP term. This is a significant shift in how costs are recovered from Schedule 26 customers, particularly because much of the costs to be recovered are fixed and not energy related.

Q. IS IT YOUR UNDERSTANDING THAT OPERATIONS AND MAINTENANCE EXPENSES WILL ALSO BE INCLUDED IN THE MYRP?

A. Yes. *See* Exh. JAP-1T, page 13, line 4 to line 12. Additionally, it appears that customer-related costs will also be included. *Id.,* page 12, line 7 to line 9.

Q. WHAT IS WALMART'S RECOMMENDATION TO THE COMMISSION ON THIS ISSUE?

A. In order to minimize unnecessary and unwarranted shifts in rate structures and set rates in a manner that attempts to reflect the mix of costs proposed to be included in the MYRP, for the purposes of this docket Walmart makes the following rate design recommendations for Schedules 141N and 141R:

1) The Commission should reject the Company's proposed $/kWh energy charge rate design for Schedules 141N and 141R; and
2) The Commission should require the Company to implement rates for each rate class in Schedules 141N and 141R as a percentage adjustor applied to the base rate charges approved for each rate class in this docket. The multiplier would be based on the respective percent class increase from the approved MYRP revenue requirement for the rate year.

Q. HAVE YOU CALCULATED ILLUSTRATIVE RATES FOR SCHEDULES 141N AND 141R FOR BASE SCHEDULE 26 PER THIS PROPOSAL?

A. Yes, as shown in Exhibit SWC-5 and Table 3 below. I utilized the revenue requirements included in the Company's Schedule 141N and 141R calculations and the proposed rates for Schedule 26 provided in the Company's base rate proof of revenue. *See* Exh. BDJ-5r-MYRP and BDJ-5r-SV RD. The resulting percentages would then be applied to the base rate charges for the schedules.

Table 3. Illustrative Schedule 141N and Schedule 141R Rate Adjustors for Schedules 12, 26, and 26P.

		Calculation of Rate Adjustors		
	Proposed Base Rates	**Rate Year 1**	**Rate Year 2**	**Rate Year 3**
Proposed Base Revenue	$152,571,685	$152,571,685	$152,571,685	$152,571,685
Schedule 141N Proposed Revenue Requirement		$16,889,322	$12,837,225	$5,595,083
Proposed Rate Adjustor (%)		**11.1%**	**8.4%**	**3.7%**
Schedule 141R Proposed Revenue Requirement		$7,096,589	$15,311,781	$23,256,452
Proposed Rate Adjustor (%)		**4.7%**	**10.0%**	**15.2%**

Source: Exhibit SWC-5

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.