

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

**APPLICATION OF KENTUCKY UTILITIES )**  
**COMPANY FOR AN ADJUSTMENT OF ITS ) CASE NO. 2014-00371**  
**ELECTRIC RATES )**

**DIRECT TESTIMONY AND EXHIBITS OF STEVE W. CHRISS**  
**ON BEHALF OF**  
**WAL-MART STORES EAST, LP AND SAM'S EAST, INC.**

Filed: March 6, 2015

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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 East, LP and Sam's East, Inc. (collectively  
8 "Walmart").

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

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

1 Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE THE PUBLIC SERVICE  
2 COMMISSION OF KENTUCKY ("THE COMMISSION")?

3 A. Yes. I submitted testimony in Case No. 2009-00459.

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

6 A. Yes. I have submitted testimony in over 115 proceedings before 34 other utility  
7 regulatory commissions and before the Missouri House Committee on Utilities, the  
8 Missouri Senate Veterans' Affairs, Emerging Issues, Pensions, and Urban Affairs  
9 Committee, and the Kansas House Standing Committee on Utilities and  
10 Telecommunications. My testimony has addressed topics including, but not limited  
11 to, cost of service and rate design, revenue requirement, ratemaking policy,  
12 qualifying facility rates, telecommunications deregulation, resource certification,  
13 energy efficiency/demand side management, fuel cost adjustment mechanisms,  
14 decoupling, and the collection of cash earnings on construction work in progress.

15 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

16 A. The purpose of my testimony is to respond to issues related to the rate case filing of  
17 Kentucky Utilities Company ("KU" or "the Company").

18 Q. ARE YOU SPONSORING ANY SCHEDULES WITH YOUR TESTIMONY?

19 A. Yes. I am sponsoring the following exhibits:

20 **Exhibit SWC-1 – Witness Qualifications Statement**

1                   **Exhibit SWC-2** – Calculation of Revenue Requirement Impact of Inclusion  
2                   of Construction Work in Progress (“CWIP”) in Rate Base, Forecast Test  
3                   Year

4                   **Exhibit SWC-3** – Reported Authorized Returns on Equity (“ROE”), Electric  
5                   Utility Rate Cases Completed, 2012 to Present

6                   **Exhibit SWC-4** – Rate of Return Index, Actual and Proposed Rates of  
7                   Return, KU Proposed Cost of Service Study Results

8                   **Exhibit SWC-5** – Customer, Energy, and Demand Classifications for Time  
9                   of Day Secondary Service (“TODS”)

10                  **Exhibit SWC-6** – Calculation of Revenue Requirement in Excess of Cost of  
11                  Service, TODS

12       **Q.     PLEASE BRIEFLY DESCRIBE WALMART'S OPERATIONS IN KENTUCKY.**

13       A.     Walmart operates 100 retail units and employs 27,924 associates in Kentucky. In  
14              fiscal year ending 2014, Walmart purchased \$1 billion worth of goods and services  
15              from Kentucky-based suppliers, supporting 32,800 supplier jobs.<sup>1</sup>

16       **Q.     PLEASE BRIEFLY DESCRIBE WALMART'S OPERATIONS WITHIN THE COMPANY'S**  
17              **SERVICE TERRITORY.**

18       A.     Walmart has approximately 31 stores and related facilities that take service from the  
19              Company, primarily on the TODS schedule.

20  

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

1 **Summary of Recommendations**

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

3 **A.** My recommendations to the Commission are as follows:

4 1) The Commission should consider the impact on customers thoroughly and  
5 carefully in their examination of revenue requirement and ROE, in addition to  
6 all other facets of this case, to ensure that any increase in the Company's  
7 rates is only the minimum amount necessary for the utility to provide  
8 adequate and reliable service, while having an opportunity to earn a  
9 reasonable return.

10 2) The Commission should reject KU's proposal to include approximately \$91  
11 million of CWIP in rate base. If, however, the Commission determines it  
12 necessary to include any CWIP in rate base, it should determine that the shift  
13 of risk from the Company to ratepayers through the inclusion of CWIP be  
14 reflected in the ROE approved in this docket, such that as the level of CWIP is  
15 increased, ROE is accordingly decreased.

16 3) The Commission should closely examine the Company's proposed revenue  
17 requirement increase and the associated proposed increase in return on  
18 equity, especially when viewed in light of (a) the impact of the resulting  
19 revenue requirement increase and the reasonableness of the Company's  
20 overall revenue requirement, (b) the use of risk reducing ratemaking  
21 structures such as the use of a forecast test year, which reduces regulatory  
22 lag by allowing the utility to include the most current information in its rates

1 at the time they will be in effect, and the inclusion of CWIP in rate base, and  
2 (c) rate case ROEs approved by commissions nationwide.

3 4) Walmart does not take a position on the Company's proposed cost of service  
4 model at this time. However, to the extent that alternative cost of service  
5 models or modifications to the Company's model are proposed by other  
6 parties, Walmart may seek to respond to any such changes in rebuttal  
7 testimony.

8 5) Walmart does not oppose the Company's proposed TODS rate design at the  
9 Company's proposed revenue requirement.

10 6) If the Commission determines that the appropriate level of revenue  
11 requirement is lower than the level proposed by the Company, the  
12 Commission should approve the Company's two step methodology for  
13 setting TODS rates in which the energy charge is reduced to cost of service  
14 level per the approved cost of service study and any revenue requirement  
15 increase for the rate schedule is assigned to the demand and power factor  
16 charges.

17 7) The Commission should allocate any revenue increase approved in this  
18 docket using the following steps:

- 19 i. Apply a 25 percent revenue neutral movement towards cost of  
20 service, per the Commission's approved cost of service study results,  
21 to the revenue requirement for each rate class;

1                   ii. Allocate the approved overall revenue requirement increase or  
2                   decrease on an equal percent basis to all customer classes; and

3                   iii. If the difference between the Company's proposed revenue  
4                   requirement and the Commission's approved revenue requirement  
5                   results in steps (1) and (2) assigning a rate class an increase above 9.6  
6                   percent, mitigate that increase per Commission discretion so that no  
7                   class receives a rate increase in excess of 9.6 percent.

8                   8) The Commission should reject the use of NAICS codes by the Company and  
9                   instead direct the Company to adopt standards that reflect actual energy  
10                  usage and load characteristics.

11                  The fact that an issue is not addressed herein or in related filings should not be  
12                  construed as an endorsement of any filed position.

13

14   **Revenue Requirement and Return on Equity**

15    **Q.    WHAT IS YOUR UNDERSTANDING OF THE COMPANY'S PROPOSED REVENUE**  
16    **REQUIREMENT?**

17    A.    My understanding is that the Company proposes a revenue requirement increase of  
18    approximately \$153 million, or 9.6 percent above current retail revenues. See Direct  
19    Testimony of Victor A. Staffieri, page 9, line 1 to line 2.



1       **Q.     SHOULD THE COMMISSION GENERALLY CONSIDER THE IMPACT OF THE PROPOSED**  
2       **RATE INCREASE ON CUSTOMERS IN SETTING THE REVENUE REQUIREMENT**  
3       **CHANGE AND ROE FOR THE COMPANY?**

4       A.     Yes. Electricity represents a significant portion of a retailer's operating costs. When  
5       rates increase, that increase in cost to retailers puts pressure on consumer prices  
6       and on the other expenses required by a business to operate. The Commission  
7       should consider the impact on customers thoroughly and carefully in their  
8       examination of revenue requirement and ROE, in addition to all other facets of this  
9       case, to ensure that any increase in the Company's rates is only the minimum  
10      amount necessary for the utility to provide adequate and reliable service, while  
11      having an opportunity to earn a reasonable return.

12      **Q.     WHAT IS THE COMPANY'S PROPOSED ROE IN THIS DOCKET?**

13      A.     The Company is proposing an ROE of 10.5 percent. *Id.*, page 9, line 15. This results  
14      in a proposed overall rate of return of 7.38 percent. *See* Schedule J-1. However, the  
15      Company's ROE witnesses present an ROE of 10.64 based on a range of 9.74 percent  
16      to 11.54 percent. *See* Direct Testimony of William E. Avera and Adrien M. McKenzie,  
17      page 4, line 11 to line 14. The difference in the two values is equal to the witnesses'  
18      flotation cost adjustment. *See* Avera/McKenzie Exhibit No. 2.

19      **Q.     ARE YOU CONCERNED THAT THE PROPOSED ROE IS EXCESSIVE?**

20      A.     Yes. I am concerned that the Company's proposed ROE is excessive, especially when  
21      viewed in light of (a) the impact of the resulting revenue requirement increase, (b)  
22      the use of risk reducing ratemaking structures such as the use of a forecast test year,

1 which reduces regulatory lag by allowing the utility to include the most current  
2 information in its rates at the time they will be in effect, and the inclusion of CWIP in  
3 rate base, and (c) rate case ROEs approved by commissions nationwide. See Direct  
4 Testimony of Kent W. Blake, page 5, line 1 to line 10 and Schedule B-1.

5 **Q. ARE YOU CONCERNED WITH THE INCLUSION OF CWIP IN RATE BASE?**

6 A. Yes. The inclusion of CWIP in rate base charges ratepayers for assets that are not  
7 yet used and useful in the provision of electric service. Under the Company's  
8 proposal, ratepayers would pay for the assets during a period when they are not  
9 receiving benefits from those assets, so the matching principle (i.e., customers  
10 bearing costs only when they are receiving a benefit) is violated. In this case, KU's  
11 customers would pay for an asset that does not provide service – i.e., is not used  
12 and useful – during that test year. The problem is compounded by changes in the  
13 number and mix of customers during the construction process versus when the  
14 asset is used and useful. For example, customers may pay for the assets during  
15 construction but leave the system before they are operational, receiving no benefit  
16 from the assets for which they helped pay.

17 **Q. ARE THERE OTHER CONCERNS WITH THE INCLUSION OF CWIP IN RATE BASE THAT**  
18 **THE COMMISSION SHOULD CONSIDER?**

19 A. Yes. First, including CWIP in rate base shifts the risks to ratepayers that are  
20 traditionally assumed by utility investors, for which investors are compensated  
21 through the rate of return elements once the plant is in service. CWIP in rate base  
22 instead places the risks squarely on the shoulders of ratepayers with no offer of

1 compensation for the use of their money. Second, should the Company encounter  
2 problems during construction of the plant resulting in stoppage of the construction,  
3 non-completion of the project and/or substantial delay in the completion of the  
4 project, consumers have no recourse for recovering the money they have paid for  
5 the inclusion of CWIP in rate base.

6 **Q. HOW MUCH CWIP DOES KU PROPOSE TO INCLUDE IN RATE BASE?**

7 A. KU proposes to include approximately \$91 million of CWIP in rate base in their  
8 forecast test year. *See* Schedule B-4.

9 **Q. HOW MUCH OF KU'S PROPOSED RATE BASE DOES CWIP CONSTITUTE?**

10 A. As proposed, CWIP would constitute approximately 2.5 percent of the Company's  
11 rate base. *See* Exhibit SWC-2.

12 **Q. WHAT IS THE PROPOSED REVENUE REQUIREMENT IMPACT OF THE INCLUSION OF**  
13 **CWIP IN RATE BASE?**

14 A. The inclusion of CWIP in rate base results in a revenue requirement impact of  
15 approximately \$10.8 million annually. *Id.*

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

17 A. The Commission should reject KU's proposal to include approximately \$91 million of  
18 CWIP in rate base. If, however, the Commission determines it necessary to include  
19 any CWIP in rate base, it should determine that the shift of risk from the Company to  
20 ratepayers through the inclusion of CWIP be reflected in the ROE approved in this  
21 docket, such that as the level of CWIP is increased, ROE is accordingly decreased.

1       **Q.     IS THE COMPANY'S PROPOSED ROE HIGHER THAN THE AVERAGES OF THOSE**  
2       **APPROVED BY OTHER UTILITY REGULATORY COMMISSIONS?**

3       A.     Yes. The proposed ROE is higher than the averages of ROEs approved by other utility  
4       regulatory commissions in 2012, 2013, 2014, and so far in 2015.

5       **Q.     WHAT IS YOUR UNDERSTANDING OF THE RETURNS ON EQUITY APPROVED FOR**  
6       **ELECTRIC UTILITIES BY COMMISSIONS NATIONWIDE DURING THE TIME PERIOD?**

7       A.     According to data from SNL Financial<sup>2</sup>, a financial news and reporting company, the  
8       average of the 124 reported electric utility rate case ROEs authorized by  
9       commissions to investor-owned electric utilities in 2012, 2013, 2014, and so far in  
10      2015, is 9.88 percent. The range of reported authorized ROEs for the period is 8.72  
11      percent to 10.95 percent, and the median authorized ROE is 9.83 percent. See  
12      Exhibit SWC-3, page 4.

13      **Q.     SEVERAL OF THE REPORTED AUTHORIZED ROES ARE FOR DISTRIBUTION-ONLY**  
14      **UTILITIES OR FOR ONLY A UTILITY'S DISTRIBUTION SERVICE RATES. WHAT IS THE**  
15      **AVERAGE AUTHORIZED ROE IN THE REPORTED GROUP FOR THE VERTICALLY**  
16      **INTEGRATED UTILITIES LIKE THE COMPANY?**

17      A.     In the group reported by SNL Financial, the average authorized ROE for vertically  
18      integrated utilities from 2012 to present is 10.01 percent, which is 49 basis points  
19      below the Company's proposed ROE. *Id.* However, there is a declining trend for  
20      vertically integrated utilities from 2012 to present.

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<sup>2</sup> Regulatory Research Associates in part of SNL Financial.

1 Q. PLEASE EXPLAIN.

2 A. The average authorized ROE for vertically integrated utilities in 2012 was 10.1  
3 percent, in 2013 it was 9.97 percent, in 2014 it was 9.91 percent, and so far in 2015  
4 it is 9.67 percent. It should be noted that five of the six 2014 authorized ROEs in  
5 excess of 10 percent were awarded in Wisconsin, which tends to skew the resulting  
6 average in favor of that jurisdiction. Excluding those five dockets results in an  
7 average of 9.79 percent for the rest of the country in 2014. Additionally, there have  
8 only been two reported authorized ROEs in 2015. As such, the Company's proposed  
9 ROE increase in this case is a move counter to broader industry trends.

10 Q. HAVE ANY OTHER STATES RECOGNIZED THE IMPORTANCE OF CONSIDERING  
11 RATEPAYER IMPACTS IN THE ROE DETERMINATION PROCESS?

12 A. Yes. While I am not an attorney, it is my understanding that the North Carolina Supreme  
13 Court determined that impacts on ratepayers from any proposed utility rate increase should  
14 be carefully considered in an ROE analysis for that utility. Specifically, the Court stated:

15 Given the legislature's goal of balancing customer and investor interests, the  
16 customer-focused purpose of Chapter 62, and this Court's recognition that the  
17 Commission must consider all evidence presented by interested parties, which  
18 necessarily includes customers, it is apparent that customer interests cannot be  
19 measured only indirectly or treated as mere afterthoughts and that Chapter 62's  
20 ROE provisions cannot be read in isolation as only protecting public utilities and  
21 their shareholders. Instead, it is clear that the Commission must take customer  
22 interests into account when making an ROE determination. Therefore, we hold  
23 that in retail electric service rate cases the Commission must make findings of  
24 fact regarding the impact of changing economic conditions on customers when  
25 determining the proper ROE for a public utility.

26 *See State Ex Rel. Utils. Comm'n v. Cooper*, 366 N.C. 484, 739 S.E.2d 541, 547  
27 (2013) (emphasis in original).

1       **Q.       GENERALLY, WHAT IS YOUR RECOMMENDATION TO THE COMMISSION ON THE**  
2       **COMPANY'S PROPOSED INCREASES IN REVENUE REQUIREMENT AND ROE?**

3       A.       The Commission should closely examine the Company's proposed revenue  
4       requirement increase and the associated proposed increase in return on equity,  
5       especially when viewed in light of (a) the impact of the resulting revenue  
6       requirement increase and the reasonableness of the Company's overall revenue  
7       requirement, (b) the use of risk reducing ratemaking structures such as the use of a  
8       forecast test year, which reduces regulatory lag by allowing the utility to include the  
9       most current information in its rates at the time they will be in effect, and the  
10      inclusion of construction work in progress ("CWIP") in rate base, and (c) rate case  
11      ROEs approved by commissions nationwide.

12

13      **Time of Day Secondary Rate Design**

14      **Q.       WHAT IS YOUR UNDERSTANDING OF THE STRUCTURE OF THE CURRENT TODS BASE**  
15      **RATE CHARGES?**

16      A.       My understanding of the structure of the current TODS base rate charges are as  
17      follows:

- 18      1) A \$/customer-month basic service charge;
- 19      2) A \$/kWh volumetric energy charge;
- 20      3) A three-part maximum load charge that contains ratcheted \$/kW-month charges for  
21      peak period demand, intermediate period demand, and base period demand; and

1           4) Base, intermediate, and peak period power factor charges. *See* P.S.C. No. 16, Third  
2           Revision of Original Sheet No. 20.

3           **Q.     DOES THE COMPANY PROPOSE ANY CHANGES TO THE STRUCTURE OF THE**  
4           **CURRENT TODS BASE RATE CHARGES?**

5           A.     No.

6           **Q.     WHAT IS YOUR UNDERSTANDING OF THE COMPANY'S CLASSIFICATION OF COSTS**  
7           **INCURRED TO SERVE TODS?**

8           A.     My understanding is that the Company's cost of service study classifies  
9           approximately 51 percent of costs to serve TODS as energy-related, 48 percent as  
10          demand-related, and one percent as customer-related. *See* Exhibit SWC-5, column  
11          (2).

12          **Q.     DO THE CURRENT TODS RATES REFLECT THE COMPANY'S UNDERLYING COST OF**  
13          **SERVICE FOR TODS?**

14          A.     No. Current TODS rates are set such that approximately 59 percent of the TODS  
15          revenue requirement is recovered through the energy charge, 40 percent through  
16          the demand charges, and one percent through the customer charge. *Id.*, column (4).

17          **Q.     DOES THE COMPANY PROPOSE TO CHANGE RATES LEVELS SUCH THAT THE TODS**  
18          **RATES WILL MORE CLOSELY REFLECT COST OF SERVICE LEVELS?**

19          A.     Yes. The Company proposes to set TODS rates, at the proposed revenue  
20          requirement, to recover approximately 49.5 percent of revenue requirement  
21          through the energy charge, 49.5 percent through the demand charges, and one  
22          percent through the customer charge. *Id.*, column (6). This change is accomplished

1 through two steps. First, the Company proposes to reduce the TODS energy charge  
2 revenue requirement to the cost of service level and shift those revenues to the  
3 demand charges. Second, the Company assigns their proposed TODS revenue  
4 requirement increase to the demand and power factor charges. See Schedule M-  
5 2.3.

6 **Q. DOES WALMART OPPOSE THE COMPANY'S PROPOSED TODS RATE DESIGN AT THE**  
7 **COMPANY'S PROPOSED REVENUE REQUIREMENT?**

8 A. No. As I stated above, setting rates based on the utility's cost of service produces  
9 equitable rates that reflect cost causation, send proper price signals, and minimize  
10 price distortions. Additionally, costs should be collected in a manner which reflects  
11 how they are incurred, and this is accomplished through the Company's proposal.

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

14 A. If the Commission determines that the appropriate level of revenue requirement is  
15 lower than the level proposed by the Company, the Commission should approve the  
16 Company's two step methodology for setting TODS rates in which the energy charge  
17 is reduced to cost of service level per the approved cost of service study and any  
18 revenue requirement increase for the rate schedule is assigned to the demand and  
19 power factor charges.



1       **Revenue Allocation**

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

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

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

9       A.       No. However, to the extent that alternative cost of service models or modifications  
10       to the Company's model are proposed by other parties, Walmart may seek to  
11       address any such changes in rebuttal testimony.

12       **Q.       HOW DOES THE COMPANY REPRESENT WHETHER RATES FOR A CUSTOMER CLASS**  
13       **ACCURATELY REFLECT THE UNDERLYING COST CAUSATION?**

14       A.       The Company represents this relationship in their cost of service results through the  
15       use of class-specific rates of return. See Direct Testimony of Martin Blake, page 17,  
16       Table 1. These rates of return can be converted into a rate of return index ("RRI"),  
17       which is an indexed measure of the relationship of the rate of return for an  
18       individual rate class to the total system rate of return. A RRI greater than 1.0 means  
19       that the rate class is paying rates in excess of the costs incurred to serve that class,  
20       and a RRI less than 1.0 means that the rate class is paying rates less than the costs  
21       incurred to serve that class. As such, those rate classes with a RRI greater than 1.0

1 shoulder some of the revenue responsibility burden for the classes with a RRI less  
2 than 1.0.

3 **Q. HAVE YOU CALCULATED CLASS RRIS BASED ON KU'S COST OF SERVICE RESULTS?**

4 **A.** Yes, as shown in Table 1 below:

**Table 1. Rate of Return Index, Actual and Proposed Rates of Return, KU Proposed Cost of Service Study Results.**

Customer Class	Actual		Proposed	
	Rate of Return	Rate of Return Index Value	Rate of Return	Rate of Return Index Value
Residential	2.77%	0.61	4.84%	0.67
General Service Single Phase	9.01%	1.98	12.14%	1.69
All Electric Schools Single Phase	4.43%	0.97	7.14%	0.99
Power Service Secondary	11.29%	2.48	15.04%	2.09
Power Service Primary	8.24%	1.81	11.46%	1.60
Time of Day Secondary	5.42%	1.19	8.69%	1.21
Time of Day Primary	3.34%	0.73	6.40%	0.89
Retail Transmission Service	3.41%	0.75	6.52%	0.91
Fluctuating Load Service	1.53%	0.34	4.61%	0.64
Lighting	2.75%	0.60	4.13%	0.58
<b>Total Jurisdiction</b>	<b>4.55%</b>	<b>1.00</b>	<b>7.18%</b>	<b>1.00</b>

Sources: Exhibit SWC-4 and Testimony of Martin Blake, page 17, Table 1

5  
6 **Q. WHAT IS YOUR UNDERSTANDING OF THE COMPANY'S REVENUE ALLOCATION**  
7 **PROPOSAL?**

8 **A.** My understanding is that the Company proposes to increase the base revenues for  
9 all classes on an equal percentage basis. See Direct Testimony of Martin Blake, page  
10 18, line 21 to 22.

11 **Q. WHAT IS THE COMPANY'S STATED OBJECTIVE FOR THEIR BASE REVENUE**  
12 **ALLOCATION PROPOSAL?**

1 A. The Company's stated objective for their revenue allocation proposal is to minimize  
2 rate shock due to the level of the proposed revenue requirement increase. *Id.*, page  
3 19, line 1 to line 2.

4 **Q. DOES THE COMPANY'S PROPOSAL MOVE RATE CLASSES TOWARDS THEIR**  
5 **RESPECTIVE COSTS OF SERVICE?**

6 A. Using the RRI from Table 1 as a guide, there appears to be movement towards cost  
7 of service. However, upon deeper examination, TODS would continue to have a  
8 return well above the system average and would see an increase in the revenue  
9 requirement in excess of its respective cost of service levels.

10 **Q. PLEASE EXPLAIN.**

11 A. As proposed, the revenue requirement in excess of cost of service would increase  
12 for TODS. Current, TODS pays rates that are 1.8 percent in excess of cost of service.  
13 As proposed, TODS would pay rates 2.9 percent in excess of cost of service. *See*  
14 Exhibit SWC-6. As such, the Commission should determine that it is appropriate as  
15 part of this case to make some movement towards cost of service-based rates for  
16 the customer classes.

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

18 A. The Commission should allocate any revenue increase in this docket using the  
19 following steps:

20 1) Apply a 25 percent revenue neutral movement towards cost of service, per  
21 the Commission's approved cost of service study results, to the revenue  
22 requirement for each rate class;

- 1           2)     Allocate the approved overall revenue requirement increase or decrease on  
2                     an equal percent basis to all customer classes; and
- 3           3)     If the difference between the Company's proposed revenue requirement and  
4                     the Commission's approved revenue requirement results in steps (1) and (2)  
5                     assigning a rate class an increase above 9.6 percent, mitigate that increase  
6                     per Commission discretion so that no class receives a rate increase in excess  
7                     of 9.6 percent.

8

9     **Use of NAICS Codes**

10     **Q.     HAS WALMART RAISED IN A PAST DOCKET THE ISSUE OF THE COMPANY'S USE OF**  
11     **NAICS CODES TO CLASSIFY CUSTOMERS UNDER THE COMPANY'S TARIFF?**

12     A.     Yes. In Case No. 2014-00003, Walmart submitted the Direct Testimony of Kenneth  
13             E. Baker as well as briefing on the Company's use of NAICS codes to determine  
14             eligibility to opt out of the Company's demand-side management ("DSM") program.

15     **Q.     WHAT WAS THE COMMISSION'S DETERMINATION ON THE ISSUE IN CASE NO.**  
16     **2014-00003?**

17     A.     The Commission did not reject the Company's use of NAICS codes. However, the  
18             Commission did state that "...Walmart has raised a legitimate concern about how  
19             the Companies use the NAICS codes. During the next general rate case for the  
20             Companies, we will review the Companies' definition of industrial customers by  
21             NAICS codes for reasonableness." See Order, Case No. 2014-00003, November 14,  
22             2014, page 26.

1       **Q.     WHAT IS YOUR UNDERSTANDING OF THE COMPANY'S CURRENT PRACTICE?**

2       A.     My understanding of the Company's current practice is that, under the Demand-Side  
3           Management Cost Recovery Mechanism tariff, industrial customers who elect not to  
4           participate in the Company's DSM program shall not be assessed a charge pursuant  
5           to the tariff. For the purposes of that portion of the tariff, a non-residential  
6           customer is defined as "industrial" if they are primarily engaged in a process that  
7           creates or changes raw or unfinished materials into another form or product, and/or  
8           they are defined by NAICS under Sections 21, 22, 31, 32, and 33. See P.S.C. No. 16,  
9           First Revision of Original Sheet No. 86.

10       **Q.     IS IT REASONABLE TO USE NAICS CODES AS THE BASIS FOR THE DEFINITION OF**  
11       **INDUSTRIAL CUSTOMERS?**

12       A.     No. The Company's use of NAICS codes is inconsistent with the ratemaking process  
13           and its results are unreasonably arbitrary and unduly discriminatory, both within the  
14           total universe of non-residential customers as well as within the customer base  
15           more traditionally thought of as "industrial," and inconsistent with the Company's  
16           rate structures, which are not broken out by "commercial" and "industrial."

17       **Q.     PLEASE EXPLAIN.**

18       A.     The ratemaking process allows for the systematic consideration of all costs, benefits,  
19           and risks of a utility in the provision of its service to a large and diverse body of  
20           customers. Because it is administratively infeasible to create an individual rate for  
21           every customer on the system, the process creates customer classes that group  
22           similarly situated customers based on characteristics related to how customers use

1 the service, including but not limited to customer size, load shape, load factor,  
2 minimum and/or peak kW demand, or service voltage. One or more of those or  
3 other characteristics and some form of specific customer responsibilities, such as  
4 being available for interruption, can also be used to create a customer class.  
5 Ultimately, at no point during the ratemaking process is it functionally necessary for  
6 the Commission to consider why a customer takes service or what the customer  
7 does with the power.

8 **Q. IS THE USE OF NAICS CODES CONSISTENT WITH THIS PROCESS?**

9 A. No, and that results in the use of the codes being unreasonably arbitrary. As I state  
10 above, why a customer takes service or what the customer does with the power is  
11 not a functionally necessary part of the ratemaking process. Use of NAICS codes  
12 ignores the characteristics and responsibilities listed above that are used in the  
13 ratemaking process and can ultimately create groups of dissimilar customers –  
14 different kW demands, different load shapes, different load factors, etc. – from the  
15 viewpoint of the operation of a utility's system.

16 **Q. IN CASE NO. 2014-00003, DID WALMART PRESENT A WAY OF DEFINING**  
17 **CUSTOMER ELIGIBILITY THAT IS CONSISTENT WITH THE RATEMAKING PROCESS?**

18 A. Yes. Walmart proposed the following:

19 The Commission should allow any non-residential customer who has electric  
20 usage above a benchmark level for all of its sites aggregated under one of the  
21 Companies to elect to not participate in that Company's demand-side  
22 management program.

1 Walmart also recommended a benchmark of 15 million kWh in aggregate across all  
2 of a customer's sites.<sup>3</sup> As such, this would use customer size, which is a common  
3 delineator used in the ratemaking process, as a determinant for defining customers.

4 **Q. COULD THE COMMISSION ALSO USE A SPECIFIC CUSTOMER RESPONSIBILITY FOR**  
5 **THE DETERMINATION OF OPT OUT ELIGIBILITY UNDER THE COMPANY'S DSM**  
6 **TARIFF?**

7 A. Yes. The Commission could use the affirmation or demonstration of a customer's  
8 self-funded energy efficiency efforts as a determinant for eligibility. While I am not  
9 an attorney, my reading of KRS 278.285(3) would suggest that this determinant be  
10 included in the process per the statute. In sum, the use of customer size and  
11 customer responsibility to create a group of similarly situated customers, as  
12 described above, gives the Commission a methodology by which customer  
13 classifications can be determined in a non-arbitrary fashion.

14 **Q. DOES KRS 278.285(3) DEFINE "INDUSTRIAL"?**

15 A. No. The only reference to the nature of the customer's usage is that its processes  
16 are "energy intensive," which is also not defined.

17 **Q. DOES KU'S DSM TARIFF DEFINE "INDUSTRIAL"?**

18 A. Yes, per the use of the specific NAICS codes. All other non-residential classes are  
19 termed "commercial." See P.S.C. No. 16, First Revision of Original Sheet No. 86. In  
20 addition to ignoring whether customers eligible for opt out are similarly situated, as

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<sup>3</sup> This is the benchmark currently in use in Oklahoma for Oklahoma Gas & Electric and Public Service Company of Oklahoma. See Case No. 2014-00003, Direct Testimony of Kenneth E. Baker (April 14, 2014), page 7 to page 8.

1 described above, it also ignores customers such as data centers (NAICS Section 51)  
2 and distribution centers (NAICS Section 48-49), that are energy intensive and would  
3 traditionally be thought of as "industrial."

4 **Q. HAVE ANY OTHER COMMISSIONS QUESTIONED THE REASONABLENESS OF THE USE**  
5 **OF NAICS CODES OR THE SIMILAR STANDARD INDUSTRIAL CLASSIFICATION ("SIC")**  
6 **CODES IN THE RATEMAKING PROCESS?**

7 A. Yes. In North Carolina Docket No. E-7, Sub 989, the North Carolina Utilities  
8 Commission examined the reasonableness of segregating a large general service rate  
9 based on SIC codes. That Commission found:

10 "The Commission is concerned with the impact of increasing Schedule  
11 OPT-I and OPT-H rates. However, the Commission is also concerned  
12 with the reasonableness and fairness of maintaining a differential  
13 between Schedules OPT-I/OPT-H and Schedule OPT-G based largely  
14 on labels such as SIC codes. Thus, the Commission concludes that  
15 steps toward potentially recombining the OPT-I, OPT-H and OPT-G  
16 rates in an equitable manner should begin now..."

17 *See Order Granting General Rate Increase, North Carolina Docket No.*  
18 *E-7, Sub 989, January 27, 2012, page 48.*

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

20 A. The Commission should reject the use of NAICS codes by the Company and instead  
21 create standards consistent with actual energy usage and load characteristics.

22 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

23 A. Yes.




VERIFICATION

STATE OF ARKANSAS )  
 ) SS:  
COUNTY OF BENTON )

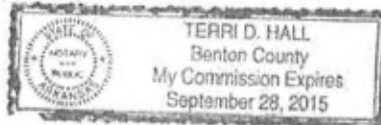
The undersigned, Steve W. Chriss, being duly sworn, deposes and says that he is Senior Manager, Energy Regulatory Analysis for Wal-Mart Stores, Inc., and that he has personal knowledge of the matters set forth in the foregoing testimony, and that the answers contained herein are true and correct to the best of his information, knowledge and belief.

  
\_\_\_\_\_  
Steve W. Chriss

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 5<sup>th</sup> day of March 2015.

 (SEAL)  
\_\_\_\_\_  
Notary Public

My Commission Expires: 9-28-15



COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY UTILITIES )  
COMPANY FOR AN ADJUSTMENT OF ITS ) CASE NO. 2014-00371  
ELECTRIC RATES )

EXHIBITS OF STEVE W. CHRISS

ON BEHALF OF

WAL-MART STORES EAST, LP AND SAM'S EAST, INC.

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY UTILITIES )  
COMPANY FOR AN ADJUSTMENT OF ITS ) CASE NO. 2014-00371  
ELECTRIC RATES )

EXHIBIT SWC-1 OF STEVE W. CHRISS

ON BEHALF OF

WAL-MART STORES EAST, LP AND SAM'S EAST, INC.

# Steve W. Chriss

Senior Manager, Energy Regulatory Analysis  
Wal-Mart Stores, Inc.

Business Address: 2001 SE 10<sup>th</sup> Street, Bentonville, AR, 72716-0550

Business Phone: (479) 204-1594

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## EXPERIENCE

July 2007 – Present

Wal-Mart Stores, Inc., Bentonville, AR

Senior Manager, Energy Regulatory Analysis (June 2011 – Present)

Manager, State Rate Proceedings (July 2007 – June 2011)

June 2003 – July 2007

Public Utility Commission of Oregon, Salem, OR

Senior Utility Analyst (February 2006 – July 2007)

Economist (June 2003 – February 2006)

January 2003 - May 2003

North Harris College, Houston, TX

Adjunct Instructor, Microeconomics

June 2001 - March 2003

Econ One Research, Inc., Houston, TX

Senior Analyst (October 2002 – March 2003)

Analyst (June 2001 – October 2002)

## EDUCATION

2001 Louisiana State University

M.S., Agricultural Economics

1997-1998 University of Florida

Graduate Coursework, Agricultural Education  
and Communication

1997 Texas A&M University

B.S., Agricultural Development

B.S., Horticulture

## TESTIMONY BEFORE REGULATORY COMMISSIONS

2014

Ohio Public Utilities Commission Case No. 14-1297-EL-SSO: In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company and the Toledo Edison Company for Authority to Provide for a Standard Service Offer Pursuant to R.C. 4928.143 in the Form of an Electric Security Plan.

West Virginia Case No. 14-1152-E-42T: Appalachian Power Company and Wheeling Power Company, Both d/b/a American Electric Power, Joint Application for Rate Increases and Changes in Tariff Provisions.

Oklahoma Corporation Commission Cause No. PUD 201400229: In the Matter of the Application of Oklahoma Gas and Electric Company for Commission Authorization of a Plan to Comply with the Federal Clean Air Act and Cost Recovery; and for Approval of the Mustang Modernization Plan.

Missouri Public Service Commission Case No. ER-2014-0258: In the Matter of Union Electric Company d/b/a Ameren Missouri's Tariff to Increase its Revenues for Electric Service.

Pennsylvania Public Utility Commission Docket No. R-2014-2428742: Pennsylvania Public Utility Commission v. West Penn Power Company.

Pennsylvania Public Utility Commission Docket No. R-2014-2428743: Pennsylvania Public Utility Commission v. Pennsylvania Electric Company.

Pennsylvania Public Utility Commission Docket No. R-2014-2428744: Pennsylvania Public Utility Commission v. Pennsylvania Power Company.

Pennsylvania Public Utility Commission Docket No. R-2014-2428745: Pennsylvania Public Utility Commission v. Metropolitan Edison Company.

Washington Utilities and Transportation Commission Docket No. UE-141368: In the Matter of the Petition of Puget Sound Energy to Update Methodologies Used to Allocate Electric Cost of Service and For Electric Rate Design Purposes.

Washington Utilities and Transportation Commission Docket No. UE-140762: 2014 Pacific Power & Light Company General Rate Case.

West Virginia Public Service Commission Case No. 14-0702-E-42T: Monongahela Power Company and the Potomac Edison Company Rule 42T Tariff Filing to Increase Rates and Charges.

Ohio Public Utilities Commission Case No. 14-841-EL-SSO: In the Matter of the Application of Duke Energy Ohio for Authority to Establish a Standard Service Offer Pursuant to Section 4928.143, Revised Code, in the Form of Case No. 14-841-EL-SSO an Electric Security Plan, Accounting Modifications and Tariffs for Generation Service.

Colorado Public Utilities Commission Docket No. 14AL-0660E: Re: In the Matter of the Advice Letter No. 1672-Electric Filed by Public Service Company of Colorado to Revise its Colorado PUC No. 7-Electric Tariff to Implement a General Rate Schedule Adjustment and Other Rate Changes Effective July 18, 2014.

Maryland Case No. 9355: In the Matter of the Application of Baltimore Gas and Electric Company for Authority to Increase Existing Rates and Charges for Electric and Gas Service.

Mississippi Public Service Commission Docket No. 2014-UN-132: In Re: Notice of Intent of Entergy Mississippi, Inc. to Modernize Rates to Support Economic Development, Power Procurement, and Continued Investment.

Nevada Public Utilities Commission Docket No. 14-05004: Application of Nevada Power Company d/b/a NV Energy for Authority to Increase its Annual Revenue Requirement for General Rates Charged to All Classes of Electric Customers and for Relief Properly Related Thereto.

Utah Public Service Commission Docket No. 14-035-T02: In the Matter of Rocky Mountain Power's Proposed Electric Service Schedule No. 32, Service From Renewable Energy Facilities.

Florida Public Service Commission Docket No. 140002-EG: In Re: Energy Conservation Cost Recovery Clause.

Wisconsin Docket No. 6690-UR-123: Application of Wisconsin Public Service Corporation for Authority to Adjust Electric and Natural Gas Rates.

Connecticut Docket No. 14-05-06: Application of the Connecticut Light and Power Company to Amend its Rate Schedules.

Virginia Corporation Commission Case No. PUE-2014-00026: Application of Appalachian Power Company for a 2014 Biennial Review for the Provision of Generation, Distribution and Transmission Services Pursuant to § 56-585.1 A of the Code of Virginia.

Virginia Corporation Commission Case No. PUE-2014-00033: Application of Virginia Electric and Power Company to Revise its Fuel Factor Pursuant to Va. Code § 56-249.6.

Arizona Corporation Commission Docket No. E-01345A-11-0224 (Four Corners Phase): In the Matter of Arizona Public Service Company for a Hearing to Determine the Fair Value of Utility Property of the Company for Ratemaking Purposes, to Fix and Just and Reasonable Rate of Return Thereon, to Approve Rate Schedules Designed to Develop Such Return.

Minnesota Public Utilities Commission Docket No. E-002/GR-13-868: In the Matter of the Application of Northern States Power Company, for Authority to Increase Rates for Electric Service in Minnesota.

Utah Public Service Commission Docket No. 13-035-184: 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.

Missouri Public Service Commission Case No. EC-2014-0224: In the Matter of Noranda Aluminum, Inc.'s Request for Revisions to Union Electric Company d/b/a Ameren Missouri's Large Transmission Service Tariff to Decrease its Rate for Electric Service.

Oklahoma Corporation Commission Cause No. PUD 201300217: Application of Public Service Company of Oklahoma to be in Compliance with Order No. 591185 Issued in Cause No. PUD 201100106 Which Requires a Base Rate Case to be Filed by PSO and the Resulting Adjustment in its Rates and Charges and Terms and Conditions of Service for Electric Service in the State of Oklahoma.

Public Utilities Commission of Ohio Case No. 13-2386-EL-SSO: In the Matter of the Application of Ohio Power Company for Authority to Establish a Standard Service Offer Pursuant to §4928.143, Ohio Rev. Code, in the Form of an Electric Security Plan.

*2013*

Oklahoma Corporation Commission Cause No. PUD 201300201: Application of Public Service Company of Oklahoma for Commission Authorization of a Standby and Supplemental Service Rate Schedule.

Georgia Public Service Commission Docket No. 36989: Georgia Power's 2013 Rate Case.

Florida Public Service Commission Docket No. 130140-El: Petition for Rate Increase by Gulf Power Company.

Public Utility Commission of Oregon Docket No. UE 267: In the Matter of PACIFICORP, dba PACIFIC POWER, Transition Adjustment, Five-Year Cost of Service Opt-Out.

Illinois Commerce Commission Docket No. 13-0387: Commonwealth Edison Company Tariff Filing to Present the Illinois Commerce Commission with an Opportunity to Consider Revenue Neutral Tariff Changes Related to Rate Design Authorized by Subsection 16-108.5 of the Public Utilities Act.

Iowa Utilities Board Docket No. RPU-2013-0004: In Re: MidAmerican Energy Company.

South Dakota Public Utilities Commission Docket No. EL12-061: In the Matter of the Application of Black Hills Power, Inc. for Authority to Increase its Electric Rates. (filed with confidential stipulation)

Kansas Corporation Commission Docket No. 13-WSEE-629-RTS: In the Matter of the Applications of Westar Energy, Inc. and Kansas Gas and Electric Company for Approval to Make Certain Changes in their Charges for Electric Service.

Public Utility Commission of Oregon Docket No. UE 263: In the Matter of PACIFICORP, dba PACIFIC POWER, Request for a General Rate Revision.

Arkansas Public Service Commission Docket No. 13-028-U: In the Matter of the Application of Entergy Arkansas, Inc. for Approval of Changes in Rates for Retail Electric Service.

Virginia State Corporation Commission Docket No. PUE-2013-00020: Application of Virginia Electric and Power Company for a 2013 Biennial Review of the Rates, Terms, and Conditions for the Provision of Generation, Distribution, and Transmission Services Pursuant to § 56-585.1 A of the Code of Virginia.

Florida Public Service Commission Docket No. 130040-EI: Petition for Rate Increase by Tampa Electric Company.

South Carolina Public Service Commission Docket No. 2013-59-E: Application of Duke Energy Carolinas, LLC, for Authority to Adjust and Increase Its Electric Rates and Charges.

Public Utility Commission of Oregon Docket No. UE 262: In the Matter of PORTLAND GENERAL ELECTRIC COMPANY, Request for a General Rate Revision.

New Jersey Board of Public Utilities Docket No. ER12111052: In the Matter of the Verified Petition of Jersey Central Power & Light Company For Review and Approval of Increases in and Other Adjustments to Its Rates and Charges For Electric Service, and For Approval of Other Proposed Tariff Revisions in Connection Therewith; and for Approval of an Accelerated Reliability Enhancement Program ("2012 Base Rate Filing")

North Carolina Utilities Commission Docket No. E-7, Sub 1026: In the Matter of the Application of Duke Energy Carolinas, LLC for Adjustment of Rates and Charges Applicable to Electric Service in North Carolina.

Public Utility Commission of Oregon Docket No. UE 264: PACIFICORP, dba PACIFIC POWER, 2014 Transition Adjustment Mechanism.

Public Utilities Commission of California Docket No. 12-12-002: Application of Pacific Gas and Electric Company for 2013 Rate Design Window Proceeding.

Public Utilities Commission of Ohio Docket Nos. 12-426-EL-SSO, 12-427-EL-ATA, 12-428-EL-AAM, 12-429-EL-WVR, and 12-672-EL-RDR: In the Matter of the Application of the Dayton Power and Light Company Approval of its Market Offer.

Minnesota Public Utilities Commission Docket No. E-002/GR-12-961: In the Matter of the Application of Northern States Power Company for Authority to Increase Rates for Electric Service in Minnesota.

North Carolina Utilities Commission Docket E-2, Sub 1023: In the Matter of Application of Progress Energy Carolinas, Inc. For Adjustment of Rates and Charges Applicable to Electric Service in North Carolina.

2012

Public Utility Commission of Texas Docket No. 40443: Application of Southwestern Electric Power Company for Authority to Change Rates and Reconcile Fuel Costs.

South Carolina Public Service Commission Docket No. 2012-218-E: Application of South Carolina Electric & Gas Company for Increases and Adjustments in Electric Rate Schedules and Tariffs and Request for Mid-Period Reduction in Base Rates for Fuel.

Kansas Corporation Commission Docket No. 12-KCPE-764-RTS: In the Matter of the Application of Kansas City Power & Light Company to Make Certain Changes in its Charges for Electric Service.

Kansas Corporation Commission Docket No. 12-GIMX-337-GIV: In the Matter of a General Investigation of Energy-Efficiency Policies for Utility Sponsored Energy Efficiency Programs.

Florida Public Service Commission Docket No. 120015-El: In Re: Petition for Rate Increase by Florida Power & Light Company.

California Public Utilities Commission Docket No. A.11-10-002: Application of San Diego Gas & Electric Company (U 902 E) for Authority to Update Marginal Costs, Cost Allocation, and Electric Rate Design.

Utah Public Service Commission Docket No. 11-035-200: 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.

Virginia State Corporation Commission Case No. PUE-2012-00051: Application of Appalachian Power Company to Revise its Fuel Factor Pursuant to § 56-249.6 of the Code of Virginia.

Public Utilities Commission of Ohio Case Nos. 11-346-EL-SSO, 11-348-EL-SSO, 11-349-EL-AAM, and 11-350-EL-AAM: In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company for Authority to Establish a Standard Service Offer Pursuant to Section 4928.143, Revised Code, in the Form on an Electric Security Plan and In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company for Approval of Certain Accounting Authority.

New Jersey Board of Public Utilities Docket No. ER11080469: In the Matter of the Petition of Atlantic City Electric for Approval of Amendments to Its Tariff to Provide for an Increase in Rates and Charges for Electric Service Pursuant to N.J.S.A. 48:2-21 and N.J.S.A. 48:2-21.1 and For Other Appropriate Relief.

Public Utility Commission of Texas Docket No. 39896: Application of Entergy Texas, Inc. for Authority to Change Rates and Reconcile Fuel Costs.

Missouri Public Service Commission Case No. EO-2012-0009: In the Matter of KCP&L Greater Missouri Operations Notice of Intent to File an Application for Authority to Establish a Demand-Side Programs Investment Mechanism.

Colorado Public Utilities Commission Docket No. 11AL-947E: In the Matter of Advice Letter No. 1597-Electric Filed by Public Service Company of Colorado to Revise its Colorado PUC No. 7-Electric Tariff to Implement a General Rate Schedule Adjustment and Other Changes Effective December 23, 2011.



Illinois Commerce Commission Docket No. 11-0721: Commonwealth Edison Company Tariffs and Charges Submitted Pursuant to Section 16-108.5 of the Public Utilities Act.

Public Utility Commission of Texas Docket No. 38951: Application of Entergy Texas, Inc. for Approval of Competitive Generation Service tariff (Issues Severed from Docket No. 37744).

California Public Utilities Commission Docket No. A.11-06-007: Southern California Edison's General Rate Case, Phase 2.

*2011*

Arizona Corporation Commission Docket No. E-01345A-11-0224: In the Matter of Arizona Public Service Company for a Hearing to Determine the Fair Value of Utility Property of the Company for Ratemaking Purposes, to Fix and Just and Reasonable Rate of Return Thereon, to Approve Rate Schedules Designed to Develop Such Return.

Oklahoma Corporation Commission Cause No. PUD 201100087: In the Matter of the Application of Oklahoma Gas and Electric Company for an Order of the Commission Authorizing Applicant to Modify its Rates, Charges, and Tariffs for Retail Electric Service in Oklahoma.

South Carolina Public Service Commission Docket No. 2011-271-E: Application of Duke Energy Carolinas, LLC for Authority to Adjust and Increase its Electric Rates and Charges.

Pennsylvania Public Utility Commission Docket No. P-2011-2256365: Petition of PPL Electric Utilities Corporation for Approval to Implement Reconciliation Rider for Default Supply Service.

North Carolina Utilities Commission Docket No. E-7, Sub 989: In the Matter of Application of Duke Energy Carolinas, LLC for Adjustment of Rates and Charges Applicable to Electric Service in North Carolina.

Florida Public Service Commission Docket No. 110138: In Re: Petition for Increase in Rates by Gulf Power Company.

Public Utilities Commission of Nevada Docket No. 11-06006: In the Matter of the Application of Nevada Power Company, filed pursuant to NRS 704.110(3) for authority to increase its annual revenue requirement for general rates charged to all classes of customers to recover the costs of constructing the Harry Allen Combined Cycle plant and other generating, transmission, and distribution plant additions, to reflect changes in the cost of capital, depreciation rates and cost of service, and for relief properly related thereto.

North Carolina Utilities Commission Docket Nos. E-2, Sub 998 and E-7, Sub 986: In the Matter of the Application of Duke Energy Corporation and Progress Energy, Inc., to Engage in a Business Combination Transaction and to Address Regulatory Conditions and Codes of Conduct.

Public Utilities Commission of Ohio Case Nos. 11-346-EL-SSO, 11-348-EL-SSO, 11-349-EL-AAM, and 11-350-EL-AAM: In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company for Authority to Establish a Standard Service Offer Pursuant to Section 4928.143, Revised Code, in the Form on an Electric Security Plan and In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company for Approval of Certain Accounting Authority.

Virginia State Corporation Commission Case No. PUE-2011-00037: In the Matter of Appalachian Power Company for a 2011 Biennial Review of the Rates, Terms, and Conditions for the Provision of Generation, Distribution, and Transmission Services Pursuant to § 56-585.1 A of the Code of Virginia.

Illinois Commerce Commission Docket No. 11-0279 and 11-0282 (cons.): Ameren Illinois Company Proposed General Increase in Electric Delivery Service and Ameren Illinois Company Proposed General Increase in Gas Delivery Service.

Virginia State Corporation Commission Case No. PUE-2011-00045: Application of Virginia Electric and Power Company to Revise its Fuel Factor Pursuant to § 56-249.6 of the Code of Virginia.

Utah Public Service Commission Docket No. 10-035-124: 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.

Maryland Public Utilities Commission Case No. 9249: In the Matter of the Application of Delmarva Power & Light for an Increase in its Retail Rates for the Distribution of Electric Energy.

Minnesota Public Utilities Commission Docket No. E002/GR-10-971: In the Matter of the Application of Northern States Power Company d/b/a Xcel Energy for Authority to Increase Rates for Electric Service in Minnesota.

Michigan Public Service Commission Case No. U-16472: In the Matter of the Detroit Edison Company for Authority to Increase its Rates, Amend its Rate Schedules and Rules Governing the Distribution and Supply of Electric Energy, and for Miscellaneous Accounting Authority.

*2010*

Public Utilities Commission of Ohio Docket No. 10-2586-EL-SSO: In the Matter of the Application of Duke Energy Ohio for Approval of a Market Rate Offer to Conduct a Competitive Bidding Process for Standard Service Offer Electric Generation Supply, Accounting Modifications, and Tariffs for Generation Service.

Colorado Public Utilities Commission Docket No. 10A-554EG: In the Matter of the Application of Public Service Company of Colorado for Approval of a Number of Strategic Issues Relating to its DSM Plan, Including Long-Term Electric Energy Savings Goals, and Incentives.

Public Service Commission of West Virginia Case No. 10-0699-E-42T: Appalachian Power Company and Wheeling Power Company Rule 42T Application to Increase Electric Rates.

Oklahoma Corporation Commission Cause No. PUD 201000050: Application of Public Service Company of Oklahoma, an Oklahoma Corporation, for an Adjustment in its Rates and Charges and Terms and Conditions of Service for Electric Service in the State of Oklahoma.

Georgia Public Service Commission Docket No. 31958-U: In Re: Georgia Power Company's 2010 Rate Case.

Washington Utilities and Transportation Commission Docket No. UE-100749: 2010 Pacific Power & Light Company General Rate Case.

Colorado Public Utilities Commission Docket No. 10M-254E: In the Matter of Commission Consideration of Black Hills Energy's Plan in Compliance with House Bill 10-1365, "Clean Air-Clean Jobs Act."

Colorado Public Utilities Commission Docket No. 10M-245E: In the Matter of Commission Consideration of Public Service Company of Colorado Plan in Compliance with House Bill 10-1365, "Clean Air-Clean Jobs Act."

Public Service Commission of Utah Docket No. 09-035-15 *Phase II*: In the Matter of the Application of Rocky Mountain Power for Approval of its Proposed Energy Cost Adjustment Mechanism.

Public Utility Commission of Oregon Docket No. UE 217: In the Matter of PACIFICORP, dba PACIFIC POWER Request for a General Rate Revision.

Mississippi Public Service Commission Docket No. 2010-AD-57: In Re: Proposal of the Mississippi Public Service Commission to Possibly Amend Certain Rules of Practice and Procedure.

Indiana Utility Regulatory Commission Cause No. 43374: Verified Petition of Duke Energy Indiana, Inc. Requesting the Indiana Utility Regulatory Commission to Approve an Alternative Regulatory Plan Pursuant to Ind. Code § 8-1-2.5-1, *ET SEQ.*, for the Offering of Energy Efficiency Conservation, Demand Response, and Demand-Side Management Programs and Associated Rate Treatment Including Incentives Pursuant to a Revised Standard Contract Rider No. 66 in Accordance with Ind. Code §§ 8-1-2.5-1 *ET SEQ.* and 8-1-2-42 (a); Authority to Defer Program Costs Associated with its Energy Efficiency Portfolio of Programs; Authority to Implement New and Enhanced Energy Efficiency Programs, Including the Powershare® Program in its Energy Efficiency Portfolio of Programs; and Approval of a Modification of the Fuel Adjustment Clause Earnings and Expense Tests.

Public Utility Commission of Texas Docket No. 37744: Application of Entergy Texas, Inc. for Authority to Change Rates and to Reconcile Fuel Costs.

South Carolina Public Service Commission Docket No. 2009-489-E: Application of South Carolina Electric & Gas Company for Adjustments and Increases in Electric Rate Schedules and Tariffs.

Kentucky Public Service Commission Case No. 2009-00459: In the Matter of General Adjustments in Electric Rates of Kentucky Power Company.

Virginia State Corporation Commission Case No. PUE-2009-00125: For acquisition of natural gas facilities Pursuant to § 56-265.4:5 B of the Virginia Code.

Arkansas Public Service Commission Docket No. 10-010-U: In the Matter of a Notice of Inquiry Into Energy Efficiency.

Connecticut Department of Public Utility Control Docket No. 09-12-05: Application of the Connecticut Light and Power Company to Amend its Rate Schedules.

Arkansas Public Service Commission Docket No. 09-084-U: In the Matter of the Application of Entergy Arkansas, Inc. For Approval of Changes in Rates for Retail Electric Service.

Missouri Public Service Commission Docket No. ER-2010-0036: In the Matter of Union Electric Company d/b/a AmerenUE for Authority to File Tariffs Increasing Rates for Electric Service Provided to Customers in the Company's Missouri Service Area.

Public Service Commission of Delaware Docket No. 09-414: In the Matter of the Application of Delmarva Power & Light Company for an Increase in Electric Base Rates and Miscellaneous Tariff Charges.

2009

Virginia State Corporation Commission Case No. PUE-2009-00030: In the Matter of Appalachian Power Company for a Statutory Review of the Rates, Terms, and Conditions for the Provision of Generation, Distribution, and Transmission Services Pursuant to § 56-585.1 A of the Code of Virginia.

Public Service Commission of Utah Docket No. 09-035-15 *Phase I*: In the Matter of the Application of Rocky Mountain Power for Approval of its Proposed Energy Cost Adjustment Mechanism.

Public Service Commission of Utah Docket No. 09-035-23: 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.

Colorado Public Utilities Commission Docket No. 09AL-299E: Re: The Tariff Sheets Filed by Public Service Company of Colorado with Advice Letter No. 1535 – Electric.

Arkansas Public Service Commission Docket No. 09-008-U: In the Matter of the Application of Southwestern Electric Power Company for Approval of a General Change in Rates and Tariffs.

Oklahoma Corporation Commission Docket No. PUD 200800398: In the Matter of the Application of Oklahoma Gas and Electric Company for an Order of the Commission Authorizing Applicant to Modify its Rates, Charges, and Tariffs for Retail Electric Service in Oklahoma.

Public Utilities Commission of Nevada Docket No. 08-12002: In the Matter of the Application by Nevada Power Company d/b/a NV Energy, filed pursuant to NRS §704.110(3) and NRS §704.110(4) for authority to increase its annual revenue requirement for general rates charged to all classes of customers, begin to recover the costs of acquiring the Bighorn Power Plant, constructing the Clark Peak, Environmental Retrofits and other generating, transmission and distribution plant additions, to reflect changes in cost of service and for relief properly related thereto.

New Mexico Public Regulation Commission Case No. 08-00024-UT: In the Matter of a Rulemaking to Revise NMPRC Rule 17.7.2 NMAC to Implement the Efficient Use of Energy Act.

Indiana Utility Regulatory Commission Cause No. 43580: Investigation by the Indiana Utility Regulatory Commission, of Smart Grid Investments and Smart Grid Information Issues Contained in 111(d) of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. § 2621(d)), as Amended by the Energy Independence and Security Act of 2007.

Louisiana Public Service Commission Docket No. U-30192 *Phase II (February 2009)*: Ex Parte, Application of Entergy Louisiana, LLC for Approval to Repower Little Gypsy Unit 3 Electric Generating Facility and for Authority to Commence Construction and for Certain Cost Protection and Cost Recovery.

South Carolina Public Service Commission Docket No. 2008-251-E: In the Matter of Progress Energy Carolinas, Inc.'s Application For the Establishment of Procedures to Encourage Investment in Energy Efficient Technologies; Energy Conservation Programs; And Incentives and Cost Recovery for Such Programs.

*2008*

Colorado Public Utilities Commission Docket No. 08A-366EG: In the Matter of the Application of Public Service Company of Colorado for approval of its electric and natural gas demand-side management (DSM) plan for calendar years 2009 and 2010 and to change its electric and gas DSM cost adjustment rates effective January 1, 2009, and for related waivers and authorizations.

Public Service Commission of Utah Docket No. 07-035-93: 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.

Indiana Utility Regulatory Commission Cause No. 43374: Petition of Duke Energy Indiana, Inc. Requesting the Indiana Utility Regulatory Commission Approve an Alternative Regulatory Plan for the Offering of Energy Efficiency, Conservation, Demand Response, and Demand-Side Management.

Public Utilities Commission of Nevada Docket No. 07-12001: In the Matter of the Application of Sierra Pacific Power Company for authority to increase its general rates charged to all classes of electric customers to reflect an increase in annual revenue requirement and for relief properly related thereto.

Louisiana Public Service Commission Docket No. U-30192 *Phase II*: Ex Parte, Application of Entergy Louisiana, LLC for Approval to Repower Little Gypsy Unit 3 Electric Generating Facility and for Authority to Commence Construction and for Certain Cost Protection and Cost Recovery.

Colorado Public Utilities Commission Docket No. 07A-420E: In the Matter of the Application of Public Service Company of Colorado For Authority to Implement and Enhanced Demand Side Management Cost Adjustment Mechanism to Include Current Cost Recovery and Incentives.

*2007*

Louisiana Public Service Commission Docket No. U-30192: Ex Parte, Application of Entergy Louisiana, LLC for Approval to Repower Little Gypsy Unit 3 Electric Generating Facility and for Authority to Commence Construction and for Certain Cost Protection and Cost Recovery.

Public Utility Commission of Oregon Docket No. UG 173: In the Matter of PUBLIC UTILITY COMMISSION OF OREGON Staff Request to Open an Investigation into the Earnings of Cascade Natural Gas.

*2006*

Public Utility Commission of Oregon Docket No. UE 180/UE 181/UE 184: In the Matter of PORTLAND GENERAL ELECTRIC COMPANY Request for a General Rate Revision.

Public Utility Commission of Oregon Docket No. UE 179: In the Matter of PACIFICORP, dba PACIFIC POWER AND LIGHT COMPANY Request for a general rate increase in the company's Oregon annual revenues.

Public Utility Commission of Oregon Docket No. UM 1129 *Phase II*: Investigation Related to Electric Utility Purchases From Qualifying Facilities.

*2005*

Public Utility Commission of Oregon Docket No. UM 1129 *Phase I Compliance*: Investigation Related to Electric Utility Purchases From Qualifying Facilities.

Public Utility Commission of Oregon Docket No. UX 29: In the Matter of QWEST CORPORATION Petition to Exempt from Regulation Qwest's Switched Business Services.

*2004*

Public Utility Commission of Oregon Docket No. UM 1129 *Phase I*: Investigation Related to Electric Utility Purchases From Qualifying Facilities.

#### TESTIMONY BEFORE LEGISLATIVE BODIES

2014

Regarding Kansas House Bill 2460: Testimony Before the Kansas House Standing Committee on Utilities and Telecommunications, February 12, 2014.

2012

Regarding Missouri House Bill 1488: Testimony Before the Missouri House Committee on Utilities, February 7, 2012.

2011

Regarding Missouri Senate Bills 50, 321, 359, and 406: Testimony Before the Missouri Senate Veterans' Affairs, Emerging Issues, Pensions, and Urban Affairs Committee, March 9, 2011.

#### AFFIDAVITS

2015

Supreme Court of Illinois, Docket No. 118129, Commonwealth Edison Company et al., respondents, v. Illinois Commerce Commission et al. (Illinois Competitive Energy Association et al., petitioners). Leave to appeal, Appellate Court, First District.

2011

Colorado Public Utilities Commission Docket No. 11M-951E: In the Matter of the Petition of Public Service Company of Colorado Pursuant to C.R.S. § 40-6-111(1)(d) for Interim Rate Relief Effective on or before January 21, 2012.

#### ENERGY INDUSTRY PUBLICATIONS AND PRESENTATIONS

Mock Trial Expert Witness, The Energy Bar Association State Commission Practice and Regulation Committee and Young Lawyers Committee and Environment, Energy and Natural Resources Section of the D.C. Bar, Mastering Your First (or Next) State Public Utility Commission Hearing, February 13, 2014.

Panelist, Customer Panel, Virginia State Bar 29<sup>th</sup> National Regulatory Conference, Williamsburg, Virginia, May 19, 2011.

Chriss, S. (2006). "Regulatory Incentives and Natural Gas Purchasing – Lessons from the Oregon Natural Gas Procurement Study." Presented at the 19<sup>th</sup> Annual Western Conference, Center for Research in Regulated Industries Advanced Workshop in Regulation and Competition, Monterey, California, June 29, 2006.

Chriss, S. (2005). "Public Utility Commission of Oregon Natural Gas Procurement Study." Public Utility Commission of Oregon, Salem, OR. Report published in June, 2005. Presented to the Public Utility Commission of Oregon at a special public meeting on August 1, 2005.

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Contributed to "Moving to the Front Lines: The Economic Impact of the Independent Power Plant Development in Louisiana," David E. Dismukes, author. Published by the Louisiana State University Center for Energy Studies, October 2001.

Dismukes, D.E., D.V. Mesyanzhinov, E.A. Downer, S. Chriss, and J.M. Burke (2001). "Alaska Natural Gas In-State Demand Study." Anchorage: Alaska Department of Natural Resources.

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY UTILITIES )  
COMPANY FOR AN ADJUSTMENT OF ITS ) CASE NO. 2014-00371  
ELECTRIC RATES )

EXHIBIT SWC-2 OF STEVE W. CHRISS

ON BEHALF OF

WAL-MART STORES EAST, LP AND SAM'S EAST, INC.



**Calculation of Revenue Requirement Impact of Inclusion of CWIP in Rate Base, Forecast Test  
Year**

(1)	(\$000)		Proposed CWIP Included in Rate Base	\$	91,874,163
(2)	(\$000)		Proposed Total Rate Base	\$	3,669,268,543
(3)	(%)	(1) / (2)	CWIP Percentage of Rate Base		2.5%
(4)	(%)		Proposed Rate of Return		7.38%
(5)			Gross Revenue Conversion Factor		1.591828
(6)	(\$000)	(1) x (4) x (5)	Revenue Requirement Related to CWIP	\$	10,793,092

Sources:

(1), (2) Schedule B-1

(4), (5) Schedule A

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

**APPLICATION OF KENTUCKY UTILITIES            )  
COMPANY FOR AN ADJUSTMENT OF ITS        )  
ELECTRIC RATES                                )     CASE NO. 2014-00371**

**EXHIBIT SWC-3 OF STEVE W. CHRISS**

**ON BEHALF OF**

**WAL-MART STORES EAST, LP AND SAM'S EAST, INC.**

## Reported Authorized Returns on Equity, Electric Utility Rate Cases Completed, 2012 to Present

State	Utility	Docket	Decision Date	Vertically Integrated (V)/Distribution (D)	Return on Equity (%) (2)
South Carolina	Duke Energy Carolinas LLC	2011-271-E	1/25/2012	V	10.50%
North Carolina	Duke Energy Carolinas LLC	E-7, Sub 989	1/27/2012	V	10.50%
Michigan	Indiana Michigan Power Co.	U-16801	2/15/2012	V	10.20%
Oregon	Idaho Power Co.	UE-233	2/23/2012	V	9.90%
Florida	Gulf Power Co.	110138-EI	2/27/2012	V	10.25%
North Dakota	Northern States Power Co.	PU-10-657	2/29/2012	V	10.40%
Minnesota	Northern States Power Co.	E-002/GR-10-971	3/29/2012	V	10.37%
Hawaii	Hawaii Electric Light Co	2009-0164	4/4/2012	V	10.00%
Colorado	Public Service Co. of CO	11AL-947E	4/26/2012	V	10.00%
Hawaii	Maui Electric Company Ltd	2009-0163	5/2/2012	V	10.00%
Washington	Puget Sound Energy Inc.	UE-111048	5/7/2012	V	9.80%
Arizona	Arizona Public Service Co.	E-01345A-11-0224	5/15/2012	V	10.00%
Illinois	Commonwealth Edison Co.	11-0721	5/29/2012	D	10.05%
Michigan	Consumers Energy Co.	U-16794	6/7/2012	V	10.30%
New York	Orange & Rockland Utlts Inc.	11-E-0408	6/14/2012	D	9.40%
Wisconsin	Wisconsin Power and Light Co	6680-UR-118	6/15/2012	V	10.40%
Wyoming	Cheyenne Light Fuel Power Co.	20003-114-ER-11	6/18/2012	V	9.60%
South Dakota	Northern States Power Co.	EL11-019	6/19/2012	V	9.25%
Michigan	Wisconsin Electric Power Co.	U-16830	6/26/2012	V	10.10%
Hawaii	Hawaiian Electric Co.	2010-0080	6/29/2012	V	10.00%
Oklahoma	Oklahoma Gas and Electric Co.	PUD201100087	7/9/2012	V	10.20%
Wyoming	PacifiCorp	20000-405-ER-11	7/16/2012	V	9.80%
Maryland	Potomac Electric Power Co.	9286	7/20/2012	D	9.31%
Maryland	Delmarva Power & Light Co.	9285	7/20/2012	D	9.81%
Texas	Entergy Texas Inc.	39896	9/13/2012	V	9.80%
Illinois	Ameren Illinois	12-0001	9/19/2012	D	10.05%
Utah	PacifiCorp	11-035-200	9/19/2012	V	9.80%
District of Columbia	Potomac Electric Power Co.	1087	9/26/2012	D	9.50%
New Jersey	Atlantic City Electric Co.	ER-11080469	10/23/2012	D	9.75%
Wisconsin	Wisconsin Public Service Corp.	6690-UR-121	10/24/2012	V	10.30%
Wisconsin	Madison Gas and Electric Co.	3270-UR-118	11/9/2012	V	10.30%
Wisconsin	Wisconsin Electric Power Co.	05-UR-106	11/28/2012	V	10.40%
Delaware	Delmarva Power & Light Co.	11-528	11/29/2012	D	9.75%
California	Liberty Utilities LLC	12-02-014	11/29/2012	V	9.88%
Illinois	Ameren Illinois	12-0293	12/5/2012	D	9.71%
Pennsylvania	PPL Electric Utilities Corp.	R-2012-2290597	12/5/2012	D	10.40%
Missouri	Union Electric Co.	ER-2012-0166	12/12/2012	V	9.80%
Kansas	Kansas City Power & Light	12-KCPE-764-RTS	12/13/2012	V	9.50%
Florida	Florida Power & Light Co.	120015-EI	12/13/2012	V	10.50%
Wisconsin	Northern States Power Co.	4220-UR-118	12/14/2012	V	10.40%
Illinois	Commonwealth Edison Co.	12-0321	12/19/2012	D	9.71%
South Carolina	South Carolina Electric & Gas	2012-218-E	12/19/2012	V	10.25%
Rhode Island	Narragansett Electric Co.	4323	12/20/2012	D	9.50%
Oregon	PacifiCorp	UE-246	12/20/2012	V	9.80%

## Reported Authorized Returns on Equity, Electric Utility Rate Cases Completed, 2012 to Present

State	Utility	Docket	Decision Date	Vertically Integrated (V)/Distribution (D)	Return on Equity (%) (2)
Kentucky	Kentucky Utilities Co.	2012-00221	12/20/2012	V	10.25%
Kentucky	Louisville Gas & Electric Co.	2012-00222	12/20/2012	V	10.25%
California	San Diego Gas & Electric Co.	12-04-016	12/20/2012	V	10.30%
California	Pacific Gas and Electric Co.	12-04-018	12/20/2012	V	10.40%
California	Southern California Edison Co.	12-04-015	12/20/2012	V	10.45%
North Carolina	Virginia Electric & Power Co.	E-22, Sub 479	12/21/2012	V	10.20%
Washington	Avista Corp.	UE-120436	12/26/2012	V	9.80%
Missouri	Kansas City Power & Light	ER-2012-0174	1/9/2013	V	9.70%
Missouri	KCP&L Greater Missouri Op Co	ER-2012-0175	1/9/2013	V	9.70%
Indiana	Indiana Michigan Power Co.	44075	2/13/2013	V	10.20%
Maryland	Baltimore Gas and Electric Co.	9299	2/22/2013	D	9.75%
Louisiana	Southwestern Electric Power Co	U-32220	2/27/2013	V	10.00%
New York	Niagara Mohawk Power Corp.	12-E-0201	3/14/2013	D	9.30%
Idaho	Avista Corp.	AVU-E-12-08	3/27/2013	V	9.80%
Ohio	Duke Energy Ohio Inc.	12-1682-EL-AIR	5/1/2013	D	9.84%
Michigan	Consumers Energy Co.	U-17087	5/15/2013	V	10.30%
North Carolina	Duke Energy Progress Inc.	E-2, Sub 1023	5/30/2013	V	10.20%
Hawaii	Maui Electric Company Ltd	2011-0092	5/31/2013	V	9.00%
Arizona	Tucson Electric Power Co.	E-01933A-12-0291	6/11/2013	V	10.00%
New Jersey	Atlantic City Electric Co.	ER-12121071	6/21/2013	D	9.75%
Washington	Puget Sound Energy Inc.	UE-130137	6/25/2013	V	9.80%
Maryland	Potomac Electric Power Co.	9311	7/12/2013	D	9.36%
Minnesota	Northern States Power Co.	E-002/GR-12-961	8/8/2013	V	9.83%
Connecticut	United Illuminating Co.	13-01-19	8/14/2013	D	9.15%
South Carolina	Duke Energy Carolinas LLC	2013-59-E	9/11/2013	V	10.20%
Florida	Tampa Electric Co.	130040-EI	9/11/2013	V	10.25%
North Carolina	Duke Energy Carolinas LLC	E-7, Sub 1026	9/24/2013	V	10.20%
Texas	Southwestern Electric Power Co	40443	10/3/2013	V	9.65%
Wisconsin	Wisconsin Public Service Corp.	6690-UR-122	11/6/2013	V	10.20%
Kansas	Westar Energy Inc.	13-WSEE-629-RTS	11/21/2013	V	10.00%
Virginia	Virginia Electric & Power Co.	PUE-2013-00020	11/26/2013	V	10.00%
Florida	Gulf Power Co.	130140-EI	12/3/2013	V	10.25%
Washington	PacifiCorp	UE-130043	12/4/2013	V	9.50%
Wisconsin	Northern States Power Co.	4220-UR-119	12/5/2013	V	10.20%
Illinois	Ameren Illinois	13-0301	12/9/2013	D	8.72%
Oregon	Portland General Electric Co.	UE-262	12/9/2013	V	9.75%
Maryland	Baltimore Gas and Electric Co.	9326	12/13/2013	D	9.75%
Louisiana	Entergy Gulf States LA LLC	U-32707	12/16/2013	V	9.95%
Louisiana	Entergy Louisiana LLC	U-32708	12/16/2013	V	9.95%
Nevada	Sierra Pacific Power Co.	13-06002	12/16/2013	V	10.12%
Arizona	UNS Electric Inc.	E-04204A-12-0504	12/17/2013	V	9.50%
Georgia	Georgia Power Co.	36989	12/17/2013	V	10.95%
Illinois	Commonwealth Edison Co.	13-0318	12/18/2013	D	8.72%
Oregon	PacifiCorp	UE-263	12/18/2013	V	9.80%

## Reported Authorized Returns on Equity, Electric Utility Rate Cases Completed, 2012 to Present

State	Utility	Docket	Decision Date	Vertically Integrated (V)/Distribution (D)	Return on Equity (%) (2)
Michigan	Upper Peninsula Power Co.	U-17274	12/19/2013	V	10.15%
New York	Consolidated Edison Co. of NY	13-E-0030	2/20/2014	D	9.20%
North Dakota	Northern States Power Co.	PU-12-813	2/26/2014	V	9.75%
New Hampshire	Liberty Utilities Granite St	DE-13-063	3/17/2014	D	9.55%
District of Columbia	Potomac Electric Power Co.	1103-2013-E	3/26/2014	D	9.40%
New Mexico	Southwestern Public Service Co	12-00350-UT	3/26/2014	V	9.96%
Delaware	Delmarva Power & Light Co.	13-115	4/2/2014	D	9.70%
Texas	Entergy Texas Inc.	41791	5/16/2014	V	9.80%
Massachusetts	Fitchburg Gas & Electric Light	13-90	5/30/2014	D	9.70%
Wisconsin	Wisconsin Power and Light Co	6680-UR-119	6/6/2014	V	10.40%
Maine	Emera Maine	2013-00443	6/30/2014	D	9.55%
Maryland	Potomac Electric Power Co.	9336	7/2/2014	D	9.62%
Louisiana	Entergy Louisiana LLC (New Orleans)	UD-13-01	7/10/2014	V	9.95%
New Jersey	Rockland Electric Company	ER-13111135	7/23/2014	D	9.75%
Maine	Central Maine Power Co.	2013-00168	7/29/2014	D	9.45%
Wyoming	Cheyenne Light Fuel Power Co.	20003-132-ER-13	7/31/2014	V	9.90%
Arkansas	Entergy Arkansas Inc.	13-028-U <sup>1</sup>	8/15/2014	V	9.50%
New Jersey	Atlantic City Electric Co.	ER-14030245	8/20/2014	D	9.75%
Vermont	Green Mountain Power Corp	8190, 8191	8/25/2014	V	9.60%
Utah	PacifiCorp	13-035-184	8/29/2014	V	9.80%
Florida	Florida Public Utilities Co.	140025-EI	9/15/2014	V	10.25%
Nevada	Nevada Power Co.	14-05004	10/9/2014	V	9.80%
Illinois	MidAmerican Energy Co.	14-0066	11/6/2014	V	9.56%
Wisconsin	Wisconsin Public Service Corp.	6690-UR-123	11/6/2014	V	10.20%
Wisconsin	Wisconsin Electric Power Co.	05-UR-107	11/14/2014	V	10.20%
Virginia	Appalachian Power Co.	PUE-2014-00026	11/26/2014	V	9.70%
Wisconsin	Madison Gas and Electric Co.	3270-UR-120	11/26/2014	V	10.20%
Oregon	Portland General Electric Co.	UE-283	12/4/2014	V	9.68%
Illinois	Commonwealth Edison Co.	14-0312	12/10/2014	D	9.25%
Illinois	Ameren Illinois	14-0317	12/10/2014	D	9.25%
Mississippi	Entergy Mississippi Inc.	2014-UN-0132	12/11/2014	V	10.07%
Wisconsin	Northern States Power Co.	4220-UR-120	12/12/2014	V	10.20%
Connecticut	Connecticut Light & Power Co.	14-05-06	12/17/2014	D	9.17%
Colorado	Black Hills Colorado Electric	14AL-0393E	12/18/2014	V	9.83%
Wyoming	PacifiCorp	20000-446-ER-14	1/23/2015	V	9.50%
Colorado	Public Service Co. of CO	14AL-0660E	2/24/2015	V	9.83%

<sup>1</sup> The Arkansas Public Service Commission originally approved a 9.3% ROE, but increased it to 9.5% on rehearing. See Order No. 35, Arkansas Docket 13-028-U.

## Reported Authorized Returns on Equity, Electric Utility Rate Cases Completed, 2012 to Present

State	Utility	Docket	Decision Date	Vertically Integrated (V)/Distribution (D)	Return on Equity (%) (2)
<b>Entire Period</b>					
<b># of Decisions</b>		<b>124</b>			
Average (All Utilities)					9.88%
Average (Distribution Only)					9.55%
Average (Vertically Integrated Only)					10.01%
Median					9.83%
Minimum					8.72%
Maximum					10.95%
<b>2012</b>					
<b># of Decisions</b>		<b>51</b>			
Average (All Utilities)					10.02%
Average (Distribution Only)					9.75%
Average (Distribution Only, exc. IL FRP)					9.75%
Average (Vertically Integrated Only)					10.10%
<b>2013</b>					
<b># of Decisions</b>		<b>38</b>			
Average (All Utilities)					9.83%
Average (Distribution Only)					9.37%
Average (Distribution Only, exc. IL FRP)					9.56%
Average (Vertically Integrated Only)					9.97%
<b>2014</b>					
<b># of Decisions</b>		<b>35</b>			
Average (All Utilities)					9.75%
Average (Distribution Only)					9.49%
Average (Distribution Only, exc. IL FRP)					9.53%
Average (Vertically Integrated Only)					9.92%
<b>2015</b>					
<b># of Decisions</b>		<b>2</b>			
Average (All Utilities)					9.67%
Average (Distribution Only)					N/A
Average (Vertically Integrated Only)					9.67%

Source: SNL Financial LC, February 26, 2014

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY UTILITIES )  
COMPANY FOR AN ADJUSTMENT OF ITS ) CASE NO. 2014-00371  
ELECTRIC RATES )

EXHIBIT SWC-4 OF STEVE W. CHRISS

ON BEHALF OF

WAL-MART STORES EAST, LP AND SAM'S EAST, INC.

**Rate of Return Index, Actual and Proposed Rates of Return, KU Proposed Cost  
of Service Study Results.**

Rate Class	Actual Adjusted Rate of Return	Actual RRI	Proposed Rate of Return	Proposed RRI
	(%) (1)	(2)	(%) (3)	(4)
Residential	2.77%	0.61	4.84%	0.67
General Service Single Phase	9.01%	1.98	12.14%	1.69
All Electric Schools Single Phase	4.43%	0.97	7.14%	0.99
Power Service Secondary	11.29%	2.48	15.04%	2.09
Power Service Primary	8.24%	1.81	11.46%	1.60
Time of Day Secondary	5.42%	1.19	8.69%	1.21
Time of Day Primary	3.34%	0.73	6.40%	0.89
Retail Transmission Service	3.41%	0.75	6.52%	0.91
Fluctuating Load Service	1.53%	0.34	4.61%	0.64
Lighting	2.75%	0.60	4.13%	0.58
<b>System</b>	<b>4.55%</b>	<b>1.00</b>	<b>7.18%</b>	<b>1.00</b>

Source:

Testimony of Martin Blake, page 17, Table 1



COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY UTILITIES )  
COMPANY FOR AN ADJUSTMENT OF ITS ) CASE NO. 2014-00371  
ELECTRIC RATES )

EXHIBIT SWC-5 OF STEVE W. CHRISS

ON BEHALF OF

WAL-MART STORES EAST, LP AND SAM'S EAST, INC.

## Customer, Energy, and Demand Classifications for Time of Day Secondary Service

Cost Classification	TODS Unit Costs		Current Base Rates		Proposed Base Rates	
	(\$)	(%)	(\$)	(%)	(\$)	(%)
	(1)	(2)	(3)	(4)	(5)	(6)
Customer	\$ 1,193,895	1.1%	\$ 1,119,600	1.1%	\$ 1,119,600	1.0%
Energy	\$ 56,765,795	51.2%	\$ 60,708,786	58.8%	\$ 56,734,477	49.5%
Demand	\$ 52,836,182	47.7%	\$ 41,411,611	40.1%	\$ 56,751,561	49.5%
<b>Total</b>	<b>\$ 110,795,872</b>	<b>100%</b>	<b>\$ 103,239,997</b>	<b>100%</b>	<b>\$ 114,605,638</b>	<b>100%</b>

Sources:

Att\_KU\_PSC\_2-60\_KUElecCoSS.xls, "TODS Unit Costs"

Schedule M-2.3

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

**APPLICATION OF KENTUCKY UTILITIES            )  
COMPANY FOR AN ADJUSTMENT OF ITS        )  
ELECTRIC RATES                                )     CASE NO. 2014-00371**

**EXHIBIT SWC-6 OF STEVE W. CHRISS**

**ON BEHALF OF**

**WAL-MART STORES EAST, LP AND SAM'S EAST, INC.**

Calculation of Revenue Requirement in Excess of Cost of Service, Time of Day Secondary

Customer Class	Present Rates								
	Revenue (\$) (1)	Operating Expenses (\$) (2)	Operating Margin (\$) (3) (1) - (2)	Rate Base (\$) (4)	ROR (%) (5) (3) x (4)	Cost of Service ROR (%) (6)	Operating Margin at Cost of Service (\$) (7) (4) x (6)	Revenue Requirement in Excess of Cost of Service (\$) (8) (3) - (7)	(%) (9) (8) / (1)
Time of Day Secondary	\$ 102,738,388	\$ 90,876,860	\$ 11,861,528	\$ 218,939,354	5.42%	4.55%	\$ 9,961,741	\$ 1,899,787	1.8%
<b>System</b>	<b>\$ 1,413,402,331</b>	<b>\$ 1,246,358,133</b>	<b>\$ 167,044,198</b>	<b>\$ 3,669,268,542</b>	<b>4.55%</b>				

Customer Class	Proposed Rates								
	Revenue (\$) (1)	Operating Expenses (\$) (2)	Operating Margin (\$) (3) (1) - (2)	Rate Base (\$) (4)	ROR (%) (5) (3) x (4)	Cost of Service ROR (%) (6)	Operating Margin at Cost of Service (\$) (7) (4) x (6)	Revenue Requirement in Excess of Cost of Service (\$) (8) (3) - (7)	(%) (9) (8) / (1)
Time of Day Secondary	\$ 114,080,387	\$ 95,057,446	\$ 19,022,941	\$ 218,939,354	8.69%	7.18%	\$ 15,719,846	\$ 3,303,095	2.9%
<b>System</b>	<b>\$ 1,566,845,014</b>	<b>\$ 1,303,406,815</b>	<b>\$ 263,438,199</b>	<b>\$ 3,669,268,542</b>	<b>7.18%</b>				

Source:  
 Att\_KU\_PSC\_2-60\_KUElecCoSS.xlsx, "Summary of Returns"

## CERTIFICATE OF SERVICE

I hereby certify that Walmart's March 6, 2015, electronic filing is a true and accurate copy of the Direct Testimony and Exhibits of Steve W. Chriss to be filed in paper medium; and that on March 6, 2015, the electronic filing has been transmitted to the Commission, and that an original and one copy of the filing will be delivered to the Commission, that no participants have been excused from electronic filing at this time, and served upon the following via Electronic Mail:

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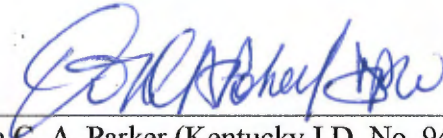
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