

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF LOUISVILLE GAS)
AND ELECTRIC COMPANY FOR AN) CASE NO. 2014-00372
ADJUSTMENT OF ITS ELECTRIC)
AND GAS 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 Louisville Gas & Electric Company ("LG&E" 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 Electric Rate Base, Forecast
3 Test 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, LG&E Proposed Cost of Service Study Results

8 **Exhibit SWC-5** – Calculation of Revenue Requirement in Excess of Cost of
9 Service, Power Service Primary (“PSP”) and Time of Day Secondary
10 (“TODS”)

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

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

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

17 A. Walmart has approximately 18 stores and related facilities that take electric service
18 from the Company, primarily on the TODS, PSP, and Time of Day Primary (“TODP”)
19 schedules. Walmart has approximately 19 stores that take natural gas service from
20 the Company as well. For the purposes of this docket, my testimony will focus on
21 the Company's electric business.

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

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Summary of Recommendations

Q. PLEASE SUMMARIZE YOUR RECOMMENDATIONS TO THE COMMISSION.

A. My recommendations to the Commission are as follows:

- 1) The Commission should consider the impact on customers thoroughly and carefully in their examination of revenue requirement and ROE, in addition to all other facets of this case, to ensure that any increase in the Company's rates is only the minimum amount necessary for the utility to provide adequate and reliable service, while having an opportunity to earn a reasonable return.
- 2) The Commission should reject LG&E's proposal to include approximately \$80.5 million of CWIP in rate base. If, however, the Commission determines it necessary to include any CWIP in rate base, it should determine that the shift of risk from the Company to ratepayers through the inclusion of CWIP be reflected in the ROE approved in this docket, such that as the level of CWIP is increased, ROE is accordingly decreased.
- 3) The Commission should closely examine the Company's proposed revenue requirement increase and the associated proposed increase in return on equity, especially when viewed in light of (a) the impact of the resulting revenue requirement increase and the reasonableness of the Company's overall revenue requirement, (b) the use of risk reducing ratemaking structures such as the use of a forecast test year, which reduces regulatory

1 lag by allowing the utility to include the most current information in its rates
2 at the time they will be in effect, and the inclusion of CWIP in rate base, and
3 (c) rate case ROEs approved by commissions nationwide.

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

9 5) The Commission should allocate any revenue increase approved in this
10 docket using the following steps:

- 11 i. Apply a 25 percent revenue neutral movement towards cost of
12 service, per the Commission's approved cost of service study results,
13 to the revenue requirement for each rate class;
- 14 ii. Allocate the approved overall revenue requirement increase or
15 decrease on an equal percent basis to all customer classes; and
- 16 iii. If the difference between the Company's proposed revenue
17 requirement and the Commission's approved revenue requirement
18 results in steps (1) and (2) assigning a rate class an increase above 2.7
19 percent, mitigate that increase per Commission discretion so that no
20 class receives a rate increase in excess of 2.7 percent.

1 6) The Commission should reject the use of NAICS codes by the Company and
2 instead direct the Company to adopt standards that reflect actual energy
3 usage and load characteristics.

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

6

7 **Revenue Requirement and Return on Equity**

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

10 A. My understanding is that the Company proposes a revenue requirement increase of
11 approximately \$30 million, or 2.7 percent above current retail revenues. *See*
12 Testimony of Victor A. Staffieri, page 8, line 17 to line 18.

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

16 A. Yes. Electricity represents a significant portion of a retailer's operating costs. When
17 rates increase, that increase in cost to retailers puts pressure on consumer prices
18 and on the other expenses required by a business to operate. The Commission
19 should consider the impact on customers thoroughly and carefully in their
20 examination of revenue requirement and ROE, in addition to all other facets of this
21 case, to ensure that any increase in the Company's rates is only the minimum

1 amount necessary for the utility to provide adequate and reliable service, while
2 having an opportunity to earn a reasonable return.

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

4 A. The Company is proposing an ROE of 10.5 percent. *Id.*, page 9, line 15. This results
5 in a proposed overall rate of return of 7.36 percent. *See* Schedule J-1 E. However,
6 the Company's ROE witnesses present an ROE of 10.64 based on a range of 9.74
7 percent to 11.54 percent. *See* Direct Testimony of William E. Avera and Adrien M.
8 McKenzie, page 4, line 11 to line 14. The difference in the two values is equal to the
9 witnesses' flotation cost adjustment. *See* Avera/McKenzie Exhibit No. 2.

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

11 A. Yes. I am concerned that the Company's proposed ROE is excessive, especially when
12 viewed in light of (a) the use of risk reducing ratemaking structures such as the use
13 of a forecast test year, which reduces regulatory lag by allowing the utility to include
14 the most current information in its rates at the time they will be in effect, and the
15 inclusion of CWIP in rate base, and (b) rate case ROEs approved by commissions
16 nationwide. *See* Direct Testimony of Kent W. Blake, page 6, line 9 to line 18 and
17 Schedule B-1.

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

19 A. Yes. The inclusion of CWIP in rate base charges ratepayers for assets that are not
20 yet used and useful in the provision of electric service. Under the Company's
21 proposal, ratepayers would pay for the assets during a period when they are not
22 receiving benefits from those assets, so the matching principle (i.e., customers

1 bearing costs only when they are receiving a benefit) is violated. In this case, LG&E's
2 customers would pay for an asset that does not provide service – i.e., is not used
3 and useful – during that test year. The problem is compounded by changes in the
4 number and mix of customers during the construction process versus when the
5 asset is used and useful. For example, customers may pay for the assets during
6 construction but leave the system before they are operational, receiving no benefit
7 from the assets for which they helped pay.

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

10 A. Yes. First, including CWIP in rate base shifts the risks to ratepayers that are
11 traditionally assumed by utility investors, for which investors are compensated
12 through the rate of return elements once the plant is in service. CWIP in rate base
13 instead places the risks squarely on the shoulders of ratepayers with no offer of
14 compensation for the use of their money. Second, should the Company encounter
15 problems during construction of the plant resulting in stoppage of the construction,
16 non-completion of the project and/or substantial delay in the completion of the
17 project, consumers have no recourse for recovering the money they have paid for
18 the inclusion of CWIP in rate base.

19 **Q. HOW MUCH CWIP DOES LG&E PROPOSE TO INCLUDE IN RATE BASE?**

20 A. LG&E proposes to include approximately \$80.5 million of CWIP in rate base in their
21 forecast test year. See Schedule B-4.

1 **Q. HOW MUCH OF LG&E'S PROPOSED RATE BASE DOES CWIP CONSTITUTE?**

2 A. As proposed, CWIP would constitute approximately 3.6 percent of the Company's
3 rate base. See Exhibit SWC-2.

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

6 A. The inclusion of CWIP in rate base results in a revenue requirement impact of
7 approximately \$9.5 million annually. *Id.*

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

9 A. The Commission should reject LG&E's proposal to include approximately \$80.5
10 million of CWIP in rate base. If, however, the Commission determines it necessary
11 to include any CWIP in rate base, it should determine that the shift of risk from the
12 Company to ratepayers through the inclusion of CWIP be reflected in the ROE
13 approved in this docket, such that as the level of CWIP is increased, ROE is
14 accordingly decreased.

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

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

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

3 A. According to data from SNL Financial², a financial news and reporting company, the
4 average of the 124 reported electric utility rate case ROEs authorized by
5 commissions to investor-owned electric utilities in 2012, 2013, 2014, and so far in
6 2015, is 9.88 percent. The range of reported authorized ROEs for the period is 8.72
7 percent to 10.95 percent, and the median authorized ROE is 9.83 percent. See
8 Exhibit SWC-3, page 4.

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

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

17 **Q. PLEASE EXPLAIN.**

18 A. The average authorized ROE for vertically integrated utilities in 2012 was 10.1
19 percent, in 2013 it was 9.97 percent, in 2014 it was 9.91 percent, and so far in 2015
20 it is 9.67 percent. It should be noted that five of the six 2014 authorized ROEs in
21 excess of 10 percent were awarded in Wisconsin, which tends to skew the resulting

² Regulatory Research Associates in part of SNL Financial.

1 average in favor of that jurisdiction. Excluding those five dockets results in an
2 average of 9.79 percent for the rest of the country in 2014. Additionally, there have
3 only been two reported authorized ROEs in 2015. As such, the Company's proposed
4 ROE increase in this case is a move counter to broader industry trends.

5 **Q. HAVE ANY OTHER STATES RECOGNIZED THE IMPORTANCE OF CONSIDERING**
6 **RATEPAYER IMPACTS IN THE ROE DETERMINATION PROCESS?**

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

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

21 *See State Ex Rel. Utils. Comm'n v. Cooper*, 366 N.C. 484, 739 S.E.2d 541, 547
22 (2013) (emphasis in original).

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

25 A. The Commission should closely examine the Company's proposed revenue
26 requirement increase and the associated proposed increase in return on equity,
27 especially when viewed in light of (a) the impact of the resulting revenue

1 requirement increase and the reasonableness of the Company's overall revenue
2 requirement, (b) the use of risk reducing ratemaking structures such as the use of a
3 forecast test year, which reduces regulatory lag by allowing the utility to include the
4 most current information in its rates at the time they will be in effect, and the
5 inclusion of construction work in progress ("CWIP") in rate base, and (c) rate case
6 ROEs approved by commissions nationwide.

7
8 **Revenue Allocation**

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

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

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

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

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

21 A. The Company represents this relationship in their cost of service results through the
22 use of class-specific rates of return. See Direct Testimony of Martin Blake, page 17,

1 Table 1. These rates of return can be converted into a rate of return index ("RRI"),
 2 which is an indexed measure of the relationship of the rate of return for an
 3 individual rate class to the total system rate of return. A RRI greater than 1.0 means
 4 that the rate class is paying rates in excess of the costs incurred to serve that class,
 5 and a RRI less than 1.0 means that the rate class is paying rates less than the costs
 6 incurred to serve that class. As such, those rate classes with a RRI greater than 1.0
 7 shoulder some of the revenue responsibility burden for the classes with a RRI less
 8 than 1.0.

9 **Q. HAVE YOU CALCULATED CLASS RRIS BASED ON LG&E'S COST OF SERVICE RESULTS?**

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

Table 1. Rate of Return Index, Actual and Proposed Rates of Return, LG&E 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	3.87%	0.63	4.52%	0.64
General Service	12.06%	1.95	13.10%	1.87
Power Service Primary	8.76%	1.42	9.86%	1.40
Power Service Secondary	11.51%	1.86	12.67%	1.80
Time of Day Primary	6.26%	1.01	7.36%	1.05
Time of Day Secondary	8.54%	1.38	9.65%	1.37
Retail Transmission Service	2.25%	0.36	3.27%	0.47
Special Contracts	1.35%	0.22	2.20%	0.31
Lighting	4.26%	0.69	4.64%	0.66
Total Jurisdiction	6.18%	1.00	7.02%	1.00

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

1 Q. WHAT IS YOUR UNDERSTANDING OF THE COMPANY'S REVENUE ALLOCATION
2 PROPOSAL?

3 A. My understanding is that the Company proposes to increase the base revenues for
4 all classes on an equal percentage basis. See Direct Testimony of Martin Blake, page
5 19, line 1 to 2.

6 Q. WHAT IS THE COMPANY'S STATED OBJECTIVE FOR THEIR BASE REVENUE
7 ALLOCATION PROPOSAL?

8 A. The Company's stated objective for their revenue allocation proposal is to be
9 consistent with the revenue allocation approach the Company is taking for Kentucky
10 Utilities Company in Case No. 2014-00371. *Id.*

11 Q. DOES THE COMPANY'S PROPOSAL MOVE RATE CLASSES TOWARDS THEIR
12 RESPECTIVE COSTS OF SERVICE?

13 A. Using the RRI from Table 1 as a guide, there appears to be only very slight
14 movement towards cost of service. However, upon deeper examination, several
15 schedules, including TODS and PSP would continue to have returns well above the
16 system average and would see increases in the revenue requirement in excess of
17 their respective cost of service levels.

18 Q. PLEASE EXPLAIN.

19 A. As proposed, the revenue requirement in excess of cost of service would increase
20 for TODS and PSP. Current, TODS pays rates 4.0 percent in excess of cost of service,
21 and PSP pays rates that are 4.3 percent in excess of cost of service. As proposed,
22 TODS would pay rates 4.3 percent in excess of cost of service and PSP would pay

1 rates 4.6 percent in excess of cost of service. See Exhibit SWC-5. As such, the
2 Commission should determine that it is appropriate as part of this case to make
3 some movement towards cost of service-based rates for the customer classes.

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

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

- 7 1) Apply a 25 percent revenue neutral movement towards cost of service, per
8 the Commission's approved cost of service study results, to the revenue
9 requirement for each rate class;
- 10 2) Allocate the approved overall revenue requirement increase or decrease on
11 an equal percent basis to all customer classes; and
- 12 3) If the difference between the Company's proposed revenue requirement and
13 the Commission's approved revenue requirement results in steps (1) and (2)
14 assigning a rate class an increase above 2.7 percent, mitigate that increase
15 per Commission discretion so that no class receives a rate increase in excess
16 of 2.7 percent.

1 **Use of NAICS Codes**

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

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

7 **Q. WHAT WAS THE COMMISSION'S DETERMINATION ON THE ISSUE IN CASE NO.**
8 **2014-00003?**

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

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

16 A. My understanding of the Company's current practice is that, under the Demand-Side
17 Management Cost Recovery Mechanism tariff, industrial customers who elect not to
18 participate in the Company's DSM program shall not be assessed a charge pursuant
19 to the tariff. For the purposes of that portion of the tariff, a non-residential
20 customer is defined as "industrial" if they are primarily engaged in a process that
21 creates or changes raw or unfinished materials into another form or product, and/or

1 they are defined by NAICS under Sections 21, 22, 31, 32, and 33. See P.S.C. No. 9,
2 First Revision of Original Sheet No. 86.

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

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

10 **Q. PLEASE EXPLAIN.**

11 A. The ratemaking process allows for the systematic consideration of all costs, benefits,
12 and risks of a utility in the provision of its service to a large and diverse body of
13 customers. Because it is administratively infeasible to create an individual rate for
14 every customer on the system, the process creates customer classes that group
15 similarly situated customers based on characteristics related to how customers use
16 the service, including but not limited to customer size, load shape, load factor,
17 minimum and/or peak kW demand, or service voltage. One or more of those or
18 other characteristics and some form of specific customer responsibilities, such as
19 being available for interruption, can also be used to create a customer class.
20 Ultimately, at no point during the ratemaking process is it functionally necessary for
21 the Commission to consider why a customer takes service or what the customer
22 does with the power.

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

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

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

11 A. Yes. Walmart proposed the following:

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

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

³ 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 **Q. COULD THE COMMISSION ALSO USE A SPECIFIC CUSTOMER RESPONSIBILITY FOR**
2 **THE DETERMINATION OF OPT OUT ELIGIBILITY UNDER THE COMPANY'S DSM**
3 **TARIFF?**

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

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

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

14 **Q. DOES LG&E'S DSM TARIFF DEFINE "INDUSTRIAL"?**

15 A. Yes, per the use of the specific NAICS codes. All other non-residential classes are
16 termed "commercial." See P.S.C. No. 16, First Revision of Original Sheet No. 86. In
17 addition to ignoring whether customers eligible for opt out are similarly situated, as
18 described above, it also ignores customers such as data centers (NAICS Section 51)
19 and distribution centers (NAICS Section 48-49), that are energy intensive and would
20 traditionally be thought of as "industrial."

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

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

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

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

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

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

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

20 **A. Yes.**

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

APPLICATION OF LOUISVILLE GAS
AND ELECTRIC COMPANY FOR AN
ADJUSTMENT OF ITS ELECTRIC AND
GAS RATES

)
)
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Case No. 2014-00372

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 LOUISVILLE GAS
AND ELECTRIC COMPANY FOR AN
ADJUSTMENT OF ITS ELECTRIC AND
GAS RATES**

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Case No. 2014-00372

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 10th Street, Bentonville, AR, 72716-0550

Business Phone: (479) 204-1594

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-EI: 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-El: 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-EI: 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 Peakers, 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 29th 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 19th 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.

Chriss, S. and M. Radler (2003). "Report from Houston: Conference on Energy Deregulation and Restructuring." USAEE Dialogue, Vol. 11, No. 1, March, 2003.

Chriss, S., M. Dwyer, and B. Pulliam (2002). "Impacts of Lifting the Ban on ANS Exports on West Coast Crude Oil Prices: A Reconsideration of the Evidence." Presented at the 22nd USAEE/IAEE North American Conference, Vancouver, BC, Canada, October 6-8, 2002.

Contributed to chapter on power marketing: "Power System Operations and Electricity Markets," Fred I. Denny and David E. Dismukes, authors. Published by CRC Press, June 2002.

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 LOUISVILLE GAS
AND ELECTRIC COMPANY FOR AN
ADJUSTMENT OF ITS ELECTRIC AND
GAS RATES**

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Case No. 2014-00372

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 Electric Rate Base,
Forecast Test Year**

(1)	(\$000)		Proposed CWIP Included in Rate Base	\$	80,547,481
(2)	(\$000)		Proposed Total Rate Base	\$	2,250,031,689
(3)	(%)	(1) / (2)	CWIP Percentage of Rate Base		3.6%
(4)	(%)		Proposed Rate of Return		7.36%
(5)			Gross Revenue Conversion Factor		1.608581
(6)	(\$000)	(1) x (4) x (5)	Revenue Requirement Related to CWIP	\$	9,536,142

Sources:

(1), (2) Schedule B-1

(4), (5) Schedule-A

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

IN THE MATTER OF:

**APPLICATION OF LOUISVILLE GAS
AND ELECTRIC COMPANY FOR AN
ADJUSTMENT OF ITS ELECTRIC AND
GAS RATES**

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Case No. 2014-00372

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 ¹	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%

¹ 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)
Entire Period					
		# of Decisions	124		
		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%
2012					
		# of Decisions	51		
		Average (All Utilities)			10.02%
		Average (Distribution Only)			9.75%
		Average (Distribution Only, exc. IL FRP)			9.75%
		Average (Vertically Integrated Only)			10.10%
2013					
		# of Decisions	38		
		Average (All Utilities)			9.83%
		Average (Distribution Only)			9.37%
		Average (Distribution Only, exc. IL FRP)			9.56%
		Average (Vertically Integrated Only)			9.97%
2014					
		# of Decisions	35		
		Average (All Utilities)			9.75%
		Average (Distribution Only)			9.49%
		Average (Distribution Only, exc. IL FRP)			9.53%
		Average (Vertically Integrated Only)			9.92%
2015					
		# of Decisions	2		
		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 LOUISVILLE GAS
AND ELECTRIC COMPANY FOR AN
ADJUSTMENT OF ITS ELECTRIC AND
GAS RATES**

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Case No. 2014-00372

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, LG&E 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	3.87%	0.63	4.52%	0.64
General Service	12.06%	1.95	13.10%	1.87
Power Service Primary	8.76%	1.42	9.86%	1.40
Power Service Secondary	11.51%	1.86	12.67%	1.80
Time of Day Primary	6.26%	1.01	7.36%	1.05
Time of Day Secondary	8.54%	1.38	9.65%	1.37
Retail Transmission Service	2.25%	0.36	3.27%	0.47
Special Contracts	1.35%	0.22	2.20%	0.31
Lighting	4.26%	0.69	4.64%	0.66
System	6.18%	1.00	7.02%	1.00

Source:

Testimony of Martin Blake, page 17, Table 1

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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Case No. 2014-00372

EXHIBIT SWC-5 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, Power Service Primary and Time of Day Secondary

Present Rates									
Customer Class	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)	Revenue Requirement in Excess of Cost of Service (%) (9) (8) / (1)
Power Service Primary	\$ 12,335,893	\$ 10,520,982	\$ 1,814,911	\$ 20,717,604	8.76%	6.18%	\$ 1,280,348	\$ 534,563	4.3%
Time of Day Secondary	\$ 78,794,896	\$ 67,467,140	\$ 11,327,756	\$ 132,606,109	8.54%	6.18%	\$ 8,195,058	\$ 3,132,698	4.0%
System	\$ 1,044,652,044	\$ 905,585,926	\$ 139,066,118	\$ 2,250,031,690	6.18%				

Proposed Rates									
Customer Class	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)	Revenue Requirement in Excess of Cost of Service (%) (9) (8) / (1)
Power Service Primary	\$ 12,699,682	\$ 10,657,461	\$ 2,042,221	\$ 20,717,604	9.86%	7.02%	\$ 1,454,376	\$ 587,845	4.6%
Time of Day Secondary	\$ 81,142,448	\$ 68,347,780	\$ 12,794,668	\$ 132,606,109	9.65%	7.02%	\$ 9,308,949	\$ 3,485,719	4.3%
System	\$ 1,074,932,676	\$ 917,041,733	\$ 139,066,118	\$ 2,250,031,690	7.02%				

Source:
 Att_LG-PSC_2-70_LGElecCoSS.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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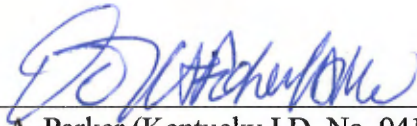
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