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April 6, 2010

VIA FEDERAL EXPRESS

Mr. Jeff Derouen, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40602

RE: Case No. 2009-00459

Dear Mr. Derouen:

Enclosed for filing, please find the original and twelve (12) copies of (1) DIRECT TESTIMONY OF STEVE W. CHRISS ON BEHALF OF WAL-MART STORES EAST, LP AND SAM'S EAST, INC. By copy of this letter, all parties listed on the Certificate of Service have been served.

Also, enclosed is an extra copy of the filing. Please stamp the extra copy as "received" and return it in the postage prepaid envelope.

Please do not hesitate to contact me should you have questions.

Sincerely,



Holly Rachel Smith

cc: Certificate of Service

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APR 07 2010

**PUBLIC SERVICE
COMMISSION**

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

**In the Matter of
The Application for General
Adjustment of Electric Rates
Of Kentucky Power Company**

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Case No. 2009-00459

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APR 07 2010

**PUBLIC SERVICE
COMMISSION**

DIRECT TESTIMONY OF STEVE W. CHRISS

ON BEHALF OF

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

Dated: April 7, 2010

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

3 A. My name is Steve W. Chriss. My business address is 2001 SE 10th St.,
4 Bentonville, AR 72716-0550. I am Manager, State Rate Proceedings, for
5 Wal-Mart Stores, Inc.

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

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

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

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

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

4 A. No.

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

7 A. Yes. I have submitted testimony before utility regulatory commissions in
8 Arkansas, Colorado, Connecticut, Delaware, Indiana, Louisiana, Missouri,
9 Nevada, New Mexico, Oklahoma, Oregon, South Carolina, Utah, and
10 Virginia on dockets regarding cost of service and rate design, qualifying
11 facility rates, telecommunications deregulation, resource certification,
12 energy efficiency/demand side management, fuel cost adjustment
13 mechanisms, and the collection of cash earnings on construction work in
14 progress.

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

16 A. Yes. I have prepared Exhibit SWC-1, consisting of four pages, Exhibit
17 SWC-2 consisting of two pages, and Exhibit SWC-3, consisting of five
18 pages.

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

20 A. The purpose of my testimony is to address issues related to revenue
21 allocation and rate design in Kentucky Power Company’s (“KPC”)
22 application in this docket. I will respond to the testimony of David M.

1 Roush. The fact that an issue is not addressed directly should not be
2 construed as an endorsement of KPC's position or the position of any
3 other party.

4 **Q. PLEASE SUMMARIZE YOUR RECOMMENDATIONS.**

5 A. My recommendations are as follows:

- 6 1) For the purposes of this docket, Walmart does not object to the
7 Company's proposed revenue allocation;
- 8 2) If the Commission determines that the appropriate level of revenue
9 requirement is lower than the level proposed by the Company, the
10 Commission should determine the extent to which rates can be moved
11 closer to the cost of service for each rate class; and
- 12 3) Walmart recommends that the Commission reject the proposed
13 modifications to the QP rate design. However, due to the disparate
14 changes in demand and energy charges as a result of moving to a full
15 cost demand charge, for the purposes of this docket, QP rates should
16 continue to be designed in a "nearly full cost" manner.

1 **Revenue Allocation**

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

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

7 **Q. WHAT IS THE COMPANY'S STATED OBJECTIVE FOR THEIR**
8 **RATEMAKING PROPOSAL?**

9 A. KPC's objective for the ratemaking process, as stated by Mr. Roush, is to
10 design rates that reflect "as nearly as possible" the actual costs of serving
11 the customer. See Direct Testimony of David M. Roush, page 9, line 7 to
12 line 8.

13 **Q. DOES THE COMPANY'S PROPOSED REVENUE ALLOCATION**
14 **REFLECT THE COMPANY'S RATEMAKING OBJECTIVE?**

15 A. Yes, to a limited degree. The Company's proposed revenue allocation
16 reflects movement towards cost of service. KPC is proposing to use the
17 "equal percentage subsidy reduction" methodology and reduce the cross-
18 subsidies currently in rates by 10 percent. *Id.* page 10, line 1 to page 11,
19 line 6.

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

3 A. Yes. The Company states that in the context of this docket, in which
4 movement all the way to cost based rates would produce large rate
5 changes for customers, it is appropriate to temper movement towards cost
6 of service to recognize those rate impacts. *Id.* page 10, lines 13 to 23.

7 **Q. FOR THE PURPOSES OF THIS DOCKET, DO YOU OBJECT TO THE**
8 **COMPANY'S PROPOSED REVENUE ALLOCATION?**

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

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

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

1 **Rate Design**

2 **Q. WHAT IS YOUR UNDERSTANDING OF THE STRUCTURE OF THE**
3 **CURRENT QP RATE DESIGN?**

4 A. My understanding is that the current QP rate design is that revenues are
5 recovered through a monthly service charge, an on-peak demand charge,
6 an off-peak excess per kW demand charge, a reactive demand charge,
7 and a volumetric per kWh energy charge. According to the Company, the
8 rate is "nearly full cost," as some fixed demand costs are collected
9 through the energy charge. See Direct Testimony of David M. Roush,
10 page 14, lines 11 to 20.

11 **Q. HAS KPC PROPOSED MODIFICATIONS TO THE QP RATE DESIGN?**

12 A. Yes.

13 **Q. WHAT IS YOUR UNDERSTANDING OF THE PROPOSED**
14 **MODIFICATIONS TO THE QP RATE DESIGN?**

15 A. My understanding of the proposed modifications for the QP rate design is
16 that generally the Company intends to move away from the current "nearly
17 full cost" rate charges and move to a structure under which significantly
18 more of the fixed demand costs are collected through the energy charges.

19 **Q. WHAT PERCENT OF THE PROPOSED NON-FUEL BASE REVENUES**
20 **FOR QP ARE DEMAND-RELATED?**

21 A. The Company's rate design indicates that the proposed non-fuel base
22 revenues for QP are approximately \$62 million. See Exhibit SWC-2, page

1 1, line 1. Demand-related costs, at the full cost level, constitute
2 approximately \$47 million, or 76 percent, of the proposed non-fuel base
3 revenues. *Id.* line 8.

4 **Q. WHAT PERCENT OF DEMAND-RELATED COSTS WILL BE**
5 **COLLECTED ON THE DEMAND OR FIXED CHARGES IN THE**
6 **PROPOSED QP TARIFF?**

7 A. Of the approximately \$47 million in demand-related costs, approximately
8 \$9.8 million, or 21 percent, is proposed to be collected through demand or
9 fixed charges. *Id.* line 9. That means that approximately 79 percent of
10 the demand-related costs will be collected through energy charges.

11 **Q. WHY SHOULD THE PROPOSED QP MODIFICATIONS BE REJECTED**
12 **BY THE COMMISSION?**

13 A. The proposed QP modifications should be rejected for the following
14 reasons:

15 1) The shift of demand costs from per kW demand charges to per kWh
16 energy charges results in a shift in demand cost responsibility from lower
17 load factor customers to higher load factor customers. This results in
18 misallocation of cost responsibility as higher load factor customers
19 overpay for the demand-related costs incurred by the Company to serve
20 them;

1 2) Collecting demand-related costs through an energy charge does not
2 accurately reflect the classification and allocation of demand-related costs
3 in the Company's cost of service study; and

4 3) For QP customers, the shift results in a disparity between the increases in
5 the energy and demand charges. Under the Company's proposal, for
6 primary and sub-transmission customers, respectively, the on-peak
7 demand charge would decrease by 64 and 54 percent, the energy charge
8 for the first block would increase by 127 and 78 percent, and the energy
9 charge for the second block would increase by 18 and 16 percent. See
10 Exhibit SWC-2, page 2.

11 **Q. WHY IS THIS SHIFT A CONCERN FOR HIGH LOAD FACTOR**
12 **CUSTOMERS?**

13 A. The shift of demand costs from per kW demand charges to per kWh
14 energy charges results in a shift in demand cost responsibility from lower
15 load factor customers to higher load factor customers. This results in
16 misallocation of cost responsibility as higher load factor customers
17 overpay for the demand-related costs incurred by the Company to serve
18 them.

19 **Q. CAN YOU PROVIDE AN ILLUSTRATION OF THIS SHIFT IN DEMAND**
20 **COST RESPONSIBILITY?**

21 A. Yes. Assume the following:

1 a) A utility has only two customers (Customer 1 and Customer 2), with

2 individual monthly peak demands of 20 kW for a total monthly

3 system load of 40 kW.

4 b) The annual cost to the utility to build and maintain the 40 kW

5 infrastructure is \$2,000, and the entire cost will be collected each

6 year, so each customer has caused the utility to incur \$1,000 of

7 demand-related costs.

8 c) Customer 1 has a monthly demand of 20 kW and a load factor of

9 0.6 and thus consumes 105,120 kWh/year ($20 \text{ kW} * 0.6 * 8760$).

10 d) Customer 2 has a monthly demand of 20 kW and load factor of 0.3

11 and thus consumes 52,560 kWh/year ($20 \text{ kW} * 0.3 * 8760$).

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

14 A. The charge would be \$4.17 per kW, calculated by $\$2,000 / 40 \text{ kW} / 12$
15 months. Each customer would then pay \$1,000 for the demand-related
16 cost they impose on the system, calculated by $20 \text{ kW} * \$4.17/\text{kW} * 12$.

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

19 A. If the utility were to charge the demand-related costs on a per kWh basis,
20 the energy charge would be 1.27 cents/kWh (or \$0.0127/kWh), calculated
21 by $\$2,000 / 157,680 \text{ kWh}$, using total company sales (i.e., the sum of the
22 two customers' annual kWh usage) as the denominator.

1 **Q. WHAT WOULD EACH CUSTOMER PAY UNDER THE PER KWH**
2 **CHARGE?**

3 A. Customer 1, who caused the utility to incur \$1,000 in demand-related
4 costs, with a load factor of 0.6 and an annual usage of 105,120 kWh,
5 would pay \$1,333 ($\$0.0127/\text{kWh} * 105,120 \text{ kWh}$). Customer 2, who also
6 caused the utility to incur \$1,000 in demand-related costs, with a load
7 factor of 0.3 and an annual usage of 52,560 kWh, would pay \$667
8 ($\$0.0127/\text{kWh} * 52,560$).

9 **Q. IS THIS AN EQUITABLE RESULT?**

10 A. No. Even though each customer caused the utility to incur \$1,000 in fixed
11 costs, the utility will be over-recovering from one customer and under-
12 recovering from the other. Under the per kWh scenario, the utility would
13 over-recover from Customer 1, the higher load factor customer, by \$333
14 (i.e. \$1,333 in revenues minus \$1,000 in costs), and under-recover from
15 Customer 2, the lower load factor customer, by \$333 (i.e. \$667 in
16 revenues minus \$1,000 in costs).

17 **Q. HOW DOES THE COMPANY CLASSIFY AND ALLOCATE THE**
18 **DEMAND-RELATED COSTS TO THE VARIOUS RATE CLASSES?**

19 A. For class allocation purposes, the Company classifies the demand-related
20 costs as demand and/or customer related. The costs were then allocated
21 to the Company's retail customer classes using allocation factors based

1 on customer demand and number of customers. See Direct Testimony of
2 Daniel E. High, page 9, line 14 through page 11, line 14.

3 **Q. IS THE COLLECTION OF DEMAND-RELATED COSTS THROUGH AN**
4 **ENERGY CHARGE CONSISTENT WITH THE COMPANY'S**
5 **CLASSIFICATION AND ALLOCATION OF DEMAND-RELATED**
6 **COSTS?**

7 A. No. The Company does not classify or allocate any of the demand-
8 related costs on an energy basis. Those costs are incurred based on
9 customer demand or number of customers. Costs should be collected in
10 a manner which reflects how they are incurred, and collecting demand-
11 related costs through an energy charge violates cost causation principles.

12 **Q. ARE YOU CONCERNED THAT THERE IS POTENTIAL FOR THE**
13 **COMPANY TO EXPERIENCE INCREASED REVENUE INSTABILITY AS**
14 **A RESULT OF THE PROPOSED QP RATE?**

15 A. Yes. A benefit of collecting demand-related costs through demand
16 charges is that those revenues are in theory more stable than revenues
17 collected through energy charges. The Company seems to have
18 overlooked the potential risk of increased revenue instability, especially as
19 customers become more energy efficient, that could result from collecting
20 more demand-related costs through an energy charge.

1 **Q. PLEASE DESCRIBE THE DEMAND CHARGE AND ENERGY CHARGE**
2 **CHANGES UNDER THE COMPANY'S PROPOSAL.**

3 A. Under the Company's proposal, for primary and sub-transmission
4 customers, respectively, the on-peak demand charge would decrease by
5 64 and 54 percent, the energy charge for the first block would increase by
6 127 and 78 percent, and the energy charge for the second block would
7 increase by 18 and 16 percent. See Exhibit SWC-2, page 2.

8 **Q. IS THIS AN EQUITABLE RESULT?**

9 A. No. The increases in energy charges disproportionately affect high load
10 factor customers that use more energy relative to their demand.

11 **Q. IF THE PROPOSED DEMAND-RELATED COSTS ARE COLLECTED**
12 **THROUGH THE FULL COST DEMAND CHARGE, WHAT ARE THE**
13 **RESULTING DEMAND CHARGE AND ENERGY CHARGE CHANGES?**

14 A. If the proposed demand-related costs are collected through only the full
15 cost demand charge, for primary and sub-transmission customers,
16 respectively, the resulting demand charge increases are 63 and 53
17 percent and the energy charge decreases are 7 and 8 percent. *Id.*

1 **Q. HAVE YOU ALSO CALCULATED THE DEMAND AND ENERGY**
2 **CHARGE CHANGES THAT WOULD RESULT FROM A “NEARLY FULL**
3 **COST” RATE DESIGN?**

4 A. Yes. The resulting demand charge increases, for primary and sub-
5 transmission customers, respectively, would be 35 and 16 percent and the
6 energy charge increases would be 18 and 16 percent. *Id.*

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

9 A. Walmart recommends that the Commission reject the proposed
10 modifications to QP rates. While Walmart would prefer moving to the full
11 cost demand charge, due to the disparate changes in demand and energy
12 charges as a result of moving to a full cost demand charge, for the
13 purposes of this docket, QP rates should continue to be designed in a
14 “nearly full cost” manner.

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

16 A. Yes.

Steve W. Chriss

Manager, State Rate Proceedings

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

Manager, State Rate Proceedings

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

2010

Virginia State Corporation Commission Case 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 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.

Wal-Mart Stores East, LP and Sam's East, Inc.
Exhibit SWC-1
Kentucky Case 2009-00459

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: 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.

Corporation Commission of the State of Oklahoma 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.

ENERGY INDUSTRY PUBLICATIONS AND PRESENTATIONS

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.

Wal-Mart Stores East, LP and Sam's East, Inc.
 Exhibit SWC-2
 Kentucky Case 2009-00459

QP

(1)		Base Revenues Less Fuel	\$ 62,054,702
(2)		Demand Revenues	\$ 47,028,893
(3)		Customer	\$ 492,696
(4)		Excess KVAR	\$ 389,422
(5)		Off-Peak Excess Demand	\$ 42,140
(6)		On-Peak Demand	\$ 8,914,875
(7)	(3) + (4) + (5) + (6)	Total	\$ 9,839,133
(8)	(2) / (1)	% Demand Revenues	76%
(9)	(7) / (2)	% Demand Revenues Collected on Demand or Fixed Charges	21%

Sources:

- (1) Exhibit SWC-3, page 1, section I.
- (2) Exhibit SWC-3, page 3, section VII.
- (3) Exhibit SWC-3, page 1, section III.
- (4) Exhibit SWC-3, page 1, section IV.
- (5) Exhibit SWC-3, page 2, section V.
- (6) Exhibit SWC-3, page 4, section VIII.

Wal-Mart Stores East, LP and Sam's East, Inc.
Exhibit SWC-2
Kentucky Case 2009-00459

Current Charge			Proposed Charge			Change (7) (6) / (3) - 1
Description (1)	Service Voltage (2)	Rate (3)	Description (4)	Service Voltage (5)	Rate (6)	
Proposed QP Rates						
On-Peak Demand (\$/kW)	Primary	\$ 11.53	On-Peak Demand (\$/kW)	Primary	\$ 4.15	-64%
	Sub-Transmission	\$ 8.81		Sub-Transmission	\$ 4.06	-54%
Energy Charge (\$/kWh)	Primary	\$0.03233	Energy - Block 1	Primary	\$0.07324	127%
- all kWh	Sub-Transmission	\$0.03201		Sub-Transmission	\$0.05700	78%
Energy Charge (\$/kWh)	Primary	\$0.03233	Energy - Block 2	Primary	\$0.03800	18%
- all kWh	Sub-Transmission	\$0.03201		Sub-Transmission	\$0.03729	16%
Full Cost Demand						
On-Peak Demand (\$/kW)	Primary	\$ 11.53	On-Peak Demand (\$/kW)	Primary	\$ 18.80	63%
	Sub-Transmission	\$ 8.81		Sub-Transmission	\$ 13.45	53%
Energy Charge (\$/kWh)	Primary	\$0.03233	Energy Charge (\$/kWh)	Primary	\$0.03005	-7%
- all kWh	Sub-Transmission	\$0.03201	- all kWh	Sub-Transmission	\$0.02949	-8%
"Nearly Full Cost"						
On-Peak Demand (\$/kW)	Primary	\$ 11.53	On-Peak Demand (\$/kW)	Primary	\$ 15.52	35%
	Sub-Transmission	\$ 8.81		Sub-Transmission	\$ 10.23	16%
Energy Charge (\$/kWh)	Primary	\$0.03233	Energy Charge (\$/kWh)	Primary	\$0.03799	18%
- all kWh	Sub-Transmission	\$0.03201	- all kWh	Sub-Transmission	\$0.03728	16%

Sources:

(3) Tariff Q.P. (Quantity Power), 2nd Revised Sheet No. 10-1

(6) (Proposed QP Rates) Exhibit SWC-3, page 5

(6) (Full Cost Demand) Exhibit SWC-2 Workpaper

(6) ("Nearly Full Cost") Exhibit SWC-3, page 3, Section VII, and Exhibit SWC-3, page 2, Section VI

Wai-Mart Stores East, LP and Sam's East, Inc.
 Exhibit SWC-2 Workpaper
 Kentucky Case 2009-00459

Calculation of Full Cost Demand Energy Charge

Energy Revenue (Exhibit SWC-3, page 2, Section VI)		\$	26,710,410
Loss Adjusted Billing Energy	/		855,084,980
		\$	0.03124

Loss Factor Adjustment	Primary	* 0.962	\$	0.03005
	Sub-Transmission	* 0.944	\$	0.02949

Calculation of Full Cost Demand On-Peak Demand Charge

Full Cost Demand Charge (Exhibit SWC-3, page 3, Section VII)		\$	22.64
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Loss Factor Adjustment	Primary	* 0.967	\$	21.89
	Sub-Transmission	* 0.946	\$	21.42

Equipment Credit	Primary	\$ (3.09)	\$	18.80
	Sub-Transmission	\$ (7.97)	\$	13.45

Wal-Mart Stores East, LP and Sam's East, Inc.
Exhibit SWC-3
Kentucky Case 2009-00459

2009 QP Rate Design.XLS
Page 1 of 5

KENTUCKY POWER COMPANY
QP Rate Design
Twelve Months Ended September 30, 2009

KPSC Case No. 2009-00459
Commission Staff 1st Set Data Request
Order Dated December 23, 2009
Item No. 8-c
Page 30 of 61

I. Proposed Revenue	<u>Billed and Accrued Revenue</u>	<u>Fuel Revenue</u>	<u>Base Revenue</u>
Demand	\$35,056,095	\$0	\$35,056,095
Energy	28,794,488	2,084,078	26,710,410
Customer	288,197	0	288,197
Total	\$64,138,780	\$2,084,078	\$62,054,702

II. Billing Determinant Summary	<u>Secondary</u>	<u>Primary</u>	<u>Subtransmission</u>	<u>Transmission</u>
On-Peak Billing Demand	8,718	955,233	1,091,478	119,865
Off-Peak Excess Billing Demand	0	5,340	6,885	322
Billing Reactive	13	162,132	319,807	30,446
First 350 kWh per Billing kW	3,051,300	308,081,259	341,592,092	37,267,958
All Over 350 kWh per Billing kW	2,154,023	106,505,182	97,017,036	2,304,752
Total Billing kWh	5,205,323	414,666,441	438,609,128	39,572,710
Bills	12	588	396	48

III. Proposed Customer Charges & Revenue	<u>Customer Revenue</u>	<u>Bills</u>	<u>Full Cost Rate</u>	<u>Use: Current Rate</u>
Proposed Customer Charge				
Secondary	202	12	\$16.83	\$276
Primary	89,592	588	\$152.37	\$276
Subtransmission	167,885	396	\$398.70	\$682
Transmission	40,517	48	\$844.10	\$1,353
Total	\$288,196	1,044		

Proposed Customer Revenue	<u>Proposed Rate</u>	<u>Bills</u>	<u>Customer Revenue</u>
Secondary	\$276.00	12	3,312
Primary	\$276.00	588	162,288
Subtransmission	\$682.00	396	252,152
Transmission	\$1,353.00	48	64,944
Total		1,044	\$492,696

IV. Proposed Excess KVAR Charges & Revenue	<u>Use: CIP-TOD Proposed Rate</u>	<u>Excess KVAR</u>	<u>Revenue</u>
Proposed KVAR Revenue			
Secondary	\$0.76	13	10
Primary	\$0.76	162,132	123,220
Subtransmission	\$0.76	319,807	243,053
Transmission	\$0.76	30,448	23,139
Total		512,398	\$389,422

Wal-Mart Stores East, LP and Sam's East, Inc.
Exhibit SWC-3
Kentucky Case 2009-00459

2009 QP Rate Design.XLS
Page 2 of 5

KENTUCKY POWER COMPANY
QP Rate Design
Twelve Months Ended September 30, 2009

KPSC Case No. 2009-00459
Commission Staff 1st Set Data Request
Order Dated December 23, 2009
Item No. 8-c
Page 31 of 61

V. Proposed Off-Peak Excess Demand Charges and Revenue

	Off-peak Excess Demand	Proposed Rate	Revenue
Secondary	0	\$9.39	0
Primary	5,340	\$6.09	32,521
Subtransmission	6,885	\$1.34	9,226
Transmission	322	\$1.22	393
Total	12,547		\$42,140

VI. Proposed Energy Charges and Revenue

	Billing Energy	Loss Factor	Loss Adj Energy
Secondary	5,205,323	1.000	5,205,323
Primary	414,586,441	0.962	398,832,156
Subtransmission	438,609,128	0.944	414,047,017
Transmission	39,572,710	0.935	37,000,484
Total	897,973,602		855,084,880

Energy Revenue 26,710,410
Shortfall due to < Full Cost Demand 7,054,334

Energy Revenue \$33,764,744
Loss Adjusted Billing Energy 855,084,980

Secondary Energy Charge \$0.03949

	Secondary Rate	Loss Factor	Proposed Rate
Secondary	0.03949	1.000	0.03949
Primary	0.03949	0.962	0.03799
Subtransmission	0.03949	0.944	0.03728
Transmission	0.03949	0.935	0.03692

Proposed Energy Revenue

	Billing Energy	Proposed Rate	Revenue
Secondary	5,205,323	\$0.03949	205,558
Primary	414,586,441	\$0.03799	15,750,139
Subtransmission	438,609,128	\$0.03728	16,351,348
Transmission	39,572,710	\$0.03692	1,461,024
Total	897,973,602		\$33,768,069

Wal-Mart Stores East, LP and Sam's East, Inc.
Exhibit SWC-3
Kentucky Case 2009-00459

2009 QP Rate Design XLS
Page 3 of 6

KENTUCKY POWER COMPANY
QP Rate Design
Twelve Months Ended September 30, 2009

KPSC Case No. 2009-00459
Commission Staff 1st Set Data Request
Order Dated December 23, 2009
Item No. 8-c
Page 32 of 61

VII. Proposed Minimum Demand Charges

Calculation of Loss Adj Demand	<u>Billing Demand</u>	<u>Loss Factor</u>	<u>Loss Adj Demand</u>
Secondary	8,718	1.000	8,718
Primary	955,233	0.987	923,710
Subtransmission	1,091,478	0.946	1,032,538
Transmission	<u>119,865</u>	0.936	<u>112,194</u>
Total	2,175,294		2,077,160

Equipment Credit Revenue	<u>Billing Demand</u>	<u>Equipment Credit</u>	<u>Credit Revenue</u>
Secondary	8,718	0.00	\$0
Primary	955,233	(3.09)	-\$2,951,670
Subtransmission	1,091,478	(7.97)	-\$8,699,080
Transmission	<u>119,865</u>	(9.19)	<u>-\$1,101,559</u>
Total	2,175,294		(\$12,752,309)

Total Required Base Revenue	\$62,054,702
Less: Customer Revenue	\$492,696
Excess KVAR Revenue	389,422
Off-peak Excess Revenue	42,140
Alternate Feed Revenue	143,450
Energy Revenue	26,710,410
Equipment Credit Revenue	<u>(12,752,309)</u>

Demand Revenue	\$47,028,893
Loss Adjusted Billing Demand	<u>2,077,160</u>

Full Cost Demand Charge	\$22.64
% of Full Cost	85% \$19.24

Demand Charges	<u>Secondary Rate</u>	<u>Loss Factor</u>	<u>Demand Rate</u>	<u>Equipment Credit</u>	<u>Proposed Rate</u>
Secondary	\$19.24	1.000	\$19.24	0.00	\$19.24
Primary	\$19.24	0.967	\$18.61	(3.09)	\$15.52
Subtransmission	\$19.24	0.946	\$18.20	(7.97)	\$10.23
Transmission	\$19.24	0.936	\$18.01	(9.19)	\$8.82

Wal-Mart Stores East, LP and Sam's East, Inc.
Exhibit SWC-3
Kentucky Case 2009-00459

2009 QP Rate Design.XLS
Page 4 of 5

KENTUCKY POWER COMPANY
QP Rate Design
Twelve Months Ended September 30, 2009

KPSC Case No. 2009-00459
Commission Staff 1st Set Data Request
Order Dated December 23, 2009
Item No 8-c
Page 33 of 61

VIII. Proposed On-Peak Demand Charges & First Block Energy Charges

Proposed On-Peak Demand Revenue	On-Peak Demand	Proposed LGS Rate	Revenue
Secondary	8,718	\$4.29	\$37,400
Primary	955,233	\$4.15	\$3,864,217
Subtransmission	1,091,478	\$4.08	\$4,431,401
Transmission	119,865	\$4.02	\$481,857
Total	2,175,294		\$8,814,875

Incremental First Block Energy Charge	On-Peak Demand	Minimum Rate Less Proposed Rate	Revenue	First Block Energy	Incremental Rate
Secondary	8,718	\$14.95	\$130,334	3,051,300	\$0.04271
Primary	955,233	\$11.37	\$10,860,999	308,081,259	\$0.03525
Subtransmission	1,091,478	\$6.17	\$6,734,419	341,692,092	\$0.01971
Transmission	119,865	\$4.80	\$575,352	37,267,958	\$0.01644
Total	2,175,294		\$18,301,104		

Proposed Energy Charges	(All-Hour) Second Block Rate	Incremental Rate	Proposed First Block Rate
Secondary	\$0.03948	\$0.04271	\$0.08220
Primary	\$0.03789	\$0.03525	\$0.07324
Subtransmission	\$0.03728	\$0.01971	\$0.05699
Transmission	\$0.03692	\$0.01644	\$0.05235

Wal-Mart Stores East, LP and Sam's East, Inc.
Exhibit SWC-3
Kentucky Case 2009-00459

2009 QP Rate Design.XLS
Page 5 of 5

KENTUCKY POWER COMPANY
QP Rate Design
Twelve Months Ended September 30, 2009

KPSC Case No. 2009-00459
Commission Staff 1st Set Data Request
Order Dated December 23, 2009
Item No 8-c
Page 34 of 61

IX. Revenue Verification		<u>Units</u>	<u>Rate</u>	<u>Revenue</u>	<u>Target</u>	<u>Difference</u>
Secondary	On-Peak Demand	8,718 kW	\$4.29 /kW	\$37,400		
	Off-peak Excess	0 kW	9.39 /kW	0		
	Excess KVAR	13 KVAR	0.76 /KVAR	10		
	Energy - Block 1	3,051,300 kWh	0.08220 /kWh	250,817		
	Energy - Block 2	2,154,023 kWh	0.03949 /kWh	85,062		
	Customer	12 Bills	276.00 /Mo	3,312		
	Total Billed			\$376,601		
Primary	On-Peak Demand	955,233 kW	\$4.16 /kW	\$3,964,217		
	Off-peak Excess	5,340 kW	6.09 /kW	32,521		
	Alternate Feed	30,392 kW	4.72 /kW	143,460		
	Excess KVAR	162,132 KVAR	0.76 /KVAR	123,220		
	Energy - Block 1	308,081,259 kWh	0.07324 /kWh *	22,563,871		
	Energy - Block 2	106,505,182 kWh	0.03800 /kWh *	4,047,187		
	Customer	588 Bills	276.00 /Mo	162,288		
Total Billed			\$31,036,764			
Subtran	On-Peak Demand	1,091,478 kW	\$4.06 /kW	\$4,431,401		
	Off-peak Excess	6,885 kW	1.34 /kW	9,228		
	Excess KVAR	319,807 KVAR	0.76 /KVAR	243,053		
	Energy - Block 1	341,592,092 kWh	0.05700 /kWh *	19,470,749		
	Energy - Block 2	97,017,036 kWh	0.03729 /kWh *	3,617,765		
	Customer	396 Bills	662.00 /Mo	262,152		
	Total Billed			\$28,034,346		
Tran	On-Peak Demand	119,865 kW	\$4.02 /kW	\$481,857		
	Off-peak Excess	322 kW	1.22 /kW	393		
	Excess KVAR	30,446 KVAR	0.76 /KVAR	23,139		
	Energy - Block 1	37,267,958 kWh	0.05236 /kWh	1,951,350		
	Energy - Block 2	2,304,752 kWh	0.03692 /kWh	85,081		
	Customer	48 Bills	1,353.00 /Mo	64,944		
	Total Billed			\$2,506,774		
Total Tariff QP			\$62,054,485	\$62,054,702	(\$217)	

* Revised after revenue verification

CERTIFICATE OF SERVICE

I hereby certify that a copy of the Direct Testimony of Steve W. Chriss was served by mailing a true and correct copy via electronic mail (when available) and by first-class postage prepaid mail, to all parties on his 6th day of April, 2010.

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