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BEFORE THE STATE OFFICE
PUBLIC UTILITY COMMISSION
FILING CLERK
OF
ADMINISTRATIVE HEARINGS

APPLICATION OF SOUTHWESTERN)
ELECTRIC POWER COMPANY FOR)
CERTIFICATE OF CONVENIENCE)
AND NECESSITY AUTHORIZATION)
AND RELATED RELIEF FOR THE)
ACQUISITION OF WIND)
GENERATION FACILITIES)

**INITIAL POST-HEARING BRIEF OF
WALMART INC.**

Walmart Inc. ("Walmart") respectfully submits this initial post-hearing brief. As directed by SOAH Order No. 5, the following omits outline headings for issues not addressed by Walmart, but does not change the letter or number the agreed outline assigns to the issues addressed.

ARGUMENTS AND AUTHORITIES

I. Introduction

Walmart sponsored the testimony of Lisa V. Perry,¹ Senior Manager, Energy Services for Walmart Inc. Rather than attempting to address all disputed issues in this case, Ms. Perry's testimony focused on the specific issues discussed below.

By way of introduction, Walmart operates 590 retail units and 19 distribution centers and employs over 166,000 associates in Texas. In fiscal year ending 2019, Walmart purchased \$48.5 billion worth of goods and services from Texas-based suppliers, supporting over 267,000 supplier jobs.² Walmart has 20 stores and related facilities that take service from Southwestern Electric Power Company ("SWEPCO" or

¹ Direct Testimony And Exhibits Of Lisa V. Perry On Behalf Of Walmart Inc., admitted as Walmart Ex. 1.

² Walmart Ex. 1, p. 2, ln. 10-14.

“the Company”), primarily on the Lighting and Power Schedules.³

Walmart also has 15 stores, a distribution center, corporate facilities, and related facilities that take electric service from SWEPCO in Arkansas, and 12 stores and related facilities that take service from SWEPCO in Louisiana. Walmart also has 49 stores, a distribution center and related facilities in Oklahoma that take electric service from Public Service Company of Oklahoma (“PSO”).⁴

Walmart has established aggressive and significant renewable energy goals, including: (1) to be supplied 100 percent by renewable energy and (2) by 2025, to be supplied by 50 percent renewable energy. Additionally, Walmart has set a science-based target to reduce emissions in its operations by 18 percent by 2025 through the deployment of energy efficiency and consumption of renewable energy.⁵

Walmart appreciates the efforts of SWEPCO and PSO to increase the level of renewable generation on their systems and does not oppose Commission approval of the Company’s proposed acquisition of the Wind Facilities. As discussed in more detail below, however, Walmart recommends that the Commission modify the existing guarantees and incorporate additional guarantees consistent with the Joint Stipulation and Settlement Agreement filed in Oklahoma Corporation Commission Cause No. PUD 201900048,⁶ and subsequently adopted by the Commission.⁷

³ *Id.* p. 2, ln. 15-19.

⁴ *Id.* p. 3, ln. 1-8.

⁵ *Id.* p. 3, ln. 9-14.

⁶ *Id.* p. 4, ln. 4-10; *see also* Exhibit LVP-2.

⁷ *See* Order No. 708933, Cause No. PUD 201900048 (Feb. 20, 2020).

IV. Proposed Conditions (P.O. Issue No. 10, 19, 20, 24)

A. SWEPCO Proposed Conditions

- 1. Capital Cost Cap**
- 2. Production Tax Credit Eligibility Guarantee**
- 3. Minimum Production Guarantee**

B. Conditions Contained in Settlements Filed in Other Jurisdictions

C. Staff/Intervenor Proposed Conditions

PSO and all but one party⁸ to the Oklahoma proceeding entered into a Joint Stipulation and Settlement Agreement (“Oklahoma Settlement Agreement”), which was filed with the Oklahoma Corporation Commission on December 10, 2019 in Cause No. PUD 201900048, and subsequently approved in its Order No. 708933. The Oklahoma Settlement Agreement includes, in some form, the guarantees set forth in the Company’s Application in this docket along with additional guarantees that were not included in the Application.⁹

While Walmart recognizes that out-of-state settlement agreements are not binding on the Commission, Walmart respectfully requests that the guarantees set forth in the Oklahoma Settlement Agreement be considered by the Commission as the framework within which the guarantees in this Proceeding are structured.¹⁰

⁸ Golden Spread Electric Cooperative, Inc. did not sign the Oklahoma Settlement Agreement, but did not oppose it.

⁹ Walmart Ex. 1, p. 13, ln. 7-12.

¹⁰ *Id.* p. 13, ln. 13 – p. 14, ln. 7.

VII. Rate Issues (P.O. Issue Nos. 21, 22, 25, 26, 27, 28, 29, 30, 31)

A. Proposal to Recover Revenue Requirement Through Generation Rider

It is Walmart's understanding that the Company intends to seek recovery of the revenue requirement for the Texas jurisdictional portion of the Wind Facilities through a future filing the Company has termed the Generation Investment Recovery Rider ("GIR Rider"). The Company proposes that the rider go into effect when the facilities begin providing service to customers and continue until those costs are included in base rates, subject to reconciliation.¹¹

The Company has expressed its intent to request implementation of the GIR Rider pursuant to PURA § 36.213. However, the Company has made no such request in this Proceeding, nor has it provided any timeline within which such filing will be made.¹²

Generally speaking, Walmart believes the recovery of generation asset costs is best determined in a general rate case as all costs, benefits, and risks – both those related to the Wind Facilities as well as those interrelated with or related to the Company's overall business – can be systematically considered (e.g., authorized ROE).¹³

¹¹ *Id.* p. 8, ln. 3-12.

¹² *Id.* p. 8, ln. 13-18.

¹³ *Id.* p. 9, ln. 1-7.

B. Production Tax Credits

The specific mechanisms through which the Company will recover costs and flow-through benefits to customers associated with the Texas jurisdictional share of the Wind Facilities do not appear to be the subject of this proceeding. Accordingly, Walmart takes no position on the issue but reserves its right to do so in any related future filing made by the Company or other parties.¹⁴

C. Deferred Tax Asset Carrying Costs

The specific mechanisms through which the Company will recover costs and flow-through benefits to customers associated with the Texas jurisdictional share of the Wind Facilities do not appear to be the subject of this proceeding. Accordingly, Walmart takes no position on the issue but reserves its right to do so in any related future filing made by the Company or other parties.¹⁵

D. Jurisdictional Allocation

It does not appear that the Company is advocating any specific cost allocation method for Texas' share of the costs associated with the Wind Facilities. Walmart reserves the right to assert its position on any cost allocation method associated with the Wind Facilities proposed by the Company or any other party in any related future filings, including any filing seeking approval of the GIR Rider.¹⁶

¹⁴ *Id.* p. 10, ln. 6 – p. 11, ln. 1.

¹⁵ *Id.* p. 10, ln. 5 – p. 11, ln. 1.

¹⁶ *Id.* p. 9 ln. 8-16.

E. Treatment of Renewable Energy Credits

It is Walmart's understanding that if the Wind Facilities are approved, the Company will propose a new tariff through which SWEPCO customers can purchase RECs associated with the Wind Facilities. Walmart does not oppose the Company's proposal.¹⁷

For large customers like Walmart with significant and aggressive renewable energy goals, it is important to be able to claim that the customer is receiving energy from new and specific renewable resources such as the Wind Facilities to meet those goals. Adding a separate and specific tariff allows customers like Walmart the opportunity to purchase the RECs derived from the Wind Facilities in a direct and administratively efficient manner.¹⁸

F. Other Rate Issues

It does not appear that the Company has proposed any specific method for recovering costs or other rate design elements. As such, Walmart reserves the right to assert its position on any cost recovery method and/or rate design associated with the Wind Facilities proposed by the Company or any other party in any related future filings, including any filing seeking approval of the GIR Rider.¹⁹

¹⁷ *Id.* p. 11, ln. 3-16.

¹⁸ *Id.*

¹⁹ *Id.* p. 9, ln. 17 – p. 10, ln.3.

CONCLUSION

For all the above and forgoing reasons, Walmart respectfully requests the Commission to modify the existing guarantees in this docket to incorporate additional guarantees consistent with the Joint Stipulation and Settlement Agreement approved in Oklahoma Corporation Commission Cause No. PUD 201900048.

Respectfully submitted,

By 

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ATTORNEY FOR INTERVENOR,
WALMART INC.

CERTIFICATE OF SERVICE

I hereby certify that a copy of this document was served on all parties of record in this proceeding on March 9, 2020, by electronic mail (e-mail), hand delivery and/or by depositing a copy in the United States mail.


Rick D. Chamberlain