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**SOAH DOCKET NO. 473-21-2606
PUC DOCKET NO. 52195**

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| APPLICATION OF EL PASO |) | BEFORE THE STATE OFFICE |
| ELECTRIC COMPANY TO |) | OF |
| CHANGE RATES |) | ADMINISTRATIVE HEARINGS |

DIRECT TESTIMONY AND EXHIBITS OF

ANDREW D. TEAGUE

ON BEHALF OF

WALMART INC.

OCTOBER 22, 2021

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Exhibits

Exhibit ADT-1: Witness Qualifications Statement

Exhibit ADT-2: Proposed Rate Changes with Moderation

Exhibit ADT-3: Cost of Service by Function, EPE Cost of Service Study Results, Proposed Rates 24 and 25

Exhibit ADT-4: 24 and 25 Cost of Service Study Results, Equalized Rate of Return vs. Proposed 24 and 25 Revenue Requirements

I. Introduction

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

A. My name is Andrew D. Teague. My business address is 2608 SE J Street, Bentonville, AR 72716. I am employed by Walmart Inc. ("Walmart") as Senior Manager, Energy Services.

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

A. I am testifying on behalf of Walmart.

Q. PLEASE DESCRIBE YOUR EDUCATION AND EXPERIENCE.

A. I received a Master's of Public Affairs in 2010 from the University of Indiana School of Public and Environmental Affairs. From 2011 to 2019, I was an energy management contractor working with the Army and the Air Force with primary duties in Texas and Oklahoma. My responsibilities included energy conservation projects, on-installation utility billing, management of relationships with utility providers, and other day-to-day energy and utility operations. I joined the energy department at Walmart in February 2019 as Senior Manager, Energy Services. My Witness Qualifications Statement is attached as Exhibit ADT-1.

Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE THE PUBLIC UTILITY COMMISSION OF TEXAS ("COMMISSION")?

A. Yes. I have submitted testimony in Docket No. 52040.

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

3 A. I have previously testified before the Kentucky Public Service Commission in cases
4 numbered 2020-00349 and 2020-00350, before the Michigan Public Service
5 Commission in case number U-20963, before the Virginia State Corporation
6 Commission in case number PUR-2021-00127, and before the New Mexico Public
7 Regulation Commission on case number 21-00148-UT.

8 **Q. ARE YOU SPONSORING EXHIBITS IN YOUR TESTIMONY?**

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

10 **Q. PLEASE BRIEFLY DESCRIBE WALMART'S OPERATIONS IN TEXAS.**

11 A. As shown on Walmart's website, Walmart operates 593 retail units and 19 distribution
12 centers and employs over 170,000 associates in the State of Texas. In fiscal year ending
13 2020, Walmart purchased \$76.6 billion worth of goods and services from Texas-based
14 suppliers, supporting over 281,000 supplier jobs.¹

15 **Q. PLEASE BRIEFLY DESCRIBE WALMART'S OPERATIONS WITHIN THE**
16 **TEXAS SERVICE TERRITORY FOR EL PASO ELECTRIC COMPANY**
17 **(“EPE” OR “COMPANY”).**

18 A. Walmart has approximately 24 stores and related facilities that take electric service
19 from EPE served under rates Schedule No. 24 General Service Rate (“Schedule No.
20 24”) and Schedule No. 25 Large Power Service Rate (“Schedule No. 25”).
21

¹ <https://corporate.walmart.com/our-story/locations/united-states/texas?multi=false>

II. Purpose of Testimony and Summary of Recommendations

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to respond to the Company's request for approval of changing the base rates as set forth in the Company's Application filed June 1, 2021. My testimony is to provide Walmart's response to the class cost of service and rate design issues in EPE's rate case filing and provide recommendations to assist the Commission in its thorough and careful consideration of the customer impact of the Company's proposed rate increase.

Q. IN SETTING THE REVENUE REQUIREMENT, ROE, ALLOCATION, AND RATE DESIGN CHANGES FOR THE COMPANY, SHOULD THE COMMISSION CONSIDER THE IMPACT OF THE PROPOSED RATE INCREASE ON BUSINESS CUSTOMERS?

A. Yes. Electricity is a significant operating cost for retailers such as Walmart. When electric rates increase, the increased cost to retailers can put pressure on consumer prices and on the other expenses required by a business to operate. The Commission should thoroughly and carefully consider the impact on customers in examining the requested revenue requirement and ROE, in addition to all other facets of this case, to ensure that any increase in the Company's rates is the minimum amount necessary to provide safe, adequate, and reliable service, while also providing EPE the opportunity to recover its reasonable and prudent costs and earn a reasonable return on its investment.

1 **Q. PLEASE SUMMARIZE WALMART'S RECOMMENDATIONS TO THE**
2 **COMMISSION.**

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

- 4 1) For purposes of this Docket, Walmart does not oppose the Company's proposed use of
5 the Average & Excess ("A&E") allocator based on the Company's four coincident
6 peaks ("CP") (together, "A&E 4CP") for production demand costs. Walmart Also
7 recommends that the Commission require EPE to utilize 1CP for the purposes of
8 calculating load factor.
- 9 2) Walmart does not oppose the remainder of the Company's proposed cost of service
10 study. To the extent that alternative cost of service models or modifications to the
11 Company's model are proposed by other parties, Walmart reserves the right to address
12 such changes in rebuttal testimony.
- 13 3) For the purposes of this Docket, if the Commission approves EPE's proposed revenue
14 requirement increase, Walmart does not oppose the Company's revenue allocation
15 moderation proposal.
- 16 4) If the Commission awards a revenue requirement increase lower than that proposed by
17 the Company, Walmart recommends the Commission retain the efforts that EPE has
18 made to move the rates to cost of service and apply the decrease in a manner that further
19 moves classes towards cost of service.
- 20 5) For the purposes of this Docket, at the Company's proposed revenue requirement for
21 the rate Schedule No. 24, Walmart recommends that the Commission:
- 22 a. Accept EPE's proposed customer charges and structural changes to time-of-
23 day;

1 b. Maintain the current demand charges for summer and non-summer; and

2 c. Use the revenue requirement reduction proposed for Schedule No. 24 to reduce
3 the energy charges.

4 6) For the purposes of this Docket, Walmart does not oppose the Company's proposed
5 revenue requirement for Schedule No. 25. Walmart recommends that as revenue
6 requirement decreases for Schedule No. 25, any reduction should be taken from the
7 energy charge.

8 **Q. DOES THE FACT THAT YOU MAY NOT ADDRESS AN ISSUE OR**
9 **POSITION ADVOCATED BY THE COMPANY INDICATE WALMART'S**
10 **SUPPORT?**

11 A. No. The fact that an issue is not addressed herein or in related filings should not be
12 construed as an endorsement of, agreement with, or consent to any filed position.
13
14

III. Cost of Service and Revenue Allocation

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

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

Q. WHAT IS YOUR UNDERSTANDING OF THE PRODUCTION COST ALLOCATORS PROPOSED BY THE COMPANY IN THIS DOCKET?

A. It is my understanding that for jurisdictional production cost allocation, the Company proposes to move production costs into two categories: Texas and other jurisdictions. "Other jurisdictions" include New Mexico and services that only support specific customers. *See* Direct Testimony of Adrian Hernandez ("Hernandez Testimony") p. 7 lines 14-15. Additionally, the Texas production is then divided into two categories: peaking and non-peaking generation facilities. Jurisdictional production costs for non-peaking generation facilities are allocated based on a A&E 4CP method and peaking facilities are allocated using 4CP methodology. *See* Hernandez Testimony p. 9 lines 23-26. For retail production cost allocation, my understanding is that the Company proposes to allocate the Texas portion of generation facilities based on a A&E 4CP method. *See* Direct Testimony of George Novela ("Novela Testimony"), p. 8, lines 2-6.

Q. WHAT IS YOUR UNDERSTANDING OF AN A&E ALLOCATOR?

A. An A&E allocator is an allocator that recognizes the contribution of each class to the utility's average demand, which is total annual kWh divided by 8,760 hours in a typical

1 year, as well as the relative peak demand of each class. As such, A&E is a methodology
2 often used when a Commission determines that production plants are used to provide
3 energy as well as peak demand. However, the A&E allocator differs from other
4 allocators that have an energy component in that it does not double count the energy
5 portion of the allocator, and does not rely on fixed subjective resource. As such, even
6 with its use of energy as part of the allocator, the A&E allocator is, in Walmart's
7 experience, an objective, transparent, and reasonable production plant cost allocator.

8 Mechanically, the CP peak demand value for each class – in EPE's case, 4CP – is
9 subdivided into average demand and excess demand. The average demand, or energy
10 portion for each class, is weighted by the system load factor. The excess demand
11 portion, which is the difference between the average demand and the peak demand for
12 each class, is weighted by 1 minus the system load factor. As a result, as system load
13 factor increases and the system gets less peaky, the overall weighting of the average
14 demand portion of the allocator increases, and conversely, as the system load factor
15 decreases and the system gets more peaky, the overall weighting of the excess demand
16 portion of the allocator increases. At a theoretical maximum of 100 percent system
17 load factor, the A&E allocator is essentially an energy allocator.

18 **Q. IS THE COMPANY'S PROPOSED SYSTEM LOAD FACTOR**
19 **CALCULATION BASED ON 4CP?**

20 A. Yes. My understanding is that this, differing from the 2015 rate case, Docket No.
21 44941, in which EPE used the 1CP system peak to calculate the load factor to be used
22 in the A&E 4CP allocator. *See Novela Testimony p. 9 lines 8-9.*

1 **Q. DOES WALMART HAVE A CONCERN WITH THE USE OF THE 4CP TO**
2 **CALCULATE THE SYSTEM LOAD FACTOR?**

3 A. Yes. Using the 4CP to calculate the system load factor reduces the level of system peak
4 demand in the calculation, which overstates the system load factor and, as a result,
5 overstates the average demand contribution to the allocator.

6 **Q. WHAT ARE WALMART’S RECOMMENDATIONS TO THE COMMISSION**
7 **ON THIS ISSUE?**

8 A. For the purposes of this Docket, Walmart does not oppose the use of the A&E 4CP
9 allocator for non-peaking production. Walmart also recommends the Commission
10 require EPE to utilize 1CP for the purposes of calculating load factor. However, to the
11 extent that alternative methodologies or modifications are proposed by other parties,
12 Walmart reserves the right to address any such changes in accordance with the
13 Commission's procedures in this Docket.

14
15 **IV. Revenue Allocation**

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

19 A. The Company represents this relationship in its cost of service study results through
20 the use of class-specific rates of return and relative rates of return. *See* Schedule P-1.4:
21 Proposed Rate Schedules/Existing Rate Classes. A relative rate of return of 1.0
22 represents the rate class is paying costs incurred to serve that rate class. A relative rate
23 of return above one represents a rate class paying in excess of the costs to serve that

1 rate class and can be interpreted as subsidizing other rate classes. Conversely, a relative
2 rate of return below one represents a rate class paying below the costs to serve said rate
3 class and could be interpreted as being a subsidized rate class.

4 **Q. DO THE RATES CURRENTLY PAID BY SCHEDULE NO. 24 AND**
5 **SCHEDULE NO. 25 CUSTOMERS EXCEED COST OF SERVICE?**

6 A. Yes. Schedule No. 24 currently has a relative rate of return of 1.521 and Schedule No.
7 25 has a rate of return of 1.112. *See* Schedule P-1.3.

8 **Q. WHAT IS YOUR UNDERSTANDING OF EPE'S PROPOSED REVENUE**
9 **ALLOCATION IN THIS CASE?**

10 A. My understanding is the Company proposes the following methodology for revenue
11 allocation:

- 12 1) Move EPE's rate groups to full cost of service. *See* Direct Testimony of James
13 Schichtl ("Schichtl Testimony"), p. 36, lines 23-25; and
14 2) Moderate the revenue requirements for the Residential, Water Heating, Small
15 General Service, General Service, and City/County rate groups. *See* Schichtl
16 Testimony p. 38, lines 30-31.

17 **Q. WHAT IS YOUR UNDERSTANDING OF THE COMPANY'S REASON TO**
18 **PROPOSE MODERATION IN THIS DOCKET?**

19 A. My understanding is that the Company proposes moderation due to
20 uncertainty associated with COVID-19. *See* Schichtl Testimony p. 39, lines 12-14.

Q. DOES THE COMPANY STATE THAT EQUAL RATES OF RETURN FOR EACH CLASS ARE AN APPROPRIATE STARTING POINT WHEN DESIGNING RATES?

A. Yes. The stated primary goals are to minimize subsidies within rate classes and send accurate price signals, with rate structures supported by cost causation principles, stable rates, and stable revenues. *See* Direct Testimony of Manuel Carrasco (“Carrasco Testimony”) p. 17, lines 19-27. However, the moderation proposal ultimately does not provide for equal rates of return for each customer class.

Q. HAVE YOU CALCULATED A RATE OF RETURN INDEX FOR EACH CUSTOMER CLASS BASED ON EPE’S PROPOSED MODERATION VERSUS EQUAL RATES OF RETURN?

A. Yes, as shown in Table 1 below.

Table 1 Proposed Rate Changes with Moderation

| Proposed Rate Changes with Moderation | | | | |
|---------------------------------------|---------------------------------------|---------------|--|------|
| Rate Schedule | Rate of Return on Rate Base (Initial) | RRI (Initial) | Rate of Return on Rate Base (Moderation) | RRI |
| 01 | 7.99% | 1.00 | 6.80% | 0.85 |
| 02 | 7.99% | 1.00 | 10.32% | 1.29 |
| 07 | 7.99% | 1.00 | 8.52% | 1.07 |
| 08 | 7.99% | 1.00 | 8.72% | 1.09 |
| 09 | 7.99% | 1.00 | 8.75% | 1.10 |
| 11 | 7.99% | 1.00 | 8.63% | 1.08 |
| 15 | 7.99% | 1.00 | 8.70% | 1.09 |

| | | | | |
|--|-------|------|--------|--------|
| WH | 7.99% | 1.00 | -1.95% | (0.24) |
| 22 | 7.99% | 1.00 | 8.56% | 1.07 |
| 24 | 7.99% | 1.00 | 9.98% | 1.25 |
| 25 | 7.99% | 1.00 | 8.64% | 1.08 |
| 26 | 7.99% | 1.00 | 8.75% | 1.10 |
| 28 | 7.99% | 1.00 | 8.69% | 1.09 |
| 30 | 7.99% | 1.00 | 8.72% | 1.09 |
| 31 | 7.99% | 1.00 | 8.69% | 1.09 |
| 34 | 7.99% | 1.00 | 8.52% | 1.07 |
| 41 | 7.99% | 1.00 | 10.36% | 1.30 |
| System | 7.99% | 1.00 | 7.99% | 1.00 |
| Source: Exhibit MC-4 and Schedule P1-.04 | | | | |

Q. UNDER THE COMPANY'S MODERATION PROPOSAL, WOULD THE RATES FOR SCHEDULES NO. 24 AND 25 PROVIDE A RATE OF RETURN FOR THE COMPANY IN EXCESS OF THEIR COST OF SERVICE LEVELS?

A. As demonstrated in Table 1 above, they do. The moderation ends up returning a number of classes into the subsidization roles prior to the effort to return them to cost of service within this Docket. By capping the changes of certain rates, EPE also redistributed the remainder across the rate classes, thereby increasing the allocation of rates that were already at neutral. *See Carrasco Testimony, p. 15, lines 15-22.*

1 **Q. WHAT IS WALMART’S RECOMMENDATION TO THE COMMISSION IF**
2 **THE COMMISSION WERE TO AWARD EPE ITS PROPOSED REVENUE**
3 **REQUIREMENT INCREASE AND MODERATION?**

4 A. For the purposes of this Docket, if the Commission approves EPE’s proposed revenue
5 requirement increase, Walmart does not oppose the Company’s revenue allocation
6 moderation proposal.

7 **Q. WHAT IS WALMART’S RECOMMENDATION TO THE COMMISSION IF**
8 **THE COMMISSION WERE TO AWARD REVENUE REQUIREMENT**
9 **INCREASE LOWER THAN THAT PROPOSED BY THE COMPANY?**

10 A. If the Commission awards a revenue requirement increase lower than that proposed by
11 the Company, Walmart recommends the Commission retain the efforts that EPE has
12 made to move the rates to cost of service and apply the decrease in a manner that further
13 moves classes towards cost of service.

14
15 **V. Schedule No. 24 and Schedule No. 25 Rate Design**

16 **Q. WHAT IS YOUR UNDERSTANDING OF THE CHARGES INCLUDED IN**
17 **THE CURRENT SCHEDULE NO. 24 RATE DESIGN?**

18 A. My understanding is that the current Schedule No. 24 rate design, in my experience, is
19 a complex rate structure and composed of the following charges:

- 20 1) Summer and non-summer customer charges, which are a dollar per meter per
21 month charge, the level of which does not vary by season;
22 2) Summer and non-summer demand charges, which are a \$/kW charge based on
23 “billing demand,” which is determined as the maximum demand during the

1 billing period, but no less than 15 kW or 60 percent of the highest measured
2 demand incurred during June through September of the previous 12 months;
3 and

4 3) Energy charges, determined by whether the customer has opted into the alternate
5 time-of-use monthly rate or the standard rate. The standard rate energy charges
6 are a set of declining block hours-use \$/kWh charges based on the customer's
7 load factor for the billing month using the maximum measured demand for the
8 month. The blocks start at the first 200 kWh/kW of maximum measured
9 demand, the breakpoint for the second block is the next 150 kWh/kW of
10 maximum measured demand, and the third block is all energy in excess of 350
11 kWh/kW. If the customer opts into the alternate time-of-day rate, there are on-
12 peak and off-peak charges. On-peak charges are from 12:00 PM to 6 PM
13 Monday through Friday, for the summer. All other hours, including weekends
14 and non-summer, are off-peak. *See* TX PUC Schedule No. 24, 19th Revision,
15 Sheet No. 12.

16 **Q. DOES THE COMPANY DEFINE WHEN THE SUMMER AND NON-SUMMER**
17 **RATES ARE APPLICABLE?**

18 A. Yes. In the tariff the Company defines summer rates as being applicable during
19 different periods depending on which option is selected. These rates vary between Non-
20 Summer and Summer, with Summer extending to May through October for the
21 standard option and June through September for the time-of-day option. *Id.*

1 **Q. WHAT IS YOUR UNDERSTANDING OF THE STRUCTURE OF THE BASE**
2 **CHARGES INCLUDED IN THE CURRENT SCHEDULE NO. 25 RATE**
3 **DESIGN?**

4 A. My understanding is that Schedule No. 25 is, structurally, very similar to the time-of-
5 day option for Schedule No. 24. The minimum billing demand is 600 kW for Schedule
6 No. 25 and the ratchet structure is similar but set at 75 percent. *See* TX PUC Schedule
7 No. 25, 17th Revision, Sheet No. 13.

8 **Q. WHAT IS YOUR UNDERSTANDING OF HOW THE COMPANY PROPOSES**
9 **TO APPLY THE REVENUE REQUIREMENT INCREASE TO THE**
10 **CHARGES CONTAINED IN SCHEDULES NO. 24 AND NO. 25?**

11 A. My understanding is that the customer charges are increasing significantly. Both
12 schedules are adding a thermal energy storage rider. Schedule No. 24 is adding an
13 experimental demand rate option at 30% load factor, standardizing the season periods
14 to match the time-of-day option for the standard option, adding a transmission voltage
15 rate option, and applying the power factor adjustment for demand of 250 kW and
16 above. *See* Schedule Q-4.2: Justification of Proposed Changes, p. 2.

17 **Q. DOES WALMART HAVE CONCERNS WITH THE COMPANY’S RATE**
18 **DESIGN PROPOSALS FOR SCHEDULES NO. 24 AND NO. 25?**

19 A. Yes, as Walmart’s conservation measures will largely target the block with the lowest
20 cost energy rate. Schedule No. 24 still uses an hours-use energy structure for its
21 standard option. This runs contrary to the proposal to “remove those declining-block
22 energy rate structures that do not have any cost justification, which otherwise do not
23 support energy efficiency and conservation.” *See* Carrasco Testimony, p. 19, lines 6-8.

Walmart believes that this rate structure is not transparent and can discourage high load factor customers from energy conservation measures as they will only conserve the cheapest energy using this structure.

Q. WHAT IS YOUR UNDERSTANDING OF THE COST OF SERVICE STUDY RESULTS FOR SCHEDULES NO. 24 AND NO. 25?

A. My understanding is that EPE incurs three types of costs to serve Schedules No. 24 and No. 25 customers: Customer, Demand, and Energy. Demand costs are fixed costs incurred by the Company to size the system such that it can meet the peak kW demands imposed by the rate class and do not change with changes in how many kWh of energy are consumed by customers. Customer costs are also fixed costs, which are incurred based on the number of customers served by the Company, and do not vary by the size of each customer or how much energy the customers consume. Energy costs are variable costs incurred by the Company in relation to the amount of energy consumed by customers.

Q. ARE THE MAJORITY OF COSTS INCURRED TO SERVE SCHEDULE NO. 24 AND NO. 25 CUSTOMERS DEMAND RELATED?

A. Yes. See Table 2 below. Per EPE's cost of service study, approximately 80 percent of the costs incurred by the Company to serve Schedules No. 24 and No. 25 customers are demand-related while only approximately 11 percent are energy related.

Table 2 24 and 25 Cost of Service Study Results, Equalized Rate of Return vs. Proposed 24 and 25 Revenue Requirements

| Function | Cost of Service by Function | | Rate 24 Requirement | | Rate 25 Requirement | |
|----------|-----------------------------|------|---------------------|------|---------------------|-------|
| | | | | | | |
| Customer | \$ 54,125,262 | 9.4% | \$ 5,522,071 | 4.5% | \$ 1,437,546 | 3.79% |

Direct Testimony of Andrew Teague
Walmart Inc.
SOAH Docket No. 473-21-2606/PUCT Docket No. 52195

| | | | | | | |
|-------------------------------|-----------------------|----------------|-----------------------|---------------|----------------------|---------------|
| Total Demand | \$ 456,295,758 | 79.4% | \$ 30,222,686 | 24.7% | \$ 30,392,331 | 80.13% |
| Energy | \$ 64,110,397 | 11.2% | \$ 86,367,742 | 70.7% | \$ 6,098,966 | 16.08% |
| Total Non-EE Revenue | \$ 574,531,417 | 100.00% | \$ 122,112,499 | 100.0% | \$ 37,928,843 | 100.0% |
| Source: P-6 and Exhibit ADT-3 | | | | | | |

1
2 **Q. HOW DOES EPE PROPOSE TO COLLECT THE SCHEDULES NO. 24 and**
3 **NO. 25 REVENUE REQUIREMENTS THROUGH THE PROPOSED RATE**
4 **DESIGNS?**

5 A. Conforming to the costs of service study, EPE is proposing to collect the majority of
6 the costs from Schedule No. 25 in the demand charges. However, EPE proposes to
7 recover the majority of costs for Schedule No. 24 through the energy charge, contrary
8 to the cost of service study.

9 **Q. PLEASE EXPLAIN.**

10 A. As described above, Schedule No. 24 includes an hours-use rate structure. As shown
11 in Table 2, this would recover 71 percent of non-energy efficiency base rate revenues
12 through energy charges and approximately 25 percent of revenues through demand
13 charges.

14 **Q. WHICH OF THE COMPANY'S FUNCTIONAL COSTS SHOULD BE**
15 **RECOVERED THROUGH DEMAND CHARGES?**

16 A. The Company's production demand (capacity), transmission, and distribution demand
17 costs should be recovered through demand charges. These costs are fixed and incurred
18 to serve customer kW demands on the system regardless of how many kWh are
19 consumed. Optimally the costs for each of the three functions would be recovered
20 through its own unbundled demand charge (or charges if time or seasonal

1 differentiation is appropriate) to best recover costs in a manner that reflects how those
2 costs are incurred and allocated.

3 **Q. WOULD THE PROPER COLLECTION OF DEMAND-RELATED (FIXED)**
4 **COSTS THROUGH A DEMAND CHARGE PROVIDE BENEFITS TO THE**
5 **COMPANY?**

6 A. Yes. By collecting a large percentage of a class revenue requirement through energy
7 charges, the Company subjects itself to under and overcollection of its revenue
8 requirement due to fluctuations in customer usage. As such, issues such as weather
9 and the economy will have a greater impact on the utility versus a rate design in which
10 an appropriate amount of revenue requirement is collected through the demand charge.

11
12 **Q. WHAT IS WALMART'S RECOMMENDATION TO THE COMMISSION AT**
13 **THE COMPANY'S PROPOSED REVENUE REQUIREMENTS FOR THE**
14 **SCHEDULE NO. 24?**

15 A. For the purposes of this Docket, at the Company's proposed revenue requirement for
16 Schedule No. 24, Walmart recommends that the Commission:

- 17 1) Accept EPE's proposed customer charges and structural changes to time-of-day;
18 2) Maintain the current demand charges for summer and non-summer; and
19 3) Use the revenue requirement reduction proposed for Schedule No. 24 to reduce the
20 energy charges.

1 **Q. WHAT IS WALMART’S RECOMMENDATION TO THE COMMISSION AT**
2 **THE COMPANY’S PROPOSED REVENUE REQUIREMENTS FOR THE**
3 **SCHEDULE NO. 25?**

4 A. For the purposes of this Docket, Walmart does not oppose the Company’s proposed
5 revenue requirement for Schedule No. 25. Walmart recommends that as revenue
6 requirement decreases for Schedule No. 25, any reduction should be taken from the
7 energy charge.

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

9 A. Yes.

10

11

Andrew D. Teague, CEM

Senior Manager, Energy Services

Walmart Inc.

Business Address: 2608 SE J Street, Bentonville, Arkansas 72716

Business Phone: (479) 258-6267

EXPERIENCE

February 2019 – Present

Walmart Inc., Bentonville, AR

Senior Manager, Energy Services

March 2011 – March 2019

AGEISS, Inc., Fort Sill, OK

Energy Conservation Program Support

EDUCATION

2010 University of Indiana

MPA, Environmental Policy and Natural
Resource Management; Sustainable
Development

2008 Emory University

B.S., Environmental Studies

2006 Oxford College of Emory University

A.A.

FILED TESTIMONY

2021

New Mexico Public Regulation Commission Case No. 21-00148-UT: In the matter of Southwestern Public Service Company's Application for Authorization to Implement Grid Modernization Components that Include Advanced Metering Infrastructure and Recover the Associated Costs through a Rider, Issuance of Related Accounting Orders, and other Associated Relief.

Issue: Approval of AMI deployment and grid modernization.

Virginia State Corporation Commission Case No. PUR-2021-00127: Petition of the Virginia Electric and Power Company, for approval of a plan for electric distribution grid transformation projects pursuant to §56-585.1 A 6 of the Code of Virginia.

Issue: Approval of a Customer Information Platform and Phase II AMI deployment.

Public Utility Commission of Texas Docket No. 52040, SOAH Docket No. 473-21-2607: Application of El Paso Electric Company for Advanced Metering System (AMS) Deployment Plan, AMS Surcharge, and Non-Standard Metering Service Fees.

Issue: Approval to implement AMS and recover costs through an additional surcharge.

Michigan Public Service Commission Case No. U-20963: In the matter of the application of Consumers Energy Company for authority to increase its rates for the generation and distribution of electricity and for other relief.

Issue: General rate case.

Commonwealth of Kentucky Public Service Commission Case No. 2020-00350: Electronic Application of Louisville Gas and Electric Company for an Adjustment of its Electric and Gas Rates, a Certificate of Public Convenience and Necessity to Deploy Advanced Metering Infrastructure, Approval of Certain Regulatory and Accounting Treatments, and Establishment of a One-Year Surcredit.

Issue: General rate case.

Commonwealth of Kentucky Public Service Commission Case No. 2020-00349: Electronic Application of Kentucky Utilities Company for an Adjustment of its Electric Rates, a Certificate of Public Convenience and Necessity to Deploy Advanced Metering Infrastructure, Approval of Certain Regulatory and Accounting Treatments, and Establishment of a One-Year Surcredit.

Issue: General rate case.

PRESENT MEMBERSHIPS

Association of Energy Engineers, Member

INDUSTRY TRAINING

- 2020 Practical Regulatory Training for the Electric Industry, Center for Public Utilities, New Mexico State University College of Business
- 2020 IPU Accounting and Ratemaking Course, Michigan State University

KEY ACCOMPLISHMENTS

Oversaw the roll out of the Meter Data Management System at Fort Sill.

Performed meter audits and surveys at Joint Base San Antonio.

Managed meter data for natural gas, electric, wastewater, and water for Joint Base San Antonio and Fort Sill. Developed customer utility rates and managed billing for Joint Base San Antonio and Fort Sill.

Supported utility management for natural gas, electric, wastewater, and water billing with city, public utility, and privatized utility providers.

Supported energy savings performance contract endeavors at Fort Sill and Joint Base San Antonio, including a \$143 million contract.

Audited historic energy savings performance contracts for compliance for the Air Force Civil Engineering Center.

Maintained and expanded Walmart's Rate Engine with the addition of dozens of utilities' and distributed generation providers' interval data and cataloging and modeling hundreds of different utility rates.

The following files are not convertible:

Exhibits ADT-2 - ADT-4-Docket

52195.xlsx

Please see the ZIP file for this Filing on the PUC Interchange in order to access these files.

Contact centralrecords@puc.texas.gov if you have any questions.