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SOAH DOCKET NO. 473-24-07154

PUC DOCKET NO. 55338

PROCEEDING TO RESOLVE ISSUES IN	)	BEFORE THE STATE OFFICE
DOCKET NO. 53719 RELATED TO	)	OF
TRANSPORTATION ELECTRICATION	)	ADMINISTRATIVE HEARINGS
AND CHARGING INFRASTRUCTURE	)	

DIRECT TESTIMONY

OF

ERIC S. AUSTIN

ON BEHALF OF

WALMART INC.

FEBRUARY 27, 2024

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EXHIBITS

Exhibit ESA-1: Witness Qualifications

I. Introduction

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

A. My name is Eric S. Austin. My business address is 2608 SE J Street, Bentonville, Arkansas 72716-0550. I am employed by Walmart Inc. (“Walmart”) as a Senior Manager, Utility Partnerships.

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. In 2009, I earned a Bachelor of Science degree in Education from Texas A&M University – Commerce, and I am currently earning a Master of Legal Studies degree from Texas A&M University. I have over twelve years of experience in the utility industry, including both investor-owned utilities and cooperatives. During that time I was involved in several areas of the utility business, including generation, transmission, distribution, demand response, and electric vehicle charging. Most recently, before Walmart, I was Manager of Electric Transportation and Public Charging at American Electric Power (“AEP”). I joined Walmart in 2023 as a Senior Manager, Utility Partnerships. My Witness Qualifications Statement is attached as Exhibit ESA-1.

Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE THE PUBLIC UTILITIES COMMISSION OF TEXAS (“COMMISSION”)?

A. No, I have not.

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

3 A. Yes; I have submitted testimony with the New Mexico State Legislature and
4 served as an expert witness in Kansas and New Mexico on matters relating to
5 Electric Vehicle Charging Infrastructure and Geothermal Heat Pumps. I have
6 also submitted testimony with the New Hampshire Public Utilities Commission
7 in Docket No. DE 23-039.

8 **Q. ARE YOU SPONSORING EXHIBITS IN THIS DOCKET?**

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 590 retail units, four
12 fulfillment centers and 22 distribution centers in Texas, and employs over
13 177,700 associates. In fiscal year ending 2023, Walmart purchased
14 approximately \$90.3 billion worth of goods and services from Texas-based
15 suppliers, supporting over 255,000 supplier jobs.¹

¹ <https://corporate.walmart.com/about/location-facts/united-states/texas>.

1 **Q. PLEASE BRIEFLY DESCRIBE WALMART’S OPERATIONS WITHIN**
2 **THE SERVICE TERRITORY FOR ENTERGY TEXAS, INC.**
3 **(“COMPANY” OR “ETI”).**

4 A. Walmart has 21 stores, one distribution center, and related facilities that take
5 service from ETI primarily on a Large General Service (“LGS”), with smaller
6 facilities served on General Service (“GS”) or Small General Service (“SGS”).
7

8 **II. Purpose of Testimony and Summary of Recommendations**

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

10 A. The purpose of my testimony is to respond to two issues that were originally
11 included in the Company’s *Application of Entergy Texas, Inc. for Authority to*
12 *Change Rates* filed in Docket No. 53719, SOAH Docket No 473-22-04394.
13 Specifically, two proposed new voluntary riders, the Transportation
14 Electrification and Charging Infrastructure (“TECI-1”) Rider and the
15 Transportation Electrification and Charging Demand Adjustment (“TECDA-1”) Rider,²
16 were severed into the current Docket by Order Severing Issues dated
17 August 16, 2023, to allow the Commission to consider the proposed TECI Rider
18 and TECDA Rider within the requirements of newly enacted Senate Bill No.
19 1002.
20
21

² The originally proposed TECI Rider and TECDA Rider were subsequently revised by the Company. For purposes of clarification, the currently proposed revised versions of these riders are referred to in my testimony as the TECI-1 Rider and TECDA-1 Rider.

1 **Q. PLEASE SUMMERIZE WALMART’S RECOMMENDATIONS TO THE**
2 **COMMISSION.**

3 A. Walmart appreciates the Company’s development of the TECDA-1 Rider for
4 customers investing in the transition to electric transportation. As such, creating
5 a more robust charging network for public and fleet use. Walmart recommends
6 that the Commission approve the TECDA-1 Rider.

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

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

13
14 **II. Walmart’s Experience in the Electric Vehicle (“EV”) Charging Space**

15 **Q. DOES WALMART HAVE EXPERIENCE IN THE EV CHARGING**
16 **SPACE?**

17 A. Yes, Walmart has substantial experience with offering EV charging to its
18 customers and is actively growing its presence in the EV charging space.
19 Specifically, Walmart currently hosts more than 1,200 public Direct Current Fast
20 Chargers ("DCFC") at 285 different locations and across 43 states. As announced
21 recently, Walmart intends to build its own EV fast-charging network at thousands
22 of Walmart and Sam's Club locations across the U.S. over the next few years.³

³ <https://corporate.walmart.com/newsroom/2023/04/06/leading-the-charge-walmart-announces-plan-to-expand-electric-vehicle-charging-network>.

1 Walmart retail sites are ideally situated for EV charging stations because of their
2 large parking lots, easy public access, and multi-site locations.

3 **Q. WHY HAS WALMART DECIDED TO PARTICPATE IN THE PUBLIC**
4 **EV CHARGING SPACE?**

5 A. As part of its renewable energy and carbon reduction efforts, Walmart is
6 committed to supporting EV adoption by providing EV charging stations in
7 thousands of locations serving EV customers residing and/or working nearby,
8 but also to advancing the nationwide EV infrastructure as a whole. Further,
9 Walmart is proud to offer EV charging as a convenience to its customers who
10 currently own EVs and for future EV owners. Building an EV charging
11 infrastructure that serves local communities, both large and small, as well as
12 corridors located within states and throughout the country, is critical as vehicle
13 owners consider their options when purchasing a new vehicle.

14 **Q. WHAT FACTORS DOES WALMART CONSIDER WHEN**
15 **INSTALLING OR SITING EV CHARGING INFRASTRUCTURE?**

16 A. As a general rule, Walmart seeks to site EV charger locations to provide value
17 to Walmart and its customers. Walmart seeks to balance the risks and costs of
18 installing and maintaining EV charging infrastructure by participating in various
19 EV-specific programs offered through states or utility companies, such as rebate
20 programs and make ready programs. Additionally, as discussed in more detail
21 later in my testimony, the economics of a particular EV charging station are
22 informed, in part, by the tariff under which electricity is provided by the utility
23 to the owner of the EV charger.

1
2 **III. Description of the Proposed TECI-1 Rider and TECDA-1 Rider.**

3 **Q. WHAT IS YOUR UNDERSTANDING OF THE PROPOSED TECI-1**
4 **RIDER AND TECDA-1 RIDER?**

5 A. It is my general understanding that the TECI-1 Rider and TECDA-1 Rider are
6 being offered to nonresidential customers that intend to offer electric vehicle
7 charging at their location. Specifically, the TECI-1 Rider is a voluntary program
8 to help offset the upfront costs of EV charging infrastructure.⁴ ETI will, though
9 a third-party contractor, perform the installation of all ETI owned equipment, up
10 to and including the charger. Outside of the work performed by ETI, the
11 customer is responsible for construction, equipment, and maintenance, and will
12 not be charged for these services as part of the TECI-1 Rider. Similar programs
13 are being considered by Entergy in Louisiana and have already been approved
14 in other state jurisdictions.⁵

15 **Q. WHAT IS YOUR UNDERSTANDING OF THE TECDA-1 RIDER?**

16 A. My understanding is that the TECDA-1 Rider is designed to help offset the costs
17 associated with the demand KW charge billing for EV charging services. The
18 Rider allows for a more volumetrically based rate up to a 15 percent load factor
19 for public and private fleet EV charging, for up to a 5-year term.⁶ This Rider is
20 designed for new customers or services that are separately metered and

⁴ See Rebuttal Testimony of Samantha F Hill, page 17, lines 17-18.

⁵ See Supplemental Direct Testimony of Samantha F. Hill, p. 31, Table 1: Results of RIM Test.

⁶ See Rebuttal Testimony of Samantha F Hill, page 32, lines 10-11.

1 exclusively used for electric transportation charging. This Rider seems to be in
2 line with other Commission approved riders offered by the Company.⁷

3 **Q. WHAT IS WALMART'S POSITION ON THE TECI-1 RIDER AND**
4 **TECDA-1 RIDER?**

5 A. Walmart does not take a position on the TECI-1 Rider. However, regarding the
6 TECDA-1 Rider, Walmart sees value and understands the economic importance
7 of limiting the potentially high monthly operating costs of public EV charging
8 stations in low utilization times. EV charging infrastructure placement is heavily
9 dependent on many factors, and favorable electric rates are a top contributor to
10 the equation. The expectation of public stations is a multi-year ramp up in
11 utilization. The TECDA-1 rider allows for the economic bridge to get to high
12 utilization on new sites and allows for better quantifications in future site
13 selections.

14
15 **IV. Importance of EV Charging Specific Rates – TECDA-1 Rider**

16 **Q. SHOULD THE COMMISSION ALLOW SPECIFIC RATE DESIGNS TO**
17 **SUPPORT QUALIFYING CUSTOMER BUSINESS MODELS THAT**
18 **MAY DIVERGE FROM COST-OF-SERVICE PRINCIPALS?**

19 A. In the short term, specific rate designs for customers that diverge from traditional
20 cost-based rates are needed to support third-party investment in EV charging
21 equipment. As an investor in EV charging equipment for both the public and its
22 own private fleet, Walmart understands how EV charging rates can either

⁷ See generally Rebuttal Testimony of Samantha F Hill, page 27, lines 18-22.

1 promote or impede EV charging investment and experience. While the EV
2 industry continues to grow, there will still be a ramp up to sufficient EV adoption
3 to support an extensive public EV charging network. This will create
4 geographical locations where public EV chargers are either not being used or are
5 used infrequently. For these underutilized chargers being billed by the utility
6 under a rate tariff with a demand charge, the charger operator may be assessed
7 the demand charge after only a single use of that charging unit regardless of
8 whether there is any additional charging during that month. This outcome
9 negatively impacts the economics for that unit and may lead to little or no third-
10 party investment in public EV chargers sited in areas of low usage. Programs
11 such as the TECDA-1 rider help eliminate this risk by providing temporary
12 volumetric solutions to high demand, low usage EV charging services, without
13 subsidization from other rate classes.

14 Lastly, as the transportation industry and the role EVs and EV chargers
15 play in this industry continue to grow and evolve, the challenges we face today
16 may not be the challenges of tomorrow. To ensure programs and policies
17 implemented to support electrification of the transportation sector are current
18 and relevant, it is important that they are flexible and adapt over time. As an
19 example, as discussed above, a low- or no-demand charge may improve the
20 economics of underutilized chargers and encourage third-party investment, even
21 in the form of a rider. However, as usage of the charger increases with EV
22 adoption, the economics for that charger under the low- or no-demand tariff rider
23 option will likely decline as more electricity is sold. In this case, it is better to

1 have the option to return to a more traditional demand-based tariff once
2 utilization exceeds a certain percentage, as the program is designed to offer.

3 **Q. WHAT IS WALMART'S POSITION ON LONG-TERM RATE DESIGNS**
4 **FOR EV CHARGING?**

5 A. Walmart advocates that rates be set based on the utility's cost to serve its various
6 customers. This produces equitable rates that reflect cost causation, send proper
7 price signals, and minimize price distortions. As I mentioned above, however,
8 providing special rates for EV charging in the short term to remove barriers to
9 third-party buildout of a robust EV charging infrastructure provides benefits to
10 all Texas residents by enabling EV adoption and reducing tailpipe emissions.
11 However, these modified rates may not be cost-based, and as such, could create
12 inter- or intra-class subsidies. To avoid this result over the longer term, as EV
13 adoption and charging matures, utilities and the Commission will need to
14 examine the load size, usage characteristics, and unique financial and operational
15 characteristics of the different charging use cases to determine how to create
16 different EV charging rate classes. These classes can then be included in cost-
17 of-service studies, where all costs and benefits of the class loads can be
18 examined, and class revenue requirements can be set at cost-based levels. With
19 class revenue requirements set at cost-based levels, together with solid load
20 forecasts, rate designs can be tailored to each class to meet the user experience
21 requirements for each class while creating the best opportunity for fixed cost
22 recovery.

1 **V. Recommendation to the Commission**

2 **Q. WHAT IS WALMART'S RECOMMENDATION TO THE COMMISION**
3 **WITH REGARD TO THE TECDA-1 RIDER?**

4 A. Walmart appreciates the Company's development of the TECDA-1 Rider for
5 customers who are investing in the transition to electric transportation. As such,
6 allowing a more robust charging network for public and fleet use. Walmart
7 recommends that the Commission approve the TECDA-1 Rider.

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

9 A. Yes.

10

Eric S. Austin

Sr Manager, Regulatory, Energy Transformation

Walmart Inc.

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

EXPERIENCE

October 2023 – present

Walmart Inc., Bentonville AR

Sr. Manager, Utility Partnerships

March 2022 – October 2023

American Electric Power

Manager, Electric Transportation and Public Charging

March 2019 – March 2022

Francis Energy

SVP, Utility Operations

January 2019 – Jan 2021

Ausco Energy Services

Owner, General Manager

August 2012 - December 2016

Western Farmers Electric Cooperative

C&I Market Manager

EDUCATION

2009 Texas A&M University – Commerce

Bachelor of Science

Filed Testimony and Comments

2015

New Mexico Senate Bill 249

2023

New Hampshire, DE-23-039

2024

Washington, WA-U-210590

New Mexico, 23-00271-UT

INDUSTRY TRAINING

2012 Guernsey, Utility Rate case and Cost of Service training

2010 NRECA CKAE certification