

BEFORE THE CORPORATION COMMISSION OF OKLAHOMA

IN THE MATTER OF THE APPLICATION OF)
OKLAHOMA GAS AND ELECTRIC COMPANY)
FOR AN ORDER OF THE COMMISSION)
APPROVING A RECOVERY MECHANISM FOR)
EXPENDITURES RELATED TO THE)
OKLAHOMA GRID ENHANCEMENT)

CAUSE NO. PUD 202000021

RESPONSIVE TESTIMONY AND EXHIBITS OF

LISA V. PERRY

ON BEHALF OF

WALMART INC.

AUGUST 25, 2020

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Exhibits

Exhibit LVP-1: Witness Qualifications Statement

I. Introduction

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

A. My name is Lisa V. Perry. My business address is 2001 SE 10th St., Bentonville, AR 72716. I am employed by Walmart Inc. as Senior Manager, Energy Services.

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

A. I am testifying on behalf of Walmart Inc. ("Walmart").

Q. PLEASE DESCRIBE YOUR EDUCATION AND EXPERIENCE.

A. I received a J.D. in 1999 and a LL.M. in Taxation in 2000 from the University of Florida Levin College of Law. From 2001 to 2019, I was in private practice with an emphasis from 2007 to 2019 in Energy Law. My practice included representing large commercial clients before the utility regulatory commissions in Colorado, Texas, New Mexico, Arkansas, and Louisiana in matters ranging from general rate cases to renewable energy programs. I joined the energy department at Walmart in September 2019 as Senior Manager, Energy Services. My Witness Qualifications Statement is attached as Exhibit LVP-1.

Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE THE CORPORATION COMMISSION OF OKLAHOMA ("COMMISSION")?

A. Yes, I testified in Cause No. PUD 201900048.

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

A. Yes, I have submitted testimony with State Regulatory Commissions for Virginia, Arkansas, Louisiana, Oklahoma, South Carolina, Texas, Florida, and Michigan. I have also

provided legal representation for customer stakeholders before the State Regulatory Commissions for Colorado, Texas, Arkansas, Louisiana, and New Mexico in the cases listed under “Commission Dockets” in Exhibit LVP-1.

Q. ARE YOU SPONSORING EXHIBITS IN YOUR TESTIMONY?

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

Q. PLEASE BRIEFLY DESCRIBE WALMART'S OPERATIONS IN OKLAHOMA.

A. As shown on Walmart’s website, Walmart operates 135 retail units and two distribution centers and employs over 32,000 associates in Oklahoma. In fiscal year ending 2020, Walmart purchased \$491.8 million worth of goods and services from Oklahoma-based suppliers, supporting over 37,000 supplier jobs.¹

Q. PLEASE BRIEFLY DESCRIBE WALMART’S OPERATIONS WITHIN OKLAHOMA GAS AND ELECTRIC COMPANY’S SERVICE TERRITORY.

A. Walmart has 50 stores, a distribution center, and related facilities that take service from Oklahoma Gas and Electric Company (“OG&E” or “the Company”), primarily on the Power and Light Time-of-Use (“PL-TOU SL5”).

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 OG&E’s Application filed with the

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

Commission on February 24, 2020 (the "Application") in which OG&E is seeking approval for an alternative cost recovery mechanism to recover costs associated with its Oklahoma Grid Enhancement Plan ("OGE Plan").

Q. PLEASE SUMMARIZE WALMART'S RECOMMENDATIONS TO THE COMMISSION.

A. Walmart submits the following recommendations to the Commission:

- 1) The Commission should remove all cost recovery considerations and determinations from the instant docket and move them to OG&E's next general rate case.
- 2) If the Commission approves the Company's proposal to recover costs associated with the OGE Plan through the GEM Rider (defined on page 4 of my testimony), the Commission should also require OG&E to file a base rate case at the earliest possible date at which the assets can be included in an historical test year.
- 3) If the Commission approves the Company's proposed GEM Rider, the Commission should reject the Company's proposal to charge demand-metered classes on a factor applied to the \$/kWh energy charge. Instead, for the purposes of this docket, the Commission should require the Company to charge demand-metered classes on a demand, or \$/kW, charge.

Q. DOES THE FACT THAT YOU MAY NOT ADDRESS AN ISSUE OR POSITION ADVOCATED BY ANY PARTY IN THE DOCKET INDICATE WALMART'S SUPPORT?

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

III. Summary of the Company's Proposal

Q. WHAT IS YOUR UNDERSTANDING OF THE COMPANY'S REQUESTS IN THIS DOCKET?

A. Based upon my understanding, in its Application, the Company is asking the Commission to approve an alternative rate mechanism ("Grid Enhancement Mechanism" or "GEM Rider") through which the Company can recover capital investments made for future projects that will be placed into service under the OGE Plan, a return on those investments, and associated property taxes. It is also my understanding that the Company will seek interim recovery of costs incurred for the OGE Plan on a quarterly basis, and that the projects set forth in these quarterly filings, and approved by the Commission, will be subject to a final prudence review in an unspecified future rate proceeding.

Q. HOW DOES THE COMPANY PLAN TO MAKE CUSTOMERS WHOLE IF AN INVESTMENT IS ULTIMATELY DETERMINED TO BE IMPRUDENT?

A. The Company proposes to return to customers any revenues *related to costs* that are not ultimately deemed prudent through a true-up provision. See Direct Testimony of Donald Rowlett ("Rowlett Testimony"), page 5, lines 25-28. It is not clear whether those costs refunded to the customer include the Company's return *on* the portion of the OGE Plan investments that are determined to be imprudent.

Q. PLEASE DESCRIBE THE OGE PLAN AND ITS ANTICIPATED COST?

A. The OGE Plan is a five-year plan that the Company describes as covering grid resiliency, grid automation, communication systems, and technology platforms and applications. See Application. The Company estimates that over this five-year period it will invest, in

1 total, \$382.4 million in grid resiliency, \$272.8 million in automation, \$80.1 million in
2 communication systems, and \$74.9 million in its technology platforms and applications,
3 for a projected total cost to customers of \$810.2 million. See Direct Testimony of Zachary
4 Gladhill, as amended (“Gladhill Testimony”), page 14, Table 1: Estimated Investment for
5 Five-Year Plan (in millions of dollars).

6 **Q. DID THE COMPANY ASSERT ANY JUSTIFICATION OR NEED FOR THE OGE PLAN?**

7 A. Yes; the Company claims that the investments it seeks to make through the OGE Plan are
8 needed because of (i) aging infrastructure,² (ii) an increase in customer reliance on
9 technology that has led to higher customer expectations for reliable power,³ (iii) an
10 increase in emerging technologies, like rooftop solar and electric vehicles, that will impact
11 the system,⁴ (iv) worsening weather events,⁵ and (v) security threats⁶.

12 **Q. WHAT ARE THE OGE PLAN BENEFITS THAT THE COMPANY IS CLAIMING WILL BE**
13 **REALIZED BY CUSTOMERS?**

14 A. The Company estimates \$1.9 billion in quantifiable benefits to customers over a 30-year
15 period (or \$2.35 in quantifiable benefits for every \$1 of cost) based on avoided future
16 costs that include avoided cost of service (\$500 million⁷) and avoided economic harm

² See *id.* at page 7, lines 2-3.

³ See *id.* at page 8, lines 2-12.

⁴ See *id.* at page 8, lines 13-18.

⁵ See *id.* at page 9, lines 2-3.

⁶ See *id.* at page 9, lines 5-8.

⁷ See Direct Testimony of Kandace Smith, as amended (“Smith Testimony”), Table at top of page 6.

1 (\$1.4 billion⁸). *See* Gladhill Testimony, page 19, lines 3-5, and page 15, lines 7-9. According
2 to the Company, the basis for these estimated benefits is an expected reduction in the
3 number and duration of power outages if the OGE Plan is approved. *See id.* at page 15,
4 lines 9-11.

5 **Q. ARE THERE ANY OTHER CUSTOMER BENEFITS CLAIMED BY THE COMPANY?**

6 A. Yes; the Company also asserts that customers will see qualitative benefits in the form of
7 improved safety, security, flexibility, customer experience, and economic impact. *See id.*
8 at page 19, lines 14-16.

9 **Q. WHAT COSTS WILL BE RECOVERED THROUGH THE GEM RIDER?**

10 A. It is my understanding that once a project is placed into service as part of the OGE Plan,
11 the Company will seek recovery of the revenue requirement for that project in a quarterly
12 filing with the Commission that includes supporting documentation for the Commission's
13 review. *See* Rowlett Testimony, page 6, lines 2-5. The revenue requirement will include
14 depreciation expense, return on rate base, and any associated property taxes. *See* Direct
15 Testimony of Gwin Cash ("Cash Testimony"), page 4, lines 5-6. Rate base will include plant
16 in service less accumulated depreciation and accumulated deferred income taxes. *See id.*
17 at page 4, lines 6-8.

⁸ *See id.*

Q. WHAT HAS THE COMPANY PROPOSED FOR ITS RETURN ON RATE BASE?

A. The Company has proposed the rate of return authorized by the Commission in the Company's most recent rate case. *See id.* at page 4, lines 5-6.

Q. WHAT IS THE COMPANY'S CURRENTLY APPROVED RETURN ON EQUITY ("ROE")?

A. The Company's currently approved ROE is 9.5 percent. *See* Order No. 702531, Cause No. PUD 201800140, page 15 of attachment: Report and Recommendation of the Administrative Law Judge (ROE is set forth in the attachment: Amended Non-Unanimous Joint Stipulation and Settlement Agreement).

Q. HAS THE COMPANY PROVIDED ANY IMPACT ANALYSIS OF THE OGE PLAN ON THE VARIOUS RATE CLASSES?

A. Yes; Direct Exhibit DRR-2 – Errata to Rowlett Testimony includes the following table showing the impact for 2020 and 2021:

Total OGE Plan Impact		
	2020	2021
Res	0.10%	1.15%
GS	0.11%	1.21%
PL	0.07%	0.72%
LPL	0.02%	0.26%

Q. DOES THE COMPANY IN ITS FILING PROVIDE ESTIMATED IMPACTS THROUGH THE LIFE OF THE PLAN?

A. No. However, the Company does provide revenue requirement impacts through 2024 in its filing, when the amount of plant in service is expected to be \$810.2 million. *See* Gladhill Testimony, page 14, Table 1. Given that the Company estimates a 9.07 percent return on

1 rate base with taxes for OGE Plan investments, the estimated revenue requirement at
2 completion would be approximately \$73 million.⁹

3
4 **IV. Rate Case Review**

5 **Q. WHAT DOES WALMART BELIEVE IS THE APPROPRIATE FORUM FOR CONSIDERATION OF**
6 **RECOVERY FOR COSTS RELATED TO THE OGE PLAN?**

7 **A.** Walmart believes the appropriate forum for consideration of cost recovery for the OGE
8 Plan is a general rate case, as all costs, benefits, and risks – both those related to capital
9 investments made as a part of the OGE Plan as well as those interrelated with, or related
10 to the Company's overall business – can be systematically considered. For example, as
11 shown in Figure 1 found on page 11 of Company Witness Patrick Dalton's Direct
12 Testimony, the Company anticipates that these investments will include, but are not
13 limited to: (i) infrastructure upgrades like poles, crossarms, overhead wires, underground
14 cable, and transformers, (ii) protection equipment like breakers, lighting protection, and
15 animal protection, (iii) upgrades to the communications networks, and (iv) upgrades to
16 its technology platforms and applications. See Direct Testimony of Patrick Dalton, page
17 11, Figure 1: OG&E Investment Types, and page 11, lines 2-6. Because these investments
18 are foundational to the Company's distribution system, there are other relevant factors
19 that may and should be considered as part of a general rate case that the Company has

⁹ \$810,200,000 X 9.07% = \$73,467,000

1 not proposed for consideration in this docket.

2 **Q. PLEASE EXPLAIN.**

3 A. In a general rate case, Commission-approved rates are set through a comprehensive
4 examination of the Company's test year rate base, rate of return, and capital structure.
5 *See* OAC 165:70-1-1 *et seq.* In contrast, only specific portions of the Company's rate base,
6 i.e. capital expenditures made in connection with the OGE Plan, and no part of the
7 Company's rate of return or capital structure, are proposed for consideration in this
8 docket, even though all are implicated by the Company's proposals.

9 As an example, the Company proposes the GEM Rider to recover OGE Plan costs
10 and to reconcile the rider on a quarterly basis. This is a risk reducing structure not afforded
11 to costs recovered through its base rates. However, no consideration for this risk shift has
12 been proposed by the Company, and the shareholders' risk due to regulatory lag will be
13 assumed by customers while investments made pursuant to the OGE Plan are recovered
14 through the GEM Rider.

15 **Q. DOES THE COMPANY PROPOSE A PRUDENCE REVIEW FOR OGE PLAN COSTS AS PART OF**
16 **THIS DOCKET OR THE PROPOSED QUARTERLY FILINGS?**

17 A. No. My understanding of the Company's filing is that any prudence review of costs
18 incurred as part of the OGE Plan would occur in future rate case proceedings. *See* Rowlett
19 Testimony, page 5, lines 13-14. As proposed, there is no obligation or date certain by
20 which the future rate case(s) must be filed by the Company. As a result, depending on the
21 timing of the Company's rate case filings, customers could be responsible for paying up

1 to \$810 million, or approximately \$73 million in annual revenue requirement, of
2 investments that have not been found by the Commission to have been prudently
3 incurred.

4 **Q. WHAT IS YOUR UNDERSTANDING OF THE COMPANY'S PROPOSED REVENUE**
5 **REQUIREMENT INCREASE IN ITS MOST RECENT GENERAL RATE CASE?**

6 A. My understanding is that OG&E requested a revenue requirement increase of \$77.6
7 million in its most recent general rate case. See Application filed December 31, 2018,
8 Cause No. PUD 201800140, page 3. Ultimately, however, the Company and a number of
9 parties entered a settlement agreement in which there was no increase and current rates
10 remained in effect. See Order No. 702531, Cause No. PUD 201800140, p. 15 of
11 Attachment 1: Report and Recommendation of the Administrative Law Judge, ¶ 1. The
12 Commission adopted the settlement agreement – including OG&E's current rates – as
13 "fair, just and reasonable." *Id.* Order No. 702531, p. 6, 3rd Conclusion Of Law.

14 The Company's presentation in its filing in this docket seeks to downplay the cost
15 impact of the OGE Plan, but the Commission should take notice that the Company is
16 essentially asking for cost recovery that would otherwise drive a full general rate case
17 filing.

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

19 A. The Commission should remove all cost recovery considerations and determinations from
20 the instant docket and move them to OG&E's next general rate case. The rest of my
21 recommendations in this testimony shall apply only if the Commission determines that

1 the instant case is the appropriate forum for cost recovery considerations and
2 determinations.

3
4 **V. Shift of Regulatory Lag Risk**

5 **Q. DOES THE PROPOSED RECOVERY OF OGE PLAN CAPITAL INVESTMENTS THROUGH THE**
6 **GEM RIDER SHIFT THE RISK OF REGULATORY LAG FROM SHAREHOLDERS TO**
7 **CUSTOMERS?**

8 A. Yes. The proposed recovery of capital investments made as part of the OGE Plan through
9 the GEM Rider reduces regulatory lag as compared to recovery through base rates and,
10 thereby, reduces the shareholders' risk of cost recovery. The Company claims that it is
11 not seeking pre-approval of the investments made under the OGE Plan themselves, but
12 rather, is seeking interim approval to recover costs associated with those investments
13 until a prudence review can be made in a future proceeding. *See* Rowlett Testimony, page
14 5, lines 20-23. The Company further asserts that it bears all the risk of these investments
15 until they are determined to be prudent. *See id.* at page 11, lines 16-18. This is an
16 overstatement by the Company, at best.

17 **Q. PLEASE EXPLAIN.**

18 A. The Company is proposing to submit to the Commission, on a quarterly basis, projects
19 that were placed into service for "inclusion" in the GEM Rider. *See id.* page 6, lines 2-5.
20 The process of including these projects will necessitate a review by the Commission that
21 presumably includes some determination of reasonableness. In other words, it is not just

1 a ministerial act by the Commission. If it were, then the Commission would be basically
2 giving the Company a “blank check” for OGE Plan investments until a prudence review
3 can be made. Even if the Commission’s review at the time of the quarterly filing does not
4 rise to the level of a prudence review, it certainly sets the stage and significantly reduces
5 the risk that the Commission will essentially overturn its own prior review. Given that the
6 Commission’s decision to include OGE Plan investments in the GEM Rider is unlikely to be
7 reversed by a subsequent prudence review, the shareholders’ risk due to regulatory lag
8 will be assumed by customers during the time in which such costs are recovered through
9 the GEM Rider. No such consideration for this risk shift has been proposed by the
10 Company.

11 **Q. CAN THE COMMISSION ADDRESS THIS CONCERN AS PART OF APPROVAL OF THE**
12 **COMPANY’S GEM RIDER PROPOSED IN THIS DOCKET?**

13 A. Yes, from two perspectives. First, from a procedural perspective, if the Commission
14 approves the Company’s proposal to recover costs associated with the OGE Plan through
15 the GEM Rider, the Commission should also require OG&E to file a base rate case at the
16 earliest possible date at which the assets can be included in an historical test year.

17 **Q. WHAT IS THE SECOND PERSPECTIVE?**

18 A. The Company is proposing the current authorized ROE, which is 9.5%. This ROE was
19 approved by the Commission in Cause No. PUD 201800140 as the result of a settlement
20 reached in that case. However, the agreement to and approval of this 9.5% ROE did not
21 take into consideration the reduced risk that would be afforded the Company for costs

1 recovered through the GEM Rider when compared to recovery in a rate case.

2 It is axiomatic that regulated utilities are entitled to earn a fair and reasonable rate
3 of return on their capital investments. What is considered “fair and reasonable” is
4 informed, in large part, by the risk placed on a utility by the very nature of the regulatory
5 process. When this regulatory risk is reduced by mechanisms such as the GEM Rider, the
6 ROE should be adjusted downward to account for this reduction in risk.

7 **Q. THE COMPANY CITES THE DISTRIBUTION RELIABILITY AND SAFETY RIDER APPROVED IN**
8 **CAUSE NO. PUD 201800097 AS AN ANALOGUE FOR ITS REQUEST IN THIS CAUSE. AS IT**
9 **RELATES TO THE ROE AND RATE OF RETURN APPLIED TO THE PROPOSED GEM RIDER, IS**
10 **THE PUBLIC SERVICE COMPANY OF OKLAHOMA (“PSO”) RIDER AN APPROPRIATE**
11 **COMPARISON?**

12 **A.** No. The PSO rider was approved as part of a general rate case settlement, which gave
13 parties and the Commission an opportunity to consider the impact of the rider on all of
14 PSO’s costs, benefits, and risks and create conditions, such as requiring a Chapter 70 rate
15 case, to ensure that the rider does not operate unchecked for a large number of years.
16 See Order No. 692809, Cause No. PUD 201800097, pages 3-4. The comparison of the PSO
17 Rider to the proposed GEM Rider is not a valid one.

18
19 **VI. GEM Rider Rate Design**

20 **Q. WHAT IS YOUR UNDERSTANDING OF THE RATE DESIGN PROPOSED FOR THE GEM**
21 **RIDER?**

1 A. The Company proposes to calculate factors using a formula in the proposed tariff, on a
2 per kWh basis, “for each of the major rate classes, combined minor classes, and service
3 level.” *See* Cash Testimony, Direct Exhibit GC-1.

4 **Q. DO YOU HAVE A CONCERN WITH THE COMPANY’S PROPOSED GEM RIDER RATE**
5 **DESIGN?**

6 A. Yes. The Company proposes to recover costs associated with the OGE Plan differently
7 than it incurs those costs and proposes to allocate those costs to customers. That is, the
8 Company is seeking to use blended allocators for expenditures associated with
9 distribution assets on a demand-related and customer-related basis, but to charge those
10 cost to customers as a factor applied to a \$/kWh energy charge. *See id.*, page 5, lines 7-
11 10; page 6, lines 6-11; and Direct Exhibit GC-1.

12 **Q. IF OGE PLAN COSTS ARE INCURRED AND ALLOCATED ON A DEMAND OR CUSTOMER**
13 **BASIS, IS THE RECOVERY OF THOSE COSTS THROUGH A FACTOR APPLIED TO THE ENERGY**
14 **CHARGE CONSISTENT WITH THAT ALLOCATION?**

15 A. No. My understanding is that the Company will incur two types of costs in implementing
16 the proposed OGE Plan: Customer and Demand. Demand costs are fixed costs incurred
17 by the Company to size the system such that it can meet the peak kW demands imposed
18 by each rate class. Demand costs do not change with changes in the kWh of energy
19 consumed by customers. Customer costs are also fixed costs, which are incurred based
20 on the number of customers served by the Company, and do not vary by the size of each
21 customer or how much energy the customers consume.

1 These customer and demand-related costs should be recovered in a manner that
2 reflects the way in which they are allocated. For example, costs allocated based on
3 demand should also be recovered on the basis of demand. Recovering demand-related
4 costs through an energy charge as proposed by OG&E violates cost causation principles.
5 Those principles hold that, to the extent possible, costs should be allocated to, and
6 recovered from customers on the same basis (i.e., demand-related costs should be
7 recovered through demand charges and energy-related costs should be recovered
8 through energy charges).

9 **Q. AS AN EXAMPLE, DOES THE RECOVERY OF DEMAND-RELATED COSTS THROUGH AN**
10 **ENERGY CHARGE DISADVANTAGE HIGHER LOAD FACTOR CUSTOMERS?**

11 A. Yes. The shift in recovery of demand-related costs from per kW demand charges to per
12 kWh energy charges shifts demand cost responsibility from lower load factor customers
13 to higher load factor customers. This results in a misallocation of cost responsibility as
14 higher load factor customers overpay for the demand-related costs incurred by the
15 Company to serve them. This mismatch between cost allocation and recovery can create
16 cost subsidization, which the Company is expressly trying to avoid.

17 **Q. CAN YOU PROVIDE A GENERAL ILLUSTRATION OF A SHIFT IN DEMAND COST**
18 **RESPONSIBILITY?**

19 A. Yes. To illustrate, assume the following:

20 a) A utility has only two customers (Customer 1 and Customer 2), with individual
21 monthly peak demands of 20 kW for a total monthly system load of 40 kW.

b) The annual revenue requirement or cost associated with the investment for the 40 kW infrastructure is \$2,000, and the entire cost will be collected each year, so each customer has caused the utility to incur \$1,000 of demand-related or fixed costs.

c) Customer 1 has a monthly demand of 20 kW and a load factor of 60 percent and thus consumes 105,120 kWh/year ($20 \text{ kW} * 0.6 * 8760$).

d) Customer 2 has a monthly demand of 20 kW and load factor of 30 percent and thus consumes 52,560 kWh/year ($20 \text{ kW} * 0.3 * 8760$).

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

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

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

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

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

A. Customer 1, who caused the utility to incur \$1,000 in demand-related costs, with a load factor of 60 percent and an annual usage of 105,120 kWh, would pay \$1,333

1 (\$0.0127/kWh * 105,120 kWh). In comparison, Customer 2, who also caused the utility to
2 incur \$1,000 in demand-related costs, with a load factor of 30 percent and an annual
3 usage of 52,560 kWh, would pay only \$667 (\$0.0127/kWh * 52,560).

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

5 A. No. Even though each customer caused the utility to incur \$1,000 in demand-related
6 costs, the utility will over-recover from one customer and under-recover from the other.
7 Under the per kWh scenario, the utility would over-recover from Customer 1, the higher
8 load factor customer, by \$333 (i.e. \$1,333 in revenues minus \$1,000 in costs), and under-
9 recover from Customer 2, the lower load factor customer, by \$333 (i.e. \$667 in revenues
10 minus \$1,000 in costs).

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

12 A. If the Commission approves the Company's proposed GEM Rider, the Commission should
13 reject the Company's proposal to charge demand-metered classes on a \$/kWh energy
14 charge. Instead, for the purposes of this docket, the Commission should require the
15 Company to charge demand-metered classes on a demand, or \$/kW, charge. Walmart
16 recognizes that the OGE Plan contains customer-related costs, as discussed above, but
17 presents this proposal as a way to reflect cost causation more accurately, while
18 implementing a more administratively efficient charge structure.

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

20 A. Yes.

Lisa V. Perry

Senior Manager, Energy Services

Walmart Inc.

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Business Phone: (479) 274-0238

EXPERIENCE

September 2019 – Present

Walmart Inc., Bentonville, AR

Senior Manager, Energy Services

November 2017 – September 2019

Oram & Houghton PLLC, Round Rock, TX

Of Counsel, Energy Law

February 2016 – November 2017

Ray Quinney & Nebeker, P.C., Salt Lake City, UT

Of Counsel, Energy Law

September 2007 – February 2016

Welborn, Sullivan, Meck & Tooley, P.C., Denver, CO

Partner, Energy Law

EDUCATION

2000 University of Florida Levin College of Law LL.M., Taxation

1999 University of Florida Levin College of Law J.D.

1996 University of South Florida B.A., Criminology

1993 University of South Florida B.A., Psychology

FILED TESTIMONY

2020

Commonwealth of Virginia State Corporation Commission Case No. PUR-2020-00015: Application of Appalachian Power Company For a 2020 Triennial 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.

Issue: General Rate Case.

Michigan Public Service Commission Case No. U-20697: 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.

Florida Public Service Commission Consolidated Docket Nos. 20200067-EI, 20200069-EI, 20200070-EI, 20200071-EI: In re: Review of 2020-2029 Storm Protection Plan pursuant to Rule 25-6.030, F.A.C., Tampa Electric Company *et al.*

Issue: Seeking approval of Storm Protection Plans submitted by Tampa Electric Company, Duke Energy Florida, LLC, Gulf Power Company, and Florida Power & Light Company.

Arkansas Public Service Commission Docket No. 20-027-U: In the Matter of the Application of Walmart Inc. for Approval to Bid Demand Response into Wholesale Electricity Markets Through an Aggregator of Retail Customers.

Issue: Seeking approval to bid demand response into MISO through a third-party aggregator.

Public Utility Commission of Texas Docket No. 49737, SOAH Docket No. 473-19-6862: Application of Southwestern Electric Power Company for Certificate of Convenience and Necessity Authorization and Related Relief for the Acquisition of Wind Generation Facilities.

Issue: Seeking approval to acquire a wind generation facility located in Oklahoma.

Louisiana Public Service Commission Docket No. U-35324: Application of Southwestern Power Company (SWEPCO) for Certification and Approval of the Acquisition of Certain Renewable Resources in Accordance with the MBM Order and the 1983 and 1994 General Orders.

Issue: Seeking approval to acquire a wind generation facility located in Oklahoma.

Commonwealth of Virginia State Corporation Commission Case No. PUR-2019-00201: Application of Virginia Electric and Power Company for approval of its 2019 DSM Update pursuant to § 56-585.1 A 5 of the Code of Virginia.

Issue: Seek approval to implement eleven new demand-side management programs, to extend existing programs - some with updated parameters and cost/benefit results, and to continue three rate adjustment clauses.

2019

Oklahoma Corporation Commission Cause No. PUD 201900048: Application of Public Service Company of Oklahoma for Approval of the Cost Recovery of the Selected Wind Facilities; A Determination there is a Need for the SWFs; Approval for Future Inclusion in Base Rates Cost Recovery of Prudent Costs Incurred by PSO for the SWFs; Approval of a Temporary Cost Recovery Rider; Approval of Certain Accounting Procedures Regarding Federal Production Tax Credits; and Such Other Relief the Commission Deems PSO is Entitled.

Issue: Seeking approval to acquire a wind generation facility located in Oklahoma and Wind Facility Asset Rider.

Commonwealth of Virginia State Corporation Commission Case No. PUR-2019-00094: Application of Virginia Electric and Power Company for Approval of a 100 Percent Renewable Energy Tariff, Designated Rider TRG, Pursuant to §§ 56-577 A 5 and 56-234 of the Code of Virginia.

Issue: Seek approval of a 100 percent renewable energy tariff.

Public Service Commission of South Carolina Docket No. 2019-239-E: In re: Dominion Energy South Carolina, Incorporated's Request for Approval of an Expanded Portfolio of Demand Side Management Programs, and a Modified Demand Side Management Rate Rider.

Issue: Seeking approval of an expanded Demand Side Management Plan and modified Demand Side Management Rate Rider.

Arkansas Public Service Commission Docket No. 19-035-U: In the Matter of the Application of Southwestern Electric Power Company for Approval to Acquire Wind Generating Facilities Pursuant to the Arkansas Clean Energy Development Act.

Issue: Seeking approval to acquire a wind generation facility located in Oklahoma and Wind Facility Asset Rider.

Commonwealth of Virginia State Corporation Commission Case No. PUR-2019-00154: Petition of 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, and for approval of an addition to the terms and condition applicable to electric service.

Issue: Seeking approval of certain expenditures relating to grid improvement and grid hardening.

COMMISSION DOCKETS (Appearing as Attorney of Record)

2019

Public Utility Commission of Texas Docket No. 49421: Application of CenterPoint Energy Houston Electric, LLC for Authority to Change Rates.

Issue: General rate case

Public Utility Commission of Texas Docket No. 49494: Application of AEP Texas Inc. for Authority to Change Rates.

Issue: General rate case

Public Utility Commission of Colorado Docket No. 19AL-0268E: In the Matter of Advice Letter No. 1797 Filed by Public Service Company of Colorado to Reset the Currently Effective General Rate Schedule Adjustment ("GRSA") as Applied to Base Rates for all Electric Rate Schedules as well as Implement a Base Rate kWh Charge, General Rate Schedule Adjustment-Energy ("GRSA-E") to Become Effective June 20, 2019.

Issue: General rate case, Phase I

2018

Public Utility Commission of Texas Docket No. 48371: Entergy Texas, Inc.'s Statement of Intent and Application for Authority to Change Rates.

Issue: General rate case

Public Utility Commission of Colorado Docket No. 18M-0074EG: In the Matter of the Commission's Consideration of the Impact of the Federal Tax Cuts and Jobs Act of 2017 on the Rates of Colorado Investor-Owned Electric and Natural Gas Utilities.

Issue: Commenced by the Commission to consider the impacts of the Tax Cut and Jobs Act of 2017 on the revenue requirements and rates of all Colorado investor-owned electric and natural gas utilities.

2017

Public Utility Commission of Texas Docket No. 47461: Application of Southwestern Electric Power Company for Certificate of Convenience and Necessity Authorization and Related Relief for the Wind Catcher Energy Connection Project in Oklahoma.

Issue: Purchase of a wind generation facility and generation tie line.

Public Utility Commission of Texas Docket No. 47527: Application of Southwestern Public Service Company for Authority to Change Rates.

Issue: General rate case

Public Utility Commission of Colorado Docket No. 17A-0462EG: In the Matter of the Application of Public Service Company of Colorado for Approval of a Number of Strategic Issues Relating to its Electric and Gas Demand-Side Management Plan.

Issue: Seek Commission re-examination and approval of the overall objectives and structure of Public Service's DSM initiatives to guide the Company in designing future DSM plans.

Public Utility Commission of Colorado Docket No. 17AL-0649E: In the Matter of Advice Letter No. 1748-Electric Filed by Public Service Company of Colorado to Revise its PUC No. 8-Electric Tariff to Implement a General Rate Schedule Adjustment and Other Rate Changes Effective on Thirty Days' Notice.

Issue: General rate case, Phase I

Arkansas Public Service Commission Docket No. 17-038-U: In the Matter of the Application of Southwestern Electric Power Company for Approval to Acquire a Wind Generating Facility and to Construct a Dedicated Generation Tie Line.

Issue: Purchase of a wind generation facility and generation tie line.

Louisiana Public Service Commission Docket No. U-34619: Application for Expedited Certification and Approval of the Acquisition of Certain Renewable Resources and the Construction of a Generation Tie Pursuant to the 1983 and/or 1994 General Orders.

Issue: Purchase of a wind generation facility and generation tie line.

2016

Public Utility Commission of Colorado Docket No. 16AL-0048E: In the Matter of Advice Letter No. 1712-Electric Filed by Public Service Company of Colorado to Replace Colorado PUC No. 7-Electric Tariff with Colorado PUC No. 8-Electric Tariff.

Issue: General rate case, Phase II

Public Utility Commission of Colorado Docket No. 16A-0055E: In the Matter of the Application of Public Service Company of Colorado for Approval of its Solar*Connect Program.

Issue: Implement a voluntary solar program offering participating customers the ability to offset their current supply of energy from the Public Service system with solar energy produced at a dedicated facility or facilities.

New Mexico Public Regulation Commission Docket No. 16-00276-UT: In the Matter of the Application of Public Service Company of New Mexico for Revision of its Retail Electric Rates Pursuant to Advice Notice No. 533.

Issue: General rate case

INDUSTRY TRAINING

2020 IPU Accounting and Ratemaking Course, Michigan State University

2016 Western NARUC Utility Rate School

EUCI Courses on the utility industry, cost allocation, and rate design.