

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

GARY PIERCE, Chairman
BOB STUMP
SANDRA D. KENNEDY
PAUL NEWMAN
BRENDA BURNS

IN THE MATTER OF THE
APPLICATION OF ARIZONA PUBLIC
SERVICE COMPANY FOR A HEARING
TO DETERMINE THE FAIR VALUE OF
THE UTILITY PROPERTY OF THE
COMPANY FOR RATEMAKING
PURPOSES, TO FIX A JUST AND
REASONABLE RATE OF RETURN
THEREON, AND TO APPROVE RATE
SCHEDULES DESIGNED TO DEVELOP
SUCH RETURN.

NO. DOCKET NO. E-01345A-11-0224

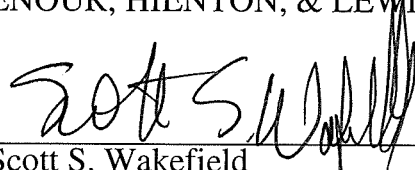
**WAL-MART STORES, INC. AND
SAM'S WEST, INC.'S NOTICE OF
FILING**

Wal-Mart Stores, Inc. and Sam's West, Inc. (collectively "Wal-Mart"), hereby provides notice of filing Steven W. Chriss and Chris Hendrix's testimonies in support of settlement in the above-referenced matter.

Dated this 18th day of January, 2012.

RIDENOUR, HIENTON, & LEWIS, P.L.L.C.

By



Scott S. Wakefield
201 North Central Avenue, Suite 3300
Phoenix, Arizona 85004-1052
Attorneys for Wal-Mart Stores, Inc. and
Sam's West, Inc.

///
///
///

1 ORIGINAL and 13 copies filed
2 this 18th day of January, 2012 with:

3 Docket Control
4 Arizona Corporation Commission
5 1200 W. Washington Street
6 Phoenix, AZ 85007

7 COPIES of the foregoing HAND-
8 DELIVERED this 18th day
9 of January, 2012 to:

10 Commissioner Gary Pierce, Chairman
11 Commissioner Bob Stump
12 Commissioner Sandra D. Kennedy
13 Commissioner Paul Newman
14 Commissioner Brenda Burns
15 1200 W. Washington Street
16 Phoenix, AZ 85007

17 Steve M. Olea
18 Director, Utilities Division
19 1200 W. Washington Street
20 Phoenix, AZ 85007

21 Janice Alward, Chief Counsel
22 Legal Division
23 ARIZONA CORP. COMMISSION
24 1200 W. Washington Street
25 Phoenix, Arizona 85007

26 Lyn Farmer
27 Chief Administrative Law Judge
28 Hearing Division
29 Arizona Corporation Commission
30 1200 W. Washington
31 Phoenix, AZ 85007-2927

32 COPIES of the foregoing MAILED/
33 E-MAILED this 18th day of November,
34 2011 to:

35 David Pozefsky
36 RUCO
37 1110 West Washington, Suite 220
38 Phoenix, AZ 85007
39 dpozefsky@azruco.gov

40 ///

1 Timothy Hogan
2 Arizona Center for Law in the Public Interest
3 202 E. McDowell Road, Suite 153
4 Phoenix, AZ 85004
5 *Attorney for Western Resource Advocates*
6 *of Southwest Energy Efficiency Project*
7 thogan@aclpi.org

8 C. Webb Crockett
9 Patrick J. Black
10 FENNEMORE CRAIG
11 3003 N. Central Ave, #2600
12 Phoenix, AZ 85012
13 *Attorneys for Freeport-McMoRan and*
14 *AECC*
15 wcrockett@fclaw.com
16 pblack@fclaw.com

17 Meghan H. Grabel
18 Thomas L. Mumaw
19 Pinnacle West Capital Corp.
20 400 North 5th Street
21 P.O. Box 53999, MS 8695
22 Phoenix, AZ 85072
23 meghan.grabel@pinnaclewest.com
24 thomas.mumaw@pinnaclewest.com

25 Michael A. Curtis
26 William P. Sullivan
27 CURTIS, GOODWIN, SULLIVAN
28 UDALL & SCHWAB, P.L.C.
29 501 E. Thomas Road
30 Phoenix, AZ 85012-3205
31 *Attorneys for the Town of Wickenburg*
32 *and Town of Gilbert*
33 mcurtis401@aol.com

34 Nicholas Enoch
35 LUBIN & ENOCH, P.C.
36 349 N. Fourth Ave
37 Phoenix, AZ 85003
38 *Attorney for IBEW Locals 387, 640 and 769*
39 nicholas.enoch@azbar.org

40 Greg Patterson
41 MUNGER & CHADWICK
42 2398 E. Camelback Road, Ste. 240
43 Phoenix, AZ 85016
44 *Attorney for ACPA*
45 greg@azcpa.org

46 ///

1 Karen White
2 Air Force Utility Law Field Support Center
3 AFLOA/JACL-ULT
4 139 Barnes Drive
5 Tyndall Air Force Base, Florida 32403
6 *Attorney for FEA*
7 *Karen.White@azbar.org*

8 Gary Yaquinto
9 Arizona Utility Investors Association
10 2100 North Central Ave, Suite 210
11 Phoenix, AZ 85004
12 *gyaquinto@arizonaic.org*

13 Michael Grant
14 GALLAGHER & KENNEDY
15 375 E. Camelback Road
16 Phoenix, AZ 85016-9225
17 *Attorneys for AIC*
18 *mmg@gknet.com*

19 Jeffery W. Crockett
20 BROWNSTEIN HYATT FARBER
21 SCHRECK, LLP
22 One E. Washington Street, Ste. 2400
23 Phoenix, AZ 85004
24 *Attorneys for Arizona Association of*
25 *Realtors*
26 *jcrockett@bhfs.com*

Michael Patten
ROSHKA DEWULF & PATTEN, PLC
400 E. Van Buren Street, #800
Phoenix, AZ 85004
Attorneys for Tucson Electric Power
mpatten@rdp-law.com

Cynthia Zwick
1940 E. Luke Avenue
Phoenix, Arizona 85016
cqwick@azcaa.org

Bradley Carroll
Tucson Electric Power Company
P.O. Box 711, MS UE201
Tucson, Arizona 85702
bcarroll@tep.com

///

1 Kurt Boehm
2 BOEHM, HURTZ & LOWRY
3 36 E. Seventh St. Suite 1510
4 Cincinnati, Ohio 45202
5 *Attorneys for Kroger Co.*
6 kboehm@bkllawfirm.com

4 David Berry
5 Western Resource Advocates
6 P.O. Box 1064
7 Scottsdale, Arizona 85252-1064
8 azbluehill@aol.com

7 Barbara Wyllie-Pecora
8 14410 W. Gunsight Dr.
9 Sun City West, Arizona 85375

9 Stephen J. Baron
10 J. Kennedy & Associates
11 570 Colonial Park Dr., Suite 305
12 Roswell, GA 30075
13 *Consultant for the Kroger Co.*
14 sbaron@jkenn.com

13 Laura Sanchez
14 National Resources Defense Counsel
15 P.O. Box 287
16 Albuquerque, NM 87013
17 lsanchez@nrdc.org

16 Lawrence V. Robertson, Jr., Esq.
17 P.O. Box 1448
18 Tubac, AZ 85644
19 *Attorney for Southwestern Power Group*
20 *II, LLC and Bowie Power Station, L.L.C.*
21 tubaclawyer@aol.com

19 John William Moore, Jr.
20 MOORE BENHAM & BEAVER, PLC
21 7321 N. 16th Street
22 Phoenix, AZ 85020
23 *Attorney for The Kroger Co.*
24 wmoore@mbmblaw.com

23 Steve Chriss
24 2011 S.E. 10th Street
25 Bentonville, Arkansas 72716-0500
26 Stephen.Chriss@wal-mart.com

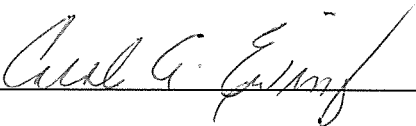
25 ///

1 Craig Marks
10645 N. Tatum Blvd
2 Suite 200-676
Phoenix, AZ 85028
3 *Attorney for AARP*
Craig.Marks@azbar.org

4 Jay Moyes
MOYERS SELLERS & HENDRICKS, LTD
5 1850 N. Central Ave. #1100
Phoenix, AZ 85004
6 *Attorney for AZAG*
jimoyes@law-msh.com

8 Jeffrey Woner
K.R. Saline & Associates, P.L.C.
9 160 N. Pasadena, Suite 101
Mesa, AZ 85201

11 Jeff Schlegel
SWEEP Arizona Representative
12 1167 W. Samalayuca Drive
Tucson, AZ 85704-3224
13 *schlegelj@aol.com*

14
15 
16

17
18
19
20
21
22
23
24
25
26

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

GARY PIERCE, Chairman
BOB STUMP
SANDRA D. KENNEDY
PAUL NEWMAN
BRENDA BURNS

IN THE MATTER OF THE
APPLICATION OF ARIZONA PUBLIC
SERVICE COMPANY FOR A HEARING
TO DETERMINE THE FAIR VALUE OF
THE UTILITY PROPERTY OF THE
COMPANY FOR RATEMAKING
PURPOSES, TO FIX A JUST AND
REASONABLE RATE OF RETURN
THEREON, AND TO APPROVE RATE
SCHEDULES DESIGNED TO DEVELOP
SUCH RETURN.

NO. DOCKET NO. E-01345A-11-0224

TESTIMONY IN SUPPORT OF SETTLEMENT

STEVE W. CHRISS

**WAL-MART STORES, INC. AND
SAM'S WEST, INC.**

January 18, 2012

TABLE OF CONTENTS

1

2 Introduction.....2

3 Purpose of Testimony.....2

4 Summary of Recommendations2

5 General Terms.....3

6 Rate Design.....4

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

Introduction

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

A. My name is Steve W. Chriss. My business address is 2001 SE 10th St., Bentonville, AR 72716-0550. My title is Senior Manager, Energy Regulatory Analysis, for Wal-Mart Stores, Inc.

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

A. I am testifying on behalf of Wal-Mart Inc. and Sam's West, Inc. (collectively "Walmart").

Q. ARE YOU THE SAME STEVE W. CHRISS WHO TESTIFIED EARLIER IN THIS DOCKET?

A. Yes. My Witness Qualification Statement was included with my initial testimony as Exhibit SWC-1.

Purpose of Testimony

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to support the Proposed Settlement Agreement ("Settlement") in this docket filed on January 6, 2012. My testimony will address the settlement generally as well as specific rate design provisions. Walmart is also sponsoring the testimony of Chris Hendrix, Director of Markets and Compliance for Wal-Mart Stores, Inc., who will address the Experimental Rate Schedule AG-1 provisions.

Summary of Recommendations

Q. PLEASE SUMMARIZE YOUR RECOMMENDATION.

A. My recommendation to the Arizona Corporation Commission ("the Commission") is that the Commission should approve the Settlement as filed. The Settlement is the just and reasonable outcome of extensive arms-length

1 negotiations conducted in good faith between the parties in this docket.
2 Additionally, the settlement process greatly aids in administrative efficiency,
3 which can reduce costs to all parties and ratepayers.

4 The fact that an issue is not addressed in this testimony should not be
5 construed as an endorsement of any filed position.

6 **General Terms**

7 **Q. WHAT BENEFITS WILL THE CUSTOMERS OF ARIZONA PUBLIC**
8 **SERVICE COMPANY (“APS” OR “THE COMPANY”) RECEIVE**
9 **FROM THE SETTLEMENT?**

10 A. All customers, including commercial customers, will receive two primary and
11 substantial benefits from the settlement. First, there will be no increase in base
12 rates as a result of the settlement. *See* Settlement Recital 3.1. Second, APS
13 may not file a new base rate case until at least May 31, 2015, with no new base
14 rates taking effect until at least July 1, 2016. *See* Settlement Recital 2.1.

15 **Q. WHY ARE THESE PROVISIONS BENEFICIAL TO COMMERCIAL**
16 **CUSTOMERS SUCH AS WALMART?**

17 A. These provisions are beneficial to commercial customers for two reasons.
18 First, all of the Company’s customers will not receive a base rate increase as a
19 result of this case. Electricity represents a significant portion of a commercial
20 customer’s operating costs. When rates increase, that increase in cost to the
21 commercial customer puts pressure on consumer prices and on the other
22 expenses required by a business to operate. Rate increases also directly impact
23 the business’s customers, who are APS’s residential and small business
24 customers. Given current economic conditions, the Settlement provides
25 important immediate relief, versus the increase initially proposed by the
26 Company, for all APS customers, including commercial customers.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

GARY PIERCE, Chairman
BOB STUMP
SANDRA D. KENNEDY
PAUL NEWMAN
BRENDA BURNS

IN THE MATTER OF THE
APPLICATION OF ARIZONA PUBLIC
SERVICE COMPANY FOR A HEARING
TO DETERMINE THE FAIR VALUE OF
THE UTILITY PROPERTY OF THE
COMPANY FOR RATEMAKING
PURPOSES, TO FIX A JUST AND
REASONABLE RATE OF RETURN
THEREON, AND TO APPROVE RATE
SCHEDULES DESIGNED TO DEVELOP
SUCH RETURN.

NO. DOCKET NO. E-01345A-11-0224

TESTIMONY IN SUPPORT OF SETTLEMENT

CHRIS HENDRIX

**WAL-MART STORES, INC. AND
SAM'S WEST, INC.**

January 18, 2012

TABLE OF CONTENTS

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

Introduction.....2
Purpose of Testimony.....2
Summary of Recommendations4
Experimental Rate Rider Schedule AG-14
Exhibit CHW-1: Witness Qualification Statement

Introduction

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

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

A. My name is Chris Hendrix. My business address is 2001 S.E. 10th St., Bentonville, AR 72716-5530. My title is Director of Markets & Compliance, for Wal-Mart Stores, Inc.

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

A. I am testifying on behalf of Wal-Mart Inc. and Sam's West, Inc. (collectively "Walmart").

Q. PLEASE DESCRIBE YOUR POSITION WITH WAL-MART?

A. In my role as Director of Markets & Compliance, I am responsible for directing and implementing regulatory and legislative policies for Walmart's retail and wholesale business interests related to electricity and natural gas in the competitive markets of the United States and the United Kingdom. In addition, I am accountable for all regulatory, legislative and market developments that affect the operation of Walmart's self-supply retail electricity provider; Texas Retail Energy, LLC in Texas, New York, Illinois Pennsylvania, and Maryland, and Power4All, Ltd. in the United Kingdom.

Q. PLEASE DESCRIBE YOUR EDUCATION AND EXPERIENCE.

A. I earned a Bachelors of Business Administration with a concentration in Accounting from the University of Houston in 1991 and a Masters of Business Administration with a concentration in Finance and International Business from the University of Houston in 1994. I have more than 20 years of experience in all facets of the energy industry with the last 15 years specifically related to the competitive electric and natural gas markets. From 1990 to 1997, I was an Accountant, then an Accounting Analyst and later a Senior Rate

1 Analyst with Tenneco Energy in Houston, Texas. My initial duties included
2 various accounting functions for their regulated pipeline, Tennessee Gas
3 Pipeline, and in my later position, the preparation of cost allocation and rate
4 design studies. From 1997 to 2001, I was a Senior Specialist and later a
5 Manager at Enron Energy Services in Houston, Texas. My duties included
6 participating in gas and electric deregulation proceedings, performing cost of
7 service analysis, and analyzing regulatory rules and utility tariffs. From 2002
8 to 2003, I was a Manager at TXU Energy in Dallas, Texas, where I supervised
9 a pricing team for energy transactions. In 2003, I joined the Energy
10 Department of Wal-Mart Stores Inc., as a General Manager and was promoted
11 to my current position in 2009. My Witness Qualification Statement is found
12 on Exhibit CWH-1.

13 **Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE THE**
14 **ARIZONA CORPORATION COMMISSION (“THE COMMISSION”)?**

15 A. No.

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

18 A. Yes. I have submitted testimony in one proceeding before the Oklahoma
19 Corporation Commission. My testimony addressed the topic of natural gas
20 competition. In addition, I have been a contributor to numerous coalition
21 groups and industry organizations in preparing and submitting testimony
22 regarding natural gas and electricity competition and market rules.

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

24 A. Yes, I have prepared Exhibit CWH-1, consisting of two pages.

25 ///

26

Purpose of Testimony

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to support the Proposed Settlement Agreement (“Settlement”) in this docket filed on January 6, 2012. My testimony will specifically address the provisions for Experimental Rate Schedule AG-1, Alternative Generation General Service.

Summary of Recommendations

Q. PLEASE SUMMARIZE YOUR RECOMMENDATION.

A. My recommendation to the Commission is that the Commission should approve Experimental Rate Rider Schedule AG-1 (“AG-1”) as filed in the Settlement.

The fact that an issue is not addressed in this testimony should not be construed as an endorsement of any filed position.

Experimental Rate Rider Schedule AG-1

Q. WHAT ARE THE POTENTIAL BENEFITS TO COMMERCIAL CUSTOMERS SUCH AS WALMART UNDER AG-1?

A. In general, commercial customers such as Walmart participate in competitive markets across the United States in order to have more control over their energy expenses. Competitive electricity market purchases allow customers to apply their specific risk appetites and operating goals to purchase electricity to better match their company strategies, which are likely different than the regulated recovery schedules of an electric utility.

In addition, Walmart specifically has an aggressive corporate sustainability program and is actively installing solar at facilities in Arizona. Walmart will be exploring the possibility of acquiring energy from larger scale renewables under Schedule AG-1. Obtaining such energy under Schedule AG-1 could prove to be a challenge, however, given its limited 4-year term due to

1 its experimental nature. As a market comparison, Walmart currently has a
2 longer term power purchase agreement from a wind developer in Texas but has
3 never been able to consummate a large scale renewable energy transaction in
4 any regulated market. If Schedule AG-1 is later made a permanent schedule,
5 Walmart expects its ability to obtain energy from large scale renewable projects
6 to be more likely. However, Walmart supports the adoption of AG-1 as an
7 experimental schedule at this time.

8 **Q. DOES WALMART PLAN TO TAKE SERVICE UNDER AG-1?**

9 A. Yes. Walmart is currently planning on applying for service under AG-1 during
10 the initial enrollment period as long as it is economically viable at then current
11 market conditions.

12 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

13 A. Yes.

14

15

16

17

18

19

20

21

22

23

24

25

26

Chris W. Hendrix

Director of Markets & Compliance

Wal-Mart Stores, Inc.

Business Address: 2001 SE 10th Street, Bentonville, AR, 72716-5530

Business Phone: (479) 204-0845

Email: chris.hendrix@wal-mart.com

EXPERIENCE

2003 – Present

Wal-Mart Stores, Inc., Bentonville, AR

Director of Markets & Compliance (2009 – Present)

General Manager (2003 – 2009)

2002 –2003

TXU Energy, Dallas, TX

Manager – Retail Pricing (2002 –2003)

1997 - 2001

Enron Energy Services, Houston, TX

Manager – Target Markets (2002 –2003)

Manager – Product Development/Structuring (1999 – 2001)

Senior Specialist (1997 – 1999)

1990 - 1997

Tenneco Energy, Houston, TX

Senior Rate Analyst (1994 – 1997)

Accounting Analyst (1992 – 1994)

Accountant (1991 – 1992)

EDUCATION

1994

University of Houston

M.B.A, Finance & International Business

1991

University of Houston

B.B.A, Accounting (Magna Cum Laude)

INDUSTRY ORGANIZATIONS

COMPETE Coalition

Board Member (2008 – present)

National Energy Marketers Association

Executive Committee and Policy Chair (2006 – present)

NEPOOL (ISO New England)

Participants Committee (2011 – present)

Markets Committee (2011 – present)

Consumer Liaison Group (2011 – present)

PJM Interconnection

Markets Committee (2011 – present)

Electric Reliability Council of Texas (ERCOT)

Technical Advisory Committee - TAC (2004 – 2006)

TESTIMONY

1998

Oklahoma Corporation Commission Cause No. PUD 980000177: Joint Application of Oklahoma Natural Gas Company, A Division of Oneok, Inc., Oneok Gas Transportation, a Division of Oneok, Inc., and Kansas Gas Service Company, a Division of Oneok, Inc., for Approval of Their Unbundling Plan for Natural gas Services Upstream of the Citygates or Aggregation Points.