

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION**

**IN RE: THE NARRAGANSETT ELECTRIC COMPANY d/b/a
NATIONAL GRID ELECTRIC AND GAS DISTRIBUTION DOCKET NO. 4770
RATE FILING**

TESTIMONY AND EXHIBITS OF GREGORY W. TILLMAN

ON BEHALF OF

WAL-MART STORES EAST, LP AND SAM'S EAST, INC.

IN SUPPORT OF SETTLEMENT

Dated: June 5, 2018

1 **Introduction**

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

3 A. My name is Gregory W. Tillman. My business address is 2001 SE 10th St.,
4 Bentonville, AR 72716-5530. I am employed by Walmart, Inc. as Senior Manager,
5 Energy Regulatory Analysis.

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

7 A. I am testifying on behalf of Wal-Mart Stores East, LP and Sam's East, Inc.
8 (collectively, "Walmart").

9 **Q. PLEASE DESCRIBE YOUR EDUCATION AND EXPERIENCE.**

10 A. I earned a Bachelor of Science in Electrical Engineering from the University of Tulsa
11 in 1987. At the time I joined Walmart in 2015, I had over 23 years of experience in
12 the regulated and deregulated energy industry including roles in regulatory, pricing,
13 billing, and metering information. In 1990, after serving on active duty as a Signal
14 Officer in the United States Army, I joined Public Service Company of Oklahoma
15 ("PSO"). From 1990 through 1997, I was employed in various positions at PSO,
16 including in the Information Services, Business Planning, Rates and Regulatory, and
17 Ventures departments. During my tenure with the Rates and Regulatory
18 Department, I served as the Supervisor of Power Billing and Data Collection. In this
19 position, I managed the billing for large industrial and commercial customers and led
20 the implementation of PSO's real-time pricing program. I also managed the
21 implementation of real-time pricing for the three remaining utilities in the Central

1 and South West Corporation – Southwestern Electric Power Company, Central
2 Power and Light, and West Texas Utilities. In 1997, I joined the Retail Energy
3 Department of the Williams Energy Company as the Manager of Systems for the
4 retail gas and electric data and billing. I also managed the customer billing function
5 at Williams Thermogas, as well as the billing and accounting systems support
6 functions at Williams Communications. From 2000 to 2002, I served as the Vice
7 President of Energy Solutions for Automated Energy. In 2008, following several
8 assignments as a consultant and project manager in various industries, I joined
9 Oklahoma Gas & Electric Company (“OG&E”) as a Senior Pricing Analyst. I was
10 promoted to Manager of Pricing in January 2010 and became the Product
11 Development Pricing Leader in 2013. While at OG&E, I was instrumental in
12 developing and managing OG&E’s pricing strategy and products, including the design
13 and implementation of OG&E’s SmartHours™ rate. I have been in my current
14 position with Walmart since November 2015. My Witness Qualification Statement is
15 included herein as Exhibit GWT-1.

16 **Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE THE RHODE ISLAND**
17 **PUBLIC UTILITIES COMMISSION (“RIPUC” OR “THE COMMISSION”)?**

18 **A.** Yes. I submitted Direct Testimony in this case, Docket No. 4770.

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

3 A. Yes. I have previously testified in twenty-one (21) proceedings before the Arizona
4 Corporation Commission, the Arkansas Public Service Commission, the Connecticut
5 Public Utility Regulatory Authority, the Indiana Utility Regulatory Commission, the
6 Iowa Utilities Board, the Kentucky Public Service Commission, the Michigan Public
7 Service Commission, the Oklahoma Corporation Commission, the South Carolina
8 Public Service Commission, the Public Utility Commission of Texas, and the
9 Wisconsin Public Service Commission. My testimony addressed the topics of
10 revenue requirement, rate design, revenue allocation, pricing, customer impacts,
11 tariffs, and terms and conditions of service. See Exhibit GWT-1.

12 **Q. PLEASE BRIEFLY DESCRIBE WALMART'S OPERATIONS IN RHODE ISLAND.**

13 A. As shown on Walmart's website, there are 9 retail units in Rhode Island employing
14 2,458 associates. During fiscal year ending January 2017, Walmart spent \$674
15 million with 122 Rhode Island suppliers, supporting an additional 11,982 jobs.¹

¹ <https://corporate.walmart.com/our-story/our-locations#/united-states/rhode-island>

1 Q. PLEASE BRIEFLY DESCRIBE WALMART'S OPERATIONS WITHIN THE SERVICE
2 TERRITORY OF THE NARRAGANSETT ELECTRIC COMPANY D/B/A NATIONAL GRID
3 ("NATIONAL GRID" OR "THE COMPANY").

4 Walmart has 8 retail units that take electric and gas service from National Grid in
5 Rhode Island. Primarily, Walmart takes service on the Large Demand Rate G-32
6 ("Rate G-32") rate schedule.

7 Q. HAVE YOU REVIEWED THE PROPOSED SETTLEMENT AGREEMENT?

8 A. Yes, I have reviewed the proposed settlement agreement between the Company
9 and the Settling Parties, as defined in the Settlement Agreement.

10 **Purpose of Testimony**

11 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

12 A. The purpose of my testimony is to support the settlement proposed with regard to
13 the November 27, 2017 rate case filing of the Company, specifically with regard to
14 the revenue requirement and rate design issues for Narragansett Electric.

15 Q. DOES THE FACT THAT YOU MAY NOT ADDRESS AN ISSUE OR POSITION INCLUDED
16 IN THE SETTLEMENT AGREEMENT INDICATE A LACK OF SUPPORT BY WALMART
17 FOR THE SETTLEMENT?

18 A. No. The fact that my testimony does not address any specific issue or position
19 included in the settlement should not be construed as indicating a lack of support
20 for the settlement of any specific issue. Walmart supports the settlement as a just
21 and reasonable resolution of competing and disputed claims.

1 **National Grid Proposed Revenue Increase**

2 **Q. WHAT IS YOUR UNDERSTANDING OF THE REVENUE REQUIREMENT INCREASE**
3 **PROPOSED BY THE SETTLEMENT?**

4 A. National Grid's original filing requested an electric revenue increase of \$41.3 million.
5 See Testimony of Melissa A. Little, Book 8 of 17, page 15, line 15. The increase was
6 based on a test year ending June 2017. *Id.* page 5, line 8. As originally proposed, the
7 revenue increase reflected an increase to the Company's electric revenue
8 requirement of approximately 14.8%.¹ On March 2, 2018, the Company filed a
9 supplement to its original filing which included revised revenue requirements based
10 upon the impact of the federal Tax Cuts and Jobs Act ("TCJA"). In the supplemental
11 filing, the Company decreased the originally proposed increase by \$13.9 million,
12 resulting in an increase of \$27.4 million when compared to current rates. See
13 Schedule MAL-1-ELEC (REV-1), Revenue Requirement, p. 1. On May 9, 2018, the
14 Company again reduced its electric revenue requirement to \$18.9 million in order to
15 address additional impacts of the TCJA and certain errors identified during discovery
16 in Docket No. 4770. See Schedule MAL-1-ELEC (REV-2), Revenue Requirement, p. 1.
17 My understanding is that the settlement proposes a three year rate plan ("Rate
18 Plan"), beginning September 1, 2018 and continuing through August 31, 2021, which

¹ \$41.3 million / \$279.2 million = 14.8%. See Little, page 16.

1 includes changes in base distribution rate annual revenue requirements for each
2 year of the Rate Plan to provide funding for the Company's electric and gas
3 operations and Power Sector Transformation Plan ("PSTP") initiatives. For the first
4 rate year, the electric base distribution rate revenue requirement will increase by
5 \$14.1 million; with the requirements for the PSTP, the revenue requirement increase
6 will total \$19.4 million. In the second rate year, the electric base distribution rate
7 revenue requirement will increase by \$3.9 million; with an additional \$4.1 million for
8 the PSTP, the revenue requirement increase will total \$8.0 million. In the third year,
9 the electric base distribution rate revenue requirement will increase by \$2.0 million,
10 to which \$1.9 million will be added for the PSTP, resulting in a total revenue
11 requirement increase of \$3.9 million.

12 **Q. DO YOU SUPPORT THE PROPOSED REVENUE REQUIREMENT INCREASES?**

13 **A.** Yes. The Commission should balance the interests of the Company with the
14 interests of its customers to ensure that any increase in the Company's rates reflects
15 the minimum amount necessary to compensate the Company for adequate and
16 reliable service, while also providing the Company an opportunity to earn a
17 reasonable return. The reduced revenue requirements proposed by the settlement
18 helps ensure that the Company's rates will be fair, just and reasonable.

1 **Return on Equity**

2 **Q. WHAT IS THE COMPANY'S PROPOSED ROE IN THE SETTLEMENT?**

3 A. The settlement proposes an ROE of 9.275 percent, which is approximately 82 basis
4 points below the ROE of 10.10 percent requested in the Company's original filing.
5 See Testimony of Robert B. Hevert, p. 6, line 18 - p. 7, line 7. The ROE proposed by
6 the settlement also is approximately 23 basis points below the Company's most
7 recently approved ROE of 9.50 percent. See RIPUC Docket No. 4373, Final Report
8 and Order No. 21011 approving revised rates, charges and tariffs effective February
9 1, 2013, Written order issued on April 11, 2013, p. 116.

10 **Q. DO YOU SUPPORT THE ROE OF 9.275 PERCENT PROPOSED BY THE SETTLEMENT?**

11 A. Yes. Approval of the proposed ROE of 9.275 percent instead of the 10.1 percent
12 originally requested will result in a substantial reduction in the revenue requirement
13 and, by extension, will reduce the financial impact on customers. In addition, the
14 ROE proposed in the settlement is more consistent with recent rate case ROEs
15 approved by commissions nationwide for distribution only utilities and the general
16 trend toward lower ROEs. See Testimony of Gregory W. Tillman, p. 14, line 2 - p. 16,
17 line 5.

18 **Rate Design**

19 **Q. WHAT IS YOUR UNDERSTANDING OF THE RATE DESIGN FOR RATE G-32**
20 **PROPOSED BY THE SETTLEMENT?**

1 A. It is my understanding that the Company corrected an error in the rate design
2 originally submitted by the Company. See Testimony of Gregory W. Tillman, p. 22,
3 line 12 - p. 25, line 11; Settlement Agreement at p. 23.

4 **Q. DO YOU SUPPORT THE RATE DESIGN FOR RATE G-32 PROPOSED BY THE**
5 **SETTLEMENT?**

6 A. For purposes of settlement, Walmart supports the proposed rate design because it
7 will produce the proper target revenue for Rate G-32.

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

9 A. Yes.

Gregory W. Tillman

Senior Manager, Energy Regulatory Analysis
Wal-Mart Stores, Inc.

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

Business Phone: (479) 204-7993

EXPERIENCE

November 2015 – Present

Wal-Mart Stores, Inc., Bentonville, AR
Senior Manager, Energy Regulatory Analysis

November 2008 – November 2015

Oklahoma Gas & Electric, Oklahoma City, OK
Product Development Pricing Leader
Manager, Pricing
Senior Pricing Analyst

May 2006 – November 2008

LSG Solutions, Oklahoma City, OK
Project Manager, International Registration Plan/Interstate Fuel Tax Agreement Systems Development

August 2002 – May 2006

OnPeak Utility Solutions, Oklahoma City, OK
Owner/Consultant

May 2000 – August 2002

Automated Energy, Inc., Oklahoma City, OK
Vice President, Utility Solutions

November 1997 – May 2000

Williams Energy, Tulsa, OK
Sr. Manager Accounting Services
Process Manager, Customer Billing and Accounting
Retail Systems Manager, Billing and Electricity

May 1990 – November 1997

Public Service Company of Oklahoma, Tulsa, OK
Manager, Software Development and Support
Supervisor, Data Translation and Power Billing
Administrator, Disaster Recovery and Research and Development
Programmer/Analyst

June 1987 – May 1990

United States Army, Signal Command, Ft. Monmouth, NJ
Project Officer, Joint Tactical Information Distribution System

EDUCATION

1991-1994	The University of Tulsa	Graduate Coursework, M.B.A.
1987	The University of Tulsa	B.S., Electrical Engineering

TESTIMONY BEFORE REGULATORY COMMISSIONS

2018

Connecticut Public Utilities Regulatory Authority Docket No. 17-10-46: Application of the Connecticut Light and Power Company D/B/A Eversource Energy to Amend its Rate Schedules.

2017

Indiana Utility Regulatory Commission Cause No. 44967-NONE: Petition of Indiana Michigan Power Company, an Indiana corporation, for (1) authority to increase its rates and charges for electric utility service through a phase in rate adjustment; (2) approval of: revised depreciation rates; accounting relief; inclusion in basic rates and charges of qualified pollution control property, clean energy projects and cost of bringing I&M's system to its present state of efficiency; rate adjustment mechanism proposals; cost deferrals; major storm damage restoration reserve and distribution vegetation management program reserve; and amortizations; and (3) for approval of new schedules of rates, rules and regulations.

Public Service Commission of Wisconsin Docket No. 4220-UR-123: Application of Northern States Power Company, a Wisconsin Corporation for Authority to Adjust Electric and Natural Gas Rates

Michigan Public Service Commission Case No. U-18255. In the matter of the Application of DTE ELECTRIC COMPANY for authority to increase its rates for its rate schedules and rules governing the generation and distribution of electricity and for other relief.

Michigan Public Service Commission Case No. U-18322. In the matter of the Application of CONSUMERS ENERGY COMPANY for authority to increase its rates for its rate schedules and rules governing the generation and distribution of electricity and for other relief.

Iowa Utilities Board Docket No. RPU-2017-0001: In re: Interstate Power and Light Company.

Public Service Commission of Kentucky Case No. 2017-00179: In the Matter of the Electronic Application of Kentucky Power Company for (1) A General Adjustment of its Rates for Electric Service; (2) An Order Approving its 2017 Environmental Compliance Plan; (3) An Order Approving its Tariffs and Riders; (4) An Order Approving Accounting Practices to Establish Regulatory Assets and Liabilities; and (5) An Order Granting all other Required Approvals and Relief.

Public Service Commission of Kentucky Case No. 2016-00370: In the Matter of the Electronic Application of Kentucky Utilities Company for an Adjustment of Its Electric Rates and for Certificates of Public Convenience and Necessity.

Public Service Commission of Kentucky Case No. 2016-00371: In the Matter of the Electronic Application of Louisville Gas and Electric Company for an Adjustment of Its Electric and Gas Rates and for Certificates of Public Convenience and Necessity.

2016

Arizona Corporation Commission Docket No. E-01345A-16-0036: 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

Wal-Mart Stores East, LP and Sam's East, Inc.
Exhibit GWT-1
RIPUC Docket No. 4770

Company for Ratemaking Purposes, to Fix a Just and Reasonable Rate of Return Thereon, to Approve Rate Schedules Designed to Develop Such Return.

Public Service Commission of South Carolina Docket No. 2016-227-E: IN RE: Application of Duke Energy Progress, LLC for Authority to Adjust and Increase Its Electric Rates and Charges

Arkansas Public Service Commission Docket No. 16-027-R: In The Matter of Net Metering and The Implementation of Act 827 of 2015.

Public Utility Commission of Texas Docket No. 45524, in the matter of the Application of Southwestern Public Service for Authority to Change Rates

Public Service Commission of Wisconsin Docket No. 4220-UR-122: Application of Northern States Power Company, a Wisconsin Corporation for Authority to Adjust Electric and Natural Gas Rates

Michigan Public Service Commission Case No. U-18014. In the matter of the Application of DTE ELECTRIC COMPANY for authority to increase its rates, amend its rate schedules and rules governing the distribution and supply of electric energy, and for miscellaneous accounting authority.

Arizona Corporation Commission Docket No. E-01933A-15-0322: In the Matter of the Application of Tucson Electric Power Company For the Establishment of Just and Reasonable Rates and Charges Designed to Realize a Reasonable Rate of Return on the Fair Value of the Properties of Tucson Electric Power Company Devoted to its Operations Throughout the State of Arizona, and for Related Approvals.

2015

Arizona Corporation Commission Docket No. E-04204A-15-0142: In the Matter of the Application of UNS Electric, Inc. For the Establishment of Just and Reasonable Rates and Charges Designed to Realize a Reasonable Rate of Return on the Fair Value of the Properties of UNS Electric, Inc. Devoted to Its Operations Throughout the State of Arizona, and for Related Approvals.

2012

Arkansas Public Service Commission Docket No. 12-067-U: In the Matter of the Application of Oklahoma Gas and Electric Company for an Order Approving a Temporary Surcharge to Recover the Costs of a Renewable Wind Generation Facility

2011

Oklahoma Corporation Commission Cause No. PUD 201100087: In the Matter of the Application of Oklahoma Gas and Electric Company for an Order of the Commission Authorizing Applicant to Modify its Rates, Charges, and Tariffs for Retail Electric Service in Oklahoma

2010

Arkansas Public Service Commission Docket No. 10-067-U: In the Matter of the Application of Oklahoma Gas and Electric Company for Approval of a General Change in Rates and Tariffs