

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

DOCKET NO. 08I-113EG

IN THE MATTER OF THE INVESTIGATION OF REGULATORY AND RATE INCENTIVES
FOR GAS AND ELECTRIC UTILITIES.

COMMENTS OF WAL-MART STORES, INC.

Wal-Mart Stores, Inc. (“Wal-Mart”), by and through its undersigned counsel, hereby provides its comments in response to Ordering Paragraph A.4. of Commission Decision No. C08-0448, adopted March 26, 2008 (the “Order”). The Order opened a docket investigating incentives faced by Commission regulated utilities. The Commission charged itself and interested parties to check existing incentives and their impacts against Commission objectives. Additionally, the Commission broadened the inquiry to explore potential benefits that could result from incentives associated with alternative regulatory structures.

I. INTRODUCTION

Wal-Mart is a large retailer with 80 facilities in the state of Colorado. These facilities include Wal-Mart Supercenters, Discount Stores, Sam’s Clubs, a distribution center and gas stations. In addition to being one of the largest electric utility customers in Colorado, consuming over 300 million kWh annually, Wal-Mart is a leader in energy efficiency and deployment of demand side management (“DSM”) technology. For instance, in moving towards its goal of developing a store prototype that is 30 percent more efficient by next year, Wal-Mart is installing a variety of energy efficiency measures and is auditing the results. These measures include: advanced meters (installed in approximately 700 facilities); daylight harvesting; highly efficient

HVAC; white membrane roofs; heat reclamation from refrigeration equipment; T8 and LED lighting; and active dehumidification. Selecting from the most energy and cost efficient equipment employed in its trials, Wal-Mart's goal is to make its existing stores 20 percent more energy efficient by 2012, based on a 2005 baseline. Wal-Mart's energy efficiency efforts, by reducing its energy demand, are assisting the utilities with compliance with Governor Ritter's Executive Order on Greenhouse Gases. Wal-Mart commends this Commission for moving forward through this docket on these very important goals and looks forward to contributing intelligence concerning the incentives that have helped it both to achieve its current efficiency levels and to set aggressive future goals.

II. WAL-MART'S COMMENTS ON SCOPE OF DOCKET

At paragraph 2 of the Order, the Commission clarified that the focus of this docket is on utility incentives – the Commission plans to address customer-side incentives in a “separate forum.” For the following reasons, Wal-Mart requests that the Commission include customer-side incentives in this docket.

Achieving both the legislatively mandated demand reductions and the Governor mandated greenhouse gas emission reductions will require the participation of utilities, customers, and potentially third parties. In particular, the attainment of these collective goals will be the result of the successful implementation both customer-side and utility-side incentives. Broadening the scope of this inquiry to include customer-side incentives will enable the Commission and participants to take a systematic approach that considers all potential inputs. A broader perspective that includes all definable potential sources would also assist in the best possible marshalling of the finite resources available to devote to energy demand and greenhouse gas reduction goals.

The Order at Paragraph 5 contained an initial list of queries to be explored through this docket. Wal-Mart requests that the Commission include the following additional queries in order to broaden the scope of the inquiry and to solicit more detailed information:

1. **What is the definition of incentive as referred to in the context of utility incentives and customer-side incentives?**
2. **Identify trends, policies, etc. that impact the effectiveness of incentives.**
3. **How could consumer incentives help in obtaining greenhouse gas reduction goals required by Executive Order.**
4. **What role should prices play in attaining the Governor’s greenhouse gas objectives?**
5. **Are customer incentives necessary and what types of customer incentives should the Commission consider?**

Additionally, the following expansions of the initial queries contained in paragraph 5 of the Order would result in a more comprehensive record:

- Query ii:** To enable more responsive feedback, this query might be modified to include a list of suggested alternatives to rate base-rate of return regulation, including price cap regulation, revenue cap regulation, earnings sharing mechanisms, revenue requirement indexing and any other alternative.
- Query iv:** To broaden this inquiry, this query might additionally include: “How do adjustment clauses impact incentives?”
- Query vii:** To broaden this inquiry, this query might additional include: “What cost recovery mechanism(s) should be considered along with decoupling?”
- Query iiiv:** To broaden this inquiry, this query might instead read: “*How* the regulatory incentive structure could be altered to change the stakes for a utility making a build-or-buy decision.”
- Query x:** To enable more responsive feedback, this query might be changed to: “Identify specific forms of regulation coupled with specific incentive mechanisms that have worked in other jurisdictions.”

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In conclusion, Wal-Mart is optimistic that with a broader inquiry that includes customer incentives, this docket could reveal important information useful to devise a regulatory structure and incentive mechanism that greatly aides in the achievement of energy demand and greehhouse gas reduction goals.

DATED this 29th day of May, 2008.

WAL-MART STORES, INC.

By: _____
Holly Rachel Smith, VA Bar No. 74398
Russell W. Ray, PLLC
6212-A Old Franconia Road
Alexandria, VA 22310
holly@raysmithlaw.com
(703) 313-9401
(703) 313-8004 (facsimile)