

BEFORE THE

WASHINGTON STATE UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

**DOCKET NOS. UE-011570
UG-011571**

DIRECT TESTIMONY

OF

ELIZABETH KLUMPP

ON BEHALF OF

THE PUBLIC COUNSEL SECTION OF

THE WASHINGTON STATE ATTORNEY GENERAL'S OFFICE

CONSERVATION

1
2 **Q. PLEASE STATE YOUR NAME, EMPLOYER AND PRESENT POSITION,**
3 **AND ROLE IN THIS CASE?**

4 A. My name is Liz Klumpp. I am a Senior Energy Policy Specialist at the Washington
5 State Department of Community, Trade and Economic Development. In this case I am
6 a consultant to the Office of Public Counsel and I participated in the development of
7 the Conservation Collaborative Stipulation on their behalf.

8 **Q. BRIEFLY SUMMARIZE YOUR EXPERIENCE.**

9 A. My current work responsibilities include developing and analyzing policy options on
10 electricity and natural gas issues including resource demand and supply options such as
11 peak load management, energy efficiency, renewable resources, new generation,
12 electricity pricing options, and power affordability. I am responsible for advising the
13 Governor's executive staff, state legislators, and state agency staff on these issues. I
14 have served on a variety of utility, state, regional, and national technical committees
15 related to electricity restructuring, resource planning, energy efficiency, energy codes
16 or renewable resources. Prior to this position I developed conservation research and
17 demonstration programs and served as Director of a non-profit energy center.

18 **Q. DOES WASHINGTON STATE HAVE LEGISLATIVE POLICIES THAT**
19 **DIRECT THE STATE AND ITS UTILITIES TO ACHIEVE CONSERVATION**
20 **OF ENERGY RESOURCES?**

21 A. Yes, the following statutes highlight both the state's policies and some of the state or
22 utility responsibilities regarding achievements in energy efficiency.

23 RCW 80.28.025 Encouragement of energy cogeneration, conservation, and production
24 from renewable resources. "In establishing rates for each gas and electric company
25 regulated by this chapter, the commission shall adopt policies to encourage meeting or

1 reducing energy demand through cogeneration... measures which improve the
2 efficiency of energy end use, and new projects which produce or generate energy from
3 renewable resources, such as solar energy, wind energy, hydroelectric energy, ...”

4 RCW 35.92.355 Energy Conservation – Legislative Findings. “The conservation of
5 energy in all forms and by every possible means is found declared to be a public
6 purpose of highest priority...In order to establish the most effective state-wide program
7 for energy conservation, the legislature hereby encourages any company, corporation,
8 or association engaged in selling or furnishing utility services to assist their customers
9 in the acquisition and installation of materials and equipment, for compensation or
10 otherwise, for the conservation or more efficient use of energy.”

11
12 RCW 70.94.011 Declaration of public policies and purpose. “It is declared to be the
13 public policy to preserve, protect, and enhance the air quality for current and future
14 generations...The legislature further recognizes that energy efficiency and energy
15 conservation can help to reduce air pollution...”

16 **Q. IS THERE A VALUE TO THE PUBLIC IN IMPROVING THE ENERGY**
17 **EFFICIENCY OF OUR HOUSEHOLDS, BUSINESSES AND INDUSTRIES IN**
18 **WASHINGTON?**

19 A. Yes. The value to the public includes more affordable energy service while reducing
20 environmental impacts of energy generation and delivery. Frequently there are
21 additional non-energy benefits to efficiency measures such as longer product life,
22 greater home comfort, higher productivity in businesses or from industrial processes,
23 water savings, etc.

24 The Northwest Energy Efficiency Alliance quantifies the economic and environmental
25 values of its programs. In 2010, the combined efforts of the Alliance and the NW

1 utilities on regional/local market transformation programs are expected to save the
2 region over 554 aMW. The reduction in carbon dioxide emissions from the electricity
3 savings is estimated at about 2.2 million tons. Economically, the Alliance reports that
4 the region gains \$1.90 in benefit for every dollar invested in the projects for which
5 there are measurable savings. (This includes every dollar invested by consumers,
6 utilities, and the Alliance.)

7 Here is one example of the long-term benefits of continued increases in energy
8 efficiency. Despite a 22% increase in the average size of a new home in Washington
9 (an increase of 400 square feet), more widespread use of air conditioning, and the
10 significant proliferation of electricity-using appliances, electricity consumption in the
11 state declined by 7% between 1985 and 1997 and overall energy use per household has
12 remained relatively flat.

13 **Q. WHY IS A CONSERVATION REPORT CARD AND PENALTY INCLUDED IN**
14 **THIS SETTLEMENT?**

15 A. Stakeholders want to empower the Company to prioritize cost-effective investments in
16 energy efficiency. A concern exists, as reported by the Northwest Power Planning
17 Council, that only one-half of all cost-effective conservation (at or below
18 approximately 2-2.5 cents/kWh) was captured in the region between 1997 and 2000.
19 The report card and penalty mechanism serve to increase the visibility of conservation's
20 role within the Company and with its customers.

21 **Q. WHY IS THERE A REFERENCE TO BONNEVILLE POWER**
22 **ADMINISTRATION'S (BPA) CONSERVATION AND RENEWABLE**
23 **DISCOUNT (C&RD) PROGRAM IN THE SETTLEMENT?**

24 A. PSE gains access to power and/or benefits from the federal hydropower system for its
25 residential and farm customers according to Public Law 96-501, the Pacific Northwest

1 Electric Power Planning and Conservation Act. The original design of BPA's C&RD
2 program directed the IOUs to deliver programs and benefits directly to its residential
3 and farm customers in accordance with the Act. Since these terms were not included in
4 the contract between BPA and the Company, Public Counsel and other Parties sought
5 assurances that the Company would invest its C&RD funds to offer more robust energy
6 efficiency programs for residential customers and consider energy efficiency programs
7 for farmers and implement a renewable resource program for its customers. Therefore,
8 we asked the Company to make commitments to these items in the settlement language.

9 **Q. IS IT YOUR DETERMINATION THAT THE CONSERVATION**
10 **STIPULATION IS IN THE PUBLIC INTEREST?**

11 A. Yes, it is my belief that the Conservation Stipulation is in the public interest; it
12 increases the ability of PSE to make cost-effective conservation resource investments
13 for its consumers. The Stipulation directs the Company to conduct an assessment of
14 conservation resource potential at different cost levels in order to determine the
15 appropriate conservation target for PSE's system. This analysis will significantly
16 improve PSE's ability to make informed conservation investments. The avoided cost
17 figures are currently based on PSE testimony of system costs, an ongoing 10%
18 environmental adder from the Pacific Northwest Electric Power Planning and
19 Conservation Act, and the end use load factors established by the Regional Technical
20 Forum. Future modifications may be made to the avoided cost to assist in determining
21 the magnitude of cost-effective conservation available in PSE's territory.

22 Additionally, the Stipulation includes provisions to reinvigorate an advisory committee.
23 I believe this involvement of stakeholders will improve the design, implementation, and
24 success of PSE's conservation programs.

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

2 **A. Yes.**

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