

Exhibit T-___ (JS-1T)
Docket No. UE-011570
Witness: Joelle Steward

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

Washington Utilities and)	DOCKET NOS. UE-011570 and
Transportation Commission,)	UG-011571 (Consolidated)
)	
Complainant,)	
)	
v.)	
)	
Puget Sound Energy, Inc.,)	
)	
Respondent)	
)	
_____)	

TESTIMONY OF

JOELLE STEWARD

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

CONSERVATION, LOW INCOME AND SERVICE QUALITY

June 7, 2002

1 **Q: Please state your name and business address.**

2 A: I am Joelle Steward. My business address is 1300 S. Evergreen Park Drive S.W., P.O.
3 Box 47250, Olympia, WA 98504.

4

5 **Q: By whom are you employed and in what capacity?**

6 A: I am employed by the Washington Utilities and Transportation Commission as a
7 Regulatory Analyst II. My duties include research and analysis of electric industry
8 issues, specifically those related to demand side management and other public purposes.

9

10 **Q: How long have you been employed by the Commission?**

11 A: I have been employed by the Commission since October 1999.

12

13 **Q: Would you please state your educational background?**

14 A: I have a Bachelor of Arts degree in political science from the University of Oregon and a
15 Masters in Public Affairs, with a concentration in energy policy, from the Humphrey
16 Institute at the University of Minnesota.

17

18 **Q: What is the purpose of your testimony?**

19 A: The purpose of my testimony is to provide Staff's support for the Settlement Terms
20 reached in the areas of Conservation, Low Income and Service Quality Index. I attended
21 the collaboratives held on these subjects, and I participated in the development and
22 exchange of data and analysis that these collaboratives considered. I also participated in

1 the Time of Use Collaborative and am available to answer technical questions as
2 necessary. Mr. Lott is the primary witness for Staff on Time of Use.

3

4 **CONSERVATION**

5 **Q: What were Staff's goals in the collaboratives in regard to conservation?**

6 A: Staff had three goals in the Conservation Collaborative. First, I sought to review for
7 appropriateness the cost-effectiveness methodologies the Company employs for its
8 energy efficiency programs, and in relation, the avoided cost calculation. Second, I
9 wanted to establish a commitment and timeframe for the Company to update its
10 assessment of the conservation potential and conservation supply curves in its service
11 area. Third, I hoped to develop a more permanent and better utilized technical advisory
12 group on conservation.

13

14 **Q: In your view, were these goals achieved through the Settlement Terms for
15 Conservation?**

16 A: Yes.

17

18 **Q: Please explain how the achievement of each of Staff's goals is captured in the
19 Settlement Terms.**

20 A: First, although the cost-effectiveness methodology is not wholly outlined in the
21 Settlement Terms, it was reviewed by the Collaborative and specific elements were
22 incorporated where clarification was needed or proposed by parties. These specific

1 elements were the measure savings assumptions and the avoided cost calculation. The
2 parties' agreement for measure savings is contained in the Program Evaluation Criteria
3 (Section G) and the parties' agreement for the avoided cost calculation is in Section F.
4 Other elements in the cost-effectiveness methodology will continue as is currently
5 described in Schedule 83, Electricity Conservation Service.

6
7 Second, as Section E of the Settlement Terms outlines, the Company is expected to
8 complete a new market assessment of all customer class sectors by May 31, 2003. PSE
9 will then use this information to update its conservation supply curves. These supply
10 curves were last reviewed in 1999, and are based on a significantly older market
11 assessment. This updated work will enable the Company (and the Advisory Committee)
12 to better gauge what conservation potential exists in PSE's service area, and to
13 appropriately compare all resource opportunities in its least cost plan and set targets for
14 the acquisition of cost-effective conservation.

15
16 Third, Section D describes the establishment of a formal Advisory Committee, which the
17 Company will regularly utilize on issues surrounding its conservation portfolio. The
18 creation of this more formal committee is intended to provide stakeholders greater input
19 into the Company's energy efficiency programs and provide the Company with a
20 sounding board for its programs before bringing them before the Commission, while
21 allowing the Company to become, potentially, more active in its acquisition of cost-
22 effective conservation.

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Q: In addition to Staff’s three goals, would you like to highlight or comment on other specific outcomes of the Conservation Collaborative that are contained in the Settlement Terms?

A: Yes. While one of Staff primary goals was an update to PSE’s conservation supply curves in order to set better-informed energy savings targets in the future, I recognize that this does not aid in developing programs and targets for the near-term. The Settlement Terms provide that the Company will strive to develop programs that will achieve 15 average megawatts and 2.1 million therms over the next year. Staff believes that absent the updated market assessment and conservation supply curves, a near-term target and corresponding budget is appropriately developed through a program-by-program assessment, or a “bottoms-up” approach. This is the approach that PSE will undertake in the next couple of months, with the assistance of the Advisory Committee, in order to develop and meet a near-term target for energy savings.

Furthermore, I’d like to point out that Staff intends to continue to treat the program budgets as neither a ceiling nor a floor on spending. Staff believes this is appropriate due to the fact that actual expenditures are largely driven by customer participation, which is difficult to accurately gauge beforehand. Therefore, the conservation rider will continue to be subject to an annual true-up between expenditures and the budget. However, in order to avoid a year-end “surprise” if expenditures are moving well beyond the budget, the Settlement Terms require the Company to inform the Advisory Committee when

1 projections indicate that the Company will expend more than 120% or less than 80% of
2 its annual budget. This should allow the Company and the Advisory Committee to better
3 gauge, in a timelier manner, if programs require fine-tuning.
4

5 **LOW INCOME**

6 **Q: Does Staff believe that the Low Income Program, offered by PSE in conjunction**
7 **with the Low Income Collaborative, is fair and reasonable?**

8 A: Yes. The program is designed to provide meaningful relief of the energy costs of
9 qualifying low-income customers. The program is designed to be similar in structure to
10 the federally funded Low Income Home Energy Assistance Program (LIHEAP), which
11 should make the program relatively easy to implement by the designated agencies. The
12 program is also designed to extend the reach of LIHEAP by providing assistance to
13 households that would otherwise qualify for LIHEAP only after LIHEAP funds are
14 exhausted.
15

16 **Q: Is the overall program funding level consistent with other low-income assistance**
17 **programs that the Commission has approved?**

18 A: Yes. The overall annual funding level is set at \$8.6 million (plus adjustment for
19 conversion factor), which is approximately 0.50 percent of pro forma retail revenues.
20 This is consistent with the level of funding for the low-income bill assistance programs of
21 Avista and PacifiCorp, which were set at 0.79 percent and 0.30 percent, respectively.
22

1 **SERVICE QUALITY INDEX**

2 **Q: What were Staff's goals in the collaboratives in regard to the Service Quality Index**
3 **(SQI)?**

4 A: Through the collaborative process, Staff had the following goals: 1) to extend the SQI
5 and Customer Service Guarantee; 2) to review the current benchmarks for continued
6 appropriateness; 3) to review the possibilities for new and additional indices; and 4) to
7 review the penalty levels.

8

9 **Q: Were each of these goals accomplished in the SQI Collaborative?**

10 A: Yes, Staff's goals were accomplished in the following ways.

11 1. First, the SQI and Customer Service Guarantee will be extended, pursuant to Sections
12 B and C of the Settlement Terms for SQI. The purpose of establishing the SQI, at the
13 time of the merger, was to provide a mechanism to assure that customers would not
14 experience deterioration in quality of service. Staff sought an extension of the SQI
15 consistent with this purpose.

16 2. Second, the current indices and benchmarks were reviewed and revised where the
17 collaborative agreed it was appropriate to do so. The witness for Public Counsel,
18 Mary Kimball, identifies in her testimony at_____, which benchmarks were revised.

19 3. Third, the Collaborative discussed and reviewed a couple of possibilities for new
20 indices. In the end, the Collaborative agreed to add one new index—Electric Safety
21 Response Time. The benchmark for this new index was set at 55 minutes, which is
22 consistent with existing Gas Safety Response Time. The Collaborative also agreed to

1 include reporting for Gas Control Time performance (see Paragraph 12 of the
2 Settlement Terms for SQI). Gas Control Time will not be incorporated into the SQI
3 unless we see a significant deterioration in the Company's performance.

4 4. Fourth, the annual maximum penalty amount at risk was originally set at \$7,500,000.
5 The Collaborative agreed to revise the annual maximum penalty upwards to
6 \$10,000,000, which results in a \$1,000,000 annual maximum penalty per index.
7

8 **Q: Is there anything else you'd like to add regarding the SQI Settlement Terms?**

9 A: Yes. Currently, SQI No. 6, Customer Access Center Transaction Satisfaction, only
10 measures Access Center telephone transactions. At the present time, telephone
11 interaction is the vast majority of Access Center transactions, although e-mail and web
12 chat are additional options. In the future, if the amount of interaction by these
13 alternatives grows to a more sizable proportion of Access Center Transactions, Staff
14 would pursue the inclusion of customers using these methods in the survey for
15 measurement of this index.
16

17 **Q: Does this conclude your testimony?**

18 A: Yes.