

**EXH. MM-1T
DOCKETS UE-240004/UG-240005
2024 PSE GENERAL RATE CASE
WITNESS: MONICA MARTINEZ**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

**Docket UE-240004
Docket UG-240005**

PREFILED DIRECT TESTIMONY (NONCONFIDENTIAL) OF

MONICA MARTINEZ

ON BEHALF OF PUGET SOUND ENERGY

FEBRUARY 15, 2024

PUGET SOUND ENERGY

**PREFILED DIRECT TESTIMONY (NONCONFIDENTIAL) OF
MONICA MARTINEZ**

CONTENTS

I. INTRODUCTION1

II. ENERGY EQUITY: NATIONAL AND STATE PERSPECTIVES5

 A. Energy Equity Developments Across the Nation5

 B. Review of Research and Assessments8

 C. Goal and Metric Setting11

III. REVIEW OF PSE’S PROGRESS IN INTEGRATING ENERGY
EQUITY12

 A. Utility Expectations Surrounding Implementation of Equity12

 B. Review and Assessment of PSE’s Integration of Equity14

IV. FINAL CONCLUSIONS AND RECOMMENDATIONS25

V. CONCLUSION.....27

PUGET SOUND ENERGY

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LIST OF EXHIBITS

Exh. MM-2 Professional Qualifications of Monica Martinez

1 **PUGET SOUND ENERGY**

2 **PREFILED DIRECT TESTIMONY (NONCONFIDENTIAL) OF**
3 **MONICA MARTINEZ**

4 **I. INTRODUCTION**

5 **Q. Please state your name, business address, and position with Puget Sound**
6 **Energy.**

7 A. My name is Monica Martinez, and my business address is 1731 Nottingham
8 Road, Lansing, Michigan 48911. I have been retained as a consultant by Puget
9 Sound Energy (“PSE”) to review its approach to energy equity.

10 **Q. Have you prepared an exhibit describing your education, relevant**
11 **employment experience, and other professional qualifications?**

12 A. Yes, I have. It is Exh. MM-2.

13 **Q. Would you please briefly describe your background?**

14 A. I am the Principal and Chief Strategy Officer at Ruben Strategy Group LLC. In
15 that role, I provide consulting services related to workforce development, equity
16 justice, low-income customer affordability, and regulatory policy. Prior to that, I
17 served for six years as a Commissioner for the Michigan Public Service
18 Commission (“MPSC”). During that time, I had the pleasure of being responsible
19 for regulatory oversight of my state’s natural gas, electricity, telecommunications
20 and broadband, and motor carrier sectors. During that time, I focused on building

1 Michigan’s renewable energy capacity and working on innovative measures to
2 encourage regulated entities to be more customer focused, particularly in ways to
3 address affordability, reduce energy burdens, and assist those with limited
4 resources. During my time on the MPSC and since then as a consultant, I have
5 been engaged in efforts to boost diversity, equity, and justice within the energy
6 sector, particularly as the industry transitions to clean energy.

7 **Q. What is the purpose of your testimony in this proceeding?**

8 A. The purpose of my testimony is to provide an independent, third-party review and
9 evaluation of PSE’s integration of energy equity.

10 **Q. What topics are you covering in your testimony?**

11 A. I first provide an overview of national and state perspectives on energy equity,
12 including a discussion of standards and benchmarks. Then, I report on my review
13 of PSE’s progress on integrating energy equity including the four tenets of
14 recognition justice, procedural justice, distributional justice, and restorative
15 justice. Finally, I provide recommendations for PSE and the Washington Utilities
16 and Transportation Commission (the “Commission”) to consider as PSE
17 continues its journey of incorporating equity.

1 **Q. How does your experience as a former Commissioner shape your**
2 **perspective?**

3 A. As a former Commissioner, I understand the delicate balancing act of meeting
4 customer and utility needs.

5 Both public service commissions and utilities should be actively seeking to better
6 understand the needs of customers. To better understand customer needs while on
7 the MPSC, I found pilots and other opportunities that encourage customer
8 engagement to be foundational.

9 In addressing utility needs, regulators face the difficult task of making
10 quantitative and qualitative assessments of a broad spectrum of issues, each with
11 varying degrees of certainty and risk. One of the most important things public
12 service commissions can do in making decisions is provide utilities with clear
13 regulatory direction.

14 Both of these considerations are important in advancing energy equity so (a) the
15 needs of customers are fully understood and (b) so utilities have clear direction on
16 what they should be doing to meet those needs. The Commission and PSE should
17 keep these considerations in mind as they work together to meet regulatory and
18 statutory objectives relating to equity.

1 **Q. Please provide an overview of your assessment of PSE's progress on energy**
2 **equity.**

3 A. Even though energy equity is a new requirement in Washington, PSE is making
4 steady progress in incorporating energy equity into its business operations,
5 processes, and culture. This is evident by its hiring of a dedicated equity team, by
6 its changes to its resource acquisition and project selection process that expressly
7 incorporate equity in its portfolio review, and by other operational changes to
8 integrate equity. PSE has also implemented external processes to integrate equity,
9 such as engagements and outreach with customers and stakeholders from
10 traditionally unrepresented communities, and has taken steps to improve supplier
11 diversity. Based on my experience, PSE is ahead of many of its peers across the
12 country in incorporating energy equity.

13 That said, fully integrating equity will take time and PSE has room to grow.

14 PSE's efforts would be enhanced if it established clear goals for each energy
15 equity tenet referenced above and PSE should continue to look for opportunities
16 to direct benefits to named communities similar to the community solar program
17 and the targeted electrification program. Additionally, PSE should finalize the
18 adoption of the Equity Investment Zones, and create a process to make targeted
19 outreach, where possible, to these areas for new programs.

1 **II. ENERGY EQUITY: NATIONAL AND STATE PERSPECTIVES**

2 **A. Energy Equity Developments Across the Nation**

3 **Q. What is your understanding of energy equity?**

4 A. Generally, energy equity “translates into the fair distribution of benefits and
5 burdens from energy production and consumption.”¹ Energy equity is the
6 recognition that some communities have historically been overburdened or
7 disadvantaged by environmental hazards due to energy production or a lack of
8 access to sustainable energy sources. A variety of early equity and social justice
9 work has led to today’s view and outlook on energy equity.

10 **Q. Why is energy equity important?**

11 A. Energy equity is important because the historical tendencies and structures that
12 led to inequitable distributions of energy benefits and burdens need to be
13 recognized and addressed through new policies and mechanisms.

14 **Q. What has happened on the national front to promote energy equity?**

15 A. Recent efforts by the federal government are leading the way in advancing energy
16 equity. On January 20, 2021, President Biden issued Executive Order 13985 on
17 Advancing Racial Equity and Support for Underserved Communities Through the
18 Federal Government.² This required each federal agency to conduct an equity

¹ Partnership for Southern Equity, *Just Energy* (2023) found at <http://psequity.org/just-energy>.

² Executive Order 13985 (Jan. 20, 2021), found at <https://www.federalregister.gov/documents/2021/01/25/2021-01753/advancing-racial-equity-and-support-for-underserved-communities-through-the-federal-government>.

1 assessment. Then, on January 27, 2021, President Biden issued Executive Order
2 14008, which established the Justice40 Initiative that sets the goal that 40 percent
3 of the overall benefits of federal investments for items such as energy efficiency,
4 efficient transportation, and clean energy, flow to disadvantaged communities.³

5 State legislative, executive, and regulatory action have also been considerable.
6 The Lawrence Berkeley National Laboratory and Pacific Northwest National
7 Laboratory found that 95 state level government actions were taken between
8 January 2020 and July 2022 on energy equity.⁴ State energy equity actions range
9 from recognizing disadvantaged communities, increasing transparency, enhancing
10 intervenor compensation, and identifying equity or environmental justice as a
11 goal.⁵

12 **Q. When examining state level efforts, was there anything of note?**

13 A. Significantly, most basic state energy equity goals, objectives, and expectations
14 are still not adequately defined or established. This can be both a blessing and a
15 curse. The blessing is, public agencies, regulated entities, and stakeholders have
16 the opportunity to work together to establish clear goals, objectives, and
17 expectations with a fresh perspective. The curse is, as a former Commissioner, I
18 know firsthand the importance of making sure utilities and customers are aware of

³ See e.g., <https://www.whitehouse.gov/environmentaljustice/justice40/>

⁴ Berkeley Lab, Pacific Northwest National Laboratory and E9, *Current State of US Energy Equity Regulation and Legislation* (Feb. 2023).

⁵ U.S. Dept. of Energy: Office of Energy Efficiency & Renewable Energy, *Energy Equity and Environmental Justice* (2023) found at <https://www.energy.gov/eere/energy-equity-and-environmental-justice>.

1 clear regulatory requirements and expectations. It is difficult for all parties if
2 expectations are not clear. State public utility commissions should be striving to
3 set clear expectations on equity.

4 **Q. How does Washington compare with other states on energy equity**
5 **advancement?**

6 A. Washington is one of the states that has been a first mover in its efforts to advance
7 energy equity. Washington is one of six states that has developed energy equity
8 metrics.⁶ In Washington, these considerations include energy burden, community
9 ownership of resources, resiliency, non-energy benefits, and public health.⁷
10 Washington is pursuing energy justice goals while also implementing a variety of
11 other transformational laws like the Clean Energy Transformation Act
12 (“CETA”),⁸ which requires electric utilities to meet 100 percent of their retail
13 electric load using non-emitting and renewable resources by January 1, 2045.
14 Notably, in 2021, Washington added equity as a component the Commission may
15 consider in its public interest standard for evaluating utility investments,⁹ and the
16 Commission has addressed equity in some recent rate case orders. As discussed in
17 more detail below, however, as I have observed from other states, the

⁶ Berkeley Lab, Pacific Northwest National Laboratory and E9, *Current State of US Energy Equity Regulation and Legislation* (Feb. 2023) found at <https://emp.lbl.gov/publications/assessing-current-state-us-energy>.

⁷ *Id.* at 43.

⁸ See RCW 19.405.

⁹ See RCW 80.28.425.

1 Commission could be more direct in its expectations for how utilities should be
2 implementing energy equity.

3 **B. Review of Research and Assessments**

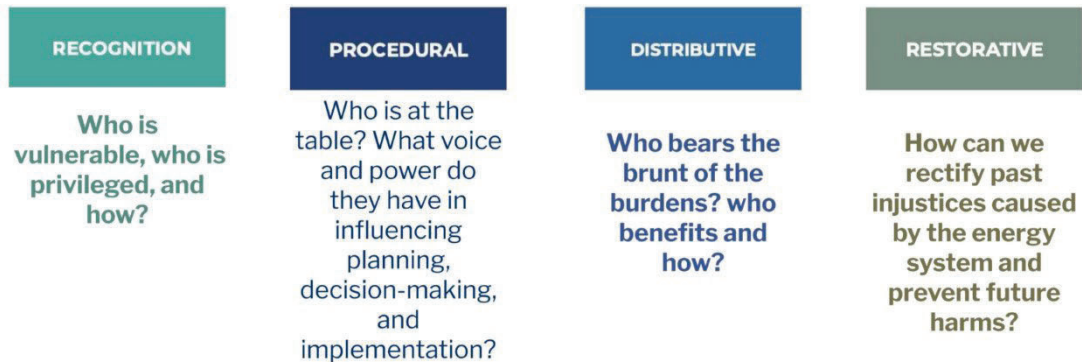
4 **Q. Can you describe the energy equity frameworks that might be helpful to**
5 **understand key energy equity concepts?**

6 A. Yes, there are three frameworks that I find helpful to understanding energy equity.

7 **University of Michigan Energy Equity Project.**¹⁰

8 The University of Michigan Energy Equity Project framework includes the four
9 principal equity tenets mentioned above: recognition, procedural, distributive,
10 and restorative. These tenets are described below in Figure 1.

11 **Figure 1: The University of Michigan Energy Equity Project tenets.**



12

¹⁰ Energy Equity Project, *Energy Equity Framework: Combining data and qualitative approaches to ensure equity in the energy transition* (2022) found at https://energyequityproject.com/wp-content/uploads/2022/08/220174_EEP_Report_8302022.pdf.

1 In short, recognition is focused on understanding historical burdens, identifying
2 demographic and geographic variables within data, capturing information
3 regarding safety and reliability, and examining rate structures and programming
4 related to affordability. Procedural leans more heavily on qualitative
5 understandings and is focused on allowing a meaningful voice in the development
6 of education, policy, regulation, and program implementation. Distributional
7 focuses on understanding how investments, resources, and programs are
8 benefiting communities and segments of the population versus others. Lastly,
9 restorative is focused on understanding past harms. The University of Michigan
10 Energy Equity Project framework is among the most popular energy equity
11 frameworks in the country.

12 **The American Council for an Energy-Efficient Economy (“ACEEE”) Equity**
13 **in Energy Efficiency.**

14 The ACEEE uses the framework established by the Urban Sustainability Directors
15 Network that defines energy equity using four tenets similar to that utilized by the
16 University of Michigan Energy Equity Project but with slight variation. The four
17 tenets or dimensions are structural, procedural, distributional, and
18 transgenerational.¹¹ The primary difference, as compared to the University of
19 Michigan framework, is that transgenerational equity focuses on the impact on
20 future generations and putting in place fair practices that will not cause undue
21 harm to future generations.

¹¹ American Council for an Energy-Efficient Economy, additional information available at
<https://www.aceee.org/topic/energy-equity>.

1 **LA100 Strategies.**

2 The National Renewable Energy Laboratory and University of California Los
3 Angeles, in partnership with the Los Angeles Department of Water and Power,
4 undertook a study to identify solutions to achieve a 100 percent clean energy
5 future that is “Powered by Equity.”¹² This two-year study focused on finding
6 pathways to improve energy equity through strategies for engaging communities,
7 funding equitable investments, expanding clean energy and energy assistance
8 programs, and designing new proposed programs and policies. Like the
9 University of Michigan Energy Equity Project tenets, LA100 included recognition
10 justice, procedural justice, and distributional justice. However, an additional
11 component of the LA100 study was a focus on cross-cutting policy and program
12 strategies which included targets toward small ethnic owned businesses, green
13 jobs and workforce development, and service panel upgrades for electrification,
14 among others. Of note, the LA100 study outlined equity strategies such as
15 implementing a certain tariff or exploring income-based fixed charges. However,
16 some specific goal setting or benchmarks were absent.

¹² National Renewable Energy Laboratory, *LA100 Equity Strategies* (2023) found at <https://www.nrel.gov/docs/fy24osti/85960.pdf>.

1 **C. Goal and Metric Setting**

2 **Q. From the various frameworks outlined above is there a clear guidance for**
3 **specific goal setting?**

4 A. Establishing goals and/or metrics is recommended in all three of the
5 aforementioned assessments and I encourage the Commission and PSE to set
6 clear goals and expectations for advancing energy equity. However, as many have
7 observed, equity is a journey, not a destination.¹³ Change cannot happen
8 overnight. However, setting reasonable goals and metrics can be instrumental in
9 effectuating change incrementally. However, every state, utility, and geographic
10 region may have different goals that may gradually need to be adjusted and
11 evolve over time. The challenges in Michigan may be different than those in
12 Washington. Utilities and stakeholders can help expedite the successes if they
13 work together, share, and have a mutual understanding of the goals. This can be
14 done with the assistance of the Equity Advisory Group (“EAG”) or other
15 community engagement actions, as discussed in the Prefiled Direct Testimonies
16 of Troy A. Hutson, Exh. TAH-1T and Carol L. Wallace, Exh. CLW-1T.

17 **Q. Do you have any recommendations relating to goals or metrics for PSE?**

18 A. I understand PSE is proposing in this case four equity-related performance
19 metrics: (1) energy burden efficacy, (2) energy assistance delivery depth, (3)
20 certain programmatic spend benefitting highly impacted communities or

¹³ <https://www.taftcommunications.com/dei-is-a-journey-not-a-destination/>.

1 vulnerable populations, and (4) percentage of suppliers that are minority-owned,
2 women-owned, or veteran-owned. These metrics are discussed in more detail in
3 the Prefiled Direct Testimony of Troy A. Hutson, Exh. TAH-1T. I have reviewed
4 these metrics and I recommend the Commission adopt them. The number of
5 metrics proposed is sufficient to establish a baseline set of metrics targeted at key
6 indicators for energy burden and other priorities. PSE and the Commission should
7 continue to evaluate these metrics over time to determine whether adjustments
8 should be made. Centering goals and metrics around each of the four University
9 of Michigan Energy Equity Project tenets can be a helpful framework for
10 addressing all aspects of energy equity.

11 **III. REVIEW OF PSE’S PROGRESS IN INTEGRATING ENERGY EQUITY**

12 **A. Utility Expectations Surrounding Implementation of Equity**

13 **Q. Where would a utility be expected to be in integrating energy equity given**
14 **the recency of the law?**

15 A. Given the progress in other states which have adopted equity policies, an initial
16 review indicates that many of those processes are still emerging, and states are
17 identifying a set of agreed principles and definitions. In Washington, the
18 implementation of equity is moving quickly but is still evolving and based on my
19 review of Commission orders surrounding equity,¹⁴ clear directives still have not

¹⁴ *WUTC v. Cascade Nat. Gas Corp.*, Docket UG-210755 Order 09 (August 23, 2022) (discussing equity considerations in RCW 80.28.425 (1)) (“2022 Cascade GRC Order”); *WUTC v. PSE*, Dockets UE-220066 *et. al.*, Order 24/10 (December 22, 2022).

1 been set.¹⁵ I would anticipate that any utility would still be learning how to
2 evaluate the energy equity tenets and developing a plan to implement them. As
3 expectations become clearer and more defined, utilities should be expected to act
4 accordingly.

5 However, as explained above, energy equity is a journey. Part of getting to a more
6 equitable future is working together to find solutions that are inclusive and
7 transformative. This may take time, effort, energy, and at times, could be a series
8 of trials and errors (depending on the circumstances). Some practices will become
9 best practices while others will be a learning experience.

10 **Q. Is there anything else that should be considered for a utility?**

11 A. Yes. While not scientific, a utility will be most successful in integrating equity if
12 it can first establish an internal culture of equity. PSE is already striving to do that
13 as demonstrated by Exh. TAH-9, which are presentations to PSE’s Steering
14 Committee of Officers and Board of Directors. This culture adjustment may
15 already be readily established for some within PSE, but for others it may require
16 deeper education and awareness to lead to adoption.

¹⁵ The Commission has established an equity docket in Docket A-230217 where I understand additional information on equity will be provided.

1 **B. Review and Assessment of PSE’s Integration of Equity**

2 **Q. What is the framework that was utilized for your review of PSE’s progress in**
3 **integrating equity?**

4 A. I utilized the University of Michigan’s Energy Equity Project framework which I
5 understand was adopted by the Commission in a rate case order for Cascade
6 Natural Gas.¹⁶ I used the four tenets of recognition justice, procedural justice,
7 distributional justice, and restorative justice as my guiding principles in
8 evaluating PSE’s progress in integrating equity.

9 **Q. What was the review process that you undertook for your examination of**
10 **PSE?**

11 A. I conducted program reviews of several PSE organizations, including:

- 12 • **Customer energy management.** Energy efficiency, demand response,
13 with a focus on residential and small and medium businesses.
- 14 • **Affordability.** Energy assistance programs, arrearages, and
15 disconnections.
- 16 • **Business services.** PSE’s account management of top 600 customers.
- 17 • **Distributed energy resources.** Current distributed energy resource
18 programs projects (e.g., community solar, low-income eligible), DEA pilot
19 (with Berkeley National Labs).
- 20 • **Delivery System planning.** Progress on incorporating equity in planning
21 process, the Investment Decision Optimization Tool (iDOT), and
22 stakeholder engagement.
- 23 • **Program engagement.** Engagement with residential and business
24 programs.

¹⁶ *WUTC v. Cascade Nat. Gas Corp.*, Docket UG-210755 Order 09 (August 23, 2022).

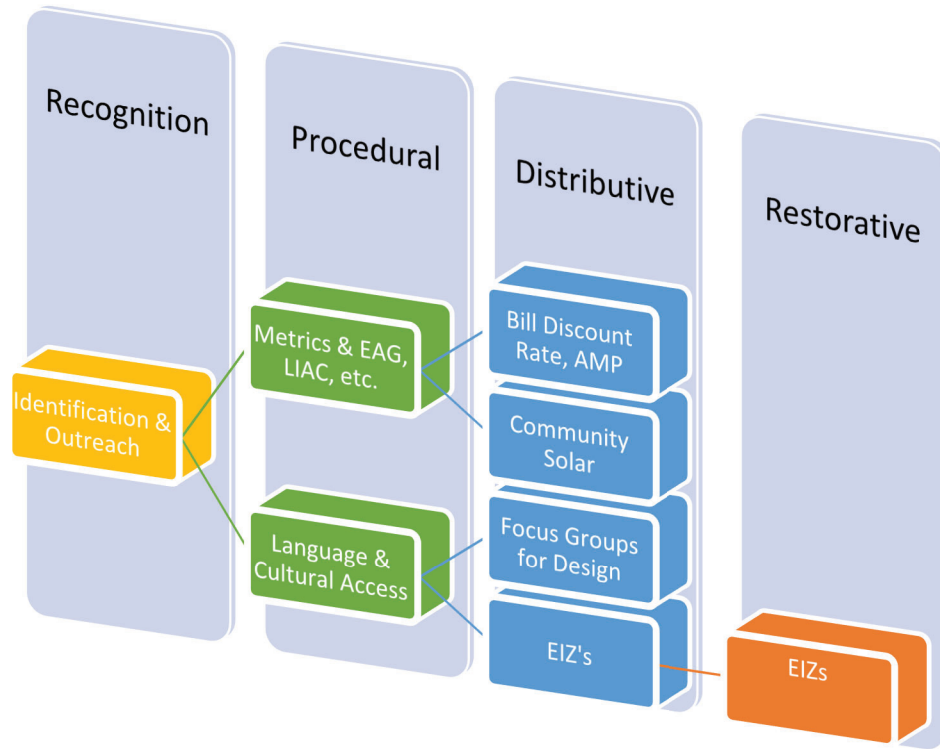
1 In conducting the program reviews, I met with program teams and reviewed
2 materials provided to me by PSE individuals with responsibility for the programs,
3 as well as any relevant publicly available information. As needed, I followed up
4 with additional questions and information requests.

5 **Q. Did you meet with anyone that was not a PSE employee?**

6 A. Yes. I had conversations with national experts engaged on some of the studies and
7 work described above, other experts in the energy equity and diversity field, and
8 current and former state regulators. Additionally, I met with several interested
9 parties in Washington, where I used their feedback to help guide and focus my
10 review and analysis.

11 **Q. Based on the four equity tenets, what is your evaluation of PSE's progress in
12 implementing equity?**

13 A. Below I discuss my review of PSE based on each of the equity tenets. The figure
14 below provides an overview of some of the programs and how they align with
15 each equity tenet.



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1. Recognition justice.

Q. What encompasses recognition justice?

A. Recognition justice seeks to better understand which communities, geographic areas or others have inequitably faced burdens, have been ignored or missing from participation, or have been underserved or misrepresented. This often requires gathering information such as demographics (age, race, ethnicity, income, etc.) and using it to gain a better understanding of impacted communities. It is through this understanding that snapshots of disparities can emerge.

1 **Q. How is PSE advancing recognition justice?**

2 A. PSE is working to identify and engage different communities and impacted
3 communities across its service territory.¹⁷ Based on statutory and regulatory
4 guidance, as explained in more detail in the Prefiled Direct Testimony of Troy A.
5 Hutson, Exh. TAH-1T, PSE is identifying key segments of the population
6 considered highly impacted communities and vulnerable populations, as well as
7 identifying and understanding the level of energy burdened customers. This is an
8 important first step in the recognition justice tenet.

9 **Q. Is there a specific programmatic or policy example that PSE has engaged in**
10 **for this tenet?**

11 A. PSE has developed Geographic Information System (GIS) maps to identify where
12 vulnerable populations, highly impacted communities, and deepest need
13 customers are located in PSE's service area. PSE is already incorporating this
14 information into its utility work and using it to prioritize community engagement
15 events in these areas. In interviews and conversations with different divisions of
16 PSE, because of the maps, employees were better aware of these communities and
17 able to discuss the work that either they or their colleagues were conducting.

18 PSE is continuing to deepen its relationship and engagement with interested
19 parties. This not only includes its work with the EAG, but also its engagement

¹⁷ See e.g., Hutson, Exh. 1T; Docket UE-210795, Clean Energy Implementation Plan Biennial CEIP Update, (Nov. 1, 2023) found at <https://www.cleanenergyplan.pse.com/ccip-library#BiennialCEIPUpdate>.

1 with stakeholders in the community. As discussed in the Prefiled Direct
2 Testimony of Troy A. Hutson, Exh. TAH-1T, PSE is working to recognize ways
3 in which it can identify and better understand disadvantaged, vulnerable, or
4 marginalized populations.

5 **Q. What would be any recommended areas of improvement?**

6 A. Although PSE has engaged in a series of expanded low-income programs and
7 reforms under RCW 80.28.068, there is still an opportunity to further refine the
8 recognition of populations within certain groups, such as the renter population,
9 senior population, and rural population who may not be able to readily access
10 certain programs and resources. According to the National Energy and Utility
11 Affordability Coalition, about ten percent of the eligible population in
12 Washington received LIHEAP in 2021.¹⁸ Additionally, 736,838 households are
13 identified as being eligible for LIHEAP in Washington and more than 250,000
14 households are believed to be energy burdened within the state (i.e., those who
15 spend more than six percent of their household incomes on energy bills). A core
16 understanding and readiness to continually dive in further to cross-cutting factors
17 will allow for more effective implementation of the remaining equity tenets.

18
19

¹⁸ National Energy & Utility Affordability Coalition, *Maximize LIHEAP Funding In 2024: Washington by the Numbers* found at <https://neuac.org/wp-content/uploads/2023/07/Washington-State-Sheet-FY2024.pdf>.

1 **2. Procedural justice.**

2 **Q. What encompasses procedural justice?**

3 A. Procedural justice considers whether there is a voice for all communities in the
4 project design and decision-making process. Procedural justice can be a
5 qualitative rather than clear quantitative consideration. For example, simply
6 inviting a certain individual or community group to the discussion table does not
7 mean that they are able to meaningfully influence, direct, or steer the discussion.
8 In other words, procedural justice considers whether all voices can meaningfully
9 participate in the decision-making process as it relates to energy equity issues.

10 **Q. What is some of the work that PSE has done in the procedural justice tenet?**

11 A. Since 2021, PSE has actively engaged in its EAG to seek and learn from
12 perspectives of various communities.¹⁹ In conversations with PSE team members
13 and program leads, the EAG is important for their work. It is important to note
14 that the themes of trust, credibility, and power are critical components in
15 procedural equity by the University of Michigan’s Energy Equity Project. Trust
16 was an important ingredient PSE teams felt they had to accomplish with
17 community stakeholders to be effective. Language and cultural access are items
18 that PSE has been working on and continues to improve through embedding
19 language and cultural access.²⁰ An example of this includes PSE’s multi-language

¹⁹ Additional information available at <https://www.cleanenergyplan.pse.com/#EAG>.

²⁰ See Prefiled Direct Testimony of Carol L. Wallace, Exh. CLW-1T, for additional information regarding PSE’s efforts to increase language access.

1 website access as well as compatibility for browser conversion, and Spanish
2 materials available at workshops.²¹

3 **Q. Is there a specific programmatic or policy example that PSE has done well in**
4 **this area?**

5 A. PSE’s engagement for community solar is an example of a positive practice.²²
6 After discovering that the community solar uptake rate was not going well for
7 targeted communities, PSE engaged in a thoughtful community engagement effort
8 to help design real implementation efforts that would have meaning for the
9 community.²³ This resulted in a better understanding of what would make the
10 program valuable or worthwhile for potential participants. This type of
11 engagement and design is a good example of a process that facilitates effective
12 community feedback and participation. As a result, PSE incorporated community
13 feedback and revised the community solar program, doubling the shares allowable
14 under the program and allowing participants to self-qualify for the program. Both
15 modifications target value and ease of accessibility. For additional information
16 regarding PSE’s community solar program, please see the Prefiled Direct
17 Testimony of Troy A. Hutson, Exh. TAH-1T.

²¹ *Id.*

²² Energy Equity Advisory Group, *2022-2023 EAG – Meeting 1* at 30 (June 12, 2023) found at https://irp.cdn-website.com/dc0dca78/files/uploaded/2023_0612_EAGPresentation_finalupdate.pdf

²³ *Id.* at 31-33.

1 **Q. Do you recommend any areas of improvement?**

2 A. Transparency is important if stakeholders and community members are to
3 participate meaningfully. In conversations with interested parties, transparency
4 was a common theme and should be encouraged within the EAG. PSE should
5 continue to engage more with impacted communities through focus groups and
6 listening sessions (similar to what was done in the second phase of the community
7 solar engagement process), which will be beneficial as programmatic decisions
8 are made. PSE could consider adopting a specific transparency goal or
9 expectation in concert with the EAG and continue to expand the use of focus
10 groups and listening sessions.

11 **3. Distributional justice.**

12 **Q. What encompasses distributional justice?**

13 A. A key focus of distributional justice is understanding and correcting unfair,
14 disproportionate burdens or benefits upon targeted community groups. Most of
15 these burdens and benefits are discussed in financial, health, or economic terms.

16 **Q. What is some of the work that PSE has done to advance distributional**
17 **justice?**

18 A. One example is PSE has taken a proactive approach to addressing the insufficient
19 availability of energy affordability programs in times of need. During the
20 pandemic when an increasing number of customers were at risk, PSE provided

1 additional funding on multiple occasions to address the shortfall.²⁴ Another
2 programmatic example that demonstrates PSE's efforts to incorporate the
3 distributional justice tenet is the Bill Discount Rate program, which targets
4 benefits towards customers who are particularly vulnerable to energy burdens.
5 PSE is working on boosting access to the many low-income programs available
6 for its customers in order to address energy burden. PSE has engaged in efforts to
7 overcome language access barriers and is using the Bill Discount Rate program
8 and the PSE HELP program to reduce a customer's energy burden.²⁵ For
9 additional information regarding the Bill Discount Rate program, please see the
10 Prefiled Direct Testimony of Carol L. Wallace, Exh. CLW-1T.

11 In another example, I have reviewed and assessed the Delivery System Planning
12 process, with a particular emphasis on the Investment Decision Optimization Tool
13 (iDOT). Consistent with distributional justice, Delivery System Planning has
14 incorporated mechanisms into its planning processes that specifically weigh
15 equity as a part of the portfolio optimization process. This is discussed further in
16 the Prefiled Direct Testimony of David J. Landers, Exh. DJL-1T. This
17 methodology was developed in concert with guidance from the EAG.

18 Finally, PSE recently launched its Targeted Electrification Pilot which will
19 transition participating customers to electric space heating and water heating.²⁶

²⁴ Prefiled Direct Testimony of Carol L. Wallace, Exh. CLW-1T.

²⁵ *Id.*

²⁶ Prefiled Direct Testimony of John Mannetti, Exh-JM-1T, Prefiled Direct Testimony of Troy A. Hutson, Exh. TAH-1T.

1 The goal of the pilot is in part to gain a better understanding of program design
2 and needed incentives for customers to embrace future technologies. Customers
3 may receive free in-home electrification assessment so that they have a
4 comprehensive roadmap to electrifying their home. A key component of the pilot
5 is a special program for income-qualified customers.²⁷ The program may cover
6 the costs for heat pumps and weatherization, including panel upgrades and
7 installation charges. The overall offering is a positive step toward allowing a
8 distributional program design that eliminates the major barrier of upfront costs.
9 These efforts are discussed in more detail in the Prefiled Direct Testimonies of
10 John Mannetti, Exh-JM-1T, and Troy A. Hutson, Exh. TAH-1T.

11 **Q. Do you have any recommended areas of improvement?**

12 A. An area of improvement would be to dive deeper into some of the geographic-
13 based disparities that exist, particularly with some of the rural areas within PSE's
14 service territory. It would be useful for PSE to understand what impact, if any,
15 these programs or pilots have on rural customers in need. This may lead to a
16 specifically designed pilot for rural customers in targeted communities.

²⁷ *Id.*

1 **4. Restorative justice.**

2 **Q. What encompasses restorative justice?**

3 A. Restorative justice involves understanding and recognizing the impact of past
4 inequities, including structural inequities, and taking actions based on those
5 understandings.

6 **Q. What do you mean by structural inequities?**

7 A. One example of a structural inequity is discriminatory regulations, laws, or
8 policies. Recognizing that there are structural inequities helps us to better uncover
9 restorative justice solutions. For example, neighborhoods that have suffered from
10 racial segregation are more likely to be impacted by high energy burdens today.²⁸

11 **Q. What is some of the work that PSE has done to advance restorative justice?**

12 A. PSE has explored the concept of Equity Investment Zones (“EIZs”) whereby there
13 can be a concerted effort to prioritize and enhance investments to targeted
14 communities. Two EIZs include military families and Tribes. The plan, as I
15 understand it, is to build an overlapping and cohesive mechanism whereby there
16 is coordinated infusion of not only engagement but real benefits via investments
17 in programming for clean energy and reductions of energy burdens. This is
18 discussed in the Prefiled Direct Testimony of Troy A. Hutson, Exh. TAH-1T.

²⁸ Southeast Energy Efficiency Alliance and Texas Energy Poverty Research Institute, *Energy Insecurity in the South* (2023), additional information available at <https://storymaps.arcgis.com/stories/4377299f586a493984222bfc6ee84e60>.

1 **Q. Do you recommended any areas of improvement?**

2 A. As discussed in Troy Hutson’s direct testimony, Exh. TAH-1T, PSE has set the
3 goal of delivering at least 30 percent of energy benefits to named communities.
4 This is a good goal, and where PSE can increase the distribution of energy
5 benefits to named communities, it should explore those avenues. Commission
6 guidance on a more progressive approach in this area would be beneficial to all
7 parties involved. The Commission and PSE should consider thinking broadly
8 about forging new mechanisms in the future and the key drivers of high
9 household energy burdens.²⁹ Another long-term consideration would be to
10 explore alternative approaches that include different partnership models such as
11 Canada’s Hydro One with the First Nations.³⁰

12 **IV. FINAL CONCLUSIONS AND RECOMMENDATIONS**

13 **Q. How would you summarize your evaluation of PSE and its incorporation of**
14 **equity?**

15 A. PSE is making steady progress on incorporating energy equity into its business
16 frameworks, processes, and culture. This has been evident by its internal actions
17 through its DEI work, operational process enhancements, hiring of a dedicated
18 equity team, and hirings of employees who can assist with language access.

²⁹ For additional discussion about energy burden refer to the Prefiled Direct Testimony of Carol L. Wallace, Exh. CLW-1T.

³⁰ Additional information found at <https://www.hydroone.com/about/regulatory/hydro-one-indigenous-partnerships>.

1 I am particularly impressed by PSE's internal investments to advance equity. PSE
2 has made specific investments to advance equity internally by creating the
3 position of Director of Energy Equity and a seven-member team who are assisting
4 PSE on advancing energy equity. This upper-level cultural shift to a focus on
5 energy equity has a direct correlation with the cultural shift being shown at the
6 program level. However, one challenge for utilities is to make sure that equity is
7 continually treated on par with other compliance matters. Overall, the culture of
8 equity is growing within PSE in a manner that should build a path towards
9 creating a consistent approach in including equity across all facets of PSE.

10 **Q. Given the Commission's direction, is PSE making the level of progress you**
11 **would expect?**

12 A. Yes. The Commission has been pivotal in its work to set out a guiding mechanism
13 for PSE to adhere to. With added direction and approval of PSE's direction in
14 energy equity the Commission can help provide a consistent regulatory
15 framework from which PSE can work within. The Commission should adopt the
16 specific equity metrics proposed by PSE, and should provide additional specific
17 guidance in this rate case or in the Equity Docket (A-230217) explaining its
18 expectations for improvement.

1 **Q. What are your recommendations for how PSE can continue to incorporate**
2 **equity?**

3 A. In addition to the recommendations identified in each tenet, PSE should continue
4 to look for opportunities to direct benefits to named communities similar to the
5 community solar program and the targeted electrification program. Additionally,
6 PSE should finalize the adoption of the EIZ, and create a process to make targeted
7 outreach, where possible, to these areas for new programs.

8 **V. CONCLUSION**

9 **Q. Does that conclude your prefiled direct testimony?**

10 A. Yes, it does.