

**Exh. WMG-1T
Docket U-180680
Witness: Wendy Gerlitz**

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

**In the Matter of the Joint Application of
for**

DOCKET U-180680

Puget Sound Energy, Alberta Investment
Management Corporation, British Columbia
Investment Management Corporation, OMERS
Administration Corporation, and PGGM
Vermogensbeheer B.V.

For an Order Authorizing Proposed Sales of Indirect
Interests in Puget Sound Energy

TESTIMONY OF

Wendy Gerlitz

NW ENERGY COALITION

Testimony in Support of Settlement

January 18, 2019

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I. INTRODUCTION / SUMMARY

Q. Please state your name, position, and business address.

A. My name is Wendy Gerlitz. I am the Policy Director with the NW Energy Coalition (NWEC). The Coalition’s business address is 811 1st Ave, Suite 305, Seattle, WA 98104.

Q. On whose behalf are you testifying?

A. I am testifying on behalf of the NW Energy Coalition (“NWEC” or the “Coalition”).

Q. Please describe your professional qualifications.

A. I am a graduate of the University of Wisconsin—Madison and have a Masters of Environmental Management from Yale University. I joined the staff of the NW Energy Coalition in 2011. In my time with the NW Energy Coalition, I have provided testimony on a variety of electric and natural gas utility issues at the Oregon Public Utility Commission as well as in Bonneville Power Administration rate case proceedings. I testified before the Washington Utilities and Transportation Commission in dockets UE-161123, UE-170033 and UG-170034, among other dockets. I also have authored and contributed to comments submitted to the Washington Utilities and Transportation Commission in many proceedings regarding renewable energy, utility integrated resource plans, conservation, low-income programs and rate design. I am a member of the Energy Trust of Oregon Conservation Advisory Committee and the Conservation Resource Advisory Committee for the NW Power and Conservation Council.

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

2 A. My testimony explains the basis for NVEC's decision to join and support the
3 Multi-Party Settlement in this proceeding. My testimony discusses why the Settlement is
4 supported by NVEC, why it meets the no harm standard, and why it is in the public
5 interest.

6 **II. INTERESTS OF NVEC**

7 **Q. Please describe NW Energy Coalition.**

8 A. The NW Energy Coalition ("NVEC" or the "Coalition") is a non-profit alliance
9 of around one hundred environmental, civic and human services organizations, utilities,
10 businesses, labor unions, and communities of faith in the Pacific Northwest. NVEC's
11 primary purpose is to promote an energy future that is clean, reliable, affordable, and
12 equitable. NVEC provides technical and policy leadership on energy issues in this
13 region, and seeks to promote the development of renewable energy, energy conservation,
14 and affordable energy services.

15

16 **Q. Please describe the interests of NVEC that are affected by this proceeding.**

17 A. NVEC and their members have a substantial interest in the matter of the Joint
18 Application of Puget Sound Energy (PSE) and the Joint Applicants for an order
19 authorizing the proposed sale of indirect interest, Washington Docket U-180680, filed on
20 August 8, 2018. The proposed sale, and the subsequent settlement agreement terms, will
21 directly affect our member groups as well as the individual members of our
22 organizations. In particular, the outcome of this proceeding will impact clean energy
23 progress desired by many customers, including low-income customers, as well as of
24 impacting PSE programs that serve the interests of these customers.

1 The interests in this proceeding of the NWEAC include:

- 2 1. Members of the Coalition have a direct and substantial interest in the
3 implementation by the Commission of the legal standard for evaluating
4 property transfers under the “no harm” standard;
- 5 2. The proposed sale could impact implementation and performance by PSE of
6 its clean energy programs required by state law;
- 7 3. The proposed sale could impact PSE’s integrated resource planning and,
8 consistent with Washington’s energy policy, impact the clean attributes of the
9 generation portfolio as well as related cost and risk for PSE’s customers;
- 10 4. The proposed sale could impact issues related to PSE’s interest in the Colstrip
11 coal-fired power plant in Montana; and
- 12 5. The proposed sale could impact issues related to energy efficiency assistance
13 and other affordability issues for low- and moderate-income customers.

14

15 **Q. What does NWEAC expect of the new owners of PSE?**

16 A. In addition to upholding the laws and regulations of the State of Washington, our
17 organization also expects the new owners to protect and enhance affordability for
18 customers and to be responsible stewards of the environment. This includes an
19 expectation that the goals and culture of the new PSE owners align its corporate interests
20 with the interests of customers and the clean energy goals of the State of Washington and,
21 specifically, to provide enhanced efforts to meet and surpass the renewable and energy
22 conservation targets of I-937, Washington’s Energy Independence Act. The new PSE
23 owners should seek opportunities to contribute to meeting or exceeding the state’s carbon

1 reduction goals. Accordingly, we also expect the new PSE owners to uphold PSE’s work
2 with all stakeholders to expedite the removal of coal-fired generation from PSE’s
3 resource stack in a manner that provides assistance to workers and the local community
4 and is environmentally responsible. Finally, we expect the new owners to continue and
5 enhance efforts to serve low-income customers’ access to affordable, reliable and clean
6 energy.

7 **III. SUPPORT FOR THE MULTI-PARTY SETTLEMENT AGREEMENT**

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9 **Q. Does the Settlement satisfy the interests of NVEC, meet the no harm**
10 **standard, and is it in the public interest?**

11 A. Yes. To meet the “no harm” standard, this Settlement must show that it is the
12 public interest, and when we evaluate a Settlement, we want to ensure that the public
13 interest in clean and affordable energy is enhanced. Additionally, the State of
14 Washington has many policies that specifically address the importance of reducing
15 greenhouse gas emissions and other pollutants.¹ The Commission has recognized that
16 Washington’s policy framework is intended to “diversify the state’s energy mix while
17 reducing its impact on the environment.”² State policies also support rates and programs
18 that assist low-income customers.³ Advancing these state policies is in the public interest

¹ See e.g., RCW 70.235.020, Chapter 80.80 RCW, Chapter 173-441 WAC, Chapter 173-442 WAC, Washington Carbon Pollution Reduction and Clean Energy Action, Exec. Order 14-04 (Apr. 29 2014), Western Public Utility Commissions’ Joint Action Framework on Climate Change, Wash.-Or.-Cal. (Mar. 7, 2017).

² *In the Matter of the Washington Utilities and Transportation Commission’s Investigation into Energy Storage Technologies*, Docket UE-151069, Report and Policy Statement on Treatment of Energy Storage Technologies in Integrated Resource Planning and Resource Acquisition (Oct. 11, 2017).

³ RCW 80.28.068, RCW 74.38.070.

1 and essential to meeting the no harm standard, and so we want to ensure that the
2 Settlement includes commitments from PSE and Puget Holdings that support these goals.

3 The Settlement includes agreement on the following issues pertinent to the
4 interests of NWECC.

5 (1) There are multiple agreements that further energy efficiency for PSE
6 customers, including commitments by the Joint Applicants to:

7 (a) Accelerate progress for an on-bill repayment program for customers to
8 finance energy efficiency upgrades;

9 (b) Continue robust participation in and funding for energy efficiency
10 market transformation work through the Northwest Energy Efficiency Alliance;

11 (c) Enhance and modify PSE's current "pay for performance" pilot, with a
12 goal of having a successful whole building pilot that significantly reduces energy use
13 intensity in large buildings.

14 (2) In the area of renewable resources Puget Holdings commits to work with
15 PSE to acquire all renewable resources required by law, including providing necessary
16 expertise and capital to fulfill Renewable Portfolio Standard obligations.

17 (3) To support the state's carbon reduction efforts, Puget Holdings commits
18 and supports PSE's existing greenhouse gas emissions goals and PSE will continue to
19 produce and make available an annual Greenhouse Gas Inventory Report.

20 (4) PSE and Puget Holdings commitments to low-income customers include:

21 (a) Continuing current levels of low-income weatherization funding, plus
22 an additional commitment of \$2 million over 5 years.

1 (b) Taking reasonable steps to include equitable participation of low-
2 income households in renewable energy programs available to residential
3 customers.

4 (c) Contributing PSE staff and resources to conduct a low-income needs
5 assessment study to better understand low-income household energy needs in PSE
6 service territory.

7

8 **Q. Are there other issues of the Settlement that pertain to the interests of**
9 **NWEC in this case?**

10 A. Yes. Puget Holdings agrees to uphold PSE's previous commitments regarding
11 accelerated depreciation of Colstrip Generating Units and funding commitments to
12 support economic transition for communities in Montana impacted by the eventual
13 closure of those units.

14

15 **Q. What is your recommendation regarding the Settlement?**

16 A. I recommend the Commission approve the Settlement in full. This Settlement
17 contains adequate commitments toward energy efficiency, renewable resources and low-
18 income customers. The Settlement confirms new owner support for previously resolved
19 issues related to Colstrip generating units and economic transition support and resources
20 for communities in Montana that will be impacted by the eventual closure of the Colstrip
21 Power Plant.

22

23 **Q. Does this conclude your testimony?**

24 A. Yes.