

**Exh. JLB-2
Dockets UE-190529/UG-190530 and
UE-190274/UG-190275 (*consolidated*)
Witness: Jason L. Ball**

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

**DOCKETS UE-190529
and UG-190530 (*consolidated*)**

In the Matter of the Petition of

PUGET SOUND ENERGY

**For an Order Authorizing Deferral
Accounting and Ratemaking Treatment
for Short-life UT/Technology Investment**

**DOCKETS UE-190274 and
UG-190275 (*consolidated*)**

EXHIBIT TO TESTIMONY OF

Jason L. Ball

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

Excerpt from Ball Testimony in 2017 PSE GRC

November 22, 2019

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2 **Q. Have you previously testified before the Commission?**

3 A. Yes. I testified on cost of service, rate spread, and rate design for both electric and
4 natural gas in Avista Corporation's (Avista) general rate case in Docket UE-160228.
5 I sponsored testimony in Pacific Power & Light Company's (Pacific Power) general
6 rate case in Docket UE-152253 on overall policy, revenue requirement, decoupling
7 mechanism, and proposed rate plan. I provided testimony on restating and expense
8 adjustments in Avista's 2015 general rate case Docket UE -150204. I presented
9 power supply and load forecasting testimony in Avista's general rate case in Docket
10 UE-140188. I presented an economic feasibility study relating to line extensions for
11 Puget Sound Energy (PSE or Company) in Docket UE-141335.

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13 **II. EXECUTIVE SUMMARY**

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15 **Q. What is the purpose of your testimony?**

16 A. My testimony addresses Cost of Service and Rate Design issues for both natural gas
17 and electric service. In general, I present recommendations that are based on
18 applicable Commission precedent as well as four key cost causation principles:

19 1. Energy and Capacity Allocation Factors: Cost allocations should be driven
20 first by how the system is used, and second by the reason the system was
21 built.

- 1 2. Benefit Follows Burden: The individuals causing costs should pay for those
2 costs. Additionally, the benefits related to certain costs should flow to those
3 who pay those costs and have the best opportunity of realizing the benefits.
- 4 3. Matching Principle: Costs should match the period of time over which they
5 occur, otherwise known as the matching principle.
- 6 4. Reduce Cross-Customer Subsidization: Subsidization of individual customer
7 classes by other customer classes should be reduced or eliminated, unless
8 purposely done to achieve a specific policy purpose

9

10 **Q. How did you apply these principles in your recommendations?**

11 A. To arrive at each of my recommendations, I first analyzed the actual operations and
12 usage of the Company's electric and natural gas distribution systems as well as the
13 type of customers who are connected to these systems. Wherever possible, I used
14 actual consumption data to drive not just the allocation of costs but the actual setting
15 of rates. The end-result of any cost allocations and final rates should appropriately
16 align the benefits and burdens of using PSE's natural gas and electric service
17 systems. The rates and the spread of Staff's proposed revenue requirement are also
18 based on reducing, and in some cases eliminating, the cross-subsidization of specific
19 customer classes.

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