

EXH. BTC-18T  
DOCKETS NOS. UE-240004/UG-240005  
2024 PSE GENERAL RATE CASE  
WITNESS: BRADLEY CEBULKO

**BEFORE THE WASHINGTON**

**UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,**

**Complainant,**

**v.**

**PUGET SOUND ENERGY,**

**Respondent.**

DOCKET NOS. UE-240004 and UG-240005  
*(Consolidated)*

**CROSS ANSWERING TESTIMONY (NONCONFIDENTIAL)**

**OF**

**BRADLEY CEBULKO**

**ON BEHALF OF**

**JOINT ENVIRONMENTAL ADVOCATES**

**September 18, 2024**

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**EXHIBIT LIST**

Exh. BTC-18T Cross Answering Testimony of Bradley Cebulko

1           **I.           Introduction**

2           **Q.           Please state your name and business address.**

3           **A.**       My name is Bradley Cebulko. My business address is 528 N. Treat Ave. Tucson, AZ,  
4               85716.

5           **Q.           On whose behalf are you submitting this cross-answering testimony?**

6           **A.**       I am submitting cross-answering testimony on behalf of the Joint Environmental  
7               Advocates.

8           **Q.           What is the purpose of your cross-answering testimony?**

9           **A.**       The purpose of my cross-answering testimony is to respond to issues I raised in my direct  
10               testimony that were also discussed in the direct testimony of other intervenors. This  
11               includes the Direct Testimony of Lance D. Kaufman<sup>1</sup> and Shaylee Stokes.<sup>2</sup> Specifically, I  
12               respond to witness Kaufman’s recommendations to reject PSE’s proposed Targeted  
13               Electrification Pilot Phase 2, and should the commission move forward with Phase 2, that  
14               the “costs should be spread only to those customers that would benefit from the results of  
15               the pilot.”<sup>3</sup>

16           **Q.           Did anything written by other intervenors in their direct testimony cause you to  
17               change the recommendations you made in your response testimony?**

18           **A.**       No. Consistent with my Response Testimony, I continue to make the following  
19               recommendations to the Commission:

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<sup>1</sup> Exh. LDK-1T.

<sup>2</sup> Exh. SNS-1T.

<sup>3</sup> Exh. LDK-1T at 2:5 – 10.

- 1           • I recommend the Commission establish a target of electrifying 182,000 customers  
2           in PSE’s gas service territory by the end of 2030.
- 3           • I recommend that the Commission order the Company to offer a General  
4           Electrification effort that includes three programs: New Construction, Existing  
5           customers who convert to all electric heating systems, and existing gas customers  
6           who convert to hybrid heating systems without adding a new gas furnace.
- 7           • I recommend that PSE pursue a target of electrifying at least 7,500 incremental  
8           customers in 2025 and 15,000 incremental customers in 2026, with the goal of  
9           additional scaling in subsequent years.
- 10          • I recommend the Commission establish a performance incentive mechanism, as  
11          described in my testimony, for PSE’s achievement in its general electrification  
12          program target.
- 13          • I recommend the Commission order PSE to provide semi-annual progress reports  
14          on its General Electrification programs.
- 15          • I recommend that unless PSE can provide more detail about the need for its \$2  
16          million Targeted Electrification Strategy budget, this funding should instead be  
17          used to directly supplement the electrification Pilot efforts.
- 18          • I recommend that the Commission allow PSE to recover Phase 2 electrification  
19          costs through a separate rate adjustment for this case but recommend the  
20          Commission direct PSE to recover electrification costs after 2027 through base  
21          rates.

- 1           • I recommend the Commission reject the Company’s \$3 million Alternative Fuels  
2           Readiness Program as the Company has not met its burden to demonstrate that the  
3           project is in the public interest.
- 4           • I recommend that the Commission adopt a requirement that PSE has the burden to  
5           demonstrate that it considered alternatives to traditional pipeline investments as a  
6           condition of recovering additional investment in pipeline and distribution mains  
7           that are not emergency repairs.
- 8           • I recommend that the Commission set the ROE for customer request and capacity  
9           expansion projects 0.75 percent lower than its approved ROE for all other gas  
10          capital investments.

11           It is worth clarifying that I recommend all PSE customers, including gas-only  
12          customers, should be eligible to participate in PSE’s electrification programs, consistent  
13          with recommendations made by TEP Witness Shaylee Stokes.

14          **II.        Response to the Direct Testimony of The Energy Project**

15          **Q.        What does The Energy Project (TEP) witness Shaylee Stokes recommend for PSE’s**  
16          **Targeted Electrification Program?**

17          **A.**        Witness Stokes recommends the Commission require PSE to expand eligibility for the  
18          Low-Income Pilot to include all gas customers, and not just dual-fuel customers.<sup>4</sup>  
19          Witness Stokes argues that it is not reasonable that gas-only customers pay for the  
20          program through DCARB141 but are not eligible unless they are also PSE electric  
21          customers.

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<sup>4</sup> Exh. SNS-1T at 23: 3 – 8.

1 **Q. Do you agree that all low-income gas customers should be eligible to participate in**  
2 **the Low-Income Pilot?**

3 **A.** Yes. I agree with witness Stokes' assessment. I have not seen PSE put forth a reason why  
4 it is in the public interest to restrict any electrification program to dual-fuel customers  
5 only. It is unfair to gas-only customers, serves no public interest, and it unnecessarily  
6 limits PSE's potential for cost-effectively identifying and completing electrification  
7 projects. As I demonstrated in my Response Testimony, the Company's electrification  
8 efforts fall well short of the achievements that are necessary.<sup>5</sup> Restricting electrification  
9 efforts to only dual-fuel customers needlessly drive up programmatic costs.

10 **Q. Did you address which customers should be eligible to participate in PSE's**  
11 **electrification programs in your Response Testimony?**

12 **A.** In my response testimony, I proposed differentiated performance incentive mechanism  
13 multipliers for dual-fuel, gas-only, and electric-only customers.<sup>6</sup> Implicit in that  
14 recommendation is an expectation that the Company's electrification program is available  
15 to gas-only customers as well as dual fuel customers. However, it is worth clarifying that  
16 I recommend that all gas customers are eligible for PSE's electrification programs.

17 **III. Response to the Direct Testimony of Alliance of Western Energy Consumers**

18 **Q. What does Alliance of Western Energy Consumers (AWEC) recommend with**  
19 **respect to PSE's proposed Phase 2 of the Targeted Electrification Pilots?**

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<sup>5</sup> Exh. BTC-1T at 42:10 – 55:13.

<sup>6</sup> Exh. BTC-1T at 52:11 to 54:6

1 A. AWEC witness Lance Kaufman recommends the Commission reject the Company’s  
2 Phase 2 proposal in this general rate case.<sup>7</sup> Should the Commission approve the  
3 Company’s proposal, AWEC recommends that Schedules 87T, 449, 459, EITEs, and  
4 special contracts be excluded from allocation of the electrification programmatic costs.<sup>8</sup>

5 **Q. Why does witness Kaufman recommend the Commission reject Phase 2?**

6 A. Witness Kaufman testifies that expanding the targeted electrification program is  
7 “premature at best” for the following reasons:

- 8 • ESHB 1589 requires PSE and the Commission to consider the gas utility’s  
9 decarbonization on a holistic basis, which the Company has not completed;<sup>9</sup>
- 10 • The timing of the Company’s Targeted Electrification Strategy makes it  
11 impossible for the Company to utilize learnings from the pilot to inform its  
12 Targeted Electrification Strategy;<sup>10</sup> and
- 13 • PSE’s proposal is “not fully developed” and does not demonstrably benefit all  
14 customers who would bear its costs.<sup>11</sup>

15 **Q. Witness Kaufman argues that ESHB 1589 requires PSE and the Commission to**  
16 **consider decarbonization of PSE’s natural gas system on a holistic basis, and since**  
17 **the Company has not yet conducted a compliant Integrated System Plan, PSE’s**  
18 **Phase 2 Targeted Electrification Plan is premature. Do you agree?**

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<sup>7</sup> Exh. LDK-1T at 19:7 – 18.

<sup>8</sup> Exh. LDK-1T at 22:3-7.

<sup>9</sup> Exh. LDK-1T at 19:7 – 18.

<sup>10</sup> Exh. LDK-1T at 19:7 – 18.

<sup>11</sup> Exh. LDK-1T at 19:7 – 18.

1 A. No. In my direct testimony, I demonstrated that electrification is a “least regret” resource  
2 for decarbonization and compliance with the Climate Commitment Act (CCA). The state  
3 has set a statewide emissions reduction requirement to reduce overall greenhouse gas  
4 emissions 95 percent below 1990 levels by 2050. The state also passed the CCA, which  
5 specifically requires PSE to reduce its gas utility related emissions or obtain emissions  
6 allowances equal to the Company’s covered greenhouse gas emissions. Washington  
7 state,<sup>12</sup> the Utilities and Transportation Commission,<sup>13</sup> and PSE have published studies  
8 that have found that building electrification will be a core component of reducing  
9 emissions from buildings. In particular, PSE’s 2021 and 2023 Decarbonization Studies  
10 found that PSE should electrify 160,000 – 182,000 customers by 2030 as part of its  
11 Decarbonization Strategy.<sup>14</sup> That equates to about 22,000 customers per year from 2024 –  
12 2030. PSE Proposed Phase 2 Targeted Electrification Program, on the other hand, is  
13 proposing to electrify just 920 and 1035 customers in 2025 and 2026, respectively.<sup>15</sup>  
14 While I find fault with PSE’s 2023 Decarbonization Study, my concerns are not that the  
15 Company’s electrification proposal is premature. Rather, I demonstrate that the Company  
16 needs to immediately scale up its program. Additionally, in contrast to Phase 2 being  
17 “premature,” my testimony highlighted just some of the many learnings that PSE has  
18 already gathered from its Phase 1 efforts that can be drawn upon to inform a much more  
19 ambitious portfolio of electrification programs. For example, the Phase 1 fuel switching  
20 rebate effort was so successful that the number of participants exceeded initial

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<sup>12</sup> Exh. BTC-1T at 6:8 – 13.

<sup>13</sup> Exh. BTC-1T at 6:13 – 7:3.

<sup>14</sup> Exh. BTC-1T at 44:3 – 7.

<sup>15</sup> Exh. BTC-1T at 60: Table 8.



1 expectations. As such, it is reasonable to expand the budget for this effort to reach an  
2 even greater number of customers and customer segments (rather than restricting  
3 participation as PSE has proposed).

4 **Q. Does the Company need to conduct an Integrated System Plan before it can start**  
5 **decarbonizing its gas system?**

6 **A.** No. It would be inappropriate for PSE to wait until it files its first Integrated System Plan  
7 in 2027 to start decarbonizing and deploying electrification. The state's emissions  
8 reduction goals, SB 5295, and the Climate Commitment Act are independent statutes  
9 passed by the state that are already in effect and that effectively require PSE to be taking  
10 steps to decarbonize now. Those requirements exist with or without ESHB 1589. As  
11 demonstrated in my direct testimony, PSE must rapidly decarbonize its gas system to  
12 meet CCA and state emissions reduction targets.<sup>16</sup> The Company is not relieved of its  
13 obligation to comply with the CCA until the Commission has approved the Integrated  
14 System Plan in late 2027 or beyond. The legislature passed ESHB 1589 to support the  
15 clean energy transformation<sup>17</sup> but it does not override PSE's other statutory and  
16 regulatory obligations. Washington and PSE have already begun the critical work of  
17 decarbonizing gas systems; witness Kaufmann's proposal to halt this work until it can be  
18 repeated or re-initiated under the auspices of ESHB 1589 would be inefficient,  
19 inconsistent with the intent of ESHB 1589, and incompatible with PSE's independent  
20 decarbonization obligations under pre-existing state law and policy.

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<sup>16</sup> Exh. BTC-1T at 13:12 – 22:18.

<sup>17</sup> ESHB 1589, Section 1(6).

1 **Q. Do you agree that the timing of the Company’s Targeted Electrification Strategy**  
2 **makes it impossible for the Company to utilize learnings from the pilot to inform its**  
3 **Targeted Electrification Strategy?**

4 **A.** No. To start, I expect that the Company will use the results from Phase 1 to inform its  
5 Targeted Electrification Strategy. As I explained in my testimony, many of Phase 1’s  
6 efforts have been rolled over into Phase 2, so I am uncertain how much additional  
7 learnings the Company will achieve for those specific efforts.<sup>18</sup> Furthermore, as I  
8 explained here and demonstrated in my testimony, PSE’s Decarbonization Studies show  
9 that the Company should be electrifying approximately 182,000 customers by 2030, or  
10 22,000 per year from now until 2030. The Company is proposing a Phase 2 pilot that will  
11 only electrify approximately ~1,000 customers each year for the next two years. While I  
12 am disappointed that the Company has moved slowly on unveiling a Targeted  
13 Electrification Strategy, I have shown that the lack of one isn’t a reason to further delay  
14 implementing a program that the Company needs to rapidly scale.

15 **Q. Witness Kaufmann argues PSE’s proposal does not demonstrably benefit all**  
16 **customers who would bear its costs, and hence the customers who do not directly**  
17 **participate do not benefit. Do you agree?**

18 **A.** No. The Company has a specific obligation through the CCA to reduce its greenhouse  
19 gas emissions. Electrification programs reduce PSE’s gas utility compliance obligation.  
20 Failure to reduce these emissions could ultimately lead to costs reaching more than \$100  
21 million per year in the 2030s, and more than \$1 billion per year by 2050, much or all of

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<sup>18</sup> Exh. BTC-1T at 40:22 – 46:3.

1 which could be borne by all PSE customers.<sup>19</sup> Just like energy efficiency programs, all  
2 customers receive some level of benefit even if they do not directly participate. In the  
3 case of energy efficiency, nonparticipating customers benefit because it is less expensive  
4 to the system as a whole to serve participating customers with energy efficiency rather  
5 than additional gas supply. In the case of electrification programs, there are similar  
6 systemwide benefits to nonparticipants. Moreover, electrification is a compliance  
7 instrument for meeting PSE’s CCA target. As I demonstrated in my testimony,  
8 electrification must be a core component of PSE’s pathway for decarbonizing its gas  
9 utility and compliance with the CCA. As such, all customers will benefit from PSE  
10 investments in building electrification even if a customer does not directly benefit.

11 **Q. Is there relevant Commission precedent for finding that all customers can benefit**  
12 **from utility programs even if a customer does not directly participate in the**  
13 **program?**

14 **A.** Yes. In 2017, this Commission rejected a proposal to allow large customers to opt-out of  
15 funding Avista’s conservation program.<sup>20</sup> The Commission wrote, “we state definitively  
16 that all customers benefit, even indirectly, when a utility invests in cost-effective  
17 conservation resources.”<sup>21</sup> Under the Commission’s regulations, a utility’s portfolio of  
18 conservation resources must have benefits that exceed the costs. That is, it is less  
19 expensive for the utility to purchase the conservation resources than an equivalent

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<sup>19</sup> Exh. BTC-1T at 61:17 – 62:4.

<sup>20</sup> Dockets UE-170485 and UG-170486 (Consolidated), UE-171221, and UG-171222 (Consolidated), Order 07 ¶ 250 (April 26, 2018).

<sup>21</sup> Dockets UE-170485 and UG-170486 (Consolidated), UE-171221, and UG-171222 (Consolidated), Order 07 ¶ 250 (April 26, 2018).

1 amount of supply-side resources. Thus, all customers benefit because the Company is  
2 meeting its demand needs at less cost than it otherwise would incur. Similarly, when the  
3 Company invests in electrification for compliance with CCA, all customers benefit even  
4 if they do not directly participate in the program because the Company's actions are part  
5 of its CCA compliance.

6 **Q. AWEC argues that the pilots should be rejected because they were not developed in  
7 accordance with traditional cost-effectiveness measures. How do you respond?**

8 **A.** I do not recommend the Commission apply the same cost-effectiveness standard for  
9 developing CCA compliance as it has relied on for energy efficiency programs.

10 Traditionally, this Commission has expected that an energy efficiency portfolio has a  
11 total resource cost test score greater than 1.0, which means that the total benefits exceed  
12 the total costs. This Commission has, however, relied on other cost-effectiveness tests as  
13 the primary test in the past, including the use of the utility cost test for natural gas energy  
14 efficiency portfolios. When it comes to legal matters such as CCA compliance, adhering  
15 to the boundaries of the law must take priority. Indeed, it is conceivable that no  
16 compliance pathway has a traditional total resource cost (TRC) score that exceeds 1.0.  
17 However, a utility should not be permitted to shirk its CCA compliance obligation or be  
18 required to pursue other opportunities that are not subject to a TRC test, simply because  
19 the necessary steps do not score well on a TRC test. Similarly, when a utility makes an  
20 investment in its distribution system for reliability purposes or for compliance with other  
21 legal requirements, this Commission does not expect the benefits to always exceed the  
22 costs. Rather, the Commission expects that the Company chooses the investment that  
23 minimizes costs and risks to customers and maximizes benefits. In other words, which

1 investment option maximizes net benefits to customers. I recommend the Commission  
2 take a similar approach that compares the net benefits of various compliance programs  
3 and investments (accounting for risk and long-term decarbonization objectives) when it  
4 approves CCA compliance pathways including an electrification program.

5 To conclude, even though it should not be a prerequisite for approving  
6 electrification efforts, PSE should strive to make continuous improvements in its  
7 evaluation of net benefits and in turn use those evaluations to enhance program design as  
8 electrification efforts evolve over time. As I demonstrated, there were numerous flaws in  
9 PSE's electrification assumptions that likely underestimated the net benefits of each  
10 electrification scenario.<sup>22</sup> These methodological deficiencies should be improved upon  
11 going forward, but they should not be grounds to forestall electrification efforts writ  
12 large.

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

14 **A.** Yes.

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<sup>22</sup> Exh. BTC-1T at 23:22 – 40:6.