

**EXH. GDS-1T  
DOCKETS UE-220066/UG-220067/UG-210918  
2022 PSE GENERAL RATE CASE  
WITNESS: GLORIA D. SMITH**

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,**

**Complainant,**

**v.**

**PUGET SOUND ENERGY,**

**Respondent.**

**Docket UE-220066  
Docket UG-220067  
Docket UG-210918**

**PREFILED TESTIMONY SUPPORTING SETTLEMENT STIPULATION AND  
AGREEMENT ON REVENUE REQUIREMENT AND ALL OTHER ISSUES EXCEPT  
TACOMA LNG AND PSE'S GREEN DIRECT PROGRAM (NONCONFIDENTIAL) OF**

**GLORIA D. SMITH**

**ON BEHALF OF NW ENERGY COALITION, FRONT AND CENTERED, AND  
SIERRA CLUB**

**August 26, 2022**

**NW ENERGY COALITION, FRONT AND CENTERED, AND SIERRA CLUB**

**PREFILED TESTIMONY SUPPORTING SETTLEMENT STIPULATION AND  
AGREEMENT ON REVENUE REQUIREMENT AND ALL OTHER ISSUES EXCEPT  
TACOMA LNG AND PSE'S GREEN DIRECT PROGRAM (NONCONFIDENTIAL) OF**

**GLORIA D. SMITH**

**TABLE OF CONTENTS**

LIST OF EXHIBITS..... ii

INTRODUCTION ..... 1

ANALYSIS..... 2

CONCLUSION..... 7

**NW ENERGY COALITION, FRONT AND CENTERED, AND SIERRA CLUB**

**PREFILED TESTIMONY SUPPORTING SETTLEMENT STIPULATION AND  
AGREEMENT ON REVENUE REQUIREMENT AND ALL OTHER ISSUES EXCEPT  
TACOMA LNG AND PSE'S GREEN DIRECT PROGRAM (NONCONFIDENTIAL) OF**

**GLORIA D. SMITH**

**LIST OF EXHIBITS**

Exh. GDS-2                      Professional Qualifications for Gloria D. Smith

1 **INTRODUCTION**

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

3 **A.** My name is Gloria D. Smith. I am a Managing Attorney with Sierra Club. My business  
4 address is 2101 Webster Street, Suite 1300, Oakland, CA 94612.

5 **Q. Please describe your background and experience.**

6 **A.** I am a managing attorney at Sierra Club managing the legal work in the thirteen western  
7 states for several Sierra Club campaigns. This work includes litigating Sierra Club cases  
8 related to building electrification, primarily before state public utility commissions, as  
9 well as coordinating with Sierra Club’s campaign, organizing, and chapter staff to ensure  
10 that this litigation advances the Club’s mission. My professional qualifications are  
11 discussed further in Exh. GDS-2.

12 **Q. Have you provided testimony before the Washington Utilities and Transportation  
13 Commission (“UTC” or “Commission”) before?**

14 **A.** No, I have not.

15 **Q. On whose behalf are you appearing in this proceeding?**

16 **A.** I am testifying on behalf of NW Energy Coalition (“NWECC”), Front and Centered, and  
17 Sierra Club (collectively referred to in this testimony as the “Joint Environmental  
18 Advocates”).

19 **Q. What is the scope of your testimony?**

20 **A.** The purpose of this testimony is to recommend Commission approval of the Partial  
21 Multiparty Settlement, titled Settlement Stipulation and Agreement on Revenue  
22 Requirement and All Other Issues Except Tacoma LNG (“Multiparty Settlement” or  
23 “Settlement”) in Puget Sound Energy’s (“PSE” or “the Company”) general rate case.

1 This testimony addresses why, in the Joint Environmental Advocates' view, the  
2 provisions of the Settlement related to gas system decarbonization are in the public  
3 interest and in the interest of an equitable, decarbonized energy system in Washington.  
4 Testimony from Lauren C. McCloy discusses how the Settlement addresses other issues  
5 that the Joint Environmental Advocates have raised in this proceeding. I understand that  
6 other parties will submit testimony addressing other aspects of the Settlement.

7 **ANALYSIS**

8 **Q. Would you briefly summarize Sierra Club's interest in this proceeding?**

9 **A.** Sierra Club intervened in this proceeding on behalf of its more than 25,000 members who  
10 live and purchase utility services in Washington, to advocate for a responsible, equitable  
11 transition away from reliance on fossil fuels and toward a clean energy portfolio.

12 Through its participation in this proceeding, Sierra Club seeks to ensure that the actions  
13 and investments PSE undertakes are consistent with Washington's ambitious climate  
14 goals and do not strand PSE customers with outmoded, expensive, and polluting fossil  
15 fuel resources. These concerns are especially relevant to actions and investments that  
16 could expand or add new customers to PSE's gas system.

17 Sierra Club's interest in the proceeding is aligned with that of the other Joint  
18 Environmental Advocates, Front and Centered and NW Energy Coalition.

19 **Q. What issues related to gas system decarbonization did the Joint Environmental  
20 Advocates raise in this proceeding?**

21 **A.** The Joint Environmental Advocates' expert, Mr. Edward A. Burgess, addressed several  
22 issues related to gas system decarbonization in his prefiled direct testimony, filed in this  
23 docket on July 28, 2022 as Exh. EAB-1T. The main issues raised in Mr. Burgess's

1 testimony can be grouped into the categories of decarbonization analysis and planning,  
2 limiting gas system expansion, and alternative pipeline fuels.

3 With respect to decarbonization analysis and planning, Mr. Burgess identified  
4 several issues with PSE's gas decarbonization study. These issues included the study's  
5 failure to adequately consider near-term opportunities to fully electrify new customers, its  
6 assumptions related to the performance and availability of all-electric cold-climate heat  
7 pumps, and other key variables like design day temperatures and electric system costs.<sup>1</sup>  
8 Additional issues related to the study's treatment of building envelope efficiency,  
9 weatherization, load shifting, and demand response are discussed in the testimony of Josh  
10 B. Keeling, filed in this docket on behalf of the Joint Environmental Advocates as Exh.  
11 JBK-1T, dated July 14, 2022.<sup>2</sup> All of these issues together informed Mr. Burgess's  
12 conclusion that PSE's determination that full electrification is not an appropriate solution  
13 at this time, is "overly simplistic and paints a misleading picture of the potential to  
14 electrify some, if not all, of its customers."<sup>3</sup> Mr. Burgess recommended that the  
15 decarbonization study be updated to address these issues, and that PSE be required to  
16 develop a comprehensive near-term targeted electrification plan.<sup>4</sup>

17 With respect to gas system expansion, Mr. Burgess expressed concern that PSE  
18 would not be able to meet its Climate Commitment Act obligations while continuing to  
19 add new gas customers.<sup>5</sup> Many of the historic rationales for seeking to add new gas

---

<sup>1</sup> Exh. EAB-1T at 19-34.

<sup>2</sup> Exh. JBK-1T at 7-8, 47-54; *see* Exh. EAB-1T at 26.

<sup>3</sup> Exh. EAB-1T at 19-20 (quoting Exh. JJJ-1T at 45).

<sup>4</sup> Exh. EAB-1T at 17-19, 35.

<sup>5</sup> Exh. EAB-1T at 7.

1 customers no longer apply, or are now outweighed by significant policy goals and  
2 developments supporting a reduction or elimination of new customer growth.<sup>6</sup> Mr.  
3 Burgess recommended that PSE’s line extension allowance be set to zero, and that no gas  
4 capital expenditures be approved until PSE updates its decarbonization study and  
5 completes a near-term targeted electrification strategy.<sup>7</sup> He also proposed a performance  
6 metric and possible incentive mechanism based on reducing the annual ratio of new gas  
7 to electric customers added to PSE’s system.<sup>8</sup>

8 With respect to alternative pipeline fuels such as renewable natural gas (“RNG”)  
9 and green hydrogen, Mr. Burgess proposed a set of criteria including consideration of  
10 cost, local pollution impacts, certification of carbon abatement benefits, and more, to  
11 ensure that the fuels are truly providing clean energy that is in the best interest of PSE  
12 customers.<sup>9</sup> He recommended against approving costs of RNG facilities unless and until  
13 PSE provides the information needed to determine whether the facilities meet the  
14 proposed criteria.

15 **Q. How does the Settlement address these issues, advance decarbonization of the gas**  
16 **system, and promote the public interest?**

17 **A.** Overall, the Settlement advances clean energy and the public interest by limiting PSE’s  
18 expenditures in gas system expansion, providing for improved future analysis and  
19 planning related to gas system decarbonization, and limiting investments in unproven  
20 alternative pipeline fuels.

---

<sup>6</sup> Exh. EAB-1T at 37-46.

<sup>7</sup> Exh. EAB-1T at 2-3.

<sup>8</sup> Exh. EAB-1T at 62-65.

<sup>9</sup> Exh. EAB-1T at 56-58.

1           The Settlement limits PSE’s spending on gas system expansion by phasing out  
2 PSE’s gas line extension allowances by January 1, 2025, and eliminating promotional  
3 advertising aimed at connecting new customers to the gas system by January 1, 2023.<sup>10</sup>  
4 The Settlement further reduces PSE’s gas revenue requirement from its initial case by  
5 half in year 1 and by one-third in year 2.<sup>11</sup> These reductions include a \$5 million  
6 reduction in 2023 and a \$1 million reduction in 2024 to reflect a lower gas rate base.<sup>12</sup>  
7 Limiting PSE’s spending in gas system expansion will help both PSE and Washington  
8 achieve their climate commitments, reduce harmful indoor and outdoor pollution, and  
9 limit investments in new gas system infrastructure that are likely to become stranded  
10 assets as the clean energy transition continues.

11           The Settlement also provides for improvements to PSE’s planning and analysis  
12 for gas system decarbonization. First, PSE will conduct an updated gas decarbonization  
13 study that incorporates more up-to-date assumptions about cold climate heat pumps, an  
14 analysis of opportunities to electrify new customers, sensitivity analysis around electric  
15 system assumptions, and consideration of incentives under the federal Inflation  
16 Reduction Act, among other improvements.<sup>13</sup> Second, PSE will conduct an electrification  
17 pilot with a target of engaging 10,000 customers through multiple measures, including  
18 rebates and incentives for efficient all-electric appliances.<sup>14</sup> Third, PSE will incorporate  
19 the findings of the updated gas decarbonization study and electrification pilot into a

---

<sup>10</sup> Settlement at III.L & P.67.i.

<sup>11</sup> Settlement at III.A.

<sup>12</sup> Settlement at III.A.20.g.

<sup>13</sup> Settlement, at III.P.65.

<sup>14</sup> Settlement at III.P.66.



1 Targeted Electrification Strategy to be included in PSE’s next gas IRP and Biennial  
2 Conservation Plan.<sup>15</sup> This Targeted Electrification Strategy will consider a  
3 comprehensive set of electrification measures, and will include a proposed budget, an  
4 electrification rebate, a proposal to limit or phase out incentives for new gas appliances,  
5 and a set of annual targets to continue reducing new gas customer additions in future  
6 years. The electrification pilot and Targeted Electrification Strategy will prioritize low-  
7 income, energy-burdened, highly-impacted, and vulnerable customers and populations,  
8 and will include measures to help ensure that these populations benefit from  
9 electrification.

10 Collectively, these measures will provide a more realistic assessment of the  
11 opportunities to fully electrify PSE customers, compared to the hybrid heating approach  
12 emphasized in PSE’s filed case. These measures will also help PSE incorporate this  
13 assessment into its planning and decisionmaking in its next gas IRP and Biennial  
14 Conservation Plan. And the electrification pilot will help PSE take a significant first step  
15 on the path to decarbonizing its gas system.

16 Finally, the Settlement removes recovery of RNG costs from PSE’s multiyear rate  
17 plan.<sup>16</sup> This change will help ensure that PSE does not make and recover investments in  
18 RNG before it can adequately answer key questions related to RNG’s cost, availability,  
19 ability to achieve claimed or anticipated climate benefits, and health and environmental  
20 impacts.

---

<sup>15</sup> Settlement at III.P.67.

<sup>16</sup> Settlement at III.A.c.

**CONCLUSION**

1  
2  
3  
4  
5

**Q. Please summarize your recommendations.**

**A.** I recommend that the Commission approve the Partial Multiparty Settlement.

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

**A.** Yes, it does.