BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

(consolidated)

In the Matter of the Petition of

PUGET SOUND ENERGY

For an Order Authorizing Deferred Accounting Treatment for Puget Sound Energy’s Share of Costs Associated with the Tacoma LNG Facility

TESTIMONY OF ALI AL-JABIR

IN SUPPORT OF THE PARTIAL MULTI-PARTY SETTLEMENT AGREEMENT

ON BEHALF OF

THE FEDERAL EXECUTIVE AGENCIES

August 26, 2022
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Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.
A. Ali Al-Jabir. My business address is 5151 Flynn Parkway, Suite 412 C/D, Corpus Christi, Texas, 78411.

Q. DID YOU PREVIOUSLY FILE RESPONSE TESTIMONY IN THIS PROCEEDING?
A. Yes.

Q. ON WHOMS BEHALF ARE YOU APPEARING IN THIS PROCEEDING?
A. I am appearing on behalf of the Federal Executive Agencies (“FEA”). Our firm is under contract with The United States Department of the Navy (“Navy”) to perform cost of service, rate design and related studies. The Navy represents the Department of Defense and all other Federal Executive Agencies in this proceeding. The FEA is one of the largest consumers of electricity in the service territory of Puget Sound Energy (“PSE” or “the Company”) and takes electric service from the Company primarily on Schedule 49.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN SUPPORT OF THE SETTLEMENT AGREEMENT?
A. My testimony sets forth the reasons that the FEA supports the Partial Multi-Party Settlement (“Settlement”) in this proceeding. The Settlement has been executed by the following parties in this case: (i) PSE; (ii) the regulatory staff of the Washington Utilities and Transportation Commission (“Commission Staff”); (iii) Alliance of Western Energy Consumers (“AWEC”); (iv) the FEA; (v) Walmart, Inc. (“Walmart”); (vi) The Energy Project; (vii) Kroger, Co. (“Kroger”); (viii) NW Energy Coalition; (ix) Sierra Club; (x) Front and Centered; (xi) Microsoft and (xii) Nucor Steel Seattle, Inc. (“Nucor”). The Settlement addresses all issues in PSE’s general rate case proceeding
except those issues relating to the Tacoma Liquefied Natural Gas ("LNG") Facility and
PSE’s Green Direct Program.

PSE, Commission Staff, AWEC, Walmart, Kroger, and Nucor have also entered
into an accompanying agreement to resolve issues regarding the Tacoma LNG facility.
On August 5, 2022, a partial multi-party settlement on the Green Direct program was
filed with the Commission, along with supporting testimony. The parties to the Green
Direct settlement are PSE, Commission Staff, Public Counsel, King County, and
Walmart.

**Support for the Settlement**

**Q. WHY DOES THE SUBSTANCE OF THE SETTLEMENT SATISFY THE INTERESTS OF THE FEA?**

**A.** The Settlement is acceptable to the FEA because it reduces the Rate Year 1 electric
revenue requirement increase from approximately $311 million under PSE’s original
filing in this proceeding to approximately $223 million under the Settlement. For Rate
Year 2, the Settlement reduces the incremental revenue requirement increase from $63
million under the Company’s original filing to $38 million under the Settlement.

The Settlement is also acceptable to the FEA for three other reasons. First, it
results in a movement in the direction of more cost-based rates for Schedule 49.
Specifically, the Settlement moves Schedule 49 closer to parity by allocating 150% of
the adjusted average percentage electric base rate decrease to this rate schedule.

Second, the Settlement adopts the FEA’s proposal to incorporate both demand
and energy charges into the design of the Colstrip rider (Schedule 141-C) and the
multi-year rate plan riders (Schedules 141-R and 141-N) for all rate schedules with
demand-based charges. This provision of the Settlement makes the rate design of these
riders more consistent with cost-causation.

Finally, the Settlement ensures that the cost of the Targeted Electrification Pilot
and the Targeted Electrification Strategy, as described in the Settlement, will be
allocated in a manner that is consistent with cost-causation principles. Specifically, the
pilot program costs will be spread to each electric rate schedule based on the schedule’s
share of total Electrification Pilot program funding expended for that schedule. Costs
that the Company incurs to develop the Targeted Electrification Strategy will be
recovered from the class benefiting from the program.

Q. DOES THE FEA’S ACCEPTANCE OF THE SETTLEMENT SUGGEST THAT
THE FEA APPROVES OF ANY RATEMAKING PRINCIPLES, THEORIES OR
CONCEPTS THAT UNDERLIE THE SETTLEMENT?

A. No. The FEA supports the Settlement as a reasonable compromise of the competing
interests of the parties who have executed the Settlement with respect to the matters
addressed therein. The FEA’s acceptance of the Settlement should not be interpreted as
agreement with any specific ratemaking principle, theory or concept that may be
reflected therein. While the Settlement, as a whole, constitutes a reasonable
compromise among the parties who have executed the Settlement, the FEA’s acceptance
of the Settlement should not suggest that it considers any individual element of the
Settlement to be reasonable on a stand-alone basis.

Q. DOES THIS CONCLUDE YOUR TESTIMONY IN SUPPORT OF THE
SETTLEMENT?

A. Yes, it does.