

EXH. KCH-7T
DOCKET NOS. UE-220066/UG-220067
2022 PSE GENERAL RATE CASE
WITNESS: KEVIN C. HIGGINS

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

Docket No. UE-220066
Docket No. UG-220067

SETTLEMENT TESTIMONY OF
KEVIN C. HIGGINS
ON BEHALF OF NUCOR STEEL SEATTLE, INC.

August 26, 2022

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1 **Q. Please summarize your conclusions and recommendations.**

2 A. I recommend that the Commission adopt both Settlements in their entirety. In my
3 opinion, the Settlements result in just and reasonable rates and are in the public
4 interest.

5

6 **III. NUCOR'S SUPPORT FOR THE SETTLEMENTS**

7 **Q. Please explain Nucor's support for the Settlements.**

8 A. Nucor owns and operates a steel mill in Seattle and takes gas transportation
9 service from Puget Sound Energy, Inc. ("PSE") under Schedule 87T. Both
10 Settlements have important implications for the rates that Nucor will pay for
11 service, and both address the subject matter that I discussed in my Response
12 Testimony. While the scope of the Settlements is broader than the topics I
13 addressed in testimony, Nucor views each Settlement as a package that fairly
14 balances the interests of numerous parties representing diverse stakeholder
15 perspectives.

16 My Response Testimony focused primarily on the allocation of gas system
17 costs across customer classes, gas revenue allocation, rate design for Schedules
18 141R and 141N (particularly as they pertain to Schedules 87 and 87T), and the
19 ratemaking treatment of LNG and Renewable Natural Gas ("RNG") costs.

20 The Revenue Requirement Settlement does not adopt a particular class
21 cost-of-service result for gas service, but resolves class revenue allocation through
22 a reasonable compromise. It also removes RNG costs from the revenue
23 requirement and adopts a reasonable rate design for Schedules 141R and 141N, as

1 well as for Schedules 87 and 87T. These provisions satisfactorily address the
2 issues I raised in my Response Testimony on these topics.

3 The Tacoma LNG Settlement properly assigns the recovery of Tacoma
4 LNG Facility costs to sales customers, who will utilize this facility. This
5 provision resolves the concern I raised in my Response Testimony on this subject.

6 Taken as a whole, both Settlements satisfactorily address the concerns
7 raised by Nucor in my Response Testimony and produce overall results that are in
8 the public interest. Nucor recommends that the Commission approve the
9 Settlements as a whole.

10 **Q. Does this conclude your Settlement Testimony?**

11 A. Yes, it does.