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,

 $\mathbf{v}_{\bullet}$ 

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

**PUGET SOUND ENERGY, INC.,** 

Respondent.

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

August 26, 2022

# **Table of Contents** I. INTRODUCTION \_\_\_\_\_\_1

1		SETTLEMENT TESTIMONY OF KEVIN C. HIGGINS
2		
3		I. INTRODUCTION
4	Q.	Please state your name and business address.
5	A.	My name is Kevin C. Higgins. My business address is 111 East Broadway, Suite
6		1200, Salt Lake City, Utah, 84111.
7	Q.	By whom are you employed and in what capacity?
8	A.	I am a Principal in the firm of Energy Strategies, LLC. Energy Strategies is a
9		private consulting firm specializing in economic and policy analysis applicable to
10		energy production, transportation, and consumption.
11	Q.	Are you the same Kevin C. Higgins who filed Response Testimony in this
12		case on behalf of Nucor Steel Seattle, Inc. ("Nucor")?
13	A.	Yes.
14		
15		II. RECOMMENDATIONS
16	Q.	What is the purpose of your Settlement Testimony?
17	A.	My testimony supports the adoption of the Settlement Stipulation and Agreement
18		on Revenue Requirement and All Other Issues Except Tacoma LNG and PSE's
19		Green Direct Program ("Revenue Requirement Settlement") and Settlement
20		Stipulation and Agreement on Tacoma LNG ("Tacoma LNG Settlement"), which
21		addresses issues related to the Tacoma Liquified Natural Gas ("LNG") Facility.

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- 0	Please	summarize your	conclusions	and rec	rommendafions
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A. I recommend that the Commission adopt both Settlements in their entirety. In my opinion, the Settlements result in just and reasonable rates and are in the public interest.

A.

#### III. NUCOR'S SUPPORT FOR THE SETTLEMENTS

### Q. Please explain Nucor's support for the Settlements.

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

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

The Revenue Requirement Settlement does not adopt a particular class cost-of-service result for gas service, but resolves class revenue allocation through a reasonable compromise. It also removes RNG costs from the revenue 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.