EXH. TMH-12T
DOCKETS UE-240004/UG-240005 et al.
2024 PSE GENERAL RATE CASE
WITNESS: THOMAS M. HUNT

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, **Complainant,** **v.** **PUGET SOUND ENERGY,** **Respondent.**	**Docket UE-240004** **Docket UG-240005** ***(consolidated)***
In the Matter of the Petition of **PUGET SOUND ENERGY** **For an Accounting Order Authorizing deferred accounting treatment of purchased power agreement expenses pursuant to RCW 80.28.410**	**Docket UE 230810** ***(consolidated)***

PREFILED REBUTTAL TESTIMONY (NONCONFIDENTIAL) OF

THOMAS M. HUNT

ON BEHALF OF PUGET SOUND ENERGY

SEPTEMBER 18, 2024

PUGET SOUND ENERGY

PREFILED REBUTTAL TESTIMONY (NONCONFIDENTIAL) OF THOMAS M. HUNT

CONTENTS

PUGET SOUND ENERGY

PREFILED REBUTTAL TESTIMONY (NONCONFIDENTIAL) OF THOMAS M. HUNT

LIST OF EXHIBITS

PUGET SOUND ENERGY

PREFILED REBUTTAL TESTIMONY (NONCONFIDENTIAL) OF THOMAS M. HUNT

I. INTRODUCTION

Q. Are you the same Thomas M. Hunt who submitted Prefiled Direct Testimony on February 15, 2024, on behalf of Puget Sound Energy ("PSE") in this proceeding?

A. Yes, on February 15, 2024, I filed the Prefiled Direct Testimony of Thomas M. Hunt, Exhibit TMH-1T and ten supporting exhibits (TMH-2 through TMH-11).

Q. What is the purpose of your rebuttal testimony?

A. My rebuttal testimony responds to two employee incentive plan adjustments proposed by Public Counsel witness Greg Meyer and clarifies why the Commission should reject Public Counsel's adjustments. I first discuss the annual Goals and Incentive Plan, since it has an extensive record of guidance from the Commission. I follow with a discussion of PSE's request to include recovery of the 10 percent of the Long Term Incentive Plan ("LTIP") expense associated with PSE's Environmental, Social, and Governance ("ESG") goals. For the portion of the LTIP plan that PSE seeks to recover, I suggest that the Commission should rely on its prior guidance about the recoverability of incentive plans.

Finally, my testimony makes a minor correction to my prefiled direct testimony regarding a prior Commission order. The correction does not change PSE's requested rate recovery amount or the fundamentals of our case.

II. INCENTIVE PAY ADJUSTMENTS

A. PSE's Incentive Plans Overall

Q. What is the purpose of employee incentive plans such as PSE's Goals and Incentive Plan and Long Term Incentive Plan?

A. As described in my prefiled direct testimony,[1] incentive plans are part of the PSE's compensation program that focuses employees on achieving strategic objectives that benefit customers, while creating a performance incentive that increases retention and motivation. The plans communicate and foster attention on important goals that benefit ratepayers.

Q. Does Public Counsel witness Greg Meyer provide testimony about what he views as the purpose of PSE's incentive plans?

A. Yes, in part. He first defines incentive plans as being either based on operational goals or financial performance goals, and he devotes the majority of his testimony to financial performance goals, which he incorrectly argues only benefit shareholders.[2] While Meyer indicates that he does not "dispute that these are

[1] Hunt, Exh. TMH-1T at 33-34.
[2] Meyer, Exh. GRM-1CT at 9-13.

market-based measures of compensation…”,[3] he does not explore incentive plans as an element of employee compensation.

Q. Why is the purpose of the incentive plans important?

A. The purpose of incentive plans is important because they are structured as a form of employee compensation that results in benefits to customers. The Commission in prior orders has viewed incentive plans as part of employee pay and has noted that companies have described the plan approach as beneficial. Specifically, the Commission noted in the PacifiCorp 2005 general rate case that “[c]ompanies provide incentive pay as an addition to base pay if the employee meets certain specified company goals.”[4] In the PacifiCorp 2010 general rate case, the Commission noted that “[t]here does not appear to be disagreement that this is a preferable means to structure employee compensation. In fact, during the hearing, the Joint Parties agreed that it was preferable to have employee compensation with an incentive component rather than a flat salary.”[5] Incentive plans need to be viewed as a compensation program that connects employees to what the company identifies as important goals, rather than viewed as a financial transaction between ratepayers and shareholders. Incentive plans incentivize employee behavior to align with goals that benefit ratepayers.

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[3] Meyer, Exh. GRM-1CT at 15.

[4] *See WUTC v. PacifiCorp d/b/a Pacific Power & Light Co.*, Docket UE-050684, Order 04 ¶ 124 (Apr. 17, 2006).

[5] *See WUTC v. PacifiCorp d/b/a Pacific Power & Light Co.*, Docket UE-100749, Order 06 ¶ 249 (Mar. 25, 2011), citing the hearing transcript at pp. 513-514.

Q. What is Public Counsel witness Meyer's primary reason for seeking to remove from recovery amounts related to the Long Term Incentive Plan ("LTIP") and the annual Goals and Incentive Plan?

A. In its most basic terms, Meyer thinks that incentive compensation tied to financial metrics should be removed.[6] He establishes a false dichotomy between the shareholder and the ratepayer, and he incorrectly asserts that financial metrics only benefit shareholders.

Q. Do you agree with Public Counsel witness Meyer's view of financial metrics as only benefiting shareholders?

No. Shareholders and ratepayers are not at odds regarding financial measures. Ratepayers benefit from a financially healthy company for a few reasons. A financially sound utility is better able to provide reliable service, and can obtain clean energy resources at the most advantageous prices. Similarly, ratepayers can directly see lower costs when the company is financially healthy.[7]

Q. Hasn't the Commission previously rejected the argument made by Meyer?

A. Yes. The Commission has acknowledged that financial measures can be included in incentive plans that are recovered when other factors are also met. In PSE's 2019 GRC, the Commission authorized PSE's incentive pay, finding it to be consistent with prior determinations, particularly recognizing its decision in PSE's

[6] Meyer, Exh. GRM-1CT at 15-16.

[7] *See, e.g.,* Doyle, Exh. DAD-1CT at 22 ("A strong credit profile is correlative with access to lower interest rates, which can provide significant savings in debt costs over the life of the bond.").

2004 GRC, noting "[when the Commission authorized the Company to recover incentive compensation expenses in its 2004 GRC, we recognized that a portion of the program required the Company to achieve certain earnings goals, but nevertheless approved it based on the second threshold that measured service quality, safety, and reliability… these are the criteria we look for in authorizing, or not, the recovery of incentive payment costs."[8]

Several years after its decision in PSE's 2004 GRC, the Commission established a standard for evaluating the reasonableness of employee compensation, including incentive plans, in PacifiCorp's 2010 general rate case. In that case, the Commission explained that it does not "wish to delve too deeply into the Company's management of its human resources and the manner in which it determines overall compensation policy," and concluded that it inquires "only whether the compensation exceeds the market average, is unreasonable, and offers benefits to ratepayers."[9] Accordingly, the Commission rejected the parties' proposed adjustments.[10]

[8] See *WUTC v. Puget Sound Energy,* Dockets UE-190529 *et. al.*, Order 08 ¶ 313 (July 8, 2020) citing *WUTC v. Puget Sound Energy*, Dockets UE-040641/UG- 040640, Order 06 ¶ 144 (Feb. 18, 2005).

[9] See *See WUTC v. PacifiCorp d/b/a Pacific Power & Light Co.*, Docket UE-100749, Order 06 ¶ 250 (Mar. 25, 2011).

[10] *Id.*

Of the Commission's three points of inquiry about incentive, "offers benefits to ratepayers" is the most often debated, because usually the first two points are not in dispute. In the next section, I show that PSE's incentive plans continue to offer benefits to ratepayers and should be recovered in rates.

B. Annual Goals and Incentive Plan[11]

Q. How does PSE's annual Goals and Incentive Plan benefit ratepayers?

A. In my prefiled direct testimony, I established three ways that the Goals and Incentive Plan provides benefits to ratepayers:

- "… focuses work groups and individuals on the key objectives of PSE, including safety, reliability, service quality, customer service and operational efficiency."[12]
- "… slows the base wage growth that would occur in a compensation system with base salaries only"[13]
- "… is part of a comprehensive compensation and benefits package that makes PSE an attractive employer to skilled and experienced talent in the labor market."[14]

[11] Note that Meyer refers to the Goals and Incentive Plan as the "short-term incentive plan."
[12] Hunt, Exh. TMH-1T at 34.
[13] *Id.*
[14] *Id.* at 35.

Q. Did the witness challenge any of these key ways the Goals and Incentive Plan benefits PSE customers?

A. No. In fact, for non-financial measures, Meyer agreed that inclusion in rates was appropriate.[15]

Q. Did the witness accurately characterize the Goals and Incentive Plan in terms of financial and non-financial goals?

A. No. The Goals and Incentive Plan has remained consistent for a number of years and is fundamentally the same as the plan reviewed by the Commission several times since 2004 and approved in the 2019 GRC. PSE's plan does not have two separate measures, as suggested by Meyer.[16]

PSE's plan uses a matrix or table approach for funding, with ten safety, customer service and reliability measures on the vertical axis, and one financial measure (EBITDA[17]) on the horizontal axis, with funding determined by the results of all eleven measures.[18]

Also, in order to fund any awards, two thresholds must be met—a threshold performance on safety, customer service, and reliability (minimum six of ten achieve) and a threshold performance on EBITDA (minimum of 90 percent of target EBITDA).

[15] Meyer, Exh. GRM-1CT at 15 ("For the reasons outlined here, incentive compensation goals that are tied to service quality and reliability, and public and employee safety, are appropriate for inclusion in cost of service, since they are tied to direct customer benefits.").

[16] *Id.* at 18.

[17] Earnings before interest, taxes, depreciation, and amortization.

[18] Scale is shown on Hunt, Exh. TMH-11 at 3.

The combination of all goal results leads to a funding level for the plan, 100 percent when both axes are at target, and lower funding when measures miss on either axis. With its combination of goals, PSE's annual Goals and Incentive Plan is balanced and provides benefits to ratepayers, contrary to Meyer's assessment.[19]

Q. Are Meyer's arguments about recovery of the Goals and Incentive Plan ones that the Commission has previously reviewed and dismissed?

A. Yes, for the most part. His main arguments (that half of the plan is based on financial measures, and that incentives based on financial measures should be disallowed) have previously been rejected by the Commission as noted above. Meyer recognized that the Commission has previously reviewed and approved the plan and requested the Commission to reconsider.

Q. Were other arguments advanced by Public Counsel witness Meyer?

A. Yes. At a high level, Meyer incorrectly views the Goals and Incentive Plan as a transaction between the shareholders and ratepayers, where he assumes accomplishment of financial measures will create "higher corporate earnings" for shareholders that should be used to pay the costs of the incentives, or reduce customer rates or lower revenue requirements.[20] This perspective does not reflect how the goals in PSE's plan actually work, how the incentive forecasts in the MYRP were developed, or the current financial condition of PSE, which is one of

[19] Meyer, GRM-1CT at 16:9-10 ("Including these costs in cost of service is imbalanced and unreasonable.").

[20] *Id.* at 17-18.

under-earning its allowed rate of return. The MYRP assumptions for PSE's Goals and Incentive Plan are based on PSE achieving target EBITDA and all ten safety, customer service and reliability goals. These goals help focus employees on achieving a target level of financial performance in concert with ten other non-financial goals. As a target level of performance, the goal is built from PSE's business plan that would ideally allow PSE to reach its allowed rate of return, something which has not occurred since 2017, but certainly would not be "higher corporate earnings." Meyer's arguments introduce novel and unfounded requirements for incentive plans, based on a theoretical discussion of financial performance goals. As these arguments do not represent PSE's actual plan, ignore the purpose of incentive plans as a form of employee compensation (not a revenue source for investors) and ignore prior commission guidance, they should be rejected.

Q. Should the Commission change its position regarding the recoverability of employee incentive compensation?

A. No. The Commission has analyzed PSE's incentive plans and similar plans from other utilities and has approved such plans using established guidance. Meyer does not present convincing evidence to support why the Commission should revisit its prior decisions.

Q. What ultimately did Meyer propose for rate recovery of PSE's Goals and Incentive Plan?

A. Meyer proposed disallowing 50 percent of the Goals and Incentive Plan because he incorrectly attributed 50 percent of PSE's program to financial goals and 50 percent to non-financial goals. In his view, no part of financial goals should be included, and he assumes that 50 percent of the plan is tied to financial metrics. For the reasons discussed above, the Commission should reject his proposed disallowance.

Q. Is there a part of your Prefiled Direct Testimony that needs to be corrected?

A. Yes. There is a typographical error in a quotation from one of the Commission's orders. The words "PSE has" accidently replaced the words "we have" in the quotation; the correct quote is as follows:

> [W]hile a portion of PSE's incentive plan payments turn on PSE reaching certain earnings goals, there is a second threshold for such payments that is based on service quality, safety, and reliability considerations. These are the criteria we have looked for in authorizing, or not, the recovery of incentive payments costs.[21]

C. Long Term Incentive Plan

1. Background

Q. What is the Long Term Incentive Plan?

A. The LTIP is an employee compensation program with an objective of focusing

[21] *WUTC v. Puget Sound Energy Inc.*, Docket UG-040640, et al., Order 06 ¶ 144 (Feb. 18, 2005).

participants on key long-term goals of PSE. The plan has a three-year performance period and participation is determined by the PSE Board of Directors and currently is limited to PSE officers and employee directors. Awards are granted each year and performance is tracked and reported to participants during the three-year performance cycle to provide information on forecast results.

Q. Has PSE ever provided information on the LTIP program in prior cases?

A. Yes. Every PSE rate case since 2006 has included information at a high level about LTIP as part of PSE's executive compensation programs; however, because recovery was not previously sought, LTIP did not receive much attention from parties. In every recent GRC, PSE has included an exhibit from the SEC Form 10-K with descriptions of all executive pay programs, including the LTIP programs. In the current case this is Exhibit TMH-5.

Q. Does PSE's LTIP program have a history of only including financial goals as measures?

A. No. Over the years, the LTIP has included a blend of financial and non-financial goals. From 2005 to 2011, LTIP grants were made with performance measures partly based on whether PSE accomplished its SQI results, with a threshold requirement similar to the current threshold for SQIs in the annual Goals and Incentive Plan. These cycles with an SQI goal in the LTIP were: the 2005-2007 cycle based 30 percent on SQIs; the 2006-2008, 2007-2009, 2008-2010, 2009-

2011, 2010-2012, and 2011-2013 cycles based 50 percent on SQIs. From 2012 to 2022, the goals were all financial.

Q. Why did PSE not seek recovery of those old LTIP cycles before 2012 that had as much as 50 percent based on SQIs?

A. Prior to purchase by private investors in 2009, the LTIP program was granted in PSE stock, and ultimately valued based on share price, so PSE perceived even the SQI portions of awards could be seen as the domain of shareholders and not appropriate for reimbursement by ratepayers. Initially after PSE was purchased by private investors, the LTIP program was paid in cash but grants were tracked in "units" that functioned like "phantom stock," and so therefore could still be perceived as part of the shareholder domain. PSE no longer issues units, instead granting and paying out the LTIP in cash.

2. <u>Current Long Term Incentive Plan</u>

Q. How is the 2023-2025 Long Term Incentive Plan structured?

A. The 2023-2025 LTIP continues the objectives of prior LTIP programs as employee compensation programs:

> Long-term incentive compensation opportunities are designed to align the interests of executives with those of our investors, provide competitive pay opportunities, support a customer-focused utility, reward long-term performance and promote retention.[22]

[22] Hunt, Exh. TMH-13 at 1 (Exhibit TMH-13 is not confidential and consists of the text portion of PSE's response to Public Counsel Data Request No. 087. PSE's response included a confidential Attachment A (PSE's 2023-2025 LTIP Plan Summary), but that confidential document is not included in

Like prior grants, this LTIP has a three-year performance period, but unlike recent grants it has three performance measures—an environmental measure (carbon intensity) with a 10 percent weighting; strategic initiatives with an overall 35 percent weighting; and total return with a 55 percent weighting.[23] A confidential copy of PSE's 2023-2025 LTIP plan summary, which provides additional plan details was provided by PSE as Attachment A to the same data request as TMH-13, and Meyer included it in his testimony as exhibit GRM-5C.

Q. What is the appropriate Commission guidance on incentives that should be applied when considering the Long Term Incentive Plan?

A. While the Commission has not provided specific orders relating to PSE's LTIP, its guidance statements about incentive plans in general have been clear that a program must be market competitive, reasonable, and provide benefit to ratepayers.[24] The extensive Commission record on incentive plan recovery treatment provides the framework for reviewing the LTIP.

TMH-13. Public Counsel witness Meyer included the confidential Attachment A as an exhibit to his response testimony, GRM-5C, and the attachment is available there.).

[23] *Id.*

[24] Witness Meyer says that the Commission disallowed LTIP, but that order was about SERP, a different program. Meyer may have based his statement on a mistaken connection made by PSE in SEF 1T. 1T 8:14-23. PSE Witness Free inadvertently conflated the SERP with the LTIP and has offered a correction in her rebuttal testimony.

Q. What has changed now compared to prior years that has led PSE to seek partial recover of LTIP expenses?

A. Since 2020, PSE's LTIP grants have been expressed as target dollar awards and not as phantom stock shares. The calculation of LTIP value is now based on the amount granted and the performance results. This has made the LTIP program distinctly different from prior stock or stock equivalent based plans and more like the annual Goals and Incentive Plan.

More importantly, PSE leadership and the Board diversified the goals being measured in the LTIP plan, starting with the 2023-2025 cycle, in recognition of the transformational challenges faced by PSE. As previously discussed, incentive plans help to communicate the important long-term company goals and focus employee attention on attaining these goals, and this is true of the LTIP plan with new environmental and strategic initiative goal categories. PSE proposes to include 10 percent of the LTIP expense in rates based on the Environmental, Social, and Governance goal which is a long-term goal of importance to PSE management, shareholders and ratepayers.

Q. What did Meyer propose for rate recovery of the 10 percent of PSE's 2023-2025 and ongoing LTIP Plans?

A. Meyer proposed disallowing all of the LTIP expense because he considers it a plan "for PSE's employee directors and officers that incentivizes financial goals"[25] and he again, similar to his perspective on the annual Goals and Incentive Plan, adopts a view of LTIP as a financial transaction that will benefit shareholders instead of LTIP as an employee compensation program.[26]

Q. What kind of goal is the 2023-2025 LTIP's Environmental Social and Governance goal of reducing carbon intensity?

A. This goal is an operational goal that is intended to help gauge PSE's progress toward clean energy targets. In addition to first appearing in the 2023-2025 LTIP, this goal has also been included in the 2024-2026 LTIP grants made in March 2024 and is planned to be in the 2025-2027 LTIP grant.[27]

Q. Is reducing carbon intensity a financial goal?

A. No. Meyer stretches to argue that achieving a reduction in carbon intensity results in a shareholder increase of earnings and therefore he places it in the category of financial goals. While the witness hypothesizes that PSE will accomplish the reduction of carbon intensity by purchasing more clean energy generation, this is only one potential way that the goal would be met, and misses the purpose of the LTIP as a form of employee incentive and compensation.

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[25] Meyer, Exh. GRM-1CT 9:10.

[26] *Id.* at 11 ("Increasing rate base is the primary way in which PSE executives will achieve the environmental goals laid out in LTIP. Therefore, it is inappropriate to ask customers to pay for incentive compensation that will increase earnings for shareholders as PSE grows rate base.").

[27] Exh. TMH-6C shows the LTIP cycles planned to be active during the MYRP and these were also described at Exh. TMH-1T at 22-23. Note that my Exh. TMH-1T lists a 2025-2028 LTIP cycle in error and should have shown as the 2025-2027 cycle, which is correctly shown in TMH-6C.

Q. Does Meyer overlook the benefit to ratepayers of the ESG portions of the LTIP?

A. Yes. Meyer overlooks the purpose and breadth of PSE's LTIP program, especially the ESG components, instead only focusing on what he perceives to be the benefit to shareholders.

Q. Does reducing carbon intensity benefit ratepayers?

A. Yes, it does. Reducing carbon intensity benefits the community at large, including ratepayers, by helping to take action against one cause of climate change. Also, when PSE establishes and meets ESG goals, such as reduced carbon intensity, it increases PSE's standing in the eyes of community members, including prospective employees, who value organizations with environmental values.

Q. Meyer cited a Commission order included in the prefiled direct testimony of PSE witness Susan Free. Was that an appropriate citation for disallowing the LTIP?

A. No. There is no current guidance from the Commission regarding rate recovery of PSE's LTIP plan. PSE witness Susan Free inadvertently conflated the LTIP and the SERP, which are distinct PSE programs—one an incentive plan (LTIP) and the other a retirement plan (SERP). Free corrects this error in her rebuttal testimony. Meyer used Free's mistaken reference and included significant text from the Commission order in his testimony, text which discusses executive retirement programs, but not the LTIP that he was seeking to disallow.

Q. The LTIP participants are officers and employee directors. Do you think this should impact whether recovery is allowed?

A. No. The plan is designed for executives, but that fact alone should not disqualify inclusion in rates. Again, Commission guidance on incentive recovery advises a focus on benefit to ratepayers.[28] As noted in my prefiled direct testimony, executives provide benefits to ratepayers and progress on the ESG goals is one part of that.[29] The review of PSE's LTIP proposal should focus on if, and how, the plan benefits ratepayers. In terms of the totality of executive compensation, it is worth noting that 90 percent of the overall LTIP expense is <u>not</u> sought for recovery.

Q. If the plan aligns executives with shareholders, can it also align with ratepayers?

A. The intention of the LTIP is to promote the accomplishment of important long-term company goals, and alignment of executives and shareholders is part of the path to doing this but does not preclude alignment with ratepayers.[30] Many of these goals serve the interests of all parties—ratepayers, management,

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[28] *WUTC v. PacifiCorp*, UE-050684, Order 4 ¶ 128 ("The ultimate issue is whether total compensation is reasonable and provides benefits to ratepayers, not whether incentive compensation is paid in stock or whether compensation, particularly for executives, is similar to that of other comparable companies.").

[29] Hunt, Exh. TMH-1T at 19.

[30] Hunt, Exh. TMH-13 at 2; *see also* Exh. TMH-12T at 12.

shareholders, regulators and intervenors, and for these I believe all can be in alignment. I refuse to adopt a perspective that sees an automatic antagonism between any of the parties, which includes the relationship between shareholders and ratepayers. The ESG goals are clearly broad-based goals with wide support among all parties.

Q. Is it necessary to show that operations expenses, like incentive plans, are known and measurable?

A. No. The Commission has broad discretion in determining the level of operations and maintenance expenses, like the incentive plans, that are appropriate for recovery in rates. For further discussion, please see the Prefiled Rebuttal Testimony of Susan E. Free, Exh. SEF-28T. Assuming target levels of performance is a reasonable assumption in making the MYRP forecasts.

III. CONCLUSION

Q. Has Meyer accurately portrayed PSE's incentive programs?

A. No, he has not. He did not discuss at all the overall purpose of incentives and the value they provide to ratepayers. He also over-emphasized parts of the annual Goals and Incentive Plan rather than the totality of the plan and finally, he argued that any financial measure should not be recovered. His proposals do not follow prior Commission guidance.

Q. Why should PSE's annual Goals and Incentive Plan continue to be included in rates?

A. PSE's Goals and Incentive Plan is the continuation of the plan that the Commission has reviewed several times previously and approved. The plan benefits ratepayers through the achievement of its eleven objectives—ten operational, customer service and safety related, and one financial. The plan also provides benefits to ratepayers, including by helping PSE retain and motivate a talented and committed workforce.

The arguments of Public Counsel fall short, mainly because Public Counsel's witness Meyer does not analyze PSE's plan itself, but instead reviews a theoretical plan with two independent measures—one financial and one operational. Meyer further makes the unsupported claim that any incentive based on financial measures benefits only shareholders and should not be included in rates. The Commission provides regulated utilities with an authorized rate of return, so financial measures should not be inherently suspect. When incentive plans focus employees and executives on promoting a financially healthy company, it provides benefits to ratepayers, rather than only serving shareholders.

The Commission has not previously and should not accept Public Counsel's recommendation to remove 50 percent of the Goals and Incentive Plan from recovery in rates.

Q. Why should a portion of PSE's Long Term Incentive Plan be included in rates?

A. The 10 percent of PSE 2023-2025 LTIP (and future plans) associated with the Environmental Measure of reducing carbon emissions should be included in rates because it meets all the Commission's guidance for inclusion of incentives in rates, with the guidance of benefiting ratepayers being the most important.

Public Counsel did not dispute PSE's claim that reducing carbon intensity benefits customers but instead claimed that the path they saw to accomplishing the goal would increase rate base and therefore benefit shareholders. Instead of looking at the LTIP as an employee compensation program with a purpose of retaining and motivating employees, Public Counsel viewed it as a financial transaction of shareholders and ratepayers.

PSE has provided the information needed to meet Commission guidance on incentive recovery and recommends the 10 percent of LTIP be included in rates. The Commission should reject Public Counsel's argument regarding the potential impact of rate base to shareholder returns as a separate matter not relevant to the incentive discussion.

Q. Does that conclude your prefiled rebuttal testimony?

A. Yes, it does.