EXHIBIT NO. \_\_\_\_\_ (NH-1T)

DOCKET NOS. UE-121697/UG-121705

WITNESS: NANCY HIRSH

BEFORE THE WASHINGTON

UTILITIES AND TRANSPORTATION COMMISSION

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| WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,  Complainant,  vs.  PUGET SOUND ENERGY, INC.,  Respondent. | )  )  )  )  )  )  )  )  )  )  ) | DOCKET NOS. UE-121697  and UG-121705 (*Consolidated)* |

TESTIMONY *(NON-CONFIDENTIAL)* OF

NANCY HIRSH

ON BEHALF OF NW ENERGY COALITION

March 27, 2013

1. I. IdentITY AND QUALIFICATIONS OF THE WITNESS

**Q. Please state your name and address.**

A. I am Nancy Hirsh, and my address is c/o NW Energy Coalition, 811 First Avenue, No. 305, Seattle, Washington 98104.

**Q. In what capacity are you submitting this testimony?**

A. I am a witness for the NW Energy Coalition (“Coalition”).

**Q. What are your qualifications?**

A. I am the Policy Director for the Coalition. I direct the Coalition’s efforts to enhance investments in energy efficiency, renewable resources, and low-income energy services through work with utilities, commissioners, regulators, and state policy makers. Prior to joining the Coalition in 1996, I spent twelve years in Washington, D.C. working on national energy policy issues for the Environmental Action Foundation and the National Wildlife Federation. I have served as an expert witness on decoupling, rate design, and energy efficiency programs in cases before the Idaho and Oregon Commissions. I have worked with other Coalition staff and national experts on the design of decoupling mechanisms, energy efficiency, and low-income program design and programs to reduce greenhouse gas emissions.

1. II. SUMMARY OF TESTIMONY

**Q. Please explain the purpose of your testimony.**

A. My testimony recommends that the Commission approve the multiparty settlement agreement filed with the Commission on March 22, 2013. The multiparty settlement resolves all issues concerning the Power Purchase Agreement docket,[[1]](#footnote-1) the two consolidated decoupling dockets,[[2]](#footnote-2) and the two consolidated expedited rate filing dockets[[3]](#footnote-3) as between the settling parties: Puget Sound Energy, Inc. (“PSE”), the Staff of the Washington Utilities and Transportation Commission (“Commission Staff”), and the Coalition. The Commission should approve the settlement agreement because it is in the public interest and is supported by strong evidence and analysis.

**Q. Please briefly explain the scope of your testimony.**

A. My testimony supports the resolution, embodied in the settlement agreement, of the PPA docket and the consolidated decoupling dockets. The Coalition is not a party to the consolidated ERF dockets and my testimony does not address the resolution of those dockets.

**Q. Please briefly explain why the Coalition believes the settlement agreement is in the public interest.**

A. The Coalition believes the settlement is in the public interest and recommends the Commission approve the settlement because the best interests of PSE’s customers and the environment are served by enabling PSE to aggressively pursue, and accelerate acquisition of, all available energy efficiency measures. The decoupling proposal includes protections for ratepayers by capping any rate increases at 3% annually and provides some relief for low-income customers by increasing the funding for the HELP program each year at the same percentage increase as is determined for the decoupling mechanism. By including a general rate case stay out provision, the settlement breaks the pattern of constant rate cases and relieves ratepayers of the burden of paying for continual litigation. And by including a third-party evaluation of the decoupling mechanism, the settlement will provide the Commission, PSE, and other stakeholders with information to evaluate and potentially improve on the decoupling mechanism going forward.

The Coalition also believes the settlement is in the public interest because it includes modifications to the PPA that provide a clear role for the Commission in evaluating whether the PPA should terminate or continue in the event that the Memorandum of Agreement (“MOA”) between TransAlta and the State of Washington terminates. The settlement, by adopting the PPA Amendment submitted by PSE on January 22, 2013 in the Garratt Affidavit, also provides for additional reporting commitments that will enable the Commission to track annual payments from TransAlta for local economic development and energy efficiency, as well as clean technology development and job retention at the Centralia facility, and sources of electricity being used to serve PSE customers through the PPA.

1. III. the multiparty settlement agreement

**Q. Do you support the settlement of the consolidated decoupling dockets?**

A. Yes. The multiparty settlement agreement adopts the amended joint decoupling petition as filed by PSE and the Coalition on March 1, 2013. That petition presents an electricity and natural gas decoupling and energy efficiency proposal that advances conservation and removes the disincentive for the pursuit of additional energy efficiency.

**Q. Has the Coalition already provided evidence and expert testimony supporting the amended joint decoupling petition?**

A. Yes, the Coalition has provided extensive evidence and testimony from expert witness Ralph Cavanagh supporting the adoption of full electricity and natural gas decoupling mechanisms for PSE, both in the context of PSE’s last general rate case[[4]](#footnote-4) and in the context of the original and amended joint petitions filed by PSE and the Coalition in the consolidated decoupling dockets.[[5]](#footnote-5) That testimony lays out in detail the reasons that the amended joint decoupling proposal is in the public interest and should be approved by the Commission. That testimony applies equally to the multiparty settlement agreement, which adopts the amended joint decoupling proposal without modification.

**Q. Why do you support the settlement of the PPA docket?**

A. The Coalition’s testimony in the PPA proceeding primarily focused on ensuring that the terms of the MOA pertaining to funds for local economic development and clean energy would be upheld. This settlement includes two important revisions to the Coal Transition PPA. First, PSE must seek Commission concurrence before continuing or terminating the PPA if the MOA is terminated. This provision establishes a clear role for the Commission in such an event, though leaves the decision on, and subsequent risk of, PPA continuation with PSE. Second, to address concerns related to retention of jobs, PSE may terminate the PPA if TransAlta ceases generating at the Centralia coal plant or conducts substantial layoffs. This provides the pressure on TransAlta that we sought in this proceeding. Finally, in support of these amendments, TransAlta agreed to provide PSE with data concerning payments made in conjunction with the MOA, the average number of full-time employees at the Centralia plant each year, and the sources of electricity used to fulfill the PPA.

**Q. Are there any other reasons the Coalition supports the settlement?**

A. Yes. The settlement agreement provides that the settling parties will continue to discuss possible changes to PSE’s low-income bill assistance program and budget, and that the parties may negotiate an addendum to the settlement agreement on these issues. The Coalition supports the commitment to continue these discussions to ensure that PSE’s program meets the needs of its low-income customers.

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

A. Yes.

1. *In re PSE’s Petition for Approval of a Power Purchase Agreement for Acquisition of Coal Transition Power, as Defined in RCW 80.80.010, and the Recovery of Related Acquisition Costs*, Docket UE-121373 [hereinafter the “PPA docket”]. [↑](#footnote-ref-1)
2. *In re the Petition of PSE and NW Energy Coalition for an Order Authorizing PSE to Implement Electric and Natural Gas Decoupling Mechanisms and to Record Accounting Entries Associated with the Mechanisms*, Dockets UE-121697 and UG-121705, consolidated by order dated March 22, 2013 [hereinafter the “consolidated decoupling dockets”]. [↑](#footnote-ref-2)
3. *In re Puget Sound Energy, Inc.’s Expedited Rate Filing*, Dockets UE-130137 and UG-130138, consolidated by order dated March 22, 2013 [hereinafter the “consolidated ERF dockets”]. [↑](#footnote-ref-3)
4. *WUTC v Puget Sound Energy, Inc.*, Dockets UE-111048/UG-111049, Exhibit No. \_\_\_\_ (RCC‑1T). [↑](#footnote-ref-4)
5. *In re the Petition of PSE and NW Energy Coalition for an Order Authorizing PSE to Implement Electric and Natural Gas Decoupling Mechanisms and to Record Accounting Entries Associated with the Mechanisms*, Dockets UE-121697 and UG-121705, Exhibit No. \_\_\_ (RCC-1T) and Exhibit No. \_\_\_\_ (RCC-3T). [↑](#footnote-ref-5)