

EXHIBIT NO. _____ (NH-1T)
DOCKET NOS. UE-121697/UG-121705
WITNESS: NANCY HIRSH

BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND)	DOCKET NOS. UE-121697
TRANSPORTATION COMMISSION,)	and UG-121705 (<i>Consolidated</i>)
)	
Complainant,)	
)	
vs.)	
)	
PUGET SOUND ENERGY, INC.,)	
)	
Respondent.)	
_____)	

TESTIMONY (*NON-CONFIDENTIAL*) OF
NANCY HIRSH
ON BEHALF OF NW ENERGY COALITION

March 27, 2013

1 I. IDENTITY AND QUALIFICATIONS OF THE WITNESS

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

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

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

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

7 **Q. What are your qualifications?**

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

17 II. SUMMARY OF TESTIMONY

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

19 A. My testimony recommends that the Commission approve the multiparty
20 settlement agreement filed with the Commission on March 22, 2013. The multiparty settlement
21 resolves all issues concerning the Power Purchase Agreement docket,¹ the two consolidated

22 _____
23 ¹ *In re PSE’s Petition for Approval of a Power Purchase Agreement for Acquisition of Coal*
24 *Transition Power, as Defined in RCW 80.80.010, and the Recovery of Related Acquisition Costs,*
Docket UE-121373 [hereinafter the “PPA docket”].

1 decoupling docket,² and the two consolidated expedited rate filing dockets³ as between the
2 settling parties: Puget Sound Energy, Inc. (“PSE”), the Staff of the Washington Utilities and
3 Transportation Commission (“Commission Staff”), and the Coalition. The Commission should
4 approve the settlement agreement because it is in the public interest and is supported by strong
5 evidence and analysis.

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

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

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

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

21 ² *In re the Petition of PSE and NW Energy Coalition for an Order Authorizing PSE to Implement*
22 *Electric and Natural Gas Decoupling Mechanisms and to Record Accounting Entries Associated*
23 *with the Mechanisms*, Dockets UE-121697 and UG-121705, consolidated by order dated
24 March 22, 2013 [hereinafter the “consolidated decoupling dockets”].

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”].

1 decoupling mechanism, the settlement will provide the Commission, PSE, and other stakeholders
2 with information to evaluate and potentially improve on the decoupling mechanism going
3 forward.

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

13 III. THE MULTIPARTY SETTLEMENT AGREEMENT

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

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

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

21 A. Yes, the Coalition has provided extensive evidence and testimony from expert
22 witness Ralph Cavanagh supporting the adoption of full electricity and natural gas decoupling
23
24

1 mechanisms for PSE, both in the context of PSE’s last general rate case⁴ and in the context of the
2 original and amended joint petitions filed by PSE and the Coalition in the consolidated
3 decoupling dockets.⁵ That testimony lays out in detail the reasons that the amended joint
4 decoupling proposal is in the public interest and should be approved by the Commission. That
5 testimony applies equally to the multiparty settlement agreement, which adopts the amended
6 joint decoupling proposal without modification.

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

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

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21 ⁴ *WUTC v Puget Sound Energy, Inc.*, Dockets UE-111048/UG-111049, Exhibit No. ____
(RCC-1T).

22 ⁵ *In re the Petition of PSE and NW Energy Coalition for an Order Authorizing PSE to Implement*
23 *Electric and Natural Gas Decoupling Mechanisms and to Record Accounting Entries Associated*
24 *with the Mechanisms*, Dockets UE-121697 and UG-121705, Exhibit No. ____ (RCC-1T) and
Exhibit No. ____ (RCC-3T).

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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.