

**BEFORE THE WASHINGTON
UTILITIES & TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

DOCKETS UE-220066, UG-220067, and UG-210918 (*Consolidated*)

**RESPONSE TESTIMONY OF COREY J. DAHL
ON BEHALF OF THE
WASHINGTON STATE OFFICE OF THE ATTORNEY GENERAL
PUBLIC COUNSEL UNIT**

EXHIBIT CJD-1T

December 8, 2023

RESPONSE TESTIMONY OF COREY J. DAHL

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DOCKETS UE-220066, UG-220067, and UG-210918 (*Consolidated*)

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EXHIBIT LIST

Exhibit CJD-2	List of Proceedings Before the Washington Utilities & Transportation Commission for Corey J. Dahl
Exhibit CJD-3	PSE Response to The Energy Project Data Request 100
Exhibit CJD-4	PSE Response to Public Counsel Data Request 441
Exhibit CJD-5	PSE Response to Public Counsel Data Request 431, plus first supplemental response
Exhibit CJD-6	PSE Response to WUTC Staff Data Request 311
Exhibit CJD-7	PSE Response to Public Counsel Data Request 436
Exhibit CJD-8	PSE Response to Public Counsel Data Request 435, with Attachment A (LIAC Meeting Notes)
Exhibit CJD-9	PSE Response to WUTC Staff Data Request 312
Exhibit CJD-10	PSE Response to WUTC Staff Data Request 313
Exhibit CJD-11	PSE Response to Public Counsel Data Request 425
Exhibit CJD-12	PSE Response to Public Counsel Data Request 428
Exhibit CJD-13	PSE Response to Public Counsel Data Request 426
Exhibit CJD-14	PSE Response to Public Counsel Data Request 429
Exhibit CJD-15	PSE Response to Public Counsel Data Request 430
Exhibit CJD-16	PSE Response to Public Counsel Data Request 440, plus first supplemental response

I. INTRODUCTION AND SUMMARY

1 **Q. Please state your name, employer, and business address.**

2 A. My name is Corey J. Dahl. I serve as Regulatory Analyst for the Public Counsel Unit of
3 the Washington State Office of the Attorney General (Public Counsel). My business
4 address is 800 5th Ave., Suite 2000, Seattle, Washington 98104.

5 **Q. How would you like to be referred to during this proceeding?**

6 A. I would like to be referred to as Corey or Witness Dahl. My pronouns are he/him/his.

7 **Q. Please describe your professional qualifications.**

8 A. I earned a B.A. in Economics and a B.A. in English from the University of St. Thomas in
9 St. Paul, Minnesota in 2011. In 2016, I earned a Master of Public Administration degree
10 from the Daniel J. Evans School of Public Policy and Governance at the University of
11 Washington in Seattle. While completing my graduate studies, I worked on low-income
12 and housing policy for a non-profit advocacy organization and worked as a legislative
13 assistant for the Seattle City Council. Additionally, I completed the Michigan State
14 University and National Association of Regulatory Utility Commissioners' Utility Rate
15 School in May 2017.

16 My current employment with Public Counsel began in October 2016. Since
17 joining the Attorney General's Office, I have worked on a variety of energy, water,
18 transportation, and telecommunications matters. My experience includes commenting at
19 Open Meetings before the Washington Utilities and Transportation Commission (UTC or
20 Commission), testifying at settlement and adjudicated hearings, serving as an expert on
21 litigated and non-litigated matters, and working on rulemakings and policy dockets

1 before the Commission. Please see Exhibit CJD-2 for a non-exhaustive list of matters I
2 have participated in before the Commission.

3 **Q. On whose behalf are you testifying?**

4 A. I am testifying on behalf of the Public Counsel Unit of the Washington State Office of the
5 Attorney General, in support of Washington ratepayers. I have not previously testified in
6 this proceeding.

7 **Q. Please identify any other witnesses testifying on Public Counsel's behalf in this**
8 **proceeding.**

9 A. Dr. David Konisky is testifying on Public Counsel's behalf. Dr. Konisky's testimony
10 details his extensive research and expertise on the impacts of energy security and
11 disconnections with a particular view toward disparate outcomes.

12 **Q. What issues does your testimony address in this proceeding?**

13 A. My testimony responds Puget Sound Energy's (PSE or Company) request to modify
14 Final Order 24/10 in the 2022 General Rate Case, which approved the Settlement
15 Stipulation and Agreement on Revenue Requirement and All Other Issues Except
16 Tacoma LNG and PSE's Green Direct Program (Settlement). Specifically, PSE seeks to
17 modify the agreed-upon term that required the Company to maintain credit and
18 collections practices until the rulemaking in Docket U-210800 is completed. My
19 testimony reviews the Company's request and explains why it is unreasonable for the
20 Commission to grant the request for modification. Furthermore, my testimony examines
21 the equity dimensions of the Company's proposed change to credit and collections

1 practices and recommendations to protect vulnerable customers while addressing past-
2 due balances.

3 **Q. Are you sponsoring any exhibits to your Response Testimony?**

4 A. Yes, I am sponsoring the following exhibits:

- 5 • Exhibit CJD-2: List of Proceedings before the Washington Utilities &
6 Transportation Commission for Corey J. Dahl
- 7 • Exhibit CJD-3: PSE Response to The Energy Project Data Request 100
- 8 • Exhibit CJD-4: PSE Response to Public Counsel Data Request 441
- 9 • Exhibit CJD-5: PSE Response to Public Counsel Data Request 431
- 10 • Exhibit CJD-6: PSE Response to WUTC Staff Data Request 311
- 11 • Exhibit CJD-7: PSE Response to Public Counsel Data Request 436
- 12 • Exhibit CJD-8: PSE Response to Public Counsel Data Request 435, with
13 Attachment A (LIAC Meeting Notes)
- 14 • Exhibit CJD-9: PSE Response to WUTC Staff Data Request 312
- 15 • Exhibit CJD-10: PSE Response to WUTC Staff Data Request 313
- 16 • Exhibit CJD-11: PSE Response to Public Counsel Data Request 425
- 17 • Exhibit CJD-12: PSE Response to Public Counsel Data Request 428
- 18 • Exhibit CJD-13: PSE Response to Public Counsel Data Request 426
- 19 • Exhibit CJD-14: PSE Response to Public Counsel Data Request 429
- 20 • Exhibit CJD-15: PSE Response to Public Counsel Data Request 430
- 21 • Exhibit CJD-16: PSE Response to Public Counsel Data Request 440

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

2 A. Public Counsel's primary recommendation is for the Commission to reject PSE's Petition
3 and maintain the Settlement condition regarding credit and collections practices.

4 Furthermore, the Commission should order PSE to conduct targeted outreach to all past-
5 due customers, regardless of past-due balances or status in the dunning process. If the
6 Commission rejects Public Counsel's primary recommendation, then it should order
7 Public Counsel's alternate recommendation. The alternate recommendation would be that
8 the Commission condition any pre-pandemic credit and collection activities on
9 establishing strong protections for particularly vulnerable customers. These protections
10 would assist vulnerable customers with maintaining essential service and, thus, mitigate
11 inequities inherent in disconnections for non-payment. My testimony explains the details
12 of the proposed protections for vulnerable customers.

13 **Q. Please outline your Response Testimony.**

14 A. My testimony is organized as follows:

- 15 1. Purpose of Proceeding: I briefly summarize the procedural history and issues
16 before the Commission at this phase of the proceeding.
- 17 2. Response to Testimony of PSE Witness Carol L. Wallace: I respond to Wallace's
18 arguments to change credit and collections practices and reinstate disconnections
19 for all customers.
- 20 3. Equity and Impacts of Disconnections: I summarize the equity guidelines the
21 Commission uses in decision-making. Furthermore, my testimony describes
22 PSE's view of equity and impacts relating to disconnections for non-payment.

1 indicated it would grant PSE’s petition in part and deny the petition in part, stating that
2 the “Company may modify its credit and collections practices” due to growing arrearage
3 balances.³ The Commission did not define the parameters of what it intended to grant or
4 what it intended to deny in the Notice.

5 **Q. What is Public Counsel’s position on the credit and collections term in the**
6 **Settlement?**

7 A. Although Public Counsel was not a party to the Settlement, Public Counsel witness Shay
8 Bauman testified that this term specifically was in the public interest at the time the
9 agreement was reached.⁴ Public Counsel maintains that this Settlement term is in the
10 public interest.

11 **III. RESPONSE TO TESTIMONY OF PSE WITNESS WALLACE**

12 **Q. Please describe PSE’s testimony in this proceeding.**

13 A. PSE witness Carol Wallace is the sole Company witness in this phase of the proceeding.
14 Wallace’s testimony describes the current state of PSE’s credit and collections practices
15 and argues that (1) PSE could not have anticipated the Rulemaking would still be in
16 progress in August 2023 at the time Parties agreed to the Settlement terms⁵ and that (2)
17 the magnitude of arrearages necessitate changes to the Settlement.⁶ PSE currently does
18 not initiate its “dunning” process until a residential customer’s past-due balance reaches

³ Wash. Utils. Commission, Notice of Intent to Am. Final Order at 2 (Sept. 15, 2023).

⁴ Resp. Test. of Shay Bauman, Exh. SB-9T at 18:1–2 (filed Sept. 9, 2022).

⁵ Direct Test. of Carol L. Wallace, Exh. CLW-13T at 2 (filed Nov. 17, 2023).

⁶ *Id.* at 7:1–3.

1 \$1,000.⁷ The dunning threshold increased during the COVID-19 pandemic to
2 accommodate customers experiencing hardship. Dunning describes the process PSE
3 initiates to provide customers notice of past-due balances indicating that customers will
4 face disconnection if they do not take action on their accounts.

5 Wallace’s testimony goes on to explain the potential bill impacts to customers if
6 arrears continue to grow. In order to address this issue, PSE proposes a “phased
7 approach to resuming dunning.”⁸ If permitted to move forward with this phased
8 approach, the Company will gradually lower the past-due balance threshold to \$150.⁹

9 **Q. Did PSE agree to keep credit and collections practices in place until the conclusion**
10 **of the rulemaking in Docket U-210800?**

11 A. Yes, PSE agreed to the term they are now seeking to change. However, the Company
12 claims that an unexpectedly long rulemaking process necessitates removal of the credit
13 and collections term from the Settlement.

14 **Q. Is PSE’s assessment of the duration of the rulemaking reasonable?**

15 A. No. As The Energy Project notes, rulemakings frequently take significant time to
16 complete—with some exceeding 40 months in duration.¹⁰ PSE filed its petition
17 approximately 16 months after the Rulemaking commenced in earnest.¹¹ The complexity

⁷ *Id.* at 9:7–8.

⁸ *Id.* at 16:4.

⁹ *Id.* at 19, Table 2.

¹⁰ The Energy Project, Resp. to PSE’s Pet. to Am. the Settlement ¶ 14 (filed Aug. 30, 2023). *See also* Public Counsel, Resp. to PSE’s Pet. to Am. the Settlement ¶ 4 (filed Aug. 30, 2023).

¹¹ *Id.*

1 and scope of issues involved in the Rulemaking necessitate careful consideration and
2 considerable involvement of interested parties, notwithstanding any delays that PSE
3 provides as justification to modify the Settlement.¹² Ultimately, PSE accepted the term at
4 the time the Settlement was developed and should have been aware that rulemakings are
5 rarely brief proceedings. This is especially true, given the Company's long history of
6 involvement in rulemaking proceedings at the UTC. Ultimately, PSE willingly agreed to
7 maintain existing credit and collections practices and should be required to honor its
8 commitment so as not to jeopardize the integrity of future agreements with parties.

9 **Q. Does Public Counsel share the Company's concern about growing past-due**
10 **balances?**

11 A. Yes, growing past-due balances are concerning. PSE's customers are ultimately
12 responsible for any past-due balances on their accounts and failure to take concerted steps
13 to reduce arrearages threatens individual customers' abilities to become current on their
14 bills. Large past-due balances are a threat to long-term affordability and energy security.
15 PSE should continue commitments to improved access to comprehensive bill and
16 arrearage assistance programs, with a sharpened focus on equity. My testimony will
17 discuss these ideas further, below.

18 **Q. How do PSE's arrearages compare to other Washington investor-owned utilities?**

19 A. Wallace's testimony states that arrearages increased more than 150 percent between 2019
20 and 2023.¹³ PSE's arrearages reached \$140 million by the end of October 2023.¹⁴ Among

¹² Wallace, Exh. CLW-13T at 2:8–9.

¹³ *Id.* 7:3–4.

¹⁴ *Id.* at 12, Table 1.

1 Washington investor-owned utilities, PSE is the largest in terms of customers and
2 revenues. As a result, comparisons between utilities should be made on a per-customer
3 rather than total arrearage basis. In response to discovery, PSE indicates that its per-
4 customer arrearages are distinctly higher than Avista, Cascade Natural Gas, and
5 Northwest Natural Gas; however, it is on par with per-customer arrearages for Pacific
6 Power.¹⁵ Pacific Power's per-customer arrearages are nearly identical to PSE's, despite
7 the fact that Pacific Power's threshold to begin the dunning and disconnection process is
8 \$50,¹⁶ which is significantly lower than PSE's \$1,000 threshold. Despite Pacific Power's
9 ability to threaten disconnection for customers with much lower past-due balances, per-
10 customer arrearages remain high.

11 **Q. How does PSE characterize its ability to conduct outreach to customers with past-**
12 **due balances?**

13 A. PSE asserts that it is unable to conduct or expand outreach to customers who have less
14 than \$1,000 in arrears with the Settlement as it currently stands.¹⁷ Rather, the Company
15 believes that the dunning process must be allowed to include customers with lower past-
16 due balances in order to conduct targeted outreach. Only then will PSE be able to connect
17 customers with bill assistance, payment plans, or other resources to produce positive
18 outcomes that prevent disconnection.¹⁸ In other words, the Company believes that

¹⁵ Dahl, Exh. CJD-3 subpart b (PSE Response to The Energy Project Data Request 100).

¹⁶ Resp. Test. of Shaylee N. Stokes, Exh. SNS-1T at 14:12–13, *Wash. Utils. & Trans. Comm'n v. PacifiCorp*,
Dockets UE-230172 & UE-210852 (*consol.*).

¹⁷ Puget Sound Energy, Pet. to Am. Settlement ¶ 10 (filed August 10, 2023).

¹⁸ Wallace, Exh. CLW-13T at 20:18–23.

1 threatening disconnection is essential to prevent disconnection for non-payment,
2 regardless of the potential harms such actions may cause.

3 **Q. What is included in PSE’s outreach to customers who are currently in the dunning**
4 **process with more than \$1,000 in past-due balances?**

5 A. PSE indicates that customers who are in the dunning process and, thus, included in
6 targeted outreach will receive “several” phone calls, mailed materials, and visits at their
7 doors.¹⁹ If customers do not take action with these communication attempts at, PSE sends
8 an urgent notice, followed by a final notice, and then enters customers into the
9 disconnection queue.²⁰ PSE is unable to quantify, on a per-customer basis, how many
10 phone call attempts it makes before customers are issued urgent and final notices and are
11 ultimately disconnected from service.²¹

12 **Q. Does PSE conduct any of the targeted outreach strategies described above for**
13 **customers with less than \$1,000 in arrears?**

14 A. No. As previously indicated in my testimony, PSE claims that it is “unable to expand its
15 customer and outreach practices aimed at addressing the arrearages” for customers with
16 less than \$1,000 while the Settlement is effective in its current form.²² Furthermore, PSE
17 indicates that it is “conducting outreach in many forms,” but is not conducting the
18 specific, targeted outreach unless a customer is in the dunning process.²³ The non-

¹⁹ *Id.* at 16:9–11.

²⁰ *Id.* at 16:11–14.

²¹ Dahl, Exh. CJD-4 (PSE Response to Public Counsel Data Request 441).

²² Puget Sound Energy, Pet. to Am. Settlement ¶ 10 (filed August 10, 2023).

²³ Dahl, Exh. CJD-5 (PSE Response to Public Counsel Data Request 431).

1 targeted outreach includes, among other tactics, partnerships with community-based
2 organizations.²⁴ Working with community-based organizations is indeed important and
3 effective outreach, particularly to reach customers who are unfamiliar with PSE's
4 assistance programs. However, broad and targeted outreach to customers are not mutually
5 exclusive. Targeting customers with any amount of past-due balances with specific
6 communication that does not threaten disconnection could produce positive outcomes
7 that provide affordability and prevent arrearages from growing, but PSE is not
8 conducting this type of outreach.

9 **Q. Do you agree with PSE's assertion that it cannot conduct "urgent, direct, and**
10 **targeted" outreach to customers outside of the dunning process?**

11 A. No. The Settlement does not speak to or place limits on customer eligibility for direct,
12 targeted outreach. Further, PSE does not provide any convincing evidence as to why the
13 Settlement prevents such outreach to customers with less than \$1,000 in arrears. PSE
14 indicates that "comprehensive communications and outreach," such as phone calls,
15 mailers, door-to-door visits, "[begin] when a customer enters into the dunning process"
16 and the Settlement has held the dunning threshold at \$1,000 in past-due balances.²⁵ The
17 Company does not explain what is preventing it from simply expanding its targeted
18 outreach to customers with lower past-due balances. The Company has not sufficiently
19 explained why it cannot provide more direct outreach to customers in arrears without the
20 dunning process and without threatening disconnection. It appears to be PSE's belief that

²⁴ Wallace, Exh. CLW-25

²⁵ Dahl, Exh. CJD-6 (PSE Response to WUTC Staff Data Request 311).

1 the threat of disconnection and ultimately disconnecting customers is the only way to
2 provide direct, targeted and that this is what prevents PSE from conducting targeted
3 outreach, as opposed to any prohibition in the Settlement agreement.

4 **Q. Is the threat of disconnection necessary for successful outreach?**

5 A. No. By PSE’s own admission, 54 percent of customers who enter dunning take action on
6 their account and do not hit the disconnection queue.²⁶ This demonstrates that direct,
7 targeted outreach works and the Company does not have to put customers in line for
8 disconnection to achieve positive outcomes.

9 **Q. Did PSE pursue adequate feedback and collaboration with interested parties before**
10 **seeking to change credit and collections practices?**

11 A. Unfortunately, no. There were two critical junctures at which PSE had an opportunity to
12 work with interested parties to resolve the issues and potentially prevent litigation:

13 1. PSE did not sufficiently collaborate with the low-income advisory committee
14 (LIAC) in 2022.

15 2. PSE did not consult with interested parties before filing the Petition.

16 **Q. Does PSE claim to have worked with the LIAC before seeking to change credit and**
17 **collections practices?**

18 A. Yes, but the Company’s claims are misleading. Wallace states that a phased dunning
19 approach was “developed in collaboration with LIAC prior to Settlement” in August
20 2022 and, thus, assumed the “Settlement included moving to the phased approach.”²⁷

²⁶ Wallace, Exh. CLW-13T at 19:10–11.

²⁷ *Id.* at 17:22–18:3.

1 PSE maintains this assumption without any explicit inclusion of a phased dunning
2 approach in the Settlement Stipulation or supporting testimony.

3 **Q. Was a phased dunning approach discussed with the LIAC prior to the August 2022**
4 **Settlement discussions and filing?**

5 A. PSE states that it discussed “disconnection statistics and processes” and plans to “start
6 with a high disconnect threshold of \$1,000 and slowly decrease that over time” with the
7 LIAC “on several occasions.”²⁸ Specifically, PSE indicates that the LIAC discussed
8 disconnections and decreasing the disconnection threshold at meetings held on January
9 11, 2022; July 12, 2022; and November 8, 2022.²⁹

10 According to meeting minutes from the January 11, 2022, LIAC meeting, PSE
11 indicated that it would be “looking at decreasing” the dunning and disconnection
12 threshold, but offered no specifics about when a phased approach would begin or what
13 thresholds would be.³⁰ Meeting minutes from the July 12, 2022, LIAC meeting state that
14 PSE was “still looking at” the \$1,000 arrearage threshold and “may reduce that going
15 forward.” PSE went on to say they would “inform [Community Action Partnership]
16 agencies when [it] lowers that threshold” and a tentative plan was “very subject to
17 change.”³¹ Up to this point, PSE had not presented a clear plan for a phased dunning, but
18 had only presented the idea in concept. PSE did not develop a phased dunning approach

²⁸ Dahl, Exh. CJD-7 (PSE Response to Public Counsel Data Request 436).

²⁹ *Id.*

³⁰ Dahl, Exh. CJD-8 at 55–63 (PSE Response to Public Counsel Data Request 435, Attach. A LIAC Meeting Notes).

³¹ *Id.* at 64–70 (July 12, 2022 Meeting Notes).

1 collaboratively with the LIAC because the Company did not present a plan to the LIAC
2 until after the Settlement was reached.

3 PSE indicated at the November 8, 2022, meeting that they would be reducing the
4 dunning threshold to amounts below \$1,000 and would share a final phased plan with the
5 LIAC when it was available.³² This meeting occurred months after the August 2022
6 Settlement was filed. At the November 8 meeting, several LIAC participants raised
7 concerns about the proposed disconnection and dunning threshold changes, including
8 Public Counsel. The Company also said a subsequent presentation of the final phased
9 dunning plan would be “more informational,” rather than an opportunity for the LIAC to
10 provide feedback.³³ Thus, the Company indicated that they were not looking for the
11 opportunity to develop this plan in collaboration with the LIAC, but instead were
12 developing the phased plan internally to present as information to the LIAC at a later
13 time.

14 **Q. Were you Public Counsel’s representative at the aforementioned LIAC meetings?**

15 A. Yes, I was. The meeting minutes PSE provided in discovery match my recollection of the
16 January, July, and November 2022 meetings.

17 **Q. Does PSE provide any additional evidence of a phased dunning approach presented
18 to the LIAC before the August 2022 Settlement?**

19 A. Yes, but it does not provide clear information. PSE provides Exhibit CLW-26 as the
20 “original dunning approach discussed with PSE’s LIAC,” but the only date on the

³² *Id.* at 74–95 (Nov. 8, 2022 Meeting Notes).

³³ *Id.*

1 presentation in the exhibit is May 2021. There is no indication in testimony or in the
2 exhibit when this proposed plan was discussed with the LIAC. A review of LIAC
3 meeting minutes from May, August, September, October, and November 2021 provides
4 no evidence that the phased approach from Exhibit CLW-26 was ever discussed.³⁴
5 Furthermore, this proposed plan was not discussed at the January, July, or November
6 2022 meetings that the Company highlighted as meetings during which there was
7 collaboration on the phased dunning approach. It is entirely unclear how the phased plan
8 in Exhibit CLW-26 fits into the purported collaborative process.

9 **Q. Has the Company provided additional insight on the LIAC’s role in collaborative**
10 **decision-making, particularly as it relates to the phased dunning plan?**

11 A. Yes. In response to discovery, PSE indicated: “The Low Income Advisory Committee
12 provides PSE with advice and input but does not require consensus among the
13 members.”³⁵ This characterization of the LIAC’s role appears to be at odds with the
14 collaborative process described in Wallace’s testimony. Furthermore, PSE’s
15 characterization of the role of LIAC is at odds with my understanding of the
16 Commission’s view. The Commission has stated utilities will consult with their low-
17 income advisory groups on several issues, including program designs.³⁶ These advisory
18 groups assist in achieving the four goals of bill assistance programs, which includes
19 keeping customers connected to service and providing assistance to more customers than

³⁴ Dahl, Exh. CJD-8 (PSE Response to Public Counsel Data Request 435, with Attach. A (LIAC Meeting Notes).

³⁵ Dahl, Exh. CJD-7 (PSE Response to Public Counsel Data Request 436).

³⁶ *Wash. Utils. & Transp. Comm’n v. Cascade Nat. Gas Corp.*, Docket UG-152286, Order 04 ¶ 12 (July 7, 2016).

1 currently served.³⁷ These are all relevant to PSE's request to change credit and
2 collections practices, given efforts to avoid disconnection through enrollment in bill
3 assistance or payment arrangements. As a result, PSE's LIAC should have been afforded
4 greater opportunity to collaborate on the dunning process and ways to enhance customer
5 outreach without leveraging the threat of disconnection.

6 **Q. What is your overall assessment of PSE's claim that a phased dunning plan was**
7 **developed in collaboration with the LIAC prior to the Settlement agreement?**

8 A. I believe this claim is inaccurate and misleading. According to data request responses
9 from the Company, lowering the dunning threshold was only discussed as a general
10 concept before the August 2022 Settlement. There were no details provided as to when
11 the plan would begin, when the disconnection and dunning thresholds would be reduced,
12 and what the new thresholds would be at each phase. PSE's discovery responses also
13 indicate that the Company was not prepared to present a phased dunning plan to the
14 LIAC until after the November 8, 2022, meeting—which was several months after the
15 Settlement was agreed upon. Furthermore, the post-November 8 presentation would have
16 been primarily be for informational purposes, rather than for the Company to receive
17 feedback from and collaborate with LIAC participants. PSE also does not view it as
18 necessary to reach consensus through the advisory group process to change customer-
19 facing processes. Not only was it impossible to collaboratively develop a phased dunning
20 plan prior to the Settlement, but the Company also views the LIAC as having a limited
21 role in collaboratively developing programs and processes. PSE's own data request

³⁷ *Id.* at 4 n.9.

1 responses contradict Wallace’s statements in testimony. Regardless, at the time the
2 Parties filed the Settlement with the Commission, there was no clear phased dunning
3 approach proposed, and the Company should have reasonably understood that the
4 dunning and disconnection threshold would remain at \$1,000 through the end of the
5 Rulemaking.

6 **Q. Were there other opportunities for PSE to resolve the issues presented in this case**
7 **without litigation?**

8 A. Yes. PSE could have contacted interested parties to discuss changes to outreach practices
9 before filing the Petition. Rather than moving into a litigation posture, the Company
10 could have worked with parties to develop a mutually agreeable outreach strategy to
11 target customers with past-due balances and reduce arrearages without threatening
12 disconnection. This type of agreement could have been filed with the Commission.
13 However, PSE “did not engage with the Settling Parties or advisory groups regarding the
14 specific process for amending the Final Order in this proceeding” and ultimately believed
15 that such discussions “would be fruitless.”³⁸ Regardless of whether Parties would have
16 ultimately reached agreement, PSE did not attempt to reach out to Parties even though
17 doing so could have produced results that would have allowed the Company to address
18 customer arrearages through targeted outreach.

³⁸ Dahl, Exh. CJD-9 (PSE Response to WUTC Staff Data Request 312).

1 **Q. Are there any other reasons why Public Counsel believes PSE’s Petition is**
2 **inappropriate?**

3 A. Yes. Recent and forthcoming changes to PSE’s bill assistance offerings could have an
4 impact on arrearages without placing more customers at risk of disconnection. Wallace
5 highlights PSE’s new Bill Discount Rate (BDR) program, self-attestation, and temporary
6 Arrearage Management Program (AMP), all of which became effective October 1,
7 2023.³⁹ Despite describing the new bill assistance offerings as “effective in reaching
8 customers,”⁴⁰ Wallace brushes aside this progress by indicating that all of PSE’s bill
9 assistance efforts, including past emergency relief, as having a “marginal impact.”⁴¹ It is
10 premature to render an assessment on the effectiveness of the BDR and temporary AMP,
11 given that the programs have only been in effect for a short time. Furthermore, as
12 Wallace indicates, the permanent AMP will be effective October 1, 2024.⁴² The
13 permanent program is intended to provide more comprehensive arrearage relief, which
14 should help reduce total customer arrears. It is not yet ripe to make judgments about the
15 effectiveness of the new and forthcoming programs, all of which aim to provide
16 consistently affordable bills and arrearage reduction.

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³⁹ Wallace, Exh. CLW-13T at 13:2–7.

⁴⁰ *Id.* at 14:3–4.

⁴¹ *Id.* at 15:3.

⁴² *Id.* at 13:7.

IV. EQUITY AND IMPACTS OF DISCONNECTION

1 **Q. Does Washington statute and policy consider equity in utility filings?**

2 A. Yes. A variety of laws and policies either urge or require utilities to describe the equity
3 impacts of their rate requests, investments, and actions. This includes provisions in
4 statute, rule, and Commission order.

5 **Q. Please describe the statutory provisions related to equity.**

6 A. There are two relevant statutes that contemplate the equity impacts of utility actions.
7 First, RCW 80.28.425 enumerates explicit consideration of equity in the assessment of
8 multi-year rate plan filings. In determining whether a rate filing is in the public interest
9 the Commission “may consider such factors including, but not limited to, environmental
10 health and greenhouse gas emissions reductions, health and safety concerns, economic
11 development, and *equity*.”⁴³ This statute establishes that equity is a consideration the
12 Commission can make when determining whether a Company’s request results in fair,
13 just, and reasonable rates and is in the public interest.

14 As an electric utility, PSE is subject to the Clean Energy Transformation Act
15 (CETA). While CETA is primarily concerned with the transition to non-emitting electric
16 generation in Washington, it also includes strong equity provisions. In drafting CETA,
17 the Washington Legislature found that the public interest includes the “equitable
18 distribution of energy benefits and reduction of burdens to vulnerable populations and
19 highly impacted communities” (Named Communities).⁴⁴

⁴³ RCW 80.28.425(1) (emphasis added).

⁴⁴ RCW 19.405.010(6). *See also* RCW 19.405.020(40) and RCW 19.405.020(23) (definitions of “vulnerable populations” and highly impacted communities,” respectively).

1 The UTC’s rules implementing CETA also include a variety of equity
2 requirements and provisions. The rules further state that all customers of Washington
3 electric utilities must benefit from the clean energy transition through the equitable
4 distribution of benefits and burdens.⁴⁵

5 Washington statute and rule clearly is concerned with the equity impacts of utility
6 rate changes and practices. As a result, it is critical that utilities provide clear evidence of
7 the equity dimensions and impacts of their rate requests and programs included in their
8 GRC filing.

9 **Q. Has the Commission provided guidance about equity considerations?**

10 A. Yes. In Order 09 of Cascade Natural Gas Company’s 2021 GRC (Cascade Order 09), the
11 Commission established clear guidelines for equity considerations in rate-related
12 proceedings. The order examines equity’s role in policy development and adoption, the
13 tenets of energy justice, and the Commission’s and utilities’ responsibilities related to
14 equitable ratemaking.⁴⁶

15 **Q. What does Cascade Order 09 state with regard to equity’s role in policy
16 development and adoption?**

17 A. The Commission points to the founding of the Washington Office of Equity.⁴⁷ Statute
18 indicates that the Office of Equity’s work must: (1) develop policies to distribute and

⁴⁵ WAC 480-100.

⁴⁶ *Wash. Utils. & Transp. Comm’n v. Cascade Nat. Gas Corp.*, Docket UG-210755, Order 09: Final Order, ¶¶ 52–58 (Aug. 23, 2022) (hereinafter *Cascade*, Order 09).

⁴⁷ *Id.* ¶ 54.

1 prioritize resources to historically marginalized people; (2) elimination of systemic
2 barriers created by entrenched systems of oppression; and (3) “[achieve] procedural and
3 outcome fairness, promoting dignity, honor, and respect for all people.”⁴⁸ The
4 Commission adopted these statutory principles by order and committed to “ensuring that
5 systemic harm is reduced rather than perpetuated by [their] processes, practices, and
6 procedures.”⁴⁹

7 **Q. What does Cascade Order 09 state in regard to energy justice?**

8 A. The Commission stated that the “core tenets” of energy justice are critical to reach the
9 “goal of achieving equity in Washington energy regulation.”⁵⁰ Cascade Order 09
10 enumerates the tenets of energy justice as follows:

- 11 • Distributional justice: This tenet establishes the goal to spread benefits and
12 burdens fairly;
- 13 • Procedural justice: This tenet establishes the need for fair, inclusive decision-
14 making processes;
- 15 • Recognition justice: This tenet establishes that historic inequities and systems of
16 oppression must be acknowledged; and
- 17 • Restorative justice: This tenet establishes the practice of using public policy and
18 practices to repair the harm caused by historic inequities.⁵¹

⁴⁸ *Id.*

⁴⁹ *Id.* ¶ 55.

⁵⁰ *Id.* ¶ 56.

⁵¹ *Id.*

1 The Commission intends to incorporate these principles into their practices and process in
2 order to uproot the harms caused by historic and current policies.

3 **Q. Are there additional efforts and commitments to support equity-focused**
4 **policymaking at the Commission?**

5 A. Yes. In Cascade Order 09, the Commission states that they “*must* apply an equity lens in
6 all public interest considerations going forward” so as not to perpetuate inequities.⁵² The
7 Commission goes on to say, “Recognizing that no action is equity-neutral, regulated
8 companies should inquire whether each proposed modification to rates, practices, or
9 operations correct or perpetuates inequities. Companies likewise should be prepared to
10 provide testimony and evidence to support their position.”⁵³

11 Such is the case in this filing that the Company should provide testimony to
12 support their position that their “rates, practices, or operations” correct or perpetuate
13 inequities.

14 In addition to the Commission’s equity policy established in Cascade Order 09,
15 the Commission has committed to being a pro-equity, anti-racist state agency. It is the
16 Commission’s mission to ensure services are “safe, equitable, reliable, and fairly
17 priced.”⁵⁴

18 Through these enumerated statutes, rules, and orders, it is clear that equity is a
19 vital consideration in Commission decision-making. Just as the Commission has

⁵² *Id.* ¶ 58 (emphasis added).

⁵³ *Id.*

⁵⁴ Wash. Utils. & Transp. Comm’n, *Pro-Equity Anti-Racism*, <https://www.utc.wa.gov/PEAR> (last visited Sept. 11, 2023).

1 committed to equitable policymaking, companies filing for rate changes have an
2 obligation to provide sufficient evidence related to the equity impacts of the requested
3 changes to rates, practices, and operations.

4 **Q. Has PSE considered the equity impacts of their filing?**

5 A. No. PSE states that it “has not performed an equity analysis to evaluate the impacts of the
6 requested amendment to Order 24 because the requested amendment to Order 24 does not
7 have any immediate equity impacts.”⁵⁵ The Company indicates that any equity impacts
8 will be “determined by the actions PSE takes following a final order by the Commission.

9 **Q. Does Public Counsel agree that PSE’s request does not have “any immediate equity
10 impacts”?**

11 A. Absolutely not. PSE’s request hinges on amending the Settlement to remove the agreed-
12 upon pause on changes to credit and collections practices. In its Petition, PSE indicates
13 that would move into a phased dunning process if the Commission amends the
14 Settlement⁵⁶ and that intention is reiterated in Wallace’s testimony. PSE’s assessment
15 that there are no “immediate equity impacts” is an absurdly literal interpretation of the
16 request to amend the Settlement. This conclusion ignores the stated actions PSE intends
17 to take: Move more customers into the dunning process that will undoubtedly push more
18 customers into disconnection.

⁵⁵ Dahl, Exh. CJD-10 (PSE Response to Staff Data Request 313).

⁵⁶ Puget Sound Energy, Pet. to Am. Final Order ¶ 15 (filed Aug. 10, 2023).

1 **Q. Should equity analysis matter in this proceeding?**

2 A. Yes. The Commission stated that “no action is equity neutral” and so it follows that
3 equity considerations are relevant in this matter. PSE’s stated lack of equity analysis,
4 however, makes it difficult for both interested parties and the Commission to make a
5 complete assessment of the equity impacts of PSE’s request.

6 Despite indicating in discovery that no equity analysis was conducted, PSE
7 addresses energy justice in testimony.

8 **Q. Please explain PSE’s approach to energy justice in this proceeding.**

9 A. Wallace describes actions and considerations for each of the four energy justice tenets.
10 My testimony will examine each tenet as PSE presents, below.

11 **Q. What does PSE state it has done in terms of procedural justice?**

12 A. PSE states that involvement of the LIAC in developing the phased dunning approach and
13 development of a comprehensive outreach program to educate customers on options for
14 bill assistance and other programs address procedural justice.⁵⁷

15 **Q. Do you believe these actions adequately address procedural justice?**

16 A. No. As my testimony explains at length, above, PSE did not meaningfully engage the
17 LIAC in developing the phased dunning process. As a result, LIAC members had no
18 meaningful input in this regard.

19 Public Counsel fully supports efforts to conduct broad customer outreach and
20 education, particularly PSE’s engagement with community-based organizations.

21 Customer communications and education can go a long way to connect customers with

⁵⁷ Wallace, Exh. CLW-13T at 25:8–14.

1 the resources they need to stay connected to utility service. However, education does not
2 involve the kind of access to decision-making that procedural justice demands.

3 **Q. What does PSE state it has done in terms of restorative justice?**

4 A. PSE indicates that it has done the following to address restorative justice:

- 5 • Targeting Highly Impacted Communities and Vulnerable Populations (Named
6 Communities) with new program offerings.
- 7 • Taking successful action to enroll members of Named Communities into the new
8 bill assistance offerings.

9 **Q. Do you believe these actions adequately address restorative justice?**

10 A. I do not believe PSE's described actions fully address restorative justice concerns in this
11 proceeding. Restorative justice leverages policy-making to repair the harm caused by past
12 and present inequities. Providing successful, comprehensive outreach to customers for the
13 purpose of enrollment in bill assistance or other programs is a very important step in
14 repairing the harm caused by past and present unaffordable energy bills.

15 However, PSE's assessment of restorative justice entirely fails to address the issue
16 of disconnections. Disconnections for non-payment produce numerous, documented
17 harms to vulnerable. PSE does not address or acknowledge these harms. My testimony
18 will discuss the inequitable impacts of disconnections in more detail below.

19 **Q. What does PSE state it has done in terms of distributional justice?**

20 A. PSE indicates that it is tracking enrollment of members in Named Communities into
21 programs and has reduced barriers to entry into assistance programs.⁵⁸

⁵⁸ *Id.* at 26:21–31.

1 **Q. Do you believe these actions adequately address distributional justice?**

2 A. Yes and no. Distributional justice demands that the benefits and burdens of policy
3 decisions and programs are spread fairly across impacted populations. This means that
4 vulnerable communities do not bear disproportionate burdens, which historical inequities
5 have perpetuated. With that in mind, tracking uptake of programs among Named
6 Communities will help PSE ensure that resources are directed across customers
7 appropriately and fairly. Reducing barriers to access to programs will help ensure the
8 most vulnerable have access to benefits.

9 Once again, however, PSE fails to account for the burdens placed on vulnerable
10 communities by disconnections.

11 **Q. What does PSE state it has done in terms of recognition justice?**

12 A. PSE indicates that it has conducted data analysis of customers in arrears to identify what
13 share of those customers are in Highly Impacted Communities, defined as Highly
14 Vulnerable, are energy burdened, or are in the Deepest Need.⁵⁹ The Company says they
15 can use this data to improve program design and implementation.

16 **Q. Do you believe these actions adequately address recognition justice?**

17 A. No. Recognition justice not only requires understanding of current and historic inequities,
18 but it also requires identification of efforts to reduce the identified inequities. PSE has
19 identified customers in various categories signifying a vulnerability, but the Company has
20 not expanded targeted outreach to all customers with past-due balances of amounts lower
21 than \$1,000. Instead, the Company seeks to outreach solutions that threaten and could

⁵⁹ *Id.* at 27:4–13.

1 ultimately result in disconnection. Furthermore, PSE has failed to acknowledge the
2 inequities resulting from disconnections.

3 **Q. Please explain the equity impacts of disconnections for non-payment.**

4 A. By presenting a phased dunning process to address growing arrearages, PSE by definition
5 seeks to pursue a policy that threatens disconnection and ultimately results in
6 disconnection for customers who do not or are unable to take action. Public Counsel's
7 witness Dr. Konisky explores the inequitable impacts of utility disconnections in depth.
8 Dr. Konisky's research and scores of other academic research demonstrates that
9 communities of color, low-income households, households with children under the age of
10 five, and other vulnerable individuals are disproportionately disconnected from utility
11 service for non-payment. In order to fulfill its equity mandates and directives, the
12 Commission must recognize these inequities and take clear steps to repair and not
13 perpetuate the harm and disproportionalities that disconnections inflict.

14 **Q. Does PSE recognize or acknowledge the inequitable outcomes resulting from**
15 **disconnections?**

16 A. It is unclear. PSE neither contests nor confirms research finding that disconnections
17 disproportionately affect:

- 18 • Communities of color, in particular Black households.⁶⁰

⁶⁰ Dahl, Exh. CJD-11 (PSE Response to Public Counsel Data Request 425). *See also* Dahl, Exh. CJD-12 (PSE Response to Public Counsel Data Request 428).

- 1 • Low-income households.⁶¹
- 2 • Households with children ages five years or younger.⁶²

3 Although the Company does not refute that disconnections have disparate impacts, PSE
4 also does not acknowledge these impacts in spite of significant evidence and
5 research.

6 **Q. Has PSE acknowledged any harms resulting from customer disconnections?**

7 A. No. PSE indicates that it has no knowledge of “individual costs or harms experienced by
8 customers who are disconnected for non-payment” and, therefore, has “no basis for any
9 such opinion or belief.”⁶³ PSE makes this claim despite numerous instances of written
10 and oral comments documenting such harms during the pendency of the Rulemaking in
11 Docket U-210800. Public Counsel witness Dr. Konisky provides more evidence of
12 disconnection-related harms and inequities in Exh. DK-1T.

V. RECOMMENDATIONS

13 **Q. Should the Commission approve PSE’s request to modify the Settlement?**

14 A. No, PSE’s request is inappropriate and unsupported by the evidence. Furthermore, PSE
15 has not addressed the equity impacts of its proposed phased dunning plan, which will
16 inevitably lead to customer disconnections. PSE has failed to acknowledge and propose
17 solutions to mitigate inequities and harms related to disconnections.

18 **Q. What is Public Counsel’s recommendation?**

⁶¹ Dahl, Exh. CJD-13 (PSE Response to Public Counsel Data Request 426). *See also* Dahl, Exh. CJD-14 (PSE Response to Public Counsel Data Request 429).

⁶² Dahl, Exh. CJD-15 (PSE Response to Public Counsel Data Request 430).

⁶³ Dahl, Exh. CJD-16 (PSE Response to Public Counsel Data Request 440).

1 A. Public Counsel believes that the Commission should:

- 2 • Reject PSE’s request to modify Order 24/10, maintaining the Settlement term
3 requiring PSE to keep the disconnection threshold at \$1,000 until the conclusion
4 of the Rulemaking in Docket U-210800.
- 5 • Order PSE to conduct targeted outreach to all customers, including those with less
6 than \$1,000 in arrears, without threatening disconnection.

7 **Q. Does Public Counsel have an alternate recommendation?**

8 A. Yes, in the event the Commission decides to modify Order 24/10 and change the dunning
9 and disconnections threshold, Public Counsel recommends that the Commission adopt
10 critical protections for vulnerable customers. Commission and state equity policy and
11 mandates necessitate that the harms created by disconnections for non-payment are
12 limited and mitigated to the fullest extent possible. Given that PSE has not met its burden
13 in terms of evaluating the equity impacts of disconnections, enforcing protections will
14 better ensure that harms are mitigated and inequities are not perpetuated per Commission
15 policy.

16 **Q. What is Public Counsel’s alternate recommendation?**

17 A. Public Counsel believes that if the Commission opts to release PSE from the Settlement
18 condition, it should order the Company to institute a set of protections for vulnerable
19 customers as a condition of that release. Public Counsel’s alternate proposal is as follows:

- 20 1) PSE must conduct individual, targeted outreach to all customers, regardless of
21 class, who have past-due balances. This outreach will be conducted without
22 language that threatens disconnections or suggests that disconnection is the only

1 alternative to full payment. Outreach materials should educate customers on
2 available programs, including bill assistance, arrearage management, and payment
3 plans.

4 2) If the Commission allows PSE to resume pre-pandemic collections for residential
5 customers, there are particular groups of residential customers who have been
6 identified as being particularly vulnerable and subject to specific harm. Those
7 groups are as follows:

- 8 • Known low-income customers who have been enrolled in a bill assistance
9 program during the previous two calendar years.
- 10 • Estimated low-income customers with a projected household income equal
11 to or less than the greater of 150 percent of the Federal Poverty Line or 80
12 percent Area Median Income. Income estimates are developed using third-
13 party data sources.
- 14 • Customers with the “deepest need,” as defined by PSE in compliance with
15 2021 Clean Energy Implementation Plan conditions. This definition of
16 “deepest need” customers was developed with input from interested
17 parties to direct resources to customers the highest energy burden and
18 most significant vulnerability characteristics.
- 19 • Households in “highly impacted communities,” as defined in RCW
20 19.405.020(23).
- 21 • Households with children under five years of age.

- 1 • Households with vulnerable adults lacking the functional, mental, or
2 physical inability to care for themselves as defined in RCW
3 74.34.020(21).
- 4 • Renters at risk of becoming homeless due to utility connection. This
5 applies to renters who have a lease agreement provision that requires
6 maintenance of utility connection and permits eviction for tenants who are
7 unable to maintain connection to utility service.
- 8 • Households in which a resident has a documented medical need or is
9 medically fragile.
- 10 3) For these groups of vulnerable residential customers, PSE will conduct additional
11 outreach and referrals. Customers may self-declare membership in populations
12 enumerated in (2) above. PSE will inform customers about the process to self-
13 declare in the process of conducting concerted, targeted outreach to vulnerable
14 customers. PSE retains the burden to prove that customers do not meet the
15 population/characteristics listed in (2) upon self-declaration.
- 16 4) PSE will provide customer contact information of self-declared customers to
17 Community Action Agencies for outreach purposes. The Agencies can work with
18 customers to determine eligibility for utility bill assistance programs, and other
19 forms of assistance.
- 20 5) Bad debt will continue to be allocated among all customer classes, in line with the
21 current allocation methodology.

22 **Q. Why does Public Counsel believe the alternate proposal is in the public interest?**

1 A. Disconnections produce inequities. Public Counsel's alternate proposal provides a
2 pathway for vulnerable customers to be identified and prevented from being
3 disconnected. Commission policy requires utilities to demonstrate that filings will not
4 perpetuate historic inequities. PSE's proposal offers no clear pathway to mitigate or
5 repair inequities resulting from disconnections. In contrast, Public Counsel offers a
6 pathway to protect vulnerable customers.

7 Furthermore, PSE will be required to conduct targeted outreach to all customers,
8 even if they are below the \$1,000 dunning and disconnection threshold. This will allow
9 customers to enroll in programs for which they are eligible and, in turn, will pave the way
10 to reduce existing arrearages and slow the growth of new arrearages.

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

12 A. Yes, it does.