

**Docket Nos. UE-220066, UG-220067, and UG-210918
(Consolidated) - Vol. VI**

**WUTC v. Puget Sound Energy / In the Matter of the
Petition of Puget Sound Energy**

January 18, 2024



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BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND)
TRANSPORTATION COMMISSION,)
Complainant,) DOCKETS UE-220066
) and UG-220067
) (Consolidated)
v.)
))
PACIFICORP d/b/a PACIFIC POWER)
& LIGHT COMPANY,)
Respondent.)

In the Matter of the Petition)
of:) DOCKET UG-210918
))
PUGET SOUND ENERGY)
))
For an Order Authorizing)
Deferred Accounting Treatment)
for Puget Sound Energy s Share)
of Costs Associated with the)
Tacoma LNG Facility.)

EVIDENTIARY HEARING
VOLUME VI (PAGES 274 - 413)
ADMINISTRATIVE LAW JUDGES
MICHAEL HOWARD and BIJAN HUGHES PRESIDING

TAKEN AT WASHINGTON UTILITIES AND TRANSPORTATION
COMMISSION
621 WOODLAND SQUARE LOOP SOUTHEAST
LACEY, WA 98503

DATE TAKEN: January 18, 2024
REPORTED BY: Tia B. Reidt, Washington RPR, CSR #2798

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1 Lacey, Washington; Thursday, January 18, 2024

2 9:00 a.m.

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4

5 JUDGE HOWARD: Let's be on the record.

6 Good morning. We are here today for an
7 evidentiary hearing in Dockets UE-220066 and UG-220067
8 and UG-210918.

9 These consolidated cases are captioned WUTC
10 versus Puget Sound Energy and In the Matter of the
11 Petition of Puget Sound Energy for an Order Authorizing
12 Deferred Accounting Treatment.

13 In these documents, the Commission ruled on
14 PSE's most recent general rate case filing. We are
15 here today following PSE's petition to amend the final
16 order requesting to expand the company's credit and
17 collections practices.

18 My name is Michael Howard. I'm an
19 administrative law judge with the Commission, and I'm
20 co-presiding in this matter along with Administrative
21 Law Judge Bijan Hughes and the commissioners, who are
22 joining us presently.

23 Let's start by taking appearances beginning
24 with the Company.

25 MS. BARNETT: Good morning.

1 JUDGE HOWARD: Could we have some
2 assistance for the bench microphone.

3 COMMISSIONER RENDAHL: The microphones may
4 not be working right now.

5 MS. BARNETT: Can you hear me?

6 Good morning. Donna Barnett for -- with
7 Perkins Coie representing Puget Sound Energy.

8 JUDGE HOWARD: Thank you.

9 Can we have an appearance for staff?

10 MR. ROBERSON: Good morning.

11 Jeff Roberson at AAG, representing staff.

12 JUDGE HOWARD: And public counsel?

13 MS. GAFKEN: Good morning. Lisa Gafken,
14 Assistant Attorney General, appearing on behalf of
15 public counsel.

16 JUDGE HOWARD: Thank you.

17 And Alliance of Western Energy Consumers or
18 AWEC?

19 MS. MOSER: Good morning. Sommer Moser on
20 behalf of AWEC.

21 JUDGE HOWARD: Thank you.

22 The Energy Project?

23 MR. ZAKAI: Good morning. Yochanan Zakai
24 with Shute, Mihaly & Weinberger on behalf of The Energy
25 Project.

1 JUDGE HOWARD: Thank you.

2 Do we have a representative for Walmart with
3 us today?

4 (No response.)

5 JUDGE HOWARD: All right.

6 Hearing none, could we have an appearance for
7 the Joint Environmental Advocates, Sierra Club, NWEA
8 and Front and Centered.

9 MR. HASSELMAN: Good morning.

10 Jan Hasselman with Earthjustice for Joint
11 Environmental Advocates.

12 JUDGE HOWARD: Thank you.

13 Do we have an appearance for Coalition of East
14 Side Neighborhoods for Sensible Energy?

15 (No response.)

16 JUDGE HOWARD: All right.

17 Hearing no appearance, I will note that Nucor
18 Steel, federal executive agencies, and the Puyallup
19 Tribe asked to be excused from attending today, and I
20 granted those requests.

21 Have I overlooked any party that is appearing
22 today?

23 (No response.)

24 JUDGE HOWARD: All right.

25 Hearing none, let's talk about our plans for

1 the hearing today.

2 First, we will turn to the admission of
3 pre-filed exhibits and testimony. We'll then turn to
4 the cross-examination of witnesses following the
5 parties' agreed order of presentation, and we'll be
6 taking all the witnesses individually.

7 We will then end with closing arguments
8 limited to 20 minutes each.

9 We will likely take a midmorning break and a
10 lunch break if needed. I just want to remind the
11 parties again to keep their microphones muted unless
12 they are speaking, and also, to only use video for
13 those portions of the hearing when they have a speaking
14 role.

15 If you are having any technical issues or you
16 observe that a party representative who is joining us
17 online today has dropped off the online meeting, please
18 mention that in the chat, which should be reserved for
19 technical issues and requests for breaks only.

20 Are there any questions about logistics or any
21 other aspects before we turn to the admission of
22 exhibits?

23 (No response.)

24 JUDGE HOWARD: All right.

25 Hearing no questions, let's address the

1 admission of exhibits. Of course, we already have the
2 record in the general -- in the underlying general rate
3 case in the same consolidated dockets, and the rulings
4 on that are made on the record, and those -- that
5 evidence is already admitted.

6 Before our hearing today, I circulated an
7 exhibit list to the parties that included PSE's
8 petition to amend the final order filed on August 10th
9 and testimony -- pre-filed testimony and cross-exhibits
10 filed since then regarding the petition. And I've
11 since added the responses to the petition.

12 Are there -- and I will turn to each of the
13 parties and hear a -- will stipulate to the admission
14 of the pre-filed exhibits or whether they have any
15 objections.

16 I turn first to the Company.

17 MS. BARNETT: We have no objection with
18 the exception of -- we're doing cross-exam exhibits
19 too; right? I take it this is all exhibits?

20 JUDGE HOWARD: Yes.

21 MS. BARNETT: Okay.

22 The cross-exam exhibit, I just would just like
23 to make sure it's supplemented. It's CLW-39X presented
24 by staff.

25 This is also a -- I'll note, I believe, an

1 exhibit -- a pre-filed response exhibit from public
2 counsel also, but it was a response to Staff Data
3 Request Number 3013. And after the cross-exam exhibit
4 was submitted, PSE supplemented that, so for
5 completeness, we just ask that it be -- a supplement be
6 included as well with the cross-exam exhibit.

7 JUDGE HOWARD: All right.

8 Turning to staff?

9 MR. ROBERSON: Staff has no objection to
10 allowing PSE to supplement that exhibit.

11 I do ask the Commission to note that the
12 supplement occurred after the close of discovery and
13 after cross-exhibits had been submitted, which means no
14 party has vetted a cross exhibit, and I ask you to
15 accord it the weight it deserves.

16 JUDGE HOWARD: All right. Thank you.

17 And our bench microphones do have a very short
18 range, so I encourage you to lean forward slightly.

19 Would the Company then be submitting the
20 supplemental filing to the Commission?

21 MS. BARNETT: Yes. We can do that. We
22 have them electronically. We can either do that today
23 or we can make a hard copy too, however you prefer.
24 But, yeah, we can file it and provide it however you
25 like.

1 JUDGE HOWARD: All right.

2 Any time, let's say, in the next four business
3 days --

4 MS. BARNETT: Okay.

5 JUDGE HOWARD: -- is suitable.

6 MS. BARNETT: Thanks.

7 JUDGE HOWARD: Yeah.

8 MS. BARNETT: And we also have a -- I do
9 recognize, yes, there was a lot of last- -- late
10 discovery going on in the last week. So several of
11 those echo staff's comments about they have not been
12 vetted.

13 So -- but one of them -- let's see -- oh, and
14 we do have an objection to The Energy Project's
15 cross-exam exhibit JHJ-6X, and this is a staff response
16 to The Energy Project's data request number 1. And
17 it's unclear, so I'm not quite sure if we need to
18 object at this point. I think it's going to be --
19 maybe we can reserve it on how it's going to be used,
20 but it definitely appears to be friendly cross, which
21 is inappropriate. There is no -- it doesn't seem
22 adverse to TEP, and the response does not seem adverse
23 to TEP, so that would be the objection as to friendly
24 cross.

25 JUDGE HOWARD: All right. Thank you.

1 I have noted the Company's objection. I have
2 also noted staff's objection to the weight of the
3 evidence for its own exhibit.

4 And also, going back to the exhibit we were
5 discussing, CLW-39X, I would like to walk back my plan
6 for the Company filing within four business days. Do
7 you have a hard copy today?

8 MS. BARNETT: We can have a hard copy
9 today. I think we just need to take a break to make
10 copies.

11 JUDGE HOWARD: All right.

12 A hard copy or a courtesy service email
13 directly to me this morning.

14 MS. BARNETT: Got it.

15 Sorry. The paralegal is on top of it.

16 JUDGE HOWARD: Would you like to hand it
17 up?

18 Thank you.

19 And has Mr. Roberson been provided with this?

20 MR. ROBERSON: Staff has a copy, yes.

21 COMMISSIONER RENDAHL: Is it possible for
22 the commissioners to get copies in case there are
23 questions on cross?

24 JUDGE HOWARD: All right. I have reviewed
25 the PSE's supplemental update to the staff cross

1 exhibit, and I will deem this admitted into the record
2 unless I hear a compelling objection from another
3 party.

4 MR. ZAKAI: Your Honor?

5 JUDGE HOWARD: Yes.

6 MR. ZAKAI: This is Yochanan Zakai with
7 The Energy Project. I would just ask to ensure that
8 the original response is still included in that exhibit
9 so that both the original response and the supplement
10 are available. I'm not able to see exactly the format,
11 but as long as the original response is there in
12 addition to the supplement, no objection.

13 JUDGE HOWARD: That is noted, and the --
14 we will update the exhibit list to reflect that unless
15 there's objection from either the Company or staff.

16 MS. BARNETT: No, that's fine.

17 JUDGE HOWARD: All right.

18 Let's turn to public counsel.

19 MS. GAFKEN: Public counsel has no
20 objections to materials being entered in the record.

21 JUDGE HOWARD: All right. Thank you.

22 AWEC?

23 MS. MOSER: Thank you.

24 AWEC has no objection.

25 JUDGE HOWARD: All right.

1 The Energy Project?

2 MR. ZAKAI: The Energy Project has no
3 objections, although I would note that we do not at
4 this time plan to offer the exhibit identified as
5 CLW-41X. So that can be removed.

6 JUDGE HOWARD: All right. Thank you.
7 That is noted.

8 All right. Could I turn to the Joint
9 Environmental Advocates.

10 MR. HASSELMAN: No objections.
11 Thank you.

12 JUDGE HOWARD: Thank you.

13 All right. So that concludes our survey of
14 the parties appearing today.

15 COMMISSIONER RENDAHL: Your Honor? Sorry
16 to interrupt. In my version of the cross exhibits,
17 what is marked, I believe, as CLW-42X from public
18 counsel, this may be one of those late discovery.
19 There is no PSE response. There's just the
20 Company's -- the questions to the Company in the
21 exhibit.

22 Is that something public counsel can
23 distribute? We can make sure copies are made.

24 MS. GAFKEN: Commissioner Rendahl, thank
25 you for bringing those up. I -- They had actually

1 slipped my mind. We can actually withdraw the cross
2 exhibits that we identified. They were late discovery
3 in the process. On time, but late; right, as the
4 process goes.

5 We did have responses come in, but frankly,
6 they're just -- we got too crunched for time, so we
7 have not moved to supplement those placeholder exhibits
8 with the full responses.

9 And I guess this might also be a good time to
10 note that I'm planning on waiving the cross that I had
11 identified for Witness Wallace. So we can withdraw the
12 cross exhibit.

13 COMMISSIONER RENDAHL: Thank you for
14 clarifying.

15 JUDGE HOWARD: All right. Thank you,
16 public counsel.

17 Then I'm noting that public counsel is not
18 moving CLW-42X into evidence.

19 So with that, I am admitting all of the
20 pre-filed exhibits and testimony from the petition
21 filed on August 10th forward to the cross exhibits with
22 the exceptions of CLW-41X and CLW-42X, and we are
23 admitting both the original version of CLW-39X and the
24 supplement provided today.

25 MS. BARNETT: I'm sorry, Your Honor, did

1 that include JHJ-6X? Did you rule on that objection?

2 Again, we can -- we can --

3 JUDGE HOWARD: No. Thank you for bringing
4 that up again.

5 What was The Energy Project's response on
6 JHJ-6X?

7 MR. ZAKAI: Would you like to handle
8 that -- I guess I would request that we handle that as
9 the witness is being examined. And I can move after --
10 after we lay the foundation and hear -- and hear some
11 of the witness's testimony on that.

12 JUDGE HOWARD: That sounds appropriate.
13 So we're going to reserve a ruling on JHJ-6X.

14 And TEP or The Energy Project can move that
15 into evidence when it comes up today.

16 With that, let's turn -- we are foregoing
17 opening statements today, and we are going to be doing
18 closing arguments. So that would mean that we're
19 turning to our examination of witnesses.

20 And our first witness today is Jackie
21 Hawkins-Jones for staff, and she is with us in the
22 hearing room.

23 And we -- I think we need some assistance with
24 the bench mic.

25 Oh, it looks like it is working.

1 And is the witness logged into the Zoom
2 meeting?

3 THE WITNESS: No.

4 JUDGE HOWARD: Would it be possible for
5 you to join the Zoom meeting? We'll give you a moment.

6 And you'll want to mute yourself in the Zoom
7 meeting and turn your volume down.

8 THE WITNESS: Okay. I'm in.

9 JUDGE HOWARD: All right. Great.

10 Will you please raise your right hand and I'll
11 swear you in.

12

13 JACKIE HAWKINS-JONES,
14 having been first duly sworn,
15 testified as follows:

16

17 JUDGE HOWARD: All right. Thank you.

18 Could staff please introduce the witness and
19 ask if there's any updates to the testimony.

20

21 DIRECT EXAMINATION

22 BY MR. ROBERSON:

23 Q. Good morning.

24 Will you state your name and spell your last
25 name for the record, please.

1 A. Yes. My name is Jackie Hawkins-Jones. Last
2 name, H-A-W-K-I-N-S hyphen J-O-N-E-S.

3 Q. Did you sponsor exhibits JHJ-1T through JHJ-5
4 in this proceeding?

5 A. Yes.

6 Q. And do you have any corrections to your
7 testimony?

8 A. I do not.

9 MR. ROBERSON: Ms. Hawkins-Jones is
10 available for cross.

11 JUDGE HOWARD: All right.

12 And The Energy Project can do cross.

13 And you may proceed.

14

15 CROSS-EXAMINATION

16 BY MR. ZAKAI:

17 Q. Thank you, Your Honor.

18 Good morning, Jackie Hawkins-Jones.

19 A. Good morning.

20 Q. Please turn to TEP cross exhibit that is
21 labeled JHJ-6X.

22 Do you recognize this exhibit?

23 A. You'll have to give me one minute to get
24 there.

25 Q. Oh, yes. I'm sorry.

1 A. Could you provide the number again.

2 Q. JHJ-6X.

3 A. Okay.

4 Q. Do you recognize this exhibit?

5 A. Yes.

6 Q. Did TEP ask you this data request?

7 A. Yes.

8 Q. Is this the response that you provided to TEP?

9 A. Yes.

10 Q. Is any of this information in your pre-filed
11 testimony?

12 A. Yes.

13 Q. Which part of this information is in your
14 pre-filed testimony?

15 A. Oh, sorry.

16 Are you talking about the -- my answer in
17 general?

18 Q. Yes.

19 A. No, it was not in my pre-filed.

20 Q. Why did you not include this information in
21 your pre-filed testimony?

22 A. We did not include that in our pre-filed
23 testimony because that was not staff's position. I
24 don't know how --

25 Can you re- -- ask it another way, I guess?

1 Q. The information found in this cross exhibit
2 was not included in staff's testimony. Did it
3 represent your thinking about the case at the time that
4 you pre-filed your testimony?

5 A. Yes.

6 Q. If this cross exhibit represented your
7 thinking about the case at the time that you pre-filed
8 your testimony, then why was it not included?

9 A. Oh, I'm sorry. I'm misunderstanding your
10 question. No, that was not our position at the time.
11 After receiving your data request, we did take it into
12 consideration.

13 Q. Okay. Thank you.

14 MR. ZAKAI: Your Honor, I move to admit
15 this exhibit into evidence.

16 JUDGE HOWARD: Any objection?

17 MS. BARNETT: Yes. I renew my objection
18 to friendly cross.

19 This is a -- the position stated in the data
20 request and the response is not adverse to TEP's
21 position. In fact, it's the exact opposite. And
22 according to the policy statement, Commission's policy
23 statement, friendly cross is not appropriate if it does
24 not contradict the position of the questioner, and
25 therefore, friendly cross is often attempted and

1 consistently rejected by the Commission. And I would
2 request that the Commission continue that standard.

3 JUDGE HOWARD: Do you have a citation for
4 that policy statement?

5 MS. BARNETT: Yes. The policy statement
6 is -- it's called the Commission's policy statement on
7 alternative dispute regulatory process and case
8 management, and it is in Docket 9A-940351.

9 And, again, I would also add that it is just
10 Commission practice to exclude friendly cross. Number
11 7 of that policy statement says "Friendly
12 cross-examination should be limited to matters that
13 could adversely affect the questioner's interest to
14 avoid repetition of direct evidence."

15 JUDGE HOWARD: All right.

16 I've considered the objection, but I'm going
17 to deny the objection and admit JHJ-6X.

18 I'm persuaded that TEP is asking -- is asking
19 cross questions about why staff did not reflect its
20 position in a certain manner at the time.

21 All right. You may proceed, Mr. Zakai.

22 MR. ZAKAI: Thank you.

23 With the admission of the exhibit, I have no
24 further questions, Your Honor.

25 Thank you.

1 JUDGE HOWARD: Any redirect?

2 MR. ROBERSON: None from staff.

3 JUDGE HOWARD: Do we have any questions
4 from the bench for Witness Hawkins-Jones?

5 COMMISSIONER RENDAHL: Good morning,
6 Jackie Hawkins-Jones. How are you?

7 THE WITNESS: Good morning.

8 COMMISSIONER RENDAHL: So following up on
9 that exhibit in which staff indicates its support for
10 the term 4 of TEP's alterative proposal, which provides
11 for a process of self-declaration for certain
12 customers, I don't know if you know that TEP's proposed
13 term 5 states that if PSE presents evidence to the
14 Commission that a household does not fall within a
15 protected group, the Commission may allow the customer
16 to enter the disconnection process.

17 Is that familiar to you or do you want me to
18 give you a reference to testimony?

19 THE WITNESS: If you could give me a
20 reference, that would be great.

21 COMMISSIONER RENDAHL: It's in Exhibit
22 SNS-1T at page 34.

23 THE WITNESS: Sorry. Just give me one
24 moment.

25 COMMISSIONER RENDAHL: That's okay. It

1 takes a while.

2 THE WITNESS: And you said it's at
3 page...?

4 COMMISSIONER RENDAHL: Page 34, lines 1
5 through 4 in reference to TEP's proposed term 5.

6 THE WITNESS: Okay. I'm there.

7 COMMISSIONER RENDAHL: Okay. Great.

8 So what would this -- does staff also support
9 this proposed term 5?

10 THE WITNESS: Yes, staff does.

11 COMMISSIONER RENDAHL: So what would this
12 process look like from staff's perspective?

13 THE WITNESS: In -- it would look as
14 though PSE would present evidence to the Commission for
15 review, either at that time or at -- within a -- maybe
16 a period of time to determine that PSE had presented
17 sufficient evidence to allow the customer to go into
18 disconnection process.

19 COMMISSIONER RENDAHL: So is this similar
20 to the process we had at the end of the Covid
21 disconnection process where the Commission would
22 essentially have to approve before a disconnection took
23 place?

24 THE WITNESS: Essentially, but with this,
25 it would allow a period of time and not have it be as

1 soon as in that previous process that we had in place
2 to allow staff resources, time to go and review the
3 data that PSE provides.

4 COMMISSIONER RENDAHL: And so what sort
5 of -- what period of time are you envisioning? If the
6 Commission were to adopt this, what would -- to ensure
7 we have staff resources and ensure PSE could go through
8 with this process.

9 THE WITNESS: Yeah, I would say within the
10 next billing cycle.

11 COMMISSIONER RENDAHL: Okay. And given
12 the self-declaration process and what is currently
13 proposed in the -- currently in place for the bill
14 discount tariff process, would it -- would the local
15 community action agencies be a more appropriate party
16 to verify this information instead of the Commission?

17 THE WITNESS: I do think that they should
18 be a party to it. And if -- I think it would be
19 staff's preference if another party is that but want to
20 make ourselves available as well.

21 COMMISSIONER RENDAHL: Okay. I appreciate
22 that clarification.

23 THE WITNESS: Yeah.

24 COMMISSIONER RENDAHL: That's all I have,
25 Judge Howard.

1 JUDGE HOWARD: Any further questions from
2 the bench?

3 (No response.)

4 JUDGE HOWARD: All right.

5 Thank you for your testimony today.

6 You are excused for the remainder of the
7 hearing, and I'll turn it over to my colleague now.

8 JUDGE HUGHES: Okay.

9 Our next witness is Professor David Konisky
10 for public counsel.

11 Please turn on your camera and raise your
12 right hand.

13

14 DAVID KONISKY,
15 having been first duly sworn,
16 testified as follows:

17

18 JUDGE HUGHES: Very good.

19 Please introduce the witness and tender them
20 for cross.

21

22 DIRECT EXAMINATION

23 BY MS. GAFKEN:

24 Q. Good morning, David Konisky.

25 Could you please state your name for the

1 record and spell your last name.

2 A. Yes.

3 Good morning. David Konisky. Last name is
4 spelled K-O-N-I-S-K-Y.

5 Q. How are you employed and what is your
6 occupation?

7 A. I'm a professor of public and environmental
8 affairs at Indiana University in Bloomington. So I do
9 research and teaching in the area of energy and
10 environmental policy.

11 I also own a small consulting firm called DMK
12 Consulting.

13 Q. On whose behalf are you testifying today?

14 A. On behalf of public counsel.

15 Q. Do you have any changes to your testimony or
16 exhibits that were filed -- or pre-filed in this
17 docket?

18 A. I do not.

19 Q. Thank you.

20 MS. GAFKEN: David Konisky is now
21 available for cross-examination.

22 JUDGE HUGHES: Okay.

23 TEP, you indicated cross. You may proceed.

24

25 ///

1 CROSS-EXAMINATION

2 BY MR. ZAKAI:

3 Q. Thank you.

4 Good morning, Professor Konisky.

5 A. Good morning.

6 Q. Does your research discuss the demographic
7 patterns associated with utility disconnections?

8 A. It does, yes.

9 Q. Would you please turn to your testimony,
10 Exhibit DK-1T on page 12.

11 A. Yes. I'm there.

12 Q. On lines 6 to 13, do you discuss disparities
13 in the incidence of disconnections among different
14 demographic groups?

15 A. Yes, I do.

16 Q. Now, I would like to ask you some questions
17 about your opinion on how to define disparate impact.

18 In examining if a disparate impact on a
19 particular demographic group exists, is it appropriate
20 to compare the percent of people in the demographic
21 group at a risk of a particular harm to the percent of
22 people in the demographic group for the entire
23 population?

24 A. In general, yes. That's a very standard
25 approach within the social sciences as a way to measure

1 disparate impact would be to assess the prevalence of
2 an outcome across different population groups.

3 I would note two additional -- two additional
4 things to note about that. One is that you have to
5 consider the differences in light of how large the
6 populations are. That's what we refer to as looking
7 for statistical significance; right? Not all
8 differences are meaningful. But when you're studying
9 larger populations, you can get some sense of real
10 differences by taking into account the magnitude of the
11 effects given the population size.

12 The second thing I would say is you want to be
13 careful about what those comparisons look like to make
14 sure that you are meaningful in a substantive way.

15 Q. So in your opinion, is it reasonable to find
16 that a disproportionate impact exists in situations
17 where the percent of customers in a demographic group
18 at risk of harm is 1.5 times more than the percent of
19 customers in a demographic group for the entire
20 population, and that difference is statistically
21 significant?

22 MS. BARNETT: Objection. Friendly cross.

23 MR. ZAKAI: I would like the opportunity
24 to respond.

25 JUDGE HUGHES: Okay. Please respond.

1 MR. ZAKAI: First, this is not friendly
2 cross. TEP is not sure if the witness is going to
3 directly support our position. I'm asking clarifying
4 questions of the witness concerning their testimony and
5 research, and the answers are not found within the four
6 corners of the witness's testimony or exhibits.

7 However, if you decide this is friendly
8 cross-examination, Rule of Evidence 611 allows the
9 Court to exercise its discretion to permit inquiry into
10 additional matters as if on direct examination. It's
11 appropriate to exercise such discretion here because
12 there's a dispute about the definition of disparate
13 impacts, and the record should include the professor's
14 definition of disparate impacts.

15 MS. BARNETT: May I respond?

16 JUDGE HUGHES: Certainly.

17 MS. BARNETT: Thanks. Just quickly, I
18 would point -- I would ask where that conflict is that
19 it -- that -- the disagreement between TEP and public
20 counsel regarding disparate impacts.

21 JUDGE HUGHES: Any response on the specific
22 difference you're trying to get at?

23 MR. ZAKAI: Well, the specific problem is
24 that the testimony does not specifically say what the
25 definition is, and so clearly, it's needed to

1 understand if there's even adversity or not.

2 JUDGE HUGHES: Okay. I'll overrule the
3 objection, having read the material, and I agree that
4 there's something useful here.

5 So please proceed.

6 MR. ZAKAI: Would you like me to ask the
7 question again?

8 JUDGE HUGHES: Yes. I've overruled the
9 objection, so please ask again.

10 BY MR. ZAKAI:

11 Q. In your opinion, is it reasonable to find that
12 a disproportionate impact exists in situations where
13 the percent of customers in a demographic group at risk
14 of a particular harm is 1.5 times more than the percent
15 of customers in a demographic group for the entire
16 population, and that difference is statistically
17 significant?

18 A. Right.

19 So the first thing I would say is there's no
20 single or accepted definition of what a disparate
21 impact is; right? There's not some particular
22 numerical threshold of whether it's displacement here
23 or not that would say this is a disparate impact;
24 right? It's very context-specific, and there are
25 multiple ways that one could demonstrate a disparate

1 impact.

2 I would argue that in this particular context
3 of utility disconnections, 1.5 would certainly be a
4 disparate impact, but also, smaller differences would
5 be important; right? I think what's really important
6 here is not focusing solely on statistical significance
7 or sort of the absolute magnitude of an impact, but
8 what that actually means on the ground; right? And,
9 you know, additional disconnections, if they're just
10 even, you know, 1.1 or 1.2, whatever the case might be,
11 are still significant; right? We're talking about
12 hundreds if not thousands of people who might be
13 disproportionately affected.

14 So I think it's very context-specific. 1.5
15 would certainly represent a disparate impact, but I
16 think there's nothing magical about that number. It
17 can be a smaller impact that's also important from a
18 substantive standpoint.

19 MR. ZAKAI: Thank you for your time today,
20 Professor Konisky.

21 No further questions, Your Honor.

22 JUDGE HUGHES: Redirect?

23 MS. GAFKEN: No redirect. Thank you.

24 JUDGE HUGHES: Okay.

25 Any questions from the bench?

1 (No response.)

2 JUDGE HUGHES: No?

3 Okay. Well, thank you --

4 COMMISSIONER RENDAHL: Actually, I do.

5 JUDGE HUGHES: Okay. Yes. Sorry.

6 COMMISSIONER RENDAHL: Professor Konisky,
7 good morning.

8 THE WITNESS: Good morning.

9 COMMISSIONER RENDAHL: In your testimony,
10 DK-1T at page 4, on lines 4 through 7, you reference a
11 number of studies that show that high financial energy
12 burdens increase the risk of poverty and that energy
13 insecurity is associated with adverse physical and
14 mental health and can force households into difficult
15 situations such as whether to heat or eat.

16 Do you see that?

17 THE WITNESS: I do, yes.

18 COMMISSIONER RENDAHL: Okay.

19 Well, where PSE in this case is demonstrating
20 a significant number of customers with arrearages
21 greater than \$1,000, if that amount were to grow
22 without being addressed, doesn't that also create risks
23 for customers that are already at risk of poverty and
24 energy insecurity?

25 THE WITNESS: Yeah. I think in part, yes;

1 right? I mean, obviously, the way I try to think about
2 material hardship associated with, you know, affording
3 energy bills, paying for energy bills or any other
4 essential services; right, they are interactive
5 challenges; right? They're hard to isolate one from
6 the other.

7 Anytime people are challenged to afford
8 energy, they're likely also to be finding challenges,
9 you know, paying for other basic household needs,
10 whether it be food or medicine.

11 Again, I'm not sure there's a particular
12 number that represents that. It's very
13 context-specific, but I think it's most important to
14 note about this is that there's a lot that we don't
15 observe about how people are behaving and how they are
16 managing their bills; right? So in some circumstances,
17 you know, that's -- owing \$25 may represent a
18 significant financial burden. In other cases, it may
19 be, you know, ten times that or \$1,000, something to
20 that effect.

21 So there's -- I think the broader point here
22 is that when people are facing the risk of
23 disconnections; right, because they can't afford to pay
24 their energy bills, they have reached a pretty critical
25 stage; right, where they probably have already tried to

1 cope with that situation in many different ways that
2 are not observed. And we can't simply look at their
3 arrearages to get a sense of exactly what might be
4 going on because the circumstances could be very
5 different across households.

6 COMMISSIONER RENDAHL: I understand that.
7 But as the arrearage grows, it becomes even harder and
8 harder for those customers. Wouldn't you agree with
9 that?

10 THE WITNESS: Certainly; right? I mean,
11 the more you owe, the more stress and anxiety and all
12 of the outcomes that the research shows to be true.

13 I guess what I want to highlight is that, you
14 know, there are cases of much lower arrearage amounts
15 in which those same stresses may exist, and maybe the
16 people have chosen to pay down their energy bill, but
17 they are sacrificing other kinds of needed, you know --
18 needed essentials; right?

19 So I'm not disputing what you're saying at
20 all. I just think it's hard to put a particular
21 numerical threshold on how people are -- what they're
22 experiencing because those experiences really differ
23 across different populations and different households.

24 COMMISSIONER RENDAHL: Understood. Thank
25 you very much.

1 I have no further questions.

2 THE WITNESS: Thank you.

3 JUDGE HUGHES: Okay.

4 Well, thank you for your time.

5 You are excused for the remainder of the
6 hearing.

7 Our next witness is Carol Wallace for PSE.

8 Can you please turn your camera on.

9 Oh, she's physical here.

10 THE WITNESS: I just have a lot of stuff
11 to carry.

12 I'm having trouble with the mic.

13 Oh, there we go. Can you hear me?

14 MS. BARNETT: Before we start, I just want
15 to correct for the record because I was fumbling with
16 the microphone when I did my appearance, but my
17 pronouns are she, her and hers, and I have that written
18 down. I think that's important to put in the record.
19 So I'll also ask that of Ms. Wallace, please.

20 So, Carol Wallace, please state your name for
21 the record, the pronouns you prefer, your title, and
22 spell your name for the court reporter.

23 JUDGE HUGHES: Can I swear you in first?

24 MS. BARNETT: Oh, sorry.

25 JUDGE HUGHES: Raise your right hand.

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CAROL WALLACE,
having been first duly sworn,
testified as follows:

JUDGE HUGHES: Very good.
Please proceed.

MS. BARNETT: Thank you. Sorry about
that.

DIRECT EXAMINATION

BY MS. BARNETT:

Q. Ms. Wallace, please state your name, your
pronouns you prefer, title, and spell your name for the
court reporter.

A. I'm Carol Wallace, director of customer
solutions at Puget Sound Energy. My pronouns are she,
her, hers, and my name is spelled C-A-R-O-L,
W-A-L-L-A-C-E.

Q. Do you have before you what has been marked
for identification as Exhibit Number CLW-13T through
CLW-38 in this proceeding?

A. Yes.

Q. Do these exhibits constitute your pre-filed
testimony and related exhibits in support of PSE's

1 petition to amend the final order in this proceeding?

2 A. Yes.

3 Q. Were these exhibits prepared under your
4 supervision and direction?

5 A. Yes.

6 Q. Do you have any corrections to your testimony
7 on exhibits at this time?

8 A. No.

9 MS. BARNETT: With that, PSE offers Carol
10 Wallace for cross-examination.

11 JUDGE HUGHES: Okay.

12 Staff indicated cross.

13 You may proceed.

14

15 CROSS-EXAMINATION

16 BY MR. ROBERSON:

17 Q. Good morning.

18 Do you have a copy of your rebuttal testimony
19 with you?

20 A. I do.

21 Q. Can you turn to that? And I'm thinking
22 specifically of page 14.

23 A. Okay.

24 Q. And on that page, you describe PSE's
25 collaboration with its Low Income Advisory Group;

1 correct?

2 A. Yes.

3 Q. PSE first brought up the proposal at issue
4 here at the January 11, 2022, LIAC meeting; correct?

5 A. Yes.

6 Q. You were not in attendance at that meeting.
7 Am I correct on that?

8 A. Can you repeat the date, please.

9 Q. January 11th, 2022.

10 A. I was in attendance at that meeting.

11 Q. You were?

12 A. Yes.

13 Q. Okay.

14 And you also submitted the meeting notes for
15 this and all the other relevant LIAC meetings; correct?

16 A. Correct.

17 Q. And that's Exhibit CLW-33.

18 A. Yes.

19 Q. Okay.

20 And so at that original LIAC meeting in
21 January, did PSE present the parties with a detailed
22 proposal?

23 A. We did present a proposal at that meeting,
24 yes, of our phased approach for resuming
25 disconnections. It differed slightly from previous

1 proposals that we had discussed with the LIAC.

2 Q. Would you say that PSE had decided all parts
3 of the proposed -- all parts of the proposal at that
4 meeting?

5 A. No.

6 Q. Okay.

7 A. It was a -- it was a proposal at that point.

8 Q. And importantly here, I guess, PSE hadn't
9 decided what it was going to do with low-income
10 customers at that meeting; correct?

11 A. We had removed known low-income and estimated
12 low-income customers from the first phase of our
13 proposed approach, and we hadn't determined exactly at
14 that point what we would do with them. Correct.

15 Q. Okay.

16 And PSE told the members of the LIAC that it
17 planned to go back and have internal discussions about
18 how to deal with customers and then present a proposal
19 later; correct?

20 A. I would have to verify exactly what the
21 language was for that. I recall that we were looking
22 at how to manage the number of customers that would be
23 entering dunning because there were well over -- at
24 that point, around 250,000 customers in arrears, and
25 our call center can't handle that volume. Our field

1 folks can't handle that volume. So the phased approach
2 was really about how do we get customers moved through
3 the dunning process and be able to support them
4 appropriately. And part of that is known low-income
5 customers being -- and estimated low-income customers
6 being allowed time to get assistance, essentially.

7 BY MR. ROBERSON:

8 Q. Would it help to refresh your memory to look
9 at Exhibit CLW-33?

10 A. Sure.

11 Q. Page 7.

12 A. Yes.

13 Q. So PSE didn't really have a plan for dealing
14 with low-income customers at this meeting; right?

15 A. And we were going to discuss it, yes.

16 Q. Okay.

17 PSE next brought up the plan at the July 12th,
18 2022, LIAC meeting; correct?

19 A. Yes.

20 Q. Were you at that meeting?

21 A. Yes.

22 Q. Okay.

23 And did PSE present a detailed plan at that
24 meeting?

25 A. Let me just review the minutes really quickly.

1 We discussed it in the context of reporting on
2 collection disconnects that we had been doing that
3 started in May of 2022 at the request -- Hannah Navarro
4 asked us to report those in meetings subsequent to our
5 resuming disconnections, so we were discussing the
6 statistics of disconnections, and we did discuss that
7 we would be lowering the threshold at some point.

8 Q. But did PSE present a detailed plan for how
9 that was going to happen?

10 A. I don't recall.

11 Q. Did the meeting notes reflect that PSE
12 presented a detailed plan?

13 A. No.

14 Q. Okay.

15 PSE presented the plan to the LIAC for a final
16 time November 8th, 2022; correct?

17 A. Correct.

18 Q. Were you at that meeting?

19 A. I was not.

20 Q. Okay.

21 But you have reviewed the meeting notes?

22 A. Yes.

23 Q. Okay.

24 At that LIAC meeting, PSE explained that --

25 JUDGE HUGHES: Hold on.

1 Can you -- you're using an acronym. Could you
2 say what the acronym is for the court reporter?

3 MR. ROBERSON: Indeed I can.

4 BY MR. ROBERSON:

5 Q. So at that meeting, Puget Sound Energy, PSE,
6 presented to the LIAC, the Low Income Advisory
7 Committee, something close to a fully detailed plan;
8 correct?

9 A. Correct.

10 Q. And it was at that time that the LIAC members
11 were first told that low-income customers would be
12 entering the dunning process; correct?

13 A. I don't know that that was the first time, but
14 that's not reflected in these minutes.

15 Q. Would you turn to Exhibit CLW-33 at page 26
16 kind of the bottom of the page. So the meeting notes
17 reflect that counsel for The Energy Project was
18 describing this as like a first time that anyone was
19 hearing the low-income customers would be entering the
20 dunning process; correct?

21 A. It appears that way.

22 Q. Okay.

23 And in the pages after that, so the minutes
24 for CLW pages 27 through 29, many of the other members
25 of the LIAC kind of requested that PSE give them the

1 chance to offer substantive feedback on the proposal
2 before putting it into place; correct?

3 A. Yes.

4 Q. What role does PSE see for its LIAC?

5 A. We work with the LIAC to collaborate on
6 different -- different issues that impact our
7 low-income customer assistance programs. And so we
8 have worked with them since the LIAC was formed to
9 implement our PSE Home Energy Lifeline Program, which
10 is acronym HELP, and we worked with them -- we were
11 working with them throughout that whole period of the
12 pandemic on potentially implementing arrearage
13 management plans or a percentage of income assistance
14 plan. That's the role that we play with the LIAC.

15 Q. So you see the LIAC serving kind of a
16 substantive advisory role; correct?

17 A. With regards to our assistance program,
18 absolutely.

19 Q. Just with the assistance programs or with
20 low-income issues generally?

21 JUDGE HUGHES: I'm sorry, Counsel. Could
22 you repeat the question? I couldn't hear you.

23 BY MR. ROBERSON:

24 Q. Just with assistance programs or with
25 low-income issues generally?

1 A. At that time, it would have been just
2 assistance programs. I think we have evolved since
3 that time, and as we have implemented the bill discount
4 rate, we have worked in a more consensus kind of
5 methodology. I think that at that time, it was still
6 just really a collaborative inform, ask questions, take
7 feedback, those types of collaborations.

8 Q. Fair enough.

9 Okay.

10 Would you turn to page 2 of your rebuttal
11 testimony.

12 At lines 11 and 12, you speak of PSE's
13 commitment to addressing the equitable concerns raised
14 by this filing; correct?

15 A. Correct.

16 Q. Will you now turn to Exhibit CLW-39X.

17 JUDGE HUGHES: Are we looking at the
18 original or the supplemental?

19 MR. ROBERSON: This is the original.

20 JUDGE HUGHES: Okay.

21 Thank you.

22 MR. ROBERSON: If it helps, it is also
23 Exhibit SMS-9 and Exhibit CJD-10.

24 THE WITNESS: Oh, okay.

25 Sorry about that.

1 MR. ROBERSON: No worries.

2 BY MR. ROBERSON:

3 Q. Do you recognize this document?

4 A. Yes.

5 Q. Can you identify it?

6 A. It is PSE's response to Staff Data Request
7 313.

8 Q. Is that a true and accurate copy of the DR
9 response?

10 A. Yes.

11 Q. And you are listed as the knowledgeable
12 witness on this DR answer; correct?

13 A. Yes.

14 Q. And in the DR, staff asked PSE if it had
15 looked at the equity impacts of its proposal; correct?

16 A. Correct.

17 Q. And PSE's answer was no; correct?

18 A. Correct.

19 Q. Now, PSE has supplemented this answer, and I
20 just want to make sure I understand PSE's position:

21 So PSE believes that it has done an equity
22 analysis by looking at the number of customers that
23 would be swept up in each phase of the dunning process
24 that have certain equity characteristics as compared to
25 the general population; is that correct?

1 A. Yes.

2 Q. Okay.

3 Going back to the original answer, which is
4 Exhibit CLW-39X, PSE explains that it doesn't look at
5 equity impacts because that would depend on what the
6 Commission orders and what the parties offer in
7 settlement; correct?

8 A. Correct.

9 Q. And I guess I'm wondering if that's true here,
10 when would that not be true?

11 A. It wouldn't -- well, it depends. It wouldn't
12 be true when we have actual rule-making that requires
13 us to do specific things. We are doing -- we did do
14 the initial equity analysis that showed that there --
15 that only -- that customers in protected groups were
16 only likely to be more impacted than customers in
17 non-vulnerable groups and determined that there wasn't
18 a disproportionate impact.

19 Q. With that understanding, so basically anything
20 that could become an adjudication or is an
21 adjudication, PSE would not look at the equity impacts
22 of its proposals; correct?

23 A. That's not correct. I misstated.

24 We look at equity in everything we do. We
25 look at equity and how we propose new projects. And in

1 the last two years, we have formed an energy equity
2 team. We have incorporated equity in our
3 decision-making process. It's -- it's something that
4 we're doing on a daily basis. So I misspoke.

5 Q. Okay.

6 But according to this DR, if I understand
7 PSE's position, it wouldn't be looking at the equity
8 impacts of these proposals because those would always
9 depend on what the Commission orders or what is agreed
10 upon in settlement; correct?

11 A. Say that again, please.

12 Q. Ma'am, if I can remember. I'm sorry.

13 If I understand PSE's position from this DR,
14 it would never look at the equity impacts -- not
15 equity, but specifically the equity impacts of its
16 proposals because those would depend on what the
17 Commission ultimately orders or what the parties agree
18 to in settlement; correct?

19 A. That was the response in this DR, which is why
20 we filed the supplemental response.

21 Q. But the supplemental doesn't change that
22 answer; correct?

23 A. No.

24 Q. All right.

25 Last set of questions. If you could turn to

1 page 30 of your rebuttal testimony.

2 And on lines 9 through 11, you state that
3 60 percent of customers who are disconnected are
4 reconnected within one day; correct?

5 A. I'm almost there.

6 Correct.

7 Q. If my math is correct, that would mean that
8 40 percent of customers are not so reconnected;
9 correct?

10 A. The same day? Yes. The reconnect is
11 dependent upon the customer contacting PSE to
12 reconnect.

13 Q. Understood.

14 Do you know what the average length of outages
15 is for those 40 percent that are not reconnected within
16 one day?

17 A. It varies. It varies.

18 Q. Average?

19 A. I don't know an average.

20 Q. Okay.

21 Do you know what percentage of those
22 40 percent are known or estimated low-income?

23 A. I don't.

24 Q. And do you know what percentage of that 40
25 percent are members of named communities, meaning those

1 who live in highly impacted communities or members of
2 vulnerable populations?

3 A. I know we have looked at that, but I don't
4 have that off the top of my head, no. I'm sorry.

5 Q. That's fine.

6 MR. ROBERSON: I'm done. Thank you.

7 JUDGE HUGHES: Any redirect?

8 MS. BARNETT: Yes. Thank you, Your Honor.

9

10 REDIRECT EXAMINATION

11 BY MS. BARNETT:

12 Q. Ms. Wallace, Mr. Roberson asked you about the
13 dates of the Low Income Advisory Committee meeting.

14 When did PSE resume its -- the phased-in
15 dunning process?

16 A. In May 2022.

17 Q. And had they communicated that they were going
18 to be doing that with the -- or at the LIAC committee
19 meeting?

20 A. Yes.

21 Q. So do you -- is it your understanding that the
22 LIAC committee understood that you were implementing a
23 phased-in process resuming dunning?

24 A. Absolutely. We talked about it in our
25 May 11th, '21, meeting; September 14th, '21, meeting;

1 October 5th, 2021, meeting that I can specifically find
2 in our minutes of those conversations that occurred.

3 Q. Thanks.

4 Turning to the cross-exam exhibit, you
5 discussed it was PSE's response to Staff Data Request
6 Number 313, and that's cross-exam Exhibit 39X, CLC-39X.
7 I heard you say that they -- the supplemental response
8 doesn't contradict the initial response. Is that my
9 understanding?

10 I guess my question is why would you file
11 that? Why did you file a supplemental?

12 A. We wanted to clarify that we had done an
13 equity analysis, which was understanding what
14 percentages of populations of known low-income,
15 estimated low-income, deepest need, and highly impacted
16 communities were in the population of customers that
17 would go into dunning. And so we felt that that did
18 constitute an equity analysis.

19 Q. Regarding the reconnection for those who do
20 get disconnected, could you explain and elaborate on
21 that process after a person is disconnected? What
22 happens?

23 A. Sure.

24 So -- almost 99 percent of our electric meters
25 are remote-capable, so we can disconnect them remotely

1 and we can also reconnect them remotely. So if a
2 customer is disconnected, there are several things that
3 happen. The first thing is their account that holds
4 the arrearage that they were disconnected for is
5 closed, and that account goes to a prior obligation.
6 The customer can then be reconnected by reaching out to
7 PSE either on the phone with one of our call center
8 agents on our IVR, in our -- sorry, integrated voice
9 response. It's the telephone computer system when you
10 call in -- as well as our website and our mobile app,
11 and request a reconnection. There isn't a fee for
12 reconnection for a remote customer. There isn't a
13 deposit required right now. They don't have to address
14 the arrearage balance because it's going to prior
15 obligation, and they can be reconnected sometimes
16 within minutes, depending on the -- how the system is
17 operating. And we have a really robust reconnect
18 system with accuracy and reconnects on command over 99
19 percent of the time. So it's very short.

20 MS. BARNETT: Thank you.

21 I have no more redirect.

22 JUDGE HUGHES: Okay. Thank you.

23 Any TEP-indicated cross?

24 So please proceed.

25 MR. ZAKAI: Thank you, Your Honor.

1

2

CROSS-EXAMINATION

3 BY MR. ZAKAI:

4 Q. Good morning, Carol Wallace.

5 A. Good morning.

6 Q. I'm going to start by asking you some
7 questions about the dates in your proposal.

8 Could you please turn to your direct testimony
9 Exhibit CLW-13T on page 18.

10 A. Okay.

11 Q. Do lines 5 to 7 say that you revised the
12 estimated timing of the phases in Table 2?

13 A. Yes.

14 Q. Did you file this testimony on November 17th,
15 2023?

16 A. Yes.

17 Q. Thank you.

18 Please turn to page 19 and review Table 2.

19 A. Okay.

20 Q. What phase number is PSE in today?

21 A. Phase 1.

22 Q. And according to this table, should PSE be in
23 Phase 1 today, in January 2024?

24 A. According to this table, yes. The dates in
25 the table were illustrative. However, to show that

1 it's a phased approach, it will take several months, if
2 not longer, to move through each phase because of the
3 volume of customers. Those aren't hard dates. They
4 were just to illustrate that it's going to take time.

5 Q. So when you said on the previous page that you
6 revised the estimated timing, you didn't revise it to
7 be anything specific or actionable for the Commission
8 to work with?

9 A. It was purely illustrative to show that
10 there's a period of time that this is going to take.

11 Q. Sorry. Could you answer "yes" or "no"? Is
12 the proposal in the table designed when you filed it to
13 be something specific and actionable for the Commission
14 to adopt?

15 A. No.

16 Q. Thank you.

17 I'm going to move on to another set of
18 questions.

19 Could you please turn to your rebuttal
20 testimony, CLW-31, and page 17 also has a Table 2
21 there.

22 A. Okay.

23 Q. So the second row of Table 2 identifies
24 customers whose income is below 200 percent of the
25 federal poverty level and past-due amounts above

1 \$1,000.

2 How many customers are listed on that line?

3 A. 10,658.

4 Q. And I guess rounded to the nearest million,
5 what is the past due amount associated with those
6 customers?

7 A. \$24 million.

8 Q. Thank you.

9 Now, could we please turn back to your direct
10 testimony and Table 2 on page 19 there.

11 A. Okay.

12 Q. Does Table 2 in your direct testimony include
13 the \$24 million in arrearages that you identified in
14 response to my last question?

15 A. Yes.

16 Q. Please identify the specific line of the table
17 that includes the \$24 million.

18 A. I don't know.

19 Q. Okay.

20 Did you prepare this table?

21 A. I did not.

22 Q. But your testimony sponsors it?

23 A. Correct.

24 Q. Okay.

25 So you can't identify the table that includes

1 this \$24 million or the line in the table that includes
2 the \$24 million.

3 So let's -- so in the amounts past due, it
4 looks like there's only one line that includes more
5 than \$24 million, and that's line 1; right?

6 A. Correct.

7 Q. And does line 1 state \$43 million rounded?

8 A. Correct.

9 Q. Okay.

10 Let's turn back to your rebuttal testimony,
11 page 2, and look at line 1 there.

12 A. I'm sorry. Could you repeat which page.

13 Q. Yeah, no problem. That's page 17 of your
14 rebuttal testimony --

15 A. Thank you.

16 Q. -- page 2.

17 A. Thank you. Okay.

18 Q. So that line there, does that past-due number
19 have the \$43 million that matches the past-due amount
20 in line 1 of Table 2 in your direct testimony?

21 A. It does.

22 Q. So would it be fair to say that it's
23 impossible for that \$24 million to be in Table 2 of
24 your direct testimony?

25 A. Yes.

1 Q. Thank you.

2 I'm now going to ask some questions about
3 PSE's arrearage projections.

4 Could you please turn to your direct testimony
5 on page 8.

6 A. Okay.

7 Q. So page 8 includes Figure 2 with projected
8 arrearage amounts in purple and actual arrearage
9 amounts in blue.

10 Does Figure 2 show that in 2023, PSE's
11 arrearage projections in purple are always higher than
12 the actuals in blue? That's for the year 2023.

13 A. Yes.

14 Q. Thank you.

15 Now, I'm going to change topics and ask some
16 questions about rate impacts.

17 Please turn to your rebuttal testimony on
18 page 26.

19 A. Okay.

20 Q. Table 5 shows the estimated rate impact of
21 TEP's alternative proposal or term 3 of TEP's
22 alternative proposal.

23 Do the calculations in Table 5 include
24 inactive accounts?

25 A. I would have to look at the original table.

1 Do you know what exhibit?

2 Q. I believe the source of this is Exhibit CLW-35
3 if you want to turn to that.

4 A. Thank you.

5 Q. And once you're there, you could look
6 specifically at line 3.

7 A. Yes. It's for active and inactive customers.

8 Q. Do you agree that if inactive customers were
9 removed from the calculations, that the rate impact
10 would be lower?

11 A. There's a lot of variables to that answer.

12 If -- if inactive customers don't pay their
13 arrearage balance, then they will end up going through
14 the bad debt process and end up in rates.

15 Q. But for the calculations performed in this
16 table, which includes both active and inactive customer
17 accounts, all else being equal, if you remove inactive
18 customers, the resulting impact would be lower;
19 correct?

20 A. In that context, yes.

21 Q. Thank you.

22 Now, I'm going to address different parts of
23 PSE's rate impact.

24 I'm going to ask a question, and for one time,
25 we're going to move away from your testimony and to

1 PSE's petition itself.

2 And so could you please turn to attachment B
3 of PSE's petition.

4 A. I don't know if I have attachment B.

5 Q. In the document that was filed with the
6 Commission, they are all on the -- they're all in the
7 same PDF.

8 A. Gotcha.

9 I have it now. Thanks.

10 Q. Thank you.

11 Could you please turn to page 10 of attachment
12 B.

13 A. Okay.

14 Q. Does footnote 2 at the bottom of this page say
15 that rate impacts would become annual and perpetual?

16 A. If scenarios in 3 to 5 were to become
17 disconnect moratoriums on a permanent basis.

18 Q. Thank you.

19 And under number 5, does this page show that
20 PSE estimated the rate impacts at 4.8 for electric and
21 3.8 for natural gas -- sorry, 3.2 for natural gas? I
22 misspoke there.

23 A. Yes.

24 Q. Thank you.

25 Now we're going to go back to your rebuttal

1 testimony on page 28.

2 A. Okay.

3 Q. On line 20 at the bottom and continuing to the
4 next page, do you estimate annual rate impacts at
5 1 percent for electric and 1 percent for gas?

6 A. Based on the assumptions from the
7 calculations, yes.

8 Q. Okay.

9 And is that 1 percent rate impact that you
10 describe here smaller than the 3.8 and 4.8 percent that
11 we just looked at in attachment B?

12 A. It is because the 4.8 and the 3.2 percent were
13 based on current arrearages, and this is based on
14 arrearages moving forward if we didn't disconnect
15 customers.

16 Q. Okay.

17 The footnote in attachment B does discuss,
18 quote, "these estimated rate impacts"; correct?

19 A. Correct.

20 Q. And that footnote 2 is placed on the same line
21 and in the same sentence as the 4.8 and 3.2 percent
22 impacts.

23 A. Correct.

24 Q. Okay.

25 Now, please turn to the spreadsheet provided

1 as attachment A to Exhibit CLW-36.

2 COMMISSIONER RENDAHL: Excuse me, Your
3 Honor. I don't have that attachment A. Is it in the
4 exhibit?

5 JUDGE HUGHES: I don't believe it is. I'll
6 send a link in a moment.

7 If we could pause for half a moment.

8 MR. ZAKAI: Your Honor, may I suggest that
9 maybe everybody take a short break now? Would now be
10 an appropriate time for a midmorning break?

11 JUDGE HUGHES: Let's take five minutes
12 here.

13 Oh, by five, I mean ten. So we'll take two
14 sets of five-minute breaks back to back. Let's be back
15 here at 10:30. We're going to round it up to a
16 13-minute break.

17 So 10:30, people.

18 Thank you.

19 And we are off the record.

20 (Pause in the proceedings.)

21 JUDGE HUGHES: Okay. I believe our soft 5
22 is done.

23 Let us resume.

24 And we are back on the record.

25 MR. ZAKAI: Thank you, Your Honor.

1 BY MR. ZAKAI:

2 Q. So before we had left, I had asked to turn to
3 the spreadsheet that is provided as attachment A to
4 Exhibit CLW-36. This is -- Carol Wallace, is this the
5 spreadsheet that includes the support for the
6 calculations of the rate impacts we were discussing in
7 the first tab, the 4.8 percent and the 3.2 percent, and
8 then in the second tab, the 1 percent?

9 A. This one is for the 1 percent. So the first
10 table is the annual impacts based on data through
11 May 1st, and the second is the 1 percent, yes.

12 Q. Okay. Thank you.

13 Let's turn to that second tab addressing the 1
14 percent rate impact.

15 A. Oh, I'm just looking at the printout.

16 Q. Okay.

17 Well, then let's look at the table that shows
18 the 1 percent rate impact.

19 A. Okay.

20 Q. Do you have that in front of you?

21 A. I do.

22 Q. Okay. Thank you.

23 So 38D shows the commercial and industrial
24 impact -- rate impacts for electric. But I guess let
25 me clarify.

1 Should I refer to cell numbers or do you not
2 have that cell numbers?

3 A. I don't have it.

4 Q. Okay.

5 I'm going to have to change my questioning a
6 little here, but I think we'll be able to get through
7 it.

8 So please look at the commercial and
9 industrial rate impacts for electric.

10 How many digits are visible after the decimal
11 point in that cell?

12 A. Two.

13 Q. Thank you.

14 Now, let's look at the rate impacts for gas
15 customers under residential and commercial and
16 industrial.

17 In contrast to what we looked at a moment ago,
18 which showed two digits after the decimal point, do you
19 agree that these only show one digit after the decimal
20 point?

21 A. Yes.

22 Q. Okay.

23 Now, let's turn to the residential and total
24 rate impacts for electric as well as the total rate
25 impact for gas.

1 In contrast to what we just looked at, do you
2 agree that these are rounded to the nearest whole
3 percent and that no digits follow the decimal point?

4 A. Yes.

5 Q. Okay.

6 And if you change the formatting for the
7 residential electric rate impact to show two digits
8 after the decimal point, would that show a rate impact
9 of 0.73 percent instead of 1 percent?

10 A. I'm sorry, I don't have access to the
11 spreadsheet to look at that, to confirm it.

12 Q. Could you accept that subject to check?

13 A. Subject to check, yes.

14 MS. BARNETT: Your Honor, we can provide
15 that.

16 BY MR. ZAKAI:

17 Q. And subject to check, that if you changed the
18 formatting to show the rate impact for all electric
19 customers, that that would be 0.77 instead of
20 1 percent?

21 A. I just got the spreadsheet, so I'm looking at
22 it right now.

23 Okay. Can you please repeat what you just
24 said?

25 Q. Yes.

1 So if you change the formatting of cell 39D,
2 which is the estimated rate impact for all electric
3 customers, to show two digits after the decimal point,
4 do you agree that that would be 0.77 percent instead of
5 1 percent?

6 A. Yes.

7 Q. Okay.

8 And if you change the formatting of cell 39F
9 to show two digits after the decimal point, does it
10 show an estimated rate impact for all gas customers of
11 0.57 percent instead of 1 percent?

12 A. Yes.

13 Q. Now that we have discussed the rounding of the
14 estimated rate impacts, I'm going to ask some questions
15 about the assumptions used to develop the rate impacts.

16 Please review line 6.

17 Does line 6 show that PSE calculates the
18 annual rate impact by first determining the increase in
19 arrearages from May 2022 to May 2023?

20 A. Line 6 of -- I'm sorry. I don't know where
21 you're referring.

22 Q. Yeah, no problem.

23 So the table at the top of that same tab with
24 arrearages, does that include arrearages from May 2022
25 and May 2023 as the first step in the calculation?

1 A. Yes.

2 Q. Okay. Thank you.

3 Could you please turn to the cross exhibit
4 marked CLW-30X.

5 Sorry, did I say 30? I -- that was a mistake.
6 I meant 40X.

7 A. Okay.

8 Q. My apologies.

9 A. Okay.

10 Q. So on the second page, does this exhibit show
11 arrearages in October 2022 and October 2023 excluding
12 inactive customers?

13 A. Yes.

14 Q. Okay.

15 And do you accept subject to check that if the
16 arrearages shown here are entered into that table we
17 were just looking at in CLW-36, that, you know, to
18 replace the arrearages that were there in cells E7 to
19 F15, that the result is rate impacts of 0.34 percent
20 for residential electric customers and 0.23 percent for
21 residential gas customers?

22 A. Subject to check, I don't know. At this
23 point, I don't know.

24 Q. But would you accept it subject to check,
25 perform the calculations and let the Commission know if

1 that's incorrect?

2 A. Absolutely, yes.

3 Q. Okay.

4 MR. ZAKAI: Thank you for your time today,
5 Carol Wallace.

6 I have no further questions.

7 JUDGE HUGHES: Any redirect?

8 MS. BARNETT: Yes. Thank you.

9

10 REDIRECT EXAMINATION

11 BY MS. BARNETT:

12 Q. Ms. Wallace, Mr. Zakai walked you through some
13 differences in the arrearage tables.

14 Could you explain why the amounts past due and
15 arrearages are different?

16 A. In -- I've looked at a lot of tables, so I
17 would like a little more context.

18 Q. I guess I'll just -- are those tables accurate
19 today?

20 A. No.

21 Q. Why not?

22 A. Because they're in the past, and things have
23 changed.

24 Q. What is the status today of the arrearages?

25 A. Currently, we have \$164.9 million in

1 arrearages.

2 Q. And is that more than you had in any of those
3 tables?

4 A. Oh, absolutely.

5 Q. And going to the rate impacts you were
6 reviewing with Mr. Zakai, could you -- could you point
7 us to an exhibit or anywhere in your testimony where
8 you provide the estimated rate increases if the
9 Commission approves The Energy Project's proposal?

10 A. Yes.

11 I don't know off the top of my head which one
12 it is, however.

13 Q. Do you know off the top of your head
14 approximately the estimated rate increases for
15 customers if the Commission were to adopt The Energy
16 Project's proposal in this proceeding?

17 A. I think it's 4.8 percent, but I would need to
18 double-check.

19 Q. And that's a 4.8 increase in rates?

20 A. Yes.

21 Q. Do you know the estimated rate increase if the
22 Commission approves PSE's proposal in this proceeding?

23 A. There shouldn't be a rate increase. We
24 have -- if we would just go back to our normal process
25 where we have assistance that's covered under Schedule

1 129 that's already in rates, and debt recovery, which
2 is already in there.

3 MS. BARNETT: Thank you.

4 No more redirect.

5 JUDGE HUGHES: Any questions from the
6 bench?

7 COMMISSIONER DOUMIT: Yes, Your Honor.
8 Thanks.

9 Thank you, Ms. Wallace.

10 So on paragraph 10 of the petition to amend
11 the settlement -- I'm just quoting here -- "Holding
12 dunning to phase 1" also means that PSE is able to
13 expand its customer and outreach practices aimed at
14 addressing the arrearages. And a couple of the
15 witnesses, a few of them, actually, make the point
16 that -- and I can point you to, for example, Charlie
17 Thompson, Joint Environmental Advocates, at page 5 of
18 her initial testimony basically says the settlement
19 doesn't disallow PSE from making direct contact with
20 customers.

21 So I'm wondering, do you feel that you can
22 make direct contact with customers in the current
23 environment, first question?

24 THE WITNESS: Yes.

25 COMMISSIONER DOUMIT: Under \$1,000, I'm

1 talking about.

2 THE WITNESS: Yeah. That was -- that is
3 our position.

4 We -- customers that aren't in dunning.
5 Dunning is the process that allows us to do direct and
6 targeted outreach, which includes the exact amount of
7 arrearage. We have done outreach that includes all of
8 the information about assistance available, payment
9 plans, those types of things, but they're more generic
10 towards the broad customer base of customers in
11 arrears. To specifically send a document to Mr. Jones
12 in Tukwila, we don't have the facility currently to do
13 that. All of the process for that automated
14 communication happens through the dunning process.

15 COMMISSIONER DOUMIT: Okay.

16 Is the ultimate point of the dunning process
17 that it puts customers who are in arrears in the
18 disconnection queue? Is that kind of what
19 distinguishes it --

20 THE WITNESS: No.

21 COMMISSIONER DOUMIT: -- from the normal
22 outreach?

23 THE WITNESS: No.

24 COMMISSIONER DOUMIT: Okay.

25 THE WITNESS: I think that could be a

1 result. That's not the intent of putting customers in
2 the dunning process.

3 The dunning process allows for a lot of
4 upfront communication before a customer would ever hit
5 the disconnection queue. We make at least two phone
6 calls. They get an urgent notice. They get a 72-hour
7 notice. They get a disconnect notice. We go to the
8 door and provide them with a 24-hour notice.

9 And what we find is during that process,
10 customers leave the dunning process because they take
11 action.

12 COMMISSIONER DOUMIT: Okay.

13 And I don't mean this to be flippant
14 whatsoever.

15 THE WITNESS: No.

16 COMMISSIONER DOUMIT: Just a semantic
17 issue I'm dealing with.

18 Couldn't you just call that process something
19 else other than, say, dunning and do that sort of
20 outreach independently? Because it seems to work;
21 right?

22 And does that question make sense?

23 THE WITNESS: It does. I think that
24 there's a few considerations. I think it works because
25 the dunning process allows the customer to understand

1 what the consequence is of not paying their bill, and
2 that consequence is a disconnect. That's not our
3 ultimate goal, but that is a consequence. And so I
4 think it's important that because it's a customer's
5 responsibility to pay their bill, that they understand
6 the consequence of not paying their bill.

7 We would have to build another dunning-like
8 process to handle that outside of the current process,
9 and I don't know what type of resources that would
10 take. We built the existing process back in 2013 when
11 we moved into the SAP billing system. So it's been a
12 long time since we created that process, so we would
13 have to do some research and requirements gathering --
14 all of that stuff you do for a technical project.

15 COMMISSIONER DOUMIT: So getting back to
16 sort of my second question, the dunning process really,
17 in your mind, it sounds like it works because the
18 ultimate consequence is disconnection.

19 THE WITNESS: Yes.

20 COMMISSIONER DOUMIT: All right.

21 Now, witnesses have made the point that
22 most -- most -- the vast majority of customers in the
23 dunning process don't go to disconnection.

24 THE WITNESS: Correct.

25 COMMISSIONER DOUMIT: Okay.

1 Does that make a point, then, if you did the
2 research you needed to do, change your system, that
3 just by doing the outreach -- I'm asking for your
4 opinion now, I guess, if you have it.

5 THE WITNESS: Yeah.

6 COMMISSIONER DOUMIT: Just by doing that
7 aggressive sort of outreach without that consequence,
8 would you -- could you begin to take down this, you
9 know, huge arrearage balance?

10 THE WITNESS: So in my opinion, speaking
11 with my 32 years of experience at Puget Sound Energy, I
12 don't think it would work. It has not worked in --
13 when we first stopped disconnecting, we changed our
14 dunning notifications to let customers know they were
15 past due and that there was no -- and removed all the
16 information about disconnections. During that period
17 of time, we saw payment arrangements decrease
18 significantly. We saw applications for energy
19 assistance decrease significantly. And so in my
20 opinion, no, it doesn't work the same.

21 COMMISSIONER DOUMIT: Okay. Thank you.

22 Nothing further from me.

23 Thank you.

24 COMMISSION CHAIR DANNER: And if I may,
25 when -- when was that period? When did you -- what was

1 the period in which you tried that?

2 THE WITNESS: It was between -- it was --
3 so we stopped disconnecting voluntarily March 6th of
4 2020, before the moratorium. And we changed the
5 notifications between then and June. I'm not exactly
6 sure on the dates of that. And the process continued
7 through the moratorium getting lifted.

8 And then we went through the communication
9 back and forth with the Commission to verify customer
10 information, those types of things. And so we actually
11 went back to the normal noticing process, having
12 removed a large portion of customers from dunning that
13 were estimated or known low-income, and went back to
14 the normal process for the customers in phase 1.

15 COMMISSION CHAIR DANNER: Yeah. I mean,
16 my -- what I'm trying to get a handle on is when you
17 tried taking out the references to disconnection, that
18 was when people were possibly aware of the moratorium.

19 THE WITNESS: Absolutely. Yes.

20 COMMISSION CHAIR DANNER: And so, you
21 know, to -- now that we're out of having a legally
22 mandated moratorium, you don't have any experience with
23 trying the softer approach that Commissioner Doumit was
24 talking about without having a backdrop of a
25 moratorium?

1 THE WITNESS: Yeah, that's probably true.
2 However, we did -- we did send out 68,000 postcards to
3 customers talking about the assistance that was
4 available, all the protections with K cap and those
5 types of things. We did that, and we didn't see an
6 uptick in customers applying.

7 COMMISSION CHAIR DANNER: So based on your
8 experience, without raising the possibility of
9 disconnection, you are not going to get the response
10 that you feel is necessary to bring these arrearages
11 down?

12 THE WITNESS: Yes.

13 COMMISSION CHAIR DANNER: Okay. Thank
14 you.

15 COMMISSIONER RENDAHL: And, Carol Wallace,
16 was that postcard sent during the moratorium or after
17 the moratorium?

18 THE WITNESS: After.

19 COMMISSIONER RENDAHL: I'm wondering if we
20 can get a copy of that --

21 THE WITNESS: A copy of it?

22 COMMISSIONER RENDAHL: -- with the date
23 and make it a bench request.

24 I have some other questions.

25 JUDGE HUGHES: Go ahead.

1 And we'll prepare that bench question.

2 COMMISSIONER RENDAHL: So, Carol Wallace,
3 if you would turn to your Exhibit CLW-26, which appears
4 to be a presentation that includes -- it says arrearage
5 data as of May 16, 2021. But it doesn't have any
6 indication of where this was present -- who this was
7 presented to or the date it was presented.

8 Do you know that information of when this was
9 prepared and who it was shared with or prepared for?

10 THE WITNESS: It was shared with the LIAC,
11 I believe. I would have to confirm that. That's what
12 it was prepared for.

13 COMMISSIONER RENDAHL: Okay. But there's
14 no date on here other than the date of the data.

15 THE WITNESS: True.

16 COMMISSIONER RENDAHL: Okay.

17 And if you could turn to -- so I would like
18 you to provide a response in terms of when it was
19 presented to the Low Income Advisory Committee.

20 THE WITNESS: Okay.

21 COMMISSIONER RENDAHL: Okay.

22 If you turn to page 5 of the exhibit, which
23 is -- actually, page 4 of the exhibit, it talks about a
24 presentation of dunning segments.

25 So does this represent the -- does this

1 represent what was the dunning process prior to the
2 Covid disconnects or is this an earlier version of
3 PSE's now-proposed phased dunning process?

4 THE WITNESS: It's an earlier version of
5 the phased approach.

6 COMMISSIONER RENDAHL: Okay.

7 If you could turn to your rebuttal testimony,
8 which is CLW-31TR, and look at page 23.

9 THE WITNESS: Okay.

10 COMMISSIONER RENDAHL: Okay. And at the
11 very top, lines 3 through 6, you reference a special
12 dunning procedure for arrearages over \$1,000, but that
13 isn't described in your testimony.

14 Can you tell me what a special dunning
15 procedure is?

16 THE WITNESS: Yes. It's a procedure that
17 we can use to move customers in or out of dunning. So
18 the special dunning procedure that this is in reference
19 to is the snapshot in time when we removed customers
20 that were known low-income or estimated to be under
21 200 percent of federal poverty level at the beginning
22 of the phased approach.

23 COMMISSIONER RENDAHL: Okay. So this is
24 specifically focused on removing those customers of
25 high impact or special consideration?

1 THE WITNESS: From dunning altogether,
2 yes.

3 COMMISSIONER RENDAHL: Okay.

4 Do you have Mr. Dahl's testimony and exhibits
5 in front of you?

6 THE WITNESS: I do.

7 COMMISSIONER RENDAHL: Okay.

8 If you could turn to CJD-4, which is PSE's
9 response to public counsel's data request 441.

10 It states it doesn't track or differentiate
11 between the number of outreach attempts made to
12 customers with past-due balances that have active or
13 closed accounts. Why doesn't PSE differentiate between
14 those types of calls in terms of collecting data?

15 THE WITNESS: I don't think we ever had to
16 do that, so it wasn't built into our process.

17 COMMISSIONER RENDAHL: Okay.

18 And looking at the table that's -- the table 1
19 at the bottom of the response, is it possible for PSE
20 to provide in addition to the calls that were made
21 there the total number of active and closed accounts
22 during those two periods?

23 THE WITNESS: Yes, we can provide that.

24 COMMISSIONER RENDAHL: Okay.

25 That would be another bench request.

1 Okay. And then looking at Witness Dahl's
2 Exhibit CJD-5, which is public counsel's -- I'm sorry.
3 It's PSE's response to Public Counsel Data Request
4 Number 431 and the supplemental response.

5 Looking at the supplemental response, there's
6 a reference to PSE conducting some outreach to
7 customers, 68,000 customers in March of 2023. Is that
8 what you were referring to in terms --

9 THE WITNESS: Yes.

10 COMMISSIONER RENDAHL: -- of the postcard?

11 THE WITNESS: Yes.

12 COMMISSIONER RENDAHL: Okay.

13 So that was the postcard outreach.

14 So PSE hasn't repeated that outreach?

15 THE WITNESS: We haven't.

16 COMMISSIONER RENDAHL: And why is that?

17 THE WITNESS: Because we didn't get any --
18 we didn't get measurable results from it.

19 COMMISSIONER RENDAHL: Okay.

20 THE WITNESS: And it's expensive.

21 COMMISSIONER RENDAHL: And in the
22 cross-examination that Yochanan Zakai from The Energy
23 Project -- the questioning with you, there was a
24 reference to those two tables of the phased approach.
25 And each of those tables goes down to \$150.

1 Is that -- is it appropriate to interpret from
2 those two tables that PSE's proposal would move the
3 dunning threshold from \$1,000 to \$150?

4 THE WITNESS: We haven't really set a new
5 dunning threshold. Prior to the pandemic, it was \$70.
6 And we have been discussing what would be the
7 appropriate level. We haven't determined what that
8 would be.

9 COMMISSIONER RENDAHL: Okay.

10 But the table just goes to 150?

11 THE WITNESS: Right. Right. And that's
12 one of the levels we had discussed. And so that's why
13 we included it in the analysis.

14 COMMISSIONER RENDAHL: But that's not a --
15 that dunning threshold is not a specific part of PSE's
16 proposal?

17 THE WITNESS: No.

18 COMMISSIONER RENDAHL: I have one more
19 question.

20 If you can turn to -- unless my colleagues
21 have follow-up on it.

22 And Witness Hawkins-Jones -- Witness
23 Hawkins-Jones' testimony exhibits, if you turn to
24 JHJ-3, which is PSE's response to Staff Data Request
25 Number 314.

1 Do you have that?

2 THE WITNESS: Yep.

3 COMMISSIONER RENDAHL: Okay.

4 So in this table on page 2 of the exhibit, it
5 identifies the number of customers associated with
6 vulnerable populations in highly impacted communities
7 as requested by staff.

8 Can PSE identify the specific customers that
9 are associated with these population categories or is
10 this just an estimate?

11 THE WITNESS: This is an estimate.

12 COMMISSIONER RENDAHL: Okay.

13 And do these categories of high, medium, and
14 low vulnerability line up with the deepest need
15 category, or is this something that's --

16 THE WITNESS: It's with the deepest need
17 category.

18 COMMISSIONER RENDAHL: Okay. Thank you.

19 I have no further questions.

20 JUDGE HUGHES: All right. Thank you.

21 If there's no further questions, you're
22 excused for the remainder of the hearing.

23 Okay. Well, that brings us to the end of
24 cross-examinations.

25 So we're going to be moving on to closing

1 arguments.

2 COMMISSIONER RENDAHL: Your Honor?

3 JUDGE HUGHES: Yes.

4 COMMISSIONER RENDAHL: Actually, I think
5 we have a question or two for Witness Stokes and
6 witness Dahl, if we can -- I'm not sure if that was
7 conveyed to the parties, but if those witnesses are
8 available.

9 JUDGE HUGHES: Okay. I retract the closing
10 of cross-examinations, then.

11 So, Witness Stokes, can you turn your -- if
12 you're here, can you turn your web cam on?

13 There we go.

14 THE WITNESS: Hello.

15 JUDGE HUGHES: Hi.

16 Can you please raise your right hand and
17 repeat after me. Well, not...

18

19 SHAYLEE STOKES,
20 having been first duly sworn,
21 testified as follows:

22

23 JUDGE HUGHES: Thank you.

24 Okay. Can you please introduce the witness
25 and tender them for cross, and please note if there are

1 any corrections to the pre-filed testimony.

2

3 DIRECT EXAMINATION

4 BY MR. ZAKAI:

5 Q. Good morning, Shaylee Stokes.

6 A. Hi.

7 Q. Can you please state and spell your name for
8 the record.

9 A. My name is Shaylee Stokes. My first name is
10 S-H-A-Y-L-E-E, and my last name is S-T-O-K-E-S.
11 Pronouns are she/her.

12 Q. Thank you.

13 And did you pre-file testimony in this case?

14 A. Yes.

15 Q. And do you have any corrections or changes to
16 make to your testimony today?

17 A. No.

18 MR. ZAKAI: Thank you.

19 Your Honor, the witness is available for
20 questions.

21 COMMISSIONER RENDAHL: Thank you.

22 Good morning, Shaylee Stokes. Thank you for
23 being available. I just have a couple of questions for
24 you.

25 In your testimony, SNS-1T at page 34, why

1 don't you turn to that and then look at lines 1 through
2 4.

3 Are you there?

4 THE WITNESS: Yes.

5 COMMISSIONER RENDAHL: Okay. And this
6 refers to The Energy Project's proposed term 5, which
7 states that if PSE presents evidence to the Commission
8 that a household does not fall within the protected
9 group, the Commission may allow the customer to enter
10 the disconnection process.

11 Do you see that?

12 THE WITNESS: Yes.

13 COMMISSIONER RENDAHL: Actually, that's
14 not -- yes, that's exactly what I wanted to say.

15 Could you elaborate on your vision on how the
16 Commission would review these submissions.

17 THE WITNESS: Yes. I would say that our
18 vision is flexible on this point. We wanted to
19 demonstrate that there could be instances where people
20 in a certain protected group on the whole might not fit
21 within -- or might have, like, a higher income level --
22 excuse me. Like, for example, a highly impacted
23 community or one of the self-declaration categories.
24 If PSE was -- had reason to believe that that customer
25 did not actually meet that criteria, we wanted to put

1 something in there that would allow them to try to
2 pursue the disconnection in our alternate proposal,
3 similar to the -- the disconnection processes during
4 the early exit of the pandemic. So that's a model that
5 was established that we wanted to present as a measure
6 for the Company.

7 The burden of proof would be on the Company in
8 those cases. We are certainly willing to be working
9 with the Low Income Advisory Committee or the Company
10 in working out exactly how that might look. Like I
11 said, right now, it's fairly flexible.

12 I would expect that the Company would present
13 information that it had that looked contrary to what
14 the client declared and that some of the Commission
15 would review that for whether it stands up.

16 COMMISSIONER RENDAHL: Okay. And I don't
17 know if you heard the question I had for Jackie
18 Hawkins-Jones at the beginning of the hearing about
19 this topic.

20 THE WITNESS: I did.

21 COMMISSIONER RENDAHL: Okay. And so would
22 TEP believe it's beneficial, similar to the bill
23 discount tariff program, that the community action
24 agencies would be the ones to essentially verify the
25 self-declaration and determine the appropriate

1 treatment for the customer as opposed to the
2 Commission?

3 THE WITNESS: Yes. Like I said, we are
4 flexible on this point. I would say that putting a
5 community action agency in the position where they have
6 the authority to say whether someone has -- is --
7 should be disconnected or not disconnected is something
8 that I can't speak for all of the network in saying
9 they would be comfortable with. The role of community
10 action agencies now in relation to, for example, the
11 bill discount rate does do verifications of income for
12 the randomly selected portions of people who
13 self-declare that are then selected for post-enrollment
14 verification. And so they're verifying specific
15 documentation and then giving that documenta- -- or
16 giving that information back to the utility. So some
17 arrangement similar to that might be acceptable to the
18 community action agencies. But asking them to
19 specifically vet whether or not they should be shut off
20 is probably going a step beyond what would be within
21 their scope.

22 COMMISSIONER RENDAHL: Okay. But the
23 community action agencies may be in a better position
24 to verify the protected -- or the vulnerable status of
25 the customer more than staff at the Commission, who

1 don't have access to all the information the community
2 action agencies have; correct?

3 THE WITNESS: Yeah, I could agree with
4 that. Perhaps there would be a circular process that
5 could be developed where there is an attempt at
6 verification, and then information that was collected
7 or not collected can be presented to the Commission in
8 that respect.

9 COMMISSIONER RENDAHL: Okay. I
10 appreciate --

11 Oh, go ahead if you weren't done.

12 THE WITNESS: Excuse me. It was just a
13 suggestion. I'm finished.

14 COMMISSIONER RENDAHL: Okay.

15 And that's all the questions I have. I really
16 appreciate you being available this morning.

17 COMMISSION CHAIR DANNER: Thank you. I
18 would like to just follow up.

19 Without getting information from another
20 source, as a practical matter, how is the utility going
21 to have information that would contradict what a
22 customer self-declares?

23 THE WITNESS: I am not sure in that
24 respect. I think this is an alternate proposal that is
25 new territory in some respects in trying to balance the

1 needs for addressing arrearages with protecting
2 vulnerable -- the most vulnerable customers. And I
3 think processes would need to be developed, and there
4 might be trial and error involved. There might be data
5 sources out there that the Company might want to
6 research, but I think we're at the beginning stages of
7 what that might look like.

8 COMMISSION CHAIR DANNER: Okay. So at
9 this point, you don't -- you don't know what sources
10 if -- of information, if any, utility would have to
11 contradict a self-declared submission by a customer?

12 THE WITNESS: I think for protected
13 classes, medical need for service or people that have
14 eviction clauses in their leases, I think it would
15 be -- it is appropriate for people to self-declare
16 those specific circumstances, and I think it would be
17 tough to contest them, especially if we were clear in
18 what those protected circumstances or protected groups
19 were.

20 COMMISSION CHAIR DANNER: Okay. Thank
21 you.

22 JUDGE HUGHES: All right. I believe that's
23 all of our questions of this witness.

24 Thank you for your time.

25 MR. ZAKAI: Your Honor?

1 JUDGE HUGHES: Oh, sorry.

2 Redirect?

3 MR. ZAKAI: Yeah, could I have the
4 opportunity for brief redirect?

5 JUDGE HUGHES: Yes. My -- we're a little
6 off-script. So my apologies.

7 Go ahead.

8 MR. ZAKAI: No problem.

9 MS. BARNETT: Your Honor, I object to
10 this. I don't think we usually redirect Commission
11 questions.

12 JUDGE HUGHES: Oh. Double apologies.

13 MR. ZAKAI: This is something that I have
14 seen before and does occur at the Commission.

15 MS. BARNETT: I disagree.

16 JUDGE HUGHES: Okay. I'm sorry. We are
17 going to move on, I think. My apologies.

18 So the witness is excused. Thank you for your
19 time.

20 THE WITNESS: Thank you, Your Honor.
21 Thank you, Commissioners.

22 JUDGE HUGHES: And I believe witness Dahl
23 was -- is witness Dahl present?

24 Okay. Please raise your right hand.

25

1 COREY DAHL,
2 having been first duly sworn,
3 testified as follows:
4

5 JUDGE HUGHES: Thank you.

6 Please introduce the witness and tender them
7 for cross, and please indicate if there are any
8 corrections to the pre-filed testimony.

9 MS. GAFKEN: Thank you.
10

11 DIRECT EXAMINATION

12 BY MS. GAFKEN:

13 Q. Good morning.

14 Would you please state your name for the
15 record and spell your last name.

16 A. Yes.

17 My name is Corey Dahl, C-O-R-E-Y; and my last
18 name is Dahl, D-A-H-L.

19 Q. How are you employed and what is your
20 occupation?

21 A. I'm employed as a regulatory analyst for the
22 Washington State Office of the Attorney General within
23 the public counsel unit.

24 Q. And are you testifying on behalf of public
25 counsel today?

1 A. I am.

2 Q. Do you have any changes to your testimony or
3 exhibits?

4 A. Yes, I do have one minor change. It is on
5 page 30 of my testimony, Exhibit CJD-1T, page 30 at
6 line 11.

7 I'll give folks a moment to get there if they
8 need to.

9 Where it says 150 percent of the federal
10 poverty line, I intended to say 200 percent of the
11 federal poverty line.

12 Q. And is that the only change that you have to
13 your testimony or exhibits?

14 A. Yes, it is.

15 MS. GAFKEN: Thank you.

16 Witness Dahl is available for questioning.

17 COMMISSIONER DOUMIT: Thank you, Your
18 Honor.

19 Corey Dahl, at your response testimony, CJD-1T
20 at page 12, lines 5 through 8.

21 THE WITNESS: I'm there.

22 COMMISSIONER DOUMIT: Okay. You note that
23 PSE directly targeted communication with customers who
24 enter dunning appears to work, and that the Company
25 does not have to put customers in line for

1 disconnection to achieve positive outcomes.

2 Did you hear the testimony of witness Carol
3 Wallace for PSE?

4 THE WITNESS: I did, yes.

5 COMMISSIONER DOUMIT: Okay. Who
6 essentially said that is that consequence,
7 disconnection, that is -- was -- that's what makes that
8 process work.

9 How do you respond to that?

10 THE WITNESS: I would respond to that by
11 noting that the Company has, by their own admission,
12 not conducted direct targeted outreach to customers
13 without threatening disconnection. So we don't have
14 any solid evidence that that type of outreach wouldn't
15 work.

16 And, you know, the Company has said that they
17 haven't conducted that outreach simply because they do
18 not have the processes to do so. They haven't tried to
19 conduct that outreach. They haven't tried to conduct
20 that outreach without threatening disconnection.

21 COMMISSIONER DOUMIT: So under public
22 counsel's proposal, your proposal, and that's at the
23 same exhibit, pages 29 through 2, you would under your
24 proposal suggest that targeted outreach occur without
25 the consequence of disconnection; is that correct?

1 THE WITNESS: Correct.

2 COMMISSIONER DOUMIT: What happens if this
3 unknown becomes a known, then -- a hypothetical -- and
4 your arrearages aren't being taken care of. What
5 should the Commission do in that case under your
6 proposal?

7 THE WITNESS: Can you state the question a
8 little differently?

9 COMMISSIONER DOUMIT: Right.

10 Assuming we adopt your proposal --

11 THE WITNESS: Yes.

12 COMMISSIONER DOUMIT: -- and it is making
13 minimal impact on the arrearages. Without what is now
14 the consequence of dunning, which is disconnection,
15 what should the Commission do in your opinion then?

16 THE WITNESS: I guess that question is
17 asking me to address a bit of a hypothetical where we
18 don't have a lot of the information. I think, just as
19 we're doing now, assessing a situation with the
20 evidence we have with the understanding of the steps
21 that have or have not been taken by the Company, you
22 know, our recommendations are being based on that, and
23 the recommendations are also being based on all of the
24 voluminous data, research we have, about the harmful
25 impacts of disconnections, particularly on vulnerable

1 populations. That's what we do know. And that's
2 largely informing our recommendations here.

3 In terms of a future state where we have to
4 look at potential future outcomes of what may or may
5 not work, you know, I really can't make an assessment
6 without understanding what the situation is actually
7 like and what we're observing. And I don't think it
8 would be appropriate to make recommendations without
9 understanding that.

10 COMMISSIONER DOUMIT: Okay. Fair enough.
11 Thank you.

12 One last --

13 Or did you want to follow up?

14 COMMISSION CHAIR DANNER: I did.

15 Because basically, we are being asked to make
16 a decision to either implement your proposal, which is
17 remove references to disconnections, and we have heard
18 from the Company that if we do that, there's a chance
19 that you won't get the response that the Company needs,
20 and suddenly, we're going up from \$160 million in
21 arrearages up to, you know, whatever it could be, \$200
22 million. So, I mean, there's a lot riding on this
23 decision.

24 Why do you believe that your -- that your
25 proposal is more likely to be successful than the

1 current one or are we just -- are we taking that
2 chance? I mean, how do you respond to that? Because
3 there is -- there is a lot riding on this decision if
4 we take your suggestion.

5 THE WITNESS: Right. I think with any
6 decision that the Commission makes, any decision that
7 the Company makes, there's always a chance that it may
8 not have the intended outcome. However, you've
9 targeted communication with customers to understand
10 their options, to understand that they do indeed have a
11 past-due balance. You know, hopefully, we can get to a
12 place where customers are connected with the resources
13 they do know.

14 And to my point of understanding potential
15 outcomes, one outcome we do know of a situation where
16 customers are threatened with disconnection or are
17 disconnected, there are disproportional impacts.
18 That's an outcome we do know based on years of data
19 gathered. And, you know, the Commission has an
20 obligation based on its own orders to make decisions
21 with an equity lens and understand that, you know, no
22 decision, no action that the Commission takes, that a
23 company takes is equity neutral, and we do have an
24 understanding of who is impacted by disconnections, how
25 they're impacted and the types of decisions they do

1 make when they're faced with, you know, really
2 difficult financial decisions. That's what we do know.

3 COMMISSION CHAIR DANNER: We also know
4 that if the arrearages go up, we're going to see rate
5 impacts. So, I mean, there are equity considerations
6 in -- you know, in -- different ways of looking at the
7 equity considerations. And so it's -- I hear what
8 you're saying. I just -- I think it's a -- it's a
9 tougher -- it's a tougher decision for us to make
10 because we really have to -- we have to figure out what
11 the contingencies are if either your proposal or
12 Puget's proposal or any other proposal doesn't bring us
13 the results we need.

14 THE WITNESS: Right. And I definitely
15 appreciate the weight of the decision here. There's a
16 lot of complex factors here.

17 But we do know that between the time that the
18 settlement agreement in the -- this GRC, I guess this
19 GRC document was reached and the time that the Company
20 filed their petition to amend the settlement, you know,
21 I believe over a year had elapsed, and the Company
22 hadn't conducted or built the process to conduct
23 targeted outreach without the threat of disconnection
24 outside of the dunning process. We know that they
25 didn't do that, and that hasn't been tried up to this

1 point. So we, you know, can't comfortably speak to the
2 lack of success of that particular process. That
3 hasn't been attempted by the Company. Yeah.

4 COMMISSION CHAIR DANNER: All right.
5 Thank you for that.

6 And thank you for indulging me, Commissioner
7 Doumit.

8 COMMISSIONER DOUMIT: Of course.

9 One more question, witness Dahl. Your
10 alternative proposal also restricts the ability of PSE
11 to pursue the dunning process for particular groups of
12 vulnerable customers. Carol Wallace, PSE's witness,
13 has testified that PSE does not retain such data about
14 customers and raises the issue of privacy.

15 What is your recommendation for how PSE should
16 address this issue if the Commission was to adopt your
17 alternative recommendation?

18 THE WITNESS: Yeah, as I -- you know, one
19 thing that I do want to drive home, and I understand
20 where your concerns are coming from. In my
21 recommendation, I do maintain that the Company retains
22 the burden of proof in this situation. That's a pretty
23 normal standard that the utility is held to in a
24 variety of functions and decisions that are made before
25 the Commission. So in my view, that's a pretty

1 ordinary thing.

2 I guess in terms of specifics of how that's
3 implemented, that's something that the Company should
4 be working out with the Commission staff and the number
5 of other parties that have been involved with this
6 process. Based on what I heard from The Energy
7 Project's witness Shaylee Stokes, I think there are
8 some good ideas there and something to start working
9 with. But, you know, public counsel is committed to
10 working hard and very closely with all the interested
11 parties to figure out a system that does work to make
12 that happen.

13 COMMISSIONER DOUMIT: Okay. Thank you.

14 Nothing further.

15 JUDGE HUGHES: I actually have a quick
16 clarification.

17 You stated what the burden of proof is.
18 Are you a lawyer?

19 THE WITNESS: Sorry. I couldn't tell who
20 is asking me the question.

21 JUDGE HUGHES: Sorry. This is Judge
22 Hughes.

23 You stated -- made a statement about the
24 burden of proof. Are you an attorney?

25 THE WITNESS: I am not, no.

1 JUDGE HUGHES: Okay. Are you an expert in
2 burdens of proof?

3 THE WITNESS: No. But, you know, I --

4 JUDGE HUGHES: Just for the record.

5 THE WITNESS: Right. But I have many
6 years of experience in dealing with processes before
7 the Commission, and I'm very familiar with a wide
8 variety of types of proceedings before the Commission.
9 So in that sense, I have a lot of knowledge about that.

10 JUDGE HUGHES: Very good.

11 Please proceed.

12 COMMISSIONER DOUMIT: Nothing further.

13 Thank you.

14 JUDGE HUGHES: Thank you. Thank you for
15 your time.

16 You are excused for the remainder of the
17 proceeding.

18 And now, that brings us to the end of
19 cross-examination. So let's get, I think, a few
20 arguments in before we get to lunch.

21 So we are going to begin with the Company.

22 MS. BARNETT: Thank you.

23 And good morning again, Chair Danner,
24 Commissioner Rendahl, Commissioner Doumit, Judge
25 Hughes, and Judge Howard. Thank you for your attention

1 today, and thank you for setting this important issue
2 for adjudication.

3 When you issued the notice of intent to amend
4 the final order in this proceeding, you did so because
5 PSE's growing arrearage balances likely constitute a
6 harm that was not fully anticipated at the time of the
7 settlement agreement in this proceeding. Indeed, these
8 growing arrearages are likely to have significant
9 impacts on those customers who are accumulating larger
10 and larger past-due balances, but they also have the
11 potential to harm low- and moderate-income customers
12 other than those if PSE is required to recover the
13 arrearages in rates in the form of bad debt.

14 I'd like to begin by explaining why we're here
15 today because PSE is not in the practice of requesting
16 the Commission to amend a final order in this way. And
17 so after the disconnection moratorium ended in 2022,
18 PSE developed a gradual, phased-in resumption of field
19 collection operations. They started with a small
20 subset of customers and excluded known and estimated
21 low-income customers and included only customers whose
22 arrearages were over -- were \$1,000 or more. PSE
23 discussed this phased-in approach with the Low Income
24 Advisory Committee at its January 2022 meeting.

25 And by May 2022, PSE had initiated its return

1 to dunning and provided a report on the progress of
2 that to the Low Income Advisory Committee in its July
3 meeting. You can read all the detailed minutes in
4 Exhibit CLW-33, which we already discussed a little bit
5 today. But in August 2022, PSE entered the settlement
6 agreement in the general rate case, and that stated
7 that PSE agrees to continue its existing credit and
8 collection processes until the conclusion of the
9 proceeding currently being conducted in Docket 210800.
10 At the Low Income Advisory Committees November
11 meeting, PSE provided an update of the dunning
12 progress, and it was following that meeting that PSE
13 learned that the other parties viewed PSE's dunning to
14 be in conflict with the settlement agreement. PSE did
15 not agree that it was in conflict since the phased-in
16 approach was already in process, but they believed
17 their concerns were in good faith. And so instead of
18 moving forward, PSE paused the phased return and tried
19 to work out a solution. That was unsuccessful, and PSE
20 filed its petition to amend the final order in August
21 2023.

22 So that is why we're here and how we got here,
23 but in the time it's taken us to get here, the
24 arrearages that were already a problem in January 2022
25 have only grown to over \$164 million. The rulemaking

1 docket is going into its third year with no end in
2 sight.

3 No one disputes that the growing arrearages
4 are a problem. The longer and the higher they grow,
5 the bigger problem they become for those customers with
6 past-due balances and all other customers in PSE's
7 system. So PSE is requesting to resume its gradual
8 phased return to dunning because it's the most fair,
9 just, reasonable, and sufficient result that will
10 protect vulnerable populations and minimize inequitable
11 impacts.

12 PSE's dunning process is not intended to
13 disconnect people. In fact, disconnections result in
14 only a small fraction of those who enter the dunning
15 process.

16 So what really happens in the dunning process?
17 You heard it partly by Carol Wallace today, but when a
18 customer enters dunning, PSE can then engage with that
19 customer one-on-one to try and reduce or eliminate
20 their past-due balance, but also to inform and educate
21 that customer on the many assistance programs that
22 might be available to them. PSE makes several phone
23 calls to reach the customer. If those are
24 unsuccessful, then PSE will mail out an urgent notice,
25 a final notice, and then a disconnect notice.

1 If the customer does not take action on the
2 phone or mailed communications, then a disconnect
3 notice is sent. If no action is taken on those, PSE
4 will make a field visit to that customer, and if that
5 customer is not home, a door hanger is left. But if
6 the customer is home, that PSE representative can
7 collect payment or can connect that customer with
8 possible financial assistance or explain how to do
9 that.

10 If the customer -- following all of these
11 communications, if the customer takes no action, then
12 the customer may be disconnected. In that case, they
13 can be reconnected within four hours if they have
14 remote capabilities, as Carol Wallace explained most
15 people do now. And if they don't have remote
16 capabilities, they're reconnected within 24 hours or
17 same-day service if it's shorter.

18 PSE does not charge disconnection or
19 reconnection fees. In the case of reconnection, a
20 prior obligation is created that essentially provides
21 the customer cannot fear disconnection based on that
22 prior obligations. No customer will be disconnected
23 without understanding that financial assistance may be
24 available to them and understanding how to get that
25 help. No customer will be disconnected without a

1 personal visit. No customer will fall through the
2 cracks.

3 PSE's dunning system has built-in protections
4 to help those customers who need financial assistance.
5 The dunning process includes getting help to those who
6 need it. If, on the other hand, certain populations
7 are excluded from the dunning process, then those
8 populations are more likely to fall through the cracks
9 because they will never receive that level of
10 engagement. PSE simply does not have the ability
11 (technologically or human resources-wise) to identify
12 or help these customers outside of the dunning process.
13 But excluding certain populations from the dunning
14 process means that their past-due balances only
15 continue to grow.

16 It is important to remember that PSE's
17 phased-in approach that PSC has, instead of just
18 turning on dunning all at once, this benefits both
19 customers and PSE. The arrearages are so large that
20 PSE simply does not have the staffing available to
21 handle all the past-due balances at once, so the phases
22 allow customers time before they may enter dunning, and
23 it allows PSE time to address the balances gradually.
24 PSE's approach involves no additional costs because it
25 is simply resuming a system that already exists. So

1 resuming dunning has no rate impacts, but not resuming
2 dunning has significant rate impacts for every PSE
3 customer.

4 And every alternative proposed by the other
5 parties has a rate impact. I would like to go into
6 those impacts and the other parties' specific proposals
7 in more detail, but at this time, I'll stop and reserve
8 the rest of my time for rebuttal if that's possible.

9 JUDGE HUGHES: Thank you.

10 Staff?

11 MR. ROBERSON: Good morning, Chair Danner,
12 Commissioners Rendahl and Doumit, Judges Hughes and
13 Howard.

14 Before you this morning, as Chair Danner
15 pointed out, is a significant question, which is what
16 to do with PSE's petition.

17 Before the Commission addresses that question,
18 however, there are two process questions that it needs
19 to think about. The Commission should not discount
20 those questions because they're process questions.
21 Process is intended to guarantee correct and good
22 outcomes.

23 The first of these process questions is what
24 role does the LIAC serve? It seems unlikely that the
25 Commission would sponsor the creation of a group that

1 was just a rubber stamp for PSE. But the record here,
2 specifically the minutes found in Exhibit CLW-33, show
3 that PSE presented this proposal to the LIAC as a fait
4 accompli. You can read the minutes. The
5 representatives from the parties that were at that
6 meeting that are not PSE expressed repeated dismay
7 about their inability to provide feedback on PSE's
8 proposal.

9 The second question is what do the public
10 service laws and the guidance offered by the Commission
11 in Cascades' 2021 general rate case about equity mean
12 to utility operations?

13 The Commission has suggested/stated that
14 companies need to consider the consequences of their
15 actions to ensure that inequities are not perpetuated
16 or worsened. Here, you have -- and granted, it's an
17 equity analysis. I understand PSE's theory, which is
18 that they're looking at the populations swept up in the
19 resumption of dunning. But it's plain as day in
20 Exhibit CLW-39X. I mean, literally, it's a one-word
21 answer: No. They did not consider the equitable
22 impacts of their proposal. So before the Commission is
23 a proposal that's unvetted by the LIAC and for which
24 there is no meaningful equity analysis.

25 Given those facts, what should the Commission

1 do? As the Commission has clearly expressed in this
2 hearing, there's a lot of concern about PSE's growing
3 arrearages. How do you balance the need to ensure that
4 PSE is recovering that money with the equitable
5 concerns that are kind of at the forefront of where
6 regulation is going? There are proposals from each of
7 the parties, which staff joins, as you heard from
8 Ms. Hawkins-Jones, which is to allow a resumption of
9 notice, specific outreach to customers to see if that
10 works, and limited resumption of PSE's ability to
11 disconnect customers, namely, customers who do not fall
12 within certain specific categories. And those
13 categories are based on equitable concerns; right?

14 I think -- I shouldn't say "I think."

15 When the Commission balances those factors and
16 makes its decision, I think -- I said it again. When
17 the Commission balances those factors, it should
18 consider the fact that no party in this proceeding says
19 that this is a problem that you wave a magic wand and
20 it disappears tomorrow. Even PSE is recommending a
21 phased approach. There is no reason not to try a
22 phased approach wherein you accept the proposals from
23 the various parties, the Joint Environmental Advocates,
24 TEP, public counsel, staff, see what happens. And if
25 the Commission finds itself here in a year after all of

1 PSE's low-income plans -- the BDR, bill discount rate,
2 the arrearage management program, the NP -- if those
3 don't address the situation, PSE can file another
4 petition. At least we'll know.

5 Thank you.

6 JUDGE HUGHES: Thank you.

7 Public counsel?

8 MS. GAFKEN: Thank you.

9 PSE's request to modify its agreement to
10 maintain its credit and collection processes until the
11 Commission concludes its rulemaking demonstrates a lack
12 of imagination and initiative and will place vulnerable
13 customers in harmful situations. This is particularly
14 true in light of PSE's lack of engagement with its Low
15 Income Advisory Group in presenting the issue and
16 discussing solutions.

17 PSE refuses to acknowledge the harm
18 disconnections cause to the most vulnerable, despite
19 the significant research presented by public counsel
20 witness Professor David Konisky.

21 While the research is based on national data,
22 Witness Konisky notes that there is no indication that
23 Washington's data would be significantly different than
24 the data he has worked with.

25 It is important to understand the difference

1 between the entire group of customers who fall behind
2 in their bills versus the group of customers who
3 actually get disconnected. Witness Konisky's testimony
4 addresses the segment of customers who actually get
5 disconnected, the impact they experience, and the
6 coping behaviors they engage in to survive. All of
7 this is important context with which to view PSE's
8 request to modify its settlement commitment.

9 In PSE's last rate case, it agreed to continue
10 its existing credit and collection processes until the
11 conclusion of the proceeding currently being conducted
12 in Docket U-210800. PSE's existing credit and
13 collection processes includes not disconnecting
14 customers with less than \$1,000 in arrearages. This
15 term continues to be in the public interest.

16 And, frankly, PSE understood the deal it made,
17 and it should maintain its commitment.

18 Not only should the Commission reject PSE's
19 request to modify its agreement, but the Commission
20 should order PSE to conduct targeted outreach to all
21 past-due customers, regardless of the past-due balances
22 or status in PSE's dunning process.

23 PSE argues that it could not have known that
24 the rulemaking in Docket U-210800 would still be
25 pending and that the magnitude of arrearages

1 necessitates changes to its settlement commitment.
2 First, rule-makings are often long processes, taking
3 years to complete in many instances. Even when the
4 hope is to quickly move through a rulemaking, they can
5 be time-consuming. PSE filed its petition
6 approximately 16 months after the rulemaking commenced
7 in earnest, which is optimistic and extremely fast
8 under the best of times.

9 Not only do rulemakings take time and move
10 slower than litigation, but all of the parties
11 practicing before the Commission were aware of the
12 recent struggles the Commission had with staffing and
13 capacity. And given statutory requirements, we knew
14 that litigation would be prioritized over rulemakings
15 if the Commission had to make tough choices about what
16 it could handle when. PSE's argument that it could not
17 have known that the rulemaking would take time to
18 complete is simply not plausible.

19 Second, while public counsel shares PSE's
20 concern about the growing arrearages, public counsel
21 does not believe that the answer is to allow the
22 Company to disconnect customers. The intention was
23 never to allow people to rack up arrearages such that
24 they would never be able to pay. More precisely, the
25 intention was never to set customers up for failure.

1 Customers remain liable for the energy they
2 use, even when they fall behind in their bills, and the
3 goal is to more adequately, efficiently, and equitably
4 address situations where customers are unable to afford
5 their energy bills.

6 The impact of disconnection is severe on the
7 most vulnerable, as described by Witness Konisky and
8 the research that he presents, and public counsel
9 believes that PSE should have been communicating with
10 all customers in arrears to improve access to
11 comprehensive bill and arrearage management. Instead,
12 PSE only communicated with customers after they reached
13 the \$1,000 threshold and were at risk of disconnection.
14 This, in my mind, is an utter failure. Failure to
15 communicate with customers in a way that did not
16 threaten disconnection but that would improve access to
17 assistance, thus reducing arrearages, was and continues
18 to be needed to prevent mounting arrearages and the
19 harm caused by disconnections.

20 As Professor Konisky testified this morning,
21 stressors grow as arrearages grow, but lower arrearage
22 amounts can also create stressors, causing customers to
23 forego other essentials.

24 Professor Konisky also referred to the ways
25 that people may be addressing those stressors that we

1 may not be able to easily observe how they're doing
2 that. Some of those behaviors are described in his
3 pre-filed testimony and illustrate risky behavior that
4 people engage in to make their circumstances work.
5 These stressors and risky behaviors can be addressed
6 through proactive, effective communication that does
7 not threaten disconnection.

8 PSE claims that it could not communicate with
9 customers under the settlement agreement. This
10 argument rings hollow. Essentially, PSE argues that it
11 could not communicate with customers about their
12 accounts unless they also threatened to disconnect.
13 PSE argues that it could not communicate with customers
14 about options to help with arrearages before they were
15 at risk of being cut off from life-sustaining,
16 essential services. Frankly, this does not make sense.
17 PSE can communicate with customers at any time to go
18 over the status of their accounts and offer assistance.

19 Indeed, the settlement agreement does not
20 address or limit which customers could receive direct,
21 targeted outreach to increase access to assistance
22 programs and reduce arrearages.

23 PSE Witness Wallace testified this morning
24 that PSE used generic, nontargeted communications with
25 all customers and stated that the Company did not see

1 an uptick to access to assistance. The type of
2 communication that public counsel and others are
3 advocating for is targeted, specific communication, not
4 generic postcard-type communication. Targeted
5 communication is two-way communication with a customer
6 that takes into account what that customer needs.
7 Generic communication can result, as we've seen, in
8 little response.

9 PSE Witness Wallace also indicated that PSE is
10 unable to communicate with customers outside of its
11 dunning process because PSE lacks an internal process
12 to do so. Witness Dahl also described that when he was
13 questioned earlier.

14 The Company had more than a year before filing
15 its petition to amend to adjust their processes to
16 create a more inclusive, equitable outreach process
17 without threatening disconnection. In other words, to
18 communicate outside of its dunning process. They chose
19 not to. That PSE could not figure out how to do that
20 communication outside of its dunning process does not
21 mean that the Commission should release the Company
22 from its settlement commitment.

23 Moreover, even though PSE's per-customer
24 arrearages appear higher than Avista's, Cascade's, and
25 NW Natural's per-customer arrearages, PSE is on par

1 with PacifiCorp. This is despite PacifiCorp having a
2 much lower disconnection threshold of \$50 compared to
3 PSE's \$1,000. This indicates that the ability to
4 threaten disconnections at a lower threshold does not
5 necessarily result in lower past-due balances.

6 Instead of allowing PSE to modify its
7 settlement, the Commission should deny the request and
8 order PSE to immediately begin communicating with all
9 customers who are in arrears without the threat of
10 disconnection, but with the intention of working with
11 customers to bring them current on their bills. This
12 communication is described by public counsel witness
13 Corey Dahl as targeted outreach to all customers,
14 including those with less than \$1,000 in arrears,
15 without the threat of disconnection.

16 Thus far, I have been describing public
17 counsel's preferred outcome for this matter. If,
18 however, the Commission decides to modify PSE's
19 agreement, the Commission should establish strong
20 protections for particularly vulnerable customers to
21 mitigate inequities inherent in the disconnection
22 process.

23 I want to be clear that public counsel is not
24 advocating that the Commission modify the settlement,
25 but in the event that the Commission decides to do so,

1 we have recommendations about the protections that
2 should also be included.

3 The term that PSE seeks to modify was a key
4 term geared towards protecting PSE's most vulnerable
5 customers from disconnection. As witness Dahl
6 indicated earlier this morning, no action is equity
7 neutral, and the outcome of PSE's desire to modify the
8 settlement term is to move more people into the dunning
9 process, which will undoubtedly push more customers
10 into disconnection.

11 With that in mind, as described fully in
12 Witness Dahl's testimony, if the Commission modifies
13 the settlement, the Commission should also:

14 1. Require PSE to conduct individual,
15 targeted outreach to all customers, regardless of
16 class, who have past-due balances. This outreach
17 should be done without language that threatens
18 disconnections or that suggests that disconnection is
19 the only alternative to full payment.

20 2. Certain groups are particularly vulnerable
21 and subject to harm. These groups are:

22 Known low-income customers, estimated
23 low-income customers, customers with the "deepest need"
24 as defined in PSE's 2021 CEIP conditions, households in
25 highly impacted communities, households with children

1 under 5 years of age, households with vulnerable
2 adults, renters at risk of becoming homeless, and
3 households with medical need or fragility.

4 3. These groups of vulnerable customers that
5 I just enumerated could receive additional outreach and
6 referrals. Customers may self-declare their
7 vulnerability, and PSE should be required to inform
8 customers of the process to self-declare.

9 4. PSE will provide contact information for
10 the self-declared customers to community action
11 agencies for further outreach.

12 5. Lastly, bad debt will continue to be
13 allocated among customer classes in line with the
14 current allocation methodology.

15 Disconnections produce inequities. PSE's
16 proposal offers no clear pathway to mitigate or repair
17 inequities resulting from disconnections. Public
18 counsel offers a pathway to protect the most vulnerable
19 customers, reduce existing arrearages, and slow the
20 growth of new arrearages.

21 Now, I did not cover each point made by public
22 witnesses Corey Dahl or David Konisky in my remarks
23 today. Those testimonies contain a wealth of detail
24 and cover issues that I did not specifically touch
25 upon. Those details and issues remain important to the

1 Commission s decision in this case, and I encourage the
2 Commission to closely study the testimonies and
3 exhibits presented not only by public counsel, but also
4 by The Energy Project; the Joint Environmental
5 Advocates, which consists of Front and Centered, Sierra
6 Club, and NWEA; and by Commission staff.

7 Thank you for your time today.

8 I also want to take a moment to express my
9 deep gratitude of being able to appear before this body
10 as public counsel. Representing customers has been my
11 deep honor and privilege for the last 12 years, but
12 this will be my last appearance before you in my
13 current role. The next time I appear before you, I
14 will have joined the UTC Division.

15 And I genuinely and enthusiastically look
16 forward to the next chapter in my career, but I do
17 leave this chapter with great pride and appreciation.

18 Thank you.

19 JUDGE HUGHES: Thank you.

20 AWEC?

21 MS. MOSER: Thank you, Your Honor.

22 AWEC appreciates the opportunity to offer a
23 closing argument. We have been monitoring this
24 proceeding; however, we did not file pre-filed
25 testimony, and we don't have a recommendation for the

1 Commission at this time. And therefore, I am not
2 offering a substantive closing argument on behalf of
3 AWEC today.

4 Thanks.

5 JUDGE HUGHES: Okay. Thank you.

6 The Energy Project?

7 MR. ZAKAI: Good morning, Chair Danner,
8 Commissioners Rendahl and Doumit, administrative law
9 judges.

10 PSE's testimony repeatedly states that
11 disconnections are a last resort. Setting aside PSE's
12 words, let's examine the actions PSE proposes to take.

13 PSE proposes to resume threatening
14 disconnections. PSE does not propose to provide
15 residential customers any additional or incremental
16 protections than is done today, and PSE does not
17 propose any additional outreach to past-due customers.
18 Under PSE's proposal, threatening disconnections is
19 business as usual. And those threats have serious,
20 often disparate consequences on people's lives.

21 The Commission should reject PSE's proposal as
22 inconsistent with the public interest. Instead, the
23 Commission should adopt TEP's approach of requiring PSE
24 to perform outreach without threatening disconnection,
25 which is shown to be effective.

1 TEP's testimony describes two types of
2 disproportionate impacts from disconnection. First,
3 the consequences of losing utility service are more
4 severe or longer-lasting for certain groups. No party
5 in this proceeding contests the literature presented
6 that establishes that losing utility service has a more
7 severe impact on people of color, families with young
8 children, low-income customers, renters, the medically
9 fragile, or other named communities.

10 The second type of impact is the utility
11 subjecting a disproportionate number of customers in
12 certain demographic groups to threats of disconnection.
13 TEP analyzed the customers which PSE proposes to
14 threaten with disconnections and found, on page 18 of
15 Alex Pfeifer-Rosenblum's testimony, that they are
16 statistically more likely to be estimated low-income,
17 energy-burdened, in a highly impacted community, and in
18 a highly vulnerable population. PSE does not dispute
19 TEP's finding of statistical significance because it
20 cannot.

21 In addition, TEP found that when low-income
22 customers with arrearages of over \$1,000 are included,
23 the inequitable outcomes of PSE's proposal increase
24 beyond those found in the table on page 18 of
25 Pfeifer-Rosenblum's testimony.

1 Instead of attempting to challenge TEP's
2 finding of statistical significance, PSE's rebuttal
3 testimony invents their own threshold by which to
4 measure disproportionate impacts. PSE states that it
5 is, quote, "operating on the philosophy," end quote,
6 that a proposal is inequitable if it is twice as likely
7 to threaten disconnection to selected demographic
8 groups. TEP strongly disagrees that PSE's threshold is
9 the appropriate measure of disproportionate impact.
10 PSE's philosophy is arbitrary and not supported with
11 any reference, so the Commission should not use it.

12 As noted by Professor Konisky, it's reasonable
13 to find that a disproportionate and inequitable impact
14 exists even if the threshold selected by PSE is not
15 met. In sum, the Commission should reject PSE's
16 measure of disproportionate impact and find that PSE's
17 proposal is likely to produce a disproportionate impact
18 on named communities.

19 In this section of my closing, I want to
20 discuss the problems with PSE's proposal. TEP expected
21 a meticulously crafted proposal from PSE commensurate
22 with the resources of a large utility seeking to break
23 a settlement agreement it signed. Instead, PSE's
24 testimony included a sloppy and an incomplete proposal.
25 There was a limited amount of time for this

1 adjudication, and these problems hindered parties'
2 ability to evaluate and respond to PSE's proposal in a
3 timely manner.

4 As an initial matter, the dates for PSE's
5 phases are irrational. Following the dates in PSE's
6 proposals would have resumed additional disconnections
7 in November 2023, a month before other parties
8 submitted their testimony and well in advance of
9 today s hearing.

10 Second, PSE's proposal included arrearage data
11 from all customers, including those which PSE already
12 put in the disconnection queue and those with inactive
13 accounts. If a customer is already in the dunning
14 process and receiving disconnection notices, then PSE
15 is not proposing to change its dunning process for that
16 customer. Similarly, an inactive account, by
17 definition, does not have current service from PSE.
18 Therefore, PSE cannot disconnect those accounts, and it
19 makes no sense for them to be included in the phased
20 dunning proposal at all.

21 Put simply, PSE does not propose to change its
22 dunning process for inactive customers or customers
23 already in dunning, so accepting PSE's proposal will
24 have no financial impact on those arrearages.

25 Finally, and most concerning, PSE's proposal

1 concerning low-income customers with past-due balances
2 over \$1,000 changed in its rebuttal testimony, and PSE
3 did not acknowledge that it was a change. After
4 reading PSE's direct testimony, TEP worked in good
5 faith and asked discovery to determine exactly what PSE
6 proposed. PSE's first response to TEP's discovery,
7 found in Exhibit APR-3, clarified that its proposal
8 would not resume disconnections on these vulnerable
9 customers. Later, PSE contradicted itself without
10 acknowledging a change in position.

11 TEP finds PSE's failure to acknowledge a
12 significant change in its position concerning the most
13 vulnerable low-income customers very concerning. Thus,
14 TEP requests that the Commission's order in this matter
15 reiterate its expectations that a utility's initial
16 testimony include specific, actionable, and complete
17 proposals.

18 Next, I'd like to address the record
19 concerning a connection between increasing arrears and
20 residential disconnections. PSE's petition is premised
21 on the allegation that there is a link between the
22 dollar threshold for residential disconnections and
23 residential customer arrears. The record does not
24 support PSE's allegation.

25 First, Pfeifer-Rosenblum demonstrated on page

1 24 that PSE's arrearage forecast was 15 percent higher
2 than actual arrearages in 2023.

3 Second, Pfeifer-Rosenblum demonstrates that
4 the utility in the state with the highest per-customer
5 residential arrears is PacifiCorp, not PSE. Yet
6 PacifiCorp is also the utility with the lowest
7 disconnection threshold, currently set at \$50. Put
8 simply, the Commission cannot rely on PSE's arrearage
9 forecast, and the record in this proceeding
10 demonstrates no correlation between a utility's
11 disconnection dollar threshold and its level of
12 residential arrearages.

13 So if reducing the disconnection threshold is
14 not the solution, then what is? TEP proposes that PSE
15 perform outreach to past-due customers without
16 threatening disconnection and to offer low-income
17 customers a permanent arrearage management plan. Why
18 is this? Because the data shows that the same
19 residential customers have larger past-due balances now
20 than they did before. TEP interprets this data to show
21 that the previous generation of bill assistance
22 programs did not sufficiently reduce low-income
23 customers' energy burden to prevent further
24 accumulation of arrears or reach enough customers.

25 As we know, in October, PSE launched its

1 enhanced energy assistance program, which is finally
2 designed to decrease energy burden to 6 percent of
3 household income. However, no permanent arrearage
4 management plan exists. TEP looks forward to launching
5 one in October. But even after a customer enrolls in
6 the arrearage management plan, it will take 12 months
7 of on-time payments before that past-due balance is
8 forgiven. This means that for the plan to have an
9 impact on -- sorry, for the plan to have a full impact
10 on PSE's arrearage levels, low-income customers will
11 need to be enrolled for 12 months, which is not even
12 possible until the fourth quarter of 2025. Thus, it's
13 unreasonable to resume widespread disconnections at
14 this time when customers have only had a few months to
15 sign up for the bill discount rate, and the permanent
16 arrearage management plan will not show results until
17 the fourth quarter of 2025 -- sorry, will not show full
18 results until the fourth quarter of 2025.

19 Next, TEP demonstrated that PSE's rate impact
20 calculations are inflated, but we, of course,
21 acknowledge that other customers pay for energy
22 assistance programs and bad debt. As
23 Pfeifer-Rosenblum's testimony shows, PSE's rate impact
24 estimates are not an accurate reflection of failing to
25 implement their proposal. Wallace's rebuttal testimony

1 in tables 3 through 6 includes updated rate impact
2 estimates. These updated estimates suffer from the
3 same shortcomings as PSE's original estimates by
4 inappropriately including inactive customers who cannot
5 be disconnected.

6 These one-time rate impacts from pandemic-era
7 arrearages becoming uncollectable bad debt -- sorry.
8 Let me restate that.

9 What we're dealing with here are one-time rate
10 impacts from pandemic-era arrearages becoming
11 uncollectable bad debt. So if the Commission wants to
12 reduce the rate impact on other customers further, it
13 would be appropriate to spread recovery of the costs of
14 pandemic-era arrearages over multiple years.

15 Next, the ongoing rate impacts alleged in
16 Wallace's rebuttal testimony on pages 28-29 are
17 similarly inflated. PSE's rounded rate impact estimate
18 was 1 percent, but Wallace's testimony describes that 1
19 percent. But, as I demonstrated in cross-examination,
20 if you show the decimal places, residential rate
21 impacts, which TEP believes is the correct measure,
22 setting aside commercial and industrial, are only
23 0.74 percent for electric and 0.49 percent for gas.

24 Next, PSE's rate estimate inappropriately
25 includes inactive customers.

1 And, finally, PSE calculated the ongoing rate
2 impact including the arbitrarily selected time period
3 of May 2022 to May 2023. And as TEP showed at hearing,
4 when a different time period is selected and inactive
5 customers are excluded, the residential rate impacts
6 are only 0.34 percent for electric and 0.23 percent for
7 gas. This underscores the arbitrary nature of the time
8 period selected for PSE's calculation.

9 So a premise of PSE's petition is that
10 disconnections are necessary to prevent
11 cross-subsidization, yet cross-subsidization is not
12 inherently problematic if the Commission determines
13 that the public interest supports it. And in this
14 case, both the traditional definition of public
15 interest as well as the newer principle of equity
16 clearly justifies such cross-subsidization.

17 This Commission authorizes many types of
18 cross-subsidization regularly. It occurs both between
19 customer classes that have not achieved parity in a
20 cost-of-service study and within customer classes. For
21 example, the cost-of-service study in this proceeding
22 shows multiple customer classes over-earning by 5
23 percent and multiple customer classes under-earning by
24 5 percent.

25 Now, let s focus on cross-subsidization within

1 a customer class. A modern example would be net
2 metering, where a state policy promoting distributed
3 generation subsidizes mostly well-resourced homeowners
4 to install solar. The history of cross-subsidization
5 within a customer class is more storied. For over a
6 hundred years, utilities have used postage stamp rates
7 to promote rural electrification, an important public
8 interest. Back then, the state decided that urban
9 customers, who cost less to serve, should pay the same
10 as rural customers, who cost more to serve. This
11 cross-subsidization largely achieved the public
12 interest goal of providing universal access to electric
13 service. Yet even today, the Commission allows rural
14 customers, who cost more to serve, to pay the same
15 rates as urban customers. Why? Because it is in the
16 public interest to keep those customers connected to
17 utility service.

18 Some rural customers are wealthy and can
19 afford to pay their full cost of their service. But
20 the Commission does not ask those wealthy customers to
21 pay more. I'd like to dwell on this point for a
22 moment. We know with certainty that some rural
23 customers are wealthy, and we know that rural customers
24 cost more to serve than urban customers. Yet the
25 principle of universal access to service has, for over

1 a hundred years, justified this Commission allowing
2 urban customers to subsidize rural customers' rates,
3 even the wealthy ones. If the Commission s
4 disconnection policy similarly allows
5 cross-subsidization for some wealthy customers, that is
6 a reasonable outcome because it prevents severe harm on
7 vulnerable neighbors in need.

8 In furtherance of the public interest in
9 maintaining utility access to service, the Commission
10 has repeatedly affirmed that postage stamp rates are
11 reasonable. And it's in furtherance of this same
12 public interest, maintaining equitable access to
13 utility service for vulnerable customers, that The
14 Energy Project asks the Commission to reject PSE's
15 petition and adopt its recommendations.

16 Thank you.

17 JUDGE HUGHES: Thank you.

18 Okay. The Joint Environmental Advocates?

19 MR. HASSELMAN: Good afternoon,
20 Commissioners. Jan Hasselman on behalf of the Joint
21 Environmental Advocates. Thanks for the opportunity to
22 be here today.

23 I have two points I'd like to make about the
24 testimony and evidence we've heard today. It's about
25 the process by which this decision is being made and

1 then the substance of what PSE is seeking from this
2 Commission.

3 Before I do, I'd like to say a few words about
4 why the Joint Environmental Advocates are here, why we
5 are using our scarce resources on a ratemaking case
6 about utility disconnections.

7 Our primary role here is to advocate that
8 communities who historically have been left out of
9 decisions that directly and negatively impact them have
10 a voice.

11 Chairman Danner, you highlighted that the
12 stakes are high. We agree. The stakes are high
13 because the decisions being made here have real-world
14 impacts on families and individuals, you know, people
15 at risk of homelessness or people who have to choose
16 between utility bills and medicine or whatever. And,
17 as we all know, those people and those communities have
18 been disproportionately impacted by the historically
19 inequitable policies around disconnections, and here,
20 we have the power to either continue or to upend those
21 historic practices.

22 We have seen and we appreciate the
23 Commission's efforts to center equity and procedural
24 justice in utility proceedings. We see and we
25 appreciate PSE's acknowledgment that these are

1 important values. And our role, as we see it, is to
2 hold everybody accountable to those commitments.

3 So let me explain briefly why the proposal
4 that PSE has brought to you doesn't pass that test, and
5 I want to channel Mr. Roberson and talk a little bit
6 about the process.

7 First, this just isn't the appropriate docket
8 in which to be making major changes to ongoing
9 disconnection practices that have such consequential
10 impacts to people's lives. PSE has asked you to upend
11 dunning and disconnection practices that were put in
12 place to protect the most vulnerable customers in the
13 context of backing out of a ratemaking settlement.
14 This is not the kind of open process where all the
15 people potentially impacted could be heard and fully
16 participate, and it does mean that different people
17 will be subject to different standards depending on
18 what utility is serving them.

19 As we have discussed, there is a docket that
20 is suitable to address these kinds of questions.
21 U-210800 will apply equally to all the utilities so
22 that disconnection practices won't vary by the
23 happenstance of which utility serves you, and it's open
24 to all the stakeholders and impacted people to be heard
25 and considered.

1 So if procedural justice means something, it
2 means ensuring that everyone impacted has an
3 opportunity to be heard and their interests considered.
4 And when we're talking about turning off electricity or
5 the heat, we should tread especially carefully.

6 Second, we also are troubled by the way that
7 PSE has handled this. The parties came together and
8 negotiated a settlement. This issue was part of that
9 settlement. It was part of the total package of
10 compromise that everyone made to reach a comprehensive
11 deal. And instead of coming back to the parties, PSE
12 has surprised everybody with this filing.

13 And, as Ms. Thompson lays out in her
14 testimony, PSE implied that the Low Income Advisory
15 Committee had worked collaboratively with the Company
16 on their proposed return to pre-pandemic practices.
17 They didn't. PSE mentioned in a few committee meetings
18 that it was internally discussing options to lower
19 arrearages, then eventually presented a fully-baked
20 plan to the Committee that they had no part in
21 designing and had major concerns with.

22 Now, even if the Company isn't obligated to
23 seek consensus with the Committee, it has an obligation
24 to bring issues like this before it, seek input, and at
25 least strive for consensus.

1 I also want to draw the Commission's attention
2 in particular to Ms. Thuraisingham's testimony on this
3 point. Ms. Thuraisingham represents Front and
4 Centered, which is an organization devoted to
5 communities that have historically been harmed by
6 structural racism or excluded from decision-making
7 processes and underserved by the benefits of the clean
8 energy transition. Front and Centered's intervention
9 in PSE's ratemaking case was a first for them. They
10 overcame their hesitation about the burdens of
11 participation because it was important for them to
12 advocate for equitable concerns for disadvantaged
13 communities.

14 And the outcome, the settlement that Front and
15 Centered and all the other parties worked hard to
16 negotiate and execute was a fair one. They not only
17 got what they wanted, but it felt like there was a
18 shared commitment to centering equity. That's why they
19 were dismayed when PSE returned to the Commission to
20 walk back those commitments without even engaging in
21 any conversation with the settling parties.

22 Ms. Thuraisingham asks: Why would a group
23 like Front and Centered use its scarce resources to
24 engage and negotiate a settlement when one of the
25 parties can just come back to the Commission and walk

1 away from those commitments? Again, to the extent that
2 procedural justice is important to the Commission --
3 and we know that it is -- it's crucial to create and
4 protect the kind of space where groups like Front and
5 Centered want to participate and have their efforts
6 make a difference.

7 So, again, the appropriate remedy is not to
8 ignore the concerns that PSE has raised about
9 arrearages. We're not asking for that. It s to
10 resolve these issues in the right forum through a full
11 process, not in the context of amending the settlement
12 here.

13 So let me just say a few words about the
14 substance. As you've heard in testimony today, utility
15 shutoffs and debt have long been a mostly invisible
16 problem in the communities that we represent. The
17 early pandemic showed how essential and life-saving
18 utilities really are. And it also meant for the first
19 time, we were able to collect data about the scope of
20 the problem and who was most impacted.

21 The data confirms what everyone long
22 suspected, which is that utility shutoffs and debt are
23 not randomly distributed among Washington citizens.
24 For the most part, they hit the hardest in communities
25 and populations that are already overburdened with

1 pollution, poverty, low life expectancy, and a host of
2 other issues. We know now that the historic status-quo
3 practices are inequitable and making things worse.

4 And, really, the only difference from the
5 status-quo practice and what PSE has proposed is
6 putting vulnerable communities and families towards the
7 end of the disconnection queue. That s only delaying
8 harm rather than grappling with it.

9 The past few years have taught us that our
10 usual solutions aren't working, And just going back to
11 the way we used to do things just shouldn't be on the
12 table. There are -- as you have heard today, there are
13 new programs in place to address the arrearage issues:
14 The new bill discount rate program, the arrearage
15 management program. These are big successes for the
16 utility, for the state. They are designed
17 collaboratively to lower longstanding historic barriers
18 to bill assistance. Our representatives participate in
19 the Low Income Advisory Committee, and it was their
20 understanding that these programs would make a
21 significant impact on reducing existing arrearages and
22 making monthly bills more affordable to keep future
23 arrearages at bay. PSE is pretty dismissive of these
24 efforts before they've even had a chance to get
25 meaningfully underway.

1 So, in sum, the other parties have put forward
2 to you reasonable compromise proposals. I want to
3 emphasize that's not what we are asking for. What we
4 are asking for is a bolstered approach to PSE's
5 residential customers with less than \$1,000 in
6 arrearages and adherence to the settlement proposal
7 until the other docket is resolved.

8 But, to the extent that the Commission feels
9 like it needs to address this issue here, there are
10 fair proposals that provide fair outcomes that get PSE
11 making progress on arrearages without putting
12 vulnerable people at excess risk.

13 So thank you for the opportunity to appear.
14 We are asking you to defer this conversation to the
15 other docket or to adopt The Energy Project's
16 compromise proposal.

17 JUDGE HUGHES: Thank you.

18 Rebuttal?

19 MS. BARNETT: Thank you, Your Honor.

20 Just a quick summary because I heard some
21 things that I think we need to address.

22 First, I would like to start by underscoring
23 that Judge -- or I'm sorry. Chair Danner was correct
24 when he said that the Commission needs to decide on a
25 proposal that's in front of them. And though -- the

1 proposals that are in front of the Commission for a
2 decision, they are not as simple as the -- what the
3 other parties have described them. They are not just a
4 direct targeted outreach or increasing more one-on-one.
5 They are -- they include things like cutting out all
6 the estimated, known low-income, approximately half of
7 all of the people that would be in dunning or half of
8 the arrearages that would be addressed. That's the
9 proposal that we have seen, cutting out half of them.
10 And that is ineffective.

11 But also, the proposals include much more,
12 such as gathering data that is frankly sensitive and
13 personal for which PSE has no way to gather and no way
14 to maintain. There's discussion of bringing in a third
15 party. The parties don't know if their proposals will
16 work. They don't know how long it would take to
17 implement them. They don't even know how PSE will
18 gather the data necessary to adopt them.

19 I heard a couple times and read in the
20 testimony that they hope that the proposal will result
21 in reduced arrearages, and PSE has shown that without
22 that urgent one-on-one communication with a customer
23 that includes the consequences of nonpayment, that
24 those types of discussions do not -- or targeted
25 outreach, that without that consequence information, it

1 doesn't work. But PSE's proposal, on the other hand,
2 does work. They know this through years of using it
3 and even have the Covid -- the time during Covid to
4 show that without that information, customers don't
5 pay. And with that information, they do. And they are
6 provided financial assistance.

7 Importantly, the proposals that you've heard
8 today all significantly will raise rates. They will
9 raise rates for all customers, including the customers
10 that the -- that the advocates are attempting to
11 protect.

12 But I want to just underscore some of the
13 information that the data is -- that the other parties
14 are asking us to gather. These include children's
15 ages, rental status and, in the case of public counsel,
16 even mental and physical health status. This is not --
17 this information is not necessary to provide power, to
18 provide electrical or gas service, and PSE should not
19 be gathering it. And in the case of public counsel,
20 they even want us to gather information on medical
21 fragility without even defining what medical fragility
22 means. So it's clear that the other proposals are not
23 thought out. They are not vetted. They are based on
24 hope, and they will raise rates.

25 And PSE is only requesting what every other

1 utility in this state is already doing, to resume the
2 dunning process and, in this case, in a phased, gradual
3 way that will protect those most vulnerable.

4 Thank you.

5 JUDGE HUGHES: All right. Thank you.

6 I have a few other housekeeping items before
7 we adjourn.

8 So public comments.

9 Ms. Gafken, how long does public counsel need
10 to compile any public comments received regarding this
11 proceeding?

12 MS. GAFKEN: I think one week should be
13 sufficient to do that. So next Thursday.

14 JUDGE HUGHES: Okay.

15 We will designate that as a bench exhibit and
16 number it as Bench Exhibit 1, and it will be filed in
17 the docket on the 25th. Yeah?

18 MS. GAFKEN: Thank you.

19 JUDGE HUGHES: Otherwise, the record will
20 close at the end of this hearing unless the Commission
21 issues any bench requests, which I believe we have a
22 few forthcoming, or issues a notice that it is
23 reopening the record.

24 Okay. So is there anything else we need to
25 address today?

1 MS. BARNETT: I'm sorry, Judge Hughes. I
2 wasn't clear. Is the -- the ALJ is going to issue
3 those bench requests in writing or should we just use
4 our notes?

5 JUDGE HUGHES: We'll be issuing those in
6 writing.

7 MS. BARNETT: Okay.

8 Thank you. That would be helpful.

9 JUDGE HUGHES: Okay. Nothing else?

10 COMMISSIONER RENDAHL: Just a point of
11 privilege, but I guess I'll --

12 COMMISSION CHAIR DANNER: I will defer to
13 your point of privilege, and I also have a point of
14 privilege. So go right ahead.

15 COMMISSIONER RENDAHL: And that is to
16 recognize public counsel Ms. Gafken. Thank you for
17 your service in public counsel all these years, and
18 much appreciated. And I have to say, I look forward to
19 having you join the UTC group and stay in this
20 important work that we do. But thank you so much for
21 all of your years of service.

22 COMMISSION CHAIR DANNER: That was my
23 point of privilege.

24 MS. GAFKEN: Thank you, Commissioner
25 Rendahl.

1 COMMISSION CHAIR DANNER: Lisa, thank you
2 for all you have done as public counsel for all these
3 years. I look forward to you coming to UTC (Zoom audio
4 feedback).

5 Thank you for all you do.

6 COMMISSIONER DOUMIT: (Zoom audio
7 feedback. Inaudible.)

8 COMMISSIONER RENDAHL: And there are many
9 comments coming in as well.

10 MS. GAFKEN: Thank you very much.

11 JUDGE HUGHES: Okay.

12 Thank you to all the parties, witnesses, and
13 representatives.

14 We are adjourned.

15 Thank you.

16 (The hearing adjourned at 12:22 p.m.)

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C E R T I F I C A T E

STATE OF WASHINGTON
COUNTY OF PIERCE

I, Tia Reidt, a Certified Court Reporter in and for the State of Washington, do hereby certify that the foregoing transcript of the Evidentiary Hearing on January 18, 2024, is true and accurate to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 26th day of January, 2024.





/S/ Tia B. Reidt
Tia B. Reidt, RPR, CSR #2798
NOTARY PUBLIC, State of
Washington.
My commission expires
5/15/2026.