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VIA E-FILE and OVERNIGHT MAIL

September 18, 2017

Mr. Steven V. King, Executive Director Washington Utilities and Transportation Commission, 1300 S. Evergreen Park Drive, S.W. P.O. Box 47250 Olympia, Washington 98504-7250

Attn: Filing Center

Re: <u>Docket No. UE-170033/UG-170034</u> (Consolidated)

Dear Mr. King:

Enclosed please find the original and twelve (12) copies of the PREFILED TESTIMONY OF NEAL TOWNSEND ON BEHALF OF THE KROGER CO. IN SUPPORT OF THE MULTIPARTY SETTLEMENT AGREEMENT STIPULATION AND AGREEMENT for filing in the above-referenced dockets. Please note that we also filed the above via electronic mail on same date.

By copy of this letter, all parties listed on the Certificate of Service have been electronically served. Please place this document of file.

Very Truly Yours,

Kurt J. Boehm, Esq. Jody Kyler Cohn, Esq.

BOEHM, KURTZ & LOWRY

MLKkew Enclosures

cc.

Certificate of Service

EXHIBIT NO. ____(NT-1T)
DOCKET NOS. UE-170033/UG-170034
2017 PSE GENERAL RATE CASE
WITNESS: NEAL TOWNSEND

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant,

v.

Docket No. UE-170033 Docket No. UG-170034

PUGET SOUND ENERGY, INC.,

Respondent.

PREFILED TESTIMONY OF NEAL TOWNSEND

ON BEHALF OF THE KROGER CO.

IN SUPPORT OF THE MULTIPARTY SETTLEMENT STIPULATION AND AGREEMENT

September 18, 2017

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1 2 3		PREFILED TESTIMONY OF NEAL TOWNSEND IN SUPPORT OF THE MULTIPARTY SETTLEMENT STIPULATION AND AGREEMENT
4		I. INTRODUCTION
5	Q.	Please state your name and business address.
6	A.	My name is Neal Townsend. My business address is 215 South State Street, Suite
7		200, Salt Lake City, Utah, 84111.
8	Q.	By whom are you employed and in what capacity?
9	A.	I am a Principal in the firm of Energy Strategies, LLC. Energy Strategies is a
10		private consulting firm specializing in economic and policy analysis applicable to
11		energy production, transportation, and consumption.
12	Q.	On whose behalf are you testifying?
13	A.	My testimony is being sponsored by The Kroger Co. ("Kroger") on behalf of its
14		Fred Meyer Stores and Quality Food Centers divisions. Kroger is one of the
15		largest retail grocers in the United States, and operates approximately 120
16		facilities in the state of Washington, a little more than half of which are located in
17		the territory served by Puget Sound Energy ("PSE"). These facilities purchase
18		more than 145 million kWh annually from PSE, and are served on Electric Rate
19		Schedules 24, 25, 26, and 40. Kroger is signatory to the Multiparty Settlement
20		Stipulation and Agreement ("Settlement").
21	Q.	Please describe your professional experience and qualifications.
22	A.	I have provided regulatory and technical support on a variety of energy projects at
23		Energy Strategies since I joined the firm in 2001. Prior to my employment at
24		Energy Strategies, I was employed by the Utah Division of Public Utilities as a

1		Rate Analyst from 1998 to 2001. I have also worked in the aerospace, oil and
2		natural gas industries.
3	Q.	Have you previously appeared as an expert witness?
4	A.	Yes. I have testified in utility regulatory proceedings before the Arkansas Public
5		Service Commission, the Illinois Commerce Commission, the Indiana Utility
6		Regulatory Commission, the Kentucky Public Service Commission, the Michigan
7		Public Service Commission, the New Mexico Public Regulation Commission, the
8		Public Utilities Commission of Ohio, the Public Utility Commission of Oregon,
9		the Public Utility Commission of Texas, the Public Service Commission of Utah,
10		the Virginia Corporation Commission, and the Public Service Commission of
11		West Virginia.
12	Q.	Have you reviewed the Response Testimony and Cross-Answering Testimony
13		of Kroger witness Kevin C. Higgins in this case as well as the Settlement that
14		was filed with the Commission to which Kroger is a party?
15	A.	Yes, I have.
16		
17		II. RECOMMENDATION
18	Q.	Please explain why Kroger supports the Settlement.
19	A.	Kroger believes the overall electric revenue requirement negotiated by the parties
20		to the Settlement produces a just and reasonable result that is in the public
21		interest. In addition, the Settlement results in a spread of rates across customer
22		classes that is closer to cost of service, which modestly reduces inter-class
23		subsidies, and is also in the public interest. The Settlement also provides for a

- reasonable transition period for customers taking service under Schedule 40,
- which is being phased out. And it improves the rate design for Schedule 25, by
- better aligning demand-related charges with demand-related costs.
- 4 Q. Do you recommend that the Commission approve the Settlement?
- 5 A. Yes, I do.
- 6 Q. Does this conclude your Testimony in Support of the Settlement?
- 7 A. Yes, it does.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the parties listed on the attached Certificate of Service by regular U.S. mail and electronic mail (when available) this 19th day of September, 2017.

Kurt J. Boehm, Esq. Jody Kyler Cohn, Esq.

MASTER SERVICE LIST Docket #UE-170033/UE-170034

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