

**Exh. JES-1T  
Docket UE-210795  
Witness: Jennifer E. Snyder**

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

**In the Matter of**

**DOCKET UE-210795**

**PUGET SOUND ENERGY**

**Clean Energy Implementation Plan  
Pursuant to WAC 480-100-640**

**TESTIMONY OF**

**Jennifer Snyder**

**STAFF OF  
WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION**

*Requested CEIP guidance  
CEIP content  
Process improvement*

**October 10, 2022**

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1 **I. INTRODUCTION**

2

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

4 A. My name is Jennifer Elizabeth Snyder, and my business address is 621 Woodland  
5 Square Loop SE, Lacey, Washington, 98503. My business mailing address is P.O.  
6 Box 47250, Olympia, Washington, 98504-7250. My business email address is  
7 Jennifer.snyder@utc.wa.gov.

8

9 **Q. By whom are you employed and in what capacity?**

10 A. I am employed by the Washington Utilities and Transportation Commission  
11 (Commission) as a Regulatory Analyst in the Conservation and Energy Planning  
12 Section of the Regulatory Services Division.

13

14 **Q. How long have you been employed by the Commission?**

15 A. I have been employed by the Commission since 2013.

16

17 **Q. Please state your qualifications to provide testimony in this proceeding.**

18 A. I have a Master's degree in Environmental Studies with an emphasis in Energy  
19 Policy and a Bachelor of Science degree, both from The Evergreen State College. I  
20 completed Public Utilities Reports Guide's "Principles of Public Utilities Operations  
21 and Management" in October 2016. I attended New Mexico State University's rate  
22 case basics workshop in May 2016, the National Association of Regulatory Utility  
23 Commissioners' (NARUC) Annual Regulatory Studies Program intermediate course

1 in August 2016, the International Energy Program Evaluation Conference in 2017  
2 and 2019, as well as numerous other sector-specific workshops, trainings, and  
3 conferences. Most recently I have attended the NARUC Regulatory Training  
4 Initiative courses on Benefit-Cost Analysis for Distributed Energy Resources in May  
5 2022 and Equity and Energy and Environmental Justice in State Public Utility  
6 Commission Decisions in June 2022. I represented Washington at the National  
7 Governor's Association Energy Efficiency Experts Roundtable in 2018 and  
8 presented on cost-benefit analysis at the Efficiency Exchange Conference in 2019.

9 As a Regulatory Analyst, I am responsible for the development of  
10 Commission Staff (Staff) recommendations concerning tariff filings, conservation  
11 plans, integrated resource plans, and clean energy implementation plans by regulated  
12 companies for presentation to the Commission at open public meetings and subject  
13 to adjudication.

14  
15 **Q. Have you testified previously before the Commission?**

16 A. Yes. With respect to Puget Sound Energy (PSE or Company), I have filed testimony  
17 in support of settlement for Microsoft's special contract, Docket UE-161123, on the  
18 prudence of acquiring innovative technology in PSE's 2017 general rate case (GRC),  
19 Dockets UE-170033 and UG-170034, and on customer benefits of advanced  
20 metering infrastructure and utility performance measures and metrics in the 2022  
21 GRC, Dockets UE-220066 and UG-220067. I have also sponsored testimony on  
22 various issues, including conservation program design, in Avista Corporation's

1 (Avista) 2017 GRC, Dockets UE-170485 and UG-170486; and Cascades 2017 GRC,  
2 Docket UG-170929.

3  
4 **II. SCOPE AND SUMMARY OF TESTIMONY**

5  
6 **Q. What is the scope and purpose of your testimony?**

7 A. My testimony addresses the Company's requested areas for Commission guidance,  
8 compliance of PSE's 2021 Clean Energy Implementation Plan (CEIP) contents and  
9 structure, equity considerations to ensure that all customers are benefiting from the  
10 clean energy transition, and CEIP process improvements.

11  
12 **Q. Please summarize your recommendations.**

13 A. In this testimony Staff provides recommendations for Commission consideration  
14 related to the requested guidance. Staff recommends the Commission approve PSE's  
15 CEIP with the following conditions:

- 16 • Update all specific actions in the 2023 CEIP update.
- 17 • Evaluate methods to improve the alignment of the Company's planning and  
18 procurement processes.
- 19 • Provide a master file index for its 2021 CEIP.
- 20 • Continue refining methods to identify vulnerable populations, working with  
21 customers and technical experts, for the CIEP update and the 2025 CEIP
- 22 • Develop interim targets, in collaboration with the EAG, for all CBIs that PSE has  
23 direct influence over for the 2025 CEIP.



1 **Q. Did the Company file testimony in addition to the CEIP?**

2 A. Yes, on July 11, PSE witness Kara Durbin filed Exhibit KKD-1T.

3

4 **Q. What issues does PSE identify in testimony**

5 A. The Company identified seven primary issues raised by interested persons and  
6 parties.

- 7 • Renewable Energy Target
- 8 • DER Subtarget
- 9 • Demand Response Target
- 10 • Incremental Cost
- 11 • Specific Actions
- 12 • Customer Benefit Indicators
- 13 • Resource Adequacy Analysis

14

15 **Q. Does Staff agree that these are the primary issues raised in this docket?**

16 A. Yes, this is a reasonable list of issues raised by commenters. Staff addresses these  
17 issues in its testimony to varying degrees.

18

19 **Q. Did PSE make any specific requests of the Commission in testimony?**

20 A. Yes, beyond the process for review of the CEIP outlined in WAC 480-100-645(2),  
21 PSE also requested approval of:

- 22 • The interim target of 63 percent of retail sales by 2025, totaling  
23 approximately 11,381,593 MWh in PSE's CEIP;



- 1           • The specific targets in the CEIP, including the Energy Efficiency Target:  
2           1,073,434 MWh for 2022-2025, subject to update in 2023 to reflect the 2024-  
3           2025 Biennial Conservation Plan; a Renewable Energy target of 800 MW of  
4           new utility-scale renewables and 80 MW of new distributed solar resources; a  
5           Demand Response target of 23.7 MW by 2025, and  
6           • PSE’s methodology for including costs in the incremental cost calculation.  
7           Staff’s recommendations on these specific requests are addressed by Staff  
8           witness Nightingale in Exh. JBN-1T.

9

10 **Q. Did PSE make any other requests?**

11 A. Yes. In testimony PSE requested guidance from the Commission in the following  
12 areas:

- 13           • The appropriate scope of the CEIP;  
14           • Consideration of costs in relation to other factors such as equity and  
15           environmental benefits, especially the two percent incremental cost  
16           alternative compliance mechanism; and  
17           • Guidance regarding the development, measurement, and use of customer  
18           benefit indicators.<sup>1</sup>

19

20 **Q. Does Staff find the need for guidance reasonable?**

21 A. Yes. While the legislation, rules, and adoption order provide a great deal of  
22 guidance, all parties involved in CETA implementation expected that additional

---

<sup>1</sup> Durbin, Exh. KKD-1T at 4:11-19.

1 questions would arise during a new process and while developing a new plan. Staff  
2 worked closely with the parties to this docket and other interested persons to help  
3 provide technical guidance as to Staff’s vision of a complaint CEIP. However, there  
4 are areas of disagreement where Staff’s technical guidance and interpretation of rule  
5 is an insufficient substitute for clarity from the Commission.  
6

7 **B. Staff Discussion of Requested Guidance**

8  
9 **1. Overarching scope of a CEIP**

10 **Q. In testimony, PSE requested guidance concerning the scope of a CEIP. Does**  
11 **Staff have a position on this request?**

12 Yes. Staff believes sufficient guidance on the scope of a CEIP already exists.  
13 However, Staff understands that the Company does not interpret the Commission’s  
14 guidance in the same way, and that clarification of such a fundamental question is  
15 necessary.  
16

17 **Q. The Clean Energy Transformation Act (CETA) amended RCW 19.280,**  
18 **concerning integrated resource plans (IRP), and created RCW 19.405,**  
19 **concerning CEIPs. How are the IRP and CEIP processes related?**

20 **A.** These two planning processes are closely related. The IRP is a key input to the CEIP.  
21 However, these two plans are intended to be significantly different. As Staff has  
22 stated previously “the IRP is a review of generic resources, while the CEIP will  
23 identify the specific actions and projects a utility will undertake and includes new

1 information unavailable during the latest IRP.”<sup>2</sup> The planning horizon addressed in  
2 each plan is also very different, the CEIP addresses the next four-year compliance  
3 period, while the IRP’s planning horizon is much longer, typically twenty or more  
4 years. The existence of other statutorily required planning documents helps provide  
5 guidance as to the scope of the CEIP.

6

7 **Q. What is a Clean Energy Action Plan (CEAP) and how does it relate to a CEIP?**

8 A. The CEAP is a ten-year action plan that implements CETA at the lowest reasonable  
9 cost submitted as part of the IRP.<sup>3</sup> While the CEIP is required to be informed by the  
10 CEAP, the CEIP is more than just a shorter version of the CEAP.<sup>4</sup> A CEIP must  
11 identify specific actions and specific targets the utility intends to take over the next  
12 four years to achieve clean energy transformation.<sup>5</sup> It is essential that the information  
13 provided in the CEIP is consistent with, but more granular than, what is possible in

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<sup>2</sup> *Relating to Clean Energy Implementation Plans and Compliance with the Clean Energy Transformation Act, Docket UE-191023, and In the Matter of Amending, Adopting, and Repealing WAC 480-100-238, Relating to Integrated Resource Planning, Docket UE-190698, Dockets UE-190698 & UE-191023 (consolidated), Summary of September 11, 2020, Comments on 2nd Discussion Draft at 59 (October 14, 2020).*

<sup>3</sup> RCW 19.280.030(1)(l): “A ten-year clean energy action plan for implementing RCW 19.405.030 through 19.405.050 at the lowest reasonable cost, and at an acceptable resource adequacy standard, that identifies the specific actions to be taken by the utility consistent with the long-range integrated resource plan;” *see also*, RCW 19.280.030(2): “For an investor-owned utility, the clean energy action plan must: (a) Identify and be informed by the utility’s ten-year cost-effective conservation potential assessment as determined under RCW 19.285.040, if applicable; (b) establish a resource adequacy requirement; (c) identify the potential cost-effective demand response and load management programs that may be acquired; (d) identify renewable resources, nonemitting electric generation, and distributed energy resources that may be acquired and evaluate how each identified resource may be expected to contribute to meeting the utility’s resource adequacy requirement; (e) identify any need to develop new, or expand or upgrade existing, bulk transmission and distribution facilities; and (f) identify the nature and possible extent to which the utility may need to rely on alternative compliance options under RCW 19.405.040(1)(b), if appropriate.”

<sup>4</sup> *See* RCW 19.405.060(1)(b)(i).

<sup>5</sup> RCW 19.405.060(1)(b)(iii).

1 long-term integrated resource planning in order to demonstrate progress towards the  
2 clean energy standards.<sup>6</sup>

3

4 **Q. Don't these plans all accomplish the same thing?**

5 A. Yes and no. While the goal of all these planning processes is to implement CETA,  
6 they do so on different timelines, each with a narrowing focus. While crafting CETA  
7 the Legislature intended to avoid duplicative processes, which implies that the plans  
8 required by CETA must each serve a different purpose.<sup>7</sup> The different resource,  
9 action, and implementation plans completed by or described in statute for  
10 Washington investor-owned electric utilities are compared for quick reference in  
11 Exhibit JES-2. Staff views implementation as the process of putting a decision or  
12 plan into effect; or in the alternative, a detailed description of the execution of a plan.  
13 For example, an IRP might choose a 4-hour utility scale lithium-ion battery in the  
14 preferred portfolio to meet a capacity need with generic information about cost and  
15 usage. As an implementation plan, Staff expects the CEIPs to be more robust,  
16 granular, and detailed as compared to an integrated resource plan. The same battery  
17 included as a specific action in a CEIP should, to the degree possible, include  
18 information such as general location, proposed timing, estimated cost, and how the  
19 project may benefit highly impacted communities or vulnerable populations.<sup>8</sup> Staff  
20 expects a utility to have *significantly* more detailed information available concerning

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<sup>6</sup> As Staff has noted previously, the language in RCW 19.405.060(1)(b)(i) and (iii) that requires a CEIP to be “consistent with” the IRP and “informed by” the CEAP. This language does *not* mean that the information in, or conclusions of, the most recent IRP/CEAP must be presumed correct in a CEIP proceeding.

<sup>7</sup> See RCW 19.405.100(1).

<sup>8</sup> Compare WAC 480-100-640(5)(a) with WAC 480-100-620(12)(c)(i) and (iii).

1 a specific action planned to be taken within the next four years than a resource that  
2 may be acquired ten to twenty years in the future.

3

4 **Q. Can Staff provide a relevant example of an implementation plan?**

5 A. Yes. Electric utilities submit a biennial conservation plan (BCP) to the Commission  
6 every two years as both a standalone required implementation plan and an integral  
7 part of the CEIP.<sup>9</sup> PSE’s BCPs are submitted after current programs are evaluated  
8 and the necessary request for proposals are substantially completed. This means that  
9 when the BCP is submitted, the data, including costs of potential projects and  
10 programs, is generally robust and known, and benefits can be relatively evaluated.<sup>10</sup>  
11 Thus, BCPs are implementation plans focused on *programs* used to reach biennial  
12 conservation targets that include, among other elements, program details, budgets,  
13 and plans for evaluation, measurement, and verification.<sup>11</sup> While the content and  
14 form of a BCP has evolved over the years and varies between utilities, Staff believes  
15 these implementation plans are currently the best template for what a compliant  
16 CEIP should look like in terms of presentation of data relied upon to put a decision  
17 or plan into effect.

18

19 **a. Specific Actions**

20 **Q. How does Staff interpret the phrase “specific actions” as it relates to the CEIP?**

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<sup>9</sup> *In the Matter of Adopting Rules Relating to Clean Energy Implementation Plans and Compliance with the Clean Energy Transformation Act*, Dockets UE-191023 & UE-190698 (consolidated), General Order 601, 9, ¶ 22 (Dec. 28, 2020) (Adoption Order).

<sup>10</sup> *See 2022-2023 Electric Biennial Conservation Plans*, Docket UE-210822, PSE 2022-2023 BCP, Exhibit 3, Supplement 1 Competitive Procurement and RFP Framework, pp. 6-12 (filed Oct. 29, 2021).

<sup>11</sup> *See* WAC 480-109-120(1)(b).

1 A. In the context of a CEIP, a specific action should be all the resources and programs a  
2 utility plans to implement within the next four years to comply with CETA. Staff  
3 believes that “specific actions” covers a broad range of elements essential in a CEIP,  
4 but that the flexibility the rule provides around this element of a CEIP does not  
5 incent utilities to provide sufficient information for a proper review or analysis of the  
6 plan. Despite being a main feature of CEIPs, the phrase “specific actions” is not  
7 defined in rule or statute. The Commission infers that a specific action is a “resource  
8 or related distribution system investment”<sup>12</sup> but does not provide sufficient guidance  
9 to provide the clarity parties need to understand the level of specificity required by  
10 statute and rule. The rule requires utilities to provide information about specific  
11 actions such as the “general location, if applicable, proposed timing, and estimated  
12 cost of each specific action or remaining resource need”<sup>13</sup> that do not adequately  
13 clarify how specific a specific action *must* be. This rule language appropriately  
14 allows for flexibility on the degree of specificity for each specific action or resource  
15 need described but does not make it clear that there should be a minimum amount of  
16 specificity in the overall plan.

17  
18 **Q. What granularity of “specific actions” does Staff expect to see in a fully**  
19 **compliant CEIP?**

20 A. As an implementation plan, the CEIP should contain a significant amount of detail  
21 on the specific actions the Company intends to take. This does not mean that the

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<sup>12</sup> Adoption Order at 24, ¶ 61.

<sup>13</sup> WAC 480-100-640(5)(a). WAC 480-100-640(6) also requires information related to specific actions put in narrative.

1 Company is expected have perfect foresight into the next four years but should rely  
2 on reasonable assumptions and data to inform and justify its decision-making.<sup>14</sup> For  
3 example, the rule requires that for the demand response target “the utility must  
4 provide proposed program details, program budgets, measurement and verification  
5 protocols, target calculations, and forecasted distribution of energy and nonenergy  
6 costs and benefits.”<sup>15</sup> Staff expects the detail for demand response program  
7 implementation to be similar to that for energy efficiency programs in the BCP.  
8

9 **Q. Does anything in statute suggest that CEIPs were intended to have this level of**  
10 **specificity?**

11 A. Yes. For the Commission to align the timing of approval of a multiyear rate plan  
12 with a CEIP, as encouraged by RCW 80.28.425(9), the specific actions presented in  
13 the CEIP should have a comparable level specificity to a pro forma plant addition a  
14 utility seeks to include provisionally in rates as part of a multiyear rate plan.<sup>16</sup> If the  
15 legislature intended a significant difference between the level of detail required in a  
16 CEIP versus a MYRP, then aligning the timing of these two proceedings would not  
17 be desirable or efficient.  
18

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<sup>14</sup> See Adoption Order at 44-45, ¶ 120.

<sup>15</sup> WAC 480-100-640(3)(a)(ii).

<sup>16</sup> See *In the Matter of the Commission Inquiry into the Valuation of Public Service Company Property that Becomes Used and Useful after Rate Effective Date*, Docket U-190531, Policy Statement on Property that Becomes Used and Useful After Rate Effective Date, p. 12, ¶ 35 (“The threshold for including provisional pro forma adjustments will be determined on a case-by-case basis according to the specifications of the rate-effective period investment. For example, there is a greater degree of certainty that an investment is known and measurable if it is part of an approved Clean Energy Implementation Plan ... The evidentiary standard for purely projected investments will require information regarding the level of spending, cost controls, and the specific need for the projected investment.”) (Jan. 31, 2020).

1 **Q. Why is the level of specificity important?**

2 A. The granularity of specific actions is particularly important when evaluating a  
3 CEIP’s equity requirements. The distribution of benefits from a utility action can  
4 easily swing from positive to negative depending on details such as location or  
5 governance structure.<sup>17</sup> While the equitable distribution of benefits is first evaluated  
6 through generic resources in a resource plan such as an IRP or distributed energy  
7 resource plan, this high-level view is intended to be over the long term and is  
8 insufficient for a four-year implementation plan. The Commission clarifies that  
9 “compliance determination may require an evaluation of the timing and quantity of  
10 benefits throughout the transition to clean energy, both as the utility begins  
11 implementation and over the trajectory of implementation.”<sup>18</sup>

12  
13 **Q. Can RFPs constitute specific actions?**

14 A. Yes, in part. An RFP *can* be a specific action as part of a larger process and  
15 description for executing clean energy transformation. A CEIP should include any  
16 RFPs the company is planning during the four-year implementation period. A CEIP,  
17 however, cannot be considered fully compliant with statute if it is substantially  
18 comprised of RFPs. By its very nature, the RFP process is opaque and allows for  
19 little to no public involvement once the RFP has been filed. The degree of  
20 granularity for the RFP itself is also important. An all-source RFP cannot provide the  
21 specificity to the portfolio that a targeted RFP asking for bids to provide residential  
22 solar resources in highly impacted communities can.

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<sup>17</sup> See Adoption Order at 25-26, ¶ 65.

<sup>18</sup> *Id.* at 26, ¶ 66.



1 **Q. If RFPs constitute specific actions, why can't a CEIP actions be primarily met**  
2 **through RFPs?**

3 A. The need for an all-source RFP is already established within an IRP.<sup>19</sup> Without  
4 specific actions beyond RFPs and targets, the CEIP does not serve a purpose beyond  
5 the IRP and CEAP. More importantly, Staff asserts that energy justice and equity  
6 cannot be fully considered in the CEIP approval process if a utility presents only yet-  
7 to-be determined, vague RFP actions. The portfolio of specific actions must contain  
8 a sufficient specificity to allow the Commission to determine if those actions are in  
9 the public interest and represent the lowest reasonable cost option.

10

11 **Q. Does Staff have its own request for clarification related to specific actions?**

12 A. Yes. Staff recognizes that the threshold of specificity in a CEIP portfolio should not  
13 be a bright line. However, Staff requests the Commission provide clarity to the  
14 appropriate granularity of specific actions within the scope of a CEIP.

15

16 **b. Equity in the scope of a CEIP**

17 **Q. How should equity be considered in a CEIP?**

18 A. Staff's consideration of equity in a CEIP is twofold. First, as stated in the CETA  
19 rulemaking order and expanded upon in Staff's comments on PSE's CEIP, CETA  
20 requires utilities to ensure all customers are benefitting from the transition to clean  
21 energy, in particular "whether the utility's plan will fairly and justly allocate the

---

<sup>19</sup> WAC 480-107-009(2).

1 utility’s specific actions among the utility’s customers.”<sup>20</sup> To do so, the Commission  
2 requires three elements to support its decision:

- 3 • who and where are vulnerable populations and highly impacted communities  
4 (collectively, “named communities”),
- 5 • the current conditions in those named communities as compared to the rest of  
6 the service territory, and
- 7 • how specific actions may shift any disparities identified.

8 Second, the Commission recently offered further guidance on general  
9 principles of equity.<sup>21</sup> The Commission adopts principles of distributional,  
10 procedural, recognition and restorative justice, which are reflected in RCW  
11 43.06D.020(3)(a), into the Commission’s regulatory framework. This commits the  
12 Commission and its regulated companies to “ensuring that systemic harm is reduced  
13 rather than perpetuated by our processes, practices, and procedures.”<sup>22</sup> In order to  
14 ensure this, the Commission requires “the application of an equity lens in all public  
15 interest considerations going forward” and inquiring “whether each proposed  
16 modification to...rates, practices, or operations corrects or perpetuates inequities.”<sup>23</sup>

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<sup>20</sup> Staff Comments on PSE Final CEIP, p. 10 (filed March 2, 2022).

<sup>21</sup> *Wash. Utils. and Transp. Comm’n vs. Cascade Natural Gas Corporation*, Docket UG-210755, Final Order 09, pp. 16-20 (Aug. 23, 2022) (2021 Cascade GRC Order). Although the order’s discussion was primarily focused on the equity provisions in RCW 80.28.425(1), the Commission noted that “[a]lthough CETA applies to electric utilities only, its objective and language are instructive to the Commission’s regulatory work generally as we clarify our definition of “public interest” to include equity considerations.” (*Id.* at 17, ¶ 52.) and that “we must apply an equity lens in all public interest considerations going forward.” (*Id.* at 19, ¶ 58.) Staff therefore believes that the discussion of general principles of equity within the order is relevant to this proceeding as well.

<sup>22</sup> 2021 Cascade GRC Order at 18, ¶ 55.

<sup>23</sup> *Id.* at 17-19.

1 **Q. Are considerations for disconnections, arrearages and other elements that may**  
2 **impact energy burden and affordability within the scope of the CEIP?**

3 A. Yes. To the degree that these elements can be considered energy and nonenergy  
4 benefits or burdens to vulnerable populations and highly impacted communities, or  
5 relate to energy security and resiliency, Staff sees no reason these impacts to energy  
6 burden and affordability would not be considered within the scope of a CEIP.

7  
8 **Q. Does data disclosure and ease of accessibility promote equity in energy**  
9 **regulation?**

10 A. Yes. The consideration of equity as it relates to public interest analysis in energy  
11 regulation was codified by recent legislation.<sup>24</sup> Integral to this work is exploring the  
12 concept of energy justice and its core tenets to advance the Commission's goal of  
13 achieving equity in Washington energy regulation. A core tenet of energy justice is  
14 the opportunity for interested parties, especially those who have been historically  
15 marginalized, to participate in and have meaningful impact on decision-making  
16 processes.<sup>25</sup> Staff contends for a wide spectrum of participants to contribute  
17 meaningfully to a utility's resource planning, those parties need to be able to access  
18 and understand the analytical data that informs such decision-making.

19  
20 **Q. What data disclosure and ease of data accessibility requirements apply to the**  
21 **CEIP?**

---

<sup>24</sup> RCW 80.28.425(1).

<sup>25</sup> 2021 Cascade GRC Order at 18, ¶ 56.

1 A. The importance of transparency, particularly data transparency, is explicitly called  
2 out twice in CEIP rules. Utilities must document the “data collection, processes,  
3 procedures, and assumptions” underlying their specific target development.<sup>26</sup>  
4 Additionally, companies must make all data input files used to determine relevant  
5 targets available in “native format and in an easily accessible format.”<sup>27</sup>

6

7 **Q. Why is data transparency important for clean energy planning?**

8 A. Utility data disclosure and ease of accessibility is crucial to facilitate public  
9 involvement in clean energy planning efforts.<sup>28</sup> Interested parties, especially Staff,  
10 must be able to understand *why* a utility took historic actions or proposes taking  
11 future actions. Without that transparency, parties cannot determine independently if  
12 those actions are in the public interest and represent the lowest reasonable cost  
13 option.<sup>29</sup>

14

15 **c. Prudence and the CEIP**

16 **Q. How does a CEIP influence a prudency determination?**

17 A. While an IRP initially shows the need for a resource, the level of detail in a CEIP  
18 should allow the Commission to make the equivalent of a determination of need for  
19 a resource. As described thoroughly by Staff in PSE’s most recent GRC, this is the  
20 first step of a prudency determination.<sup>30</sup> For the Commission to be able to use the

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<sup>26</sup> WAC 480-100-640(3)(b).

<sup>27</sup> *Id.*

<sup>28</sup> Adoption Order at 62, ¶ 183.

<sup>29</sup> *See Id.* at 60, ¶ 173.

<sup>30</sup> *Wash. Utils. & Transp. Comm’n v. Puget Sound Energy*, Dockets UE-220066, UG-220067, UG-210918 (consolidated), Ball, Exh. JLB-1T at 21:1 (filed July 28, 2022).

1 evidence presented in a CEIP as a step towards prudence and rate recovery, utilities  
2 bear the burden to demonstrate the business case for specific actions, including  
3 progress and compliance with CETA, before it can represent that the specific actions  
4 it identifies in a CEIP are consistent with the lowest reasonable cost standard  
5 required by statute. Staff reiterates that an approved CEIP is not in any sense a  
6 prudence determination, or part of a prudence determination, by the Commission.  
7 The *evidence* provided in a CEIP approved by the Commission is, however, highly  
8 relevant to a future prudence determination.

9  
10 **2. Consideration of Cost**

11  
12 **Q. In testimony, PSE requested guidance concerning, “consideration of costs in**  
13 **relation to other factors such as equity and environmental benefits, especially**  
14 **the two percent incremental cost alternative compliance mechanism.” Does**  
15 **Staff agree that additional guidance from the Commission would be useful in**  
16 **this area?**

17 A. Yes. This is an area of disagreement that could use clarification from the  
18 Commission. The Commission has made clear that the requirement that a utility must  
19 ensure that all customers are benefitting from the clean energy transition is an  
20 affirmative mandate, but the implications for a lowest reasonable cost portfolio needs  
21 clarification.<sup>31</sup>

22  

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<sup>31</sup> See Adoption Order at 19, ¶ 44.

1 **Q. Does Staff have specific recommendations with regard to the “consideration of**  
2 **costs in relation to other factors such as equity and environmental benefits,**  
3 **especially the two percent incremental cost alternative compliance**  
4 **mechanism?”<sup>32</sup>**

5 A. Staff witness Nightingale discusses Staff’s concerns with PSE’s use of the  
6 incremental cost alternative compliance mechanism as a constraint in the planning  
7 process. Staff does not currently have recommendations that specifically address cost  
8 considerations of factors such as equity and environmental benefits outside of  
9 planning.

10  
11 **Q. Does Staff have its own request for clarification related to equity and the**  
12 **incremental cost calculation?**

13 A. Yes. In the 2021 Cascade GRC Order, the Commission discusses the equity  
14 requirements for utilities under RCW 80.28.425(1), noting that CETA’s equity  
15 “objective and language” are instructive when conducting general regulatory work,  
16 including GRCs and multiyear rate plans.<sup>33</sup> The Commission goes on to list  
17 distributional justice as a core aspect of equity within the public interest standard.<sup>34</sup>  
18 Given this guidance and the language in RCW 80.28.425(1), it appears to Staff that  
19 CETA’s affirmative mandate to achieve distributional equity, and the costs to  
20 achieve that goal, are no longer attributable solely to the requirements of RCW  
21 19.405.040(8).

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<sup>32</sup> Durbin, Exh. KKD-1T at 4:15-17.

<sup>33</sup> See 2021 Cascade GRC Order at 16-17, ¶ 52.

<sup>34</sup> *Id.* at 18, ¶ 56.

1                   The alternative lowest reasonable cost portfolio is defined as “the portfolio of  
2                   investments the utility would have made and the expenses the utility would have  
3                   incurred if not for the requirement to comply with RCW 19.405.040 and  
4                   19.405.050.”<sup>35</sup> Therefore, it appears that equity related expenses, or at least a subset  
5                   of those expenses, should now be included as part of the alternative or “baseline”  
6                   portfolio, since under RCW 80.28.425(1) the utility would still have incurred those  
7                   equity related expenses absent RCW 19.405.040 and - .050.

8                   Staff requests clarification as to whether future incremental cost calculations  
9                   should include equity-related costs in the baseline portfolio, and if so, whether all  
10                  (electric side) equity related costs should be included in the baseline portfolio, or  
11                  only a subset.<sup>36</sup> Although this guidance is not required in order to determine whether  
12                  PSE’s CEIP should be approved, Staff believes that providing guidance on this issue  
13                  now would avoid potential confusion and disagreement when the actual incremental  
14                  cost calculations are submitted at the end of the compliance period.

### 15 16                   **3. Customer Benefit Indicators** 17

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<sup>35</sup> WAC 480-100-605.

<sup>36</sup> Regarding the question of whether a subset of equity related costs remain incremental- there may be reasonable arguments to be made that, for example, costs related to preparing the CEIP, or the Company’s costs related to equity advisory groups, are still incremental costs, and therefore should not be included in the baseline portfolio.

1 **Q. In testimony, PSE requested guidance regarding the development,**  
2 **measurement, and use of customer benefit indicators. Does Staff agree that**  
3 **additional guidance from the Commission would be useful in this area?**

4 A. Yes. This is an area of significant disagreement.

6 **Q. What guidance has the Commission given that applies to CBI design?**

7 A. The Commission has provided guidance for CBI development that details the  
8 necessity of customer and stakeholder input and clarifies that CBIs must cover the  
9 scope of categories listed in RCW 19.405.040(8).<sup>37</sup> The adoption order says that  
10 “input from designated highly-impacted communities or vulnerable populations  
11 should inform the customer benefit indicators associated with the equitable  
12 distribution of benefits and reduction of burdens to those populations, while input  
13 from all customers should inform the customer benefit indicators for public health,  
14 environmental health, cost reduction, risk reduction, energy security, and  
15 resilience.”<sup>38</sup> The function of CBIs is for tracking and measuring compliance with  
16 the affirmative mandate that a utility must ensure that all customers are benefitting  
17 from the clean energy transition.<sup>39</sup>

18 Going forward, Staff believes that the draft metric design principles detailed  
19 for performance metrics, once finalized, should be considered when designing

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<sup>37</sup> See Adoption Order at 19-27, ¶ 44-70.

<sup>38</sup> See *Id.* at 27, ¶ 70.

<sup>39</sup> See *Id.* at 19-20, ¶ 44-45.



1 CBIs.<sup>40</sup> The August 5, 2022 Notice in Docket UE-210590 outlines the draft design  
2 metrics as follows:

- 3 a. Directly related to policy goals and the public interest
- 4 b. Equity forward
- 5 c. Outcomes-based
- 6 d. Clearly defined, articulated, and understandable
- 7 e. Use reasonably available data
- 8 f. Allow for comparison
- 9 g. Data transparency
- 10 h. Accessible reporting format
- 11 i. Reasonably affected by utility's actions
- 12 j. Evaluated periodically
- 13 k. Accommodate regular reporting
- 14 l. Efficiency: number of metrics should be no greater than necessary

15  
16 **Q. Does Staff have any recommendations for additional guidance on CBI design?**

17 A. Yes. Staff has crafted a list of questions for evaluating PSE CBIs. Together they  
18 provide Staff with a method of screening CBI's consistency with law and rule. The  
19 questions provided below may be useful if the Commission chooses to provide  
20 additional guidance.

21  

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<sup>40</sup> *Commission proceeding to develop a policy statement addressing alternatives to traditional cost of service ratemaking (Phase 1 – Performance Metrics)*, Docket UE-210590, Notice of Opportunity to Comment for Phase 1, pp. 3-4 (issued Aug. 5, 2022).

- 1 a. Are the CBIs distinct from each other and other regulatory requirements?
- 2 b. Does the metric for a given CBI adequately correspond to the benefit or
- 3 burden it is designed to address, and are CBIs accurately grouped into
- 4 relevant CETA categories?
- 5 c. Has the Company provided baselines and targets or goals for a given CBI?
- 6 d. Are the metrics granular enough to create a picture about whether benefits
- 7 and burdens have been equitably distributed?
- 8 e. How rich and diverse is the data used in tracking CBIs?
- 9 f. How meaningful is the weighting and scoring process?
- 10 g. Was the public, especially named communities, meaningfully involved in
- 11 CBI creation?
- 12 h. Do the chosen CBIs, separately and together, create a picture as to
- 13 whether benefits and burdens have been equitably distributed?

14  
15 Staff’s analysis has been informed by best practices for equity metrics from  
16 multiple sources. Staff recommends reviewing the Energy Equity Project Report.<sup>41</sup>  
17 In this report, 148 potential energy equity measures are divided into four  
18 dimensions—the same as the four principles of energy justice the Commission has

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<sup>41</sup> Snyder, Exh. JES-4.

1           adopted<sup>42</sup>—and 12 sub-dimensions. Staff hopes this exhibit will be useful to all  
2           persons interested in the improvement of CEIPs.

3

4           **C.     PSE’s CEIP**

5

6           **Q.     How does PSE’s first CEIP compare to what Staff would see as a fully**  
7           **compliant CEIP?**

8           A.     Overall, Staff believes that this CEIP was a good first effort on PSE’s part, but that  
9           this document is far from what Staff expects CEIPs to contain. There are several  
10          areas that need to be improved *prior to* the next CEIP, in the CEIP update, and  
11          several that should be improved in time for inclusion in the next CEIP.<sup>43</sup> Below Staff  
12          describes concerns with the lack of detailed specific actions, lack of transparency,  
13          and equity considerations including identification of vulnerable populations, overall  
14          development and use of CBIs, and individual CBIs. Staff concerns regarding interim  
15          targets and specific targets are presented by Staff witness Nightingale in Exh.  
16          JBN-1T.

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<sup>42</sup> 2021 Cascade GRC Order at 18, ¶ 56.

<sup>43</sup> See Snyder, Exh. JES-3.

1                                   **1. Lack of Specific Actions**

2

3   **Q.    What are Staff’s concerns about specific actions in PSE’s CEIP?**

4    A.    PSE’s specific actions in this CEIP are dominated by two RFPs, the 2021 All-Source  
5           RFP and the 2022 Distributed Energy Resources (DER) RFP.<sup>44</sup> As described in  
6           section III.B.1.a. of this testimony, RFPs cannot comprise the majority of specific  
7           actions in a compliant CEIP. PSE included a detailed analysis of distributed energy  
8           resources that provided an estimate of future DER specific actions but, outside of the  
9           BCP, plans to implement programs or acquire specific resources were not available  
10          to demonstrate progress towards CETA standards.<sup>45</sup>

11

12   **Q.    Why weren’t PSE’s RFPs completed in time for inclusion in the CEIP?**

13   A.    PSE developed the all-source RFP in accordance with the requirement that utilities  
14          file an all-source RFP when the IRP identifies a resource need within four years.<sup>46</sup>  
15          To compress the process, PSE chose to file the RFP the same day as the IRP. This  
16          allowed PSE to submit the RFP to bidders by June 30, 2021, but the acquisition  
17          process is not yet finished as of the filing date of this testimony. The length of time it

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<sup>44</sup> See generally Dockets UE-210220 and UE-210878.

<sup>45</sup> Durbin, Exh. KKD-1T at 26:6-12.

<sup>46</sup> WAC 480-107-009(2).

1 takes for PSE to complete an RFP does not allow it to fit a full process in between  
2 the end of an IRP and the filing of a CEIP.

3

4 **Q. Is this issue of sufficient concern that Staff recommends the Commission reject**  
5 **PSE’s CEIP?**

6 A. Not at this time. This is the first CEIP filed by PSE and Staff acknowledges that the  
7 timing was difficult and there was insufficient understanding, by all parties, of  
8 everything a CEIP would entail. In the future however, Staff believes that a similar  
9 issue would be sufficient reason for the Commission to reject a CEIP.

10

11 **Q. Will the timing of planning and acquisition processes be a continual problem?**

12 A. It should not. PSE believes there is a structural problem with the current rules.<sup>47</sup> Staff  
13 disagrees that this is insurmountable, notes that planning and acquisition are both  
14 continual processes, and anticipates future CEIPs will contain specific actions at  
15 various stages of development. Ultimately, it is the Company’s responsibility to  
16 ensure that internal planning and acquisition processes line up in such a way as to  
17 allow PSE to meet regulatory requirements.<sup>48</sup> In the future, finding the right timing  
18 to begin work on interconnected processes and make filings with the Commission  
19 will be a challenge for the PSE but Staff believes there many areas in rule that offer  
20 flexibility to the Company. For example, WAC 480-107-017(1) requires an RFP be  
21 filed with “no later than one hundred and twenty days after the utility files its final

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<sup>47</sup> Durbin, Exh. KKD-1T at 29:16-19.

<sup>48</sup> WAC 480-107-009(3) allows that “Whenever a utility chooses to issue an RFP to meet resource needs outside of the timing of its required RFP, it may issue an all-source RFP or a targeted RFP.”

1           IRP” but it could save a utility three months of regulatory progress if it chose to file  
2           an RFP on the same date it filed the IRP, as PSE did in this case. To move the  
3           process further from the CEIP filing date, future IRPs could be filed prior to  
4           deadlines, a draft RFP could be filed with the draft IRP, or an RFP could be filed  
5           based on an IRP two-year progress report. Although outside the scope of this  
6           proceeding, Staff notes that the proper timing between IRPs, RFPs, CEIPs, and  
7           MYRPs is an issue the Commission should consider providing guidance on through  
8           a future rulemaking or policy statement.

9  
10   **Q.    What does Staff recommend concerning the lack of specific actions?**

11   A.    Staff recommends the Commission order PSE to update all specific actions in the  
12           2023 CEIP biennial update. In addition, Staff recommends the Commission order  
13           PSE to evaluate methods to improve the alignment of the Company’s planning and  
14           procurement processes.

15  
16                   **2. Lack of Transparency**

17  
18   **Q.    What are Staff’s concerns about transparency in PSE’s CEIP?**

19   A.    PSE’s reliance on the future outcomes of on-going RFP efforts to fulfill the specific  
20           actions requirements of its CEIP effectively prevents the Company from

1 appropriately documenting these “future” specific actions and complying with rules  
2 concerning transparency.<sup>49</sup>

3

4 **Q. Has PSE taken action to improve transparency of the CEIP in response to**  
5 **feedback?**

6 A. Yes, PSE has made some effort to increase the transparency of its CEIP since filing  
7 of the draft CEIP. Notably, the Company has improved the presentation of its  
8 AURORA modeling description, input, and output appendices with color coding and  
9 file formatting (e.g., use of bold, table borders).<sup>50</sup> PSE also submitted its supporting  
10 AURORA models as confidential workpapers with its Final CEIP.<sup>51</sup>

11 Unfortunately, these efforts are insufficient. Staff continues to observe much  
12 of the data comprising PSE’s CEIP data appendices, including AURORA  
13 Appendices A-1 thru A-3, are hardcoded, lacking relevant formulas and variable  
14 references. These deficiencies limit parties’ abilities to navigate PSE’s CEIP data  
15 and constitute a violation of the Commission’s electronic file format requirements.<sup>52</sup>

16

17 **Q. What is Staff’s recommendation regarding data disclosure and ease of**  
18 **accessibility in PSE’s CEIP?**

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<sup>49</sup> See WAC 480-100-640(5)-(6).

<sup>50</sup> Snyder, Exh. JES-5, at 1-2, ¶¶ a-b.

<sup>51</sup> CEIP AURORA Modeling and Detailed Input Output Data submitted as confidential WP zip file in this docket on December 17, 2021.

<sup>52</sup> See WAC 480-07-140(6)(a)(ii): “Any document in the form of a spreadsheet that displays results of calculations based on formulas must be filed in its native Excel format (.xlsx) or the updated version of, or successor to, that software program. The commission will accept spreadsheets created using a different software program only if the commission has a license to use that program and personnel who know how to use it. Spreadsheets must include all formulas and may not include locked, password protected, or hidden cells or tabs, or any other restrictions that impair or hamper the commission’s ability to review or modify the data in those cells.”).

1 A. At minimum, Staff recommends the Commission order PSE to provide a master file  
2 index for its 2021 CEIP. Staff has asked the Company to voluntarily develop and file  
3 such a tool since the draft CEIP phase, but PSE has declined to act on such feedback.  
4 The Company agrees including a master data table of contents, master file index, or  
5 both would be helpful additions.<sup>53</sup> Staff views this action as a concrete step PSE can  
6 take now to improve the transparency and accessibility of its 2021 CEIP and  
7 continue to provide for all future CEIP filings.

8  
9

### 3. Equity considerations

10  
11

**Q. Does PSE’s CEIP ensure that all customers are benefiting from the clean energy transition?**

12

13 A. Not yet. As described in the answers below, PSE’s actions are merely a starting  
14 framework for attempting to ensure an equitable distribution going forward.

15

**Q. Please describe how PSE’s specific actions may mitigate impacts to vulnerable populations and highly impacted communities.**

17

18 A. Appendix L of the CEIP describes how specific actions may someday benefit named  
19 communities, but the benefits accounted for depend heavily on program  
20 implementation. The location of these potential actions is yet to be determined. Staff  
21 believes this appendix to be a solid conceptual roadmap for the Company’s future  
22 actions, but until the specific actions are known with some granularity it does not  
23 show that the Company’s specific actions will mitigate harm.

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<sup>53</sup> Snyder, Exh. JES-5 at 1-2, ¶¶ a-b.



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**a. Identification of Vulnerable Populations**

**Q. How would you characterize PSE’s identification of vulnerable populations?**

A. PSE’s process for identifying vulnerable populations is methodologically troubling. The central issues are their rescaling of data, treating vulnerability as a single vector, and the dearth of analysis of vulnerable populations. The identification of vulnerable populations is integral to achieving the goals of CETA, as it lays the foundation for future distributions of PSE’s resources. Per Staff’s comments on PSE’s final CEIP, “the Commission requires a clear understanding of current conditions in the Company’s service territory,”<sup>54</sup> and key to this understanding of current conditions is clear definition of named communities and the harm they’ve faced.

**Q. Please describe how PSE rescaled vulnerability data.**

A. Population data and demographic data comes in many different distributions. These distributions can tell us a lot about the nature of what is being measured. PSE rescaled their vulnerability data by converting each set into five percentage tranches: quintiles with a corresponding integer<sup>55</sup> score of one through five. Data points were effectively lined up highest to lowest and then divided into five equally sized groups.<sup>56</sup>

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<sup>54</sup> Commission Staff Comments Regarding PSE's Final Clean Energy Implementation Plan, pp. 10-11 (filed March 2, 2022).  
<sup>55</sup> Nightingale, Exh. JBN-3 at 31, Attachment A.  
<sup>56</sup> PSE Final CEIP at 55.

1 **Q. Is this a problem?**

2 A. Yes. This rescaling process has the potential to wildly distort the interpretation of  
3 vulnerability data. Consider the following two cases:

4 First, imagine there are 100 census tracts with data points representing some  
5 type of vulnerability. Then imagine that there is an evidence-based threshold, such as  
6 the poverty line. If, hypothetically, only 1 data point was beyond this threshold then  
7 the most vulnerable quintile of twenty census tracts would be comprised of one  
8 census tract that exceeded this threshold and nineteen that did not. Rescaling this  
9 hypothetical metric using PSE’s methodology would effectively count these nineteen  
10 census tracts as vulnerable on par with the one truly vulnerable tract.

11 Conversely, imagine the same case, except half of the census tracts exceed  
12 the threshold. This would result in three quintiles with census tracts that exceed the  
13 threshold. However, rescaling this hypothetical metric using PSE’s methodology  
14 would effectively discount the vulnerability experienced by thirty census tracts.

15 This method converts data that might have a normal, log-normal, or other  
16 distribution into flat distributions. As illustrated in the example, this can distort the  
17 data while telling us very little about the absolute or relative vulnerabilities  
18 experienced in each census tracts.

19 **Q. Did PSE use this rescaling methodology for every vulnerability metric?**

20 A. Not quite. PSE categorized an undefined number of metrics as “qualitative”.<sup>57</sup> For  
21 these metrics PSE assigned a binary value: either a one or a zero. For each census

---

<sup>57</sup> Snyder, Exh. JES-6; *see also*, PSE Final CEIP at 55 (“Some metrics such as access to food and historical red line influence may be qualitative. We flagged these metrics with 0 or 1, where 0 indicates an absence of the condition and one indicates the condition is present.”)

1 tract these binary values were then summed into a new single value. Then this new  
2 value was rescaled like the other values.<sup>58</sup>

3

4 **Q. Is this an issue?**

5 A. Yes. Effectively, an unknown number of metrics are erased. That is, the “qualitative”  
6 metrics become binaries, are then aggregated together into a single metric which has  
7 the same weight as a single other metric. This results in these “qualitative” metrics  
8 being underweighted.

9

10 **Q. What did PSE do with this rescaled data?**

11 A. PSE totaled up all of the one-through-five scores for each census tract. Census tracts  
12 were then rank-ordered based on these total scores. The census tracts were then  
13 divided into three categories - High, Medium, and Low-level vulnerable populations  
14 - each with an equal number of census tracts. This is how PSE identified vulnerable  
15 populations in their service territory.<sup>59</sup>

16

17 **Q. Is this an effective way to identify vulnerable populations?**

18 A. No. Put simply, PSE has turned vulnerability into a single vector. By adding up all of  
19 the metrics into a single vulnerability score it means that each metric is a fungible  
20 substitute for any other. Put another way, two census tracts could have the same total

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<sup>58</sup> Nightingale, Exh. JBN-3 at 24, ¶ b (“In order to place binarized vulnerability features on a comparable scale to the continuous vulnerability features, we included the binarized features in the rescaling process described in (a) above. That is, we assigned each block group a 1-5 score for binarized features. Depending on the distribution of binary 0 or 1 values for the raw feature among all block groups, a given block group could then take on a value from 1 through 5.”).

<sup>59</sup> PSE Final CEIP at 55; 59.

1 vulnerability score with entirely different high-scoring metrics. This means that the  
2 total vulnerability score might give a vague indication that a tract has a vulnerable  
3 population without speaking to the needs of that population or the nature of the  
4 vulnerability. The purpose of identifying vulnerable populations is to assess the  
5 current conditions in PSE's service territory and to identify needs. This informs how  
6 the UTC and PSE will work to serve these communities in the future. As noted in  
7 comments, PSE's approach to identifying vulnerable populations does not advance  
8 this central goal of CETA.<sup>60</sup>

9  
10 **Q. Does PSE provide any further analysis of vulnerable populations?**

11 A. Yes. PSE provides a map displaying the census tracts corresponding to Low,  
12 Medium, and High vulnerable populations.<sup>61</sup> Beyond the map, PSE provides little  
13 more. PSE's discussion of vulnerable populations is almost strictly limited to  
14 discussing data sets and sources, and their methodologies for using the data. PSE  
15 does not discuss how the various vulnerability metrics intersect with PSE's services  
16 or provide any narrative meaning to the metrics. PSE does not discuss how their  
17 previous actions might have contributed to the measured vulnerability or impacted  
18 vulnerable populations.<sup>62</sup>

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<sup>60</sup> See Front and Centered Comments Regarding PSE's Final Clean Energy Implementation Plan, pp. 3- 4 (filed March 2, 2022).

<sup>61</sup> PSE Final CEIP at 62.

<sup>62</sup> See PSE Final CEIP at 51-59.

1 **Q. Why does this lack of narrative analysis matter?**

2 A. While the rule only requires that vulnerable populations be identified<sup>63</sup>, the purpose  
3 is to take stock of current conditions so that, looking to the future, the needs and  
4 vulnerabilities of PSE’s customers can be addressed in concrete ways. PSE must be  
5 more thorough in identifying vulnerable populations to ensure that PSE’s actions  
6 actually achieve an equitable distribution of benefits and a reduction in burdens. A  
7 single vector of vulnerability simply is not useful to tailor actions to the needs of  
8 PSE’s customers.

9

10 **Q. Does Staff have suggestions about how to improve identification of named**  
11 **communities and current conditions?**

12 A. Yes. Staff has several suggestions. The Company could:

- 13 • Identify vulnerable populations through more specific characteristics that  
14 may not correlate with Census-tract-level mapping.
- 15 • Identify the most vulnerable/highly impacted census tracts in their service  
16 territory (such as the top ten).
- 17 • Redistribute their five quintiles of vulnerability around some standard for a  
18 given metric, rather than placing an equal number of census tracts in each  
19 quintile. That is, high/medium/low vulnerability could be assessed around a  
20 publicly vetted “standard,” for any given metric (such as considering a  
21 residential customer is highly vulnerable if their energy burden is above 20  
22 percent).

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<sup>63</sup> WAC 480-100-640(4)(a)-(b).

1 Staff is not recommending the Commission require incorporation of any of  
2 these strategies but does suggest the Company continue to iterate on current named  
3 community identification practices.

4  
5 **Q. What is Staff's recommendation regarding the identification of vulnerable**  
6 **populations in PSE's CEIP?**

7 A. Staff recommends the Commission order PSE to continue refining methods to  
8 identify vulnerable populations, working with customers and technical experts, for  
9 the CEIP update and the 2025 CEIP. It is incumbent upon regulated companies (and  
10 Staff) to educate themselves on topics related to equity, including investigating a  
11 methodology(ies) to identify communities that experience a disproportionate  
12 cumulative risk from environmental burdens..

13  
14 **b. Development and Use of CBIs**

15 **Q. Please summarize Staff's thoughts on PSE's development and use of CBIs.**

16 A. Staff views PSE's CBIs as a work in progress. Ensuring an equitable distribution of  
17 benefits means more attention must be paid to tracking and addressing harm in  
18 named communities than among customers as a whole. Consistent with Staff's  
19 recommended condition for Avista's approved CEIP, Staff does not believe tracking  
20 data for named communities as a whole—since named communities are a  
21 heterogenous group of customers—is granular enough to ensure all customers are  
22 benefiting.<sup>64</sup> PSE must meaningfully consider tracking CBI data for named

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<sup>64</sup> *In re Avista Corp. Clean Energy Implementation Plan*, Docket UE-210628, Open Meeting Memo at 3-4 (filed June 16, 2022).

1 community subsets, such as a neighborhoods where multiple overlapping disparities  
2 have been identified to be proportionately greater than other places in the service  
3 territory.<sup>65</sup> Such granularity does not need to be the case for every CBI or every  
4 named community delineated by characteristic or geography, but granularity of each  
5 CBI should be discussed with the appropriate advisory groups.

6

7 **Q. How could the use of CBIs be improved for future CEIPs?**

8 A. Staff would like to see PSE propose interim CBI targets. Staff recognizes that  
9 pursuing equity and enacting CETA is an iterative process. A series of clear and  
10 adaptive goal post metrics over the coming years would greatly help to ensure the  
11 equitable distribution of energy and nonenergy benefits and reduction of burdens to  
12 vulnerable populations and highly impacted communities. Interim CBI targets should  
13 especially be adopted for CBIs that PSE is most directly capable of effecting. These  
14 include:

- 15                   ▪ Increase number and percentage of participation in energy efficiency,  
16   demand response, and distributed resource programs or services by  
17   PSE customers within highly impacted communities and vulnerable  
18   populations,
- 19                   ▪ Increase percentage of electricity generated by distributed renewable  
20   energy projects,

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<sup>65</sup> See *In Re Avista Corp. Clean Energy Implementation Plan*, Docket UE-210628, Order 01, p. 3 ¶ 8; p. 6 ¶¶ 23-24 (Adopting an additional condition (proposed by Staff) which required CBIs that specifically tracked subsets of named communities. The Commission apparently agreed with Staff’s position that “...the current conditions faced by different named communities may vary. Hence, Staff believes that the specific actions needed to remedy those disparities should take those differences into account, rather than treat named communities as a single homogeneous set of customers.” (citations omitted)).

- 1                   ▪ Number of jobs created by PSE programs for residents of highly
- 2                   impacted and vulnerable populations,
- 3                   ▪ Number of local workers in jobs for programs,
- 4                   ▪ Number of part-time and full-time jobs by project,
- 5                   ▪ Range of wages paid to workers,
- 6                   ▪ Additional benefits offered,
- 7                   ▪ Demographics of workers,
- 8                   ▪ Increased dollar in net present value (NPV) in NEI benefits for EE
- 9                   programs, Increase outreach material available in non-English
- 10                  languages,
- 11                  ▪ Reduce regulated pollutant emissions (SO<sub>2</sub>, NO<sub>x</sub>, PM<sub>2.5</sub>),
- 12                  ▪ Decrease number of outages, total hours of outages, and total backup
- 13                  load served during outages using System Average Interruption
- 14                  Duration Index (SAIDI) and System Average Interruption Frequency
- 15                  Index (SAIFI), and
- 16                  ▪ Increase number of customers who have access to emergency power.

17                  The targets should be created in collaboration with the EAG and sufficient to put  
18                  PSE on a trajectory toward full equity by 2045.<sup>66</sup>

19

20   **Q.    Why are interim CBI targets warranted?**

21    A.    The affirmative equity mandate in CETA means that regulated utilities cannot point  
22                  to mere improvements in CBIs but must ensure that an equitable distribution is

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<sup>66</sup> See Adoption Order at 21, ¶ 50; 25, ¶ 62 (Outlining how CBIs should be developed).



1 reached and ongoing. Interim CBI targets would provide clear milestones toward  
2 equity and improve accountability.

3

4 **Q. What is Staff's recommendation regarding PSE's development and use of**  
5 **CBIs?**

6 A. Staff recommends the Commission order PSE to develop interim CBI targets, in  
7 collaboration with the EAG, for all CBIs that PSE has direct influence over for the  
8 2025 CEIP.

9

10 **c. Individual CBIs**

11 **Q. Please summarize PSE's two environmental category CBIs.**

12 A. Within the "environment" category for CBIs originally outlined in RCW  
13 19.405.040(8), PSE proposes tracking greenhouse gas emissions, and as a separate  
14 metric, proposes multiplying avoided emissions by the social cost of carbon to  
15 measure reduction of climate change impacts.

16

17 **Q. Please summarize Staff's analysis of the environmental metrics.**

18 A. Staff believes these CBIs are not sufficiently distinct to warrant reporting both.

19

20 **Q. How does Staff propose the Company revamp these metrics?**

21 A. The Company should do away with multiplying the social cost of carbon by reduced  
22 greenhouse gas emissions, which does not correspond to reduction in climate change  
23 impacts. Other proposed metrics (such as improved outdoor air quality) also

1 correspond to the environmental benefits category of CETA, and reducing the  
2 impacts of climate change. If the Company and its stakeholders wish to identify  
3 another metric by which to track further reduction of climate change impacts, Staff  
4 recommends further action around tracking the non-energy benefits of energy  
5 efficiency, which is perhaps a utility's best defense for its vulnerable customers  
6 against increased climate change impacts.

7 **Q. Please summarize PSE's resiliency CBIs.**

8 A. PSE proposes measuring and reducing frequency and duration of outages, as well as  
9 measuring peak demand reduction, for all customers and separately for named  
10 communities.

11

12 **Q. What are Staff's concerns about the proposed resiliency CBIs?**

13 A. One of Staff's concerns with this approach is that approximately fifty percent of  
14 PSE's feeders are in named communities, which probably contributes to the findings  
15 that named communities may be connected to a more reliable grid than customers as  
16 a whole.<sup>67</sup> Moreover, by definition SAIDI and SAIFI are system-level metrics  
17 intended to average service interruptions over an entire service territory, and are not  
18 compatible on an engineering basis with place-specific disparities.

19

20 **Q. How does Staff recommend improving PSE's proposed resiliency CBIs?**

21 A. Staff suggests the idea of resilience should be considered social capital in addition to  
22 an attribute of poles and wires. To more accurately encompass this idea of resilience,

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<sup>67</sup> PSE Final CEIP at 74-75, Table 3-9: Percentage of Electricity Generated by Distributed Renewable Energy Projects for Distributed Resources.

1 PSE could expand its proposed backup power CBI to track this metric for named  
2 communities or a named community subset where outage frequency and duration has  
3 been found to be disproportionately large. The Company could choose to measure  
4 metrics such as Customers Experiencing Multiple Interruptions (CEMI).<sup>68</sup> PSE could  
5 also measure company capacity to support customers or a subset of customers during  
6 a disaster, via emergency preparedness or cultural competency trainings for company  
7 employees. Staff recommends PSE consider these ideas and present them to advisory  
8 groups for consideration.

9  
10 **Q. Describe PSE’s cost reduction CBI.**

11 A. PSE’s cost reduction CBI consists of two metrics:

- 12 1. Reduce median electric bill as a percentage of income for residential customers.
- 13 2. Reduce median electric bill as a percentage of income for residential customers  
14 who are also energy-burdened.

15  
16 **Q. What are Staff’s concerns with the cost reduction metrics?**

17 A. Taking these two metrics on their own terms, they present a number of issues. The  
18 first is the metrics’ focus on medians. A central goal of CETA is the equitable  
19 distribution of resources and services energy and nonenergy benefits. Equity asks  
20 that we focus on communities that have not historically received flows of benefits or  
21 investment.<sup>69</sup> A metric that focuses on lowering a median value cannot ensure an

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<sup>68</sup> Snyder, Exh. JES-4 at 119.

<sup>69</sup> See 2021 Cascade GRC Order at 18, ¶ 56 (“Recognition justice, which requires an understanding of historic and ongoing inequalities and prescribes efforts that seek to reconcile these inequalities.”).

1 equitable outcome. It is quite possible that the median electric bill as a percentage of  
2 income of residential customers or residential customers who are also energy  
3 burdened could go down while the number of energy burdened customers stayed the  
4 same or increased. Put another way, the metric doesn't directly target where it  
5 should.

6           Additionally, the two metrics lack accountability for PSE. The metrics each  
7 measure two things: a numerator (electric bill) and a denominator (customer  
8 income). PSE is only partially responsible for the numerator insofar that they  
9 participate in rate design, design bill assistance programs, and promote conservation.  
10 But the Company does not decide how much energy the customer will use, and the  
11 rates themselves are set by the Commission. PSE is not responsible for the  
12 denominator, customer incomes, which can be affected by exogenous influences like  
13 changes in the job market, recessions, inflation, downward pressures on wages etc.  
14 It is foreseeable that if limited or no improvements are registered with these two  
15 metrics that PSE could deflect by pointing to conditions outside of their direct  
16 influence. Alternatively, if prevailing wages improve, PSE could note an  
17 improvement in the metrics despite no action on their end. While Staff does not  
18 universally oppose reporting metrics over which a Company does not have direct

1 control, the Company must provide a sound rationale for its choice over other  
2 potential metrics. Staff does not believe the Company has done so.

3

4 **Q. Would policies aimed at PSE’s proposed metrics most likely result in a  
5 reduction in cost for and the number of energy burdened households?**

6 A. Intuitively, yes, one would imagine a correlation between a reduction in the median  
7 ratio of bills to income and a reduction in the number of customers who are energy  
8 burdened. But policies aimed at lowering the median might only indirectly decrease  
9 costs and burdens for low-income and energy burdened customers, and CETA  
10 contemplates more a targeted approach.<sup>70</sup>

11

12 **Q. If pursuing an improvement in the metric will likely reduce costs for energy  
13 burdened customers, why replace it with other metrics?**

14 A. It is better to replace these metrics chosen by PSE because they do not directly  
15 measure what PSE can do to improve conditions for customers. For example, in  
16 comments Public Council asked PSE to instead measure bill assistance programs,  
17 noting participation rates, penetration rates, program budgets, and to measure  
18 reductions in arrearages; both the number of customers in arrears and the amount in  
19 arrears as well as by location to improve the equitable targeting of resources.<sup>71</sup> These

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<sup>70</sup> RCW 19.405.120(2): “...To the extent practicable, priority must be given to low-income households with a higher energy burden.”

<sup>71</sup> See Comments of Public Counsel Regarding PSE's Final Clean Energy Implementation Plan, p. 7; 10-11 (filed March 2, 2022).

1 recommendations correspond to actions that could be taken by PSE and directly  
2 target reducing costs and energy burden.

3

4 **Q. What is Staff's recommendation for the cost reduction metrics?**

5 A. PSE should replace or eliminate the two metrics associated with cost reduction.

6 Other CBIs in PSE's CEIP could be considered consistent with cost reduction.

7 Additionally, PSE could adopt metrics that measure bill assistance programs, noting

8 participation rates, penetration rates, program budgets, and measure reductions in

9 arrearages, both the number of customers in arrears and the amount in arrears as well  
10 as by location to improve the equitable targeting of resources. PSE could also choose

11 to track energy burden or bill total of a particularly vulnerable segment (such as the

12 highest quartile of energy burden or named communities in select zip codes) in an

13 effort to target disparities where they are largest. Given the broad scope of equity

14 discussed previously, Staff believes topics like bill assistance, disconnection, and

15 arrearages to be within the purview of CEIPs.

16

17 **D. Process improvement**

18

19 **Q. Does Staff has concerns with the CEIP review process?**

20 A. Yes. When all is said and done, the review of PSE's CEIP will have taken over

21 fourteen months from filing to Commission order. The length of the process has not

22 furthered any improvement of the plan and any conditions the Commission may

23 decide to include based off the record in this case will be based off stale information.

1 Some of this is a result of unfortunate but unavoidable circumstances. And Staff did  
2 argue against the consolidation of this CEIP with the GRC so that the issues raised in  
3 this docket could receive the proper time and separate consideration they deserved.  
4 Still, Staff recognizes that approval of a four-year plan one quarter of the way into  
5 the compliance period creates problems, especially if the Commission order makes  
6 significant changes to the Company's filed targets and proposals.

7  
8 **Q. Does Staff have ideas to improve the process?**

9 A. Yes. Staff anticipated that the first CEIP process would be complicated and, while  
10 additional improvements should be made in other proceedings, there are some areas  
11 where PSE's CEIP process can and should be addressed in this docket. Along with  
12 increased transparency discussed earlier in testimony, continuing the practice of  
13 filing a draft CEIP but with additional time for the Company to incorporate  
14 comments on the draft into the final, and providing Staff with full access to models  
15 would make the process of reviewing a CEIP more robust and efficient.

16  
17 **Q. Have problems arisen around access to modeling software in past energy  
18 planning filings?**

19 A. Yes. As discussed in the CETA rulemaking, many interested persons including Staff  
20 requested greater opportunity for examination and evaluation of modeling and  
21 optimization tools.<sup>72</sup> PSE relies on planning and acquisition models to meet  
22 reliability objectives and CETA requirements – these models provide insight into the

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<sup>72</sup> See Adoption Order at 61, ¶¶ 179 - 180.

1 timing of hundreds of millions of dollars of plant investments and expenditures. PSE  
2 currently uses AURORA, PLEXOS, and PSE’s own Resource Adequacy Model<sup>73</sup> to  
3 inform decision-making.<sup>74</sup>

4  
5 **Q. Why should PSE provide a license agreement for Staff’s use beyond adjudicated**  
6 **CEIP proceedings?**

7 A. Due to the ongoing, iterative nature of the planning cycle (i.e., integrated resource  
8 plan and clean energy action plan inform the CEIP),<sup>75</sup> modeling-dependent decision  
9 points occur on a rolling basis. Therefore, Staff recommends PSE grant access to its  
10 IRP and CEIP modeling software on a continuous, regular basis.

11  
12 **Q. What models should PSE make available to Commission Staff?**

13 A. Staff views model evaluation as a necessary aspect for external predictions; it is  
14 extremely important to be able to check the performance of the models in predicting  
15 unknown samples. Therefore, Staff recommends that PSE obtain a license for Staff  
16 to use the AURORA and PLEXOS models within sixty days of the date of the  
17 Commission’s final order in this case to assist Staff’s review of PSE’s ongoing  
18 filings. Staff recommends that PSE facilitate regular, ongoing access agreements to  
19 these models, given that the CEIPs and IRPs create an ongoing need to examine the  
20 Company’s modeling. Any lapse in these agreements subtracts days, weeks, and

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<sup>73</sup> PSE’s Resource Adequacy Model (RAM) is used to analyze load/resource conditions for PSE’s power system. PSE Resource Adequacy and Effective Load Carrying Capability Primer, 4. Available at: <https://www.pse.com/-/media/PDFs/001-Energy-Supply/003-Acquiring-Energy/PSEResource-Adequacy-and-ELCC-Primer082421.pdf>.

<sup>74</sup> *Wash. Utils. & Transp. Comm’n v. Puget Sound Energy*, Dockets UE-220066, UG-220067, UG-210918 (consolidated), Deborah J. Reynolds, Exh. DJR-5 at 1 (July 28, 2022).

<sup>75</sup> See Adoption Order at 59, ¶ 170.



1 months from Staff's critical review of the Company's approach to clean energy  
2 planning. PSE should work with Staff to facilitate presentation of signed  
3 agreement(s) by the software provider(s) for review, comment, and signature by the  
4 Commission's Executive Director and Secretary.

5  
6 **Q. How can PSE increase transparency in subsequent CEIPs and related filings**  
7 **(e.g., general rate cases) to give greater visibility into Company planning**  
8 **activities?**

9 A. Staff recommends that PSE be required to facilitate the signing of limited license  
10 agreement(s) between its modeling software company or companies and the  
11 Commission (licensee) for the limited purpose of reviewing the Company's CEIPs,  
12 biennial CEIP updates, and related filings involving PSE. PSE should provide live  
13 CEIP model support to Staff as needed, including, but not limited to demonstration  
14 of portfolio runs, review of file inputs for all relevant models used in the CEIP.  
15 Relying on screen shots of files or email question-and-answer support is not  
16 sufficient.

17 While PSE's models reflect its electric system and the Company is in the best  
18 position to describe related inputs and outputs, Staff and other interested parties must  
19 be able to understand PSE's modeling actions to determine independently whether  
20 those actions are in the public interest and represent the lowest reasonable cost  
21 option. The Company should work with relevant third parties (e.g., software license  
22 vendors) to reconcile any legal disclosure issues that may impact PSE's ability to  
23 provide Staff model support, as described.

1 **Q. What are Staff's recommendations for CEIP process improvement?**

2 A. The rule does not specify the Company must submit a draft CEIP; but due to the lack  
3 of specific actions in the first IRP, Staff recommends the Commission order PSE to  
4 file a draft for its next CEIP update and CEIP on a timeline the Commission  
5 determines sufficient to incorporate comments on the draft into the final. Staff also  
6 recommends the Commission order PSE to obtain a license for Staff to use the  
7 AURORA and PLEXOS models within sixty days of the date of the Commission's  
8 final order in this case.

9

10 **Q. Does Staff have any other recommended conditions for approval of the CEIP?**

11 A. Yes. In Chapter 8 of the CEIP PSE lists specific commitments for improving the  
12 CEIP, IRP, and RFPs. Staff recommends these commitments become conditions of  
13 approval.

14

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

16 A. Yes.

17