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| In the Matter ofPUGET SOUND ENERGY, INC.Petition for Approval of a Power Purchase Agreement for Acquisition of Coal Transition Power, as Defined in RCW 80.80.010, and the Recovery of Related Acquisition Costs\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ In the Matter of the Petition ofPUGET SOUND ENERGY, INC. and NW ENERGY COALITIONFor an Order Authorizing PSE To Implement Electric and Natural Gas Decoupling Mechanisms and To Record Accounting Entries Associated With the Mechanisms\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_In the Matter of PUGET SOUND ENERGY, INC.'SExpedited Rate Filing | **)****)****)****)****)****)****)****)****)****)****)****)****)****)****)****)****)****)****)****)** **)****)****)****)****)****)****)****)****)****)****)****)****)** | DOCKET UE-121373DOCKET UE-121697DOCKET UG-121705DOCKET UE-130137DOCKET UG-130138TESTIMONY OF CHARLES EBERDT IN SUPPORT OF THE ENERGY PROJECT'S JOINDER IN THE MULTIPARTY SETTLEMENT RE: COAL TRANSITION PPA AND OTHER PENDING DOCKETS |

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

Q. Please state your name and position.

A. I am Charles Eberdt, Director of the Energy Project, an intervening party in Dockets No. UE-121697/UG-121705 and UE-130137/UG-130138.

Q. Has the Energy Project agreed to the multi-party settlement that was proposed by the Company, Commission Staff, and the Energy Coalition?

A. Yes, we agreed to support the settlement.

Q. What has been the Energy Project’s involvement in the multi-party settlement of the three dockets?

A. The Energy Project intervened in Dockets No. UE-130037/UG-130138 and UE-121697/UG-121705 in the interests of the low-income customers who live in PSE’s service territory and the agencies that provide the Home Energy Lifeline Program, LIHEAP, and energy efficiency services to them.

Q. What role did you have in Docket No. UE-121373?

A. We did not participate in that part of the discussions. We did not petition to intervene in that case, were not granted intervener status, did not analyze any information specific to it, and have no comments to offer about it.

Q. What aspects of the settlement drew your attention?

A. First and foremost the impact that the revenue increases will have on then utility’s low-income customers. Second, we have been involved in previous decoupling cases to review if the proposed decoupling program would comply with the Commission’s policy on conservation for low-income customers.

Q. What do you like about this decoupling mechanism?

A. Conceptually, I like the idea of finding a way for a utility to earn their profit that relies on some sort of performance other than selling more and more of a product that depends on finite resources. At the same time, I have been working to promote energy efficiency for the last thirty-plus years, so a mechanism that will result in greater energy efficiency is also attractive.

Q. Does anything give you pause?

A. Certainly. There appears to be a sizable dollar impact on low-income households the results from the combined impact of the Expedited Rate Filing and the decoupling mechanism with its K Factor. If one assumes that 75% of the $200,000,000 in the estimated additional residential revenues will be collected from residential ratepayers in the next two to three years, and that roughly 20% of their residential customers qualify for their low-income programs, then the Company could be trying to collect an additional $30,000,000 from low-income households.

Q. Did you do extensive analysis of the ERF and K Factor?

A. No. Reading the testimony from the different parties certainly elevated this concern for us, but unfortunately, the Energy Project does not have the resources that would allow us to.

Q. Then why did you agree to support the settlement?

A. Quite simply because the proposing parties agreed to include some measures that will mitigate the impact to a some extent, specifically an additional $1.5 million/year for the bill assistance program and $100,000/year (for four years) of shareholder funds to use with the energy efficiency investment.

Q. If these measures only mitigate the impact to “ some extent”, why did you agree?

A. Because it is better than what I think is a possible alternative. It is an improvement over the Company’s original proposal regarding additional funding for low- income rate assistance and energy efficiency. PSE’s low- income customers will see the demand for increased rates. With the additional funds we are more likely to keep the number of customers currently in the HELP program connected to services. At the same time, the shareholder dollars will help us get past barriers we face trying to provide efficiency services in some houses.

Q. How does the additional $1.5 million/year protect low-income customers?

A. The additional funds are an estimation of the cost that the current number of HELP participants will see, so it could help these people to stay connected in the face of even larger bills. On the other hand, if the average award in the bill assistance program did not change, those funds would allow us to serve around 10,000-12,000 additional customers before the next general rate case.

Q. Is it likely that the award level will stay the same?

A. I can’t really say, because the award levels are a function of how much funding is available overall as well as how great the need is in the individual household’s case. Since the agencies that deliver the program coordinate it with LIHEAP, the state’s LIHEAP funding has bearing on how much is allowed/household, which in turn affects the average. Given that the bills will be going up for all the participants, we could actually end up serving fewer households. Regardless, we can serve more households with the additional funds than we can without it.

Q. Did the stay out provision have any influence on your decision?

A. Yes. It was critical to us that the additional funding not be just a one-time addition, but is repeated each year until the next general rate case. Historically, these programs have most frequently seen funding adjustments in the course of a general rate case or a merger. If there were no adjustment in the settlement, and no opportunity to make such an adjustment before the next general rate case, we believe many more households would be facing hardship and perhaps disconnection. For these reasons we believe the settlement is in the public interest.

Q. Does that complete your testimony?

A. Yes.