

**Exhibit No. SMC-1T  
Docket UE-161123  
Witness: Shawn M. Collins**

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,**

**Complainant,**

**v.**

**PUGET SOUND ENERGY,  
Respondent.**

**DOCKET UE-161123**

**TESTIMONY OF**

**Shawn M. Collins**

**DIRECTOR OF  
THE ENERGY PROJECT**

*Low-Income Issues*

**April 11, 2017**

1 **I. INTRODUCTION**

2

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

4 A. I am Shawn Collins. My business address is 3406 Redwood Avenue, Bellingham,  
5 WA 98225.

6

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

8 A. I am the Director of The Energy Project (TEP), a program of the Washington  
9 State Community Action Partnership housed at the Opportunity Council in  
10 Bellingham, WA.

11

12 **Q. How long have you been employed by the Opportunity Council.**

13 A. I have been employed by Opportunity Council since 2006.

14

15 **Q. Would you please state your educational and professional background?**

16 A. I have a BA from Eastern Illinois University and have been working on issues  
17 impacting low-income populations since 2002 through Community Action  
18 Partnership organizations and a variety of other nongovernmental entities. I have  
19 been employed with TEP for two years, and have been the Director since August  
20 of 2015. I have previously provided testimony on behalf of TEP before this  
21 Commission, including in Dockets UE-150204/UG-150205 (Avista's 2015  
22 General Rate Case) and UE- 152253 (Pacific Power 2015 General Rate Case).

1           Prior to my involvement with TEP, I was the Associate Director of a  
2           division at Opportunity Council responsible for the implementation of a number  
3           of weatherization programs benefitting low and moderate income households  
4           throughout northwest Washington State. Through my involvement with the  
5           energy efficiency/regulatory sector, I have attended and presented at numerous  
6           national conferences, participated in sector specific workshops and trainings, and  
7           was a board member for Home Performance Washington from 2013-2015.

8

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

10  A.    I am testifying for TEP, an intervenor in this proceeding, on behalf of the  
11       Community Action Partnership (CAP) organizations that provide low-income  
12       energy efficiency and bill payment assistance for customers in Puget Sound  
13       Energy’s service territory. These agencies include: Centerstone; Community  
14       Action Council of Lewis, Mason, Thurston; Community Action of Skagit County;  
15       Hopelink; Hopesource; Metropolitan Development Council; Multi-Service  
16       Center; Kitsap Community Resources; Opportunity Council; Pierce County  
17       Community Action, and Snohomish County Community Action.

18

19                           **II.    PURPOSE AND SUMMARY OF TESTIMONY**

20

21  **Q.    What is the scope of your testimony?**

22  A.    My testimony is concerned with issues in this docket that impact low-income  
23       populations within PSE’s service territory.

1 **Q. Could you please summarize the purpose of your testimony?**

2 **A.** The purpose of my testimony is to provide support for approval of the Settlement  
3 Stipulation and Agreement (Settlement) and the Special Contract. My testimony  
4 explains how the Settlement addresses the low-income and other issues identified  
5 by The Energy Project and why The Energy Project believes the Settlement is in  
6 the public interest.

7 **III. SUBSTANTIVE DISCUSSION OF ISSUES**

8

9 **Q. Did The Energy Project have concerns with the initial Schedule 451 tariff**  
10 **filing in this docket in terms of its impact on low income energy assistance?**

11 **A.** Yes. The Energy Project had concerns that the initial Schedule 451 tariff proposal  
12 had the potential to negatively impact PSE's low-income energy assistance  
13 program (the HELP) program by reducing revenue support and/or by unfairly  
14 shifting program costs to other customers. As filed, the proposal would have  
15 exempted a significant portion of Microsoft's load<sup>1</sup> from payment of a  
16 contribution to support PSE's HELP program under Schedule 129. In order to  
17 maintain the Commission-ordered funding level for the HELP program,  
18 Microsoft's contribution would have to be spread to other customers, an  
19 inequitable cost-shift resulting from the proposal. These outcomes did not  
20 appear consistent with the stated goal of Microsoft to hold customers harmless  
21 from adverse consequences of its proposal.

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<sup>1</sup> The Schedule 40 load which would be transferred to Schedule 451 represents approximately 80 percent of Microsoft's load at PSE.

1 **Q. Did The Energy Project have concerns with the initial Schedule 451 tariff**  
2 **filing in this docket in terms of its impact on low income energy efficiency**  
3 **funding?**

4 **A.** Yes. Similar to the impact on Schedule 129 revenues, the Schedule 451 proposal  
5 would have resulted in a reduction of Microsoft's contribution toward energy  
6 efficiency under Schedule 120. Revenue for PSE's low-income weatherization  
7 programs is collected through PSE's Schedule 120. These revenues would have  
8 to have been made up by other PSE customers.

9  
10 **Q. How does the Settlement address The Energy Project's concern about**  
11 **support for energy assistance under the HELP program?**

12 **A.** Paragraph 16 of the Settlement addresses this concern by providing that  
13 Microsoft's contribution to the HELP program will remain at the current per kWh  
14 charge amount (\$0.000614) for all kWh delivered by PSE to Microsoft for the life  
15 of the Special Contract, including kWh supplied by third parties, and kWh self-  
16 generated by Microsoft at "off-site" locations. This provision is designed to  
17 maintain Microsoft's level of contribution to the HELP program at approximately  
18 the same level it would have been absent Microsoft's arrangement to obtain  
19 renewable energy from non-PSE generation resources. As a policy matter this is  
20 consistent with the principle that all customers on the PSE system should  
21 contribute equitably to help support the energy assistance program. This  
22 provision also holds other customers harmless from any cost-shift that would  
23 otherwise be required to "pick up" Microsoft's share of the HELP budget.

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**Q. How does the Settlement address The Energy Project’s concern for support for low-income energy efficiency and weatherization?**

**A.** With regard to energy efficiency and weatherization, paragraph 15 of the Settlement provides for maintaining Microsoft’s existing level of contribution to the conservation funding under Schedule 120. That provision states that the contribution will be calculated as if Microsoft continued to take service under Schedule 40. As with the HELP agreement discussed above, this maintains the principle that all customers on PSE’s system should contribute equitably to conservation funding. In addition, it holds customers harmless from cost-shifts that would be needed to fill the funding shortfall created by the departure of the Microsoft load.

**Q. Are there additional low-income benefits under the Settlement?**

**A.** Yes. As detailed in paragraph 17 of the Settlement, Microsoft has made a commitment that supplements the agreement to maintain current levels of support for low-income energy assistance and conservation funding. Microsoft agrees to make a contribution for low-income energy efficiency and renewables programs in an amount equal to 50 percent of its current Schedule 129 contribution.

1 **Q. Does the Settlement describe how these additional funds will be used?**

2 **A.** Yes. Under the agreement, allowable uses for these added funds include repairs,  
3 advanced energy efficiency equipment, and distributed energy applications. This  
4 commitment is in effect for the life of the Special Contract

5  
6 **Q. How does this additional commitment benefit low-income customers?**

7 **A.** The Energy Project views this element of the settlement as a critical component of  
8 the agreement because it provides opportunities for low-income households to  
9 benefit from renewable energy and enhanced energy efficiency services.

10 Microsoft's desire to expand its access to power from renewables is a significant  
11 factor supporting Microsoft's request for a special contract. TEP sees a direct  
12 correlation between allowing Microsoft expanded access to renewables and  
13 providing a funding stream that will help create opportunities for low income  
14 homes to similarly benefit from expanded access to energy efficiency and  
15 renewable resources.

16

17 **Q. Please describe other aspects of the Settlement that benefit low-income**  
18 **customers**

19 **A.** There are several additional components of the Settlement which particularly  
20 benefit PSE's remaining customers, including low-income customers.

21 The transition payment of \$23,685,000 which Microsoft has agreed to  
22 make provides direct compensation to customers, including low-income  
23 customers, to hold them harmless from costs associated with Microsoft

1 transitioning its load to the Special Contract. The dollar for dollar pass through  
2 of the transition payment will help moderate low-income customer bills.

3 Another important provision of the Settlement is the agreement that  
4 Microsoft's responsibility for any Colstrip decommissioning, remediation, and or  
5 accelerated depreciation costs is not being determined in this docket. That issue  
6 is left to be determined in a subsequent proceeding. From The Energy Project's  
7 perspective it is important that this transition to a Special Contract not have the  
8 effect of shifting any of Microsoft's Colstrip obligations to low-income (or other)  
9 customers. Low-income customers do not have the option of leaving the PSE  
10 system to avoid payment of such costs.

11 The Energy Project also supports the renewables commitments in the  
12 Settlement. One concern The Energy Project had with the initial proposal was  
13 that, while achieving better access to renewables was a chief justification for this  
14 significant change in Microsoft's customer status, the proposal included no  
15 enforceable commitment to meet the transferred load with renewable energy. It  
16 was important to The Energy Project that, if approval was to be considered at all  
17 in the context of a settlement, the environmental objectives should be clearly  
18 defined and enforceable so as to ensure the delivery of the promised public  
19 benefits.

20  
21 **Q. Do you have any comments regarding retail access issues?**

22 **A.** The question of retail access or retail competition, sometimes referred to as  
23 electricity deregulation or restructuring, is a controversial and complex topic that



1 raises many significant policy concerns. Key problems raised by a transition to  
2 retail competition include: the impact on the long-term reliability and integrity of  
3 the electric system; whether least-cost integrated resource planning is continued;  
4 the effect on affordability of rates, especially for small customers; the risk that  
5 system costs will be shifted to customers who cannot take advantage of retail  
6 access; whether a deregulated system can best implement state and national  
7 policies on carbon emissions, renewables and resource diversity; the recovery of  
8 stranded costs; what customer classes would be included in retail access; the need  
9 for new consumer protection rules; and the role and jurisdictional authority of the  
10 Commission. Of particular concern to The Energy Project is the challenge of  
11 maintaining equitable support for public policy goals in a restructured  
12 environment, including adequate support for energy efficiency and low-income  
13 programs.

14 In terms of benefits for residential and low-income customers, results of  
15 retail competition have been mixed at best. Initial interest among states a decade  
16 or more ago has waned and some states have reversed course. Washington was  
17 not among the states to embrace electricity deregulation and has no current  
18 statutory framework for doing so. In general, The Energy Project does not  
19 support a transition to a retail access or competition model because of concerns  
20 about the issues listed above. It is far from clear that residential and low-income  
21 customers would see benefits and the risks to small customers are substantial.

22

1 **Q. Is this Settlement intended to address these general issues regarding retail**  
2 **competition?**

3 **A.** No it is not. The Settling Parties have made clear in the Settlement documents  
4 that this agreement is not intended to open the door to retail access for any  
5 customer class and that the issues discussed above are beyond the scope of this  
6 case. As the Joint Memorandum explains, retail access is only approved here in  
7 the context of a Special Contract with the express purpose of allowing access to  
8 more renewable energy.

9  
10 **Q. Does The Energy Project agree with the desire of Staff and some parties to**  
11 **initiate a broader discussion on the issue of retail access in Washington?**

12 **A.** If the Commission wishes to open a docket in response to Staff's request, The  
13 Energy Project will participate. However, The Energy Project does not believe it  
14 is necessary or advisable for the Commission to initiate such a process at this  
15 time. Opening this discussion would raise multiple complex and contentious  
16 issues as I noted above. The Commission and stakeholders are already busy with  
17 many matters, including rate cases, a generic cost of service docket, various  
18 rulemakings, the Energy Imbalance Market (EIM) process, and issues related to  
19 distributed generation, carbon emissions, and the new utility business model.  
20 These proceedings, as well as others to be anticipated, reflect current priority  
21 issues in electricity regulation. As a practical matter, this type of retail access  
22 docket has the potential to place a substantial strain on the resources of the  
23 Commission and interested parties already committed to these priority areas.

1           There would not appear to be any general public benefit served by opening up this  
2           controversial issue at the present time.

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4

## V.     **CONCLUSION**

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6     **Q.   Does The Energy Project support approval of the Settlement and the Special**  
7     **Contract?**

8     **A.   Yes.**   The Energy Project believes that the Settlement and the Special Contract are  
9     in the public interest and recommends that they be approved by the Commission.

10

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

12    **A.   Yes.**

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