

**EXH. KKD-6T  
DOCKET UE-210795  
PSE'S CEIP  
WITNESS: KARA K. DURBIN**

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**In the Matter of**

**PUGET SOUND ENERGY**

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

**Docket UE-210795**

**PREFILED REBUTTAL TESTIMONY (NONCONFIDENTIAL) OF**

**KARA K. DURBIN**

**ON BEHALF OF PUGET SOUND ENERGY**

**DECEMBER 12, 2022**

**PUGET SOUND ENERGY**

**PREFILED REBUTTAL TESTIMONY (NONCONFIDENTIAL) OF**

**KARA K. DURBIN**

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**PUGET SOUND ENERGY**

**PREFILED REBUTTAL TESTIMONY (NONCONFIDENTIAL) OF  
KARA K. DURBIN**

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1 **PUGET SOUND ENERGY**

2 **PREFILED REBUTTAL TESTIMONY (NONCONFIDENTIAL) OF**  
3 **KARA K. DURBIN**

4 **I. INTRODUCTION**

5 **Q. Please state your name, business address, and position with Puget Sound**  
6 **Energy.**

7 A. My name is Kara Durbin, and my business address is Puget Sound Energy, P.O.  
8 Box 97034, Bellevue, Washington 98009-9734. I am employed by Puget Sound  
9 Energy (“PSE”) as Director, Clean Energy Strategy.

10 **Q. Are you the same Kara Durbin who submitted prefiled direct testimony in**  
11 **this proceeding?**

12 A. Yes; I submitted prefiled direct testimony, Exh. KKD-1T, and four exhibits, Exh.  
13 KKD-2 through Exh. KKD-5.

14 **Q. What is the purpose of your prefiled rebuttal testimony?**

15 A. This prefiled rebuttal testimony addresses the following:

- 16 • Stakeholder feedback on PSE’s specific and interim targets;
- 17 • PSE’s framework for meeting the equitable distribution of benefits
- 18 standard;
- 19 • Stakeholder feedback on PSE’s customer benefit indicators (CBIs), and
- 20 • Parties’ concerns regarding PSE’s specific actions.

1 **Q. Please summarize this prefiled rebuttal testimony.**

2 A. This prefiled rebuttal testimony concludes and recommends the following:

- 3 • The Commission should approve PSE’s specific and interim targets;
- 4 • PSE’s framework is sufficient to meet the equitable distribution of benefits  
5 standard;
- 6 • PSE’s CBIs are adequate to measure the equitable distribution of benefits  
7 over the Clean Energy Implementation Plan (CEIP) period, and
- 8 • PSE’s specific actions are sufficient for approval of the CEIP.

9 **Q. How would you like the Commission and the parties to refer to you during**  
10 **this proceeding?**

11 A. Kara or Witness Durbin. My pronouns are she/her.

12 **II. PSE’S CEIP DEMONSTRATES MEASURABLE PROGRESS TOWARDS**  
13 **THE STATE’S CLEAN ENERGY OBJECTIVES WHILE MEETING THE**  
14 **REQUIREMENTS OF THE CLEAN ENERGY TRANSFORMATION ACT**  
15 **(CETA) AND SHOULD BE APPROVED.**

16 **Q. Does any party to this proceeding suggest that the Commission reject the**  
17 **2021 CEIP?**

18 A. No. While the parties’ opinions of PSE’s final CEIP vary greatly, no party to this  
19 proceeding advocates that the Commission should outright reject the CEIP.

20 Rather, parties to this proceeding request that the Commission place numerous  
21 conditions on approval of the CEIP. Some of these conditions propose to modify  
22 the current CEIP, some propose changes for the biennial CEIP update that PSE  
23 will file in 2023 (the 2023 Biennial CEIP Update), and some propose changes for

1 the next clean energy implementation plan that PSE will file in 2025  
2 (the 2025 CEIP).

3 **Q. Does PSE suggest that the Commission reject the conditions offered by the**  
4 **other parties to this proceeding?**

5 A. No. PSE does not suggest in this rebuttal filing that the Commission should  
6 wholesale reject all of the conditions offered by the other parties to this  
7 proceeding but rather be judicious about what conditions to apply in the near-  
8 term, being mindful of the fact that “the process of fully implementing CETA will  
9 be an iterative process.”<sup>1</sup> PSE recognizes that many of the mandates in CETA are  
10 new to PSE, to the Commission, to the parties in this proceeding, and to the state  
11 in general. PSE also recognizes that the work necessary to fulfill the equitable  
12 distribution of benefits standard under CETA will take time and will require a  
13 process of continual improvement and iteration. The CEIP is but the first step in  
14 many steps necessary to achieve the equitable distribution of benefits standard of  
15 CETA. PSE, the Commission, and stakeholders will supplement, modify, and  
16 refine the programs and processes in CEIPs over time.

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<sup>1</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 (consol.), General Order 601 at ¶ 19 (Dec. 28, 2020).

1 **Q. Has PSE already undertaken an iterative process to develop and improve**  
2 **programs and processes necessary to achieve the equitable distribution of**  
3 **benefits standard under CETA?**

4 A. Yes. PSE made a number of commitments in Chapter 8 of the CEIP regarding  
5 future analyses that PSE would incorporate in the 2023 Biennial CEIP Update.  
6 The work to fulfill those commitments is already underway. PSE will seek input  
7 on this work from advisory groups and stakeholders in early- to mid-2023. PSE  
8 supports the Commission memorializing those commitments in the form of a  
9 condition for approval of the CEIP, if desired.

10 **Q. If the Commission recommends formal adoption of the commitments in**  
11 **Chapter 8 of the CEIP as conditions for approval of the 2021 CEIP, what**  
12 **does PSE recommend as to the other conditions recommended by other**  
13 **parties to this proceeding?**

14 A. For any conditions that the Commission might add as a condition of approval  
15 beyond the commitments in Chapter 8 of the CEIP, PSE urges the Commission  
16 make those conditions as forward-looking requirements for the 2025 CEIP.

17 **Q. Why does PSE recommend that any commitments beyond those in Chapter 8**  
18 **of the CEIP apply only to the 2025 CEIP?**

19 A. Final briefs are due in this proceeding at the end of February, which suggests that  
20 the Commission will not be able to issue a final order until early to late spring.  
21 Assuming no further time is necessary for requests for clarification or rehearing  
22 after issuance of the order, PSE will have but a handful of months to achieve any



1 conditions in the final order before filing the 2023 Biennial CEIP Update in  
2 November of 2023. Any conditions placed on the CEIP at this late juncture,  
3 particularly those that require significant new work or additional stakeholder,  
4 community, or customer engagement should be forward-looking and for the  
5 2025 CEIP.

6 **Q. What has changed since PSE proposed its specific and interim targets?**

7 A. Since PSE conducted its modeling for the CEIP, the national economic landscape  
8 has changed significantly due to economy-wide inflationary effects. Given current  
9 conditions and projections, PSE's long-standing assumption of a two percent level  
10 of inflation may not be an appropriate assumption to use, at least for the near  
11 term. Using the Annual Technology Baseline (ATB) cost estimates and assuming  
12 a two percent level of inflation, last fall, PSE estimated its CEIP would cost \$450  
13 million over four years, and that the average customer bill increase associated  
14 with the CEIP would be approximately \$6 per month per residential customer in  
15 2025. As PSE begins to implement the plan, in an environment of high inflation  
16 and cost pressures, that cost could grow to be much higher.

17 Additionally, PSE is concerned about execution risks. Supply chain and  
18 permitting issues may impact the cost and timing of bringing renewable resources  
19 online within the CEIP period. For example, the Company is aware of significant  
20 limitations currently in the supply of critical utility infrastructure such as  
21 transformers and metering equipment. Furthermore, many of the projects PSE is  
22 considering to meet its proposed targets have a Certificate of Delivery date in the



1 and the Commission should not let process become the enemy of progress in  
2 meeting the state’s clean energy objectives.

3 **III. PSE’S SPECIFIC AND INTERIM TARGETS ARE REASONABLE AND**  
4 **SHOULD BE APPROVED**

5 **Q. Please explain the interim and specific targets in the CEIP.**

6 A. As discussed in my prefiled direct testimony, Exh. KKD-1T, PSE put forth  
7 ambitious interim and specific targets in the CEIP that reflect stakeholder  
8 feedback and the urgent need to address climate change.

9 The interim and specific targets in the CEIP pursue a lowest reasonable cost  
10 approach when considering risk and the application of Customer Benefit  
11 Indicators (CBIs) as required by CETA. The estimated cost of implementing the  
12 CEIP is \$450 million over 4 years, at an estimated bill impact in 2025 of an  
13 additional \$6 per month per residential customer.

14 As indicated in the comments filed in this docket in early 2022, most stakeholders  
15 and parties are broadly supportive of PSE’s interim and specific targets. The  
16 Alliance of Western Energy Consumers (“AWEC”) continues to raise concerns  
17 about the costs associated with the difference between PSE’s 2021 Integrated  
18 Resource Plan (“2021 IRP”) and the renewable energy targets of the CEIP. PSE  
19 acknowledges that achieving an interim target of 63 percent by the end of 2025  
20 may be more costly in the near term than the glide path proposed in the 2021 IRP  
21 (using IRP data, the CEIP projected an interim target of 56 percent). See Exh.  
22 KKD-7 for a copy of PSE’s Response to Public Counsel Data Request No. 008,

1 which provides details comparing such costs. However, as Public Counsel noted,  
2 in the long term, the CEIP portfolio has a lower 24-year levelized cost (\$18.79  
3 million) as compared to the IRP preferred portfolio (\$21 million). Furthermore,  
4 the interim target proposed in the CEIP, if approved, may provide additional  
5 benefits, such as mitigation of future renewable energy supply chain risks,  
6 mitigation of inflationary pressures, as well as taking advantage of federal  
7 renewable energy tax incentives. For all of these reasons, PSE’s interim target  
8 should be approved.

9 **Q. How does PSE respond to the recommendation of WUTC Staff (“Staff”) that**  
10 **“the renewable energy target should be expressed as a percent of retail sales,**  
11 **not in nameplate capacity addition?”<sup>2</sup>**

12 A. PSE agrees with Staff that the renewable energy target should be expressed as a  
13 percentage of retail load—and not nameplate capacity—in the CEIP. PSE agrees  
14 to express the renewable energy target as a percentage of retail load in the  
15 Biennial Update and future CEIPs. PSE also agrees to provide a narrative of the  
16 methodology used to develop the target, and the target expressed as a percentage  
17 of retail load, within sixty days of the Commission’s final order in this  
18 proceeding.

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<sup>2</sup> Nightingale, Exh. JBN-1T at 12:19-20.

1 **IV. PSE’S DEMAND RESPONSE TARGET WAS REASONABLE AT THE**  
2 **TIME OF THE CEIP ANALYSIS. PSE AGREES THAT IT SHOULD UPDATE**  
3 **ITS DEMAND RESPONSE (DR) TARGET IN THE BIENNIAL UPDATE TO**  
4 **INCLUDE ALL COST-EFFECTIVE DR.**

5 **Q. Please describe the parties’ testimony regarding the reasonableness of PSE’s**  
6 **demand response target, and PSE’s response.**

7 A. NW Energy Coalition and Front and Centered expressed concern that PSE’s  
8 demand response target was too low due to errors in PSE’s analysis.<sup>3</sup> NW Energy  
9 Coalition and Front and Centered allege that PSE was only considering winter  
10 demand response and undervalued the capacity associated with demand response.<sup>4</sup>  
11 The allegations of NW Energy Coalition and Front and Centered are incorrect.  
12 PSE’s resource planning plans to meet its annual peak capacity needs, and PSE is  
13 a winter-peaking utility. Accordingly, PSE uses the winter planning reserve  
14 margin to meet annual peak capacity needs (because PSE is a winter-peaking  
15 utility) in the resource adequacy study to meet the *annual* reliability standard. For  
16 those reasons, it is appropriate for PSE to measure and evaluate winter demand  
17 response capacity contributed by demand response resources. PSE used this same  
18 methodology in the 2021 IRP. This approach was reasonable.

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<sup>3</sup> See McCloy, Exh. LCM-1T at 42:5–45:9

<sup>4</sup> See McCloy, Exh. LCM-1T at 42:21–43:8.

1 **Q. How does PSE respond to Public Counsel’s assertion that this CEIP should**  
2 **be re-filed to harmonize its Demand Response target with PSE 2022 general**  
3 **rate case settlement (“2022 GRC Settlement”)<sup>5</sup> performance incentive**  
4 **mechanism of 40 megawatts (“MW”) by 2024?**

5 A. PSE disagrees. Refiling the CEIP to harmonize the demand response target in the  
6 CEIP with the 2022 GRC Settlement performance incentive mechanism is simply  
7 unnecessary and will only further delay Commission action on this CEIP.

8 More broadly, PSE has concerns about setting a precedent requiring PSE to re-file  
9 a clean energy implementation plan whenever a decision in a separate proceeding  
10 may have implications for an already filed but still pending clean energy  
11 implementation plan. The Commission should evaluate a clean energy  
12 implementation plan based on the best known information at the time of its  
13 creation. The 2023 Biennial CEIP Update is a more appropriate mechanism by  
14 which to refresh and update the analysis.

15 **Q. Should PSE update the demand response target in the 2023 Biennial CEIP**  
16 **Update to reflect all cost-effective demand response?**

17 A. Yes, PSE will update the demand response target in the 2023 Biennial CEIP  
18 Update to reflect all cost-effective demand response. PSE believes that such a  
19 process would be consistent with the iterative nature of the rules and resource  
20 planning in general. For example, PSE could model demand response targets in

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<sup>5</sup> See *Wash. Utils. & Transp. Comm’n v. Puget Sound Energy*, Dockets UE-220066, UG-220067, and UG-210918 (consol.), Settlement Stip. and Agree. on Revenue Requirement and All Other Issues Except Tacoma LNG and PSE’s Green Direct Program at 29 (Aug. 26, 2022).

1 the 2023 Electric Progress Report, for both winter and summer after PSE  
2 evaluates seasonal peak demand and the planning reserve margin. This updated  
3 analysis could inform adjustments made to PSE’s demand response target in the  
4 2023 Biennial CEIP Update.

5 Based on an evaluation of demand response in its current Targeted Distributed  
6 Energy Resources Request for Proposals, PSE anticipates the demand response  
7 target will increase to at least 60 MW in the 2023 Biennial CEIP Update.

8 **V. PSE’S PROPOSED DISTRIBUTED ENERGY RESOURCE SUBTARGETS**  
9 **ARE REASONABLE, AND PSE AGREES TO REVISE ITS DISTRIBUTED**  
10 **ENERGY RESOURCE PROGRAM SELECTION PROCESS TO INFORM**  
11 **FUTURE PRODUCTS AND PROGRAM OFFERINGS IN THE 2025 CEIP**

12 **Q. Please describe the parties’ position on PSE’s proposed DER subtarget and**  
13 **PSE’s response.**

14 **A.** NWECA and Front and Centered indicated general support for PSE’s proposed  
15 DER sub-target.<sup>6</sup> Staff recommend approving the DER subtarget of 80 MW with  
16 the condition that PSE should work with the Equity Advisory Group and one or  
17 more new advisory groups to develop a new or revised distributed energy  
18 resources selection process.<sup>7</sup>

19 As described in my prefiled direct testimony, PSE maintains its DER subtarget is  
20 reasonable and seeks affirmation from the Commission that PSE’s DER subtarget

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<sup>6</sup> See McCloy, Exh. LCM-1T at 31:16-18.  
<sup>7</sup> See Nightingale, Exh. JBN-1T at 3:10-18.

1 is reasonable, even if the costs of those DERs prove to be higher than utility-scale  
2 resources on a per-megawatt basis.<sup>8</sup> PSE will return to the Commission in 2023  
3 for approval of the tariffs required to offer specific DER products. PSE's DER  
4 subtarget was primarily based on two factors: (1) PSE's analysis of IRP resources  
5 with an initial set of CBIs and (2) a determination by PSE that a moderate level of  
6 initial DER acquisition was appropriate given the need to gain experience with  
7 DER in order to scale-up in the future.<sup>9</sup>

8 **Q. Should the Commission condition approval of PSE's proposed 80 MW DER**  
9 **sub-target on PSE's working with the Equity Advisory Group and one or**  
10 **more new or existing advisory groups to develop a new or revised DER**  
11 **selection process prior to the 2023 CEIP Update?**

12 A. PSE understands and appreciates the value of engaging with the Equity Advisory  
13 Group and other potential advisory groups in the review of product concepts. PSE  
14 generally supports the concept of engaging with the Equity Advisory Group and  
15 other potential advisory groups such as the Conservation Resource Advisory  
16 Group (CRAG) in the review of product concepts but does challenge the timing.  
17 PSE is mindful of the work that must be undertaken to implement those products  
18 and projects necessary to meet the targets in the 2021 CEIP while working  
19 through the details of this recommendation. Rather than rush the process to meet a  
20 short-term deadline of finishing before the 2023 Biennial CEIP Update, PSE

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<sup>8</sup> See Durbin, Exh. KKD-1T at 18:4-7.

<sup>9</sup> See Durbin, Exh. KKD-1T at 16:10-17.



1 believes that a better result would be for PSE to work with stakeholders to  
2 identify the most appropriate advisory group for DER product consultation and  
3 develop a final recommendation prior to filing the 2025 CEIP. In short, PSE  
4 understands—and intends to implement—the recommendation of Staff but  
5 believes that the timeline suggested by Staff is unnecessarily aggressive and  
6 suggests that PSE work with the parties on modifications of the advisory group  
7 process prior to filing the 2025 CEIP.

8 **Q. Please describe the parties’ response testimony concerning PSE’s distributed**  
9 **energy resource selection process contained in the CEIP.**

10 A. Public Counsel recommends that PSE should remove the distributed energy  
11 resource preferred portfolio selection process and results from the CEIP due to  
12 PSE’s selection of higher cost resources<sup>10</sup> Public Counsel also suggests that PSE  
13 performed an inadequate assessment of current benefits and burdens, especially  
14 for named communities, as part of its proposed approach to identify a suite of  
15 generic resources.<sup>11</sup>

16 **Q. How does PSE respond to Public Counsel’s recommendation to remove the**  
17 **distributed energy resource preferred portfolio and results from the CEIP**  
18 **within the three months of the final order in this proceeding?**

19 A. Public Counsel offers multiple conditions for the Commission’s consideration  
20 regarding the distributed energy resource selection process, recommending that

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<sup>10</sup> See Tam, Exh. CDAT-1T at 16:1-13.  
<sup>11</sup> See Tam, Exh. CDAT-1T at 15: 21-23.

1 PSE remove the distributed energy resource preferred portfolio and results from  
2 the CEIP within three months of the final order is this proceeding:

3 PSE may illustrate various program dimensions that will be  
4 considered through the various DER suites, but PSE must clarify  
5 that the DER portfolio of programs and specific actions will be  
6 determined after finalizing its assessment of the DER RFP  
7 proposals and consulting with stakeholders by the 2023 Biennial  
8 Update”<sup>12</sup>

9 Although PSE supports this condition generally and agrees that the 2023 Biennial  
10 CEIP Update will provide more specificity with regard to distributed energy  
11 resources, PSE objects to any condition requiring the removal of the distributed  
12 energy resource preferred portfolio from the CEIP. Any suggestion that PSE  
13 revise and refile the CEIP is simply unnecessary and will further delay the  
14 process. The distributed energy resource preferred portfolio in the CEIP is  
15 illustrative and not definitive. PSE will clarify and update the distributed energy  
16 resource preferred portfolio in the Update. Please see the Prefiled Rebuttal  
17 Testimony of William T. Einstein, Exh. WTE-1T, for PSE’s plans for the future  
18 DER products and programs.

19 **Q. What are the anticipated effects on customer rates due to PSE acquiring**  
20 **resources to meet its DER subtarget?**

21 A. In its CEIP, PSE estimates the cost of meeting its DER subtarget, including  
22 associated enabling costs, would be \$94.7 million over the four-year period. If the  
23 cost of DERs due to inflation or other factors is higher than originally estimated,

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<sup>12</sup> Exh. CDAT-3 at 2.

1 or if the Commission directs PSE to do more DERs than planned or requires  
2 additional process, that will increase the cost to customers associated with  
3 implementing DERs above what is estimated under this plan.

4 **VI. PSE'S CEIP CREATES A SUFFICIENT FRAMEWORK FOR MEETING**  
5 **THE EQUITABLE DISTRIBUTION OF BENEFITS STANDARD**

6 **Q. Please describe PSE's commitment to equity in its CEIP.**

7 A. PSE remains strongly committed to an equitable distribution of benefits as part of  
8 the clean electricity transition. PSE's CEIP is a solid first step in the journey to  
9 transform PSE's resource planning and acquisition processes to meet new equity  
10 objectives that are still in the early stages of development by the Commission.

11 PSE is committed to improvements going forward and PSE understands that  
12 expectations for future CEIP cycles will be higher. PSE looks forward to the  
13 opportunities that time and further regulatory guidance provide.

14 PSE believes the equitable distribution of benefits standard is an element that will  
15 benefit from further development next year through the distributional equity  
16 analysis that will be conducted as part of the proposed 2022 GRC settlement. PSE  
17 is committed to being a part of the development and implementation of that work,  
18 which will influence future CEIPs.

19 **Q. Please summarize the concerns raised by parties in the case concerning**  
20 **PSE's CEIP and the Equitable Distribution of Benefits Standards.**

21 A. NWEC and Front and Centered argue, for example, that PSE:

1 must work to develop deeper partnerships with and empowerment  
2 in named communities; ensure tailored benefits flow to and are  
3 controlled by named communities; and create tracking mechanisms  
4 that allow named communities to hold PSE accountable to its  
5 equity goals.

6 Public Counsel expresses concerns that PSE was not meeting the standards set  
7 forth in CETA regarding the equitable distribution of benefits.<sup>13</sup> More  
8 specifically, Public Counsel would like to see a more in-depth analysis of the  
9 benefits and burdens resulting from PSE's specific actions in order to meet those  
10 standards.<sup>14</sup> NWEAC and Front and Centered echoed this sentiment in joint  
11 response testimony.<sup>15</sup>

12 **Q. How does PSE respond to the expectations outlined by parties regarding the**  
13 **equitable distribution of benefits under CETA?**

14 A. PSE's CEIP includes meaningful and measurable actions that put PSE on a path  
15 towards an equitable distribution of benefits and also fully complies with CETA.  
16 As experience with measuring, evaluating and incorporating equity grows, the  
17 ability to fully consider the equitable distribution of benefits will improve. Fully  
18 incorporating equity is a process, rather than something that can be accomplished  
19 in a single effort.

20 In general, PSE agrees with many of the goals and expectations outlined by the  
21 parties regarding CETA's equity mandate. PSE's public participation plan, which  
22 was included with PSE's CEIP, envisions working directly with community-based

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<sup>13</sup> See Dahl, Exh. CDAT-1T at 24:9-19.

<sup>14</sup> See Dahl, Exh. CDAT-1T at 24:16-25:2.

<sup>15</sup> See Hart, Exh. EKH-1T at 3:7-12.

1 organizations in named communities to hear from those customers and understand  
2 their priorities for the clean energy transition. PSE’s equity assessment  
3 framework, which is an ongoing effort, is intended to help PSE have a deeper  
4 understanding of the current disparities that its customers face that may serve as a  
5 barrier to participating in future clean energy programs. PSE is committed to  
6 using the information gained through this work to inform and target its future  
7 investments, outreach efforts, and programs.

8 **Q. What efforts has PSE made over the last year to advance equity**  
9 **considerations to inform the Biennial CEIP Update?**

10 A. PSE has gathered feedback from its Equity Advisory Group for continued  
11 development of an equity assessment framework to better understand disparities  
12 in existing programs. PSE is also exploring the potential for new or modified  
13 CBIs as part of the Biennial Update commitments that PSE made in Chapter 8,  
14 researching and pinpointing more granular data for metrics, and discussing with  
15 interested persons a new approach towards incorporating portfolio benefits into  
16 the IRP modeling process.

17 **Q. What are the anticipated effects on customer rates due to PSE’s efforts**  
18 **toward the equitable distribution of benefits standard?**

19 A. PSE is committed to meeting its goals related to the equitable distribution of  
20 benefits under CETA. The estimated cost of PSE’s public participation efforts as  
21 outlined in Appendix F6 of its CEIP is \$31.4 million over the four-year period. If  
22 PSE is directed to do more engagement in named communities than planned, to

1 do more direct outreach with customers, it is important to note that those efforts  
2 will drive additional costs associated with engagement than what is currently  
3 outlined in PSE's public participation plan and estimated in Appendix F6.  
4 Furthermore, if inflationary pressures continue, as discussed in Section II of my  
5 testimony, the cost of these planned engagement efforts may be higher, which  
6 may raise customer rates beyond the level estimated in the CEIP.

7 **VII. PSE'S CUSTOMER BENEFIT INDICATORS (CBIS) ARE ADEQUATE**  
8 **TO BEGIN MEASURING THE EQUITABLE DISTRIBUTION OF BENEFITS**  
9 **OVER THE CEIP PERIOD.**

10 **Q. Please summarize the parties' response testimonies regarding PSE's CBIs.**

11 A. Testimonies of parties to this proceeding expressed many varied opinions on the  
12 CBIs in their testimony, some of which overlapped. The Energy Project asserts  
13 that the CBIs need more practical specificity and that PSE failed to provide the  
14 narrative of Specific Actions related to the proposed CBIs. The Energy Project  
15 requests the CEIP include CBIs for bill assistance, arrearages, disconnections,  
16 customers with low utility credit scores, and improved energy efficiency in low-  
17 income housing stock among others.<sup>16</sup>

18 Public Counsel alleges that PSE's CEIP did not provide CBI values or metric  
19 values as required in WAC 480-100-640(5)(c)<sup>17</sup> and that PSE must update  
20 Appendix L to the CEIP. Public Counsel also recommends that PSE include CBIs

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<sup>16</sup> See Shah, Exh. LAS-1T at 13:9-15:4.

<sup>17</sup> See Tam, Exh. CDAT-1T at 14:10-11.

1 for reduction of burdens, energy security, and participation,<sup>18</sup> and that PSE should  
2 apply these CBIs in resource planning and decision-making process.

3 Staff views the CBIs as “a work in progress.”<sup>19</sup> Staff requested more granular data  
4 related to CBIs, especially data related to named communities.<sup>20</sup> Staff further  
5 recommends that PSE develop interim targets for CBIs in collaboration with the  
6 Equity Advisory Group, for all CBIs that PSE has direct influence over for the  
7 2025 CEIP.<sup>21</sup>

8 NWEC and Front and Centered recommend a number of new CBIs and metrics  
9 over eight pages of the prefiled response testimony of Lauren C. McCloy, Exh.  
10 LCM-1T.<sup>22</sup> NWEC and Front and Centered recommend that PSE apply CBIs to  
11 utility-scale resources and also suggest that it was inappropriate for PSE to have  
12 bidders to the distributed energy resource and All-Source RFPs opine on the  
13 effect of their proposals on CBIs.<sup>23</sup>

14 **Q. How does PSE generally respond to the parties’ concerns about PSE’s CBIs?**

15 A. PSE’s CBIs are adequate for this first CEIP implementation period. As described  
16 in detail in the Prefiled Direct Testimony of Kara K. Durbin, Exh. KKD-1T, the  
17 CBIs in the CEIP are the result of months of work and engagement with advisory  
18 and customer groups and reflect multiple changes recommended by stakeholder

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<sup>18</sup> See Tam, Exh. CDAT-1T at 15:3-13.  
<sup>19</sup> Snyder, Exh. JES-1T at 35:16.  
<sup>20</sup> See Snyder, Exh. JES-1T at 35:18-36:5.  
<sup>21</sup> See Snyder, Exh. JES-1T at 36:8-38:8.  
<sup>22</sup> See McCloy, Exh. LCM-1T at 17-25.  
<sup>23</sup> See McCloy, Exh. LCM-1T at 16:12-14.

1 feedback at that time. In proposing CBIs and establishing associated metrics, PSE  
2 sought metrics that it could reasonably track given the data available. Any  
3 additions or changes to CBIs should be forward-looking for inclusion in the 2025  
4 CEIP and allow space for a continued robust and thoughtful stakeholder  
5 engagement process.

6 **Q. How does PSE respond to NWECC's concern that customer benefit indicators**  
7 **were not applied to utility-scale resources in the CEIP?**

8 A. PSE did consider customer benefit indicators for utility-scale resources in its  
9 resource planning and subsequent resource acquisition processes. In the 2021 IRP,  
10 an initial set of customer benefit indicators were developed and applied.

11 Considering those customer benefit indicators led PSE to select a preferred  
12 portfolio with more DERs.

13 In this round of RFPs, PSE requested that bidders provide a CETA customer  
14 benefit plan as part of their proposal. This was an explicit part of the evaluation  
15 criteria for each RFP, which were reviewed and approved by the Commission.

16 PSE used this project specific customer benefit information as part of the  
17 evaluation and determination of bids to pursue. PSE recognizes the need to revise  
18 this process and is open to suggestions for how to improve its consideration of  
19 customer benefit indicators in future RFP processes.



1 **Q. NWECC and Front and Centered state that PSE’s CEIP does not adequately**  
2 **account for certain energy and non-energy benefits and burdens in its**  
3 **CBIs.<sup>24</sup> How does PSE respond?**

4 A. While PSE acknowledges that its CEIP does not track the additional metrics that  
5 NWECC and Front and Centered would like to see addressed, PSE disagrees that  
6 such metrics are required or necessary for this CEIP. Additionally, Mr. Colton  
7 appears to underestimate significant limitations inherent to tracking and  
8 measuring certain metrics.<sup>25</sup> For example, Mr. Colton insists that PSE add certain  
9 metrics that track indoor residential data.<sup>26</sup> It is practically infeasible for PSE to  
10 track such data from inside its customers’ homes or buildings because that  
11 information can vary greatly due to a number of factors (*e.g.*, home insulation,  
12 airflow, the number of open windows, emission sources, etc.). Further, regarding  
13 extreme heat impacts, it is not clear to PSE whether data correlating illness,  
14 hospitalization or death attributable to extreme heat events is even publicly  
15 available to be tracked as a CBI metric.

16 In proposing CBIs and associated metrics, PSE was careful to select metrics  
17 where data was available, either collected by PSE or publicly available. Mr.

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<sup>24</sup> See Colton, Exh. RDC-1T at 22:8-10.

<sup>25</sup> In response to Mr. Colton’s interpretation of PSE’s Home Comfort CBI on page 26, line 10 through 27, line 13 of Exh. RDC-1T, PSE notes that it does not have an indoor air quality CBI, although it has an improved home comfort CBI that briefly mentions “indoor air quality” in Appendix H, Table 14 of its CEIP. To clarify, PSE does not currently track air quality in specific homes. Instead, this metric refers to the estimated monetary benefit of avoided illness from PM2.5 pollution from electric generation. PSE has outlined its methodology for arriving at this modeled estimate in Exhibit 2, Supplement 2 of its 2022-2023 Biennial Conservation Plan to the WUTC.

<sup>26</sup> See Colton, Exh. RDC-1T at 21:13-15.

1 Colton does not suggest a data source for tracking the information he requests.  
2 Even if he were to point to a readily available and verifiable source of data, it is  
3 not clear how PSE would use that data in its CEIP.

4 Furthermore, as outlined in the Prefiled Rebuttal Testimony of Gilbert Archuleta,  
5 Exh. GA-1T, gathering data that some people may view as intrusive may  
6 discourage participation from the very consumers these programs are intended to  
7 benefit.

8 **Q. How does PSE respond to other parties' recommendations<sup>27</sup> that energy**  
9 **assistance related topics, such as disconnects and arrearages, should be**  
10 **tracked as CBIs?**

11 A. PSE continues to maintain that it would be more appropriate to include non-  
12 resource topics under a different reporting process and that they do not belong in a  
13 clean energy implementation plan. A clean energy implementation plan is a  
14 resource-planning document. As discussed above, while PSE does have CBIs that  
15 relate to affordability and appropriately consider energy burden, CBIs covering  
16 energy assistance programs, and associated metrics such as arrearages and  
17 disconnections, are outside the resource planning process and are already reported  
18 in other proceedings. PSE provides similar reporting to the Department of  
19 Commerce through its Biennial Low-Income Assessment pursuant to Section 12  
20 of CETA (RCW 19.405.120(4)), and in the COVID-19 dockets, and similar

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<sup>27</sup> See Colton, Exh. RDC-1T at 21:13-14; Tam, Exh. CDAT-1T 29:17-18; Snyder, Exh. JES-1T at 43:8-9, and Shah, Exh. LAS-1T at 6:1-2.

1 reporting requirements are proposed for inclusion in new performance metrics  
2 associated with multiyear rate plans.

3 PSE urges the Commission to limit the number of CBIs and metrics that are  
4 tracked over time in each CEIP to resource related topics, and allow non-resource  
5 topics such as energy assistance to be handled more holistically in a separate  
6 proceeding.

7 **Q. How does PSE respond to Public Counsel’s recommendation that a uniform  
8 list of CETA-relevant CBIs be developed?<sup>28</sup>**

9 A. PSE supports Public Counsel’s recommendation. Utilities would benefit from  
10 having a common set of CBIs that are tracked over time, and utilities would  
11 especially benefit from a uniform framework for applying them. This is not to  
12 suggest that electrical companies would not have the ability to propose additional  
13 CBIs uniquely tailored to their specific service territory areas or customer bases,  
14 but it would likely be beneficial if the Commission were to require some form of  
15 uniform CBIs common to all electrical companies.

16 **Q. What are PSE’s next steps to improve its CBIs using public participation?**

17 A. It is PSE’s firm position that improvement of existing CBIs and the development  
18 of new CBIs must occur as a result of a robust public participation process that  
19 centers on equity. PSE will continue discussions regarding CBIs with advisory  
20 groups, particularly the Equity Advisory Group, to identify opportunities for

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<sup>28</sup> See Dahl, Exh. CDAT-1T at 9:16-18.

1 improvement for its CBIs and associated metrics consistent with its commitment  
2 in Chapter 8 of the CEIP. PSE will consider new and enhanced CBIs as it works  
3 to develop the 2025 CEIP.

4 In addition, PSE will continue to improve upon its methods for considering CBIs  
5 in its IRP process for utility-scale and distributed energy resources. This work is  
6 underway for the IRP Electric Progress report and has benefitted from input from  
7 IRP stakeholders and the Equity Advisory Group.

8 **Q. Why is PSE reluctant to make changes to its CBIs for the 2023 Biennial**  
9 **CEIP Update?**

10 A. There are practical challenges to developing and implementing any new CBIs  
11 within a small time frame. If new CBIs are included in the Commission's order,  
12 PSE will only have a few months to engage the public and its advisory groups  
13 regarding those CBIs. This is an insufficient amount of time to engage in a  
14 meaningful dialogue or to be truly inclusive of new voices. Furthermore, even if  
15 meaningful engagement could happen very quickly, PSE would also need time to  
16 finalize the metrics and identify and secure the necessary baseline data. This work  
17 takes time. Additionally, PSE's CBIs are being applied in the IRP Electric  
18 Progress Report analysis, which will be completed in about four months. Adding  
19 new CBIs for the Biennial CEIP Update would create inconsistencies with CBIs  
20 used in the IRP Electric Progress Report's analysis. For all these reasons, PSE is  
21 suggesting any new CBIs should be proposed as part of the 2025 CEIP process.

1 **Q. Please describe recommendations of Staff and Public Counsel regarding the**  
2 **establishment of targets for CBIs.**

3 A. Staff recommends that PSE work with the Equity Advisory Group to establish  
4 interim targets for some CBIs.<sup>29</sup> Staff views setting these interim targets as a way  
5 of ensuring the equitable distribution of energy and non-energy benefits and  
6 reduction of burdens to named communities. Staff includes a list of specific CBIs  
7 that would lend themselves towards interim targets.<sup>30</sup> Public Counsel recommends  
8 that PSE remove its directionality language from its metrics related to CBIs and  
9 instead separate a target or directionality for each metric.<sup>31</sup>

10 **Q. How does PSE respond to Staff's recommendation to develop interim goals**  
11 **for some or all CBIs, in collaboration with the Equity Advisory Group, for**  
12 **inclusion in its CEIP?<sup>32</sup>**

13 A. PSE supports Staff's proposal for the development of interim goals for some or all  
14 CBIs in collaboration with the Equity Advisory Group for inclusion in the 2025  
15 CEIP. PSE recognizes the value in establishing interim goals for CBIs. Interim  
16 goals can aid in identifying benefits achieved and distinguishing among customers  
17 who may receive such benefits. However, before developing goals for CBIs, PSE  
18 believes in the importance of deeply assessing the disparities and burdens faced  
19 by customers to ensure that a baseline exists for each metric. The establishment of

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<sup>29</sup> See Snyder, Exh. JES-1T at 38:6-8.

<sup>30</sup> See Snyder, Exh. JES-1T at 36:12-37:16.

<sup>31</sup> See Tam, Exh. CDAT-1T at 33:16-21.

<sup>32</sup> See Snyder, Exh. JES-1T at 3:22-23.

1 baseline metrics in the assessment phase will better position PSE and stakeholders  
2 to develop interim goals for CBIs. PSE is in the process of conducting this  
3 assessment work for the 2023 Biennial CEIP Update and will then begin the goal-  
4 setting process for some or all of the CBIs considered for inclusion in the 2025  
5 CEIP.

6 **Q. How does PSE respond to Public Counsel’s recommendation that PSE**  
7 **remove its directionality language from its metrics related to CBIs and**  
8 **instead separate a target or directionality for each metric?**

9 A. PSE supports Public Counsel’s recommendation to remove directionality  
10 language from its CBI metrics and is willing to make that change for the 2023  
11 Biennial CEIP Update or the next CEIP. As discussed above, PSE is willing to  
12 consider goals for CBIs for the 2025 CEIP, which may contain directionality  
13 language.

14 **Q. Please describe Staff’s recommendation for improving the climate change**  
15 **CBI in the CEIP.**

16 A. Staff recommends removal of the CBI that measures climate change impacts by  
17 multiplying the social cost of carbon by reduced greenhouse gas emissions.<sup>33</sup> PSE  
18 agrees with Staff regarding the elimination of this CBI for the 2025 CEIP.

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<sup>33</sup> See Snyder, Exh. JES-1T at 38:21-23.

1 **Q. How does PSE respond to staff's assertion that PSE should change its**  
2 **resiliency CBIs?**

3 A. Staff suggests changes to PSE's resiliency CBIs. Staff expresses concern that  
4 "approximately fifty percent of PSE's feeders are in named communities, which  
5 probably contributes to the findings that named communities may be connected to  
6 a more reliable grid than customers as a whole."<sup>34</sup> Moreover, Staff argues that  
7 SAIDI and SAIFI are system-level metrics "not compatible on an engineering  
8 basis with place-specific disparities."<sup>35</sup> PSE agrees with Staff that PSE and  
9 interested stakeholders should adopt a broader review of resilience in developing  
10 resiliency CBIs. PSE will present ideas to advisory committees for their input as it  
11 develops the 2025 CEIP.

12 **Q. How does PSE respond to Staff's critiques of PSE's cost-reduction CBIs?**

13 A. Staff disagrees with PSE's cost-reduction CBIs.<sup>36</sup> The cost-reduction CBIs in the  
14 CEIP measure the reduction in median electric bill as (i) a percentage of income  
15 for residential customers and (ii) a percentage of income for residential customers  
16 who are also energy burdened. Staff disagrees with the focus on medians<sup>37</sup> and  
17 alleges a lack of accountability for PSE.<sup>38</sup> PSE disagrees with Staff: PSE's cost-  
18 reduction CBIs are reasonable and meet the regulatory requirements of CETA.  
19 The measurement of medians is a reasonable way to track the data. Furthermore,

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<sup>34</sup> Snyder, Exh. JES-1T at 39:13:16.

<sup>35</sup> Snyder, Exh. JES-1T at 39:17:18.

<sup>36</sup> See Snyder, Exh. JES-1T at 40:10-43:15.

<sup>37</sup> See Snyder, Exh. JES-1T at 40:21-41:5.

<sup>38</sup> See Snyder, Exh. JES-1T at 41:6-18.

1 these metrics do not lack accountability. There are multiple exogenous factors,  
2 such as a recession, that are outside PSE's control and will affect these  
3 calculations. PSE continues to believe its cost-reduction CBI is reasonable.

4 **VIII. THE PROJECTED INCREMENTAL COST CALCULATION**  
5 **METHODOLOGY USED FOR THE CEIP IS REASONABLE**

6 **Q. How is the projected incremental cost calculated under CETA?**

7 A. Projected incremental cost calculations under CETA identify the hypothetical  
8 costs of actions the utility would not have taken but for the requirement to comply  
9 with the clean energy standards and associated equity requirements of RCW  
10 19.405.040 and RCW 19.405.050. Under CETA, an electrical company must  
11 demonstrate that the investments and expenses accounted for in the projected  
12 incremental costs are directly attributable to actions necessary to comply with, or  
13 make progress towards, the clean energy standards and associated equity  
14 requirements of RCW 19.405.040 and RCW 19.405.050. In its filed CEIP, PSE  
15 provides projected incremental costs of compliance with CETA, consistent with  
16 the requirements of WAC 480-100-660.

17 **Q. Please summarize the parties' positions on incremental cost.**

18 A. AWEC argues that PSE should refrain from pursuing its approved targets to the  
19 extent doing so would require PSE to exceed the two percent annual cost cap, or  
20 risk a finding of imprudence when PSE seeks cost recovery.<sup>39</sup>

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<sup>39</sup> See Kaufman, Exh. LDK-1T at 9:6-11:13.



1 NWEC and Front and Centered express concerns that grid modernization and  
2 emergent electric expenditures should not be directly attributable to incremental  
3 cost.<sup>40</sup>

4 Public Council requests guidance from the Commission on what constitutes  
5 incremental cost under CETA.<sup>41</sup> Public Council suggests that PSE remove certain  
6 distributed energy resource enablement and grid modernization costs and  
7 corporate marketing and promotional costs.<sup>42</sup>

8 **Q. How does PSE respond to AWEC’s recommendation that PSE should refrain**  
9 **from pursuing renewable resources to meet its approved targets, if doing so**  
10 **would require PSE to exceed the two percent annual cost cap established in**  
11 **CETA?<sup>43</sup>**

12 A. Absent explicit Commission direction to the contrary, it is PSE’s firm position  
13 that it should make every effort to meet its interim and specific targets, once  
14 approved by the Commission. Irrespective of whether costs to meet its targets are  
15 higher or lower than estimated, PSE will seek recovery of those costs in a future  
16 rate proceeding through the Clean Energy Implementation Tracker established in  
17 the proposed 2022 GRC Settlement.

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<sup>40</sup> See McCloy, Exh. LCM-1T at 7:14-16.

<sup>41</sup> See Tam, Exh. CDAT-1T at 35:9-36:13.

<sup>42</sup> See Tam, Exh. CDAT-1T at 36:14-37:23.

<sup>43</sup> See Kaufman, Exh. LDK-2:5-8.

1 **Q. How does PSE generally respond to the parties' arguments about what**  
2 **should be "in" or "out" of the incremental cost calculation?**

3 A. PSE maintains that the costs it attributes as incremental in the CEIP, including  
4 grid modernization, DER enabling costs and marketing and promotional costs, are  
5 reasonable. PSE will need to continue to make significant investments in grid  
6 modernization in the coming years. Investments in DER enabling technologies  
7 will be necessary in order for PSE to integrate and manage on its system nearly  
8 1,402 MW of DR and distributed energy resources forecasted over the next ten  
9 years. And, customer education and engagement efforts, particularly in named  
10 communities, will be important as PSE seeks to reach these communities in  
11 culturally sensitive ways and reduce barriers to access.

12 Whether those costs are deemed "incremental" by the Commission or not, they  
13 are still costs that will be incurred in order to meet the objectives of CETA and  
14 implement this CEIP, and they will need to be recovered in customer rates as part  
15 of a future rate proceeding.

16 **Q. How does PSE respond to Public Counsel's assertion that marketing and**  
17 **promotional costs should be removed from the CEIP?**

18 A. PSE included marketing and promotional costs for customer education and  
19 engagement in the CEIP Public Participation Plan to illustrate how PSE might  
20 approach increasing awareness of PSE's clean energy investments and benefits  
21 among named communities.

1 The proposed plan—which includes multiple, sustained and high-visibility  
2 engagement points like in-person events, in-language advertising, social media  
3 and website content and partnerships with trusted community organizations—is  
4 based on feedback that PSE heard from the Equity Advisory Group.<sup>44</sup>  
5 Specifically, the feedback received by PSE focused on the need to engage highly  
6 impacted communities and vulnerable populations in a way that is culturally  
7 sensitive and reduces barriers to access. Methods to accomplish these goals could  
8 include meeting highly impacted communities and vulnerable populations in  
9 sometimes unique and non-traditional ways. These methods require deep  
10 engagement through a variety of channels, where the proposed marketing and  
11 promotional costs will be applied.

12 PSE believes these types of costs are necessary to reach these communities and  
13 should not be removed from the CEIP as suggested by Public Counsel.

14 **Q. Does PSE view the incremental cost calculation as a useful alternative**  
15 **compliance mechanism under CETA?**

16 A. No. PSE does not view the incremental cost as a viable alternative compliance  
17 pathway. Instead, PSE views the incremental cost as an approximate spending  
18 guide that the Company used to inform the development of its interim target.

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<sup>44</sup> Please see <https://www.cleanenergyplan.pse.com/complete-equity-advisory-group-meetings>  
for a list of Equity Advisory Group meeting materials.

1 **Q. Please describe PSE’s response to Staff’s request for clarification related to**  
2 **equity and the incremental cost calculation.**

3 A. Staff requests clarification as to whether future incremental cost calculations  
4 should include equity-related costs, or a subset of equity costs, in the baseline  
5 portfolio.<sup>45</sup>

6 PSE did not include equity expenses in its 2021 CEIP No-CETA portfolio for  
7 purposes of calculating incremental cost because PSE was following explicit  
8 direction provided by the Commission at that time.<sup>32</sup>

9 PSE acknowledges that given the recent guidance from the Commission in the  
10 2021 Cascade GRC Order coupled with the language in RCW 80.28.425, the  
11 Commission may view the calculation of the no-CETA portfolio differently going  
12 forward. PSE supports Staff’s recommendation for clarification on this issue to  
13 inform the 2025 CEIP.

14 **IX. PSE’S PUBLIC PARTICIPATION PLAN IS A GOOD FIRST STEP**  
15 **TOWARD MEANINGFUL, INCLUSIVE ENGAGEMENT.**

16 **Q. Please describe the parties’ testimonies concerning PSE’s public**  
17 **participation plan and planned engagement efforts.**

18 A. As explained below, Public Counsel and NWEC and Front and Centered note  
19 multiple concerns with how PSE conducted the public participation process  
20 leading up to the CEIP.

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<sup>45</sup> See Snyder, Exh. JES-1T at 20:8-11.

1 Public Counsel expresses concern that the CEIP did not incorporate some  
2 stakeholder comments.<sup>46</sup> Public Counsel recommends that a clean energy  
3 implementation plan include a discussion of when and why a clean energy  
4 implementation plan omits certain stakeholder comments and recommendations.<sup>47</sup>  
5 NWEC and Front and Centered express a concern regarding PSE's commitment  
6 to incorporate outcomes from its public participation process.<sup>48</sup> NWEC and Front  
7 and Centered assert that inadequate public participation processes did not give  
8 adequate opportunities to impact outcomes.<sup>49</sup>

9 **Q. How does PSE respond to the parties' comments?**

10 A. PSE remains committed to meaningful, inclusive engagement and to building  
11 upon the foundation set forth in its public participation plan. PSE will file an  
12 updated public participation plan to provide more details on engagement during  
13 CEIP implementation as prescribed by rule. PSE's initial plan remains consistent  
14 with an overall vision to engage the public during the development and  
15 implementation of the CEIP, although the timelines will need to be shifted to  
16 reflect PSE receiving final approval for its CEIP later than originally projected.  
17 PSE is already preparing for 2023 with the expectation of the need to grow  
18 customers' understandings of clean energy and their role in the clean energy  
19 transition, while simultaneously engaging them, especially named communities,  
20 in the 2023 Biennial CEIP Update. PSE has expanded its community engagement

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<sup>46</sup> See Dahl & Tam, Exh. CDAT-1T at 26:16-19.  
<sup>47</sup> See Dahl & Tam, Exh. CDAT-1T at 27:3-17.  
<sup>48</sup> See McCloy, Exh. LCM-1T at 28:8-10.  
<sup>49</sup> See McCloy, Exh. LCM-1T at 7:12-16.

1 team and continues to lay the groundwork for deeper engagement in named  
2 communities through community-based organizations and direct relationships in  
3 named communities.

4 **Q. What are the anticipated costs for PSE’s CEIP-related public participation**  
5 **efforts?**

6 A. As discussed earlier in my testimony, meaningful public participation requires  
7 significant resources, including increased staffing levels; increased physical  
8 resources, such as printing costs associated with mailers to PSE customers; and  
9 increased costs associated with third party consultants who support public  
10 meetings. While PSE is excited about the opportunity to engage more fully in  
11 communities and bring new voices to the process, the Company also recognizes  
12 meaningful public engagement takes significant time and resources, as reflected  
13 in PSE’s cost estimates in Appendix F6, which currently stand at \$31.4 million  
14 over the four-year CEIP period.

15 **X. THE SPECIFIC ACTIONS IN THE CEIP MEET REGULATORY**  
16 **REQUIREMENTS.**

17 **Q. Please summarize other parties’ general concerns about Specific Actions in**  
18 **the CEIP.**

19 A. Staff, Public Counsel, and NWECA and Front and Centered raise concerns about  
20 the granularity of the specific actions in the CEIP. Staff would like to see specific  
21 action for all resources and programs that PSE intends to implement during the

1 CEIP implementation period.<sup>50</sup> Although Staff does not expect PSE to have  
2 “perfect foresight,” Staff requests that PSE rely on reasonable assumptions and  
3 data to “inform and justify” PSE’s decision-making.<sup>51</sup> Staff also conveys an  
4 expectation that a CEIP contain a level of detail on projects comparable to that  
5 provided as part of a general rate case, power cost only rate case, or a multiyear  
6 rate plan.<sup>52</sup>

7 NWEC and Front and Centered raise concerns that PSE’s approach to specific  
8 actions lacked sufficient details. NWEC and Front and Centered recommend that  
9 PSE’s specific actions be “concrete, based on the best information the utility has  
10 at the time, and should be updated as needed to reflect changing circumstances.”<sup>53</sup>

11 Similarly, Public Counsel would like to see more granular information about how  
12 specific actions in the 2021 CEIP would affect benefits and burdens for named  
13 communities.<sup>54</sup>

14 **Q. Does the CEIP contain the specific projects and resources that PSE intends**  
15 **to pursue over the four-year implementation period?**

16 A. No. This CEIP does not contain the specific projects and resources that PSE  
17 intends to pursue over the four-year implementation period. PSE provided all the

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<sup>50</sup> See Snyder, Exh. JES-1T at 11:1-16.  
<sup>51</sup> See Snyder, Exh. JES-1T at 11:21-12:2.  
<sup>52</sup> See Snyder, Exh. JES-1T at 17:16-18:8.  
<sup>53</sup> McCloy, Exh. LCM-1T at 5:18-19.  
<sup>54</sup> See Snyder, Exh. JES-1T at 11:20 – 12:7.

1 information regarding specific projects it had available at the time it developed its  
2 first CEIP.

3 **Q. Does PSE expect that future CEIPs will contain more details regarding**  
4 **specific actions than this first CEIP?**

5 A. Yes, for two reasons. First, PSE anticipates relying on a combination of required  
6 and voluntary requests for proposals in the future to continually acquire necessary  
7 resources and better inform the CEIP development process. Second, PSE expects  
8 it will be further along in its product and program development processes,  
9 particularly for DERs and DR, in future CEIPs. Still, what PSE is able to provide  
10 in future CEIPs may fall short of some parties' expectations given the timing of  
11 procurement processes in conjunction with CEIP timelines.

12 **Q. Will future CEIPs contain the level of detail desired by Staff, comparable to**  
13 **a plant addition in a rate proceeding?<sup>55</sup>**

14 A. Unlikely. This expectation is simply not reasonable. The detailed information  
15 provided for plant additions in a rate proceeding is for resources that an electrical  
16 utility has already acquired. For proposed projects, there are a myriad of details  
17 that need to be negotiated with the bidder for a given project that will not be  
18 known at the time they are proposed in a CEIP. While those details are being  
19 evaluated and later negotiated, it is not practically viable for interested parties to  
20 be privy to all those details. Any request for proposal process includes sensitive

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<sup>55</sup> See Snyder, Exh. JES-1T at 12:11-14.



1 and confidential business information. PSE already shares information from the  
2 process through a proposal summary report and a report at the conclusion of the  
3 RFP process. To invite stakeholders to review confidential bid information and  
4 weigh in on the pros and cons of particular resource bids would interfere with the  
5 process and undermine PSE's ability to negotiate a fair price for those resources  
6 once selected.

7 **Q. How might the process be changed in the future to promote more details**  
8 **regarding specific actions being available in the CEIP process?**

9 A. The Commission could consider a different approach towards resource acquisition  
10 and clean energy implementation plan development. If the desired intent of a  
11 clean energy implementation plan is to outline and propose the specific projects,  
12 including location, that an electrical company intends to build or acquire over the  
13 four-year implementation period, then existing Commission rules and processes  
14 for resource acquisition and clean energy implementation plan development will  
15 need to change to accommodate that desired intent. Electrical companies could  
16 secure those resources under contract on a contingent basis, subject to  
17 Commission approval of the clean energy implementation plan. Under such an  
18 approach, PSE would expect that Commission approval of a clean energy  
19 implementation plan would represent something closer to pre-approval of the  
20 resources outlined in the plan.

1 **Q. How do other jurisdictions review pre-approval of resources?**

2 A. As an example, the California Public Utilities Commission recently established a  
3 fast-track process for approval of clean energy capacity resources that meet a mid-  
4 term reliability need identified by the Commission by order in 2021.<sup>56</sup> Contracts  
5 for resources eligible for this fast-track pre-approval process may need to meet  
6 certain eligibility criteria, but the contracts for proposed resources are then  
7 approved or modified by the regulatory agency.<sup>57</sup> Additionally, in Oklahoma,  
8 utilities can request pre-approval of certain types of investments before those  
9 investments are made, including approval to construct a new generation facility,  
10 to purchase an existing electric generation facility, or to enter into a long-term  
11 contract for purchased power.<sup>58</sup> And if the Oklahoma Commission determines  
12 there is a need for construction or purchase of the electric generating facility or  
13 long-term purchase power contract, the generating facility or contract shall be  
14 considered used and useful.<sup>59</sup>

15 **Q. Would PSE support a process more akin to “pre-approval” of resources for**  
16 **future CEIPs?**

17 A. Most likely, yes. PSE would be interested in exploring this further with the  
18 Commission and stakeholders, if the Commission could support such an

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<sup>56</sup> CPUC Decision 21-06-035 issued June 24, 2021:  
<https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M389/K603/389603637.PDF>

<sup>57</sup> Southern California Edison recently received CPUC approval of five energy storage contracts under this fast-track process. *See* CPUC Resolution E-5205:  
<https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M477/K514/477514526.PDF>.

<sup>58</sup> 17 O.S. § 286, C.1.

<sup>59</sup> 17 O.S. § 286, B.

1 approach. This type of approach seemingly would give interested parties the level  
2 of specificity they are desiring as part of the CEIP process.

3 **Q. How does PSE respond to Staff’s recommendation that the Commission**  
4 **should provide guidance through a future rulemaking or policy statement**  
5 **regarding the proper timing between IRPs, RFPs, CEIPs and MYRP?<sup>60</sup>**

6 A. PSE supports staff’s recommendation. Although PSE has the ability to issue a  
7 voluntary RFP outside the planning cycle, and it plans to do so, this still does not  
8 cure the overall timing issue of the different processes under the rules for IRPs,  
9 RFPs, CEIPs, and MYRPs. Even if PSE were to file a draft RFP simultaneously  
10 with its draft IRP, as suggested by Staff,<sup>61</sup> this does not solve for the issues of  
11 timing and uncertainty.

12 PSE is concerned that the current framework promotes, rather than discourages,  
13 analysis paralysis – as the longer the CEIP or Biennial CEIP Update review and  
14 approval process takes, the more opportunity there is for new assumptions, inputs  
15 and data to become available that may further complicate the CEIP decision-  
16 making process. Instead, similar to a General Rate Case or request for proposals,  
17 utilities and parties would benefit from having a set maximum time frame under  
18 which a Commission decision will be issued on a CEIP or Biennial CEIP Update.  
19 PSE recommends the Commission and the parties develop a new framework that  
20 could facilitate a predictable and timely process while still ensuring parties have

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<sup>60</sup> See Snyder, Exh. JES-1T at 27:5-8.

<sup>61</sup> See Snyder, Exh. JES-1T at 27:2-5.

1 adequate opportunities to comment on and propose changes to the CEIP. Further  
2 developing expectations around a Brief Adjudicative Proceeding and how that  
3 might be used in the CEIP context could be one approach. This process should  
4 also consider the timing and process for a multi-year rate plan and how these two  
5 processes could be better integrated and harmonized. PSE is willing to work with  
6 NWEC and other interested parties to propose some options to the Commission in  
7 2023 for consideration.

8 **XI. CONCLUSION**

9 **Q. What is PSE requesting from the Commission in this proceeding?**

10 A. PSE requests that the Commission issue an order approving the CEIP pursuant to  
11 WAC 480-100-645(2). CETA's regulations require that a clean energy  
12 implementation plan contain interim targets, specific targets, customer benefit  
13 indicators, specific actions, a narrative description of the specific actions,  
14 projected incremental cost, and public participation. PSE included all the above  
15 elements in the draft and final CEIP filings.

16 **Q. Does that conclude your prefiled rebuttal testimony?**

17 A. Yes, it does.