BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, Complainant, v. PUGET SOUND ENERGY, Respondent.	DOCKET NOS. UE-190529, UG-190530, UE-190274, UG-190275, UE-190991, UG-190992, UE-171225, and UG-171226 (*Consolidated*)

INITIAL POST-HEARING BRIEF OF NW ENERGY COALITION

March 17, 2020

TABLE OF CONTENTS

TABLE OF AUTHORITIES

Statutes

Cases

Administrative Orders

Legislative Material

Other Authorities

I. INTRODUCTION

1. The NW Energy Coalition ("NWEC") hereby respectfully submits this Initial Post-Hearing Brief to the Washington Utilities and Transportation Commission ("UTC" or "Commission") for consideration in determining whether Puget Sound Energy's ("PSE") General Rate Case and consolidated dockets will result in rates and services that are fair to both PSE and its ratepayers.

2. As explained below and further detailed in the testimony filed by NWEC, the Commission should: 1) not approve PSE's proposed attrition mechanism (or one like it) unless it is accompanied by broader performance-based ratemaking ("PBR") consistent with the public interest and recently adopted policy in Washington; 2) require that PSE engage in a collaborative effort to design and implement an on-bill repayment program; and 3) require that PSE revert to its previous natural gas line extension methodology and open a new docket to address line extension policy more generally. In addition to NWEC's primary recommendations, NWEC offers recommendations in response to issues raised by other parties in rebuttal comments:

> (1) The Commission can allow recovery of estimated coal plant decommissioning and remediation costs before those costs are incurred on an estimated basis with a tracking and true-up mechanism;
>
> (2) The Commission should adopt recommendations from The Energy Project to adjust administrative costs for the Home Energy Lifeline Program, consider increasing the first block usage threshold to 800 kWh, and require that PSE file an annual report on disconnections;
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> (3) Distribution system planning should occur in currently open rulemakings or a new docket; and
>
> (4) Staff's recommendations for rate design pilots are worthwhile.

II. DISCUSSION

A. PSE's Proposed Attrition Mechanism Should Only Be Approved as Part of a Broader Performance-Based Ratemaking Approach

1. The Commission Has Authority to Approve the Attrition Mechanism

3. The Commission has regulatory authority to establish a ratemaking mechanism that accounts for future costs. Specifically, the Commission "has the power . . . to ascertain and determine the fair value for rate making purposes of the property of any public service company used and useful for service in this state by or during the rate effective period."[1] Previously, the Commission has been limited in its ability to approve mechanisms that include in rate base "projections rather than any specific identifiable plant,"[2] based on the statutory requirement that the plant be used and useful "at the time the inquiry as to rates is made."[3] However, Washington recently passed its Clean Energy Transformation Act ("CETA"), which amended the statute upon which that decision was based, specifically permitting the Commission to determine the fair value of property used and useful "*by or during the rate effective period*" in ratemaking.[4] Further, the Commission's recent policy statement on the used and useful standard confirms and details the manner in which the Commission may account for future plant in ratemaking.[5]

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1 RCW 80.04.250(2).

2 *Wash. Attorney Gen. Office v. Utils. & Transp. Comm'n*, 4 Wn.App. 2d 657, ¶¶91-93, 423 P.3d 861 (2018).

3 *Id.* at ¶83 (quoting *People's Org. for Wash. Energy Res. v. Utils. & Transp. Comm'n*, 104 Wn.2d 798, 815, 711 P.2d 319 (1985)).

4 S.B. 5116, 66th Leg., Reg. Sess. §20 (Wash. 2019), 2019 Wash. Sess. Laws 1608, 1640 (emphasis added).

5 *In re Comm'n Inquiry into the Valuation of Pub. Serv. Co. Prop. that Becomes Used and Useful after Rate Effective Date*, Docket No. U-190531, Policy Statement on Property that Becomes Used and Useful After Rate Effective Date (Jan. 31, 2020).

4. Here, the Commission has legal authority to approve an attrition mechanism, however, due to the incomplete nature of PSE's proposal, the Commission should not exercise this authority. PSE proposes an attrition mechanism to "address the backward-looking, historical nature of traditional ratemaking."[6] In general, such innovative and flexible changes to traditional cost of service ratemaking are appropriate in light of "the high pace of technology change related to grid modernization," and will help ensure appropriate and timely cost recovery of such technological investments.[7] However, PSE's proposal, on its own, does not do enough to fulfill the intent of recent legislative and regulatory reforms,[8] and as such, the Commission should not approve the attrition mechanism.

2. The Attrition Mechanism Is Appropriate Only in Conjunction with Other Performance-Based Ratemaking Reforms

5. Recent legislative and regulatory reforms make clear that an attrition mechanism like the one PSE proposes should only be allowed in conjunction with PBR. In the process of construing the meaning of a particular part of a legislative act, the legislative intent must be drawn from consideration of the whole act.[9] In addition to revising the Commission's statutory authority regarding the used and useful standard, CETA simultaneously enacted a number of other reforms that provide a broader context. First and foremost, CETA found that the State of Washington "must address the impacts of climate change by leading the

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6 Doyle, Exh. DAD-1Tr at 13:19-20.
7 Gerlitz, Exh. WMG-1T at 11:10-13.
8 *Id.* at 9:14-17.
9 *State v. Rinkes*, 49 Wn.2d 664, 667, 306 P.2d 205 (1957).

transition to a clean energy economy."[10] Second, CETA clarified that the "public interest" specifically includes at least:

> (1) The equitable distribution of energy benefits and reduction of burdens to vulnerable populations and highly impacted communities;
>
> (2) Long-term and short-term public health, economic, and environmental benefits and the reduction of costs and risks; and
>
> (3) Energy security and resiliency.[11]

Third, CETA further declared that such transformational change would require that the utilities be fully empowered through regulatory tools and incentives and expressly recognized that "the [Commission's] statutory grant of authority for rate making includes consideration and implementation of performance and incentive-based regulation, multiyear rate plans, and other flexible regulatory mechanisms where appropriate to achieve fair, just, reasonable, and sufficient rates and its public interest objectives."[12] Finally, within the same section of CETA where the legislature amended the used and useful standard, the legislature clarified that "[n]othing in this section limits the [C]ommission's authority to consider and implement performance and incentive-based regulation, multiyear rate plans, and other flexible regulatory mechanisms."[13] This statutory framework, therefore, informs the appropriate accounting of property that becomes used and useful after the rate effective date.

6. Here, PSE's proposed attrition mechanism should not be approved because it does not help achieve CETA's policy goals or the public interest objectives defined therein, and is not implemented in conjunction with PBR. Specifically,

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10 S.B. 5116, 66th Leg., Reg. Sess. §1 (Wash. 2019), 2019 Wash. Sess. Laws 1608.
11 *Id.* at 1609.
12 *Id.*
13 *Id*. at 1641.

> Washington State is transforming the electric sector to 100% clean electricity and incorporating a more deliberate perspective of ensuring equitable benefits from this transition, and will need the regulatory tools to assist with this transition. PSE's proposal has neither a clear and compelling link to achieving the 100% clean electricity objectives nor the public interest objectives of equitable distribution of benefits and reduction of barriers, long-term and short-term public health, economic, and environmental benefits and the reduction of costs and risks, and energy security and resiliency. The attrition adjustment proposed by PSE in this case, by itself, is unlikely to promote either societal benefits such as decarbonization or customer value.[14]

7. Further, PSE fails to address why its attrition adjustment should be approved without broader PBR reforms. Attrition adjustments are commonly included as one element of a broader PBR reform, which may also include three- to five-year rate plans, earnings sharing mechanisms, and performance incentive mechanisms.[15] A well designed PBR approach aligns utility earnings with performance based on public interest objectives,[16] a major policy goal of CETA.[17] It will also include incentives to control costs, reduce administrative burden, provide greater flexibility and responsiveness to technological changes, reduce barriers to customer-side load reducing technologies (efficiency, distributed generation, etc.), and align utility expenditures with clean energy or other goals.[18]

8. PSE's proposal, however, will enable it to benefit from ratemaking reform, without tying those reforms to other elements that serve the public interest. Witness Rábago notes that PSE's proposed attrition adjustment is needed in order to address problems that may arise due to the "spending necessary to move apace in implementing utility sector

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14 Gerlitz, Exh. WMG-1T 9:17-10:2.
15 *Id.* at 4:14-17.
16 *Id.* at 5:5-6.
17 *See* 2019 Wash. Sess. Laws at 1608-09, 1640-41.
18 Gerlitz, Exh. WMG-1T 5:7-17.

transformation and preparing for achieving the objections of CETA."[19] Yet, PSE does not include any of the other broader public policy goals that are part of the CETA statutory scheme. While PSE discusses the benefits of more comprehensive reforms,[20] PSE's attrition proposal is not linked to any performance mechanisms.[21] Further, PSE has neither considered other flexible mechanism alternatives nor other PBR measures to complement the attrition mechanism.[22] Finally, PSE witness Rábago also admits that he is not aware of whether an attrition adjustment with the same or similar design to the one proposed has been implemented in any of the leading states or aware of any state that has begun a utility transformation agenda by implementing an attrition adjustment alone and without other associated reforms.[23] Therefore, absent a clear and well-reasoned explanation as to why PSE's proposed attrition adjustment should be implemented without further PBR reforms, the Commission should not approve PSE's proposal.

9. Rather, the Commission should direct PSE to engage a diverse group of interested stakeholders to collaboratively develop a PBR approach and in the meantime, provide PSE with guidance regarding:

> (1) Ratemaking mechanisms that should be included in a comprehensive PBR approach;
>
> (2) Length of time for a successful multi-year rate plan;
>
> (3) Criteria necessary for evaluating whether the rate plan is in the public interest;

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19 Rábago, Exh. KRR-1Tr at 7:10-13.
20 *Id.* at 27:12-28:2.
21 Exh. NWEC-2X (PSE Response to NWEC DR No. 31).
22 Gerlitz, Exh. WMG-1T at 10:7-9.
23 Exh. NWEC-1X (PSE Response to NWEC DR No. 30).

(4) Minimum requirements for an acceptable process, including consultation with interested stakeholders, for development of a PBR proposal; and

(5) Any specific information or studies that are needed to accompany the PBR proposal.

B. PSE Should Design and Implement an On-Bill Repayment Program

10. An on-bill repayment program designed to help ratepayers overcome the upfront costs of efficiency or distributed generation upgrades can help mitigate the impacts of rate increases for customers. Energy efficiency acquisition is a primary method to help customers control utility bills and will help to offset the rate increases stemming from this case and future cases.[24] An on-bill repayment program is an opt-in program designed to help overcome the upfront costs of energy efficiency or distributed renewable generation projects by offering financing for customer improvements and allowing customers to repay that cost directly on their utility bills.[25] The program can be set up to only pay for such upgrades where the projected annual savings are greater than the service charge and the customer would be assured that the monthly service charge on their bill is less than the energy savings.[26] Such a program could help PSE achieve additional, cost-effective conservation.[27]

11. PSE is not opposed to designing and implementing an on-bill repayment tariff.[28] While PSE noted some concerns with the proposal, it provided little concrete evidence to support its concerns. First, PSE's claim that an on-bill repayment obligation will make properties less competitive to potential renters and new homeowners due to a preference to

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24 Gerlitz, Exh. WMG-1T at 13:16-19.
25 *Id.* at 14:20-15:1.
26 *Id.* at 16:10-19.
27 *Id.* at 14:11-18.
28 Piliaris, Exh. JAP-18T at 25:1-2.

have all equipment costs be included in the sale price and mortgage is not supported by any evidence in the record.[29] The service fee will always be less than the savings, so there is no increase to the overall bill cost.[30] It will also require no upfront costs for owners or landlords and any new tenants will be able to realize the benefits of the upgrades.[31] The renter is ultimately paying a lower energy bill.[32]

12. Second, PSE has not provided any support for its contentions that the on-bill financing program costs will outweigh the benefits and that more competitive financing options exist.[33] Even so, the program is intended to fund projects that typically will not move forward without the program and projects that are in non-participant interests as well.[34]

13. Finally, while PSE points to other service territories, it provides no information, analyses or studies specific to PSE's territory that would support its assertion that there would be low participation rates.[35] The Pay As You Save® Model, one type on on-bill tariff, has achieved acceptance rates as high at 70 – 90%.[36] It has been successfully implemented during the past 18 years in 7 states by 17 utilities.[37] In total, five thousand locations have been upgraded and more than $40,000,000 invested in energy efficiency and renewable energy upgrades.[38] In sum, such programs can be successful and PSE's objections—alone

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29 *Id.* at 27:18-21.
30 Gerlitz, Exh. WMG-1T at 16:14-20.
31 *Id.* at 19:6-11.
32 *Id.* at 19:16-17.
33 Piliaris, Exh. JAP-18T at 26:3-14.
34 Gerlitz, Exh. WMG-1T at 19:20-20:3.
35 Piliaris, Exh. JAP-18T at 26:17-27:4.
36 Gerlitz, Exh. WMG-1T at 18:9-10.
37 *Id.* at 20:6-7.
38 *Id.* at 20:8-10.

and without concrete support—are not sufficient to outright deny such a program a chance at success.

14. As such, the Commission should direct PSE to, in collaboration with its Conservation Resources Advisory Group and its Low Income Advisory Committee, design and implement an on-bill repayment program for customers. At the hearing in this case, PSE suggested that it would need one year to implement the proposal. While this process needs to be inclusive, the implementation timeline should not be so far out into the future as to simply delay the effective date of the program. NWEC continues to recommend that the program be implemented by December 31, 2020. If a delay is approved regarding the final order of this case, the NW Energy Coalition is amenable to a similar length delay in the required timeline for program implementation.

C. PSE Should Revert to Its Previous Line Extension Methodology and the Commission Should Revisit Line Extension Policies Generally

15. The Commission should direct PSE to revert to its previous natural gas line extension policy, which was more cautious on the expected revenue from customers and reduced the risk of existing natural gas customers subsidizing new gas customers. In addition, the Commission should direct new work in Docket No. UG-143616 or open a new collaborative docket to examine natural gas line extension policies more generally. It is appropriate for PSE to revert back to its previous policy because the current policy: 1) was not thoroughly considered when initially adopted; 2) does not further Washington policies related to reducing carbon intensity and greenhouse gas emissions; and 3) unnecessarily increases risk for customers.

16. First, PSE's current natural gas line extension methodology was not well considered at the time of adoption. It was allowed to go into effect in 2017[39] and was based on a previously approved policy that Avista Corporation ("Avista") initially used as a pilot and which Cascade Natural Gas Corporation ("Cascade Natural Gas") also adopted.[40] Leading up Avista's pilot, the Commission had opened Docket No. UG-143616 to "discuss the need for natural gas distribution infrastructure expansion, and investigate the options available to implement such expansion."[41] The Commission did not make any policy statement as a result of that docket, yet Avista proposed the change in line extension methodology as a pilot to:

> help to expand natural gas distribution infrastructure to address environmental concerns associated with emissions, and further promote the efficient end-use of natural gas. Avista proposes that the changes be approved on a temporary basis (pilot period), with a subsequent review to determine the effectiveness of the changes.[42]

Avista's pilot was made permanent in UG-180920, though there was no evaluation of whether these goals had been met by the methodology change.[43] PSE and Cascade Natural Gas's changes to the natural gas line extension methodology were made permanent at the

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39 Wheeless, AEW-1T at 4:10-11 (referencing *In re Revision to Tariff WN U-2, to Establish New Line Extension Policy,* WUTC Docket No. UG-161268).

40 *Id.* at 5:3-6:6.

41 *Id.* at 6:14-17 (quoting *In re Investigation of Natural Gas Distribution Infrastructure Expansion,* WUTC Docket No. UG-143616, Notice of Workshop and Opportunity to Comment (Oct. 6, 2014)).

42 *In re Avista Corp. Petition for an Order Authorizing Approval of Changes to the Company's Natural Gas Line Extension Tariff and Accounting Ratemaking Treatment,* WUTC Docket No. UG-152394, Petition at 4 (Dec. 16, 2015).

43 *See In re Avista Corp. Petition for an Accounting Order Authorizing Approval of Changes to the Company's Natural Gas Line Extension Tariff and Associated Accounting Ratemaking Treatment,* WUTC Docket No. UG-180920, Order 01 at 4 (Feb. 28, 2019).

time of the respective utilities' petitions. Therefore, given that the Commission has permitted PSE, along with the other gas utilities, to implement this line extension methodology, which was initially only a pilot, on a permanent basis and without any particular policy statement, it is appropriate to evaluate whether these changes are in the public interest.

17. Second, the line extension methodology is out of alignment with state policy trends to reduce carbon intensity and greenhouse gas emissions. First, the Washington legislature found in its 2019 energy efficiency bill that:

> Considering the benefits of and the need for additional energy efficiency to meet regional energy demand, the legislature notes that attaining as much of this resource as possible from the buildings sector can have a significant effect on state greenhouse gas emissions by deferring or displacing the need for natural gas-fired electricity generation and *reducing the direct use of natural gas.*[44]

The legislature then directed that energy efficiency performance standards be put in place for larger commercial buildings and natural gas distribution companies due to the "significant contribution of natural gas to the state's greenhouse gas emissions."[45] In addition, while CETA does not expressly require decarbonization of natural gas utilities, it signifies a trend toward less carbon intensive fuels.[46] This policy change is especially relevant to line extension policies since they were initially proposed as a tool to convert Washington residents from more emissions intensive fuels to natural gas.[47] Further, the State's current greenhouse gas emission reduction targets (and as recently updated by the legislature) further

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44 H.B. 1257, 66th Leg., Reg. Sess. §1 (Wash. 2019), 2019 Wash. Sess. Laws 1551, 1552 (emphasis added).

45 *Id.*

46 Wheeless, Exh. AEW-1T at 17:15-19.

47 *Id.*

signifies the trend to less carbon intensity.[48] These policies do not expressly require fuel switching from gas to electric or prohibit new gas infrastructure; however, they have changed the context under which Docket UG-143616 was opened and the subsequent changes to the natural gas line methodology, and thus it is appropriate to reevaluate stated policy goals related to natural gas infrastructure expansion.

18. Finally, the line extension methodology unnecessarily increases risks for customers. The policy and financial context for natural gas are continuing to evolve resulting in the continued volatility in the price of natural gas, the risk of future carbon pricing, and the consideration of natural gas hook-up bans in local jurisdictions in Washington. All of these changes indicate that a broader conversation is needed about the future viability of natural gas infrastructure, how to adequately consider whether investments will remain used and useful over the life of the assets, and other related issues.[49] Additionally, if a new customer's use is less than expected, there could be an impact on existing customers.[50] The line extension policy therefore is "based on economic assumptions that have an increasing degree of risk associated with them for both existing customers and new customers."[51] To mitigate these risks, the Commission should direct PSE to revert back to their prior policy that is more cautious on the expected revenue and investigate in further conversations how the line extension policies should be changed to address current state policy.

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48 RCW 70.235.020; H.B. 2311 66th Leg., Reg. Sess. (Wash. 2020) (as passed by legislature).
49 Wheeless, Exh. AEW-1T at 15:17-19:2.
50 *Id.* at 19:4-9.
51 *Id.* at 20:3-5.

D. Staff is Overthinking the Decommissioning and Remediation Language in CETA

19. Staff's testimony overthinks CETA's requirements with respect to decommissioning and remediation ("D&R") costs associated with coal units. In its quest to eliminate coal-fired resources from each utility's allocation of electricity by December 31, 2025, CETA excepts costs associated with D&R of coal facilities.[52] However, "[t]he [C]ommission shall allow in electric rates all [D&R] costs prudently incurred by an investor-owned utility for a coal-fired resource."[53] Witness McGuire states that one possible interpretation of this language means that the utility cannot collect any D&R expenses until those expenses are actually incurred, i.e., because the statute used the word "incurred" in the past tense.[54] On the other hand, Witness McGuire also notes that "there is merit to the idea that expected D&R costs should be paid for by the ratepayers who benefit from the asset," i.e., that the full balance be recovered from now until 2025 before they are incurred.[55] Ultimately, Staff recommends that the Commission allow recovery of expected D&R costs, so long as the final amount recovered is equal to only the actual, prudently incurred costs.[56]

20. The primary objective in statutory interpretation is to "give effect to the legislature's intent," and the first step is to look to the plain language of the statute and give effect to the plain meaning.[57] Looking at the plain language of this statute, the legislature's intent is clear. The legislature intends for coal-fired resources to be eliminated from the allocation of energy

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52 RCW 19.405.030(1)(a).
53 RCW 19.405.030(1)(b).
54 McGuire, Exh. CRM-1T at 33:1-8.
55 *Id.* at 32:18-33:1.
56 *Id.* at 33:12-19.
57 *In re S.B.*, 7 Wn.App.2d 337, ¶5, 433 P.3d 526 (2019).

by year-end 2025, and directs the Commission to allow prudent D&R costs in rates.[58] The specific timing regarding when those D&R costs would be incurred and recovered is secondary to the primary goals that they must be allowed in rates and be prudent. Further, the remainder of CETA and current practice offer some insight into this interpretation.

21. First, nothing in CETA expressly forbids the collection of D&R costs associated with any generating facility over the course of the life of that generating facility. This practice of collecting these costs from the customers utilizing the generation from these facilities as it is being utilized is both common in utility practice and fair and just because it ensures that intergenerational equity is preserved and that customers are paying the full costs for resources utilized to serve them. For example, with regards to PSE's treatment of D&R for Colstrip Units 1 and 2, the Commission Staff's Investigation Report on coal-fired generating unit D&R costs noted that "PSE must collect funds for decommissioning and remediation activities at Colstrip Units 1 & 2 in accordance with accounting standards applicable to all regulated utilities."[59] It went on to note that within these regulatory principles, "'intergenerational equity' aims to ensure that the same group or generation of customers that benefits from a resource also bears the costs of that resource, including the removal costs at the end of its useful life."[60] These costs are typically reflected in the deprecation rates, and would require the estimated costs of removal to be recovered over the asset's life.[61] Staff noted in its report that the then-current Colstrip Units 1 and 2 depreciation rates were likely

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58 RCW 19.405.030(1).

59 *In re Investigation of Coal-Fired Generating Unit Decommissioning and Remediation Costs*, Docket No. UE-151500, Investigation Report at 13 (Feb. 2, 2016).

60 *Id.*

61 *Id.*

insufficient to recover the expected increase in remediation costs, which put PSE and future customers at risk.[62] Staff recommended simply conducting an updated depreciation study for inclusion in the next general rate case.[63] In that next rate case, the Commission approved a settlement to address the unaccounted for D&R costs with treasury grants and production tax credits, but indicated that another possible outcome could be to "set[] aside funds for [D&R] costs."[64]

22. Therefore, the concept of recovering D&R costs before they are incurred is a normal and equitable approach to take. Prohibiting this collection of costs would create serious inequities in intergenerational rates and saddle future customers with significant costs that have no direct relationship to the resources being used to serve them.

23. Second, current practice dictates that even though these costs are being collected in rates, D&R costs are only deemed prudent and allowed to be spent after careful review and consideration by the Commission. Consequently, this practice does allow for prudence review, which is consistent with the language in CETA.

24. Therefore, despite a difference in interpretation with staff, NWEC agrees with the ultimate conclusions by staff that "a tracking and true-up mechanism is needed for D&R costs"[65] and "if there are monetized [production tax credits] remaining after covering

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62 *Id.* at 23.
63 *Id.*
64 *Wash. Utils. & Transp. Comm'n v. Puget Sound Energy*, Docket Nos. UE-170033 and UG-170034, Order 08 at 50-51 & n. 153 (Dec. 5, 2017).
65 McGuire, Exh. CRM-1T 36:4-5.

unrecovered plant balances, those funds would be available to offset D&R costs for Colstrip Units 3 and 4."[66]

25. Consequently, the NWEC agrees with staff's primary recommendation in response testimony that:

> for this case only, the Commission allow D&R costs to be recovered as proposed, which includes those costs in Colstrip Units 3 and 4 depreciation accelerated to 2025.
>
> However, I also recommend that the Commission order PSE to file a proposed plan for the recovery of D&R costs for Colstrip Units 3 and 4 that complies with the D&R provisions of CETA in its next GRC, and to include in the plan an assessment of [production tax credits] available to offset D&R costs for Colstrip Units 3 and 4. Staff suggests that PSE propose a tracking and true-up mechanism for those costs in case the available PTCs do not cover the ultimate D&R costs for Units 3 and 4.[67]

26. Additionally, staff recommends that the Commission direct PSE to address in its next rate case the matter of Microsoft's owed remediation costs pursuant to the approved settlement agreement in Docket UE-161123.[68] As a party to that settlement, the NW Energy Coalition expresses support for that recommendation.

E. The Commission Should Adopt Recommendations from The Energy Project

27. The Commission should support several issues raised by The Energy Project ("TEP") including:

- TEP's recommendation to adjust the agency allowance costs to administer the Home Energy Lifeline Program[69];
- TEP's proposal to consider increasing the first block usage threshold to 800 kWh[70]; and

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66 *Id.* at 37:3-5.
67 *Id.* at 38:17-39:4.
68 *Id.* at 39:16-21.
69 Collins, Exh. SMC-1T at 7:13-14.

- TEP's recommendation to require that PSE file an annual report on disconnections.[71]

F. Distribution System Planning Should Occur

28. Public Counsel recommends that the Commission open a proceeding to develop a more open stakeholder-engaged distribution business planning and capital budgeting process.[72] NWEC agrees that distribution system planning is important and notes that there appears to be some movement in the CETA integrated resource planning ("IRP") rulemaking Docket No. UE-190698 towards incorporating such a process into the IRP process. The Commission should therefore direct either that firm rules be established within the IRP docket or open a new docket consistent with Public Counsel's recommendation, or both.

G. Staff's Recommendations for Rate Design Pilots Are Worthwhile.

29. Staff's recommendations for rate design pricing pilots are worth considering. Specifically, Staff recommends that PSE prepare pricing pilots for both an electric time-of-use rate and an electric critical-peak-pricing rate.[73] These are good recommendations that NWEC supports, and NWEC also encourages that pilot development be done in a collaborative manner with stakeholders to ensure effective, fair and equitable future rate-designs.

III. CONCLUSION

30. As articulated herein, the Commission should: 1) not approve PSE's proposed attrition mechanism; 2) require that PSE implement an on-bill repayment program; 3) require that PSE revert to its previous natural gas line extension methodology; 4) adopt The Energy

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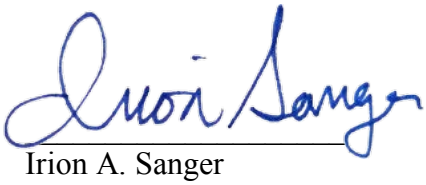
70 *Id.* at 13:17-18.
71 *Id.* at 22:23-23:7.
72 Alvarez, Exh. PJA-1T at 5:7-9.
73 Ball, Exh. JLB-1T at 62:3-4.

Project's recommendations; 5) open a distribution planning proceeding; and 6) adopt Staff's rate design pilots.

Dated this 17th day of March 2020.

Respectfully submitted,

Sanger Law, PC



Irion A. Sanger
Marie P. Barlow
Sanger Law, PC
1041 SE 58th Place
Portland, OR 97215
Telephone: 503-756-7533
Fax: 503-334-2235
irion@sanger-law.com

Of Attorneys for NW Energy Coalition