

BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES
AND TRANSPORTATION
COMMISSION,

COMPLAINANT,

V.

PUGET SOUND ENERGY,

RESPONDENT.

DOCKETS UE-190529 AND
UG-190530

**INITIAL POST-HEARING BRIEF
OF THE ENERGY PROJECT**

MARCH 17, 2020

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I. INTRODUCTION

1. The Energy Project's (TEP's) brief in this docket focuses on the areas of this rate request that have direct impacts on Puget Sound Energy's (PSE's) low-income customers, a substantial portion of the entire customer base. In several areas, the parties have reached agreement on issues that will provide important benefits to low-income customers.
2. Puget Sound Energy, TEP, Commission Staff (Staff), and Northwest Energy Coalition (NWECC) agree that additional funding should be approved for PSE's Home Energy Lifeline Program (HELP), with a minimum increase proposed by Staff of \$1.4 million. The brief reviews the parties' proposed alternative approaches to the formula for calculating any increase above that level. The Energy Project and PSE recommend that a calculation using twice the percentage of the base rate is the preferable approach.
3. Regarding electric rate design, PSE has modified its original proposal and agreed with TEP, Staff and Public Counsel (PC) that any electric rate increase awarded should be allocated on an equal percentage basis to each of its two rate blocks rather than to the tail block alone. Puget Sound Energy has also agreed to work with its Low-income Advisory Group to study the possibility of adjusting the first usage block to create a "lifeline" block.
4. One matter of increasing concern to TEP is the need to develop policies and strategies to minimize or eliminate to the extent possible the loss of service by utility customers. On this issue, PSE has agreed to TEP's proposal to institute reporting of data regarding disconnection and to develop a Disconnection Reduction Plan in consultation with its Low-income Advisory Committee.
5. In addition to these resolved matters, there remain a number of contested issues where the brief presents TEP recommendations designed to protect and advance the interests of low-income customers. First, on an additional disconnection issue, TEP recommends that the

Commission require the Company to continue premise visits at the time of any disconnection for non-payment whether or not remote disconnection is used.

6. Additionally, TEP recommends rejection of several Company proposals that have the effect of increasing rates for residential customers, increases which fall most heavily on low-income customers. The Energy Project recommends denial of PSE's request for an attrition adjustment and recommends consideration of a reduction in ROE. Finally, TEP supports recommendations from PC and Staff that portions of the Company's investments in Get-To-Zero (GTZ) and Automated Meter Infrastructure (AMI) be disallowed.

7. Since the filing of testimony and the close of the hearing, the coronavirus outbreak has brought a new, unexpected, and significant set of challenges to Washington State, the entire country, and the world itself. This brief attempts, where appropriate, to recognize where the pandemic may have an impact on the issues discussed. At this early stage, however, it is difficult to anticipate the consequences for PSE and its customers. The economic and operational impacts will become better known over time and can be addressed in future proceedings. The Commission's Special Open Meeting scheduled for the day this initial brief is filed is a constructive beginning to address these issues at the regulatory level.

II. RECOMMENDATIONS FOR THE HELP PROGRAM

A. Puget Sound Energy, TEP, Staff and NWECA Agree On The Need For An Increase In HELP Program Funding.

8. There is no dispute in this case that there is a continuing need for bill assistance to low-income customers PSE's service territory. Approximately 20 percent of PSE's customers are at or below 150 percent of Federal Poverty Level (FPL). While the FPL is a conservative metric for measuring economic need, eligibility for assistance under the HELP program is currently set

at this level.¹ The majority of eligible PSE customers are not yet served by the HELP program and additional funding will help expand the reach of the program.² Staff agrees that “there is still a large unmet demand for financial assistance in PSE’s service territory.”³ The impacts of the coronavirus are likely to add further to this unmet need.

9. To address this need, PSE’s initial filing requested an increase in HELP funding. With some variations, Staff and TEP both supported the request for an increase.⁴ All three parties recommend that HELP funding be increased by twice the percentage of the increase ordered by the Commission in this case, albeit with some different approaches to the precise formula (see discussion below). The NWECA also supports a HELP increase.⁵

10. Because the HELP increase will be a product of the formula based on the actual percentage residential increase ultimately awarded, there is not a specific recommendation for an increase amount. Illustrative numbers are available, however, in a table prepared by Staff witness Jing Liu in her Cross-Answering testimony. The table compares the dollar and percentage increases under the various proposals. Puget Sound Energy’s proposal would generate a 15 percent overall HELP increase (assuming PSE’s full revenue request). Using Staff’s lower proposed revenue, the Staff’s HELP increases would be 6 percent, while TEP’s

¹ Collins, Exh. SMC-1T at 2:16-4:16.

² Collins, Exh. SMC-1T at 5:15-6:9.

³ Liu, Exh. No. JL-24T at 11-12.

⁴ Piliaris, Exh. JAP-1T at 19:9-19, Liu, Exh. JL-24T at 4:8-13; Collins, Exh. SMC-1T at 5:15-17.

⁵ Gerlitz, Exh. WMG-1T at 21:1-6.

would be 8 percent.⁶ TEP also recommended that in no event should funding be decreased as a result of the formula, for example, if the Commission were to order an overall rate decrease.⁷

11. The Staff recommendation included a floor or minimum increase of \$1.4 million in Commission Staff's rationale for this recommendation was that "additional funding will facilitate the outreach of PSE's HELP benefits to more customers in need" and to ensure that the increase was sufficient to be "meaningful."⁸ The Energy Project supports this recommendation.

12. The Energy Project is not aware that any other party in the case opposes an increase to the HELP funding.

B. The HELP Increase Formula Should Use the Base Rate Increase As A Reference.

13. While there is general support for a HELP funding increase, there is not unanimity on how best to calculate the amount. The Energy Project recommends that the increase be double the percentage of the residential base rate increase awarded in the case.⁹ Commission Staff on the other hand, prefers that the increase be double the percentage of the bill impact.¹⁰ While PSE's initial testimony recommended an approach similar to Staff's,¹¹ at the hearing PSE endorsed TEP's recommendation to use the base rate as the better approach. Upon questioning by Commissioner Rendahl, PSE witness Andy Wappler stated that PSE did not agree with Ms. Liu's bill impact proposal and that "it would make sense to tie it to the base rate increase."¹²

⁶ Liu, Exh. JL-24T at 9, Table 1.

⁷ Collins, Exh. SMC-1T.

⁸ Liu, Exh. JL-24T at 8:9-15.

⁹ Collins, Exh. SMC-1T at 6:10-7:6.

¹⁰ Liu, Exh. 24-T at 4:8-13.

¹¹ Pillaris, Exh. JAP-1T at 19:9-19.

¹² Wappler, Tr. 360:3:23.

14. The Energy Project supports using the base rate to calculate HELP increases for several reasons. The “bill impact” approach can be unpredictable and misleading. Customer bills are affected by multiple tariffs and riders which can fluctuate up or down over time and may sometimes be temporary in nature. For example, returning tax benefits to customers may substantially offset, although temporarily, an increase in the residential base rate. If the refund is large enough, there may even be a bill decrease – a negative “bill impact.” Doubling the “bill impact” in this situation would yield a minimal or even zero increase to HELP funding, even when the base rate increases. When the tax refund is complete and the rider returns to zero, however, all other things being equal, customers then experience a rate increase without a corresponding HELP increase.

15. Certainly, in some cases, the net bill impact will be larger than the base rate increase, so that the HELP increase would be larger. Over the long term, however, the residential base rate is a more stable reflection of the residential and low-income customer rate burden and a more reliable source of bill assistance funding. This is the approach that has been in place at Avista since 2015 as part of its five-year funding plan for the Low-Income Rate Assistance Plan (LIRAP). Under the Avista formula, approved by the Commission, low-income bill assistance funding increases on an annual basis by twice the approved increase to the base rate, or 7 percent, whichever is greater.¹³

16. Commission Staff argues that the “bill impact” approach is logical because it changes HELP funding to match the immediate impact on the bill experienced by the customer as a result

¹³ *Washington Utilities & Transportation Commission v. Avista Utilities*, Dockets UE-150204/UG-150205, Order 05, ¶ 232.

of the current rate case.¹⁴ This argument would make sense if the HELP program were fully meeting existing need for all eligible customers and needed only incremental changes to meet the most recent rate increase. Such is not the case. In fact, Staff agrees that there remains very substantial unmet need for bill assistance and that HELP increases will help reach more customers in need.¹⁵ The Energy Project approach is designed to not only mitigate single case rate change but to provide a stable source of funding growth long-term to address the larger need. This is also consistent with the larger framework of CETA to extend the reach of bill assistance long term.¹⁶

C. Puget Sound Energy, Staff and TEP Have Resolved The Agency Administrative Cost Issue For Purposes Of This Case.

17. The Energy Project's testimony proposed increasing the allowed administrative cost percentage for agencies administering the HELP program.¹⁷ Administrative fees to agencies are generally provided for in the HELP tariff, Schedule 129, and cover such services as eligibility evaluation, bill-assistance amount determination, energy efficiency education and referral. Puget Sound Energy's current contracts with agencies establish a presumptive fee cap of 21 percent while allowing agencies to present higher costs if appropriate for PSE review.¹⁸

18. The Energy Project's proposed fee increase responds to the fact that the current fee structure is under strain as major changes taking place both within PSE and more generally with

¹⁴ Liu, Exh. JL-24T at 8:1-7.

¹⁵ Liu, Exh. JL-24T at 8:9-15.

¹⁶ RCW 19.405.120(4)(a).

¹⁷ Collins, Exh. SMC-1T at 7:12-9:10.

¹⁸ Liu, Exh. JL-24T at 11:7; Exh. JL-29 at 12, 32 (Section 5.5 Service Fee Amount).

energy regulation in Washington add costs for agencies.¹⁹ For example, agencies have made very substantial time and personnel investments in process planning meetings, beta testing and other software related efforts specifically attributable to various components of PSE's Get-To-Zero (GTZ)/Energy Assistance Project Initiative.²⁰ There is the potential that addressing customer needs from the coronavirus crisis may also place additional burdens on agencies.

19. Both Staff and PSE raised concerns about TEP's proposal, seeking more detailed support for the specific increase requested. Commission Staff acknowledged, however, that increasing demands, such as from GTZ implementation, could potentially justify an increase in the future but recommended agencies should present such costs through the PSE contract process.²¹

20. The Energy Project acknowledges the concerns of PSE and Staff on this issue and withdraws its recommendation for a specific percentage fee increase in this rate case. The Energy Project accepts the Staff alternative recommendation, which states that: "If some agencies present the cost details to PSE in the current program year and the cost indeed exceeds the budgeted amount, PSE could provide a moderate administrative fee increase going forward. A specific directive from the Commission would be unnecessary."²²

21. As Ms. Liu explains: "If in the new program year, starting October 2019, the actual costs exceed the allocated amount, the agencies can bring the issue to PSE directly or the HELP Advisory Group. Puget Sound Energy has the primary responsibility to manage the contractual

¹⁹ Collins, Exh. SMC-1T at 8:8-9:2.

²⁰ Exh. JJJ-19X (PSE Response to Public Counsel Data Request No. 185) Exh. AW-25X (PSE Response to TEP Data Request No. 33).

²¹ Liu, Exh. JL-24T at 6-11.

²² Liu, Exh. JL-24T at page 14: 16- 20:

relationship with agencies, which includes evaluating and adjusting agencies' fees. The HELP Advisory Group, formed after the 2017 GRC, can facilitate the discussion if needed."²³

22. The Energy Project is comfortable with this approach and has so advised PSE and Staff. Accordingly, the administrative fee issue is resolved for purposes of this case, and no Commission action is required.

III. ELECTRIC RATE DESIGN

A. Puget Sound Energy, Staff, PC And TEP Are In Agreement On A Two-Block Proposal For Residential Electric Rate Design.

23. Puget Sound Energy's current electric rate design includes an inclining block structure for residential customers with a first block for usage up to 600 kWh per month and second block for usage over 600 kWh. Usage in the second block is charged at a higher rate.²⁴ In its initial testimony in this case, PSE proposed that the full increase for the residential class be assigned to the second block of usage. PSE explained the proposal as a way to mitigate the effect of its rate request on vulnerable low-usage customers.²⁵

24. The Energy Project's response testimony raised concerns about the impact of this proposal on low-income customers who were receiving bill-assistance through the HELP program and had above average usage.²⁶ The Energy Project proposed as an alternative that: (1) any rate increase assigned to the residential class be apportioned on an equal percentage basis to the two existing rate blocks; and (2) that PSE, in consultation with its Low-income Advisory

²³ *Id.*, at 14:12-18.

²⁴ Schedule 7.

²⁵ Piliaris, Exh. JAP-1T at 17:11-18:15.

²⁶ Collins, Exh. SMC-1T at 11:14-13:15.

Committee, undertake an analysis or a two-block rate design under which the first block would encompass the first 800 kWh of usage. Puget Sound Energy would report the results of the rate design review in the next general rate filing and, if appropriate, incorporate the new rate design in its filing.²⁷ The intent of the proposed study would be to create a “lifeline block,” priced at an affordable level, which would encompass the majority of usage for most low-income customers.²⁸

25. Commission Staff and PC opposed the PSE proposal and stated support for the TEP recommendations.²⁹ In its rebuttal testimony, PSE acknowledged the concerns of the other parties with its initial proposal and stated the Company was willing to accept TEP’s alternative proposal in the case.³⁰ Commissioner Rendahl asked Staff witness Jason Ball about the agreement at the hearing. Mr. Ball affirmed that Staff supported exploring the expansion of the first block energy rate from 600 to 800 kWh), with a proposal to be made in a future rate case.³¹

26. Accordingly, TEP respectfully recommends that the Commission adopt the approach agreed to by PSE, Staff, PC, and TEP and order that: (1) any residential rate increase be apportioned on an equal percentage basis on the existing two blocks; and (2) that PSE, in consultation with its Low-income Advisory Committee, undertake an analysis of a two-block rate design under which the first block would encompass the first 800 kWh of usage, or other appropriate level designed to create an initial “lifeline block.” Puget Sound Energy would report

²⁷ Collins, Exh. SMC-1T at 15:1-13.

²⁸ Collins, Exh. SMC-1T at 13:16-14:17.

²⁹ Ball, Exh. JLB-1T at 27:1-32:12; Watkins, Exh. GAW-1T at 46:17-47:10

³⁰ Piliaris, Exh. JAP-18T at 10:1-5.

³¹ Ball, Tr. 439:23-441:5.

the results of the rate design review in the next general rate filing and, if appropriate, incorporate the new rate design in its filing.

27. Chairman Danner asked at the hearing for an illustration of how TEP's equal apportionment recommendation would be calculated.³² The Energy Project's testimony recommended that any increase be allocated as an equal percentage to each block, but beyond that did not recommend a more specific methodology.³³ Puget Sound Energy provided a calculation of the rate that would apply per kilowatt hour to each of the two rate blocks if the proposed increase were allocated on an equal percentage basis, as follows: \$0.094657 for the first block (up to 600 kWh) and \$0.115208 for the second block (over 600 kWh).³⁴ The Energy Project anticipates that PSE's calculation could be reviewed as applied to the actual revenue change upon its compliance filing following the final order.

IV. DISCONNECTION ISSUES

A. Puget Sound Energy Has Agreed To TEP's Recommendations For A Disconnection Reduction Plan And Annual Reporting Of Disconnection Data.

1. Disconnection is an important concern.

28. Puget Sound Energy ratepayers in the current era face increasing upward pressure on the cost of energy resulting from several factors: the cost of the transition to clean energy, the frequency of rate cases, the adoption of revenue support mechanisms and cost trackers, and the

³² Tr.443:1-7 (Chairman Danner questions for Shawn Collins).

³³ Collins, Tr. 443:8-9.

³⁴ Collins, Exh. SMC-1T at 15:6-13. The TEP testimony incorporates a PSE calculation provided in discovery and not disputed. PSE Response to TEP Data Request No. 24 (a) (not an exhibit). *See also*, Piliaris, Exh. JAP-18T at 10:3-5 ("spread proportionally across [PSE's] two energy block rate"); Ball, JLB-1T at 27:1-4 ("apply the increase equally across both blocks of energy use"); Watkins, GAW-1T at 46:17-20 ("spread proportionally across the first and second blocks, i.e., each usage rate will incur the same percentage increase").

cost of new technology initiatives such as Automated Meter Infrastructure and GTZ. Growing energy burdens make bills less affordable, especially for low-income customers, and increase the risk of the loss of essential utility service for many customers.³⁵

29. It is TEP's understanding that there is currently no industry-wide regulatory requirement for PSE or other investor-owned utilities (IOUs) to regularly report customer disconnections to the Commission. Discovery in this case, however, provides a picture of recent disconnection activity. For the five-year period from 2014-2018, PSE reported that annual disconnections for residential customers ranged from a low of 32,308 in 2014 to a high of 41,052 in 2016. The average annual number of customers disconnected for the period was 37,172.³⁶

30. Data for low-income customers receiving some type of bill assistance showed that for the same 2014-2018 period, a total of 33,873 customers lost service, an average of 6774 per year. The high for the period was 7559 disconnections in 2017.³⁷

31. Washington's recently enacted Clean Energy Transformation Act (CETA) seeks to address the transition issues through reduction of energy burden, expansion of energy assistance and equitable distribution of benefits.³⁸ The Energy Project believes it is also important as a matter of regulatory policy, and as part of an equitable transition to clean energy in Washington to have a clear picture of disconnection trends and data and to develop a framework to reduce or eliminate disconnections. Regular data gathering and reporting will establish a baseline to help measure

³⁵ Collins, Exh. SMC-1T at 15:15-16:2. The testimony of Public Counsel witness Susan Baldwin also devotes attention to disconnection issues. Baldwin, Exh. SMB-1CT at 27:4-31:12.

³⁶ Exh. AW-26X (PSE Response to Public Counsel 113(e)).

³⁷ Exh. AW-12X (PSE Response to TEP Data Request No. 10).

³⁸ RCW 19.405.040(8), RCW 19.405.120.

the impact of CETA and of AMI deployment, *inter alia*, and provide a basis for reducing or preventing disconnection. Public Counsel also supports reporting of disconnection data.³⁹

2. Puget Sound Energy Has Agreed to Annual Disconnection Reporting and Development Of A Disconnection Reduction Plan.

32. To address the disconnection issue, TEP made three recommendations in this case: (1) annual reporting by PSE of disconnection data; (2) development of a Disconnection Reduction Plan; and (3) continuation of premise visits as a means to reduce disconnection.⁴⁰ In its Rebuttal Testimony PSE agreed to accept the first two TEP recommendations.⁴¹ Puget Sound Energy does not agree to the third recommendation regarding “premise visits.” That issue is discussed further below.

33. The two TEP recommendations to which PSE has agreed are fully described in as follows:

Annual Reporting

34. The Energy Project recommended that the Commission require PSE to file an annual disconnection report⁴² (with data by month) providing at least the following information:

- Total disconnections for all purposes
- Total residential disconnections for non-payment
- Total disconnections of customers receiving low-income bill assistance

³⁹ Baldwin, Exh. SMB-1T at 31:7-12 (numbers of field disconnections, disconnections, payments through automated channels), *id.*, at 47:1-2 (participation in financial assistance programs, field collections, deferred payment arrangements).

⁴⁰ Collins Testimony, Exh. SMC-1T at 22:3-23:18.

⁴¹ Wappler, Exh. AW-5T at 1

⁴² Collins, SMC-T at 22:9-23:7.

- Total remote disconnections of residential customers for non-payment⁴³
- Total remote disconnections of customers receiving low-income bill assistance
- Total disconnections of customers with a medical emergency verified at that service location within the previous two years
- Number of premise visits for “dunning” purposes related to disconnection⁴⁴
- Number of disconnections prevented by receipt of payment at the premises
- Number of payments received during field (premise) visits to prevent disconnection and the mode of payment (cash, check, etc.)⁴⁵
- Number of free pay stations⁴⁶
- Number and nature of customer complaints related to disconnection⁴⁷

⁴³ See, Exh. AW-13X (PSE Response to TEP DR No. 12), indicating that as of October 2019 PSE had not implemented remote disconnection.

⁴⁴ See, Exh. AW-6X (PSE Response to TEP Data Request No. 2), Exh. AW-20X (PSE Response to TEP Data Request No. 27). PSE provided detailed data regarding its field interactions regarding dunning.

⁴⁵ See, Exh. AW-9X (PSE Response to TEP Data Request No. 5) indicating that PSE does not currently maintain records of the method of payment.

⁴⁶ See, Exh. AW-10X (PSE Response to TEP Data Request No. 8), Exh. AW- 21X (PSE Response to TEP Data Request No. 28) Data showing a substantial decline in the number of free pay stations, explained by loss of major third-party companies such as 7-11. There is no target number of pay stations. No study of pay stations has occurred. Exh. AW-11X (PSE Response to TEP Data Request No. 9). No fee is charged at any PSE authorized pay station.

⁴⁷ Exh. No. AW-19X (PSE Response to TEP Data Request No. 18). PSE provided disconnection complaint data.

Disconnection Reduction Plan

35. The Energy Project recommended that the Commission direct PSE to develop a Disconnection Reduction Plan in consultation with its Low-income Advisory Group and to file the plan with the Commission by one year after the final order in this docket.⁴⁸ As noted, PSE has agreed to this recommendation.
36. The Energy Project recommendation does not pre-suppose a particular plan design, but recommends that a plan be collaboratively developed by PSE in consultation with its Low-income Advisory Committee, allowing a one-year period for this analytic and consultative process to take place.
37. Potential topics for the Disconnection Reduction Plan planning process could include, but would not be limited to:
- Evaluation of current disconnect practices and policies, including premise visits⁴⁹
 - Report of monthly disconnections including reason for disconnect, length of disconnect, status of participation w/ HELP, location of disconnection in service territory and total of arrearages
 - Evaluation of current disconnection fees, reconnection fees, and deposit requirements
 - Report on Winter Moratorium participation

⁴⁸ Collins, SMC-1T at 23:8-11.

⁴⁹ Collins, Tr. 444:2-13, Wappler, Tr. 358:3-359:11 (questions by Commissioner Rendahl).

- Communication strategy for disconnection prevention including payment arrangement options, HELP application process, and other assistance options
- Strategies to broaden awareness of existing programs to increase utilization⁵⁰
- Review of arrearage management options

38. The Company and the advisory group will also be able to factor in the results of the Commission's AMI consumer protection rulemaking in Docket U-180525. An additional source of information is the recent California Public Utility Rulemaking regarding disconnection reduction.⁵¹

39. To TEP's knowledge, no party opposes these recommendations. Public Counsel witness Susan Baldwin also identifies a number of disconnection issues related to GTZ implementation that would be suitable topics for the group discussion as discussed below. The Energy Project respectfully requests that the Commission in its final order approve and adopt agreement between TEP and PSE to implement annual reporting of disconnection data and to develop a Disconnection Reduction Plan which will be filed with the Commission within one year.⁵²

⁵⁰ Wappler, Tr. 358:23-359:11. See, Exh. JJJ-20X (PSE Response to Public Counsel Data Request No. 186) regarding reasons for declining enrollment as potentially including fear of asking for assistance, health of the economy, and weather impact on the size of bills.

⁵¹ Pursuant to legislative direction (Cal. Senate Bill 598, Statutes of 2017, ch. 362), the California Public Utility Commission in 2018 instituted Rulemaking (R.18-07-005) seeking "ways to reduce electric and gas utility disconnections, and to improve reconnection processes."

⁵² A statement of the specific terms agreed to is found at Wappler, Exh. AW-5T:15:3-17; Collins, Exh. SMC-1T at 22:9-23:11.

B. Premise Visits Should Continue Pending Approval of A Disconnection Reduction Plan.

40. The Energy Project's recommendation in this case is that PSE be required to continue its current "premise visit" or "last knock" practice prior to disconnection of residential customers for non-payment, at least until a Disconnection Reduction Plan is presented to and approved by the Commission.⁵³ The Energy Project is not opposing the use of remote disconnection as a way to shut-off service, but is recommending that a "last knock" continue to take place, as it does today, at the time of disconnection.⁵⁴

41. At the present time in Washington, disconnecting a customer's utility service requires the utility to send a representative to the customer's service address. When this visit occurs, under Washington law the customer has a right to make a payment at the time of this "last knock" premise visit to avoid disconnection.⁵⁵ Because of its function as final bulwark against loss of service, this represents one of the most important protections that utility customers have.

42. This question was examined five years ago in Washington as part of two related proceedings. Initially, PacifiCorp had sought an exemption from the requirement to accept payment at the time of the "premise visit" to disconnect service.⁵⁶ Because of the potential

⁵³ SMC-1T at 23:12-18.

⁵⁴ At the time of filing, it is TEP's understanding that PSE and other Washington utilities have committed to suspend all disconnections for non-payment. This section of the brief recommends the policy that should apply after the resumption of disconnection activity. TEP requests that PSE notify the Commission and the Low-income Advisory Committee stakeholders in advance of its intent to resume disconnection and that there be an opportunity for comment to the Commission.

⁵⁵ WAC 480-100-128(6)(k).

⁵⁶ *In the Matter of the Petition of PacifiCorp d/b/a Pacific Power And Light Co. Seeking Exemption From the Provisions of WAC 480-100-128(6)(k) Relating To Accepting Payment from Customers at Disconnection Service Address*, Docket UE-130545 (*In the Matter of Petition of Pacific Power*). The petition was based on Pacific Power's concerns about employee safety.

impact, the Commission deferred action on the request and opened a rulemaking inquiry to consider this issue more broadly for all utilities.⁵⁷ Staff sent a data request to the five regulated energy companies requesting detailed information regarding premise visits, including “the number of field interactions, disconnections, and payments made to stop disconnections.”⁵⁸

43. When the two dockets came before the Commission at Open Meeting, ComStaff’s memorandum recommended closure of the rulemaking docket and denial of PacifiCorp’s petition for an exemption. Staff summarized the data regarding payment at the time of the premise visit:

More disconnections are prevented than completed for PSE customers. PSE’s roughly 1:1 ratio has stayed consistent over the past five years. NW Natural Gas also disconnects an average of one customer for every one customer who pays at the door; Avista disconnects an average of two customers for every one customer who pays at the door; and PacifiCorp disconnects an average of four customers for every one customer who pays at the door. Most notably, Cascade Natural Gas – the only company that has not accepted cash to stop a disconnection at the door in the past five years – disconnects an average of ten customers for every one customer who pays at the door to stop a disconnection. *It appears that accepting cash at the service address reduces the number of disconnections for nonpayment by as much as 40 percent.*⁵⁹ (emphasis added)

Commission Staff concluded: “Staff strongly believes that the ability to pay at the door to prevent a disconnection is a vital consumer protection that must be preserved, particularly in light of the data showing that between one-third and one-half of all disconnections are prevented

⁵⁷ *Inquiry to Consider Whether Changes to WAC 480-90-128(6)(k) and WAC 480-100-128(6)(k) are Warranted*, Docket UE-131087.

⁵⁸ Staff Open Meeting Memorandum for September 12, 2013, Dockets UE-130545 and UE-131087 (Item Number A1), p 1 (Staff Memorandum).

⁵⁹ *Id.*, p. 2.

because this rule exists. Electricity and gas are essential services, the continuity of which is not to be taken lightly.”⁶⁰

44. The Commission closed the rulemaking proceeding without action on the rule and denied PacifiCorp’s petition, observing that “an exemption would be contrary to the underlying purpose of the rule: to ensure that an electric utility disconnects service only as a last resort.” As the Commission explained: “WAC 480-100-128(6)(k) provides electric utility customers a last chance opportunity to bring delinquent accounts current and avoid disconnection. Requiring workers in the field to accept payments is an important protection for the utility’s most vulnerable customers.”⁶¹

45. The data provided in this case for the five-year period following the 2013 PacifiCorp docket bears out the Commission’s conclusion in that docket. The data establishes that “last knock” continues to be a valuable protection and remains a highly-effective tool for both reducing the number of disconnections and for generating revenue for PSE. Puget Sound Energy reported that over the five-year period from 2014 through 2018, nearly 200,000 customer payments were made at the time of the premise visit to prevent disconnection, for an average of almost 40,000 per year.⁶² It is significant that this annual average of 40,000 disconnections prevented is more than the 37,000 average annual residential disconnections for the same

⁶⁰ *Id.*, pp. 5-6.

⁶¹ *In the Matter of Petition of Pacific Power*, Order 01, ¶¶ 8, 10.

⁶² Exh. JJJ-17X (PSE Response to PC Data Request 129(b)). Total for 2014-2018: 199,434, annual average 39,886. This represents an average payment made of \$225 per premise visit.

period.⁶³ Based on this data, it appears that over 50 percent of PSE disconnections are prevented by customer payments at the premises.

46. Not only is this good for customers, this has significant revenue benefits for PSE as well. Except for 2016, in every year from 2014 through 2018, PSE collected over \$9 million dollars annually⁶⁴ as result of premise payments, as the following table reflects:

Year	Dollars Collected
2014	\$ 9,514,724
2015	\$ 9,062,118
2016	\$ 7,436,095
2017	\$ 9,543,742
2018	\$ 9,235,939
TOTAL	\$44,792,618

47. The status of this key practice is in a state of uncertainty in Washington, as the record in this case reflects. With the advent of AMI, PSE and other IOUs now have the technical ability to disconnect customers remotely, without benefit of a premise visit, a “last knock,” or a final opportunity to pay in person to prevent disconnection. Puget Sound Energy has stated that its current plan, beginning this month (March 2020), is to move ahead to implement remote disconnection for delinquent accounts, apparently without a premise visit, for all customers with new AMI meters.⁶⁵ This is notwithstanding the fact that the Commission has not yet completed its review of consumer protection rules under the new AMI technology, a docket which is

⁶³ Exh. AW-26X (PSE Response to Public Counsel Data Request 113(e)). Actual figure 37,172.

⁶⁴ Exh. AW-8X (PSE Response to TEP Data Request No. 4). PSE states it is not aware of any specific reasons why 2016 collections were lower. Exh. AW-24X (PSE Response to TEP Data Request No. 31).

⁶⁵ Jacobs, Tr 357:20-23 Remote disconnection was implemented in October 2019 for customer initiated or move-in/move-out situations. Jacobs, Tr. Tr. 357:14-19. According to the response to Bench Request No. 4, over 3000 remote disconnections have already occurred for customer-initiated situations, while remote disconnection for non-payment “is expected to be enabled later in the first quarter of 2020. *See also*, Wappler, Tr. 357

considering the precise issue of whether and to what extent premise visits should continue, along with other issues raised by AMI.⁶⁶ The Energy Project is concerned that PSE plans to make such an important change without Commission guidance or approval, given the broad ramifications of the change for thousands of customers.

48. It is also concerning that PSE appears ready to discontinue premise visits without the benefit of sufficient analysis of the impact of the change. When asked in discovery to provide any study, analysis, report, or memorandum regarding premise visits performed by or for the Company, PSE responded that it could not identify any such study.⁶⁷ In responses to questions from the Bench at the hearing, PSE was unable to identify the assumptions about premise visits underlying its decision to proceed with remote disconnection. The Company stated that the business case for AMI [on the remote disconnect issue]: “recognized that the evaluation needed to be furthered with the – the work that GTZ was –was doing. And so more analysis was needed there.” Ms. Koch was unclear about whether a “last knock” was or was not assumed in the business case to continue.⁶⁸ She acknowledged that: “that set of benefits [of remote disconnection] needed to be further analyzed because there’s a lot of –there were a lot of things that still needed to be thought out relative to that.”⁶⁹ Mr. Jacobs testified somewhat confusingly that “Get-to-Zero is not part of the AMI meter rollout” but also that “[t]he remote disconnect-

⁶⁶ Jacobs, Tr. 355:24-356: 8. Reference moratorium under ERF settlement.

⁶⁷ Exh. AW-16X (PSE Response to TEP Data Request No. 15).

⁶⁸ Koch, Tr. 352:8-10.

⁶⁹ Koch, Tr. 352:16-19.

reconnect project is part of the GTZ roadmap. If it's not in this case, it will be in a subsequent case."⁷⁰

49. Other information in the record casts doubt on PSE's decision to discontinue premise visits. Puget Sound Energy indicated it has two economic assessments of AMI, the business case, and the Corporate Spending Authorization.⁷¹ The Corporate Spending Authorization for AMI produced in discovery initially projected total cash benefits in labor savings of \$4.8 million cumulatively over six years (2019-24), with total cash benefits for AMI implementation from all sources listed as \$13.2 million over the period.⁷² Puget Sound Energy confirmed that this labor cost savings represents savings "specifically related to reduction in premise visits to disconnect electric service for non-payment."⁷³

50. These projections were subsequently modified in a later discovery response to show total labor cost reductions of \$8.5 million over seven years (2019-2025) and total cash benefits over the period of \$38.5 million.⁷⁴ The Corporate Spending Authorization, however, does not mention the revenue of approximately \$9 million per year received from customer payments at the time of the premise visits. If continued over a seven-year period, this would produce revenue of \$63 million, far in excess of the projected \$38.5 million in cash benefits. When asked about this revenue in discovery, PSE stated that "[t]he impact of ending premise visits on the revenue from service address payments was not specifically addressed in the analysis presented in the

⁷⁰ Jacobs, Tr. 354:3-21.

⁷¹ Jacobs, Tr. 356:12-21.

⁷² Exh. AW-15X, Attachment A at 9 (PSE Response to TEP Data Request No. 14).

⁷³ Exh. AW-23X at 1 (PSE Response to TEP Data Request No. 30).

⁷⁴ Exh. AW-23X, Attachment A at 10 (PSE Response to TEP Data Request No. 30).

Corporate Spending Authorization...PSE is offering customers additional channels to make payments in lieu of collecting payments physically at the premise.”⁷⁵ There appears to be an unstated assumption, without supporting data or analysis, that \$9 million in annual revenue will materialize in other ways.

51. It also appears that PSE will continue to have the capability to receive and process payments made in the field to Company representatives. Puget Sound Energy’s GTZ initiative includes a project labeled the “Field Payment Strategy,” described as “providing PSE Customer Field Reps (CFR) with a mobile streamlined and secure solution for accepting customer credit/debit card payments in the field that will post in real time to the customer’s account.”⁷⁶ This was to be brought in to service initially in 2019 with expected costs for the first six months of \$823,000. Puget Sound Energy currently employs 41 Customer Field Representatives, an entry level position. There is no current multi-year staffing plan for the CFRs but PSE plans to reduce staffing by six FTE over the next several years to 35 FTE in order to achieve the benefits shown in the Corporate Spending Authorization.

52. Mr. Jacobs testified in rebuttal that the Field Payment Strategy project “goes beyond just collection for non-payment in the field” as several departments take payments in the field.⁷⁷ Puget Sound Energy acknowledges, however, that CFRs participate in premise visits for disconnection of residential customers for non-payment and are qualified to perform disconnects and reconnects on single phase meters.⁷⁸ It seems reasonable to assume that PSE will continue to

⁷⁵ Exh. AW-24X (PSE Response to TEP Data Request No. 31 (b)).

⁷⁶ Exh. JJJ-6 at 9 Exh. No. JJJ-15X.

⁷⁷ Exh. JJJ-11T at 29:17-30:17

⁷⁸ Exh. JJJ-15X (PSE Response to TEP Data Request No. 32).

have the capability to perform premise visits as it does now. Maintaining the current level of field collection at premise visits by retaining the 6 FTE Customer Field Reps planned for removal would not appear to be a burdensome way for the Company to maintain the current level of service.

53. For the foregoing reasons, TEP recommends that PSE be required to continue the current practice of premise visits for all customers until a Disconnection Reduction Plan has been filed and approved by the Commission. It is TEP's hope that the plan will include a way to preserve the benefits of the "last knock".

V. OTHER ISSUES AFFECTING LOW-INCOME CUSTOMERS

A. The Commission Should Not Approve An Attrition Adjustment In This Case.

54. The Energy Project's response testimony raised several general concerns about PSE's requested attrition adjustment including its use of forecasted or estimated costs, the lack of extraordinary circumstances that would justify use of attrition, the expectation that a new general rate case would be filed soon in any event, and the absence of clear guidance on the use of attrition adjustments.⁷⁹

55. No party supports approval of the PSE attrition request in this case. Public Counsel's testimony identifies multiple problems with the proposal.⁸⁰ Even parties who are open to attrition adjustments in some circumstances oppose an adjustment of the type proposed here. Staff disagrees with the PSE methodology.⁸¹ NWEC, while open to the approach in the context

⁷⁹ Collins, Exh. SMC-1T at 27:9-28:2.

⁸⁰ Garrett, Exh. MEG-1T at 7:1-16:2.

⁸¹ McGuire, Exh. CRM-1T at 14:7-20.

of a full performance-based ratemaking (PBR) framework, does not support attrition as proposed here.⁸²

56. One telling point arguing against adoption of attrition here is the fact that, no matter the outcome of this case, PSE plans to file a new general rate case within a short period of time, as the Company acknowledged at the hearing.⁸³ Subsequent to that hearing testimony, new economic uncertainties have arisen as a result of the coronavirus outbreak. Basing rate changes in this case on a predictive attrition model in this situation seems particularly unwise. Puget Sound Energy's planned new rate case will be a better forum to take changed circumstances into account.

57. In light of this, and given also that the Company's earnings on the electric side are not dramatically below authorized levels,⁸⁴ the justification for approving attrition seems tenuous at best. While the Commission recently issued a Policy Statement regarding the "used and useful standard"⁸⁵, PSE's proposal was filed prior to the statement, and is not clearly consistent with it any event. If PSE wishes to design a proposal consistent with the policy statement, it would be preferable for it to do so in the context of its next rate proceeding.

⁸² Gerlitz, Exh. WMG-1T at 9:12-10:2.

⁸³ Tr. 246:1-8 (Commissioner Rendahl question for Jon Piliaris).

⁸⁴ Advice 2019-26, June 20, 2019, Summary Document in Accordance with WAC 480-07-510(5)(a) for electric service states the actual test year rate of return was 7.12 percent (authorized 7.60 percent) and actual ROE was 8.54 percent (authorized 9.5 percent).

⁸⁵ *In the Matter of the Commission Inquiry Into The Valuation Of Public Service Company Property That Becomes Used And Useful After Rate Effective Date*, Docket U-190531, Policy Statement.

B. The Energy Project Supports A Reduction In PSE's Return on Equity.

58. As stated in initial testimony, TEP did not support PSE's original request to increase its return on equity (ROE) above the currently authorized 9.5 percent. PSE has subsequently revised its requests and now asks that its ROE remain at the 9.5 percent level. Based on evidence presented by witnesses for Staff and for PC, however, it appears there is a reasonable case for a reduction. Commission Staff cost of capital witness David Parcell recommends a ROE of 9.2 percent,⁸⁶ while PC witness J. Randall Woolridge recommends a ROE of 8.75 percent as appropriate.⁸⁷

59. While TEP has not conducted its own cost-of capital analysis, it is interesting to note that four of the six ROE estimates developed by PSE's own witness Dr. Morin are lower than his recommended 9.5 ROE.⁸⁸ Indeed, Dr. Morin concedes that the overall average of his results is 9.3 percent, just slightly above Staff's recommendation. He only arrives at his 9.5 percent recommendation by excluding the lowest DCF result from his calculation while including both estimates at the high-end of his range.⁸⁹ The mid-point of his range (8.2 – 10.2 percent) is 9.2 percent, also directionally consistent with Staff and PC.

60. The Commission has not ordered an increase in ROE for any Washington investor-owned utility in recent years. On the contrary, in recent cases, Companies have agreed in settlement to

⁸⁶ Parcell, Exh. DCP-1T at 4:12-15.

⁸⁷ Woolridge, Exh. JRW-1T at 4:7-11.

⁸⁸ Morin, Exh. RAM-12T at 92, Table 6.

⁸⁹ The high-end results are based on Dr. Morin's risk premium analysis. In PSE's 2017 General Rate Case, the Commission observed that Dr. Morin's reliance on "markedly high" risk premium results in excess of 10 percent could be subject to criticism. *Washington Utilities & Transportation Commission v. PSE*, Dockets UE-170033/UG-170044 (PSE 2017 GRC), Order 08, ¶ 92.

either maintain or to reduce their return on equity to levels below the current PSE request.⁹⁰ With PSE's 9.5 request representing the top end of a possible range of results, and expert testimony from Staff and Public Counsel witnesses supporting a lower level, The Energy Project believes a reduction in ROE in this case would be a reasonable result.

C. Implementation of The Get-to-Zero Initiative.

1. Get-To-Zero Policy Recommendations.

61. As Shawn Collins addressed in testimony, TEP has some ongoing concerns about the GTZ program, both in terms of its impact on low-income and vulnerable customers and in terms of its cost (discussed below).⁹¹ Public Counsel conducted extensive discovery regarding GTZ and PC witness Susan Baldwin presented a detailed analysis identifying a number of important concerns with GTZ.

62. While GTZ may well provide benefits to some residential customers, the distribution of those benefits is likely to be uneven for at least a period of years. Data submitted by PC in the case indicates that only about one-third of PSE customers at present are active users of PSE's digital interface.⁹² The remaining two-thirds are not employing this way of interacting with the company. Thirty-five percent of customers do not have accounts at all. In rebuttal, PSE witness Jacobs testifies that these data don't show the full picture of customer digital engagement. The

⁹⁰ *Washington Utilities & Transportation Commission v. Cascade Natural Gas*, Docket UG-190210, Order 05 (Feb. 3, 2020), ¶ 10, (maintained 9.4 percent ROE); *Washington Utilities & Transportation Commission v. Northwest Natural Gas*, Docket UG-181053, Order 06 (October 21 2019), ¶ 51 (reduction to 9.4 percent ROE).

⁹¹ Collins, Exh. SMC-1T at 24:2-26:10.

⁹² Baldwin, Exh. SMB- 1T at 9:6-10:5.

customer experience as GTZ is implemented deserves continued monitoring and advisory committee review, as discussed in TEP's recommendations in this section.

63. Ms. Baldwin concludes that senior, low-income, and rural customers are the least-likely to benefit from GTZ.⁹³ PSE efforts to establish on-line enrollment for HELP bill assistance may indeed have some benefit. Unfortunately, it remains problematic that the target group of most vulnerable customers has less ready access to the internet capability that would allow them to benefit from this channel.

64. The Energy Project is concerned that the implementation of GTZ is narrowing the avenues for low-income and vulnerable customers to interact with live PSE personnel to resolve service issues. With the closure of all PSE customer service centers,⁹⁴ and significant declines in the number of authorized pay stations,⁹⁵ a greater premium is being placed on telephone access to PSE customer service. Live agent calls remain at substantial levels. As of 2018, approximately 1.5 million calls per year were still handled by live customer service agents.⁹⁶ On questioning by Chairman Danner, PSE witness Jacobs reassured the Commission that customers could still reach a live agent for assistance if desired.⁹⁷ Mr. Jacobs also addressed this concern in rebuttal, indicated that customers who wished to engage with PSE using "traditional methods" such as speaking directly to a CSR could do so.⁹⁸ At the same time, live agent contact numbers also show a declining trend, consistent with the goals of GTZ. It is important to TEP that PSE

⁹³ Baldwin, Exh. SMB-1T at 18:6-10.

⁹⁴ Baldwin, Exh. SMB-1T at 8:5-6.

⁹⁵ Wappler, Exh. AW-10X, 11X, 21X.

⁹⁶ Baldwin, Exh. SMB-1T at 6, Table 3.

⁹⁷ Tr. 341:16-342:20.

⁹⁸ Jacobs, Exh. JJJ-11T at 16:10-15).

commit to continue to provide sufficient staff resources, training and IVR system design so that customers can have prompt access to live agents for assistance with their service issues.

65. To address these issues, TEP concurs with PC that existing customer service metrics should be monitored, and consideration given to additional or modified metrics that are tailored to the new digital environment and Integrated Voice Recognition environment. Resources should be dedicated to customer education and support to help customers make the transition to the digital environment if they wish to do so. PSE in rebuttal indicates that some of these concerns are being addressed.⁹⁹ The Energy Project believes it would be most efficient to use the existing Low-income Advisory Group to work on these issues with the Company. As part of this effort, TEP recommends that PSE should file biannual reports with the Commission detailing GTZ deployment and addressing these issues and present the reports at an Open Meeting.

2. The Energy Project supports disallowance of a portion of Get-To-Zero costs.

66. Both Staff and PC recommend disallowance of a portion of the requested GTZ costs. Commission Staff witness Aimee Higby recommends disallowance of some GTZ investments that do not meet the Staff's lowered threshold for pro forma adjustments and are therefore excluded from Staff's pro forma revenue requirement. She also recommends in addition a partial denial of the PSE request for deferred accounting treatment for past depreciation expense associated with the GTZ initiative, based on a materiality threshold for pro forma plant additions. She further recommends that the Commission deny PSE's request to include a carrying charge on the GTZ deferral balance, and that it deny PSE's request for open-ended deferred accounting

⁹⁹ See e.g., Jacobs, Exh. JJJ-11T at 18:4-19:22.

treatment for unidentified future projects placed in service after this rate case.¹⁰⁰ The Energy Project supports these recommendations.

67. Public Counsel witness Susan Baldwin also recommends that some GTZ costs be disallowed. Specifically, she recommends that all post-test year cost be disallowed in this case and deferred to the next rate case. She also suggests that the Commission should consider disallowing half of the requested test-year expenses.¹⁰¹ Ms. Baldwin makes a persuasive argument that simply passing through all the requested costs of GTZ before benefits have been demonstrated improperly “shifts the risk of PSE’s multi-faceted endeavor to customers.”¹⁰² in view of the high financial stakes and uncertain benefits of GTZ.

68. It is notable that PSE does not argue that financial benefits are the main driver for the transition to GTZ and that deployment is instead justified on assertions of customer perception and expectation.¹⁰³ Given that only one-third of customers currently use PSE’s digital interface,¹⁰⁴ the realization of either financial or intangible benefits seems particularly uncertain and distant in time. Placing some limitations on the cost-recovery requested in this case provides an important balancing of the risk between customers and shareholders for the GTZ initiative and creates a better incentive for prudent decision making going forward.

69. The Energy Project supports the Commission adopting a disallowance of a portion of GTZ costs based upon the either the Staff or the PC recommendations, or aspects of both.

¹⁰⁰ Higby, Exh, ANH-1Tr at 3:1-5:3, Tables 1-3.

¹⁰¹ Baldwin, Exh. SMB-1CT at 26:7-10.

¹⁰² *Id.* at 23:1-20.

¹⁰³ *Id.* at 23:13.

¹⁰⁴ *Id.* at 24:16-18.

Commission Staff presents the more technical ratemaking analysis, while PC's recommendation presents broader policy questions about the prudence and fairness of PSE's approach. Under either rationale, by adopting a disallowance, the Commission will better balance the interests of customers and Company, ensuring that a reasonable portion of the risk of the GTZ initiative will be borne by PSE shareholders. Given the many legitimate issue raised about GTZ in this case, this would be a reasonable result.

D. The Energy Project Supports A Partial Disallowance of AMI Costs.

70. While PSE's AMI deployment has been proceeding with alacrity in Washington, this is one of the first significant opportunities the Commission has had to examine the substantial costs of the effort and the prudence of the decision making involved. As Mr. Collins discussed in his response testimony, while TEP does not oppose AMI per se, TEP has long had concerns about managing the impact of AMI on customers, including low-income customers, in terms of disconnection practices, introduction of prepaid service, and alternative rate designs. Another major concern is the cost of AMI deployment, especially in light of the lack of clarity regarding benefits.¹⁰⁵ Regulatory commissions in Massachusetts, Virginia, and Kentucky have rejected AMI cost recovery while expressing concerns about the relationship between cost and benefit.¹⁰⁶

¹⁰⁵ Collins, Exh. SMC-1T at 26:12-27:7.

¹⁰⁶ *Petition of Massachusetts Electric Co. and Nantucket Electric Co. d/b/a National Grid For Approval By The Department of Public Utilities Of Its Grid Modernization Plan*, Massachusetts Dept. of Public Utilities, DPU 15-120, 15-121, and 15-122 at 2 (determining that the "benefits of a full deployment of advanced metering functionality do not currently justify the costs"); *Petition of Virginia Electric and Power Company For Approval Of A Plan For Electric Distribution Grid Transformation Projects Pursuant To Section 56-585.1 A 6 of the Code of Virginia*, Case No. PUR -2018-00100, Final Order at 6 (disallowing most elements of the plan as not "well-supported, well-conceived, and cost-effective" while costing customers hundreds of millions of dollars); *In the Matter of the Electronic Joint Application of Louisville Gas And Electric Company and Kentucky Utilities Company For A Certificate of Public Convenience and Necessity For Full Deployment of Advanced Metering Systems*,

Interestingly, PSE does not appear to rely primarily on quantified benefits to customer or the grid from AMI, but more on the simple rationale that their analog AMR meters have to be replaced and AMI is the only prudent choice.

71. Regarding the cost issue, Public Counsel's witness Paul Alvarez conducted an extensive review of PSE's AMI investment and the requested cost recovery. His analysis concludes that PSE has overstated the benefits of AMI, while understating the costs. He recommends either a full disallowance of AMI investments, or alternatively, a disallowance of the cost recovery for the \$126.8 million in book value of the existing metering system replaced prematurely. He points out that this would avoid simultaneous customer payments for two metering systems, both the new system and the undepreciated legacy system replaced as a result of a discretionary decision by PSE.¹⁰⁷

72. The Energy Project supports Public Counsel's alternative recommendation. While AMI may eventually prove beneficial, those benefits have not yet been clearly established. Meanwhile AMI's high cost impacts should be managed fairly and mitigated where appropriate to reduce burdens on ratepayers to the extent possible. Public Counsel's alternative recommendation provides a reasonable means to achieve that goal.

Kentucky Public Service Commission, Case No. 2018-00005, Order, at 14 (the utilities failed to demonstrate "that the current meters are obsolete or that the benefits of the AMS proposal outweigh the costs here").

¹⁰⁷ Alvarez, Exh. PJA-1T at 25:4-14.

VI. CONCLUSION

73. For the foregoing reasons, TEP respectfully recommends that the Commission:

- Approve a HELP increase calculated as double the percentage of the base rate increase, with a minimum increase of \$1.4 million.
- Accept the parties' agreement to (1) apportion any increase by means of an equal percentage to each rate block, and (2) study to option of increasing the first block to 800 kWh as a "lifeline" block.
- Approve disconnection data reporting
- Approve development of a Disconnection Reduction Plan
- Continue premise visits at least until a Disconnection Reduction Plan is filed and approved
- Consider a reduction in authorized ROE.
- Reject an attrition adjustment
- Require PSE to work with its Low-income Advisory Group on GTZ implementation issues and to file biannual reports with the Commission to be presented at an Open Meeting
- Disallow a portion of GTZ and AMI costs.

74. Adoption of these recommendations will help ensure a fair, just, and reasonable outcome for PSE's low-income customers in this case.

75. RESPECTFULLY SUBMITTED this 17th day of March, 2020.

Simon J. ffitch

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