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-190991, UG-190992, UE-190274, UG-190275, UE-171225, and UG-171226 (*Consolidated*)

REPLY BRIEF OF

PUBLIC COUNSEL

April 10, 2020

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I. INTRODUCTION – NOW IS NOT THE TIME FOR LARGE RATE INCREASES

1. The Public Counsel Unit of the Washington Attorney General's Office (PCU or "Public Counsel") submits this Reply Brief to address select issues raised in Initial Briefs filed on March, 17, 2020. Public Counsel continues to advocate for the arguments and recommendations set out in our Initial Post-Hearing Brief and prefiled testimonies of our witnesses, and incorporates those arguments by this reference into this Brief. To avoid repetition, Public Counsel does not address all of our arguments in this Reply Brief. As a result, silence on an issue raised in another party's initial brief should not be interpreted as acceptance.

2. Since the evidentiary hearing on February 7, 2020, our world has dramatically changed. The COVID-19 public health crisis has become a pandemic with deadly and economic impacts. While the Washington Utilities and Transportation Commission ("UTC" or "Commission") was able to conduct an in-person hearing in this matter, the Commission is operating remotely, as are most if not all of the parties.[1] Nationwide, millions of people rapidly lost their jobs as businesses shut down and people were ordered to stay home unless they held essential jobs. The economic hardship related to the COVID-19 public health crisis will undoubtedly touch many of Puget Sound Energy's ("PSE" or "Company") customers. Now is not the time for large rate hikes.

3. State-regulated utilities, such as PSE, must charge rates that are fair, just, reasonable, and sufficient.[2] The UTC has the authority and duty to set rates meeting that standard after hearing,

[1] Public Counsel appreciates the Commission's willingness to modify its processes to allow for electronic-only filings by waiving paper requirements.

[2] RCW 80.28.010(1).

at which parties present their best evidence for the Commission's consideration.[3] Rates must be "fair" to both ratepayers and the utilities' shareholders, "just" by being based solely on the evidentiary record developed in the general rate case proceeding, "reasonable" by being within the range of possible outcomes supported by credible evidence, and "sufficient" to meet the needs of the Company to pay its expenses and attract on reasonable terms.[4] Rates must satisfy all of these components, and if they fail on any component, the rates are unlawful.

4. PSE holds the burden of proving that a rate increase is necessary. The weight of evidence demonstrates that the requested increase is excessive, and that granting PSE's rates as filed would result in rates that would be unfair, unjust, unreasonable, and overly sufficient. Thus, the Commission should reject PSE's rate request and set rates that are fair, just, reasonable, and sufficient.

II. PSE'S REQUESTED COST OF CAPITAL IS EXCESSIVE

5. PSE argues that the Commission should "completely disregard the cost of equity proposed by Public Counsel."[5] This is exactly the wrong path. Rather, the Commission should consider all of the evidence before it. In this case, Public Counsel urges the Commission to consider the analytical flaws in PSE's, and Commission Staff's, recommended cost of equity.[6]

6. Dr. Woolridge's analysis of PSE's cost of equity is rooted firmly in the standard models used to calculate cost of equity, taking into account the particular utility, the current market

[3] RCW 80.28.020.
[4] *WUTC v. Puget Sound Energy, Inc.,* Dockets UE-111048 and UG-111049 (*Consolidated*), Order 08, ¶ 21 (May 7, 2012).
[5] Initial Brief of Puget Sound Energy, ¶ 55 ("PSE Brief").
[6] Initial Post-Hearing Brief of Public Counsel, ¶¶ 21–26 ("Public Counsel Brief").

conditions, and the state of the economy.[7] Importantly, utility cost of capital has been slow to reflect low capital market cost rates. Dr. Woolridge's recommendation reflects the low capital market cost rates. Moreover, it is appropriate – not "extreme" as characterized by PSE[8] – to move PSE's cost of equity downward in light of recent and current capital market status.

III. ATTRITION ADJUSTMENT

A. PSE's Attrition Adjustment is Not Necessary

7. PSE argues that a "critical component" of its case is the proposed attrition adjustment, and PSE states that the proposed attrition adjustment is consistent with the Clean Energy Transformation Act (CETA), which was enacted during the 2019 Washington legislative session.[9] It is important to note that the Commission has long had the ability to choose its ratemaking methodology, including applying attrition adjustments.[10] Changes to RCW 80.04.250 allow the Commission now to consider estimated rate base amounts. However, as set forth in the Commission's Policy Statement on Property that becomes Used and Useful after the Rate Effective Date, there are checks and balances and additional process of verification necessary when estimated amounts or future rate base items are included in current rates.[11] Indeed, an important component to the process outlined in the Policy Statement is that rates based on

[7] Prefiled Response Testimony of Dr. J.R. Woolridge, Exh. JRW-1T at 25:3–8.
[8] PSE Brief, ¶ 56.
[9] PSE Brief, ¶¶ 2, 10.
[10] In the recent judicial review of Dockets UE-150204 and UG-150205, the Commission's ability to choose its ratemaking methodology was not challenged.
[11] *In the Matter of the Comm'n Inquiry into the Valuation of Pub. Serv. Co. Prop. that Becomes Used and Useful after Rate Effective Date*, Docket U-190531, Policy Statement on Property that becomes Used and Useful after the Rate Effective Date (Jan. 31, 2020).

estimated or future rate base items would be subject to refund.[12] Certainly, if the UTC allows PSE's attrition adjustment, those amounts should be made subject to refund pursuant to the Policy Statement.

8. PSE states that it filed its case "immediately following the passage of" CETA.[13] Rather than simply complying with CETA and seeking cost recovery, PSE proposes an attrition adjustment with cost projections running two years past the test year.[14] Given the widespread impact of the COVID-19 pandemic, the uncertainty regarding how or when it will resolve, and the economic impact of the virus, a more appropriate path would be to evaluate projects and investments as they are developed, including those dedicated to CETA compliance. This is not to suggest that PSE will not develop investments to comply with CETA, but rather the issue is when and how fast should ratepayers be required to pay for those investments. Considering the changed economic circumstances, ratepayers should not be burdened with these costs any earlier than necessary.

9. Public Counsel disagrees that an attrition adjustment is necessary. PSE's calculation is overly generous and does not result in fair, just, reasonable, and sufficient rates.[15] A more cautious and conservative approach would be more prudent in light of the economic difficulties faced by PSE's customers as a result of the COVID-19 pandemic.

[12] *Id.*, ¶ 20.
[13] PSE Brief, ¶ 2.
[14] Public Counsel Brief, ¶¶ 32–33.
[15] Public Counsel Brief, ¶¶ 31–35.

ATTORNEY GENERAL OF WASHINGTON
PUBLIC COUNSEL
800 5TH AVE., SUITE 2000
SEATTLE, WA 98104-3188
(206) 464-7744

B. The Commission's Standard for Attrition, as Articulated in the Final Order to the 2015 Avista General Rate Case, is Still in Effect

10. PSE states, "Likewise, PSE has presented evidence demonstrating that the mismatch between revenues, rate base, and expenditures causes attrition and is due to factors beyond PSE's control, *even though this requirement is not set forth in the revised RCW 80.04.250(2)*."[16] The suggestion is that because revised RCW 80.04.250(2) did not include the Commission's standard for attrition adjustments, the standard no longer applies. This is unquestionably incorrect.

11. The Commission articulated a new attrition standard in its Final Order to Avista Utilities' 2015 general rate case.[17] The new attrition standard requires utilities to "demonstrate that the cause of the mismatch between revenues, rate base and expenses is not within the utility's control. Without such a standard, a utility could plan for a level of expenditures that would exceed revenues and rate base recovery, creating the need for an attrition adjustment."[18]

12. CETA and RCW 80.04.250 do not specify the standard the UTC will require utilities to meet should they propose an attrition adjustment. It is fully within the Commission's purview to define the standard of proof required of utilities when the legislature is silent. The standard articulated in the 2015 Avista Order has not been overturned or modified. Thus, it remains in effect, and PSE must meet the standard before the UTC can consider whether to allow an attrition adjustment. As Mr. Garrett testifies, PSE's case on attrition falls short.[19]

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[16] PSE Brief, ¶ 14 (emphasis added).
[17] *WUTC v. Avista Corp.*, Dockets UE-150204 and UG-150205, Final Order, ¶ 110 (Jan. 6, 2016).
[18] *Id.*
[19] Prefiled Response Testimony of Mark E. Garrett, Exh. MEG-1T at 10:4–7, 12:20–13:7, 14:17–20, 15:1–6; Public Counsel Brief, ¶¶ 34–39.

IV. TAX CUT AND JOBS ACT – IMPACT ON EDIT

13. PSE argues that Public Counsel's recommendation to return all of PSE's excess accumulated deferred federal income tax (EDIT) to ratepayers will result in returning the dollars twice to ratepayers.[20] This is not the case. PSE treated the dollars as income between rate cases, essentially keeping the dollars within the company.[21] Adopting Public Counsel's position would properly return the dollars to customers.

V. INCENTIVE COMPENSATION

14. PSE states that Public Counsel makes a similar argument regarding treatment of incentive compensation that was presented in a prior rate case.[22] Public Counsel witness Mr. Garrett provides the Commission with sufficient evidence to disallow 50 percent of the cost of PSE's incentive compensation program. Ultimately, it is a policy decision for the Commission. However, Public Counsel believes that Mr. Garrett provides a strong basis for the Commission to adopt Public Counsel's recommendation.

VI. PCU ADJUSTMENTS ARE SUPPORTED

15. PSE incorrectly claims that Public Counsel failed to support a number of adjustments:

Adjustment Nos.	**Adjustment Description**
6.09 EP and 6.09 GP	Excise Tax & Filing Fee
6.10 EP and 6.10 GP	D&O Insurance
6.16 EP and 6.16 GP	Investment Plan
6.17 EP and 6.17 GP	Employee Insurance
6.20 EP and 6.20 GP	Deferred Gains and Losses on Property Dispositions
6.21 EP and 6.21 GP	Environmental Remediation

[20] PSE Brief, ¶ 66.
[21] Public Counsel Brief, ¶ 43.
[22] PSE Brief, ¶ 99.

6.23 EP and 6.23 GP	Annualize Rent Expense
6.25 EP and 6.25 GP	Credit Card Amortization
6.28 EP and 6.28 GP	Contract Escalations
7.06 EP	Regulatory Assets & Liabilities

16. As explained by Mr. Garrett, Public Counsel limited its adjustments to the pro forma period on an average of monthly averages (AMA) basis.[23] All PSE adjustments that went beyond what Public Counsel included in its calculation were removed, which included the adjustments listed above.

VII. PSE CONTRADICTS ITSELF IN THE RECORD IN ATTEMPTING TO DISCREDIT PUBLIC COUNSEL'S ARGUMENTS REGARDING ADVANCED METERING INFRASTRUCTURE (AMI)

17. PSE argues that Public Counsel's claims are inaccurate and that any options other than the path PSE chose for full AMI system implementation would decrease reliability for PSE and customers and would be more costly to customers.[24] However, PSE's own statements in its testimony and exhibits appear to undermine or contradict these arguments.

A. PSE Exaggerates the Degree to which its AMR System is Failing

18. PSE states repeatedly in its Initial Brief that its AMR system is "failing" and that "replacement equipment is not available."[25] However, PSE's own testimony and exhibits show that the AMR system was still functioning at low failure rates and with replacement equipment available when PSE commenced a full system replacement with AMI metering in 2018.[26]

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[23] Garrett, Exh. MEG-1T at 16:3–17:5.
[24] *See* PSE Brief, ¶¶ 27–37.
[25] *See id.*, ¶ 34.
[26] Catherine A. Koch, Exh. CAK-8X; Koch, Exh. CAK-9X; *See* Koch, TR. 291:14-294:19; Koch, Exh. CAK-4 at 4:15–17; Response Testimony of Paul J. Alvarez, Exh. PJA-1T at 8:4–16.

19. If the entire system were "irreversibly failing," PSE might have observed failure rates greater than only five percent for residential customers when it commenced full system replacement in 2018.[27] PSE argues that Public Counsel "relies on incomplete failure rate data to suggest that the failure rate of PSE's AMR system was not high enough, when an independent engineering firm already confirmed that PSE's AMR failure rates exceeded industry standards."[28] To support this argument, PSE points to an analysis that showed that its gas module failure rate of only two percent was higher than an industry standard of 0.5 percent.[29] Still, two percent is even lower than five percent and hardly supports a full system replacement.

20. Furthermore, PSE also confirmed in its Response to Public Counsel Data Request No. 256 that some of the allegedly discontinued AMR metering equipment that PSE began replacing in 2018 was available either through the end of 2019 or the first quarter of 2020.[30] The contractor for the metering equipment also indicated a willingness to provide continued support and maintenance for the equipment at issue.[31] PSE also stated that the total cost of meter reprogramming for all of 2017, which was the last full year prior to 2018 when PSE began AMI meter installation, was only $139,000.[32]

21. Thus, by PSE's own account, the residential AMR metering equipment was failing at only five percent or less, replacements were available through 2019 and early 2020, and the cost

[27] *See* Public Counsel Brief, ¶¶ 110–111; Koch, Exh. CAK-4r at 4:13–5:4; Koch, TR. 288:18–289:20; Koch, Exh. CAK-4, Appendix B at 3.
[28] PSE Brief, ¶ 34.
[29] *See id.*; Prefiled Rebuttal Testimony of Catherine A. Koch, CAK-6Tr at 8:6–16.
[30] See Public Counsel Brief, ¶¶ 114–116; Koch, Exh. CAK-8X; Koch, TR. 284:14–286:17.
[31] *See* Koch, Exh. CAK-8X, Attachments A, B, C, and E; Koch, TR. 285:6–19.
[32] *See* Koch, Exh. CAK-9X; Koch, TR. 288:8–17.

to reprogram meters where needed was minimal. Based on this information, it is absurd to suggest that the *entire* AMR system was "irreversibly failing" and required a full replacement before the end of 2023.[33] These facts show that PSE commenced its wholesale AMR system replacement earlier and more extensively than necessary.

B. Public Counsel Used PSE's Own Data and Statements in the Record to Determine Several Years of Remaining Undepreciated AMR System Asset Life and Carrying Costs

22. PSE claims that Public Counsel's cost and benefits arguments are based on a "flawed understanding of how undepreciated book value is commonly treated by utilities," that Public Counsel "fails to appreciate the logistical realities of a mass asset transition," and that Public Counsel "incorrectly calculates carrying costs."[34] Here, again, PSE contradicts its own statements in the record.

23. Public Counsel used PSE's data to determine that nine years of undepreciated asset life remained for AMR electric meters and 14 years for AMR gas modules in 2018 when PSE began to replace AMR meters with AMI meters.[35] PSE also confirmed in the record that the remaining undepreciated book value of the retired AMR assets as of 2018, which was the year in which PSE began replacing AMR meters, was approximately $127 million.[36] As Public Counsel describes in its Initial Post-Hearing Brief at page 42, note 207, Public Counsel took the

[33] *See* PSE Brief, ¶ 33.
[34] *Id.*, ¶ 34.
[35] *See* Public Counsel Brief, ¶ 109; Alvarez, Exh. PJA-1T at 10:5–11; Alvarez, Exh. PJA-5, PSE Response to Public Counsel Data Request No. 146, Attachment A, lines 68 (electric), 76 (gas), and 91 (AMR nodes); Prefiled Direct Testimony of Catherine A. Koch, Exh. CAK-1Tr at 26; Koch, Exh. CAK-4r at 4:11–12.
[36] Koch, Exh. CAK-11X at 1–2.

undepreciated balances shown for 2018 in PSE's Response to Public Counsel Data Request No. 146, Attachment A, and divided those balances by the amount of annual depreciation to compute 8.99 years of depreciation remaining for AMR electric meters and 13.7 years for AMR gas modules.[37] The data in PSE's Response to Public Counsel Data Request No. 146, Attachment A also demonstrates that PSE is depreciating AMR meters over a mere 12 years, as shown by dividing the original cost of the assets by the annual amount of depreciation.[38] Given that two years have passed since 2018, Public Counsel notes that even today, seven years of depreciation remain for the AMR electric meters and 12 years remain for the AMR gas modules.

24. Furthermore, Public Counsel appreciates the "logistical realities of a mass asset transition."[39] Public Counsel never argued that a mass asset transition would not be a complex undertaking. Instead, Public Counsel takes issue with how and when PSE chose to commence a full-scale AMR system replacement with AMI, and that PSE did so earlier and more extensively than necessary.[40]

25. PSE also clarifies in Exhibit CAK-13X its belief that it should be allowed to recover carrying costs simply because it has been historically allowed to do so.[41] In support, PSE cites precedent in Dockets UE-141141 and UE-170033, both of which were cases that concluded

[37] *See* Public Counsel Brief, ¶ 109; Alvarez, Exh. PJA-1T at 10:5–11; Alvarez, Exh. PJA-5, PSE Response to Public Counsel Data Request No. 146, Attachment A, lines 68 (electric), 76 (gas), and 91 (AMR nodes).
[38] *See* Alvarez, Exh. PJA-5, PSE Response to Public Counsel Data Request No. 146, Attachment A.
[39] PSE Brief, ¶ 34.
[40] Public Counsel Brief, ¶¶ 108-134.
[41] *See* Koch, Exh. CAK-13X.

subject to settlement, and therefore, the issues involved were not fully litigated.[42] Neither of the proceedings that PSE cites in support of its request establish definitively whether customers should be burdened with carrying costs on stranded assets that were removed earlier than necessary. In determining whether to allow PSE to burden its customers with carrying charges on the undepreciated legacy AMR assets removed earlier than necessary, the Commission should consider the incentive such precedent would create for utility companies to repeat this behavior and the financial consequences it would impose on customers through future rate cases. The Commission should not encourage utility companies to generate unnecessarily stranded assets with associated carrying costs by allowing PSE to collect carrying costs on the legacy AMR system equipment it removed earlier and more extensively than necessary to make way for AMI.

C. PSE Did Not Need a Full AMI System Replacement to Achieve CVR Benefits

26. PSE also criticizes Public Counsel's argument regarding CVR benefits as "bizarre," while failing to take issue with the calculations underlying the argument.[43] Public Counsel's calculations estimate that 95.4 percent of the CVR benefits PSE attributes to its AMI investment could have been achieved by installing far fewer AMI meters.[44] PSE argues that Public Counsel's "theory might make sense if achieving CVR was the only purpose of implementing AMI—which it is not."[45] At the same time, PSE provides in testimony and discovery documents

[42] *See WUTC v. Puget Sound Energy Inc.*, Dockets UE-170033 and UG-170034 (*Consolidated*), Order 08: Final Order Rejecting Tariff Sheets; Approving and Adopting Settlement Stipulation; Resolving Contested Issues; and Authorizing and Requiring Compliance Filing (Dec. 5, 2017); *WUTC v. Puget Sound Energy Inc.*, Docket UE-141141, Order 04: Final Order Approving and Adopting Settlement Agreement (Nov. 3, 2014).

[43] PSE Brief, ¶ 34.

[44] *See* Public Counsel Brief, ¶ 132; Alvarez, Exh. PJA-1T at 16.

[45] PSE Brief, ¶ 34.

that CVR benefits comprise $436 million of $668 million in total AMI benefits.[46] In other words, CVR benefits make up approximately 65 percent of all the benefits PSE expects to get from AMI. While achieving CVR may not be the only purpose of the AMI implementation, CVR makes up a large portion of the financial benefits that PSE expects to derive from its AMI investment.

27. PSE also argues that Public Counsel's CVR calculations are "wrong because [Public Counsel] relies on incorrect and outdated CVR pilot data."[47] Public Counsel used PSE's own data regarding the Mercer Island Pilot to estimate the CVR savings.[48] While it is true that the sample size of the number of AMI meters per circuit in the Mercer Island Pilot is smaller than the number that would be used across PSE's entire service territory, the Commission should not ignore the minimal degree of increase in CVR benefits that PSE expects to get from a full-scale system replacement. PSE estimates that the full AMI replacement will yield 1.14 percent CVR versus the 1.09 percent PSE observed from significantly fewer AMI meters per circuit in the Mercer Island Pilot.[49] One would expect a much greater improvement in CVR by replacing the entire metering system than what was observed from only 30 meters out of 10,000.[50] PSE probably did not need a full system replacement to achieve roughly 65 percent of the total benefits PSE claims it will obtain from its AMI investment.

[46] *See* Koch, Exh. CAK-14X; Koch, Exh. CAK-4, Appendix A at 5–6 (AMI Business Case).
[47] PSE Brief, ¶ 34; *see also* Koch, Exh. CAK-6Tr at 14:3–18:9.
[48] *See* Public Counsel Brief, ¶¶ 127–132; Alvarez, Exh. PJA-1T at 12–16.
[49] *See id.*; Alvarez, Exh. PJA-6, PSE Response to Public Counsel Data Request No. 85, Attachment A, tab "Assumptions," cell C28.
[50] *See* Public Counsel Brief, ¶ 131; Alvarez, Exh. PJA-1T at 16.

D. PSE's Argument that Public Counsel Misinterprets the Significance of Additional $230 Million Cost to Maintain the AMR System Makes a Distinction without a Difference

28. PSE claims that Public Counsel misunderstands or misinterprets PSE's own estimate of $230 million for the additional cost to maintain the AMR system over and above the estimated cost to maintain an AMI system, which PSE counted as a benefit in its AMI Business Case.[51] PSE insists that Public Counsel does not understand that this amount constitutes "the *difference* in maintenance costs between the failing AMR system which would cost $378 million and a new AMI system which would cost $178 million."[52]

29. However, PSE appears to misunderstand Public Counsel's argument here. PSE actually provides additional support for Public Counsel's argument by clarifying that this difference of $230 million should indeed be counted as a cost of AMR, and not a benefit of AMI.[53] Characterizing this $230 as "the difference" between maintenance costs of AMR versus those of AMI fails to dispute Public Counsel's argument that the $230 million in additional maintenance costs of AMR should not be counted as a benefit of AMI.[54]

E. PSE's Fails to Appreciate the Financial Burden its AMI Investment Will Impose on Customers

30. PSE emphasizes the virtues of AMI and minimizes the great expense the investment will impose on customers.[55] PSE's wholesale replacement of the AMR system with AMI will cost

[51] PSE Brief, ¶ 34.
[52] *Id.*
[53] *See* Public Counsel Brief, ¶ 133.
[54] *See* PSE Brief, ¶ 34.
[55] *Id.*, ¶¶ 28-30, 35, 37.

customers $473 million, or almost half a billion dollars.[56] PSE also asks customers to pay for the book value of the stranded AMR assets removed prematurely and associated carrying costs.[57]

31. Nevertheless, PSE describes AMI as "axiomatic," suggesting a foregone conclusion that the great cost on customers of AMI is necessary to modernize the metering system.[58] PSE claims that Public Counsel "ignores the other benefits of AMI" and that PSE "fully intends to utilize AMI to the maximum extent possible."[59] PSE insists that the AMI improvements will enable "granular data," which "allows for price savings."[60]

32. Yet, PSE has also stated that it "is not willing to commit to reductions in the revenue requirement for the benefit from AMI investment associated with remote disconnect and reconnect as these benefits are not quantifiable at this time."[61] PSE insists that "it is not appropriate to commit to benefits that are not quantifiable at this time."[62] PSE makes clear that the benefits of AMI are quantifiable enough to increase, not decrease, customer bills.

33. As described in Public Counsel's Initial Brief, both the scope and pace of the AMI improvements were greater than necessary.[63] A more gradual conversion commencing meter replacement later in time than 2018 would have been more appropriate and would have minimized the financial burden on customers.

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[56] *See* Koch, Exh. CAK-6Tr, at 4:7–5:6; Koch, Exh. CAK-1Tr at 26:5; Koch, CAK-4r at 1; Koch, TR. 282–88.

[57] *See* Alvarez, Exh. PJA-1T at 6–7, 10; Prefiled Cross-Answering Testimony of Paul J. Alvarez, Exh. PJA-8T at 5–6; Koch, TR. 291–93; Koch, Exh. CAK-11X; Koch, Exh. CAK-13X.

[58] PSE Brief, ¶ 27; *see also* Koch, Exh. CAK-15X.

[59] PSE Brief, ¶ 35 (citing Koch, TR. 343:19-–345:18).

[60] PSE Brief, ¶ 34.

[61] Koch, Exh. CAK 15X at 2.

[62] *Id*.

[63] *See* Public Counsel Brief, ¶¶ 101–142.

VIII. GET TO ZERO

34. PSE argues that its Get to Zero (GTZ) initiative should not be evaluated on its financial business case because the goal is not to achieve a particular return, but rather to achieve improved customer experiences.[64] While PSE's purpose may not be to create a positive net present value with its GTZ investment, the Commission should be concerned about the range of outcomes possible under the project. Table 4 in Ms. Baldwin's pre-filed Response Testimony shows a wide range of outcomes, with some of those outcomes being very costly.[65] Public Counsel does not recommend a complete disallowance of the program, however, because we recognize that the program does offer some efficiencies and customer benefits.[66] As set forth in Ms. Baldwin's testimony and Public Counsel's Initial Brief, Public Counsel recommends accountability in the form of sharing the cost between ratepayers and shareholders, customer education, utilization of advisory group(s), and reporting.[67]

IX. CONCLUSION

35. Customers are faced with the possibility of significant rate increases for their electric and natural gas services. Collectively, their ability to positively respond to rate increases has been affected by the COVID-19 public health crisis and the economic fallout that will stretch well beyond the immediate viral threat. Now more than ever, critical evaluation of PSE's rate requests

[64] PSE Brief, ¶ 42.
[65] Prefiled Response Testimony of Susan M. Baldwin, Exh. SMB-1CT at 22:9–23:10.
[66] Public Counsel Brief, ¶¶ 82–89.
[67] Public Counsel Brief, ¶¶ 82–100; Baldwin, Exh. SMB-1CT.

is needed. Public Counsel's case demonstrates that PSE's request is excessive, and therefore, the Commission should adopt Public Counsel's recommendations.

DATED this 10th day of April, 2020.

ROBERT FERGUSON
Attorney General

/s/ Lisa W. Gafken
LISA W. GAFKEN, WSBA No. 31549
Assistant Attorney General, Unit Chief
ANN PAISNER, WSBA No. 50202
Assistant Attorney General
Attorneys for Public Counsel Unit
800 Fifth Avenue, Suite 2000
Seattle, WA 98104
Lisa.Gafken@atg.wa.gov
Ann.Paisner@atg.wa.gov