**EXHIBIT NO. \_\_\_(JAP-24T)  
DOCKET NO. UE-121373  
DOCKET NO. UE-121697/UG-121705  
DOCKET NO. UE-130137/130138  
WITNESS:  JON A. PILIARIS**

**BEFORE THE**

**WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

|  |  |
| --- | --- |
| In the Matter of the Petition of  PUGET SOUND ENERGY, INC.  For Approval of a Power Purchase Agreement for Acquisition of Coal Transition Power, as Defined in RCW 80.80.010, and the Recovery of Related Acquisition Costs | DOCKET NO. 121373 |
| In the Matter of the Petition of  PUGET SOUND ENERGY, INC. and NW ENERGY COALITION  For an Order Authorizing PSE to Implement Electric and Natural Gas Decoupling Mechanisms and to Record Accounting Entries Associated with the Mechanisms | DOCKET NOS. UE-121697 and UG-121705 (Consolidated) |
| WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,  Complainant,  v.  PUGET SOUND ENERGY, INC.,  Respondent. | DOCKET NOS. UE-130137 and UG-130138 (Consolidated) |

**PREFILED REBUTTAL TESTIMONY (NONCONFIDENTIAL) OF**

**JON A. PILIARIS   
ON BEHALF OF PUGET SOUND ENERGY, INC.**

*In Support of the Multiparty Settlement*

*Re: Coal Transition PPA and other Pending Dockets*

**MAY 8, 2013**

**PUGET SOUND ENERGY, INC.**

**PREFILED REBUTTAL TESTIMONY   
(NONCONFIDENTIAL) OF JON A. PILIARIS**

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**PUGET SOUND ENERGY, INC.**

**PREFILED REBUTTAL TESTIMONY (NONCONFIDENTIAL) OF JON A. PILIARIS**

# I. INTRODUCTION

Q. Are you the same Jon A. Piliaris who provided prefiled testimony and supporting exhibits on behalf of Puget Sound Energy, Inc. ("PSE") in these proceedings?

A. Yes; in Docket Nos. UE-130137 and UG-130138 (consolidated) I filed prefiled direct testimony, Exhibit No. \_\_\_(JAP-1T), and supporting exhibits, Exhibit No. \_\_\_(JAP-2) through Exhibit No. \_\_\_(JAP-6), on February 1, 2013.

In Docket Nos. UE-121697 and UG-121705 (consolidated) I filed prefiled direct testimony, Exhibit No. \_\_\_(JAP-1T), and supporting exhibits, Exhibit No. \_\_\_(JAP-2) through Exhibit No. \_\_\_(JAP-7) on October 25, 2012. On March 1, 2013, I filed prefiled supplemental direct testimony, Exhibit No. \_\_\_(JAP-8T), and supporting exhibits, Exhibit No. \_\_\_(JAP-9) through Exhibit No. \_\_\_(JAP-23).

Q. What is the purpose of your rebuttal testimony?

A. This prefiled rebuttal testimony responds to the following:

(i) the Prefiled Response Testimony of Mr. James R. Dittmer, Exhibit No. \_\_\_(JRD-1T), on behalf of the Public Counsel Section of the Washington Attorney General’s Office ("Public Counsel");

(ii) the Prefiled Response Testimony of Mr. Michael P. Gorman, Exhibit No. \_\_\_(MPG-1T), on behalf of the Industrial Customers of Northwest Utilities ("ICNU");

(iii) the Prefiled Response Testimony of Mr. Michael C. Deen, Exhibit No. \_\_\_(MCD-1T), on behalf of ICNU;

(iv) the Prefiled Response Testimony of Mr. Michael C. Deen, Exhibit No. \_\_\_(MCD-8T), on behalf of the Northwest Industrial Gas Users ("NWIGU");

(v) the Prefiled Response Testimony of Mr. Edward A. Finklea, Exhibit No. \_\_\_(EAF-1T), on behalf of NWIGU;

(vi) the Prefiled Response Testimony of Mr. Kevin G. Higgins, Exhibit No. \_\_\_(KGH-1T), on behalf of The Kroger Co. ("Kroger") on behalf of its Fred Meyer Stores and Quality Food Centers divisions; and

(vii) the Prefiled Response Testimony of Mr. Kevin G. Higgins, Exhibit No. \_\_\_(KGH-5T), on behalf of Nucor Steel Seattle, Inc. ("Nucor").

Q. What issues have been raised in the response testimony of these witnesses that you will address?

A. I will address the following issues presented in the response testimony of these witnesses:

* Whether the decoupling proposal is consistent with the *Report and Policy Statement on Regulatory Mechanisms, Including Decoupling, To Encourage Utilities To Meet Or Exceed Their Conservation Targets[[1]](#footnote-1)* ("Decoupling Policy Statement") issued by the Washington Utilities and Transportation Commission ("Commission"),
* Whether the customer protections in the Joint Decoupling Proposal are sufficient,
* The extent of the customer impacts from PSE’s last experience with decoupling and those anticipated with the current decoupling proposal,
* Whether large end users and/or transportation customers should be treated differently in the joint proposal by the NW Energy Coalition ("the Coalition") and PSE for electric and natural gas revenue decoupling ("Joint Decoupling Proposal"), and
* Whether the rate design alternatives to the Joint Decoupling Proposal are adequate substitutes.

Q. Do you have any general observations regarding the response testimony filed on April 26th in these proceedings?

A. Yes. The issues raised in response testimony are familiar to this Commission, as they have been raised previously in various proceedings and venues where decoupling has been considered. To varying degrees, many of these issues have already been addressed by the Commission. Moreover, as will be shown later in testimony, intervenors in these proceedings have not provided evidence that should prevent the Commission from finding that the Joint Decoupling Proposal is in the public interest and should be approved.

# II. JOINT DECOUPLING PROPOSAL IS CONSISTENT WITH DECOUPLING POLICY STATEMENT

Q. Have parties criticized the Joint Decoupling Proposal as being inconsistent with the Commission’s Decoupling Policy Statement?

A. Yes. For example, testimony filed on behalf of ICNU lists a series of perceived inconsistencies between the Joint Decoupling Proposal and the Commission’s Decoupling Policy Statement. These include that the proposal (1) was filed outside of a general rate case, (2) decouples on a per-customer rather than per-class basis, (3) provides an inadequate incentive to promote conservation, (4) does not incorporate a decrease in rate of return and (5) does not consider the impacts of conservation on PSE’s off-system sales.[[2]](#footnote-2) Similar arguments were raised in the testimony of other intervenors.[[3]](#footnote-3)

Q. Do you have a general response to these concerns?

A. Yes. By their very nature, Commission policy statements provide guidance to interested stakeholders regarding its thinking at the time the statement is offered. They serve an advisory purpose and, therefore, impose no explicit requirements. The Commission itself noted that the Decoupling Policy Statement "was not intended to set forth immutable doctrine on this issue or to negatively imply that we would be receptive to nothing else."[[4]](#footnote-4) So, while it may be true that certain features of the Joint Decoupling Proposal are not perfectly aligned with the Decoupling Policy Statement, the Commission has indicated its receptiveness to proposals that were consistent with the general intent of this policy.

Q. Would you like to address any particular issues raised in the context of the Commission’s Decoupling Policy Statement?

A. Yes, I’d like to address the issue of "found margin" and the impact of PSE’s conservation programs on its off-system electricity sales.

First, regarding "found margin," much has been made of this issue in the context of decoupling. The current proceeding is no exception, where a number of parties have proposed to return "found margin" from the growth in customers.[[5]](#footnote-5) However, the parties fail to acknowledge that substantial costs are incurred by PSE to serve new customers and that the additional revenue from new customers has repeatedly fallen short of overcoming the Commission-determined revenue deficiencies for PSE over the past decade. Evidence notwithstanding, the Joint Decoupling Proposal offers ample protections to ensure that PSE does not unjustly benefit due to revenues from new customers.

Second, regarding the impact of conservation on off-system electricity sales, the Commission’s order in PSE’s 2011 GRC provided useful guidance. In that order, the Commission rejected PSE’s proposed Conservation Savings Adjustment mechanism, in part, because it relied on "engineering estimates of conservation savings that are ill-suited to development of revenue requirement."[[6]](#footnote-6) In other words, the Commission concluded that PSE’s reported conservation savings should not be used for ratemaking purposes. In rejecting the approach in the Joint Decoupling Proposal to simply let the impacts of conservation flow through PSE’s Power Cost Adjustment mechanism, ICNU apparently is arguing that PSE should use these "engineering estimates" for purposes of identifying, and then subsequently monetizing, the impact of PSE’s conservation program on its off-system sales.[[7]](#footnote-7) This clearly conflicts with the Commission’s very recent decision on the impermissible use of reported conservation savings figures for ratemaking.

# III. CUSTOMER PROTECTIONS IN JOINT DECOUPLING PROPOSAL ARE SUFFICIENT

Q. Have any intervenors made proposals to bolster the existing customer protections in the Joint Decoupling Proposal?

A. Yes. ICNU recommends that the earnings test operate at the approved rate of return, not 25 basis points above this level, as proposed.[[8]](#footnote-8) ICNU also recommends that there be no sharing between the utility and its customers when PSE’s earnings are above this threshold.[[9]](#footnote-9) NWIGU make similar recommendations.[[10]](#footnote-10)

Q. How do you respond?

A. For the following reasons, the Commission should reject ICNU’s recommended changes to the earnings test in the Joint Decoupling Proposal.

First, regarding the setting of the appropriate earnings threshold, there appears to be a reasonable amount of support for the threshold set in the Joint Decoupling Proposal. This level was endorsed in Commission Staff’s Response to Bench Request No. 3 in PSE’s 2011 GRC and is likewise supported by Commission Staff in this proceeding.[[11]](#footnote-11) Public Counsel also has endorsed the Joint Decoupling Proposal’s recommendation to set the earnings test threshold at 25 basis points above the overall rate of return.*[[12]](#footnote-12)*

Second, with respect to the recommendation for no sharing above the earnings threshold, PSE concurs with the view shared by the Commission in Avista’s most recent general rate case. In response to the proposed "hard cap" on Avista’s earnings in the agreement to settle issues in that case, the Commission noted the following:

In the course of consideration of the Settlement, Avista proposed a cap on its earnings at the 9.8 percent ROE level. We decline to accept that offer. It would send the wrong signal to the Company. Under ratemaking theory applied by this and other state commissions for decades, companies should have every incentive to manage the company efficiently in order to earn more for the company shareholders. We should not set an artificial cap on earnings that could diminish that incentive for efficient management. Further, if Avista were to "overearn" through savings efforts, those savings would become the new norm in the next rate case which would serve to benefit ratepayers in the future. Indeed, the Company’s efforts to save money through efficiency are a key element to earning its allowed rate of return.[[13]](#footnote-13)

Q. Do the intervenors recommend any other enhancements to customer protections under the Joint Decoupling Proposal?

A. Yes. ICNU also recommends that the soft rate cap in the Joint Decoupling Proposal be made a hard cap so that any amount in excess of the rate cap would not be deferred for future recovery.[[14]](#footnote-14)

Q. Why does ICNU make this recommendation?

A. In part, ICNU’s witness concludes that, since the soft rate cap allows future recovery of revenue that exceeds the cap, "there is no limit on the amount of increased revenue that PSE could collect from customers in a given year."[[15]](#footnote-15)

Q. How do you respond?

A. I respond by first noting that, under the Joint Decoupling Proposal, PSE is allowed a fixed amount of revenue per customer that is approved by the Commission.[[16]](#footnote-16) Therefore, the conclusion that there is "no limit" on PSE’s revenue collections is inaccurate. It is limited by the number of customers PSE serves and the revenue per customer authorized by the Commission. Second, the intent of the proposed soft rate cap was to reasonably smooth out the potential year-to-year variability in rates charged under Schedule 139 in PSE’s electric and natural gas tariffs. This proposal balances the interests of the utility for cost recovery and its customers for a measure of rate stability.

Q. What would be the consequence of adopting ICNU’s rate cap recommendation?

A. There are at least two consequences. First, PSE would run the risk of not recovering the revenues already approved by the Commission, setting a precedent that may discourage other utilities from considering a decoupling mechanism. Second, it may also discourage PSE’s promotion of conservation, since increased levels of conservation would (*ceteris paribus*) increase surcharges, which would subsequently increase the likelihood that the rate cap would trigger. This would clearly run counter to the Commission’s intent to promote conservation.

# IV. CLAIMED CUSTOMER IMPACTS OF PSE’S DECOUPLING MECHANISM ARE OVERSTATED

Q. ICNU testimony suggests that PSE’s previous decoupling mechanism "led to annual rate surcharges in the tens of millions of dollars for each of the five years of program implementation…."[[17]](#footnote-17) Do you agree?

A. No. Missing from ICNU’s testimony is an explanation that the noted surcharges were associated with PSE’s Periodic Rate Adjustment Mechanism ("PRAM"), which combined the decoupling mechanism with a power cost adjustment mechanism. In evaluating the operation of PRAM, the trade association for the industrial customers at the time observed that "the primary driver of the large rate increases and deferred balances experienced under PRAM has been the short-term ECAC-related resource component of the adjustment mechanism…."[[18]](#footnote-18) In other words, the surcharges were primarily driven by the power cost adjustment mechanism, not the decoupling component to PRAM. This view was also shared by other participants in the evaluation of PRAM.

Q. Does ICNU express a similar fear of the decoupling proposal in this proceeding?

A. Yes. ICNU witness Michael Gorman notes that "the proposal would compensate PSE if sales levels decline for any reason, including an economic recession or abnormal weather" and that "this could result in the accumulation of significant deferrals that would be surcharged to customers in future years."[[19]](#footnote-19)

Q. How do you respond?

A. I would respond by first noting the apparent clash of concerns raised by ICNU in this proceeding. On the one hand, Mr. Gorman is concerned that decoupling will lead to rate increases due to the potential for an economic downturn. At the same time, another ICNU witness, Michael Deen, is downplaying the need for PSE’s proposed rate plan by noting that "PSE has avoided acknowledging that its results of operations for the past year are already drastically improved – *likely as a function of Washington’s steady economic recovery.*"[[20]](#footnote-20)

That said, regardless of which way the economy has gone, the feared rate volatility has yet to manifest in the numerous decoupling mechanisms already in place throughout the country. As noted in the rebuttal testimony of Mr. Ralph Cavanagh, of the more than 1,200 decoupling-related rate adjustments since 2005 that were cataloged in a recent decoupling survey, rate changes "did not exceed 2 percent for 85 percent of the electric and 75 percent of gas rate adjustments, with 37 percent involving refunds to utility customers."[[21]](#footnote-21) Worthy of note is that these results occurred over a period that included the "Great Recession." Were the dire rate consequences feared by ICNU to materialize, they surely would have been witnessed in a survey covering a period including one of the worst economic recessions in the past century.

# V. LARGE CUSTOMERS ARE BEING TREATED FAIRLY IN THE DECOUPLING AND RATE PLAN PROPOSALS

Q. Did intervenors raise any issues regarding the treatment of large customers in the Joint Decoupling and Rate Plan Proposals?

A. Yes. ICNU raised several issues, as did NWIGU, Kroger and Nucor.

Q. What issues did ICNU raise?

A. ICNU argued that the non-residential rate group within the electric decoupling mechanism should be broken up by rate class.[[22]](#footnote-22) ICNU also claimed that Schedule 449 customers "are charged a higher rate increase than all other customers."[[23]](#footnote-23)

Q. How do you respond to the proposal to break up the non-residential rate group within the electric decoupling mechanism by rate class?

A. There are clearly trade-offs between including greater or fewer rate classes in a single decoupling rate group. PSE believes that these trade-offs generally weigh in favor of aggregating rate classes within decoupling rate groups. While ICNU correctly notes that cross-subsidization can occur between rate classes in a single rate group, this is undoubtedly also true within each rate class. More importantly, there is an important offsetting factor. The more finely customers are parsed between decoupling rate groups, the greater the potential volatility in the rate used to recover or rebate their decoupling deferrals. Greater rate volatility could lead to greater public resistance to rate decoupling. PSE finds this to be a greater concern to the public interest than a small amount of cross-subsidization that may occur between rate classes within a decoupling rate group.

Q. Does this issue also affect the gas decoupling proposal?

A. Yes, breaking up the gas decoupling rate groups by rate class presents another significant issue. Since PSE’s non-residential gas customers are provided a significant amount of flexibility to move between schedules, breaking up the gas decoupling rate groups by rate class would introduce the potential for customers choosing to migrate between schedules simply to avoid decoupling surcharges or to benefit from decoupling rate rebates. Other customers in the affected schedules could pay more (or receive less) as a result. This would serve to amplify the rate volatility discussed earlier and further reinforce resistance to the continuation of rate decoupling.

Q. How do you respond to the assertion that Schedule 449 customers are being charged higher rate increases than all other customers?

A. This claim needs to be put into proper context. The costs of electric energy for customers served under Schedule 449 can be broken up into three primary categories; costs recovered directly through Schedule 449, costs recovered through PSE’s Open Access Transmission Tariff ("OATT") and costs recovered by the customers’ power suppliers. While PSE does not have access to information regarding these customers’ power supply costs, they typically make up a substantial fraction of the overall cost of electricity for large customers like these. Of the remaining two components, the vast majority of the costs are currently recovered through PSE’s OATT.[[24]](#footnote-24) The rate increases referenced in ICNU’s testimony do not apply to the OATT component of their bills. The table below illustrates how the cost of these two components change between levels approved in PSE’s 2011 GRC and levels proposed with PSE’s expedited rate filing ("ERF") and K-factor increases.[[25]](#footnote-25)

Table - Change in Annual Charges to Schedule 449 Customers



Q. What does the above table show?

A. This table shows that, if PSE’s ERF and rate plan are adopted as proposed, the combined charges for Schedule 449 customers for delivery services will have decreased by about $2.0 million, or almost 25 percent, from 2011 GRC levels. Each subsequent application of the K-factor would increase their charges by approximately $10,000 on overall delivery costs of approximately $6.25 million, or less than 0.2 percent per year. If power supply costs are also taken into consideration, this percentage would be far lower.

Q. What issues did NWIGU raise with respect to including large gas users in the Joint Decoupling Proposal?

A. NWIGU makes the point that PSE has provided no rationale, consistent with the goals of the decoupling proposal, to apply the mechanism to gas transportation customers. It goes further, by recommending that customers served under Schedules 85, 85T, 87 and 87T be excluded from the gas decoupling mechanism.

Q. What is the rationale for including gas transportation customers in the gas decoupling mechanism?

A. The rationale is that PSE has the same "throughput incentive" with gas transportation customers as it does with its gas sales customers. Note that PSE has parallel gas sales and transportation rate schedules, where the rates charged to transportation customers for gas delivery mirrors the rates charged to similar sales customers. These parallel rates recover fixed delivery costs through variable charges. Therefore, PSE has no less motivation for increased energy consumption by transportation customers than it does for sales customers.

Q. How does PSE respond to NWIGU’s recommendation to exempt Schedules 85, 85T, 87 and 87T from the gas decoupling mechanism?

A. As memorialized in NWIGU’s Joinder in the Multiparty Settlement,[[26]](#footnote-26) PSE finds this a reasonable proposal. These schedules all have a steeply declining block rate structure. As such, the "marginal" throughput incentive is quite modest for large customers facing the tail block rates on these schedules (i.e., additional sales lead to very little incremental revenue for the Company). Given this weakened throughput incentive, removing these customers from the decoupling mechanism appears appropriate.

Q. Does Nucor raise arguments similar to NWIGU?

A. Yes. However, primarily relying on the fact that gas transportation customers do not participate in PSE’s conservation programs, Nucor’s witness recommends that all gas transportation customers should be excluded from the proposed gas decoupling mechanisms.

Q. How do you respond?

A. As noted earlier, given the design and structure of PSE’s gas rate schedules, the throughput incentive is virtually the same across parallel gas sales and transportation schedules. Whether or not a customer participates in PSE’s conservation programs and, moreover, whether or not it purchases gas supply directly from PSE does not impact the throughput incentive. PSE’s earnings are not materially tied to its sale of gas supply, only to its delivery. As such, PSE still has an incentive for increased deliveries, whether by sales or transportation customers.

Q. Are there other reasons to include transportation customers in the decoupling mechanism?

A. Yes. As noted earlier, PSE’s non-residential gas customers have a significant amount of flexibility to move between schedules, including between sales and transportation. As with the scenario discussed earlier where the non-residential rate group is delineated by rate class, excluding transportation schedules from the gas decoupling mechanism would likewise introduce the potential for customers choosing to migrate between sale and transportation schedules simply to avoid decoupling surcharges or to benefit from decoupling rate rebates. As discussed earlier, other customers in the affected schedules would be negatively impacted, which would reinforce resistance to the continuation of rate decoupling.

Q. Did Kroger raise similar concerns?

A. Yes. Kroger recommends excluding all customers with billing demands greater than 350 kW from the electric decoupling mechanism.[[27]](#footnote-27)

Q. How do you respond?

A. Relative to the customers that NWIGU has proposed excluding from the gas decoupling mechanisms, the marginal revenues associated with the customers Kroger proposes to exclude are far more significant. In other words, PSE has a much stronger throughput incentive for these electric customers, since their rate structures do not include the steeply declining block rates that are present for large gas customers. As such, removing these customers from the electric decoupling mechanism would be contrary to the Commission’s intended policy.

# VI. RATE DESIGN ALTERNATIVES TO JOINT DECOUPLING PROPOSAL ARE INADEQUATE

Q. Did any party propose rate design alternatives to the Joint Decoupling Proposal?

A. Yes. Kroger proposed that demand charges for delivery service be better aligned with the recovery of fixed costs.[[28]](#footnote-28)

Q. Is this an effective substitute for decoupling?

A. No. As PSE showed in its 2011 GRC with Kroger’s own data, the demand charge revenues received from Kroger’s locations served under Schedule 40 were materially impacted by the energy efficiency measures it implemented.[[29]](#footnote-29) This shows that, while not as strong, the throughput incentive also extends to demand charge revenue (i.e., demand charge revenue is not "fixed").

Q. Did any party recommend rate design changes to the decoupling mechanisms?

A. Yes. Kroger proposed that, if the Commission rejected its proposal to remove large customers, then the electric decoupling mechanism should be modified to only include a "reasonable portion" of the demand charge revenue from these customers (i.e., to treat the remaining portion as "fixed").[[30]](#footnote-30) Kroger also proposes to apply Schedule 139 through demand charges for those customers that are billed on measured demands.[[31]](#footnote-31) Nucor, through the same witness, proposes that 100 percent of the contract firm revenues be excluded from the gas decoupling mechanism.[[32]](#footnote-32)

Q. How do you respond to Kroger’s proposal to only include a portion of demand charge revenue in the decoupling mechanism?

A. I have several points. First, as noted above, PSE does not agree that demand charge revenue is fixed. As such, the throughput incentive extends to demand charge revenue. Second, even if PSE were to agree in concept that a portion of demand charge revenue were "fixed," no analysis has been presented to determine what portion of demand should be considered fixed. Third, even if that portion could be determined, there is no analysis showing how Kroger’s proposal would be implemented within the decoupling mechanism, nor what its effect would be. In summary, given the speculative and preliminary nature of this proposal, it should be rejected by the Commission at this time.

Q. Can PSE accept Kroger’s proposal to charge or rebate demand-billed customers on Schedule 139 on the basis of demand?

A. Not in its incomplete state. As with Kroger’s other proposal, there is no analysis showing how Kroger’s proposal would be implemented within the decoupling mechanism, nor what its effect would be. As such, given its preliminary nature, this proposal should be rejected by the Commission at this time.

Q. How do you respond to the Nucor proposal?

A. This proposal suffers from similar flaws that are evident in the corresponding Kroger proposal. While it is true that gas contract firm demand revenues are fixed, this is only true for a short period of time. On their contract anniversary date, gas customers can change their contracted amounts. So, if a customer’s energy needs are falling, their contract amounts can also be reduced thereby exposing the inherent throughput incentive associated with this component of their gas rates. Further, as with the Kroger proposal, no evidence was produced to illustrate how this proposal would be implemented within the existing decoupling mechanism. For the foregoing reasons, the Commission should reject this proposal at this time.

# VII. CONCLUSION

Q. Does this conclude your prefiled rebuttal testimony?

A. Yes.

1. Docket No. U-100522 (November 4, 2010). [↑](#footnote-ref-1)
2. *See* Exhibit No. \_\_\_(MCD-1T), page 22, line 10 through page 23, line 5. [↑](#footnote-ref-2)
3. *See, e.g.,* Exhibit No. \_\_\_(JRD-1T), page 22, line 9 through page 23, line 3; Exhibit No. \_\_\_(KCH-1T), page 13, line 9 through page 15, line 4; Exhibit No. \_\_\_(KCH-5T), page 10, line 7, through page 11, line 16; and Exhibit No. \_\_\_(EAF-1T), page 5, line 16, through page 7, line 7. [↑](#footnote-ref-3)
4. 2011 PSE general rate case ("2011 GRC"), Docket Nos. UE-111048 and UG-111049 (Consolidated), Order 08, footnote 617. [↑](#footnote-ref-4)
5. *See, e.g.,* Exhibit No. \_\_\_(KCH-1T), page 4, lines 17-20; Exhibit No. \_\_\_(KCH-5T), page 4, lines 15-18; and Exhibit No. \_\_\_(MCD-1T), page 27, lines 5-6. [↑](#footnote-ref-5)
6. 2011 GRC, Order 08, synopsis. [↑](#footnote-ref-6)
7. Exhibit No.\_\_\_(MCD-1T), page 34, line 10 through page 35, line 13. [↑](#footnote-ref-7)
8. Exhibit No.\_\_\_(MCD-1T), page 33, lines 6-8. [↑](#footnote-ref-8)
9. *Id.* [↑](#footnote-ref-9)
10. Exhibit No.\_\_\_(MCD-8T), page 3, lines 13-15. [↑](#footnote-ref-10)
11. Exhibit No.\_\_\_(DJR-1T), page 5, lines 3-4. [↑](#footnote-ref-11)
12. Exhibit No.\_\_\_(JRD-1T), page 22, lines 16-18. [↑](#footnote-ref-12)
13. Docket Nos. UE-120436 and UG-120437 (consolidated), Order 09, ¶75. [↑](#footnote-ref-13)
14. Exhibit No.\_\_\_(MCD-1T), page 10, lines 9-10. [↑](#footnote-ref-14)
15. *Id.*, lines 2-3. [↑](#footnote-ref-15)
16. Deferrals on the recovery of this cost accrue interest at a rate consistent with 18 CFR 35.19a, currently 3.25 percent. [↑](#footnote-ref-16)
17. Exhibit No.\_\_\_(MPG-1T), page 25, lines 15-18. [↑](#footnote-ref-17)
18. *Evaluation of PRAM: Phase 1 Report*, PRAM Evaluation Collaborative, page 38 (October 31, 1994). [↑](#footnote-ref-18)
19. Exhibit No.\_\_\_(MPG-1T), page 24, line 26 through page 25, line 4. [↑](#footnote-ref-19)
20. Exhibit No.\_\_\_(MCD-1T), page 4, lines 15-17 (emphasis added). [↑](#footnote-ref-20)
21. Page 3 of the Prefiled Rebuttal Testimony of Mr. Ralph C. Cavanagh, Exhibit No. \_\_\_(RCC-4T), on Behalf of the NW Energy Coalition. [↑](#footnote-ref-21)
22. Exhibit No. \_\_\_(MCD-1T), page 36, line 10 through page 37, line 2. [↑](#footnote-ref-22)
23. *Id.*, page 43, line 8. [↑](#footnote-ref-23)
24. PSE’s new OATT rates were formally approved by the Federal Energy Regulatory Commission on May 6, 2013. [↑](#footnote-ref-24)
25. To create a consistent comparison, the billing determinants used for PSE’s expedited rate filing were applied to the 2011 GRC rates to derive the costs at that rate level. [↑](#footnote-ref-25)
26. *See* The Northwest Industrial Gas Users Joinder in the Multiparty Settlement Re: Coal Transition PPA and Other Pending Dockets. [↑](#footnote-ref-26)
27. Exhibit No. \_\_\_(KCH-1T), page 29, lines 18-20. [↑](#footnote-ref-27)
28. *Id.*, page 29, line 20 through page 30, line 2. [↑](#footnote-ref-28)
29. 2011 GRC, Exhibit No.\_\_\_(JAP-24CT), page 30, line 12 through page 31, line 16. [↑](#footnote-ref-29)
30. Exhibit No.\_\_\_(KCH-1T), page 30, lines 3-7. [↑](#footnote-ref-30)
31. *Id*., page 31, lines 1-3. [↑](#footnote-ref-31)
32. Exhibit No.\_\_\_(KCH-5T), page 4, line 21 through page 5, line 2. [↑](#footnote-ref-32)