

**EXH. PSE-1JT  
DOCKET UE-200980  
2020 PCORC  
WITNESS: SUSAN E. FREE  
JON A. PILIARIS**

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,**

**Complainant,**

**v.**

**PUGET SOUND ENERGY,**

**Respondent.**

**Docket UE-200980**

**JOINT TESTIMONY  
(NONCONFIDENTIAL) OF**

**SUSAN E. FREE AND JON A. PILIARIS**

**ON BEHALF OF PUGET SOUND ENERGY IN SUPPORT OF THE  
SETTLEMENT STIPULATION AND AGREEMENT**

**APRIL 2, 2021**

**PUGET SOUND ENERGY**

**JOINT TESTIMONY  
(NONCONFIDENTIAL) OF  
SUSAN E. FREE AND JON A. PILIARIS**

**SUPPORTING THE MULTIPARTY SETTLEMENT STIPULATION AND  
AGREEMENT**

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1 **PUGET SOUND ENERGY**

2 **JOINT TESTIMONY (NONCONFIDENTIAL) OF**  
3 **SUSAN E. FREE AND JON A. PILIARIS**

4 **SUPPORTING THE MULTIPARTY SETTLEMENT STIPULATION AND**  
5 **AGREEMENT**

6 **I. INTRODUCTION**

7 **Q. Ms. Free, are you the same Susan E. Free who submitted prefiled direct**  
8 **testimony on December 9, 2020, on behalf of Puget Sound Energy (“PSE”) in**  
9 **this proceeding?**

10 A. Yes.

11 **Q. Mr. Piliaris, please state your name, and present position with PSE.**

12 A. My name is Jon A. Piliaris. I am the Director, Regulatory Affairs at PSE.

13 **Q. Mr. Piliaris, did you previously submit testimony in this docket?**

14 A. No, I did not.

15 **Q. Mr. Piliaris, please describe your education, relevant employment experience**  
16 **and other professional qualifications.**

17 A. I hold a Bachelor of Arts degree in Economics from Pacific Lutheran University  
18 and a Master of Arts degree in Economics from the University of Colorado,  
19 Boulder. I have over 25 years of utility experience in areas that include cost  
20 allocation and ratemaking, resource planning, financial planning, utility and  
21 resource acquisitions, and related subject matter. From January 1995 to March

1 2006, I was employed by Economic & Engineering Service, Inc., later known as  
2 EES Consulting, Inc., a nationally recognized engineering and management  
3 consulting firm. I provided consulting services on behalf of EES Consulting in a  
4 wide variety of areas for publicly-owned utilities that provide electric, natural gas,  
5 water and/or wastewater services, as well as large retail customers. I have  
6 testified before this Commission, the British Columbia Utilities Commission and  
7 the Bonneville Power Administration (“BPA”) in the areas of cost of service,  
8 ratemaking and related analysis. I have been employed by PSE in various  
9 positions since 2009, and have served in my current position as Director,  
10 Regulatory Affairs, since 2018.

11 **Q. Please summarize your Joint Testimony.**

12 A. This Joint Testimony addresses PSE’s support for the full multiparty Settlement  
13 Stipulation and Agreement (“Settlement”) that is being filed with the Commission  
14 on April 2, 2021. In addition to PSE, the following parties have joined in the  
15 Settlement: (i) the Commission’s regulatory staff (“Commission Staff”),<sup>1</sup> (ii) the  
16 Alliance of Western Energy Consumers (“AWEC”), and (iii) The Energy Project.  
17 PSE, Commission Staff, AWEC, and The Energy Project are referred to in this  
18 testimony as the “Settling Parties.” The Public Counsel Unit of the Washington

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<sup>1</sup> In formal proceedings, such as this, the Commission’s regulatory staff participates like any other party, while the Commissioners make the decision. To assure fairness, the Commissioners, the presiding administrative law judge, and the Commissioners’ policy and accounting advisors do not discuss the merits of this proceeding with the regulatory staff, or any other party, without giving notice and opportunity for all parties to participate. *See* RCW 34.05.455.

1 Office of the Attorney General (“Public Counsel”), neither joins nor opposes the  
2 Settlement.

3 The Settling Parties are also filing a Joint Narrative in Support of the Settlement  
4 Stipulation and Agreement (“Joint Narrative”). This Joint Testimony filed on  
5 behalf of PSE supplements the Joint Narrative, provides additional detail  
6 regarding the Settlement, and sets forth PSE’s testimony as to why the Settlement  
7 is supported by PSE, is in the public interest, and should be approved by the  
8 Commission.

9 **Q. What is PSE requesting from the Commission with respect to the**  
10 **Settlement?**

11 A. PSE requests the Commission find that the Settlement is in the public interest and  
12 approve the Settlement without conditions. PSE also requests that the  
13 Commission admit into the record PSE’s prefiled testimony and exhibits as set  
14 forth in the exhibit list filed on February 2, 2021, as well as the Settlement  
15 Stipulation and Agreement, Joint Narrative and supporting testimony that are  
16 being filed on April 2, 2021.

1                   **II. THE SETTLEMENT SATISFIES PSE'S INTEREST AND**  
2   **THE PUBLIC INTEREST**

3 **A. Summary of the Key Provisions of the Settlement From PSE's**  
4 **Perspective**

5 **Q. Why is PSE supporting the Settlement?**

6 A. The Settlement reflects a fair and reasonable resolution of the issues raised in this  
7 power cost only rate case (“PCORC”). For the reasons discussed below, it  
8 represents a compromise of the Settling Parties’ positions in this case, it is  
9 consistent with the public interest and is consistent with PSE’s interest.

10 **Q. What are some of the key elements of the Settlement from PSE’s**  
11 **perspective?**

12 A. Some of the key elements of the Settlement, from PSE’s perspective, are as  
13 follows:

- 14                   • The Settlement provides for a revenue increase that reasonably  
15                   reflects PSE’s projected power costs for the rate year.
- 16                   • The Settlement allows for the timely and expeditious resetting of  
17                   the Power Cost Baseline Rate at a more appropriate level that will  
18                   help mitigate recent substantial under-recovery of power costs in  
19                   PSE’s Power Cost Adjustment Mechanism (“PCA Mechanism”).<sup>2</sup>
- 20                   • The Settlement allows the Commission to determine that the new  
21                   and renewed resources PSE presented are prudent, as no party  
22                   contests the prudence of these resources.

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<sup>2</sup> PSE’s annual PCA report for 2019, filed in April 2020 in Docket UE-200398, showed an under recovery of power costs of \$67,232,138. PSE absorbed over \$31.2 million of that amount. PSE delayed filing for a surcharge for the remaining \$36 million, along with \$3.5 million from prior periods, until October 2020, in Docket UE-200893.

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- The Settling Parties agree that PSE’s treatment of the monetized Production Tax Credits (“PTCs”) in this case is proper and consistent with the 2017 general rate case settlement agreement.
- The Settlement addresses concerns raised regarding the Green Direct treatment in this case and provides that the Settling Parties will continue working towards a path forward to develop a durable method for calculating the energy credit for Green Direct customers.
- The Settlement provides for additional low income assistance through the Home Energy Lifeline Program (“HELP”) section of PSE’s Schedule 129, which will benefit low income customers in PSE’s service territory.
- The Settlement complies with the PCA Mechanism/PCORC settlement that was accepted by the Commission in Docket UE-130617 and contained a five-year moratorium on proposing changes to the PCA Mechanism and PCORC.

**B. The Revenue Increase Is a Reasonable Compromise and Sets Power Costs Below, But Reasonably Close to, PSE’s Projection of Power Costs in the Rate Year**

**Q. What revenue increase is reflected in the Settlement?**

A. The Settlement reflects a revenue increase of approximately \$65.3 million, which is approximately \$22.7 million less than PSE’s revenue request in its supplemental filing. Because the Settlement requires an update to power costs at the compliance filing, the actual revenue increase is subject to change, based on the updated power costs.

**Q. Is the Settlement increase consistent with PSE’s interest and the public interest?**

A. Yes, the Settlement increase is consistent with both PSE’s interest and the public interest. Overall, the negotiated revenue requirement reflects a compromise on

1 certain adjustments that were disputed by one or more parties. The revenue  
2 increase allows for PSE's power costs to be set reasonably close to, albeit below,  
3 the power costs that are projected to occur in the rate year. The Commission has  
4 recognized in the past that power costs should be set as close as possible to the  
5 power costs projected to be in place during the rate year.<sup>3</sup> If the power costs are  
6 set too low, customers may face a surcharge, as occurred in 2020.<sup>4</sup> Although  
7 PSE's projected power costs for the rate year are higher than what the Settlement  
8 provides, PSE views the Settlement as a reasonable compromise of positions and  
9 sees value in a negotiated settlement that is supported by all parties.

10 **Q. What changes does the Settlement make to PSE's supplemental filing?**

11 A. As discussed previously, PSE's supplemental filing on February 2, 2021, updated  
12 power costs from PSE's initial filing on December 9, 2020,<sup>5</sup> and resulted in a  
13 revenue deficiency of \$88 million. The Settling Parties negotiated several  
14 compromises with respect to power costs, as set forth in the Settlement  
15 Stipulation and Agreement. These changes lowered the revenue deficiency to  
16 approximately \$65.3 million.

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<sup>3</sup> See, e.g., *WUTC v. PSE*, Docket UE-130617, Order 06 ¶ 33 (Oct. 23, 2013) (referencing the Commission's goal of setting the PCA baseline rate as closely as possible to what is expected to be experienced in the rate year).

<sup>4</sup> See Docket UE-200893.

<sup>5</sup> The Commission allows one update to power costs during the course of a PCORC as well as an update to power costs at the compliance filing, if approved by the Commission. See *WUTC v. PSE*, Docket UE-072300, Order 13 ¶¶ 41, 45, 46 (Jan. 15, 2009).



1 The largest adjustment resulted from altering the treatment of PSE’s Green Direct  
2 program (Schedule 139), which is discussed in more detail later in this testimony.

3 This adjustment decreased the revenue deficiency by approximately  
4 \$13.9 million, but PSE will recover a part of this amount, approximately  
5 \$3.7 million, through a negotiated adjustment to the Green Direct credit.

6 The Settling Parties also reached a compromise on the BPA transmission rate  
7 increase that is scheduled to go into effect October 1, 2021. The BPA  
8 transmission rate increase that the Settling Parties agreed to for purpose of  
9 settlement is a conservative estimate of the amount of the transmission rate  
10 increase; it is \$6.2 million less than the rate increase BPA seeks in the ongoing  
11 rate case. This compromise reduced the revenue deficiency by approximately \$6.6  
12 million.

13 In addition, with respect to the benefits and costs resulting from PSE’s  
14 participation in the CAISO<sup>6</sup> Energy Imbalance Market (“EIM”), the parties  
15 agreed for this case only to reduce the market purchase in variable power costs by  
16 \$8.0 million—a compromise amount—to reflect EIM benefits, and to include  
17 \$3.9 million for EIM costs in the fixed production costs. The net effect of these  
18 adjustments is a reduction of revenue deficiency by \$4.4 million.

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<sup>6</sup> California Independent System Operator.

1 Finally, the Settling Parties also agreed to minor adjustments to operations and  
2 maintenance expense and depreciation expense for Colstrip Units 3 and 4, which  
3 together reduce the revenue deficiency by approximately \$1.5 million.

4 **C. The Settlement Resets the Power Cost Baseline Rate at a More**  
5 **Appropriate Level that Will Help Mitigate Substantial Under**  
6 **Recovery of Power Costs in PSE's PCA**

7 **Q. Will the PCA Power Cost Baseline Rate be reset as a result of the**  
8 **Settlement?**

9 A. Yes. The Settlement will reset the PCA Power Cost Baseline Rate, as is the case  
10 with all PCORCs.<sup>7</sup>

11 **Q. Why is it important to reset the Power Cost Baseline Rate?**

12 A. The Commission has previously recognized the importance of setting the Power  
13 Cost Baseline Rate as close as possible to actual power costs that will occur in the  
14 rate year, which mitigates the likelihood that customers will face a surcharge due  
15 to power costs being substantially different than the amount set in the PCA Power  
16 Cost Baseline Rate.<sup>8</sup> PSE has been substantially under recovering its power costs  
17 recently. Last year, for the first time since the inception of the PCA Mechanism

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<sup>7</sup>See, e.g., *WUTC v PSE*, Docket UE-072300, Order 13 ¶ 26 (Jan. 15, 2009) (“[T]he PCORC is as much about updating the level of power costs recovered in rates generally as it is about including in rates the cost of new resources on an expedited basis.”).

<sup>8</sup> See, e.g., *id.* ¶ 25 (“[T]he PCORC and the PCA mechanisms have worked together to provide for timely updates to PSE’s power costs in rates and to adjust the Company’s power cost baseline, which has prevented the accumulation of unhealthy positive or negative imbalances in its power cost deferral accounts.”); *WUTC v. PSE*, Docket UE-130617, Order 06 ¶ 33 (Oct. 23, 2013).

1 nearly 20 years ago, PSE filed for a surcharge rate due to the substantial under  
2 recovery of power costs that had exceeded the threshold set in the PCA  
3 Mechanism.<sup>9</sup> By resetting the Power Cost Baseline Rate to an amount more  
4 consistent with current projected power costs, the likelihood of a surcharge for  
5 under recovery of power costs in the rate year is mitigated.

6 **Q. Is it important for the Commission to reset the Power Cost Baseline Rate in a**  
7 **timely manner?**

8 A. Yes. The Commission has previously recognized a goal of issuing a final order in  
9 a PCORC within six months, and parties agreed in a prior settlement to a six-  
10 month schedule for PCORCs.<sup>10</sup> The timing of the Settlement in this case should  
11 allow the Commission to issue a final order within that time frame.

12 **D. No Party Contests the Prudence of PSE's New and Renewed**  
13 **Resources Presented in this Case**

14 **Q. What is the significance of the Settlement term addressing the prudence of**  
15 **new and renewed resources presented by PSE?**

16 A. PSE presented evidence on the prudence of several new and renewed power  
17 purchase agreements (“PPAs”) and transmission contracts in its filing on

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<sup>9</sup> See Docket UE-200893.

<sup>10</sup> See *WUTC v. PSE*, Docket UE-130617, Order 06, Appendix A ¶ 8 (Oct. 23, 2013). The 2015 PCORC Settlement is provided in this case as Exh. SEF-3. (“Within 30 days following the five month review, the Commission would issue an order determining the appropriateness of all power costs included in the Power Cost Baseline Rate and the prudence of any new resource . . . acquisition.”); *WUTC v. PSE*, Docket UE-072300, Order 13 ¶¶ 20, 25, 41-42, 59 (Jan. 15, 2009).

1 December 9, 2020. PSE's initial filing contained substantial testimony and  
2 exhibits documenting the prudence of these resources.<sup>11</sup> No party has contested  
3 the prudence of these resources; therefore, the Commission should make an  
4 express ruling that these new and renewed resources are prudent.

5 **Q. Is it consistent with past cases for the Commission to determine the prudence**  
6 **of new and renewed resources in a PCORC?**

7 A. Yes. The Commission has recognized that a key purpose of the PCORC is to  
8 bring new prudent resources with a term of greater than two years into the power  
9 cost baseline rate.<sup>12</sup> The Commission has ruled on the prudence of new resources  
10 in PSE's prior PCORCs.<sup>13</sup> The settlement agreement that created the PCORC in  
11 2002, and the settlement agreement that continued the PCORC in 2015,  
12 recognized that the Commission may review the prudence of new and renewed  
13 resources in a PCORC, and the Commission should make an express ruling on the  
14 prudence of the resources in its final order at the conclusion of the six-month  
15 PCORC proceeding.<sup>14</sup>

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<sup>11</sup> See generally, Prefiled Direct Testimony of Cindy L. Song, Exh. CLS-1HCT and supporting exhibits; Prefiled Direct Testimony of Paul K. Wetherbee, Exh. PKW-1CT and supporting exhibits; Prefiled Direct Testimony of William T. Einstein, Exh. WTE-1CT and supporting exhibits. PSE requests the Commission admit these exhibits into the record.

<sup>12</sup> See, e.g., *WUTC v. PSE*, Docket UE-072300, Order 13 ¶ 13 (Jan. 15, 2009).

<sup>13</sup> See *id.* ¶¶ 15-18 (noting prudence determinations for Frederickson 1, Hopkins Ridge and Goldendale, made respectively in the 2003, 2005, and 2007 PCORCs). The Commission also made prudence determinations for long term resources presented in the 2013 PCORC (Docket UE-130617) and the 2014 PCORC (Docket UE-141141).

<sup>14</sup> See *WUTC v. PSE*, Dockets UE-011570 and UG-011571, Twelfth Supp. Order, Appendix A, Exh. A ¶ 11 (June 20, 2002); Exh. SEF-3 at 30-31 (*WUTC v. PSE*, Docket UE-130617, Order 06, Appendix A ¶ 8 (Oct. 23, 2013)).

1 **Q. For what resources is PSE seeking a prudence determination in this case?**

2 A. As previously stated, the resources for which PSE seeks a prudence determination  
3 are set forth in the testimony and exhibits of Cindy L. Song, Paul K. Wetherbee,  
4 and William T. Einstein. They are as follows:

- 5 • Energy Keepers PPA;<sup>15</sup>
- 6 • Sierra Pacific Industries Biomass PPA;<sup>16</sup>
- 7 • The Morgan Stanley Capital Group Inc. System PPA;<sup>17</sup>
- 8 • The BPA Capacity Contract;<sup>18</sup>
- 9 • The Golden Hills PPAs;<sup>19</sup>
- 10 • Renewal of one BPA transmission contract with a contract  
11 capacity of 23 MW for delivery from the Mid-C market trading  
12 hub;<sup>20</sup>
- 13 • Renewal of ten BPA transmission contracts with a total contract  
14 capacity of 475 MW to take delivery from existing generation  
15 resources and provide station service to a generation resource;<sup>21</sup>
- 16 • One new contract with a contract capacity of 50 MW and renewal  
17 of a contract with a contact capacity of 94 MW for BPA  
18 transmission from Garrison, Montana to PSE's system;<sup>22</sup>

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<sup>15</sup> See Exh. PKW-1CT at 10-14; Exh. PKW-4C; Exh. PKW-5C.

<sup>16</sup> See Exh. CLS-1HCT at 67-69; Exh. CLS-6HC, at 2-7; Exh. CLS-9C.

<sup>17</sup> See Exh. CLS-1HCT at 72-75; Exh. CLS-6HC, at 16-23; Exh. CLS-11; Exh. CLS-12C.

<sup>18</sup> See Exh. CLS-1HCT at 70-72; Exh. CLS-6HC, at 8-15; Exh. CLS-10C; Exh. CLS-11.

<sup>19</sup> See Exh. CLS-1HCT at 75-81; CLS-6HC, at 24-55; Exh. CLS-7HC; Exh. CLS-13C; Exh. CLS-14C.

<sup>20</sup> See Exh. PKW-1CT at 18-20; Exh. PKW-6.

<sup>21</sup> See Exh. PKW-1CT at 21-24; Exh. PKW-7C.

<sup>22</sup> See Exh. PKW-1CT at 24-28; Exh. PKW-7C; Exh. PKW-8C; Exh. PKW-9C.

- A transmission contract with a contract capacity of 75 MW beginning in 2024 and associated with the Lower Snake River and Hopkins Wind Projects;<sup>23</sup> and
- The Skookumchuck and Lund Hill PPAs (with respect to Green Direct customers only at this time).<sup>24</sup>

**E. The Settlement Recognizes that PSE’s Treatment of Monetized PTCs Is Appropriate**

**Q. Does the Settlement address PSE’s treatment of monetized PTCs?**

A. Yes, the Settling Parties recognize that PSE’s treatment of monetized PTCs is proper and consistent with the 2017 general rate case settlement agreement. It is also consistent with the Commission’s Final Order in PSE’s 2019 general rate case.<sup>25</sup>

**Q. How did PSE treat the monetized PTCs in this case?**

A. PSE used the monetized PTCs to offset the regulatory asset balance for Colstrip Units 1 and 2, which represents stranded plant associated with those units. After offsetting this regulatory asset balance, there is approximately \$31.4 million of monetized PTCs remaining. PSE included the excess monetized PTCs in rate base and will cease accruing carrying charges on these PTCs effective with the date rates become effective in this proceeding. PSE will accrue carrying charges on future PTCs that are not included in rate base as they become monetized.

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<sup>23</sup> See Exh. PKW-1CT at 29-31; Exh. PKW-10.  
<sup>24</sup> See Exh. WTE-1CT at 8-17; Exh. WTE-3C; Exh. WTE-4C; Exh. WTE-5C; Exh. WTE-7C; Exh. WTE-8C; Exh. WTE-9C; Exh. WTE-10C.  
<sup>25</sup> See *WUTC v. PSE*, Dockets UE-190529 *et. al.*, Order 08 ¶ 423 (July 8, 2020).

1 **F. The Settlement Addresses Parties' Concerns Regarding the**  
2 **Treatment of Green Direct**

3 **Q. How does the Settlement address concerns regarding the treatment of Green**  
4 **Direct?**

5 A. The Settlement addresses parties' concerns about Green Direct in two ways. First,  
6 it provides specific parameters for how Green Direct load and the Green Direct  
7 resources (Skookumchuck Wind and Lund Hill Solar) should be treated in this  
8 case. Second, the Settlement provides for the Settling Parties to work toward a  
9 path forward on a durable method for calculating the energy credit for Green  
10 Direct customers. If a further change is made to the Green Direct credit, beyond  
11 the change agreed to in this case, and if it occurs before PSE's next general rate  
12 case, PSE will defer savings and flow back those savings to non-Green Direct  
13 customers at an appropriate time.

14 **Q. Please elaborate on the Green Direct treatment that the Settling Parties have**  
15 **agreed to in this case.**

16 A. The Settling Parties agreed to the following treatment of Green Direct in this case:

17 a. The Variable PCA Baseline Rate used for purposes of the PCA  
18 imbalance for sharing in Schedule B will not include normalized  
19 test year Green Direct load. The rate is \$40.706 per MWh and is  
20 reflected on page 7, line 37 of column (II) in Attachment A to the  
21 Settlement ("Attachment A").

22 b. The Energy Charge Credit for Green Direct customers under  
23 Schedule 139 shall be the Variable PCA Baseline Rate adjusted to  
24 include normalized test year load for Green Direct customers. The  
25 rate is \$39.346 per MWh and is reflected on page 7, line 37 of  
26 column (V) in Attachment A.

- 1 c. The revenue deficiency calculation and rate spread must include  
2 normalized Green Direct load in the test year.
- 3 d. The Aurora power cost model must exclude the Green Direct load  
4 in the rate year.
- 5 e. The Aurora power cost model shall not include the Skookumchuck  
6 and Lund Hill PPAs serving the Green Direct program.
- 7 f. Future PCA tracking shall not include the cost of Skookumchuck  
8 and Lund Hill PPAs.
- 9 g. PSE's proposed tracking of cost and benefits summarized in  
10 Exh. SEF-9 associated with generation surplus or deficiency is  
11 accepted.
- 12 h. Parties reserve the right to reevaluate the method to calculate the  
13 revenue requirement and to track PCA imbalances pertaining to the  
14 treatment of Green Direct cost, revenue, and load in future  
15 proceedings.

16 **Q. Can the Commission make changes to the energy credit for Green Direct**  
17 **customers in this case?**

18 A. Yes. Schedule 139 provides that the Energy Charge Credit will be updated with  
19 each general rate case, PCORC or other power-related filings.

20 **Q. Please summarize the overall direction this Settlement takes with respect to**  
21 **the Green Direct Energy Charge Credit.**

22 A. Rather than calculate the Energy Charge Credit for Green Direct customers as  
23 approximately 75 percent of total power costs (fixed plus variable), the settlement  
24 calculates this credit based on 100 percent of variable power costs, as they are  
25 defined within the PCA mechanism.

26 **Q. What are the implications of this change in direction?**



1 A. There are two primary implications. First, customers taking service under the  
2 Green Direct program will see the level of credit on their bill reduced slightly.  
3 This increases their rates somewhat and also reduces the rates of customers not  
4 participating in the Green Direct program. This is a reasonable compromise  
5 between the level of the current credit and the level of reduction in the credit that  
6 parties may have otherwise advocated in this case. Second, aligning the  
7 derivation of the credit with the variable costs included in the PCA mechanism  
8 should provide PSE (and interested stakeholders) an ability to more clearly  
9 compare the level of the credit with PSE's underlying short-term variable power  
10 costs. This should improve the comparability of the credit to costs that are  
11 potentially avoidable by PSE over the near term (i.e., by Green Direct customers  
12 instead incurring the costs of the PPAs used to serve customers under this  
13 program).

14 **G. The Settlement Provides For Additional Low Income Assistance for**  
15 **PSE Customers**

16 **Q. Does the Settlement address low income assistance?**

17 A. Yes. The Settlement allows for an increase in PSE's permanent low-income  
18 assistance program, HELP, section of Schedule 129.

19 **Q. What is the amount of the increase?**

20 A. The Settling Parties agreed to increase the program funding by twice the  
21 percentage increase in the residential customer base rate approved by the  
22 Commission, with a minimum increase of \$1.0 million. Based on amounts

1 included in this Settlement, before updating power costs, this would equate to a  
2 5.59 percent or \$1.2 million increase in funding for electric customer assistance  
3 under PSE’s permanent low income assistance program, HELP, section of  
4 Schedule 129.

5 **Q. When will this increase take effect?**

6 A. The increase will be reflected in PSE’s Schedule 129 filing, which will take place  
7 in August 2021, to be effective October 1, 2021.

8 **H. The Settlement Delays Any Proposed Changes to the PCORC**  
9 **Consistent With the Settlement Agreement in Docket UE-130617**

10 **Q. What is the significance to PSE of the Settlement term regarding the**  
11 **PCORC?**

12 A. There is currently a multiparty settlement, approved by the Commission, which  
13 places a five-year moratorium on any proposals to change the PCORC or the  
14 PCA Mechanism.<sup>26</sup> That five-year moratorium runs through the end of 2021.<sup>27</sup> It  
15 was important to PSE that the Settling Parties and the Commission abide by the  
16 terms of that settlement and delay any consideration of changes to the PCORC  
17 until that moratorium ends. As a compromise, PSE agreed to address the issue of

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<sup>26</sup> See Exh. SEF-3 (*WUTC v. PSE*, Docket UE-130617, Order 11 ¶¶ 14, 20, 22; Settlement Stipulation, Attachment A at 7 (Aug. 7, 2015)).

<sup>27</sup> *Id.* Attachment A at 7 (“The Settling Parties agree to a five-year moratorium on changes to the PCA mechanism, effective from the start of the modified PCA mechanism, January 1, 2017”).

1 whether the PCORC should continue in a general rate case or other proceeding in  
2 2022, after the moratorium ends.

### 3 III. CONCLUSION

4 **Q. Please summarize your Joint Testimony.**

5 A. The Settlement presented to the Commission is a negotiated compromise that  
6 carefully balances the interests of PSE and its customers, as discussed above. The  
7 Settlement resets the Power Cost Baseline Rate to reflect power costs for the rate  
8 year. It refines the credit for Green Direct customers. It provides additional low  
9 income assistance. It provides for further dialog through collaborative processes  
10 on issues of concern and interest to the Settling Parties. All parties, except for  
11 Public Counsel, support the Settlement, and Public Counsel does not oppose it.  
12 For these reasons, PSE respectfully requests the Commission approve the  
13 Settlement, in its entirety, without conditions.

14 **Q. Does this conclude your Joint Testimony?**

15 A. Yes.