

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of)	
)	
PUGET SOUND ENERGY, INC.	)	DOCKET UE-121373
)	
Petition 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)	
_____)	
In the Matter of the Petition of	)	DOCKET UE-121697
	)	DOCKET UG-121705
)	
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)	
_____)	
In the Matter of	)	DOCKET UE-130137
	)	DOCKET UG-130138
)	
PUGET SOUND ENERGY, INC.'S)	
)	
Expedited Rate Filing	)	TESTIMONY OF CHARLES EBERDT
	)	IN SUPPORT OF THE ENERGY
	)	PROJECT'S JOINDER IN THE
	)	MULTIPARTY SETTLEMENT RE:
	)	COAL TRANSITION PPA AND
	)	OTHER PENDING DOCKETS
_____)	

- 1 Q. Please state your name and position.
- 2 A. I am Charles Eberdt, Director of the Energy Project, an intervening party in
3 Dockets No. UE-121697/UG-121705 and UE-130137/UG-130138.
- 4 Q. Has the Energy Project agreed to the multi-party settlement that was proposed by
5 the Company, Commission Staff, and the Energy Coalition?
- 6 A. Yes, we agreed to support the settlement.
- 7 Q. What has been the Energy Project's involvement in the multi-party settlement of
8 the three dockets?
- 9 A. The Energy Project intervened in Dockets No. UE-130037/UG-130138 and UE-
10 121697/UG-121705 in the interests of the low-income customers who live in
11 PSE's service territory and the agencies that provide the Home Energy Lifeline
12 Program, LIHEAP, and energy efficiency services to them.
- 13 Q. What role did you have in Docket No. UE-121373?
- 14 A. We did not participate in that part of the discussions. We did not petition to
15 intervene in that case, were not granted intervener status, did not analyze any
16 information specific to it, and have no comments to offer about it.
- 17 Q. What aspects of the settlement drew your attention?
- 18 A. First and foremost the impact that the revenue increases will have on then
19 utility's low-income customers. Second, we have been involved in previous
20 decoupling cases to review if the proposed decoupling program would comply
21 with the Commission's policy on conservation for low-income customers.
- 22 Q. What do you like about this decoupling mechanism?

1 A. Conceptually, I like the idea of finding a way for a utility to earn their profit that
2 relies on some sort of performance other than selling more and more of a product
3 that depends on finite resources. At the same time, I have been working to
4 promote energy efficiency for the last thirty-plus years, so a mechanism that will
5 result in greater energy efficiency is also attractive.

6 Q. Does anything give you pause?

7 A. Certainly. There appears to be a sizable dollar impact on low-income households
8 the results from the combined impact of the Expedited Rate Filing and the
9 decoupling mechanism with its K Factor. If one assumes that 75% of the
10 \$200,000,000 in the estimated additional residential revenues will be collected
11 from residential ratepayers in the next two to three years, and that roughly 20% of
12 their residential customers qualify for their low-income programs, then the
13 Company could be trying to collect an additional \$30,000,000 from low-income
14 households.

15 Q. Did you do extensive analysis of the ERF and K Factor?

16 A. No. Reading the testimony from the different parties certainly elevated this
17 concern for us, but unfortunately, the Energy Project does not have the resources
18 that would allow us to.

19 Q. Then why did you agree to support the settlement?

20 A. Quite simply because the proposing parties agreed to include some measures that
21 will mitigate the impact to a some extent, specifically an additional \$1.5
22 million/year for the bill assistance program and \$100,000/year (for four years) of
23 shareholder funds to use with the energy efficiency investment.

1 Q. If these measures only mitigate the impact to “some extent”, why did you agree?

2 A. Because it is better than what I think is a possible alternative. It is an
3 improvement over the Company’s original proposal regarding additional funding
4 for low- income rate assistance and energy efficiency. PSE’s low- income
5 customers will see the demand for increased rates. With the additional funds we
6 are more likely to keep the number of customers currently in the HELP program
7 connected to services. At the same time, the shareholder dollars will help us get
8 past barriers we face trying to provide efficiency services in some houses.

9 Q. How does the additional \$1.5 million/year protect low-income customers?

10 A. The additional funds are an estimation of the cost that the current number of
11 HELP participants will see, so it could help these people to stay connected in the
12 face of even larger bills. On the other hand, if the average award in the bill
13 assistance program did not change, those funds would allow us to serve around
14 10,000-12,000 additional customers before the next general rate case.

15 Q. Is it likely that the award level will stay the same?

16 A. I can’t really say, because the award levels are a function of how much funding is
17 available overall as well as how great the need is in the individual household’s
18 case. Since the agencies that deliver the program coordinate it with LIHEAP, the
19 state’s LIHEAP funding has bearing on how much is allowed/household, which in
20 turn affects the average. Given that the bills will be going up for all the
21 participants, we could actually end up serving fewer households. Regardless, we
22 can serve more households with the additional funds than we can without it.

23 Q. Did the stay out provision have any influence on your decision?

1 A. Yes. It was critical to us that the additional funding not be just a one-time
2 addition, but is repeated each year until the next general rate case. Historically,
3 these programs have most frequently seen funding adjustments in the course of a
4 general rate case or a merger. If there were no adjustment in the settlement, and
5 no opportunity to make such an adjustment before the next general rate case, we
6 believe many more households would be facing hardship and perhaps
7 disconnection. For these reasons we believe the settlement is in the public
8 interest.

9 Q. Does that complete your testimony?

10 A. Yes.