

April 19, 2021

RE: PSE Rate Case, Docket UE-200980

Dear Commissioners,

Thank you for considering our comments regarding PSE's requested rate increase for electric customers. CENSE represents over 1,000 ratepayers who are concerned about the environmental impacts of electricity generated by burning fossil fuels. We have two specific concerns about PSE's request.

Let us preface these comments by stating that we have no objection to rate increases that are necessary to develop cleaner energy sources, improve the reliability of our electric supply, or provide a fair level of compensation to PSE for its business operations.

However, we do not support rate increases that reward PSE for decisions that may lead to adverse outcomes for customers and the environment.

1. Exposure to gas prices

In an explanatory letter to its customers, PSE lists four reasons for its requested rate increase. The first reason is "higher natural gas costs." PSE's customers are aware of the variability and volatility of natural gas costs that cannot be anticipated or controlled by PSE or its customers. What is PSE doing to reduce this risk in the future? As coal plants are closed during the next few years, PSE will shift much of that load onto its natural gas plants. If a drought were to reduce the availability of hydro resources, PSE would further increase its reliance on natural gas. There is also risk of new state or federal taxes on GHG emissions, which would also increase the cost of electricity generated by burning gas. PSE would pass these higher costs on to its customers.

PSE could reduce our exposure to gas price fluctuations by accelerating acquisition of clean, cost-effective energy resources, including solar, wind, energy storage, demand response, and advanced electrical efficiency. However, PSE's "Preferred Portfolio," as described in its 2021 Integrated Resource Plan, does not acquire these resources at a pace that reflects the urgency we feel to reduce emissions and mitigate the risk of overexposure to gas price fluctuations and taxation.

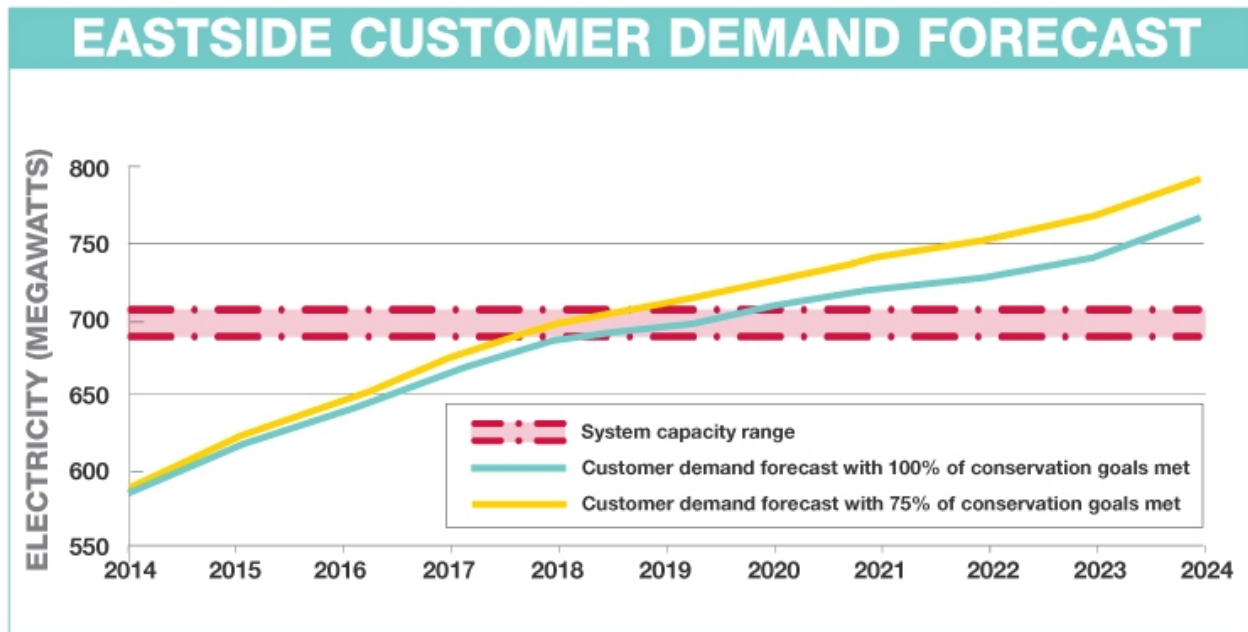
We ask the Commission to deny rate increases due to higher gas costs until PSE takes appropriate steps to reduce the risk of future increases caused by gas price hikes.

2. Outdated projects

According to PSE, another reason for the requested rate increase is "decreasing customer electricity usage." We understand that PSE has fixed maintenance and operational costs that must be covered regardless of how much electricity is consumed by its customers. However, PSE has not reconsidered projects based on forecasts of increasing consumption that never materialized.

For example, PSE proposed its quarter-billion-dollar "Energize Eastside" transmission upgrade eight years ago when the company anticipated demand for electricity would grow at **2.4% per year** in Eastside cities, as shown in this graph from 2015:

PSE's 2015 demand forecast used to justify Energize Eastside



Source: PSE's Energize Eastside website circa 2015

Six years have passed since PSE published this graph, and PSE has not updated it with more recent data. In its last several IRPs, PSE has shown falling peak demand across its service territory. We believe the Eastside has also experienced lower demand growth than PSE forecast in 2015. Do we still need an expensive project that will cost PSE ratepayers more than **one billion dollars** in principal and interest payments over its lifetime?

If PSE needs a rate increase in response to “decreasing customer electricity usage,” the company could demonstrate its sincerity and accountability by eliminating expensive infrastructure projects that are no longer needed. If PSE insists that Energize Eastside is still needed, it must prove its claim by publishing data showing increasing Eastside demand over the past decade.

Until PSE withdraws its Energize Eastside proposal or proves that it is still needed, we ask the Commission to deny all rate hikes related to decreasing customer electricity usage.

Please do not reward PSE's lack of transparency, deliberate obfuscation, and self-serving projects based on inflated forecasts and outdated data.

Sincerely,

Don Marsh
President, CENSE.org