

**EXH. TAH-1T
DOCKETS UE-240004/UG-240005
2024 PSE GENERAL RATE CASE
WITNESS: TROY A. HUTSON**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

**Docket UE-240004
Docket UG-240005**

PREFILED DIRECT TESTIMONY (NONCONFIDENTIAL) OF

TROY A. HUTSON

ON BEHALF OF PUGET SOUND ENERGY

FEBRUARY 15, 2024

PUGET SOUND ENERGY

**PREFILED DIRECT TESTIMONY (NONCONFIDENTIAL) OF
TROY HUTSON**

CONTENTS

I. INTRODUCTION1

II. COMMISSION GUIDANCE REGARDING EQUITY AND
INDUSTRY LANDSCAPE.....4

III. PSE’S PROGRESS SINCE THE 2022 GENERAL RATE CASE TO
INCORPORATE EQUITY.....7

IV. PSE’S APPROACH TO ADDRESSING ENERGY EQUITY14

 A. Energy Equity Tenets Overview14

 B. PSE’s Advancement of the Four Tenets of Energy Equity.....16

 1. Restorative Justice. 16

 2. Recognition Justice. 17

 3. Procedural Justice. 28

 4. Distributional Justice. 31

 C. Energy Equity Strategy and Roadmap32

V. PROPOSED MODIFICATION OF EQUITY RELATED
PERFORMANCE METRICS AND OTHER CONSIDERATIONS41

VI. CONCLUSION.....48

PUGET SOUND ENERGY

**PREFILED DIRECT TESTIMONY (NONCONFIDENTIAL) OF
TROY HUTSON**

LIST OF EXHIBITS

Exh. TAH-2	Professional Qualifications of Troy A. Hutson
Exh. TAH-3	Witness Testimony List
Exh. TAH-4	PSE's 2022 General Rate Case Equity Requirements
Exh. TAH-5	CEIP Equity Requirements
Exh. TAH-6	Streetlight Maintenance Equity Analysis
Exh. TAH-7	Community Engagement Efforts
Exh. TAH-8	Roadshow Presentation
Exh. TAH-9	PSE Board and Steering Committee Presentation Materials

1 **PUGET SOUND ENERGY**

2 **PREFILED DIRECT TESTIMONY (NONCONFIDENTIAL) OF**
3 **TROY HUTSON**

4 **I. INTRODUCTION**

5 **Q. Please state your name, business address, and position with Puget Sound**
6 **Energy.**

7 A. My name is Troy A. Hutson. My business address is 355 110th Ave. NE,
8 Bellevue, Washington, 98004-5591. I am the Director of Energy Equity with
9 Puget Sound Energy (“PSE” or the “Company”).

10 **Q. Have you prepared an exhibit describing your education, relevant**
11 **employment experience, and other professional qualifications?**

12 A. Yes, I have. It is the First Exhibit to the Prefiled Direct Testimony of Troy A.
13 Hutson, Exh. TAH-2.

14 **Q. What are your duties as Director of Energy Equity for PSE?**

15 A. As the Director of Energy Equity for PSE, I am responsible for leading and
16 managing PSE’s efforts to:

- 17
- fulfill energy equity regulatory commitments,
 - 18 • operationalize energy equity across PSE operations, including resource
19 acquisitions, and
 - 20 • develop and implement PSE’s strategy to lead the Company towards
21 energy equity.

1 **Q. How are you qualified to address energy equity?**

2 A. I am a seasoned utility executive with experience across numerous enterprise
3 support and operational functions. Prior to PSE, I was the Assistant Secretary for
4 the Economic Services Administration at Department of Social and Health
5 Services (“DSHS”). In this role, I led DSHS’s oversight of public assistance
6 programs. I have a history of leading organizations that provide services to
7 Priority Populations, defined in my testimony below, and as a child of poverty, I
8 bring lived experience to my leadership.

9 **Q. What is the purpose of your testimony in this proceeding?**

10 A. The purpose of my testimony is to present PSE’s vision and strategy for energy
11 equity, including PSE’s framework for reviews of proposals, engagement, and
12 education. Energy equity is an evolving field and PSE closely tracks the
13 Washington Utilities and Transportation Commission’s (“Commission”) guidance
14 and industry developments. As such, my testimony also summarizes PSE’s
15 progress to date, and PSE’s plans for next steps in implementation. I also discuss
16 how recent guidance from the Commission regarding equity has shaped PSE’s
17 decision-making processes. I further explain how, consistent with Commission
18 guidance, PSE has incorporated energy equity strategies into PSE programs and
19 PSE’s overall approach to proposals, including energy resource acquisitions.
20 Finally, I describe how PSE is planning to apply an equity lens going forward.

1 **Q. Please explain how your testimony is organized.**

2 A. First, I provide an overview of Commission guidance regarding energy equity
3 including the Commission’s 2022 PSE General Rate Case Order¹, which
4 approved PSE’s rate case settlement agreement (“Revenue Requirement
5 Settlement”),² as well as the Commission’s 2022 Cascade Natural Gas Order.³
6 Second, I describe PSE’s progress in meeting its regulatory requirements as they
7 relate to equity and how that progress ties into PSE’s strategy moving forward.
8 Third, I describe PSE’s energy equity strategy and framework. Last, I present
9 proposed modifications to metrics to evaluate PSE’s overall equity performance
10 over the duration of the multiyear rate plan.

11 **Q. Are there other witnesses in this proceeding sponsoring testimony on behalf**
12 **of PSE related to energy equity in this proceeding?**

13 A. Yes, please refer to the Second Exhibit to the Prefiled Direct Testimony of Troy
14 A. Hutson, Exh. TAH-3, for a list of the PSE witnesses sponsoring testimony
15 related to energy equity.

¹ See *WUTC v. PSE*, Dockets UE-220066 *et. al.*, Order 24/10 (Dec. 22, 2022).

² *Id.* at Appendix A.

³ *WUTC v. Cascade Nat. Gas Corp.*, Docket UG-210755 Order 09 ¶ 55 (Aug. 23, 2022) (discussing equity considerations in RCW 80.28.425 (1)) (“2022 Cascade GRC Order”).

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19

II. COMMISSION GUIDANCE REGARDING EQUITY AND INDUSTRY LANDSCAPE

Q. Is there guidance on how utilities should consider energy equity?

A. Yes. The Clean Energy Transformation Act (“CETA”) provides some initial guidance for utilities.⁴ The Commission has also provided guidance in orders in recent dockets, such as the 2022 Cascade GRC Order, and in PSE’s most recent rate case. In PSE’s last general rate case, the Commission provided certain equity guidance and commitments.⁵ The Commission then provided additional guidance in PSE’s Clean Energy Implementation Plan (“CEIP”) docket.⁶ Separately, PSE tracks industry guidance and resources on energy equity in an effort to be proactive in its business. Energy equity is an evolving regulatory area, and as the Commission provides additional guidance, PSE will continue to update its practices.

Q. What was the Commission’s guidance on equity in the 2022 Cascade Natural Gas general rate case?

A. In the 2022 Cascade GRC Order, the Commission defined energy justice as “focused on: (1) ensuring that individuals have access to energy that is affordable, safe, sustainable, and affords them the ability to sustain a decent lifestyle; and (2) providing an opportunity to participate in and have meaningful impact on

⁴ See RCW 19.405.010(6); RCW 19.405.040(8); RCW 19.405.060(1)(c)(iii).
⁵ See *WUTC v. PSE*, Dockets UE-220066 *et. al.*, Order 24/10 (December 22, 2022).
⁶ *In the Matter of Puget Sound Energy Clean Energy Implementation Plan Pursuant to WAC 480-100-640*, Docket UE-210795, Order 08 (June 6, 2023).

1 decision-making processes.”⁷ The Commission adopted three guiding principles
2 as it seeks to incorporate equity into its regulatory framework. The three
3 principles identified include:

- 4 • Developing, strengthening, and supporting policies and procedures that
5 distribute and prioritize resources to those who have been historically and
6 currently marginalized, including tribes;
- 7 • Eliminating systemic barriers; and
- 8 • Achieving procedural and outcome fairness, and promoting dignity, honor
9 and respect for all people.⁸

10 In the 2022 Cascade GRC Order, the Commission also adopted the four energy
11 justice tenets from the University of Michigan’s Energy Equity Project (“EEP”).
12 The four energy justice tenets are described in more detail in Section IV of my
13 testimony, and include: recognition, distributional, procedural and restorative
14 justice.⁹

15 **Q. What equity related guidance did the Commission provide to PSE in the**
16 **2022 General Rate Case and PSE’s CEIP docket?**

17 A. For more details on PSE’s specific equity related requirements, the Third Exhibit
18 to the Prefiled Direct Testimony of Troy A. Hutson, Exh. TAH-4, provides an
19 overview of PSE’s 2022 General Rate Case equity requirements, and the Fourth
20 Exhibit to the Prefiled Direct Testimony of Troy A. Hutson, Exh. TAH-5,
21 provides an overview of PSE’s CEIP equity requirements.

⁷ *WUTC v. Cascade Nat. Gas Corp.*, Docket UG-210755, Order 09 ¶ 56 (Aug. 23, 2022).

⁸ *Id.* at ¶¶ 54-55.

⁹ *Id.* at ¶¶ 54-56.

1 **Q. Describe other energy equity guidance that is valuable for PSE to consider.**

2 A. PSE has considered the following additional energy equity frameworks and
3 guidance in developing energy equity strategies and, where appropriate, in
4 implementing PSE’s energy equity programs:

- 5 • The Justice40 Initiative sets a goal that disadvantaged communities
6 receive at least 40 percent of the overall benefits from certain federal
7 investments (e.g., climate change, clean energy, and energy efficiency).
8 This initiative applies to certain federal programs and spurred the
9 development of the Climate and Economic Justice Screening Tool, which
10 PSE teams regularly access.¹⁰
- 11 • The EEP report, published by the University Michigan’s School for
12 Environment & Sustainability, is a national framework for measuring and
13 advancing equity in clean energy programs and investments for Black,
14 Indigenous and People of Color (“BIPOC”) and frontline communities
15 across the four tenets of energy justice referenced above and detailed
16 further below in my testimony (recognition, procedural, distributional, and
17 restorative justice).¹¹
- 18 • The American Council for an Energy-Efficient Economy’s (“ACEEE”)
19 Leading with Equity Initiative defines equity focused metrics across four
20 energy justice dimensions, which are: structural, procedural, distributional,
21 and transgenerational equity.¹²

¹⁰ Additional information found at <https://www.whitehouse.gov/environmentaljustice/justice40/>; see also Executive Office of the President, *Addendum to the Interim Implementation Guidance for the Justice40 Initiative, M-21-28, on using the Climate and Economic Justice Screening Tool (CEJST)* (Jan. 27, 2023).

¹¹ See Energy Equity Project, *Energy Equity Project Report 2022* (2022) found at https://energyequityproject.com/wp-content/uploads/2022/08/220174_EEP_Report_8302022.pdf.

¹² Additional information found at <https://www.aceee.org/about-us>.

1 **III. PSE’S PROGRESS SINCE THE 2022 GENERAL RATE CASE TO**
2 **INCORPORATE EQUITY**

3 **Q. Has PSE made progress in incorporating energy equity in the Company?**

4 A. Yes. In PSE’s 2023 CEIP Update, PSE defined its energy equity strategy and
5 developed a framework using the four core tenets to incorporating energy equity.
6 Consistent with the energy equity framework, PSE is working to incorporate
7 equity across PSE’s business. This includes energy and delivery planning,
8 customer engagement, energy and delivery operations, engineering and
9 construction of infrastructure, clean energy siting, and energy efficiency customer
10 programs.

11 My team is working directly with each of PSE’s internal business units to help
12 guide them in incorporating equity in their processes. Table 1 below includes
13 examples of PSE business use cases where energy equity is being incorporated.

14 **Table 1: PSE use-case equity incorporation examples.**

Use Case	Description	Status
Distributed Energy Resources	Developed an approach to help named communities ¹³ with distributed energy resource costs and how to socialize cost of distributed energy resources across portfolio.	In Progress
Resource Acquisition Analysis	PSE conducts an energy equity analysis for resource acquisitions in preparation for board decisions. This process includes a review that incorporates requirements from CETA, the 2022 Cascade GRC, and the energy tenets as discussed below. PSE plans to develop a cohesive template to incorporate energy equity and CEIP considerations in future analyses.	In Progress

¹³ PSE’s understanding of named communities in its service territory is explained in more detail in Table 2, and Figure 5.

Delivery System Planning	Delivery System Planning is incorporating equity throughout the planning process (from project identification, the Investment Decision Optimization Tool (“iDOT”), engagement, to implementation).	In Progress
Substation Security	PSE developed a plan to secure manual operators on electrical equipment with locks in all substations. PSE identified substations that serve named communities ranking all substations based on highly impacted communities and highly vulnerable populations to work to provide more electrical reliability.	Complete
Streetlight Maintenance Analysis	PSE performed an equity assessment on this complaint-driven process under the assumption that there would be a gap between named and non-named communities in streetlights maintained. No such significant gap was identified. Refer to Exh. TAH-6 for the Streetlight Maintenance Equity Analysis.	Complete
Circuits Analysis – Outage Restoration	System Operations is exploring the feasibility of re-prioritizing restoration during major storm events for certain circuits with the greatest amount of deepest need customers.	In Progress
Substation Maintenance	PSE is evaluating the substation maintenance process for proportional spending for bank maintenance across named communities. Substation maintenance will be using the distribution of named community customers when scheduling and prioritizing the non-critical 2024 work.	In Progress
Construction – Project Completion	PSE is in the process of increasing visibility of project processing times through a project management dashboard to baseline and evaluate any major processing time gaps in named communities versus non-named communities.	In Progress

1

1 **Q. Has PSE made progress on its energy equity commitments¹⁴ from its 2022**
2 **General Rate Case?**

3 A. Yes. PSE has made progress on energy equity commitments since the 2022
4 General Rate Case in the following categories: Delivery System Planning and the
5 iDOT process, Corporate Capital Planning, the Distributional Equity Analysis
6 Pilot, Low Income Assistance Programs, and the Targeted Electrification Pilot.

7 **Q. Describe PSE’s progress in incorporating energy equity in the Delivery**
8 **System Planning process and iDOT.**

9 A. Summary of Progress. In 2023, PSE collaborated with the Equity Advisory Group
10 (“EAG”) to update iDOT with applicable Customer Benefit Indicators (“CBIs”)
11 from the CEIP. As a result, PSE added an additional equity benefit category to
12 consider distributional effects in the optimization step, separate from the benefit
13 cost analysis. Projects entered into iDOT now must be scored on the CBIs and the
14 final project portfolio incorporates a targeted benefit threshold for named
15 communities that is met or exceeded in each release of projects.

16 Also in 2023, Delivery System Planning engaged with interested parties and the
17 public to solicit input on prioritization of benefits when evaluating community-
18 based distributed energy resources. Delivery System Planning also piloted a
19 customer engagement framework to better understand the impacts and customer

¹⁴ For more details on PSE’s 2022 General Rate Case commitments, please refer to the Third Exhibit to the Prefiled Direct Testimony of Troy A. Hutson, Exh. TAH-4.

1 energy burdens from power outages occurring on a circuit that serves an area of a
2 vulnerable population and deepest need customers to inform planning of a
3 distribution system reliability project.

4 Future Action. In 2024, PSE plans to update iDOT in collaboration with the
5 Resource Portfolio Advisory Group. PSE plans to align and adapt iDOT and the
6 Delivery System Planning process to include the latest named community data
7 available from the biennial CEIP update. Additionally, when the Distributional
8 Equity Analysis (“DEA”) pilot, which is further described in the Sections that
9 follow, is completed, PSE will incorporate appropriate findings from the pilot into
10 the Delivery System Planning process and iDOT.

11 PSE will build off the engagement approach from the 2023 reliability engagement
12 pilot in its delivery system planning process. Subsequent engagement work is
13 planned in 2024 that will continue to advance community involvement in local
14 energy delivery system planning.

15 Please see the Prefiled Direct Testimony of David J. Landers, Exh. DJL-1T, for
16 more discussion.

17 **Q. Describe how PSE is incorporating energy equity into the Corporate Capital**
18 **Planning and Corporate Spending Authorization (“CSA”) Process.**

19 Summary of Progress. In 2023, PSE delivered and began using an Enterprise
20 Project Portfolio Management (“EPPM”) tool to capture capital investment
21 requests to be put forward for funding consideration as part of the five-year

1 planning process. Energy equity was included in the solution design by a
2 mandatory question that solicited the expected impact on named communities and
3 CBIs. This approach resulted in CSA submitters and approvers incorporating
4 energy equity considerations in the tool used to evaluate and select 2023 to 2028
5 CSAs as part of PSE's capital governance process.

6 The purpose of this approach was to integrate an energy equity framework
7 directly into key enterprise business models and financial objectives. PSE
8 collected qualitative metrics to score in the form of 'Yes/No' in response to
9 guidance that leverages CBIs. This approach incorporates energy equity decision
10 making at the portfolio level and allows PSE to assess the equity impact on the
11 investment selection processes.

12 Future Action. In 2024, PSE intends to develop and include additional,
13 mandatory equity questions designed to further identify energy equity impacts
14 into the CSA evaluation process. A process will be documented for how PSE's
15 Board of Directors and senior management consider equity when making
16 decisions on the capital portfolio based on the results from the EPPM tool.
17 Finally, PSE plans to make adjustments, if needed, to its CSA energy equity
18 considerations in the EPPM tool once the DEA methodology has been approved
19 by the Commission. This is further discussed in my testimony directly below.

20 Please see Prefiled Direct Testimony of Joshua A. Kensok, Exh. JAK-1CT for
21 more discussion.

1 **Q. Describe PSE’s progress on the DEA.**

2 A. Summary of Progress. PSE has partnered with Lawrence Berkeley National Lab
3 (“LBNL”) to develop a publicly available decision support tool and an
4 accompanying practical guide for enhancing traditional cost-effectiveness tests for
5 distributed energy resources with recognition of distributional equity
6 considerations. PSE initiated this work with LBNL in July 2023. Since then, PSE
7 and LBNL agreed to conduct the DEA pilot on PSE’s community solar project – a
8 key piece of PSE’s 80 MW Distributed Energy Resources portfolio. The pilot will
9 consist of one retrospective analysis on a community solar project at Olympia
10 High School and one prospective analysis on the upcoming community solar
11 project with the Nooksack Indian Tribe. PSE and LBNL have reviewed the
12 community engagement conducted to date and begun planning for additional
13 community outreach. PSE and LBNL began scoping and gathering data to guide
14 the DEA metrics associated with the pilot. On November 14, 2023, PSE
15 participated in the first advisory board call, led by LBNL, and attended by
16 representatives from regulatory agencies, interested parties, academia,
17 consultants, nonprofits, and utilities across the country, as well as the National
18 Rural Electric Cooperative Association (NRECA), and the National Association
19 of Regulatory Utility Commissioners (NARUC).

20 Future Action. PSE and LBNL will continue to conduct community outreach and
21 assemble the necessary data to identify DEA goals, metrics, and perform DEA
22 calculations. This work will culminate in a presentation of the methodology and

1 results of the pilot in March 2024. PSE will continue to participate in LBNL's
2 advisory board that was formed to peer review the tool and accompanying guide
3 and expand tools or metrics for assessing other PSE programs and/or other
4 jurisdictions.

5 **Q. Describe PSE's progress on low-income equity issues.**

6 A. PSE has made progress on a variety of low-income equity issues addressed in the
7 2022 General Rate Case, including but not limited to PSE's Arrearages
8 Management Program ("AMP"), Bill Discount Rate ("BDR"), and PSE Home
9 Energy Lifeline Program ("PSE HELP").

10 Please see the Prefiled Direct Testimony of Carol L. Wallace, Exh. CLW-1T, for
11 more discussion on progress and future actions.

12 **Q. Describe how PSE is incorporating energy equity in the targeted
13 electrification pilot.**

14 A. Summary of Progress. PSE's targeted electrification pilot will help natural gas
15 customers transition to more efficient and sustainable electric technologies for
16 space conditioning and water heating. PSE is conducting a home electrification
17 assessment pilot as part of the targeted electrification pilot with a focus on equity.
18 One goal of the home electrification assessment pilot is to reach a minimum of 30
19 percent participation in named communities. Participation for these households
20 will include a weatherization assessment, which will determine whether the
21 household has a need for efficiency improvements. If energy efficiency

1 opportunities are identified, PSE will work with the household to provide
2 information on available incentives or programs and a identify a path forward. In
3 support of this effort, PSE has budgeted for up to 50 homes to be provided with
4 direct-install heat pumps and heat pump water heaters, in conjunction with PSE's
5 weatherization assistance program.

6 Future Action. The pilot aims to reach a higher percentage of assessments in
7 named communities and to engage in targeted outreach with home weatherization
8 assistance agencies to incorporate, where applicable, heat pump and heat pump
9 water heater fuel conversions in low-income customer households. The pilot also
10 aims to support fuel switching upgrades in at least one multi-family building and
11 up to five small businesses within the named communities defined for the pilot.

12 Please see the Prefiled Direct Testimony of John Mannetti, Exh-JM-1CT, for
13 more discussion on the targeted electrification pilot.

14 **IV. PSE'S APPROACH TO ADDRESSING ENERGY EQUITY**

15 **A. Energy Equity Tenets Overview**

16 **Q. How does PSE understand energy equity?**

17 A. PSE identifies energy equity as a priority in its planning and operations and
18 adopts the definition of energy equity and the four energy justice tenets identified
19 in the 2022 Cascade GRC Order.¹⁵ This framework is used to drive a consistent

¹⁵ *WUTC v. Cascade Nat. Gas Corp.*, Docket UG-210755, Order 09 ¶ 56 (Aug. 23, 2022).

1 approach in incorporating equity across PSE’s planning and operations.

2 Additional information is also discussed in PSE’s 2023 Biennial CEIP Update, in
3 Chapter 3.¹⁶

4 **Q. What are PSE’s four tenets of energy equity?**

5 A. PSE’s four tenets of energy equity include restorative justice, recognition of
6 justice, procedural justice, and distributional justice, each of which are
7 summarized below and in Figure 1.

8 **Figure 1. Energy Equity Four Core Tenets**



9
10 A. Restorative justice aims to remedy past harms from the energy system and prevent
11 future harms from occurring. It holistically considers whether each of the other
12 three dimensions of equity has been sufficiently addressed.

¹⁶ Docket UE-210795, Clean Energy Implementation Plan Biennial CEIP Update (Nov. 1, 2023) found at <https://www.cleanenergyplan.pse.com/ceip-library#BiennialCEIPUpdate>.

1 Recognition justice involves recognizing the cumulative hazards and
2 disproportionate burdens vulnerable communities face over time while also
3 addressing their needs across the energy system. It also includes acknowledging
4 historical, cultural, and institutional dynamics and structures that created past and
5 current inequities or disparities in the energy system. A key element of
6 recognition justice involves (1) identifying, defining, and mapping named
7 communities, and (2) identifying and tracking disparities in the energy delivery
8 system.

9 Procedural justice involves providing meaningful opportunity to participate in
10 decision-making processes.

11 Distributional justice involves directing clean energy programs and policies to
12 achieve a more equitable (fair) distribution of benefits and burdens across
13 segments of the community, prioritizing those with the highest need. Benefits
14 should be identified in a transparent and reviewable way.

15 **B. PSE’s Advancement of the Four Tenets of Energy Equity**

16 **1. Restorative Justice.**

17 **Q. How is PSE advancing restorative justice?**

18 A. PSE understands the need to create a baseline evaluation of existing conditions
19 (including those independent of any PSE activity) and of its current processes and

1 approaches to evaluate the potential for harms and key opportunities to
2 distributing benefits to named communities.

3 PSE has started to analyze current processes for inequities to review its progress
4 in advancing restorative justice. As it works to build a cleaner energy future, PSE
5 understands that racism and systemic inequalities have caused some communities
6 to be disproportionately impacted by the climate crisis. While decarbonizing
7 PSE's operations and the broader economy is critical, it must be done with social
8 and energy equity in mind. By focusing on the benefits and burdens to highly
9 impacted communities and vulnerable populations, PSE is working toward
10 climate action that supports an inclusive future for customers and does not
11 exacerbate existing injustices. Programs with restorative justice considerations are
12 discussed further later in my testimony.

13 **2. Recognition Justice.**

14 **Q. How is PSE advancing recognition justice?**

15 A. PSE recognizes there are various regulatory statutes at the federal and state level
16 that use different terminology to identify "priority populations"¹⁷ to describe
17 disadvantaged, vulnerable, or marginalized populations.

¹⁷ "Priority populations" is a term used by LBNL: "The term 'priority population' refers to a set of electric or gas utility customers who typically experience disparities or inequities relative to other customers. Priority populations are those customers that have suffered from, and continue to suffer from, disproportionate systemic costs and burdens from energy extraction, generation, transmission, distribution, and consumption. Many similar terms can represent this concept: disadvantaged, overburdened, marginalized, underserved, vulnerable, environmental justice communities, frontline communities, and more." The term "priority population" is used to capture all of these concepts.

1
2
3

Table 2, below, describes the various terminologies and definitions, with some definitions overlapping across terms:

Table 2. Terminology Used to Identify “Priority Populations”

Term Used (Regulatory Statute)	Definition
Disadvantaged community (IIJA, Justice40)	Either: (1) Geographic: a group of individuals living in geographic proximity (such as census tract), or (2) Common condition: a geographically dispersed set of individuals (such as migrant workers or Native Americans), where either type of group experiences common conditions. ¹⁸
Overburdened community (WA State Climate Commitment Act (CCA))	A geographic area where vulnerable populations face combined, multiple environmental harms and health impacts or risks due to exposure to environmental pollutants or contaminants through multiple pathways, which may result in significant disparate adverse health outcomes or effects. “Overburdened community” includes, but is not limited to: (a) Highly impacted communities as defined in RCW 19.405.020; (b) Communities located in census tracts that are fully or partially on “Indian country” as defined in 18 U.S.C. Sec. 1151; and (c) Populations, including Native Americans or immigrant populations, who may be exposed to environmental contaminants and pollutants outside of the geographic area in which they reside based on the populations' use of traditional or cultural foods and practices, such as the use of resources, access to which is protected under treaty rights in ceded areas, when those exposures in conjunction with other exposures may result in disproportionately greater risks, including risks of certain cancers or other adverse health effects and outcomes. ¹⁹
Highly Impacted Communities (WA State CETA)	A community designated by the department of health based on cumulative impact analyses in RCW 19.405.140 or a community located in census tracts that are fully or partially on “Indian country” as defined. ²⁰

¹⁸ <https://www.energy.gov/diversity/justice40-initiative>.

¹⁹ RCW 70a.65.010.

²⁰ RCW 19.405.020.

Vulnerable Populations (WA State CETA)	Communities that experience a disproportionate cumulative risk from environmental burdens due to: (a) Adverse socioeconomic factors, including unemployment, high housing and transportation costs relative to income, access to food and health care, and linguistic isolation; and (b) Sensitivity factors, such as low birth weight and higher rates of hospitalization. ²¹
Named Communities (WA State CETA)	Comprised of Highly Impacted Communities and Vulnerable Populations.

1
2
3
4
5
6
7
8
9
10
11
12
13

Recognition justice acknowledges the forces that have shaped and continue to shape the reality in which PSE operates its business. PSE recognizes its service territory contains customers at a heightened risk of displacement and a variety of structural barriers.²² Responsive to this landscape, and in addition to statutory or regulatory definitions, PSE has worked independently to identify areas of high vulnerability, deepest need, and has undertaken a searching analysis of its service territory for possible areas for additional investment. PSE’s CEIP Biennial Update, filed on November 1, 2023, sets forth PSE’s methodology for defining vulnerable populations (on a high, medium, and low level basis).²³

Q. Please describe how PSE might advance recognition justice in the future.

A. Building on efforts to advance energy equity, especially for those communities and residents that have been disproportionately impacted by longstanding

²¹ RCW 19.405.020.
²² See e.g., [Legacy of Structural Racism: Colonization of the Central Puget Sound, Puget Sound Regional Council, Regional Equity Strategy](#); [Legacy of Structural Racism: Redlining and Racial Restrictive Covenants, Puget Sound Regional Council, Regional Equity Strategy](#); [Legacy of Structural Racism: Contemporary, Puget Sound Regional Council, Regional Equity Strategy](#).
²³ Docket UE-210795, Clean Energy Implementation Plan Biennial CEIP Update (Nov. 1, 2023) found at <https://www.cleanenergyplan.pse.com/ceip-library#BiennialCEIPUpdate>

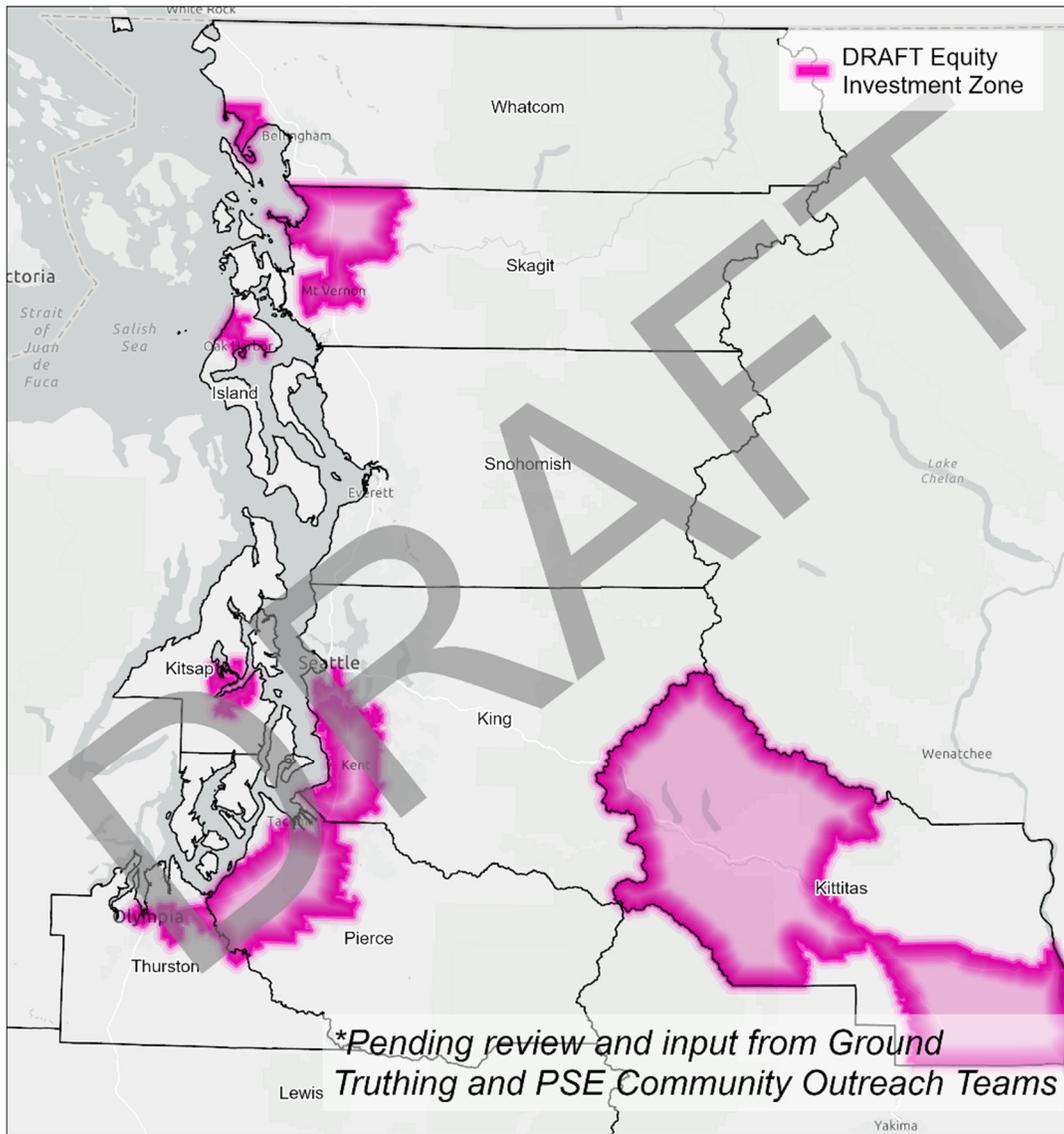
1 disinvestment and environmental burdens, PSE is considering the concept of
2 Equity Investment Zones (“EIZs”) as named communities where PSE would like
3 to prioritize investments to advance restorative justice. An EIZ is a geographic
4 coordinating area with unifying features such as exposure to air pollution or
5 extreme heat, and existing social networks such as military families or Tribes. By
6 providing mapping consistent with the named communities and deepest need
7 geographies, and then adding additional considerations to state and federal
8 systems of classification such as “Overburdened Communities” under the
9 Washington State Climate Commitment Act, and “Disadvantaged Communities”
10 as defined in the Federal Justice40 Initiative, PSE should be able to coordinate
11 across business units, coordinate community engagements, and implement its
12 2030 plan by providing clean energy resources where there is prioritized need.
13 The purpose of this is to make sure 1) PSE does not fatigue community-based
14 organizations (“CBOs”) with multiple engagements, and 2) there is consistent
15 language for PSE to communicate publicly about its equity investments.

16 PSE would share the EIZs through a storymap to integrate the quantitative data
17 from the highly impacted communities and vulnerable populations analysis and
18 the qualitative stories from PSE efforts and investments that have impacted the
19 communities. The qualitative stories “ground truth” and validate the quantified
20 data – this was based on feedback PSE received from the EAG that has been
21 incorporated into the EIZ concept.

1 PSE has identified five EIZs to start with each of which are illustrated in Figure 2
2 below, and further described in the section that follows. These EIZs include the
3 following communities, defined below, and can change over time as community
4 characteristics evolve: Military families, South King County, Skagit agricultural
5 valley, federally recognized Tribes, and Kittitas valley.

1

Figure 2. Equity Investment Zones (EIZs)



2

3

- Military Families – Census block groups surrounding the U.S. Navy bases at Bremerton, Bangor, and Whidbey Island feature concentrations of high and medium levels of vulnerability. Many active service families are contending with the high cost of living in the Pacific Northwest and may be energy burdened.

8

9

10

11

12

- South King County – South King County’s EIZ’s stretch from south Seattle through the Kent Valley and a High Vulnerable Population and areas designated as Highly Impacted Communities. It contains three major north-south highways and high levels of commute and commercial traffic servicing

1 the ports and warehouse districts within it. These uses, although unrelated to
2 PSE's operations, may increase exposure to environmental harms. Although
3 this EIZ is defined by Named Community designations, additional
4 consideration was given to the fact that this area also intersects with identified
5 Environment Justice⁴⁰ Disadvantaged Communities and the eight themes
6 from the Climate Justice Screening Tool. Furthermore, Washington
7 Department of Ecology has designated several communities as Overburdened
8 Communities within this same geography. The Puget Sound Clean Air
9 Agency (PSCAA) also has identified this area for air pollution reduction
10 goals. In addition, the University of Washington Center for Health and Global
11 Environment (CHanGE) also identified this area as containing higher
12 vulnerability for extreme heat risk in its Climate Health and Risk Tool. The
13 area is home to many BIPOC communities representing many cultures and
14 identities within that umbrella. These additional designations and
15 characteristics add to the case for designating this area as an EIZ.
16

- 17 • Skagit Agricultural Valley – Skagit County also features many census block
18 groups at the High Vulnerability Populations. This region is known for its
19 agricultural industry and high representation of Spanish-speaking populations.
20 It is also home to the Samish Indian Nation, Upper Skagit Tribe, and
21 Swinomish Indian Tribal Community. The University of Washington Climate
22 Impacts Group has identified extreme heat as a particular risk to outdoor
23 workers.
24
- 25 • Tribes – PSE has relationships with seventeen federally-recognized and five
26 non-federally recognized Tribes within its service area each with unique
27 needs, concerns, and priorities. PSE will work to understand the utility needs
28 and goals of each Tribal Nation and support the coordination of programs,
29 products, and services to create clean energy solutions in a way that supports
30 consistency with the four tenets of equity for the Tribes
31
- 32 • Kittitas Valley – Kittitas Valley experiences climate change effects of extreme
33 heat and wildfire risk. The towns of Roslyn, Ronald, and Cle Elum are
34 surrounded by areas with high wildfire potential. These Kittitas Valley
35 communities are also facing climate change effects of extreme heat. Many
36 customers are socially isolated and have limited access to services and
37 resources and are impacted during outage and fire events.

1 **Q. Please describe how PSE has identified vulnerable populations and highly**
2 **impacted communities in its service area.**

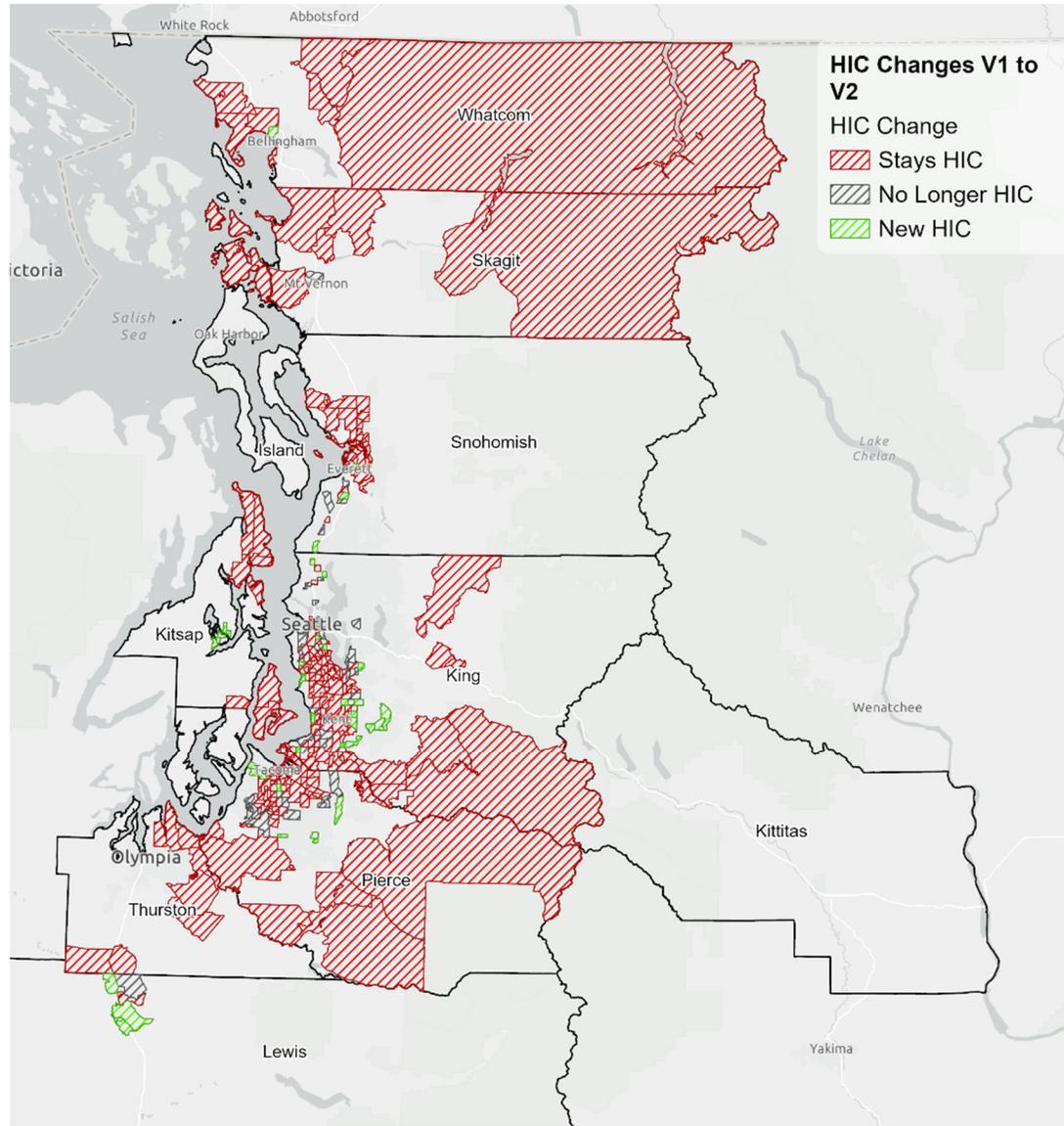
3 A. In addition to the EIZs that illustrate the locations of priority populations in terms
4 of community areas, CETA required the designation of highly impacted
5 communities, which includes Indian Country and the highest tiers of impacted
6 communities identified in the Washington Department of Health Environmental
7 Health Disparities mapping system.²⁴ Separately, CETA required that PSE
8 designate vulnerable populations. PSE, in consultation with the EAG, elected to
9 develop a geographic information system (“GIS”) mapping frameworks to
10 identify where vulnerable populations are located within PSE’s service area. The
11 following figures display those GIS maps.

12 Figure 3 displays the changes in highly impacted communities located within
13 PSE’s gas and electric service area between 2019 and 2023.

²⁴ See Washington Department of Health, *Washington Environmental Health Disparities Map*, available at <https://doh.wa.gov/data-and-statistical-reports/washington-tracking-network-wtn/washington-environmental-health-disparities-map> (last accessed February 7, 2024).

1
2

Figure 3. Changes in Highly Impacted Communities Mapping Between 2019 and 2023 (Gas & Electric Service Area)²⁵



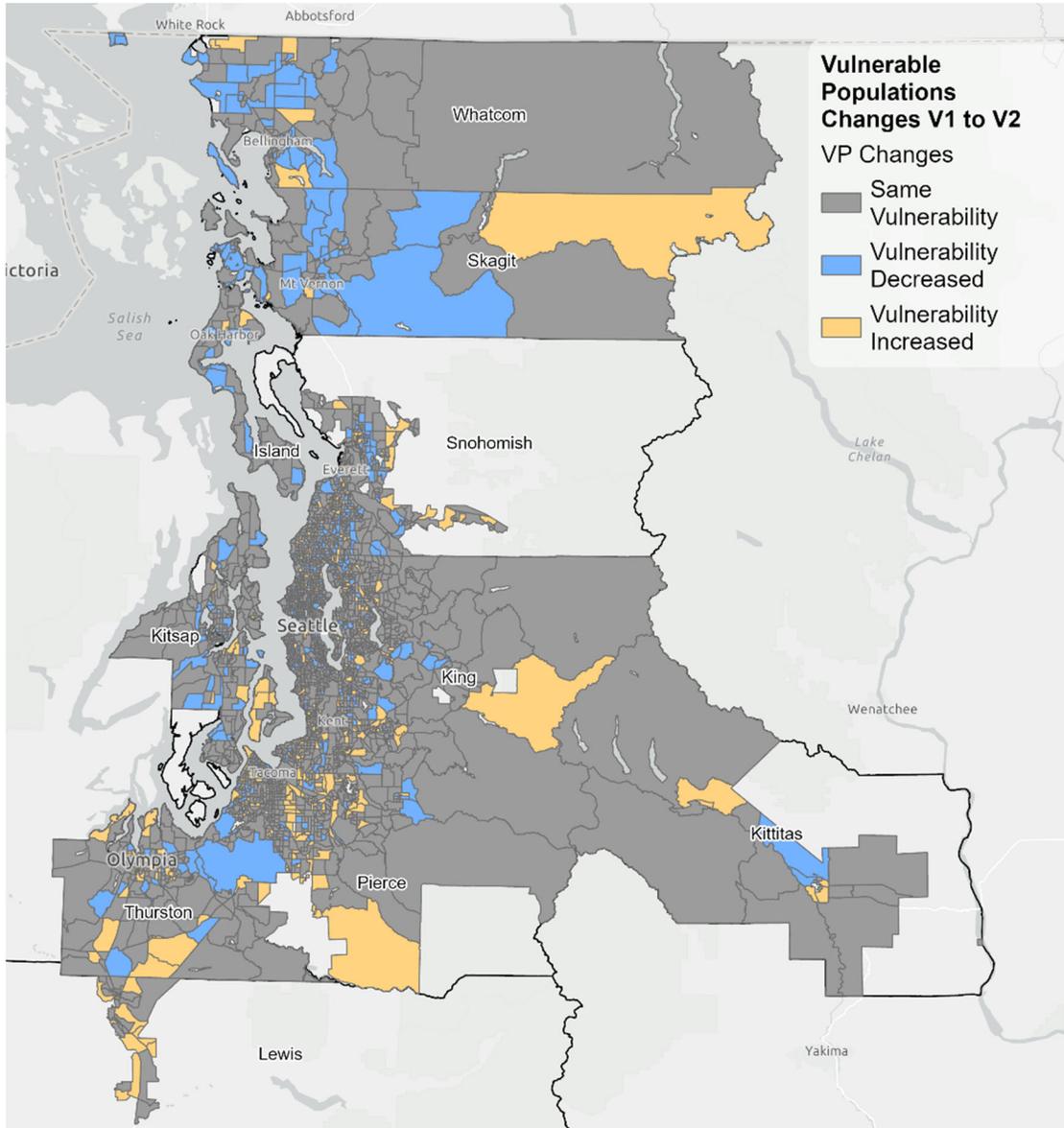
3
4

²⁵ This map displays 2010 census block groups, whole or portions, intersecting with PSE's electric and gas service territory. Areas of census block groups extending beyond PSE's service territory are not shown.

1
2
3

Figure 4 displays the changes in PSE’s vulnerable population mapping across PSE’s gas and electric service area over that same time period.

Figure 4. Vulnerable Populations Map (Gas & Electric Service Area)²⁶



4

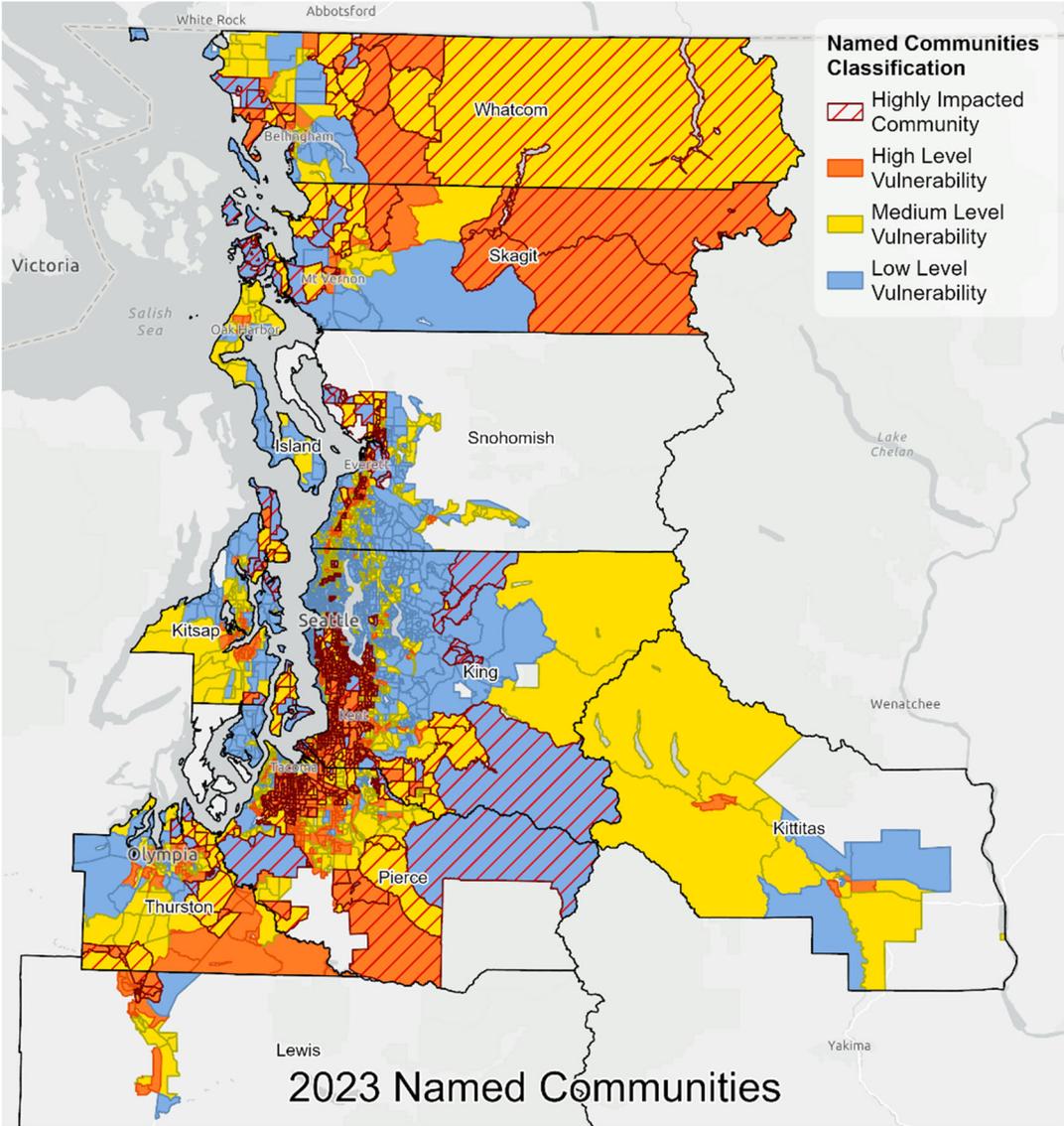
²⁶ *Id*

1
2
3
4
5

6

Figure 5 displays the combined highly impacted communities and vulnerable populations (collectively, “Named Communities”) map across PSE’s gas and electric service area.

Figure 5: Updated Named Communities Map (Electric & Gas Service Area)²⁷



²⁷ *Id.*

1 **Q. Please provide a summary of the number of highly impacted and energy**
2 **burdened customers in PSE’s service territory.**

3 Table 3 summarizes the number of customers who are in highly impacted
4 communities, high vulnerable populations, and energy burdened in PSE’s electric
5 and gas service territory.

6 **Table 3. Number of Customers in Highly Impacted Communities (HIC),**
7 **High Vulnerable Populations (VP), and Energy Burdened.**
8

	<u>Electric</u>	<u>Gas</u>	<u>Combination</u>	<u>Total Customers</u>
HIC	187,069	93,908	100,104	381,081
High VP	252,567	93,616	113,855	460,038 ²⁸
Energy Burdened ²⁹	119,079	41,151	38,077	198,307

9
10 **3. Procedural Justice.**

11 **Q. How is PSE advancing procedural justice?**

12 A. To create an inclusive and accessible process, particularly with historically
13 marginalized communities, PSE recognizes that a robust stakeholder engagement
14 plan is needed. PSE has made significant progress on this effort, but the plan
15 continues to evolve. PSE’s approach to community engagement is achieved
16 through identifying and prioritizing areas of community need, building
17 relationships with CBOs, meeting communities and individual customers where

²⁸ Note that some high vulnerable populations will also be located in highly impacted communities.

²⁹ Energy burden is defined as “the share of annual household income used to pay annual home energy bills.” WAC 408-100-605. A household is considered energy burdened if they spend six percent or more of the household income on energy costs. More information on energy burden can be found in Birud D. Jhaveri’s testimony, Exh. BDJ-1T.

1 they are, and engaging in two-way interactive communication that includes not
2 only listening, but following up on what was heard and communicating
3 effectively the actions taken, if any, and how feedback was considered. PSE uses
4 the International Association for Public Participation (“IAP2”) spectrum,³⁰ which
5 defines five levels of public participation: inform, consult, involve, collaborate,
6 and empower. PSE aims to engage named communities at various levels of the
7 IAP2 spectrum depending on the circumstance and purpose of the engagement.

8 Part of PSE’s Community Engagement Plan includes the development of a
9 community engagement guide to provide guidance to internal departments on
10 building equitable community engagement that will help PSE make sure
11 community voices are heard and feedback is responded to throughout the design,
12 implementation, and evaluations of energy programs and policies. It includes best
13 practices from organizations including IAP2, University of Michigan’s EEP, and
14 internal PSE departments.

15 **Q. Please describe PSE’s efforts on community engagements in Named**
16 **Communities.**

17 A. Please refer to Exh. TAH-7 for more details on some of the community
18 engagement efforts across PSE in named communities.

³⁰ International Association for Public Participation Spectrum USA, IAP2 Public Participation Spectrum, available at <https://iap2usa.org/cvs>.

1 **Q. Has PSE engaged interested parties and others to develop, and continue to**
2 **mature, PSE’s energy equity approach and efforts?**

3 A. Yes, members of the PSE Energy Equity and Government Relations departments
4 have engaged and continue to engage with community members in Named
5 Communities, Tribes, Commission staff, interested parties, and other
6 organizations to provide our energy equity strategy and approach and to listen to
7 their perspectives. For illustration, although not a full list of all of PSE’s equity
8 engagement efforts, PSE has met with the following organizations or advisory
9 groups in 2023 to discuss our approach to energy equity:

- 10 • Joint Advisory Meetings (EAG/LIAC/CRAG) to present research and
11 define deepest need; propose minimum designation for deepest need;
12
- 13 • Commission Staff to introduce PSE’s strategy and approach on energy
14 equity;
15
- 16 • Washington State Attorney General’s Office, Public Counsel Unit;
17
- 18 • Washington State Commissions: PSE met with the Washington State
19 Commission on Asian Pacific American Affairs. PSE has future plans to
20 meet with the Commission on African American Affairs, the Commission
21 on Hispanic Affairs, the Governor’s Office of Indian Affairs, and the
22 Office of Minority and Women’s Business Enterprise. PSE hopes that
23 these engagements result in strengthened partnerships with communities
24 that these commissions represent;
25
- 26 • Washington State Office of Equity;
27
- 28 • Minority Business Development Agency (US Department of Commerce);
29
- 30 • NW Energy Coalition (“NWEC”);
31
- 32 • Spark Northwest;
33
- 34 • Front & Centered, and
35

- University of Washington Center for Health and Global Environment (CHaNGE) to collaborate applying the Climate Health and Risk Tool (CHaRT) to PSE’s service area and mature customer health and extreme heat risk data.

In general, members were supportive of PSE’s energy justice approach, EIZs, and PSE’s compliance approach to equity. PSE has also worked directly with Tribes to better understand their energy goals and to explore partnership opportunities

4. Distributional Justice.

Q. How is PSE advancing distributional justice?

A. PSE is prioritizing Named Communities in its customer and pilot programs while also incorporating equity considerations at the capital portfolio level through the following 2022 General Rate Case Order requirements which require incorporation of equity in PSE’s Delivery System Planning, Corporate Capital Planning decision-making processes, and DEA. Details of progress can be found in Section III, which explains PSE’s progress since the 2022 General Rate Case to incorporate an equity lens in PSE’s processes.

For example, for the DEA, PSE is partnering with Lawrence Berkeley National Lab (“LBNL”) to develop a publicly available decision support tool and accompanying practical guide for enhancing traditional cost-effectiveness review for DER with recognition and distributional equity considerations.³¹ Washington

³¹ Lawrence Berkeley National Lab *Distributional Equity Analysis for Energy Efficiency and Other Distributed Energy Resources: A Practical Guide* (2024) (forthcoming), found at <https://emp.lbl.gov/publications/distributional-equity-analysis>.

1 state is featured as a case study, and PSE will be featured as a utility case study in
2 LBNL’s practical guide.

3 PSE has set the goal of directing at least 30 percent of clean energy benefits (in
4 addition to those required under CETA) flowing to Named Communities. In 2024,
5 PSE is considering conducting a system-wide equity analysis to evaluate and
6 understand the equity impacts at PSE. This will help PSE (a) identify existing
7 equity issues on the utility system, (b) develop recommended actions for how to
8 address those issues, (c) monitor changes in equity over time, and (d) recommend
9 new actions for addressing equity issues as they become better understood over
10 time.³²

11 **C. Energy Equity Strategy and Roadmap**

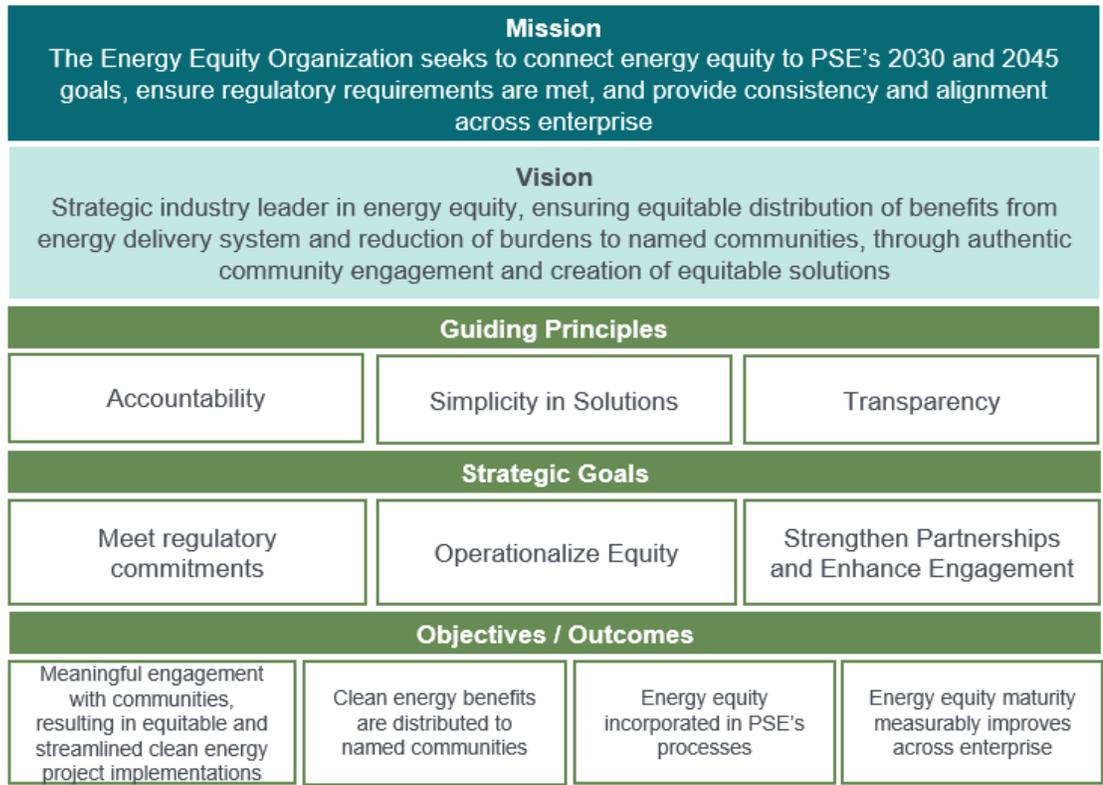
12 **Q. Describe PSE’s Energy Equity strategy.**

13 A. As an organization, PSE is committed to providing excellence to customers, while
14 paying attention to dimensions of differences and disparities including
15 environmental and socioeconomics. PSE plans to meet customers where they are,
16 work to provide equitable access to clean energy, and advance its maturity in
17 energy equity. PSE developed a strategic framework to define PSE’s energy
18 equity vision, goals, objectives, and guiding principles as shown in Figure 6
19 below.

³² This is a recommendation from LBNL.

1

Figure 6. PSE’s Energy Equity Strategic Framework



2

3

4

5

6

7

8

9

PSE’s energy equity vision is to be a strategic industry leader in energy equity, the equitable distribution³³ of benefits and potential reduction of burdens to Named Communities from PSE’s transition to clean energy, through authentic community engagement and, where practicable, implementation of equitable solutions. PSE’s aim is to apply an equity lens in its processes—both internally and externally. As part of this vision, PSE created a centralized Energy Equity Organization, which is now my department, whose mission is to focus on

³³ "Equitable distribution" means “a fair and just, but not necessarily equal, allocation of benefits and burdens from the utility’s transition to clean energy. Equitable distribution is based on disparities in current conditions. Current conditions are informed by, among other things, the assessment described in RCW 19.280.030(1)(k) from the most recent integrated resource plan.” WAC 480-100-605.

1 connecting energy equity to PSE’s enterprise strategies and key business
2 imperatives, including meeting PSE 2030 (carbon neutral) and 2045 (Beyond Net
3 Zero) goals, as discussed in the Prefiled Direct Testimony of Matt Steuerwalt,
4 Exh. MS-1T. My department provides the centralized structure to create
5 consistency and alignment for business units that are incorporating energy equity.
6 To operationalize equity, PSE has prioritized the processes identified by the 2022
7 General Rate Case, followed by processes that are captured in the equity-focused
8 performance metrics, and, lastly, PSE’s remaining business processes.

9 **Q. How did PSE determine the energy equity guiding principles referenced in**
10 **PSE’s Energy Equity Strategic Framework?**

11 A. PSE adopted a set of guiding principles to establish the values, and beliefs that
12 guide our journey to achieve our Energy Equity Framework. PSE started with the
13 guiding principles adopted by the EAG (accessibility, affordability, and
14 accountability), and made adjustments to align those principles with PSE’s energy
15 equity vision and mission. The guiding principles are:

- 16 • Transparency – Transparency not only includes sharing of information and
17 data to the Commission, interested parties, and communities, but also
18 being transparent about our process and decisions. Transparency leads to
19 building trust and accountability by empowering others with information
20 to hold PSE accountable.
- 21 • Accountability – PSE strives to equitably distribute benefits and potential
22 burdens from PSE’s transition to clean energy in Named Communities.
- 23 • Simplicity – as PSE incorporates equity considerations into its processes,
24 it is important to keep the analyses and processes simple. Simplicity
25 benefits procedural justice when PSE engages with the EAG, Named
26 Communities, interested parties, the Commission, and our customers,
27 because it reduces barriers to understanding our approaches and engenders

1 more of a participatory process. In addition, simplicity will make it easier
2 for customers to access and participate in programs, which is consistent
3 with PSE's goal to increase benefits to Named Communities.

4 These guiding principles ultimately support the four core energy justice tenets.

5 **Q. Please describe tools that PSE has developed to start to integrate energy**
6 **equity considerations into its processes.**

7 A. To facilitate the incorporation of energy equity into decisions across the
8 Company, PSE developed an Energy Equity Guidance Tool, shown in Figure 7
9 below, to be used by internal departments. The Energy Equity Guidance Tool
10 describes the four core tenets of energy justice and establishes a mechanism for
11 use to better track PSE's progress towards addressing each tenet of energy justice.
12 It also provides guidance questions for internal departments to consider in each of
13 the four energy justice tenets.

Figure 7. Energy Equity Guidance Tool

- In each of the four tenets, consider:
- What have you done for highly impacted communities and vulnerable populations?
 - What measures are you able to provide in these areas?
 - Process measures (what's been done to incorporate energy equity, what changes have been made)
 - Engagement measures
 - Impact measures
 - What's your progress and what are your future plans?
 - Additional guidance and questions are provided below.

	Overview	Additional Guidance
 <p>Recognition Justice</p>	<p>Understanding of historic and ongoing inequalities and prescribes efforts that seek to reconcile these inequalities</p>	<ul style="list-style-type: none"> • What are the disparities & root factors that have led to historic and current inequities? What are the deepest inequities that have been identified? • Have you identified the communities you're targeting? What are their characteristics (eg housing, energy burden, pollution, health, economic, etc)? • What collaborative efforts are happening to identifying communities you're targeting?
 <p>Procedural Justice</p>	<p>Focuses on inclusive decision-making processes and seeks to ensure that proceedings are fair, equitable, and inclusive for participants, recognizing that marginalized and vulnerable populations have been excluded from decision-making process</p>	<ul style="list-style-type: none"> • How are you being inclusive and accessible in your engagement in named communities? • Have you engaged with the right Community-Based Organizations? • How are you engaging named communities in legal / regulatory proceedings? • How are you using the feedback from named communities? How are you informing your decisions based on their feedback? • Are you co-creating programs, procedures with communities? • Is early engagement occurring with communities? Have you identified their burdens?
 <p>Distributional Justice</p>	<p>Distribution of benefits and burdens across populations. Aims to ensure marginalized and vulnerable populations do not receive inordinate share of the burdens or are denied access to benefits</p>	<ul style="list-style-type: none"> • What have you done in your process(es) to incorporate energy equity? What changes have been made? • How are you measuring your impact on benefits & reduction of burdens? <ul style="list-style-type: none"> ◦ Have you established baseline measures and able to track progress of impact? ◦ What are you doing to measure community engagement? ◦ Are benefits distributed equitably and fairly? What % of programs/projects are received by named communities? • Are at least 30% of benefits distributed to named communities?
 <p>Restorative Justice</p>	<p>Utilizes regulatory government organizations or other interventions to disrupt and address distributional, recognition or procedural injustices and to correct them through laws, rules, policies, orders and practices.</p>	<ul style="list-style-type: none"> • What do you see success looking like? • Are processes eliminating future inequities? • Do customers feel they are receiving the benefits? • Have we built a just energy system where it is accessible for all?

Q. Describe PSE's roadmap for energy equity maturity.

A. PSE strives for operational excellence in energy equity, which includes PSE's quest to improve access and participation for Named Communities (i.e., procedural justice).

The following are the key outcomes that PSE is working to achieve:

- Meaningful and early engagement with Named Communities with the aspirational goal of achieving equitable and streamlined clean energy project implementations;
- Clean energy benefits are distributed to Named Communities;

- Incorporation of energy equity considerations into PSE’s operational decision making processes; and
- Energy equity maturity measurably improves across the enterprise.

As part of the strategic framework, PSE developed a three-year roadmap (2023-2025) depicted in Figure 8 below to define PSE’s action plan in maturing our energy equity program. The roadmap is organized into activities that strive to respond to each of the four energy justice tenets along with activities that are foundational to achieving success.

Figure 8. Energy Equity Three-Year Roadmap.

Energy Equity Roadmap										
Key outcomes		Meaningful engagement with communities, resulting in equitable and streamlined clean energy project implementations Clean energy benefits are distributed to named communities Energy equity incorporated in PSE’s processes Energy equity maturity measurably improves across enterprise								
		2023				2024				2025
Activity		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Restorative Justice	Develop Story Map (Equity Investment Zones)									
	Publish / Maintain Story Maps									
	CEIP Biennial Update									
	GRC Filing & Proceedings									
	Incorporate equity in processes (regulatory)									
	Participate in Equity docket									
	Identify & Advocate for Policy Changes									
Recognition Justice	Define Vulnerability Populations factors (v1)									
	Finalize Vulnerability Population factors (v2)									
	Finalize Vulnerability Population factors (v3)									
	Maintain HIC & VP data sources									
Procedural Justice	Define Engagement Plan									
	Inter-departmental Engagement Coordination									
	Publish external website									
	Hold Community Listening Forums									
	External Organization Roundtables / Partnerships									
Distributional Justice	DEA Guidance Publication (LBNL)									
	Develop DEA tool (LBNL)									
	Perform System-Wide Assessment									
	Define, publish metrics									
Foundational	Set targets, monitor maturity									
	Staff Team									
	Establish Framework & Approach									
	Establish Vision, Guiding Principles									
	Define Success Measures									
	Develop/Refine Templates, Resources									
	Incorporate equity in processes (non-regulatory)									
Roll out employee education / training										
Research Best Practices										

More specifically, PSE’s Roadmap includes the following:

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33

- Participate in the Commission’s Equity Docket (A-230217) to gain further equity guidance. The proceeding will result in a policy statement and equity action plans. At the time of this filing, PSE submitted comments to the first written notice for comment on procedural justice.

- Publish version 2 of the Highly Impacted Communities and Vulnerable Populations (based on the updated Vulnerable Population factors discussed in PSE’s CEIP Biennial Update) in PSE’s GIS maps for PSE employees to view and access. Version 2 publication occurred in 2023.

- In 2024, publish an external public webpage to communicate our commitment and demonstrate our progress on energy equity, including storymaps illustrating PSE’s progress and investments in EIZs. Maintaining an equity-specific webpage on PSE’s equity program is intended to help to provide transparency, which aligns with PSE’s energy equity guiding principles.

- Collaborate with other organizations and utilities to learn about their energy equity practices. PSE currently partners, and will continue to partner with the following organizations:
 - Lawrence Berkeley National Laboratories – development of Distributional Equity Analysis;
 - University of Washington CHanGE – incorporation of their public health data to PSE’s improve vulnerability health factor when identifying Vulnerable Populations, and
 - Chartwell Vulnerable Customer Leadership Council – PSE is a member of this Council to participate in and learn best practices and lessons from other utilities.

- Hold roundtable session(s) with local organizations who are either incorporating equity in their organizations or whom PSE has partnered with to support PSE’s maturity, providing an opportunity to share successes, challenges, and forge and strengthen partnerships; and research best practices and lessons learned around, and not limited to, customer programs, engagement practices, and the identification of Named Communities.

1 **Q What is PSE’s approach in enabling its employees to understand and start to**
2 **incorporate energy equity in their decisions-making process?**

3 A. PSE has discussed its strategy for incorporating equity consideration to work
4 towards a more equitable distribution of clean energy benefits and to, over time,
5 potential burdens to Named Communities from PSE’s transition to clean energy.³⁴
6 It is equally important for PSE to embrace equity internally so that PSE can
7 integrate considerations of equity into processes and decisions. For internal use, in
8 addition to the departmental guidance and community engagement plan PSE
9 developed an education plan to inform, educate, and guide PSE’s workforce so
10 that they understand (1) the importance and rationale of incorporating energy
11 equity into processes, including regulatory requirements, (2) how PSE defines
12 energy equity and the four energy justice tenets, (3) PSE’s energy equity approach
13 to how employees consider equity, and (4) where Named Communities are
14 located in PSE’s service territory.

15 PSE’s education plan includes development of training content, tools, and
16 resources for employees, including the Equity Guidance Tool, and
17 implementation of energy equity training module(s) for all employees.

18 The following are methods used to strengthen PSE’s employees’ knowledge on
19 energy equity:

- 20 • “Roadshow” presentations with individual departments to provide an
21 overview of energy equity. In addition, in 2023, the Energy Equity
22 department met with 19 internal departments to provide an overview of

³⁴ See WAC 480-100-605 (defining “Equitable Distribution”).

1 energy equity which includes the compliance background, PSE's
2 framework, and the energy equity guidance tool. A copy of this
3 presentation is included as Exh TAH-8. PSE prioritized business
4 departments who are impacted by an equity-related compliance
5 requirement and teams who work directly with customers. The purpose is
6 to provide awareness to employees to have them start to consider energy
7 equity specific to their areas. PSE will continue to meet with internal
8 business departments in 2024 until all departments have been reached;

- 9 • PSE's internal energy equity website;
- 10 • Learning modules within PSE's Learning Management System;
- 11 • Energy Equity Champions. Established in 2023, the Energy Equity
12 Champions group consists of employees across PSE where equity impacts
13 their work. This group includes individuals from various departments
14 including System Planning, CEM, Clean Energy Strategy, Community
15 Outreach, Engagement, Customer Renewables, DEI, Financial Planning &
16 Analysis, and Resource Planning who meet regularly to be informed of
17 energy equity progress across the company, share best practices, and
18 lessons learned. As a result of this, subgroups focused on specific areas
19 were formed to create additional collaboration, alignment, and in-depth
20 discussions on specific topics:
 - 21 ○ Energy Equity Champions – Community Engagement Group
 - 22 ○ Energy Equity Champions – Data Group, and
- 23 • All employee communications through PSE's Friday Focus articles.

24 Finally, PSE regularly engages with its Board of Directors and the Steering
25 Committee on equity discussions related to strategic and operational planning and
26 implementation. Presentation materials are available in Exh. TAH-9.

V. **PROPOSED MODIFICATION OF EQUITY RELATED PERFORMANCE METRICS AND OTHER CONSIDERATIONS**

Q. **Is PSE proposing any metrics to evaluate PSE’s performance in the area of energy equity over the duration of the multiyear rate plan?**

A. Yes. PSE is proposing two new metrics to measure PSE’s progress in reducing energy burden for customers: (1) median percentage reduction in energy burden from energy assistance, among high energy burden customers who receive energy assistance, and (2) percentage of high energy burden customers who received energy assistance. The performance metrics are summarized in Table 4.

Table 4. Proposed Equity-Related Performance Metrics

Metric	Metric Definition	Revision from 2022	Metric Calculation
Energy Burden Efficacy	Median percentage reduction in energy burden from energy assistance, among high energy burden customers who receive energy assistance	New	Energy Burden Efficacy = Median (Z) $Z_i = (Bill_i - EA_i) / Inc_i$ Z_i = Post-assistance energy burden for residential customer i $Bill_i$ = Total annual household energy costs for residential customer i EA_i = Total energy assistance received by residential customer i Inc_i = Known or estimated household annual income for residential customer
Energy Assistance Delivery Depth	Percentage of high energy burden customers who	New	The count of energy burdened customers receiving energy assistance divided by the

	received energy assistance		population count of energy burdened customers.
Percentage of utility spending on DR, DER, and renewable energy programs that benefits highly impacted communities or vulnerable populations	Annual percentage of total DR, DER, and Renewable Energy program spend that benefits highly impacted communities or vulnerable populations	Existing	Sum of gas and electric CAPEX and OPEX [or O&M] spent on DR, DER, and renewable energy programs that are sited in or customers participate from HIC, high VP, medium VP, or low VP, separately, divided by the annual gas and electric CAPEX and OPEX [or O&M] spent on DR, DER, and renewable energy programs multiplied by 100.
Estimated percentage of PSE suppliers that are minority-owned, women-owned, or veteran-owned	Annual percentage of PSE suppliers that had spend in year that were defined as OMWBE certified, other state/national certifying agency certified, or self-certified minority-owned, women-owned, or veteran-owned suppliers	Existing	Sum of minority-owned, women-owned, or veteran-owned supplier contract count excluding Pcard purchases divided by total supplier count multiplied by 100.

1
2
3
4
5
6
7
8

Q. Please describe the new Energy Burden Efficacy performance metric PSE is proposing.

A. PSE is proposing to measure its median percentage reduction of energy burdened customers that receives energy assistance from its portfolio of assistance programs. This would measure PSE’s performance in reducing the energy burden of customers provided the benefit of energy assistance. PSE considers this a sentinel metric in assessing whether PSE is equitably distributing this energy

1 benefit and helping to lessen the economic pressure of being in an energy
2 burdened status.

3 **Q. How does PSE propose that this metric be calculated?**

4 A. PSE calculates energy burden at the customer level. PSE proposes to take the
5 population of customers it annually identifies as energy burdened and measures
6 the effect of its energy assistance programs including PSE HELP, the Low-
7 Income Home Energy Assistance Program (LIHEAP), the Bill Discount Rate
8 (BDR) Program, the Warm Home Fund, and the Arrearage Management Program
9 to reduce the magnitude of energy burden among that population. The reduction
10 of energy burden in Highly Impact Communities and Vulnerable Populations is
11 consistent with CETA's goals.³⁵ PSE advocates using the median, rather than
12 mean, percentage reduction in the energy burden population because this statistic
13 is less influenced by outliers thereby providing a more stable assessment of
14 progress.

15 PSE receives new data each year and completes a new classification of energy
16 burdened customers by May 1. This results in an update that resets the baseline of
17 customers with more than six percent energy burden. PSE expects that it would
18 make continuous progress towards reducing energy burden for customers via its
19 energy assistance programs. The annual update may affect the baseline, but PSE
20 would expect a downward trend.

³⁵ See RCW 19.405.040(8).

1 PSE would exclude energy efficiency, demand response, and DER products and
2 services from the definition of energy assistance programs for several reasons.
3 Among them are that customer participation in these programs will ultimately be
4 captured in the customer's energy cost. These other programs are also reported in
5 other mechanisms including PSE's CEIP, Biennial Conservation Plan, and
6 Annual Conservation Plan.

7 **Q. Why is this an appropriate metric for evaluating PSE's performance during**
8 **this rate plan?**

9 A. As it decarbonizes its portfolio, integrates new technology to facilitate distributed
10 energy resources, and creates new rate structures, PSE is operating in a dynamic
11 time of change in the utility industry. This metric signals that PSE is aligned with
12 CETA, because it demonstrates that PSE is working to equitably distribute
13 benefits to alleviate some of the burden experienced by energy burdened
14 customers.

15 **Q. Please describe the new Energy Assistance Delivery Depth performance**
16 **metric that PSE is proposing.**

17 A. PSE proposes this metric to determine what proportion of its energy burdened
18 customer population is receiving energy assistance. The higher the value for this
19 metric, the greater success PSE is achieving at directing its energy assistance
20 resources to its customers most in need of economic benefits. Conversely, a lower

1 score indicates PSE should consider adjustments in its energy assistance delivery
2 in order to be in alignment with CETA goals.

3 **Q. How does PSE propose that this metric be calculated?**

4 A. PSE would take the count of its energy burdened customer population that
5 receives energy assistance and divide it by the count of the energy burdened
6 customer population. Higher values for this metric correspond to a higher
7 accuracy in delivering energy assistance to the energy burdened customer
8 population.

9 **Q. Why is this an appropriate metric for evaluating PSE's performance during**
10 **this rate plan?**

11 A. In conjunction with the Energy Burden Efficacy metric, the Energy Assistance
12 Delivery Depth metric would evaluate effectiveness of the programs and
13 mechanisms used by PSE to reduce energy burden in both short-term and
14 sustained energy burden reductions.³⁶ Lower scores send a signal the need to
15 consider whether there are changes needed to PSE's energy assistance programs
16 or whether other factors are preventing PSE from contributing to reducing energy
17 burden in highly burdened customers.

³⁶ See RCW 19.405.120(4)(a)(i).

1 **Q. Are comparable metrics used by other utilities?**

2 A. While other utilities may be using the Low-Income Energy Affordability Tool
3 developed by the U.S. Department of Energy's National Renewable Energy
4 Laboratory, PSE is not aware of any other utilities that have extended that work to
5 the individual customer level to calculate energy burden.

6 **Q. What are your findings of customer energy spending as it relates to overall**
7 **household expenditures?**

8 A. Because PSE recognizes that energy costs are only a portion of overall household
9 expenditures, PSE researched how their utility expenditures compare to its overall
10 spending. Table 5 shows the result of that analysis.

11 Energy burden is subsumed in the "Other Necessities" category in Table 5. As
12 PSE works to reduce the energy burden of highly burdened customers, customers
13 are empowered to allocate their resources to the other high costs of living in
14 western Washington.

1
2
3
4
5
6
7
8
9
10
11
12
13

Table 5. Household Budget Required to Secure Modest but Adequate Living³⁷

Household Budget for 2 Adults 1 Child	King	Average of other Counties
Housing	25%	20%
Transportation	15%	14%
Child Care	14%	20%
Other Necessities	13%	13%
Taxes	12%	10%
Health Care	11%	11%
Food	10%	11%

Q. Does PSE have other suggestions for the Commission to consider regarding energy equity?

A. As electricity costs continue to rise, it is important for customers to receive the assistance they need to meet their household expenditures. In particular, if a customer is eligible for public assistance programs such as housing, medical, or food, should automatically qualify for PSE energy assistance programs, providing customers with the assistance they need. Customers are typically required to submit the same information, such as income and household size, for public assistance programs and PSE’s energy assistance programs. PSE believes there should be categorical eligibility, such that customers can automatically qualify for

³⁷ Data source: Family Budget Calculator for Washington from the Economic Policy Institute (EPI). EPI’s Family Budget Calculator measures the income a family needs in order to attain a modest yet adequate standard of living. The budgets estimate community-specific costs for 10 family types (one or two adults with zero to four children) in all counties and metro areas in the United States. Compared with the federal poverty line and the Supplemental Poverty Measure, EPI’s family budgets provide a more accurate and complete measure of economic security in America. Average household size used was three: two adults and one child for PSE’s service area.

1 PSE assistance programs if they are enrolled in certain public assistance
2 programs. In California, for example, the California Public Utilities Commission
3 approved categorical eligibility in 2006.³⁸ This allowed customers to qualify for
4 the California Alternate Rates for Energy program, which provides 20 percent
5 monthly discount or more on gas and electricity, if they are enrolled in certain
6 public assistance programs. Categorical eligibility would reduce barriers to entry
7 and would enable PSE to be part of the larger eco-system of solutions required to
8 address customer challenges in meeting their household expenditures. PSE is
9 interested in partnering with other organizations and agencies to align and
10 improve the enrollment process for assistance programs to achieve that outcome.

11 **VI. CONCLUSION**

12 **Q. Does that conclude your prefiled direct testimony?**

13 **A.** Yes, it does.

³⁸ *In Order adopting utility budgets for Low-income energy efficiency programs and California alternate rate for energy*, California Public Utilities Commission, Decision 06-12-038 (December 14, 2006).