

**EXH. TAH-4  
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**

**THIRD EXHIBIT (NONCONFIDENTIAL) TO THE  
PREFILED DIRECT TESTIMONY OF**

**TROY A. HUTSON**

**ON BEHALF OF PUGET SOUND ENERGY**

**FEBRUARY 15, 2024**

1 **PUGET SOUND ENERGY**

2 **THIRD EXHIBIT (PSE’S 2022 GRC EQUITY REQUIREMENTS) TO THE**  
3 **PREFILED DIRECT TESTIMONY OF**  
4 **TROY A. HUTSON**

5 **Q. Please describe your understanding of the Commission’s 2022 General Rate**  
6 **Case (GRC) Order as it relates to energy equity?**

7 A. The 2022 PSE General Rate Case (“2022 GRC”) Order<sup>1</sup> approved the Revenue  
8 Requirement Settlement, which resolved numerous issues in PSE’s 2022 general  
9 rate case, including matters related to equity. Under the Revenue Requirement  
10 Settlement, PSE agreed to implement certain equity commitments into its  
11 business model, which are summarized below:

- 12 • **Corporate Capital Planning – Planning for Equitable Outcomes:** Develop  
13 a process or procedure for how PSE’s Board of Directors and senior  
14 management plan for equitable outcomes when making decisions on  
15 enterprise-wide capital portfolios. This will include a transparent and  
16 inclusive methodology for how the Enterprise Project Portfolio Management  
17 (“EPPM”) tool will be used to apply an equity lens to the Corporate Capital  
18 Allocation framework that integrates feedback from persons affected by  
19 PSE’s decisions.<sup>2</sup>
- 20 • **Distribution System Planning.** Conduct Distribution System Planning in  
21 coordination with the Clean Energy Implementation Plan (“CEIP”) process, as  
22 part of an integrated system planning approach for distribution system  
23 investments with a goal of, in part, identifying ways that may achieve an  
24 equitable distribution of benefits and burdens to named communities.<sup>3</sup>
- 25 • **Investment decision optimization tool (“iDOT”).** Develop new equity-  
26 related benefits and costs, including the social cost of greenhouse gas and  
27 societal impacts, for use in the optimization step of iDOT.<sup>4</sup> Once the approved

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

<sup>2</sup> Docket UE-220066 *et. al.*, Order 24/10, Appendix A (“Revenue Requirement Settlement”) ¶ 24.

<sup>3</sup> Revenue Requirement Settlement ¶ 25.

<sup>4</sup> Revenue Requirement Settlement ¶ 26.

1           Distributional Equity Analysis methods are in place, PSE will incorporate the  
2           approved analyses into a decision-making tool.<sup>5</sup>

- 3           • **Pilot Distributional Equity Analysis.** Develop methods and a process for a  
4           pilot distributional equity analysis (“DEA”). PSE committed to applying the  
5           methods used to develop the DEA to its proposed 80 MW of distributed  
6           energy resources as a pilot.<sup>6</sup>
- 7           • **DEA Processes.** Participate in a Commission Staff-led process to refine the  
8           methods for a DEA. Following this process, PSE will seek Commission  
9           approval of its methods for a DEA going forward.<sup>7</sup>
- 10          • **Low Income integrated programs.** Develop and design Bill Discount Rate  
11          (“BDR”), effective October 1, 2023 and an Arrearage Management Plan  
12          (“AMP”) as part of an integrated program with BDR and Home Energy  
13          Lifeline Program (“HELP”), effective October 1, 2024.<sup>8</sup>
- 14          • **Reporting on Performance Metrics.** Report on 119 performance metrics,  
15          many of which are related to equity and highly impacted communities and  
16          vulnerable populations in the following areas: Resilient, reliable, and  
17          customer-focused distribution grid<sup>9</sup>; Customer Affordability<sup>10</sup>; Advancing  
18          Equity in Utility Operations.<sup>11</sup>
- 19          • **Targeted Electrification Pilot.** Conduct an 18-month Targeted  
20          Electrification Pilot that (i) prioritizes low- income customers, highly  
21          impacted and vulnerable populations, and customers experiencing a high  
22          energy burden<sup>12</sup>; (ii) deploys strategies to maximize effective carbon  
23          reduction measures associated with the deployment of electric-only heat  
24          pumps in homes and buildings with wood, oil, propane, electric resistance and  
25          gas heating, (iii) identifies barriers to low-income customers, highly impacted  
26          populations, vulnerable populations, and customers experiencing high energy  
27          burdens accessing heat pump technology, and (iv) develops policies and  
28          programs to support adoption of heat pump technologies by the  
29          aforementioned customers and populations.<sup>13</sup>
- 30          • **Infrastructure Investment and Jobs Act (IIJA) funding opportunities:**  
31          Consider IIJA funding opportunities related to supporting and promoting low-

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<sup>5</sup> *Id.*

<sup>6</sup> Revenue Requirement Settlement ¶ 50.

<sup>7</sup> Revenue Requirement Settlement ¶ 51.

<sup>8</sup> Revenue Requirement Settlement ¶ 37.

<sup>9</sup> Revenue Requirement Settlement ¶ 61.

<sup>10</sup> Revenue Requirement Settlement ¶ 63.

<sup>11</sup> Revenue Requirement Settlement ¶ 64.

<sup>12</sup> Revenue Requirement Settlement ¶ 65.

<sup>13</sup> Revenue Requirement Settlement ¶ 67.

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income programs, projects, and interests.<sup>14</sup> In response, PSE submitted the following grant applications in 2023:<sup>15</sup>

- Smart Grid Grant and Grid Resilience under the Grid Resilience and Innovative Partnerships (GRIP) funding opportunity with the US Department of Energy
- Regional Clean Hydrogen Hub
- Hydroelectric Efficiency

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<sup>14</sup> Dockets UE-220066 *et. al.*, Order 24/10 ¶ 269.

<sup>15</sup> See the Prefiled Direct Testimony of John Mannetti, Exh. JM-1CT for more details.