

1 sharing band; they will receive a higher share of over-recoveries of power costs
2 above the dead band (65 percent versus 50 percent of under-recoveries).

3 Additionally, their overall responsibility for power cost under-recoveries beyond
4 \$120 40-million has been reduced from 95 to 90 percent. The narrowing of the
5 deadband from \$20 million to \$17 million provides customers quicker access to
6 their higher share of over-recoveries, but provides PSE the benefit of receiving
7 customer sharing of costs sooner when there are under recoveries of power costs.

8 **Q: Ms. Johnson, why does the Settlement Stipulation satisfy the interests of**
9 **Public Counsel?**

10 A: Public Counsel believes the proposed changes to the PCA sufficiently address
11 many of the issues raised in the Direct Testimony of Mr. Sebastian Coppola, on
12 behalf of Public Counsel, filed in the earlier stages of this docket.²⁰ Specifically,
13 important elements of this settlement remove fixed production costs from the
14 PCA, adjust the mechanism to account for asymmetry in risk between customers
15 and the company, adjust the trigger threshold and sharing bands, and simplify the
16 mechanism and its related filings. Moreover, these agreed changes were reached
17 after an extensive collaboration process which took place over the course of more
18 than a year. Considerable time and effort was committed to these discussions,
19 and Public Counsel believes that this proposal best reflects proper regulatory
20 treatment of variable costs and risks in a manner that has been tailored to the
21 Company's specific operation and circumstances at this time.²¹

²⁰ See, Direct Testimony of Sebastian Coppola, Exhibit No. SC-1T.

²¹ Public Counsel also agrees with the testimony of Mr. Ball, on behalf of Staff.