

**BEFORE THE WASHINGTON
UTILITIES & TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

DOCKET UE-200980

**TESTIMONY OF STEPHANIE K. CHASE
ADDRESSING THE SETTLEMENT AGREEMENT
ON BEHALF OF
PUBLIC COUNSEL**

Exhibit SKC-1T

April 2, 2021

1 **Q. Please state your name and business address.**

2 A. My name is Stephanie K. Chase and my business address is 800 Fifth Avenue, Suite
3 2000, Seattle, Washington 98104.

4 **Q. By whom are you employed and in what capacity?**

5 A. I am a Regulatory Analyst with the Public Counsel Unit of the Washington State
6 Attorney General's Office ("Public Counsel"). Public Counsel is a statutory party to
7 proceedings before the Washington Utilities and Transportation Commission
8 (WUTC) under RCW 80.01.100, RCW 80.04.510, and RCW 81.04.500.

9 **Q. On whose behalf are you testifying?**

10 A. I am testifying on behalf of the Public Counsel Unit.

11 **Q. Please describe your professional qualifications.**

12 A. I have a J.D. from the University of Wisconsin Law School and a Master's in Public
13 Affairs from the La Follette School of Public Affairs at the University of Wisconsin-
14 Madison with a concentration in energy and environmental policy. I also have a B.S.
15 in Political Science from South Dakota State University in Brookings, South Dakota.

16 Prior to joining Public Counsel, I worked as an associate attorney at the
17 Environmental Law & Policy Center (ELPC) in their Madison, Wisconsin office. As
18 an associate attorney, I worked on a variety of legal and policy matters related to
19 energy and environmental issues in Wisconsin, South Dakota, and North Dakota.

20 Since joining Public Counsel in January 2020, I have worked on a variety of
21 utility and transportation matters, including the Puget Sound Energy (PSE) water
22 heater rental service sale case (Docket UG-200112), the Cascade Natural Gas general
23 rate case (Docket UG-200568), the CenturyLink 911 outage case (Docket

1 UT-181051), and the Super Friends Moving Company complaint case (Docket
2 TV-190835). I have also worked on several rulemakings related to the Clean Energy
3 Transformation Act (Dockets UE-190698, UE-190837, and UE-191023) and the
4 advanced metering infrastructure rulemaking (Docket U-180525). I represent Public
5 Counsel on PSE's Conservation Resource Advisory Group, PSE's Integrated
6 Resource Planning (IRP) technical advisory group, and PacifiCorp's Demand Side
7 Management advisory group, IRP group, and low-income advisory group.
8 Additionally, I completed the Public Utilities Reports Principles of Public Utilities
9 Operations and Management Guide Course in May 2020 and the Michigan State
10 University Institute for Public Utilities Ratemaking Training in September 2020.

11 **Q. Please generally describe Public Counsel's involvement in this case.**

12 A. Public Counsel is a statutory party in the case representing residential and small
13 business customers. Public Counsel issued discovery, participated in the January 20,
14 2021, workshop in which PSE provided an overview of its filing and answered
15 questions from parties, and participated in settlement negotiations.

16 **Q. Please summarize the terms in the Settlement.**

17 A. This Settlement Agreement increases PSE's revenue requirement by approximately
18 \$65.3 million and contains the following terms:

- 19 • Green Direct Program: The parties agreed to change the treatment of Green
20 Direct (-\$13.9 million adjustment from PSE's supplemental filing) and reduce
21 the energy charge credit being provided to Green Direct customers under
22 Schedule 139 by \$3.7 million. Green Direct's load will be excluded from the

1 Aurora power cost model and will also exclude the Skookumchuck and Lund
2 Hill PPAs, which serve the Green Direct program.

- 3 • Bonneville Power Administration (BPA) Transmission Rate: The parties
4 agreed to use the estimated increase of 2.65 percent, which is based on the
5 average rate increase from 2002 through 2019.
- 6 • Colstrip: The parties agreed to reduce the operations and maintenance
7 expense, which reduces the revenue deficiency by \$1.1 million, and to remove
8 the SmartBurn depreciation expense, which reduces the revenue deficiency by
9 \$0.4 million. The parties also agree to accept PSE's treatment of Production
10 Tax Credits in this case.
- 11 • Prudence: The parties, other than PSE, agreed to take no position as to the
12 prudence of PSE's proposed new and renewed resources in the Company's
13 filing.
- 14 • Energy Imbalance Market (EIM) Benefits and Costs: The parties agree to
15 make an adjustment to reduce the revenue deficiency by \$4.4 million and PSE
16 will stop including EIM fixed costs as an adjustment to its PCA imbalance
17 calculation in future proceedings.
- 18 • Hedging Collaborative: The parties agree to participate in a collaborative
19 workshop on electric and natural gas hedging for power cost management and
20 natural gas intra-company transactions.
- 21 • EIM Collaborative: The parties agree to participate in a collaborative
22 workshop on the estimation and treatment of EIM costs and benefits for
23 ratemaking purposes.

- Electric Low Income Assistance Program: The parties agree that the funding for PSE's electric customer assistance program will be increased by twice the percentage increase in the residential customer base rate approved by the Commission, with a minimum increase of \$1 million.

- Future Power Cost Only Rate Cases: The parties agreed that PSE will include in its next general rate case or another proceeding in 2022 the issue of whether or not the PCORC should continue.

Q. Please explain Public Counsel's position regarding the Settlement.

A. Public Counsel has not joined the Settlement.

Q. Are there specific terms that Public Counsel would like to highlight as reasonable under the Settlement?

A. Yes. Public Counsel believes that modification of the treatment of the Green Direct Program, inclusion of EIM benefits, exclusion of SmartBurn costs, and increasing funding for low-income assistance programs are reasonable terms under the Settlement that benefit customers. First, the term regarding the Green Direct program accurately allocates the costs of the program to Green Direct customers and reduces subsidization from non-subscribing customers. Second, with respect to EIM benefits, the settlement term implements one of the goals for PSE joining the EIM: to reduce costs. Public Counsel believes that customers should benefit from the reduced costs. Third, the Settlement appropriately removes the SmartBurn depreciation expense proposed by PSE, which the Commission previously determined cannot be recovered

1 from rates.¹ Fourth, if this proceeding results in higher rates for PSE's electric
2 customers, increasing the funds available for low-income assistance will mitigate the
3 negative impact this will have on the most vulnerable customers. This funding is even
4 more important under the current circumstances of the COVID-19 pandemic, which
5 has negatively impacted customers' ability to pay utility bills.

6 **Q. The Settlement calls for two collaboratives, one on hedging and one on EIM**
7 **costs and benefits. Will Public Counsel participate in these collaboratives?**

8 A. Yes, if the Commission approves the Settlement and the two collaboratives
9 contemplated under the Settlement take place, Public Counsel will participate.

10 **Q. Does this conclude your testimony?**

11 A. Yes, it does.

¹ *Wash. Util. and Transp. Comm'n. v. Puget Sound Energy*, Dockets UE-190529 and UG-190530, Final Order 08 Rejecting Tariff Sheets; Authorizing and Requiring Compliance Filing, ¶¶ 197–199 (July 8, 2020).