

Agenda Date: May 13, 2010  
Item Number: A2

**Docket: UE-100620**

Company: Puget Sound Energy (PSE)  
Staff: David Nightingale, Sr. Regulatory Engineering Specialist

### **Recommendation**

Take no action, thereby allowing the proposed Northwest Energy Efficiency Alliance program modified descriptions in Puget Sound Energy's electric tariff G, schedule 254, filed under Docket UE-100620 to become effective May 17, 2010, by operation of law.

### **Background**

Puget Sound Energy (PSE or company) serves customers in the much of the Puget Sound and Kittitas Valley of Washington. PSE filed tariff pages on April 16, 2010. This submittal expands the description of how the company determines cost effectiveness and the nature of the company's participation in the Northwest Energy Efficiency Alliance (NEEA) program associated with their ongoing and expanded energy efficiency programs.

Staff and commissioners have had concerns regarding the necessary but rapid expansion of conservation program costs. One area of concern has been whether increased expenditures provided for NEEA are cost-effective. This concern was expressed by the commissioners during the December 23<sup>th</sup> open meeting in regard to the company's conservation tariff filed and approved in Docket UE-091859. Commission staff discussed the issue with the company during the staff investigation associated with Docket UE-091954. The current proposed tariff revision results from those previous dockets.

This modification to the tariff was submitted to the Conservation Resources Advisory Committee (CRAG) for review on February 9, 2010, in accordance with the two-month review timeline required for conservation tariff filings from PSE. As the NEEA energy efficiency program continues to expand and deliver cost-effective energy savings to customers, it is appropriate to clarify the role of the company and its relationship to NEEA and their programs.

### **Discussion**

#### **Conservation Program Expansion**

This filing makes clear that the company is to use cost-effectiveness that is consistent with regional practices and that the company has input to the way in which NEEA operates by virtue of the company's membership on the NEEA Board of Directors. This allows PSE to independently determine the overall cost effectiveness of the NEEA program for the benefit of its customers. The current proposed filing modifies the existing Electric Tariff G, schedule 254.

The proposed tariff reflects information described by the company regarding the cost-effectiveness tests applied to NEEA conservation efforts on market transformation. These are the Total Resource Cost (TRC) test and the Utility Cost Test. The TRC criteria are the primary cost test acknowledged by the commission.

**Proposed Tariff Impacts**

This tariff does not change the level of funding for NEEA activities. Consequently, there is no impact on customers by approving this proposed tariff. Nonetheless, the tariff does provide further clarity on the level of oversight for cost-effectiveness that the company will impose on NEEA to assure that the NEEA program is cost-effective going forward.

**Conclusion**

This tariff revision is in the public interest and is consistent with the conservation goals of PSE's integrated resource plan. Therefore, staff recommends the proposed changes in filed in Docket UE-100620 be allowed to become effective May 17, 2010, by operation of law.