

September 11, 2011

David Danner  
Executive Director and Secretary  
Washington Utilities and Transportation Commission  
1300 S. Evergreen Park Dr. S.W.  
PO Box 47250  
Olympia, WA 98504-7250

Re: Docket No. UE-111497: Puget Sound Energy Schedule 258, Electricity Energy Efficiency Program, Large Power User Self-Directed Program, and Schedule 83, Electricity Conservation Service

Dear Mr. Danner:

Thank you for the opportunity to submit these comments in advance of the Commission's September 15 Open Meeting regarding proposed modifications to Puget Sound Energy's (PSE) Large Power User Self-Directed Program (Schedule 258). While we appreciate some of the proposed changes to Schedule 258, we have concerns about other aspects of the program modifications.

Over the past year, the Coalition has actively participated in numerous discussions within PSE's Conservation Resources Advisory Group (CRAG) focused on addressing questions and concerns related to the design and implementation of Schedule 258. The Commission addressed some of those concerns earlier this year in Docket UE-110400, which focused on applying the peak credit methodology to Schedule 258 and ensuring that non-449 Schedule 258 customers paid their share of costs related to conservation program administration and NEEA.

Once cost recovery issues were resolved, the attention of the CRAG turned to program design. Based on discussions with the Company and other stakeholders, as well as PSE's responses to various data requests, we have not seen any evidence to suggest that the self-direct program is ineffective or should be terminated. We heard directly from some of PSE's large customers that the program enables them to leverage funds for multi-year projects. For a variety of reasons, the industrial and large commercial sector can be difficult to reach with conservation programs, and it appears that PSE's self-direct program has helped overcome at least some barriers to customer participation.

We appreciate PSE's current proposal to address some of the equity issues we raised in Docket UE-110400, specifically through (a) requiring non-449 Schedule 258 customers to first use their designated Schedule 258 allocation prior to receiving incentives to participate in PSE's other conservation programs, and (b) transferring funds contracted but not actually used by a Schedule 258 customer to the broader budget for conservation programs at the end of the program cycle.

However, we have concerns with some aspects of PSE's filing. To address customer concerns about spending Schedule 258 dollars in the current program cycle now that the peak credit methodology is being implemented, PSE proposes to extend the current program cycle by one year (ending in 2014 rather than 2013). PSE further proposes to return to a four-year cycle beginning in 2015, but project implementation will lag dollar collections by one year. PSE's rationale is that this lag will enable the Company to better manage Schedule 258 allocations that will vary from year to year with application of the peak credit method. We understand these concerns, but feel that the proposed resolutions serve to increase the complexity of Schedule 258. In addition, the new program cycles will be out of synch with the Company's biennial targets

under I-937<sup>1</sup> (stretching across three biennial targets, rather than evenly across two as is currently the case). We believe this will add yet another level of complexity to this program, and to implementation of I-937. We would prefer a simpler approach that would retain the current four-year program cycle ending in 2013. For example, to address concerns about spending all of the dollars collected, PSE could set a percent limit on the amount of funds collected that would then be reserved for Schedule 258 customers. (This would be in addition to the current requirement for a portion of Schedule 258 dollars to cover administrative and NEEA costs.) The remaining funds would be transferred to the budget for all Electricity Energy Efficiency Programs, further addressing equity issues (and helping to pay for participation of non-449 Schedule 258 customers in PSE's other conservation programs). We believe this type of program modification would retain the basic elements of Schedule 258, would be simpler to administer and explain, and would be consistent with the timing of biennial targets in RCW 19.285.040(1).

At a minimum, if the Commission approves PSE's proposed modifications to Schedule 258, we recommend explicit direction to the Company to conduct an evaluation at the end of the current program cycle, and perhaps again at the end of the subsequent program cycle, to ensure the program design operates effectively. We appreciate PSE's commitment to CRAG members that it will consult with us about future review of Schedule 258.

I plan to attend the Open Meeting either in person or by phone.

Sincerely,

Danielle Dixon  
Senior Policy Associate  
NW Energy Coalition  
811 1<sup>st</sup> Ave, Suite 305  
Seattle, WA 98104

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<sup>1</sup> RCW 19.285.040(1)