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June 1, 2018

***Filed Via Web Portal***

Mr. Mark L. Johnson, Executive Director and Secretary  
Washington Utilities and Transportation Commission  
P.O. Box 47250  
Olympia, WA 98504-7250

**Re: Docket UG-011571  
PSE's 2016-2017 Biennial Summary of Natural Gas Conservation  
Compliance Filing**

Dear Mr. Johnson,

Attached is Puget Sound Energy's ("PSE's") electronic version of its 2016-2017 Natural Gas Exhibit 1: Savings & Expenditures, consistent with requirements outlined in Section M.39 of Exhibit F, Settlement Terms for Conservation ("Stipulation Agreement"), Docket UG-011571.

This Excel workbook provides a program-specific view of PSE's Energy Efficiency natural gas conservation results. Results outlined in the Exhibit sum results provided in PSE's 2016 and 2017 Annual Reports of Energy Conservation Accomplishments, ("Annual Reports") and true-up natural gas savings that are verified ex-post to annual reporting deadlines. It also provides an accounting of excluded programs, resulting in the final penalty target and corresponding achievement.

Originally-reported aggregate natural gas savings totaled 8,093,741 therms. Ex-post adjustments resulted in the increase of 101,431 therms. The total PSE 2016-2017 first-year natural gas savings, as measured at the customer meter, were 8,195,172 therms.

In order to determine whether PSE would be subject to a fine for savings shortfall, per section M.39 of the Stipulation Agreement, PSE subtracted the natural gas savings goals of the Northwest Energy Efficiency Alliance (“NEEA”, with a savings goal of 37,680 therms) and Pilots with Uncertain Savings—whose savings goal was 430,529 therms, from its Portfolio total of 7,426,496 therms. This resulted in a 2016-2017 savings goal subject to penalties of 6,958,288 therms, and is consistent with its electric reporting methodology and agreements made with its Conservation Resource Advisory Group (“CRAG”) in 2015.

When calculating its two-year achievement, PSE applied the same math: that is, total ex-post adjustment achievement of 8,093,741 therms, less NEEA + Pilots achieved savings of 747,433 therms results in a final result of 7,447,739 therms for the 2016-2017 biennium. PSE then divided the achieved two-year total by 2 to determine an average annual savings goal and corresponding achievement, pursuant to the Stipulation Agreement. This methodology yields an average annual natural gas savings achievement of 3,723,870 therms. Compared to the average annual goal of 3,479,144 therms, PSE exceeded the average annual savings goal.

In addition to the Exhibit 1 natural gas spreadsheet, the filed workbook also contains the calculation used to determine ex-post savings adjustments; specifically, those savings resulting from Home Energy Report Individual Energy Report Pilot annual evaluations, and a reporting correction revealed by Energy Efficiency staff in April 2018.

Due to the short measure life for the behavioral programs (each is a two-year measure life), savings are evaluated and verified annually. The evaluations are completed subsequent to PSE’s filing of its Annual Reports of Energy Conservation Accomplishments, and so PSE and its CRAG agreed that the biennial savings would be trued-up after the conclusion of the current biennium.

As indicated in Exhibit 1, Home Energy Reports achieved an incremental savings of 64,353 therms over the savings originally reported, and Pilots achieved 109,932 fewer therms of savings than originally reported, for a net savings adjustment of -45,579 therms.

In April 2018, Residential program staff discovered that approximately 4,000 Web-Enabled Thermostat instant rebates had been paid in 2017, but savings were not reported. The resultant savings adjustment is +147,010 therms.

PSE highlights these adjustment totals in yellow in the Exhibit 1 spreadsheet on separate lines for clarity.

Consistent with WAC 480-109-110(3), PSE provided an electronic version of the Biennial Electric Conservation Report to the CRAG on May 1, 2018.

Mr. Mark L. Johnson, Executive Director and Secretary

June 1, 2018

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Please contact Chris Schaefer at (425) 456-2932 or [chris.schaefer@pse.com](mailto:chris.schaefer@pse.com) for additional information about this filing. If you have any other questions, please contact me at (425) 456-2142.

Sincerely,

*/s/ Jon Piliaris*

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cc: Lisa Gafken, Public Counsel  
Sheree Carson, Perkins Coie

Attachments:

UG-011571-PSE-Exhibit 1: 2016-2017 Natural-Gas-Savings & Expenditures