

November 26, 2014

Filed via Web Portal and Overnight Courier

Mr. Steven V. King, Executive Director and Secretary
Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, Washington 98504-7250

RE: Annual Conservation Plan for 2015

Dear Mr. King:

Pursuant to condition (8)(a) of Order 01, Attachment A in Docket No. UE-132043, (hereafter referred to as “condition,” or “requirements”¹) Puget Sound Energy, Inc. (PSE”) submits this 2015 Annual Conservation Plan (“ACP” or the “Plan”). In addition to identifying and presenting its annual electric conservation goal, PSE has also included its 2015 gas conservation goal.

For the 2015 period, PSE requests that the Commission acknowledge its electric goal of 277,600 MWh (31.7 average MW). This goal is 0.31% higher than the originally-indicated 2015-specific goal of 276,736 MWh, as stated in the 2014-2015 Biennial Conservation Plan. The 2015 electric goal includes programs that achieve savings and for which PSE ratepayers contribute but do not apply to the 2014-2015 biennial conservation target: Northwest Energy Efficiency Alliance (NEEA) savings of 22,340 MWh, and Energy Information pilot savings of 8,220 MWh. The resultant goal of 247,000 MWh will be applied to PSE’s Commission-approved 2014-2015 biennial conservation electric target of 485,770 MWh, or 55.5 aMW. This Commission-approved biennial conservation acquisition target constitutes all available conservation that is cost-effective, reliable and feasible for this biennium.

PSE’s natural gas goal for 2015 is 3.08 million therms. This is a 0.66% increase over the originally-stated 2015 gas conservation goal of 3,060,642 therms. The original 2014-2015 gas conservation goal is 6.94 million therms.

PSE’s anticipated 2015 electric expenditures are \$99.3 million. This amount includes \$2.88 million allocated to PSE’s Conservation Rider for the Commission-approved Electric Vehicle Charger Incentive. To achieve the gas savings goal, PSE has budgeted \$13.32 million. This amount includes a \$738,000 contribution to the new regional gas market transformation

¹ Sections A through J and Section L of the Electric Settlement Agreement, Docket No. UE-100177, and the 2001 Rate Case Stipulation Agreement, Exhibit F in Docket No UG_011571 remain in effect. PSE reports compliance with these requirements in its Annual Report Exhibit 9: Condition Compliance Checklist.

initiative, consistent with its commitment noted in Commission Order 07 in Docket Nos. UE-121697 and UG-121705 (consolidated) and Docket Nos. UE-130137 and UG-130138 (consolidated).²

The portfolio of all electric conservation programs is calculated to achieve a Total Resource Cost (TRC) benefit-to-cost ratio of 1.50, while PSE's cost-effectiveness estimates of its gas conservation portfolio indicate that it will achieve a TRC of 1.02.³ It is interesting to note that if the gas market transformation anticipated expenditure of \$738,000 were excluded, the overall gas TRC would increase to a benefit-to-cost ratio of 1.05.

The Plan represents compliance with several requirements, including these highlights:

- (2010 Settlement Agreement)
- *F(11) – Program Budget*
- (2014 Order 01, Attachment A)
- *(3)(a)(v) – Tariff modifications*
- *(3)(a)(vi)(1) – Marketing Initiatives*
- *(3)(a)(vi)(2) – Incentive Levels*
- *(4)(a) – Annual Budgets and Energy Savings*
- *(5) – Program Details*
- *(7) – Program Design Principles*
- *(8)(a) – Annual Conservation Plan*

The 2015 Annual Conservation Plan consists of many documents, which are presented as Exhibits and organized into two volumes for easy reference:

- Volume 1: Includes the 2015 ACP Overview, summary pages of Exhibit 1: Savings and Budgets, and Exhibit 2: Cost-Effectiveness Calculations.
- Volume 2: Includes the complete Exhibit 1: Savings and Budgets, Exhibit 2: Cost-Effectiveness Calculations, Exhibit 3: Program Details, Exhibit 4: Energy Efficiency's List of Measures, Incentives & Eligibility, Exhibit 10: NEEA's 2015 Plan, and Exhibit 11: Conservation Tariff Schedule updates.

² ¶ 108, page 49.

³ It is important to note that PSE's electric TRC is calculated with a prescribed 10 percent conservation credit. Although Exhibit 2: Cost-Effectiveness Calculations includes a column that indicates the potential TRC *if* a 10 percent adder was included, the above-indicated figures excludes any conservation credit for gas programs.

Although the above-noted conditions apply to electric conservation programs, the Company is providing updated details on its gas conservation programs as well in order to comply with the requirement H.21 still in effect from the 2001 Rate Case Stipulation Agreement,⁴ filed under Docket No. UG-011571, and the Commission's recommendations in its Policy Statement of the Evaluation of the Cost-Effectiveness of Natural Gas Conservation Programs in Docket No UG-121207.⁵

The Company and the Conservation Resource Advisory Group (CRAG) met regularly in a spirit of collaboration in 2014 to share and discuss status and plans for energy efficiency programs. Consistent with intent of Condition (8)(a), PSE provided CRAG members the following elements of the Plan in preparation for this filing:

October 9: Overview of the 2015 ACP

PSE mailed the complete Plan draft, including the Exhibits enumerated above, to each CRAG member on October 30 on USB flash drives. Each CRAG member will also receive the final, filed version concurrent with this filing.

Revisions to tariff sheets (included in a separate filing and attached as Exhibit 11 to this Plan) clarify terminology, update regulatory State code or industry references and address significant changes in program strategies that are made to implement the Plan.

Since providing the first deliverable on October 30, the Company has provided responses to all questions from CRAG members relative to the Plan and will continue to respond to all questions going forward.

Exhibits 1 through 4 will be posted on www.PSE.com following Commission approval. The posted Exhibit 1 will be limited to the 2013 portfolio view only.⁶ Exhibits 2 through 4 will replace documents currently posted. Tariff sheet revisions contained in Exhibit 11 will not be posted alongside the other Exhibits, as tariff sheets are posted in a separate section of the website.

⁴ Section H.21 of the 2001 Rate Case Stipulation Agreement, Docket No. UG-011571, states in part (emphasis added):

"... After the first year, PSE's conservation targets for both natural gas and electric efficiency programs will be revised periodically and determined by the updated conservation supply curves, current avoided cost values, program experience, and other relevant factors. These targets will direct development of the mix of cost-effective programs that will establish the budgets for efficiency programs and once that mix has been developed, the targets will be determined. The Company will submit these targets through annual filings for Commission approval."

⁵ ¶ 49, page 47.

⁶ The entire Exhibit 1 workbook consists of over 100 spreadsheets and contains Company-sensitive information.

Mr. Steven V. King
Page 4
November 26, 2014

Please contact Lynn Logen at (425) 462-3872 for general information about this filing or contact Andy Hemstreet at (425) 424-6918 for additional information about the Plan. Please contact Bob Stolarski at (425) 456-2585 for policy related questions about this submittal. If you have any other questions please contact me at (425) 462-3495.

Very truly yours,



Ken Johnson
Director, State Regulatory Affairs

Enclosures

cc: Simon J. ffitich, Public Counsel
Sheree Carson, Perkins Coie