

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of

PUGET SOUND ENERGY,

For an Order Approving Its
Recommended Independent
Evaluator

DOCKET UE-210037

ORDER 01

APPROVING PUGET SOUND
ENERGY'S RECOMMENDED
INDEPENDENT EVALUATOR

BACKGROUND

- 1 On May 4, 2020, Puget Sound Energy (PSE or Company) filed with the Washington Utilities and Transportation Commission (Commission) a draft Request for Proposal (RFP) Regarding All Resources in Docket UE-200414, and a draft RFP Regarding Demand Response Programs in Docket UE-200413.
- 2 On September 10, 2020, at the Commission's regularly scheduled open meeting, Company representatives answered questions about the RFPs and parties presented oral comments. The Commission granted PSE's September 3, 2020, Petition in Order 03.
- 3 After a public comment period and multiple requests for extensions for the Commission to consider the Company's draft RFPs, PSE filed a Motion for Withdrawal of the Draft Requests for Proposals and Petition for Waiver of Certain Requirements Related to Requests for Proposals Contained in Washington Administrative Code (WAC) 480-107 (Motion for Withdrawal). The Commission heard oral comments and asked questions regarding the Motion for Withdrawal at the Commission's October 15, 2020, regularly scheduled open meeting.
- 4 On October 15, 2020, the Commission issued Order 04 in Dockets UE-200413 and UE-200414, granting the Motion for Withdrawal and extending the exemption from WAC 480-107-015(3)(b) until March 31, 2021, subject to the following conditions recommended by Commission staff (Staff):
 - (a) PSE will work collaboratively with Staff and other stakeholders in the first quarter of 2021 to address comments submitted in these dockets,

particularly the proposal to use an independent evaluator, and revise the RFPs as appropriate.

- (b) PSE must submit for approval, in new dockets, proposed all-source and system wide electric demand response program delivery RFPs and accompanying documentation no later than April 1, 2021.¹

5 During this time, the Commission progressed with its rulemaking related to purchases of electricity in Docket UE-190837. PSE, Staff, and other stakeholders were engaged in this rulemaking, and draft rule language was proposed that would require the use of an independent evaluator (IE) for many instances where a utility would issue an RFP.

6 In November of 2020, PSE consulted with stakeholders and Staff prior to issuing a solicitation for an IE to support the development and review of the RFPs for all-source and demand response resources for approval that the Company must submit. This was consistent with the direction provided by Staff and the Commission's Order 04 in Dockets UE-200413 and UE-200414, including the direction of the draft rules being developed in the Purchase of Resources rulemaking,

7 The Commission concluded the rulemaking relating to purchases of electricity with General Order R-602, issued on December 28, 2020. In the newly adopted WAC 480-107-023(2), the Commission requires a utility to recommend an IE for approval by the Commission: "After consulting with commission staff and stakeholders, the utility may issue a solicitation for an independent evaluator and must recommend an independent evaluator for approval by the commission." In General Order R-602, the Commission set procedural expectations for the IE approval process:

Proposed WAC 480-107-023(2) requires the Commission to approve the IE a utility selects. The Commission expects that a utility will file a petition seeking such approval, and that the Commission will consider the petition at an open meeting. The Commission expects that its review and approval will take at least 30 days.²

¹ Dockets UE-200413 and UE-200414; Order 04 Granting Motion for Withdrawal; Extending Exemptions (October 15, 2020), at ¶27.

² *In the Matter of Amending, Adopting, and Repealing Sections of WAC 480-107 Relating to Purchases of Electricity*, Docket UE-190837, General Order R-602, Order Amending, Adopting, and Repealing Rules Permanently (December 28, 2020), at ¶34.

8 On January 19, 2021, PSE filed a Petition for Approval of its Recommended Independent Evaluator (Petition for IE Approval). While Staff recognizes the expectations set in General Order R-602, Staff agrees with PSE that the Petition for IE Approval can be resolved expeditiously.³ PSE states in its Petition for IE Approval that:

[I]t is in the public interest for the Commission to consider this petition as soon as reasonably possible. As previously mentioned, PSE must file its 2021 all-source and demand response requests for proposals with the Commission by April 1, 2021, and PSE and the selected independent evaluator will need time to work together to develop these solicitations.⁴

9 Staff agrees that, in this instance, it is in the public interest to expedite the consideration of PSE's Petition for IE Approval so that the RFPs due on April 1, 2021, will benefit from the IE's input and expertise. Staff has reviewed the approach PSE used to identify interested IE firms and solicit bids, as well as its evaluation processes and its final selection, and does not contest the Company's recommended selection of Bates & White. Staff notes that Bates & White's previous experience working with other investor-owned utilities in the Pacific Northwest is an advantage for this first formal hiring of an IE. Staff therefore recommends that the Commission grant PSE's Petition for IE Approval.

DISCUSSION

10 We agree with Staff and grant PSE's Petition for IE Approval. We recognize that the conditions in Order 04 combined with the expectations described in General Order R-602 were challenging to reconcile within the time available. Given the timing and importance of the RFPs, we agree that expedited consideration of PSE's petition is in the public interest. As utilities and stakeholders acclimate to the new requirements and processes described in the recently adopted rules for purchases of resources and benefit from sufficient time for planning, we anticipate that utilities will more easily adhere to the procedural expectations we have set for RFPs.

³ Docket UE-210037, Petition for IE Approval, at ¶34.

⁴ *Ibid.*, at ¶35.

FINDINGS AND CONCLUSIONS

- 11 (1) The Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts, securities, transfers of property and affiliated interests of public service companies, including electric companies.
- 12 (2) PSE is an electric company and a public service company subject to Commission jurisdiction.
- 13 (3) WAC 480-107-023(2) requires companies to petition the Commission for approval of a recommend IE.
- 14 (4) This matter came before the Commission at its regularly scheduled meeting on January 28, 2021.
- 15 (5) After reviewing PSE's Petition for IE Approval, and giving due consideration to all relevant matters, the Commission concludes that PSE's Petition for IE Approval should be granted.

ORDER

THE COMMISSION ORDERS:

- 16 (1) Puget Sound Energy's petition for approval of its recommended Independent Evaluator is granted.
- 17 (2) This Order shall not affect the Commission's authority over rates, services, accounts, valuations, estimates, or determination of costs, on any matters that may come before it.

DATED at Lacey, Washington, and effective January 28, 2021.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chair

ANN E. RENDAHL, Commissioner

JAY M. BALASBAS, Commissioner