

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

PUGET SOUND ENERGY'S

2020-2029 Ten-Year Achievable Electric
Conservation Potential and 2020-2021
Biennial Conservation Target Under
RCW 19.285.040 and WAC 480-109-010

DOCKET UE-190905

ORDER 03

APPROVING PSE'S 2020-2021
BIENNIAL ELECTRIC TARGET
REPORT

BACKGROUND

- 1 The Energy Independence Act (EIA)¹ requires Washington's electric utilities to "pursue all available conservation" that is cost-effective, reliable, and feasible. Electric utilities are required to acquire this conservation by setting (and achieving) biennial conservation targets.² 2021 marks the second half of the 2020-2021 biennium and, as such, electric utilities are held accountable for the achievement of their biennial targets at the conclusion of the 2021 year.
- 2 In July 2021, to address extenuating circumstances, a new law was passed allowing an electric utility to be considered in compliance, in certain circumstances, even when failing to meet its biennial acquisition target for cost-effective conservation. Subsection 1(e) of RCW 19.285.040 states that even if a utility has not achieved its target, it can be "considered in compliance" with its biennial acquisition target if there were "events beyond the reasonable control of the utility that could not have been reasonably anticipated or ameliorated prevented it from meeting the conservation target."³
- 3 On May 31, 2022, Puget Sound Energy (PSE or Company) filed its 2020-2021 Biennial Report of Conservation Accomplishments (Biennial Conservation Report) in Dockets

¹ RCW 19.285.040.

² WAC 480-109-100(3).

³ RCW 19.285.040(1)(e) goes on to state: "Events that a qualifying utility may demonstrate were beyond its reasonable control, that could not have reasonably been anticipated or ameliorated, and that prevented it from meeting the conservation target include: (i) Natural disasters resulting in the issuance of extended emergency declarations; (ii) the cancellation of significant conservation projects; and (iii) actions of a governmental authority that adversely affects the acquisition of cost-effective conservation by the qualifying utility."

UE-190905 and UG-190913, as required by rule for electric,⁴ and the Settlement Stipulation in Commission Docket UG-110571 (Settlement Stipulation) for gas.^{5,6} The Company's electric and gas conservation target achievements as outlined in the Company's Biennial Conservation Report are summarized in the tables below:

Electric Conservation Target⁷	Electric Conservation Target⁸	% of Electric Target Achieved
432,342	411,998	95.3%

Year	Natural Gas Conservation Goal	Natural Gas Conservation Achievement	% of Gas Goal Achieved
2020-2021	6,468,000	6,773,578	104.7%

4 During the 2020-2021 biennium, PSE made efforts to adapt to the challenges of the COVID-19 pandemic that included moving activities like measure verification and contractor trainings to the virtual environment, increasing measure incentives and limited time offers, and emphasizing online outreach channels through email and virtual events. Commission staff (Staff) believes these efforts helped PSE exceed its gas savings target even as it fell shy of its electric savings target. Despite PSE's efforts in adaptive management, Staff agrees with PSE's assertion that the COVID-19 pandemic and its related challenges constitute events beyond the reasonable control of the utility that prevented it from meeting its electric conservation target. Staff therefore believes that PSE should be "considered in compliance" with its biennial acquisition target for cost-

⁴ WAC 480-109-120; PSE's electric biennial conservation target is contained with its 2020-21 Biennial Conservation Plan, which was approved in Order 01 in Docket UE-190905. In Order 02, the Commission granted PSE's petition to modify the conservation target.

⁵ *WUTC v. Puget Sound Energy, Inc.*, Docket UG-011571, Exhibit F - Settlement Terms for Conservation, Settlement Stipulation (June 6, 2002).

⁶ PSE's gas biennial conservation targets were filed in Docket UG-190913, consistent with Exhibit F of the Settlement Stipulation.

⁷ This is the Company's total local biennium target, which is equal to the EIA penalty threshold plus the decoupling threshold and does not include regional savings.

⁸ Application of excess savings from previous biennia is included in this target, also called total local conservation achievement, which is defined as conservation achieved by each utility that is subject to EIA penalty.

effective conservation per RCW 19.285.040(1)(e) and does not believe a penalty is appropriate at this time.⁹

DISCUSSION AND DECISION

- 5 We agree with Staff’s recommendation. As a preliminary matter, we find that PSE has complied with the reporting requirements of WAC 480-109-120 and RCW 19.285.070 by timely filing a biennial conservation report with sufficient detail to allow the Commission to determine how PSE is performing compared to its conservation targets.
- 6 We acknowledge that, as stated in Staff’s comments on electric biennial conservation reports, 2020-2021 were difficult years for conservation achievement.¹⁰ The COVID-19 pandemic initiated an overflow of challenges, such as closures of utility offices and customer businesses; customer financial challenges; changes in customer demand; and labor and supply chain shortages. These elements added to the already significant challenges utilities face in achieving the remaining conservation in the region.
- 7 Under RCW 19.285.040(1)(e), a company may be considered in compliance with its biennial acquisition target for cost-effective conservation if events beyond the reasonable control of the utility that could not have been reasonably anticipated or ameliorated prevented it from meeting the conservation target. Although PSE failed to meet its conservation targets, we find that there existed sufficient circumstances to allow PSE to be “considered in compliance” for the purposes of RCW 19.285.040(1)(e). Further, the Company has shown that it has exercised adaptive management techniques in an effort to adapt to the challenges the pandemic introduced. Thus, we find that PSE has sufficiently complied with its biennial acquisition target for cost-effective conservation to be considered in compliance, and therefore conclude that no penalty is warranted at this time.

⁹ RCW 19.285.040(1)(e) provides circumstances where a qualifying electric utility can be “considered in compliance” with the biennial acquisition targets.

¹⁰ Dockets UE-190905, UE-190912 & UE-190908, Commission Staff Comments Regarding Electric Utility Conservation Achievements Under the Energy Independence Act (Staff Comments) (July 1, 2022).

FINDINGS AND CONCLUSIONS

- 8 (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.
- 9 (2) PSE is an electric company and a public service company subject to Commission jurisdiction. PSE is a qualifying electrical company under RCW 80.04.010.
- 10 (3) On May 31, 2022, PSE filed its Biennial Conservation Report, which showed that PSE had failed to meet its conservation target.
- 11 (4) Pursuant to RCW 285.040(1)(e), the Commission may determine that a utility is considered in compliance with its biennial acquisition target for cost-effective conservation if events beyond the reasonable control of the utility that could not have been reasonably anticipated or ameliorated prevented it from meeting the conservation target.
- 12 (5) The COVID-19 pandemic created circumstances beyond the control of PSE that interfered with the Company's ability to meet its conservation targets.
- 13 (6) PSE took adequate adaptive measures to attempt to ameliorate the effect of the pandemic on its conservation efforts.
- 14 (7) This matter came before the Commission at a recessed open meeting on July 26, 2022.
- 15 (8) After reviewing PSE's report and Staff's comments, and giving due consideration to relevant matters, the Commission finds that PSE has complied with the reporting requirements of WAC 480-109-120 and RCW 19.285.070 and is considered in compliance with its biennial acquisition target for cost-effective conservation.

ORDER

THE COMMISSION ORDERS:

- 16 (1) Puget Sound Energy's 2020-2021 Biennial Report of Conservation Accomplishments is APPROVED.

- 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 July 26, 2022.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVE W. DANNER, Chair

ANN E. RENDAHL, Commissioner