

Agenda Date: April 28, 2011
Item Numbers: A1 and A2

Dockets: UE-110399 and UE-110400
Company: Puget Sound Energy

Staff: David Nightingale, Senior Regulatory Engineer Specialist
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Recommendation

Take no action, thereby allowing the tariff filings made by Puget Sound Energy, Inc., in Dockets UE-110399 and UE-110400 to become effective on May 1, 2011, by operation of law.

Background

On March 1, 2011, Puget Sound Energy (PSE or company) filed revisions to its Electricity Conservation Service Rider, Schedule 120. This mechanism was established as part of the settlement agreement approved by the commission in Dockets UE-011570 and UG-011571.¹

This filing is also in compliance with Docket UE-100177 regarding settlement conditions related to the requirements of Washington's Energy Independence Act.

Discussion

Conservation Service Rider (UE-110399)

During calendar year 2010, PSE spent \$73,942,895² on electric energy efficiency programs. The 2011 projected expenditures for electric energy efficiency programs increase 21 percent to \$89,406,000, not including Schedule 449 customers.³ The projected expenditures were reviewed by PSE's Conservation Resource Advisory Group (CRAG).⁴

This filing changes the electric rider charges as shown in the following table, reflecting actual costs and collections over the past year, correcting the true-up from actual expenditures and revenues in previous years, and covering the increased amounts budgeted for energy efficiency programs in the upcoming year.

¹ Twelfth Supplemental Order, UE-011570 and UG-011571 (consolidated), Exhibit F to Settlement Attachment. See also Docket UG-950288 for details on deferral.

² Energy efficiency budget excluding 449 (transportation) customers' portion of Schedule 258 - Large Power User Self-directed Program.

³ Ibid.

⁴ See UE-091859, UG-091860, UE-101942 and UG-101943.

	Schedule	Current Rate per kWh	Proposed Rate per kWh
Residential Service	Schedule 7	\$0.004617	\$0.004336
Commercial Service	Schedules 24, 25, 26, 29	\$0.003971	\$0.003839
Primary Service	Schedules 31, 35, 43, 449/459	\$0.003453	\$0.003113
Campus Service	Schedule 40	\$0.001527	\$0.004713
Large User Services	Schedules 46, 49, 448, 449, 458, 459	\$0.001082	\$0.001574
Outdoor Lighting	Schedules 50, 52, 53, 54, 55, 57, 58	\$0.003373	\$0.003475

The filed rates include \$90,795,000⁵ in projected energy efficiency program expenditures including Schedule 449 customers, \$1,096,275 in conservation incentives for the utility, a revenue-sensitive adjustment of \$4,238,263 and a decrease for PSE's previous net over-collection of \$266,621⁶. Staff believes the proposed rates are reasonable.

The proposed electric tariff rider reflects a 0.088 percent decrease in the company's base electric revenues, decreasing the average bill for an electric residential customer using 1000 kWh per month by \$0.29.

Application of Rate Design Method (UE-110400)

In the settlement agreement of UE-100177 the parties agreed to discuss further the Large User customers' rates schedules specific to Conservation Schedule 258, the "self-directed" program. The parties have agreed that going forward the peak credit method should be applied to the Schedule 258 customers that were not under Schedule 449. Schedule 449 customers do not purchase energy from PSE but rather purchase transportation services. Therefore, the peak credit method cannot be applied to that customer class. The rate changes above reflect this understanding of the parties and is consistent with the PSE conservation Orders UE-970686 and UE-100177, which established and maintained the current rate design. The primary result of this rate change is to slightly reduce the rates for residential and other commercial classes and increase of rates to the non-449 Schedule 258 customers.

⁵ Total energy efficiency budget including 449 customers' portion of Schedule 258 - Large Power User Self-directed Program.

⁶ This true-up may be considerably larger next year due to the change in the review period with rates not becoming effective until May 1, per Docket UE-1001777

Pilot Utility Conservation Incentive Mechanism Summary and Program End

This filing includes recovery of 25 percent of the utility incentive earned during 2009, the final year of the company's pilot conservation incentive mechanism.⁷ Per Schedule 121 the Company is allowed recovery of 75 percent of the incentive in the first year after the savings were achieved and 25 percent of the incentive in the second year. The total incentive earned during 2009 was \$4,385,101. \$4,102,849 (75 percent of the 2009 incentive) was recovered in 2010 and the remaining \$1,096,275 (25 percent of 2009 incentive) is included in the current filing. The company chose not to renew the incentive mechanism.

Conclusion

Take no action, thereby allowing the tariff filings made by Puget Sound Energy, Inc., in Dockets UE-110399 and UE-110400 to become effective on May 1, 2011, by operation of law.

⁷ Order 08, Dockets UE-060266 and UG-060267, ¶ 154. See also Staff Testimony of Joelle R. Steward, filed July 25, 2006, in the same dockets.