

Appendix B: Legal Requirements

# Legal Requirements

PSE is submitting this IRP pursuant to state regulations contained in WAC 480-100-238 regarding electric resource planning, and WAC 480-90-238 regarding natural gas resource planning. Tables B-1 and B-2 delineate the regulatory requirements for electric and natural gas integrated resource plans, and identify the chapters of this plan that address each requirement. Table B-3 addresses recommendations made by WUTC staff in a letter accepting our 2007 IRP.

This IRP is the product of robust analysis that considered a wide range of future risks and uncertainties. We believe this plan meets applicable statutory requirements, and seek a letter from the WUTC accepting this filing.

**Figure B-1**  
**Electric Integrated Resource Plan Regulatory Requirements**

Statutory/Regulatory Requirement	Chapter
<b>WAC 480-100-238 (3) (a)</b> A range of forecasts of future demand using methods that examine the effect of economic forces on the consumption of electricity and that address changes in the number, type and efficiency of electrical end-uses.	<ul style="list-style-type: none"> <li>• Chapter 4, Demand Forecasts</li> </ul>
<b>WAC 480-100-238 (3) (b)</b> An assessment of commercially available conservation, including load management, as well as an assessment of currently employed and new policies and programs needed to obtain the conservation improvements.	<ul style="list-style-type: none"> <li>• Chapter 5, Electric Resources</li> </ul>
<b>WAC 480-100-238 (3) (c)</b> An assessment of a wide range of conventional and commercially available nonconventional generating technologies.	<ul style="list-style-type: none"> <li>• Chapter 5, Electric Resources</li> <li>• Appendix D, Electric Resource Alternatives</li> </ul>
<b>WAC 480-100-238 (3) (d)</b> An assessment of transmission system capability and reliability, to the extent such information can be provided consistent with applicable laws.	<ul style="list-style-type: none"> <li>• Chapter 7, Delivery System Planning</li> <li>• Appendix E, Regional Transmission Resources</li> </ul>
<b>WAC 480-100-238 (3) (e)</b> A comparative evaluation of energy supply resources (including	<ul style="list-style-type: none"> <li>• Chapter 5, Electric Resources</li> </ul>

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<p>transmission and distribution) and improvements in conservation using the criteria specified in WAC <u>480-100-238</u> (2) (b), Lowest reasonable cost.</p>	<ul style="list-style-type: none"> <li>• Appendix I, Electric Analysis</li> </ul>
<p><b>WAC 480-100-238 (3) (f)</b> Integration of the demand forecasts and resource evaluations into a long-range (e.g., at least ten years; longer if appropriate to the life of the resources considered) integrated resource plan describing the mix of resources that is designated to meet current and projected future needs at the lowest reasonable cost to the utility and its ratepayers.</p>	<ul style="list-style-type: none"> <li>• Chapter 5, Electric Resources</li> <li>• Chapter 8, Choosing a Strategy</li> </ul>
<p><b>WAC 480-100-238 (3) (g)</b> A short-term plan outlining the specific actions to be taken by the utility in implementing the long-range integrated resource plan during the two years following submission.</p>	<ul style="list-style-type: none"> <li>• Chapter 9, Action Plans</li> </ul>
<p><b>WAC 480-100-238 (3) (h)</b> A report on the utility's progress towards implementing the recommendations contained in its previously filed plan.</p>	<ul style="list-style-type: none"> <li>• Chapter 9, Action Plans</li> </ul>
<p><b>WAC 480-100-238 (4)</b> Timing. Unless otherwise ordered by the commission, each electric utility must submit a plan within two years after the date on which the previous plan was filed with the commission. Not later than twelve months prior to the due date of a plan, the utility must provide a work plan for informal commission review. The work plan must outline the content of the integrated resource plan to be developed by the utility and the method for assessing potential resources.</p>	<ul style="list-style-type: none"> <li>• 2009 Integrated Resource Plan Work Plan filed with the WUTC in May 2008</li> <li>• Chapter 9, Action Plans</li> </ul>
<p><b>WAC 480-100-238 (5)</b> Public participation. Consultations with commission staff and public participation are essential to the development of an effective plan. The work plan must outline the timing and extent of public participation. In addition, the commission will hear comment on the plan at a public hearing scheduled after the utility submits its plan for commission review.</p>	<ul style="list-style-type: none"> <li>• Appendix A, Public Participation</li> </ul>

**Figure B-2**  
**Gas Integrated Resource Plan Regulatory Requirements**

Statutory/Regulatory Requirement	Chapter
<p><b>WAC 480-90-238 (3) (a)</b> A range of forecasts of future natural gas demand in firm and interruptible markets for each customer class that examine the effect of economic forces on the consumption of natural gas and that address changes in the number, type and efficiency of natural gas end-uses.</p>	<ul style="list-style-type: none"> <li>• Chapter 4, Demand Forecasts</li> </ul>
<p><b>WAC 480-90-238 (3) (b)</b> An assessment of commercially available conservation, including load management, as well as an assessment of currently employed and new policies and programs needed to obtain the conservation improvements.</p>	<ul style="list-style-type: none"> <li>• Chapter 6, Natural Gas Resources</li> </ul>
<p><b>WAC 480-90-238 (3) (c)</b> An assessment of conventional and commercially available nonconventional gas supplies.</p>	<ul style="list-style-type: none"> <li>• Chapter 6, Natural Gas Resources</li> </ul>
<p><b>WAC 480-90-238 (3) (d)</b> An assessment of opportunities for using company-owned or contracted storage.</p>	<ul style="list-style-type: none"> <li>• Chapter 6, Natural Gas Resources</li> </ul>
<p><b>WAC 480-90-238 (3) (e)</b> An assessment of pipeline transmission capability and reliability and opportunities for additional pipeline transmission resources.</p>	<ul style="list-style-type: none"> <li>• Chapter 6, Natural Gas Resources</li> </ul>
<p><b>WAC 480-90-238 (3) (f)</b> A comparative evaluation of the cost of natural gas purchasing strategies, storage options, delivery resources, and improvements in conservation using a consistent method to calculate cost-effectiveness.</p>	<ul style="list-style-type: none"> <li>• Chapter 6, Natural Gas Resources</li> </ul>
<p><b>WAC 480-90-238 (3) (g)</b> The integration of the demand forecasts and resource evaluations into a long-range (e.g., at least ten years; longer if appropriate to the life of the resources considered) integrated resource plan describing the mix of resources that is designated to meet current and future needs at the lowest reasonable cost to the utility and its ratepayers.</p>	<ul style="list-style-type: none"> <li>• Chapter 6, Natural Gas Resources</li> <li>• Chapter 8, Choosing a Strategy</li> </ul>

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<p><b>WAC 480-90-238 (3) (h)</b> A short-term plan outlining the specific actions to be taken by the utility in implementing the long-range integrated resource plan during the two years following submission.</p>	<ul style="list-style-type: none"> <li>• Chapter 9, Action Plans</li> </ul>
<p><b>WAC 480-90-238 (3) (i)</b> A report on the utility's progress towards implementing the recommendations contained in its previously filed plan.</p>	<ul style="list-style-type: none"> <li>• Chapter 9, Action Plans</li> </ul>
<p><b>WAC 480-90-238 (4)</b> Timing. Unless otherwise ordered by the commission, each natural gas utility must submit a plan within two years after the date on which the previous plan was filed with the commission. Not later than twelve months prior to the due date of a plan, the utility must provide a work plan for informal commission review. The work plan must outline the content of the integrated resource plan to be developed by the utility and the method for assessing potential resources.</p>	<ul style="list-style-type: none"> <li>• 2009 Integrated Resource Plan Work Plan filed with the WUTC in May 2008</li> <li>• Chapter 9, Action Plans</li> </ul>
<p><b>WAC 480-90-238 (5)</b> Public participation. Consultations with commission staff and public participation are essential to the development of an effective plan. The work plan must outline the timing and extent of public participation. In addition, the commission will hear comment on the plan at a public hearing scheduled after the utility submits its plan for commission review.</p>	<ul style="list-style-type: none"> <li>• Appendix A, Public Participation</li> </ul>

**Figure B-3**  
**WUTC Staff Recommendations from 2007 IRP Acceptance Letter**

WUTC Staff Recommendations	Chapter
<b>Electric Portfolio Design</b>	
<p>In our letter acknowledging PSE's 2004 Least Cost Plan, the Commission recommended that the company "work toward a mathematically driven method of portfolio construction"...the Commission expects a more thorough discussion of the rationale underlying each portfolio considered than was provided in this IRP.</p>	<p>PSE acquired the optimization program "Strategist" to directly address this recommendation.</p> <ul style="list-style-type: none"> <li>• Chapter 5, Electric Resources, sections IV and V.</li> <li>• Appendix I, Electric Analysis Results.</li> </ul>
<b>Basis for Resource Strategy Decisions</b>	
<p>In its next plan, PSE should weight the various scenarios according to its judgment of their relative probabilities. Alternatively, the company could detail why it based the final determination of the preferred resource portfolio on a subset of the scenarios developed.</p>	<ul style="list-style-type: none"> <li>○ Chapter 1, Executive Summary</li> <li>○ Chapter 8, Choosing a Strategy</li> </ul>
<b>DSM Related Issues</b>	
<b>I-937 Changes</b>	
<p>On November 7, 2006, Washington voters approved Initiative Measure No. I-937, now codified as RCW 19.285. ... We expect that the Company's next IRP will describe what changes, if any, PSE has made to comply with this new mandate.</p>	<ul style="list-style-type: none"> <li>• Chapter 5, Electric Resources</li> <li>• Appendix I, Electric Analysis Results</li> <li>• Appendix L, Demand-side Resource Analysis</li> </ul>
<b>Peak Shaving</b>	
<p>...the Quantec report indicates that a curtailable load program and a critical peak pricing program both offer substantial technical potential but relatively low achievable potential. The company should investigate whether the achievable potential of these two programs could be improved at a reasonable cost.</p>	<ul style="list-style-type: none"> <li>• Appendix L, Demand-side Resource Analysis</li> </ul>
<b>Avoided Costs</b>	
<p>In its next plan, PSE should include a section specifically discussing its energy and capacity avoided costs over both short- and long-term time frames. This section should include a discussion regarding how PSE derived these avoided cost numbers.</p>	<ul style="list-style-type: none"> <li>• Appendix I, Electric Resource Analysis</li> </ul>

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<p><b>Fuel Conversion</b></p> <p>In addition, we would like the next plan to discuss the potential of fuel switching, i.e., the conversion from electricity to natural gas for water heaters, appliances and other applications, as a strategy to conserve energy and reduce emissions.</p>	<ul style="list-style-type: none"> <li>• Appendix L, Demand-side Resource Analysis</li> </ul>
<p><b><i>Integrating Electric and Gas</i></b></p>	
<p><b>Integrating Strategic Analysis</b></p> <p>Work to develop synergies between natural gas and electricity strategic analysis techniques.</p>	<ul style="list-style-type: none"> <li>• Chapter 3, Framework and Key Assumptions</li> <li>• Chapter 6, Gas Resources</li> </ul>
<p><b>Integrating Analysis</b></p> <p>The Commission expects much more effort directed towards integrating the electric and natural gas plans in PSE's next IRP.</p>	
<p><b>Use Common Forecasts</b></p> <p>The use of a common gas commodity price forecast and shared gas purchasing would allow PSE to reduce the resources devoted to demand forecasting and, in turn, the Commission's effort in overseeing these forecasts.</p>	
<p><b><i>Responding to Feedback</i></b></p>	
<p>...the Commission expects that PSE will include as a separate section a listing of how the company complied with all of the Commission recommendations, or the rationale for not acting in accordance with them.</p>	<ul style="list-style-type: none"> <li>• Appendix B, Legal Requirements, Figure B-3</li> </ul>