October 28, 2011

***Via Electronic Mail and U.S. Mail***

Chairman Jeffery Goltz

Commissioner Patrick Oshie

Commissioner Phillip Jones

Washington Utilities and Transportation Commission

PO Box 47250

1300 S. Evergreen Park Drive, SW

Olympia, WA 98504-7250

Re: In the Matter of Puget Sound Energy Docket No. UE 111497

Revisions to Large Power Use Self-Directed Program

Dear Commissioners:

The Industrial Customers of Northwest Utilities (“ICNU”) sends this letter in response to a question from Commissioner Jones regarding Puget Sound Energy’s (“PSE”) large customer conservation self-direction program in Schedule 258. ICNU hopes that the information in this letter and the attached summary document prepared by PSE provides the information requested by Commissioner Jones.

On May 1, 2011, PSE increased Schedule 120 charges to significantly increase the conservation funding from certain large customers. Given that this change occurred in the middle of PSE’s program cycle, PSE proposed to add an extra year to the large customer program to allow customers additional time to submit and complete their conservation projects. ICNU’s letter to the Washington Utilities Transportation Commission (“WUTC” or the “Commission”) in support of the Schedule 258 revisions stated that adding another year to spend the additional conservation funds was a creative tool that “will likely result in greater industrial conservation, to the benefit of all customers.”

At the open meeting approving the changes, Commissioner Jones asked about specific examples of additional industrial conservation projects that would occur because of the extra year. I was unable to provide the Commissioner with the information at the open meeting, but stated that I would follow up with information, if possible.

The extension of the program by an additional year appears to be directly resulting in additional industrial conservation that would not otherwise have occurred. The extension of the program in the middle of the cycle allows customers additional time to pursue higher cost, more complex capital projects that they otherwise would not have had the time to develop. The attached summary prepared by PSE includes examples of these types of specific projects, some of which would not occur without the extra year. In addition, the extra year provides additional time and flexibility to complete and improve conservation savings with existing projects.

I hope this additional information is helpful to the Commission in its analysis of PSE’s conservation program. ICNU and its members appreciate the Commission’s strong support of PSE’s conservation efforts, especially the highly successful large customer self-direction program. ICNU notes that PSE’s self direction program was recently praised in an October 2011 report by the American Council for an Energy-Efficient Economy. The Report stated that PSE administers one of the more creatively structured self-direction programs and “is an excellent example of how to leverage the flexibility inherent in a self-direct program.” PSE’s program is highly successful and should be considered a model for other regional and national utilities to obtain conservation in the industrial sector that is not being captured by traditional conservation programs.

Sincerely yours,

Irion A. Sanger

cc: PSE CRAG participants (via email)