

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

PUGET SOUND ENERGY

Petition for Exemption from Filing
Certain Request for Proposal
Requirements under WAC 480-107-
015(3)(b)

DOCKET UE-160387

ORDER 01

ORDER GRANTING PETITION

BACKGROUND

- 1 On April 1, 2016, Puget Sound Energy (PSE or Company) filed with the Washington Utilities and Transportation Commission (Commission) a Petition for Waiver from Certain Request for Proposal (RFP) Requirements.¹ On April 20, 2016, PSE filed an amended petition (Petition).

- 2 The Company's Petition requests the Commission waive three RFP filing requirements in WAC 480-107-015(3)(b) based on resource capacity needs described in its 2015 IRP. The Company first requests a waiver with respect to the issuance of an RFP for supply-side resources because PSE does not project a need for such resources for the 2016-2018 period. Second, the Company requests a waiver with respect to the issuance of an RFP for conservation resources because PSE has already procured the necessary conservation resources for the 2016-2017 biennium. Finally, the Company requests a limited waiver that would allow PSE to file an RFP for demand response resources with the Commission no later than June 15, 2016.

¹ When a regulated electric utility files an Integrated Resource Plan (IRP) with the Commission that identifies an additional capacity need within three years, WAC 480-107-105(3) requires the utility to file a proposed Request for Proposals (RFP) with the Commission within 135 days. Interested parties then have 60 days from the RFP's filing date to comment, and the Commission will approve or suspend the RFP within 30 days after the close of the comment period. *See* WAC 480-107-015(3)(a), (b) and (c).

3 Commission Staff (Staff) has reviewed the Company's Petition and finds that each of the
requested waivers is reasonable and consistent with the public interest. Accordingly, Staff
recommends the Commission grant the Company's Petition with certain conditions.

DISCUSSION

4 WAC 480-107-002(3) allows the Commission to grant exceptions to the rules governing
RFPs, but only where such exceptions are "consistent with the public interest, the
purposes underlying regulation, and applicable statutes." PSE requests the Commission
grant three such exceptions to its RFP rule, WAC 480-107.

5 We agree with Staff that the requested waivers are reasonable and should be granted.

6 The Petition does not reference the supply-side resources that have not yet been acquired
through market purchases. The 2015 IRP calls for acquiring market resources in 2016
equivalent to the capacity of an entire additional combined-cycle combustion generating
plant, 806 average megawatts.² The risk assessment associated with market purchases
was examined during PSE's 2015 IRP process, and is consistent with a prior Commission
order that granted Pacific Power a similar waiver of the rule for market purchases.³
Therefore, the RFP requirement for PSE market purchases should be waived.

7 PSE's request to waive the requirement to file a proposed RFP for the acquisition of
conservation capacity resources is reasonable because the underlying intent of the rule is
to procure these resources using a transparent and open process. This has already been
achieved by the ongoing implementation of the 2016-2017 Biennial Conservation Plan
(BCP) submitted and approved by the Commission in 2015.⁴ Conservation RFPs were
issued in a public format, and vendors were evaluated and selected to meet the BCP
goals. Requiring the process be repeated due to the conservation capacity requirements in
the 2015 IRP would be duplicative, and therefore is not in the public interest.

8 However, the requirement for the conservation resources RFP is for the three years
following the due date of the IRP. The current BCP implementation covers the years
2016 and 2017 whereas the RFP timeframe goes through November 30, 2018. PSE plans

² 2015 IRP, Figure 1-5.

³ UE-151694, Order 01.

⁴ UE-152058, PSE's 2016-2017 Biennial Conservation Plan.

to issue a conservation RFP in June 2017 that will cover the period through the end of 2019.⁵ Accordingly, the RFP requirement for PSE conservation capacity resources based on PSE's 2015 IRP should be waived with the condition that PSE develop its 2018-2019 conservation RFP through its conservation advisory group, and issue the RFP by June 30, 2017.⁶

9 PSE's request to waive the 135-day timeline for submission of the proposed RFP regarding demand response capacity resources is also reasonable. The requested exception would create a two-month delay from April 14, 2016, to June 15, 2016, in order to update peak demand resource modeling and incorporate an upcoming regional demand adequacy assessment due from the Northwest Power and Conservation Council in May 2016. The risk in this two-month delay is outweighed by the advantages of acquiring long-term resources based on a more accurate forecast. We therefore grant PSE's request for an extension to file the proposed RFP for demand response capacity resources on or before June 15, 2016.

10 The Commission notes the waivers granted here apply only to the present RFP requirements arising from the IRP presented in Docket UE-160387.

FINDINGS AND CONCLUSIONS

11 (1) The Washington Utilities and Transportation 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) Puget Sound Energy is an electric company and a public service company subject to Commission jurisdiction.

13 (3) On April 1, 2016, Puget Sound Energy filed a Petition for Waiver from Certain Requests for Proposals Requirements, which was amended on April 20, 2016.

14 (4) This matter came before the Commission at its regularly scheduled meeting on May 27, 2016.

⁵ Petition, paragraph 12.

⁶ WAC 480-109-110, Conservation advisory group.

- 15 (5) Puget Sound Energy has demonstrated pursuant to WAC 480-107-002(3) that the waivers from certain requirements of WAC 480-107 are consistent with the public interest, the purposes underlying regulation, and applicable statutes. Therefore, the Company's Petition should be granted with conditions.

ORDER

THE COMMISSION ORDERS:

- 16 (1) Puget Sound Energy's Amended Petition for Waiver of Certain Requirements Related to Requests for Proposals Contained in WAC 480-107, filed on April 20, 2016, is granted. The Commission waives the following rules:
- a. WAC 480-107-015(3)(b) with respect to the issuance of a request for proposal for supply-side resources.
 - b. WAC 480-107-015(3)(b) with respect to the issuance of a request for proposal for conservation resources.
 - c. Limited waiver of WAC 480-107(3)(b) with respect to the 135-day deadline for filing a request for proposals for demand response resources.
- 17 (2) Puget Sound Energy must file a proposed Request for Proposals by June 15, 2016, for demand response resources, pursuant to WAC 480-107-015(3)(b).
- 18 (3) Puget Sound Energy must develop its 2018-2019 Conservation Resources Request for Proposals in consultation with its conservation advisory group, and issue the Conservation Resources Request for Proposals by June 30, 2017.
- 19 (4) 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. Nor shall this Order be construed as an agreement to any estimate or determination of costs, or any valuation of property claimed or asserted.
- 20 (5) The Commission retains jurisdiction over the subject matter and Puget Sound Energy to effectuate the terms of this Order.

The Commissioners, having determined this Order to be consistent with the public interest, directed the Secretary to enter this Order.

Dated at Olympia, Washington, and effective May 27, 2016.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

STEVEN V. KING, Executive Director and Secretary