

**BEFORE THE WASHINGTON
UTILITIES & TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY

Respondent.

DOCKETS UE-220066, UG-220067, and UG-210918 (*Consolidated*)

**GLENN A. WATKINS
ON BEHALF OF THE
WASHINGTON STATE OFFICE OF THE ATTORNEY GENERAL
PUBLIC COUNSEL UNIT**

EXHIBIT GAW-3

Puget Sound Energy Response to WUTC Staff Data Request No. 181

July 28, 2022

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**Dockets UE-220066 & UG-220067
Puget Sound Energy
2022 General Rate Case****WUTC STAFF DATA REQUEST NO. 181:**

REQUESTED BY: Chris McGuire

Re: Revenue - Pro Forma

Please refer to the electric revenue requirement model and the workpaper titled "NEW-PSE-WP-BDJ-5-ELEC-RATE-SPREAD-DESIGN-22GRC-01-2022," tab "Exhibit No._(BDJ-MYRP-SUM)," Line No. 2. In electric Adj. 6.01 PP (2022), PSE reduces pro forma Sales to Customers by \$55,161,788. Of that amount, approximately \$49.7 million appears to reflect a reduction in revenues from Schedule 7 residential customers (from \$1,231,055,000 in 2021 down to \$1,181,368,000 in 2022) attributable to normalized Schedule 7 residential loads decreasing by 4.4% in 2022, (from 11,355,355 MWh in 2021 down to 10,857,353 MWh in 2022).

Please confirm that the Company expects its normalized MWh sales volumes for Schedule 7 residential customers to decrease from 11,355,355 MWh in 2021 to 10,857,353 MWh in 2022. If the Company expects such a reduction to load in 2022, please explain the primary drivers for the reduction and the specific impact of each driver on Schedule 7 loads. If the Company does not expect such a reduction to load in 2022, please explain what the Schedule 7 MWh values represent for 2021 and 2022 in NEW-PSE-WP-BDJ-5-ELEC-RATE-SPREAD-DESIGN-22GRC-01-2022 on tab "Exhibit No._(BDJ-MYRP-SUM)" at Line No. 2.

Response:

Yes, Puget Sound Energy ("PSE") expects a reduction in residential load in 2022 in comparison to the test year.

PSE develops a long-term (20-year) load forecast, which is the source for the rate year load assumptions. The load forecast is a complex process involving a series of modeling steps and adjustments including an econometric model that develops economic-demographic variables specific to PSE's service area, development of regression equations (including degree-day variables, economic and demographic variables, and other drivers) for customer counts and use per customer for each customer class, and additional adjustments for forecasts of electric vehicles ("EV") and demand-side

resources (“DSR”). PSE used the load forecast completed and approved in July 2021 for the 2022 general rate case.

In comparison to the test-year of the twelve months ending June 30, 2021 (“2022 GRC test year”), the year end 2022 forecast reflects growth in electric consumption from new residential customers and electric vehicle loads. However, this positive load growth is outweighed by forecasted load reductions due to implementation of DSR, as well as the expected reduction in residential use per customer as economic recovery continues and customers revert to pre COVID-19 pandemic behaviors. The specific impacts of the major load forecast drivers for rate year 2022 are as follows:

Table 1. Components of 2022 Residential Load Forecast (MWh)

Forecasted load for existing residential customers, incorporating observed energy consumption trends	10,894,238
Impacts of primary drivers, incremental to July 2021:	
New Customer Additions	187,854
Demand Side Resource Savings	-256,328
Electric Vehicle Additions	31,589
2022 Residential Forecast	10,857,353

The following descriptions provide the major load forecast drivers for the table listed above.

Observed energy consumption trends. Residential use per customer has been declining in recent years. Weather normalized residential use per customer has declined, on average, 0.5 percent per year and one percent per year for the five and ten years prior to 2020, respectively. However, with the pandemic’s disruption of normal daily life, residential customer electric energy consumption increased by approximately three percent during 2020-2021. Calendar year 2019 is the most recent year of “typical” residential energy consumption patterns prior to the pandemic and is used as a baseline in the load forecast assumptions. The load forecast assumes the residential energy consumption patterns will return to pre-pandemic “business as usual” levels in early 2022.

New customer growth. The forecast assumes residential customer growth between the 2022 GRC test year and year end 2022. The residential customer growth forecast is based on projected population growth, unemployment rate, and trends. This model relies on Moody’s Analytics U.S. Macroeconomic Forecast, a long-term forecast of the U.S. economy for economic growth rates.

Load reductions due to implementation of DSR. PSE’s Integrated Resource Plan (“IRP”) determines the amount of DSR, which is included in the load forecast as a reduction to load. The DSR assumed in this residential load forecast includes savings

from updated energy codes and standards, PSE energy efficiency programs, and other load reducing resources (like distribution efficiency and customer-owned solar) as of the first quarter of 2021. The load reduction from forecasted DSR savings, as determined by the IRP, is a significant reduction within the load forecast.

Electric vehicle additions. PSE obtains a long-term (20-year) electric vehicle forecast from the consulting firm Guidehouse, and uses it as an assumption for the load forecast. The electric vehicle forecast is modest in early years compared to later years, with approximately 32,000 MWhs of residential EV load growth in 2022 incremental to the test year.