

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

DOCKET UE-120807

ORDER 02

ORDER ACCEPTING
SETTLEMENT AGREEMENT AND
ALLOWING WITHDRAWAL OF
TARIFF REVISIONS

BACKGROUND

- 1 The Energy Independence Act (EIA) requires electric utilities with 25,000 or more customers to “establish a biennial acquisition target for cost-effective conservation, and meet that target during the subsequent two-year period.” RCW 19.285.060(6) gives the Washington Utilities and Transportation Commission (Commission) authority to enforce these requirements with respect to investor-owned utilities. Puget Sound Energy, Inc.’s (PSE or Company) 2012-13 biennial conservation target is 666,000 MWh, set in Order 01, Docket UE-111881.
- 2 On June 1, 2012, PSE filed proposed conservation tariff revisions that would discontinue conservation programs and charges to customers for conservation programs in Jefferson County. In its June 28, 2012, open meeting memorandum, Commission Staff recommended the Commission issue a complaint and order suspending the proposed tariff revisions.
- 3 In addition to the EIA requirements mentioned above, Commission Staff pointed out that conservation, when it is cost-effective, provides the least-cost resource pursuant to WAC 480-100-238. Furthermore, the cost-effectiveness of conservation measures is dependent on measure life, and the life of the measures is not dependent on ownership. Staff concluded that the transfer of ownership of assets from PSE to another utility will not change the measure life, and therefore will not change the cost-effectiveness of the measures.

- 4 Commission Staff also noted its position that early termination of the conservation programs in Jefferson County would lead to a violation of RCW 80.28.090, which explicitly does not allow for preferential treatment, stating that no electric company shall “make or grant undue or unreasonable preference or advantage to any person, corporation or locality... or any particular description of service to any undue or unreasonable prejudice or disadvantage in any respect whatsoever.”
- 5 OlyCAP, the agency implementing the low-income portion of the conservation program at issue, asked in a letter for an extension of the effective date of the tariff revisions to December 31, 2012. The Energy Project and the Shared Resource Conservation Manager for Jefferson County supported the Commission Staff recommendation at the June 28, 2012, Open Meeting. The Commission suspended the proposed tariff revisions on June 28, 2012, in Order 01.
- 6 On September 17, 2012, PSE filed a Full Settlement Re: Cessation of Conservation Programs and Charges for Customers in Jefferson County (Agreement). The Agreement is attached to this Order as Attachment A. Commission Staff, PSE, the Northwest Energy Efficiency Council, and The Energy Project (Settling Parties) entered into the Agreement as an appropriate resolution of the issues in Docket UE-120807. Other members of PSE’s Conservation Resources Advisory Group (CRAG) were involved in the discussion and did not object to the Agreement.
- 7 Under the Agreement, PSE will continue to offer conservation programs until the closing date of the acquisition of PSE’s Jefferson County service territory by the Public Utility District No. 1 of Jefferson County (Jefferson County PUD).¹ In addition:
- PSE will continue to charge for such programs under the terms of Tariff WN U-60 until the closing date; and
 - PSE may use all the energy savings achieved by the closing date in Jefferson County toward its 2012-13 biennial conservation target of 666,000 MWh.
- 8 The Settling Parties agreed that they will not recommend a determination that PSE’s spending for rebates and grants in Jefferson County are imprudent as a result of the continuance of service up until the closing date.

¹ The closing date is expected to occur in the second quarter of 2013. On the closing date, Jefferson County PUD will assume all responsibility for providing electric service, including conservation programs, to customers within that county.

- 9 The Agreement requests that the Commission authorize PSE to withdraw the proposed tariff revisions originally filed on June 1, 2012.

DISCUSSION

- 10 There was general agreement among members of the CRAG that it is in the public interest for PSE to continue to provide customers in Jefferson County with access to conservation programs. The Agreement appropriately addresses the issues raised by Commission Staff and others in this docket.
- 11 The Agreement is not effective until accepted by the Commission. Failure by PSE to comply with this Order may result in the Commission invoking its authority to assess penalties for violations of statutes, rules and orders.
- 12 No party objected to the Agreement. The Commission reviewed the Agreement and determined that it provides an appropriate basis for resolving the issues in this docket, and is consistent with the public interest.

FINDINGS AND CONCLUSIONS

- 13 (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. RCW 80.01.040, RCW 80.04, RCW 80.08, RCW 80.12, RCW 80.16 and RCW 80.28.
- 14 (2) PSE is an electric company operating in the state of Washington and subject to Commission jurisdiction.
- 15 (3) The Commission suspended PSE's proposal to cease conservation programs in Jefferson County in Order 01, Docket UE-120807, following a presentation at the June 28, 2012, Open Meeting.
- 16 (4) Commission Staff, PSE, the Northwest Energy Efficiency Council, and The Energy Project have entered into the attached Agreement as an appropriate resolution of the issues raised in Docket UE-120807. Other members of the CRAG were involved in

the discussion, and did not object to the Agreement.

- 17 (5) After reviewing the Agreement and giving due consideration, the Commission finds that the Agreement represents an appropriate resolution of the issues raised in Docket UE-120807, is in the public interest, and that the Agreement should be accepted.
- 18 (6) The effective date of the Agreement is the date of this Order, and PSE may withdraw its proposed tariff revisions on or after that date.

ORDER

THE COMMISSION ORDERS:

- 19 (1) The Agreement filed by Puget Sound Energy, Inc. on September 17, 2012, is accepted. Puget Sound Energy, Inc. may withdraw its proposed tariff revisions on or after the date of this order.
- 20 (2) The Commission retains jurisdiction over the subject matter and Puget Sound Energy, Inc. to effectuate the terms of this Order, including enforcement of the Agreement, if necessary.

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

DATED at Olympia, Washington, and effective October 11, 2012.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Executive Director and Secretary