

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

PUGET SOUND ENERGY'S REPORT
CONCERNING ITS PROGRESS IN
MEETING ITS 2014-2015 BIENNIAL
CONSERVATION TARGET

DOCKET NO. UE-132043

COMMENTS OF THE INDUSTRIAL
CUSTOMERS OF NORTHWEST
UTILITIES

I. INTRODUCTION

1 In response to PSE's Biennial Conservation Report ("BCR") filed with the
Washington Utilities and Transportation Commission ("Commission") by Puget Sound
Energy ("PSE") in the above-referenced docket, the Industrial Customers of Northwest
Utilities ("ICNU") files these comments. ICNU has reviewed PSE's 2014-2015 BCR
and appreciates the opportunity to provide comments on this report.

2 PSE actively engaged its Conservation Resource Advisory Group
("CRAG") during the 2014-2015 biennium and provided ample opportunity to review
program progress and modifications, as well as a draft of the biennial conservation report.
ICNU appreciates PSE's transparent and robust engagement of its CRAG, which enabled
many issues to be discussed and resolved prior to the filing of this report.

3 ICNU does not dispute PSE's savings claim for the 2014-2015 biennium
of 552,596 MWh or 114 percent of its approved target. ICNU's comments on this report
are limited to policy issues raised by PSE regarding what savings should be included in
the calculation of excess conservation and the application of excess savings achieved in
this biennium to future biennial targets and decoupling commitments. As discussed in

more detail below, ICNU believes that PSE's proposal regarding the savings categories that should be included in the calculation of excess conservation is reasonable. However, ICNU is concerned that PSE's recommendation to allow excess conservation achieved in this biennium to count toward a future decoupling commitment may reduce the impact of PSE's decoupling commitment to achieve an additional 5 percent in savings on top of its approved EIA target.

II. COMMENTS

4 PSE's total savings for the biennium were 552,596 MWh, or 114 percent of its approved EIA target of 485,770 MWh. This total excludes savings associated with NEEA and savings from individual energy report pilots per agreements made with the CRAG and approved by the Commission in the biennial target development process in Order 01 of Docket No. UE-132043. Because PSE has achieved in excess of its biennial conservation target for 2014-2015, it is therefore authorized to use this excess conservation to meet up to 25% of either of the two subsequent biennia's targets.^{1/} However, as PSE notes in its BCR, neither the RCW nor the WAC define excess conservation and what is included. Because certain programs are excluded from PSE's EIA target (NEEA and individual energy report pilots), there is a question of whether the savings from these categories can be counted as excess conservation to be used to meet a future qualifying biennial target. Further, PSE has a separate commitment to achieve an additional 5 percent in savings, or 27,920 MWh, on top of its approved EIA target in accordance with the Commission's Order approving its decoupling mechanism and the

^{1/} RCW 19.285.040(1)(c)(i) and WAC 480-109-100(c)(3).

order establishing the decoupling conservation commitment.^{2/} In its BCR, PSE recommends that savings from programs excluded from its EIA target also be excluded from excess savings that may be carried over to future biennia. It also recommends that the excess savings it achieved be eligible for use in future biennia or to a shortfall in its decoupling commitment in future years. The total excess savings PSE achieved for the 2014-2015 biennium after removing the excluded programs and decoupling commitment is 38,906 MWh.^{3/}

5 ICNU’s view is that savings that are not eligible to count toward the current biennium’s conservation achievement under the EIA should also not be eligible to count toward a future biennial target. In other words, ICNU agrees with PSE that the calculation of excess conservation should remove NEEA and individual energy pilot programs.

6 With respect to PSE’s proposal that it should be able to apply excess conservation toward a future decoupling commitment, ICNU questions whether this could diminish the impact of the conservation commitment associated with decoupling by allowing the Company to achieve less than its incremental 5% commitment in future biennia. ICNU recognizes that carrying excess savings over to future biennia is statutorily authorized, and whether PSE applies it to its base conservation commitment or its incremental decoupling commitment in a future biennium may be a distinction without a difference. However, ICNU understands the intent of the 5% incremental decoupling commitment to mean that PSE will actively achieve 5% more conservation than its EIA

^{2/} Docket Nos. UE-121697/UG-121705, UE-130137/UG-130138, Order 07, ¶¶ 108-112 (June 25, 2013) and Docket UE-132043, Order 03 (Sept. 11, 2014).

^{3/} Docket UE-132043, Biennial Conservation Report at 15 (May 31, 2016).

target each biennium, and carry-over savings potentially diminish the impact of this commitment. At a minimum, this issue should be raised for discussion in the dockets in which PSE's decoupling mechanism and decoupling conservation commitment were approved.^{4/}

III. CONCLUSION

7 ICNU recommends that the Commission approve PSE's approach for calculating excess savings, which results in a total of 38,906 MWh in excess savings for the 2014-2015 biennium. Additionally, ICNU recommends the Commission not approve PSE's proposal to allow excess conservation to count toward a future decoupling commitment at this time. This issue should instead be raised for discussion in the decoupling dockets.

Sincerely,

/s/ Lea Fisher

Lea Fisher

9434 37th Ave. SW

Seattle, WA 98126

E-Mail: lea.fisher44@gmail.com

Fisher Regulatory Consulting

on behalf of the Industrial Customers of Northwest Utilities

^{4/} Docket Nos. UE-121697/UG-121705, UE-130137/UG-130138, Order 07 (June 25, 2013).