

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION STAFF  
RESPONSE TO DATA REQUEST

DATE PREPARED:	December 21, 2011	WITNESS:	Deborah J. Reynolds
DOCKETS:	UE-111048/UG-111049	RESPONDER:	Deborah J. Reynolds
REQUESTER:	Puget Sound Energy	TELEPHONE:	(360) 664-1255

**PSE Data Request No. 014 to WUTC Staff:**

RE: Deborah J. Reynolds, Exhibit No. \_\_\_(DJR-1T), page 21, lines 16-21

Please explain in detail how PSE's CSA mechanisms will recover lost margin related to anything other than that associated with utility-sponsored energy efficiency. As part of this explanation, please identify and quantify these other sources of lost margin.

**RESPONSE:**

As cited at Exhibit No. \_\_\_(DJR-1T), page 17, lines 12-14, the Decoupling Policy Statement defines lost margin as "a reduction in revenue during a rate-effective period due to a reduction in use, from the level of use determined using a modified historic test year in a general rate case." However, the calculation of PSE's CSA mechanism is based on engineering estimates of conservation savings rather than changes in use. Because the engineering estimates of conservation savings are then multiplied by a rate as if the estimates were usage values, it introduces the same uncertainty into the CSA. Thus, if use changed during a rate-effective period, the CSA would not capture that change. The CSA does not recover lost margin as defined by the Commission's Decoupling Policy Statement.

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**PSE Data Request No. 024 to WUTC Staff:**

RE: Deborah J. Reynolds, Exhibit No. \_\_\_\_ (DJR-1T), page 32, line 15

Please provide a citation to the rule, order or law relied upon to support the claim on page 32, line 15, of Exhibit No. \_\_\_\_ (DJR-1T).

**RESPONSE:**

The Commission's Decoupling Policy Statement, in footnote 28, cites Order 10, Dockets UE-090134, UG-090135, and UG-060518 (*consolidated*), page 121, paragraph 305 which states that an EM&V (Evaluation, Measurement and Verification) plan "should include a bill verification analysis that examines changes in customer usage as a result of DSM programs." The Decoupling Policy Statement in Appendix 7 defines EM&V as "A general term for determining energy efficiency program and project impacts, wherein "evaluation" means determining the effects of such a program through "measurement and verification" activities such as data collection, monitoring, and analysis associated with the calculation of gross energy and demand savings from individual sites or projects." The context of the citation in Order 10 is important, however. In that case, the limited decoupling mechanism relied on known and measureable changes in usage. The conservation savings estimates were used as a point of comparison, not as a direct measurement of changes in usage as PSE has proposed in the CSA. This difference is significant, and requires a conclusion that energy savings evaluation for a CSA-type mechanism must include statistically significant post-installation analysis. See Staff Response to PSE Data Request No. 025 to WUTC Staff.