

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

<p>In the Matter of</p> <p>PUGET SOUND ENERGY's</p> <p>2024-2025 Biennial Acquisition Target Under RCW 80.28.380</p>	<p>DOCKET UG-230893</p> <p>ORDER 01</p> <p>ACCEPTING 2024-2025 BIENNIAL ACQUISITION TARGET, SUBJECT TO CONDITIONS</p>
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**BACKGROUND**

- 1 On November 1, 2023, Puget Sound Energy (PSE or Company) filed its 2024-2025 Biennial Conservation Plan (BCP or Plan) identifying a 2024-2025 biennial acquisition target of 6,541,000 therms.
- 2 Pursuant to Revised Code of Washington (RCW) 80.28.380, gas companies must establish an acquisition target every two years and must demonstrate that the target will result in the acquisition of all resources identified as available and cost-effective.
- 3 Table 1 compares natural gas savings and budgets from PSE's 2022-2023 and 2024-2025 BCPs.

**Table 1 - Natural Gas Savings and Budgets from PSE’s 2022-2023 and 2024-2025 BCPs**

<b>Program</b>	<b>2022-2023 Projected Savings (therms)</b>	<b>2022-2023 Budget</b>	<b>2024-2025 Projected Savings (therms)</b>	<b>2024-2025 Budget</b>
Residential Total <sup>1</sup>	5,856,444	\$25,165,847	4,495,558	\$32,069,681
<i>Low-income</i>	41,487	\$2,033,572	43,836	\$3,170,373
Commercial/Industrial	3,968,826	\$13,925,172	2,543,631	\$15,153,614
Pilots	65,250 <sup>2</sup>	\$3,740	-	-
Regional <sup>3</sup>	0	\$3,745,032	-	\$3,744,374
Administration/Other <sup>4</sup>	-	\$5,683,740	-	\$7,262,548
<b>Total</b>	<b>9,890,520</b>	<b>\$48,523,531</b>	<b>7,039,189</b>	<b>\$58,230,217</b>

4 Commission staff (Staff) and PSE negotiated a set of conditions that PSE agrees to adhere to throughout the biennium. These are included in Attachment A to this Order.

5 Staff filed responsive comments on the Plan on December 22, 2023.<sup>5</sup> Those comments detailed PSE’s expected gas savings in the 2024-2025 biennium, some of the programs the Company will run to achieve those savings, and an analysis of the Plan.

6 Staff recommends the Commission issue an order accepting PSE’s Two-Year Conservation Target of 6,541,000 therms; Two-Year Decoupling Commitment of 304,500 therms, pursuant to Order 08 in Docket UG-170034; total Two-Year Utility Conservation Goal of 7,034,500 therms; and subject to the conditions set out in detail in Attachment B to Staff’s memo. In summary, the conditions require the Company to:

<sup>1</sup> Residential Total includes low-income.

<sup>2</sup> Includes only pilots with uncertain savings. In the 2022-2023 biennium this includes the Retail Choice Pilot, the Home Energy Assessment Behavioral Pilot, and the Advanced Metering Infrastructure Small & Medium Business Enhanced Engagement Pilot.

<sup>3</sup> Savings and budgets associated with Northwest Energy Efficiency Alliance (NEEA), the Company’s Targeted Demand Side Management (DSM) Pilot, and the Generation, Transmission & Distribution Efficiency program.

<sup>4</sup> “Other” includes net metering and the Company’s demand response pilot.

<sup>5</sup> *In re PSE’s Biennial Conservation Plan*, UG-230893, Commission Staff Comments Regarding Gas Utility Conservation Plans Under RCW 80.28 (Dec. 22, 2023).

- Continue to invest in regional studies and market transformation, in collaboration with funding from other parties and with other strategic market partners in this biennium, that complements PSE's energy efficiency programs, planning, services, and measures.
- Retain sole responsibility for complying with RCW 80.28.380.
- Follow the Conservation Potential Assessment (CPA) provisions.
- Follow the provisions for acquiring, planning, and reporting all conservation resources.
- Continue to use its advisory group, including notifying and consulting with the group in a variety of circumstances.
- Provide Annual Budgets in a detailed format including energy savings and a reasonable allocation towards pilot programs, research, and data collection.
- Maintain and provide specific program details in its conservation tariffs and notify Advisory Group of filings.
- Follow approved strategies for selecting and evaluating energy conservation savings.
- Follow program design principles.
- Use the Total Resource Cost Test.
- File recovery through a Gas Conservation Service Rider.
- Demonstrate progress towards equitable distribution of nonenergy benefits.
- Consult with the Advisory Group to determine implementation of RCWs 80.28.260(2) and 80.28.300.
- Work to ensure that the most recent and accurate assumptions and inputs are included in its 2025 CPA and that any remaining adjustments made to the CPA for purposes of target-setting are made prior to PSE requesting CPA approval by the Commission.

### DISCUSSION AND DECISION

7 We agree with Staff's recommendation and accept PSE's BCP subject to certain conditions. We accept PSE's calculation of its Two-Year Conservation Target of 6,541,000 therms; Two-Year Decoupling Commitment of 304,500 therms, pursuant to Order 08 in Docket UG-170034; total Two-Year Utility Conservation Goal of 7,034,500 therms, subject to the conditions attached to and incorporated into this Order as Attachment A for the reasons explained below.

8 The Company, in collaboration with Staff and advisory groups, developed a BCP using methodologies consistent with the Northwest Power and Conservation Council’s most recent final Power Plan,<sup>6</sup> which proposed appropriate program changes. The Plan also complies with the statutory requirement to “pursue all available conservation that is cost-effective, reliable, and feasible.”<sup>7</sup>

9 We agree with Staff that the public interest requires imposing additional conditions to accept the Company’s 2024-2025 BCP. The gas plans filed by the utilities, coupled with the proposed conditions, will serve to demonstrate that the gas conservation target will result in the acquisition of all resources identified by the utility as available and cost-effective as required by RCW 80.28.380. These conditions are outlined in detail in Attachment A to this Order.

10 Accordingly, we accept PSE’s calculation of its Two-Year Conservation Target of 6,541,000 therms; Two-Year Decoupling Commitment of 304,500 therms, pursuant to Order 08 in Docket UG-170034; total Two-Year Utility Conservation Goal of 7,034,500 therms; subject to the conditions attached to and incorporated into this Order as Attachment A.

### FINDINGS AND CONCLUSIONS

11 (1) The 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 natural gas companies.

12 (2) PSE is a natural gas company and a public service company subject to Commission jurisdiction.

13 (3) RCW 80.28.380 requires natural gas companies to establish an acquisition target every two years and must demonstrate that the target will result in the acquisition of all resources identified as available and cost-effective.

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<sup>6</sup> RCW 19.285.040(1)(a).

<sup>7</sup> RCW 19.285.040(1).

- 14 (4) On November 1, 2023, PSE filed its 2024-2025 BCP identifying 2024-2025 Acquisition Target, and 2024-2025 Decoupling Penalty Threshold.
- 15 (5) This matter came before the Commission at a specially scheduled recessed meeting on January 17, 2024.
- 16 (6) PSE's calculation of its 2024-2025 biennial acquisition target of 6,541,000 therms is consistent with RCW 80.28.380.
- 17 (7) PSE's calculation of its 2024-2025 Decoupling Penalty Threshold of 304,500 therms is consistent with Order 08 in Docket UG-170034.
- 18 (8) PSE's calculation of its 2024-2025 Total Two-Year Conservation Goal of 7,034,500 therms is consistent with RCW 80.28.380.
- 19 (9) It is in the public interest to accept PSE's biennial conservation target, as authorized by RCW 80.28.380, subject to the conditions proposed by Staff, as set out in Attachment A to this Order.
- 20 (10) The Commission should accept PSE's calculation of its Two-Year Acquisition Target of 6,541,000 therms; Two-Year Decoupling Penalty Threshold of 304,500 therms; and a Total Two-Year Conservation Goal of 7,034,500 therms; subject to the conditions attached to this Order as Attachment A.

**ORDER**

**THE COMMISSION ORDERS:**

- 21 (1) The Commission accepts Puget Sound Energy's Two-Year Acquisition Target of 6,541,000 therms; Two-Year Decoupling Penalty Threshold of 304,500 therms; and a Total Two-Year Conservation Goal of 7,034,500 therms; subject to the conditions attached to this Order in Attachment A.

- 22       (2)    The Commission retains jurisdiction over this matter for purposes of effectuating this Order.

Dated at Lacey, Washington, and effective January 17, 2024.

**WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**DAVID W. DANNER, Chair**

**ANN E. RENDAHL, Commissioner**

**MILTON H. DOUMIT, Commissioner**