August 29th, 2025

Respectful Greetings,

The Energy Project (TEP) appreciates the opportunity to provide comments on Puget Sound Energy's (PSE's) Time Varying Rates Pilot Evaluation and tariff update. Our comments are specific to two issues with impacts to identified low-income customers enrolled in the program.

In PSE's 2022 General Rate Case, the Company was ordered to create a 2-year time-varying rate pilot programs designed to reduce demand (kW) during peak periods. As part of the Commission's Final Order, PSE was required to reach out to a subset of income eligible pilot participants to offer them free smart thermostats and enroll 50% of BDR participants into a bill protection plan.

On August 27, PSE presented Year 1 evaluation results, as well as preliminary data from Winter Year 2 to interested parties. As part of this presentation, PSE requested feedback on its proposed TOU tariff, which would take effect in Q1 2027. Among other changes, PSE proposes to end both its bill protection program and its direct smart thermostat engagement with low-income households.

Bill Protection

We find that the Company's proposal to end bill protection is premature and not well-founded. Bill protection offers a meaningful safeguard for low-income customers, while likely imposing minimal administrative costs on the broader customer base. PSE is recommending its removal after only one year of complete results and before the second year's evaluation is available. Moreover, the evidence from Year 1 does not show that bill protection undermines the program's behavioral or cost-saving objectives. TEP strongly urges PSE to maintain this important protection until a complete record of impacts is available and a fair evaluation can be made.

Cadmus' Year 1 evaluation found that only 11% of BDR participants qualified for bill protection credit, with the average annual credit being approximately $18.[1] Importantly, customers who did qualify often received more than this average. When we focus on Schedule 307, which will be retained into the transition period while Schedule 317 will not, participants averaged $34 per year, with some receiving over $100. While most customers may not need protection each year, those who do benefit meaningfully from the protection. Households with very limited resources spend almost all their income on essentials—this means $34 more dollars for groceries, prescriptions, gas, or other utility bills. Further, the analysis showed that between 63% and 76% of income-eligible customers would have paid more on TOU than on the standard rate absent any behavioral changes, across Schedules 307 and 317.[2] Bill protection provides an essential

[1] Cadmus, Time-Varying Rates Pilot Evaluation, Year 1 Report. Prepared for Puget Sound Energy. August 8, 2025, at 11.
[2] Cadmus, Time-Varying Rates Pilot Evaluation, Year 1 Report. Prepared for Puget Sound Energy. August 8, 2025, at 4.

safeguard against these risks, ensuring that vulnerable customers who cannot shift usage due to work schedules, housing constraints, capital constraints, or other barriers are not unduly penalized.

PSE is also making its recommendation based on inconclusive results. The Year 1 evaluation report explicitly states that a final determination should be made only after two years of results, and that PSE and the evaluation team should weigh the program's benefits against the cost to administer it.[3] To date, PSE has not demonstrated that administrative costs are significant, nor provided an assessment of whether those costs outweigh the benefits of maintaining this backstop for vulnerable customers.

Finally, PSE's concern that bill protection disincentivizes customers from modifying their behavior is not supported by the data. Cadmus' Year 1 results found no meaningful impact on usage patterns or bill savings. For example, on Schedule 317, the difference between participants with and without bill protection was less than $4 per year.[4] For Schedule 307, participants without bill protection actually saved less on average than those with it, in part due to usage differences. This evidence undermines the premise that bill protection dampens customers' incentives to shift usage.

Ending bill protection now is premature, based on incomplete and inconclusive results, and risks undermining the credibility of PSE's pilot evaluation process. TEP strongly urges PSE to maintain this protection until a complete record of impacts is available and a fair evaluation can be made.

Enabling Technology

Year 1 results demonstrate the challenges of delivering enabling technology equitably. PSE mailed free smart thermostats to selected income-eligible participants with compatible electric HVAC systems. Yet only about 10% of recipients reported successfully installing and using the device.[5] Cadmus reported that most recipients either did not know how to install the thermostat, tried but failed, or believed it was incompatible with their systems. Renters faced additional barriers, as few were able to secure landlord approval to install devices in multifamily housing.[6] For households that did have smart thermostats, however, the evaluation found they were the most useful enabling technology for reducing usage during peak periods.

We agree with Cadmus' conclusion that PSE's approach of mailing thermostats was not effective. That said, PSE should not abandon direct engagement with low-income customers but rather should use the upcoming pilot transition period to identify options for better delivery

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[3] Cadmus, Time-Varying Rates Pilot Evaluation, Year 1 Report. Prepared for Puget Sound Energy. August 8, 2025, at 12.
[4] Cadmus, Time-Varying Rates Pilot Evaluation, Year 1 Report. Prepared for Puget Sound Energy. August 8, 2025, at 11.
[5] Cadmus, Time-Varying Rates Pilot Evaluation, Year 1 Report. Prepared for Puget Sound Energy. August 8, 2025, at 11.
[6] Cadmus, Time-Varying Rates Pilot Evaluation, Year 1 Report. Prepared for Puget Sound Energy. August 8, 2025, at 11.

mechanisms. The evaluation shows the problem is not the technology itself but the method of delivery.

Broadening the reach of enabling technologies is essential to protecting vulnerable households from adverse outcomes. We recommend that PSE continue to research best practices across the industry, such as utility partnerships with contractor-led installations, community-based delivery models, and incentive "stacking," and return with new proposals for how to more effectively get smart thermostats into the homes of income-eligible customers. This is not a matter of technology effectiveness, but rather of program design and equitable delivery.

Thank you very much for your attention and the opportunity to engage.

Best wishes,

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