

Agenda Date: March 25, 2010  
Item Number: A3

**Docket:** UG-100383  
Company: Puget Sound Energy

Staff: Deborah Reynolds, Regulatory Analyst  
Mike Foisy, Regulatory Analyst  
Roger Kouchi, Consumer Protection Staff

### **Recommendation**

Issue an order allowing the proposed rates to become effective April 1, 2010, with less than statutory notice.

### **Background**

On March 4, 2010, Puget Sound Energy (“PSE” or “Company”) filed revisions to its Natural Gas Conservation Service Tracker, Supplemental Schedule 120. The purpose of the filing is to implement changes to rates under the conservation tracker mechanism. This mechanism was established as part of the settlement agreement approved by the commission in Dockets UE-011570 and UG-011571.<sup>1</sup>

### **Discussion**

During the calendar year 2009, PSE spent \$16,752,996 on natural gas energy efficiency programs. The 2010 projected expenditures for natural gas energy efficiency programs are \$16,160,100. The projected expenditures were reviewed by PSE’s Conservation Resource Advisory Group (CRAG) in December 2009.<sup>2</sup> The company based this larger projection on the increase in its energy efficiency targets from its 2007 Integrated Resource Plan (IRP).<sup>3</sup> Commission staff participated in the development of the energy efficiency targets through the IRP process.

This filing increases the natural gas tracker charges to recover PSE’s 2009 expenditures as shown in the following table.

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<sup>1</sup> Twelfth Supplemental Order, UE-011570 and UG-011571 (consolidated), Exhibit F to Settlement Attachment. See also Docket UG-950288 for details on deferral.

<sup>2</sup> See UE-072235 and UG-072236.

<sup>3</sup> PSE’s Integrated Resource Plan established new energy efficiency targets for the incentive program and the basis for the avoided costs used to evaluate the effectiveness of the energy efficiency programs. See UE-071063.

	<b>Schedule</b>	<b>Current Rate<sup>4</sup> per Therm</b>	<b>Proposed<sup>5</sup> Rate per Therm</b>
Residential Service	Schedules 23 53	\$0.01447	\$0.02097
Commercial Service	Schedules 31, 36, 41, 51	\$0.01447	\$0.02097
Interruptible Sales Service	Schedules 85, 86, 87	\$0.01378	\$0.01975
Gas Lighting Services	Schedules 16	\$0.25/mantle	\$0.40/mantle

The filed rates include \$16,752,996 in energy efficiency program expenditures, \$803,345 in interest on deferred balances,<sup>4</sup> a revenue-sensitive adjustment of \$1,229,435 and an adjustment for PSE's previous under-collection of \$239,117. The proposed natural gas tariff tracker reflects a 0.6 percent increase in the company's natural gas revenues, increasing the average bill for a natural gas residential customer using 65 therms per month by \$0.42. Staff believes the rates are reasonable.

### **Customer Comments**

On March 8, 2010, the company notified its customers of the proposed rate increase by paid advertisement in newspapers in all geographical areas where the company provides service. In addition, the company provided a news release to newspapers, radio and television stations and community agencies within the company's service area. The commission received 13 customer comments on this filing; all oppose the proposed increase. Please note that customers often address several issues of concern within one comment. Therefore, subtotals may not equal the total number of comments submitted.

Consumer Protection staff advised customers that they may access company documents about this rate case at [www.utc.wa.gov](http://www.utc.wa.gov), and that they may contact Roger Kouchi at 1-888-333-9882.

### **General Comments**

- Twelve consumers are frustrated because PSE has been raising electric and gas rates several times a year for the past few years. Consumers believe agriculture will be hurt again. Three customers commented about high rates.

### **Staff Response**

State law requires rates to be fair and reasonable, and sufficient to allow the company the opportunity to recover reasonable operating expenses and earn a reasonable return on investment.

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<sup>4</sup> Docket UG-950288 allows the company to apply its authorized rate of return to its conservation deferred balance.

- Four customers were concerned that the \$28.6 million granted in the federal economic stimulus program for the expansion work on the Wild Horse Wind and Solar Facility in Kittitas County were not applied to reduce rates.

**Staff Response**

This issue is not part of this current filing. The appropriate time for comments of this nature is in the next general rate case.

**Conclusion**

Issue an order allowing the proposed rates to become effective April 1, 2010, with less than statutory notice.