



Puget Sound Energy  
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PSE.com

December 11, 2017

***Via Web Portal***

Mr. Steven V. King, Executive Director and Secretary  
Washington Utilities and Transportation Commission  
P.O. Box 47250  
Olympia, Washington 98504-7250

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UTIL. AND TRANSP.  
COMMISSION

**RE: Biennial Conservation Plan Replacement Pages  
Dockets UE-171087 and UG-171088**

Dear Mr. King:

As a result of the recent Commission ruling on Puget Sound Energy's ("PSE's" or "Company's") 2017 General Rate Case ("GRC") in Dockets UE-170033 and UG-170034, PSE is filing updated 2018-2019 Biennial Conservation Plan ("BCP" or "Plan") documents that reflect Energy Efficiency-specific stipulations and requirements outlined in the GRC. These stipulations and requirements were not reflected in PSE's original 2018-2019 BCP filing of November 1, 2017.<sup>1</sup>

Specifically, requirements added<sup>2</sup> subsequent to the November 1 2018-2019 BCP filing are:

- 1) PSE will add \$2 million to its Low Income Weatherization ("LIW") program, to be distributed to qualifying Agencies between January 1, 2018 and June 30, 2019. The funds will be allocated between electric and natural gas LIW offerings. PSE added this funding amount to the LIW program totals originally filed in the 2018-2019 BCP. The agreed-upon distribution methodology was developed between PSE and The Opportunity Council, with review by the CRAG on December 7, 2017.
- 2) PSE will add to its Natural Gas Portfolio Savings Target five percent as its natural gas decoupling commitment. Calculated from the Portfolio Savings Target of 6,155,000 therms, the Natural Gas Decoupling Savings Commitment is 307,750 therms. PSE will submit to a financial penalty (discussed below) for any decoupling savings shortfall.

PSE updated applicable BCP documents to reflect these additional requirements. The below documents do not comprise the entire 2018-2019 BCP. BCP documents that are in the original

<sup>1</sup> Although the 2017 GRC Multiparty Settlement Stipulation and Agreement had been drafted at the time of the BCP filing, PSE did not presume to anticipate the Commission's ruling on the GRC.

<sup>2</sup> In this filing, PSE only discusses those Energy Efficiency conservation-specific terms. The requirements are paraphrased, and not directly quoted from the GRC Settlement Agreement.

November 1 filing that are excluded from this replacement filing remain unchanged and are still applicable.

The following attachments are provided in their entirety:

- 1) The 2018-2019 BCP Overview,<sup>3</sup> “First Revision: December 11, 2017”,
- 2) Exhibit 1: Savings and Budgets,
- 3) Exhibit 2: Cost-Effectiveness Calculations,
- 4) Exhibit 3: Program Details, and
- 5) Exhibit 4: Measures, Incentives & Eligibility.

In order to expedite the Commission’s review and approval of the entire 2018-2019 BCP at the last open meeting of 2017, PSE requests that the Commission waive the requirement of advance CRAG notification, provided in WAC 480-109-120(3). PSE’s rationale for this request is based on three considerations:

- 1) PSE engaged the CRAG during its BCP planning meetings, indicating that it would include the additional requirements indicated in the Settlement Stipulation Agreement,
- 2) the only revisions to the 2018-2019 BCP are those that are noted in the GRC stipulation requirements, and
- 3) PSE reviewed these updates with the CRAG via email and subsequent conference call. The review included a mark-up copy of the 2018-2019 BCP Overview. CRAG members were in general agreement that they did not require an additional 30 days to review the updates.

### **Savings Targets**

The electric savings targets noted in the original 2018-2019 BCP did not change as a result of Order accepting the GRC Settlement Agreement. The natural gas Portfolio Savings Target increased by 307,705 therms, which is the amount of the Natural Gas Decoupling Savings Commitment, noted above.

### **Penalty Target Development**

The electric penalty targets (the EIA Penalty Target and the Decoupling Penalty Target) and their corresponding penalty calculations did not change from the original 2018-2019 BCP filing. Similarly, the Natural Gas Target penalty calculation did not change.

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<sup>3</sup> Although the revisions only affected several pages of this document, it is more effective to replace the entire document.

PSE added the Natural Gas Decoupling Savings Commitment penalty calculation methodology to the revised plan:<sup>4</sup>

#### *Natural Gas Decoupling Savings Commitment Target*

PSE's Natural Gas Decoupling Savings Commitment Target of 307,750 therms is based on a multiplying the natural gas Total Biennial Potential by 5 percent. PSE will be subject to a range of penalty amounts from \$20,000 to \$75,000 for achievement shortfalls of 0.5 percent of the Target to more than 1.25 percent of the Target.

#### **Budgets**

PSE adjusted its 2018-2019 electric and natural gas budgets to account for the additional requirements.

The original Portfolio electric budget of \$182.86 million was adjusted to \$183.84 million. This increase reflects the additional LIW efforts and adjusted program efforts related to acquiring the additional natural gas decoupling savings. PSE revised its originally-anticipated natural gas Portfolio expenditures of \$29.59 million to \$31.07 million. The revised total also reflects increased LIW funding and costs required to acquire an additional 307,750 therms of natural gas savings.

#### **Cost-Effectiveness**

Inclusion of the new requirements did not result in a substantial revision of the Total Resource Cost ("TRC") for the portfolio of electric conservation. The TRC ratio remains 1.40, and PSE's natural gas portfolio cost-effectiveness estimates continues to indicate that the Company will achieve a natural gas TRC of 1.34.

Please contact Nate Hill at (425) 457-5524 for general information about this filing, or contact Andy Hemstreet at (425) 424-6918 for additional information about the Plan. Please contact Bob Stolarski at (425) 456-2585 for policy related questions about this submittal. If you have any other questions please contact me at (425) 456-2110.

Sincerely,

*/s/ Kenneth S. Johnson*

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Director, State Regulatory Affairs  
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<sup>4</sup> Extracted from the updated 2018-2019 BCP Overview document, page 15.

Mr. Steven V. King

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cc: Lisa Gafken, Public Counsel  
Sheree Carson, Perkins Coie

Attachments:

2018-2019 BCP Overview, "First Revision: December 11, 2017"

Exhibit 1: Savings and Budgets

Exhibit 2: Cost-Effectiveness Calculations

Exhibit 3: Program Details

Exhibit 4: Measures, Incentives & Eligibility.