

October 8, 2015

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

RE: UTC Docket Nos. UE-151871 and UG-151872  
Puget Sound Energy Equipment Lease Service

Dear Mr. King:

### INTRODUCTION AND SUMMARY OF RECOMMENDATION

Utility Conservation Services, LLC (UCONS) files these comments in response to the tariff filings by Puget Sound Energy (PSE) proposing an energy equipment lease service for its electric and natural gas customers. UCONS is supportive of making various kinds of energy equipment available to PSE's customers. However, as described below, we believe that the best way to accomplish that in a competitively fair manner is to expand the PSE proposal so that it can accommodate other providers of such energy equipment and services through a system of on-bill repayment. This would expand options for PSE's customers and further implement the mandates of the Energy Independence Act.

Specifically, we urge the Commission to

1. Take comment on October 29 but put the matter over until the November 13 Open Meeting;
2. Direct Commission Staff to work with PSE and other stakeholders to develop an on-bill repayment mechanism as a complement to the proposed leasing program in order to address the anticompetitive concerns of some stakeholders; and
3. Direct Commission Staff to bring back to the Commission on November 13 a proposal to that effect, or at least a suggested process and schedule by which such a proposal could be developed.

### INTEREST OF UCONS

UCONS is an energy services company headquartered in Kirkland, Washington. It is a national leader in the development and implementation of residential conservation programs concentrating on multifamily tenants and manufactured home occupants. Beginning in 1993, UCONS has worked with 17 investor-owned and publicly-owned utilities in Washington, California, Texas, Utah, Oregon, Idaho and New York. Over the years, UCONS has delivered direct-install energy efficiency programs to over 340,000 multifamily tenants and 140,000 ratepayers in manufactured homes.

UCONS is interested in expanding energy efficiency options to Washington customers in order to further the mandate of the Energy Independence Act that utilities “pursue all available conservation that is cost-effective, reliable, and feasible.” RCW 19.285.040(1).

#### PSE’S LEASING PROPOSAL

PSE proposed tariff revisions would expand its leasing program to, as PSE states, provide its customers with “efficient energy management options.” PSE further indicates that it may expand this concept in the future to include more equipment or services in “an evolving energy market,” including distributed energy resources such as solar or batteries as well as “electric vehicle equipment.” In other words, the PSE leasing proposal for energy efficiency-related equipment may be the model for a much larger business operation.

#### CONCERNS WITH PSE PROPOSAL

To date, representatives of the heating, ventilation, and air conditioning (HVAC) industry have questioned whether the PSE proposals would give PSE an unfair competitive advantage over other providers of such energy equipment and services. That is a legitimate concern which also would be raised by solar and other distributed energy companies should this concept be expanded to leases of distributed energy resource equipment at a future date. We concur with these concerns.

We are also concerned that, though the PSE proposal may offer some customers more options for energy equipment and services, there is much more that can and should be done make such options available and affordable for PSE customers.

#### UCONS POSITION

We believe there is an available solution that is fairer to PSE’s competitors, will meet the needs of PSE itself, and will provide PSE customers with more energy options that are affordable. This solution would expand customer options by facilitating their access to a large number of equipment and service providers through establishment of an on-bill repayment program.

UCONS has been advocating to the Commission, as well as to the Northwest Power and Conservation Council, that establishing a system by which customers can acquire and afford energy efficiency and distributed energy resources via “on-bill repayment” would be a “feasible” way for the utilities to “pursue all available conservation.” Such a repayment mechanism would complement the PSE proposal for funding such conservation measures by making the repayment mechanism available to PSE competitors. Instead of making financed lease payments on their utility bill, customers would make installment payments for the equipment itself.<sup>1</sup>

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<sup>1</sup> We advocate for an on-bill repayment system by which a third party, not the utility, would provide the equipment to the consumer, and the consumer would pay it back through a charge on his or her utility bill. This differs from on-bill financing in which the utility would provide the equipment and the customer would pay for it using the utility bill as a financing mechanism.

Other states have the same or similar programs that can serve as models for Washington. California, for example, recently made permanent some of its pilot on-bill repayment and on-bill financing programs.<sup>2</sup> Both Snohomish County PUD and Tacoma Power have endeavored to provide On Bill Repayment options (using credit union financing, but through their utility bills)<http://blogs.edf.org/energyexchange/2014/03/05/hawaii-taps-on-bill-repayment-program-for-clean-energy-financing-and-job-creation/>

The effective date of PSE's proposed tariff is November 17, so the Commission has some time to work with stakeholders to discuss and develop such an on-bill repayment mechanism. Ideally, such a proposal could be developed by the November 13 open meeting. If that is too rushed, then we urge the Commission to set in motion an informal process by which such a program can be developed and then approved, along with the PSE leasing program, at a later date.

## CONCLUSION

In sum, we urge the Commission to

1. Take comments on October 29 but put the matter over until its November 13 Open Meeting;
2. Direct Commission Staff to work with PSE and other stakeholders to develop an on-bill repayment mechanism as a complement to the proposed leasing program in order to address the unfair competition concerns of some stakeholders; and
3. Direct Commission Staff to bring back to the Commission on November 13 a proposal to that effect, or at least a suggested process and schedule by which such a proposal could be developed.

The PSE tariff before the Commission can provide additional options for customers to meet their energy efficiency needs. However, the Commission has the opportunity to provide more options for customers by expanding the PSE proposal to accommodate other equipment and service providers. It would result in more choices, more competition, and more conservation that is "cost-effective, reliable, and feasible."

Of course, we are willing to assist the Commission and its Staff in any way we can to help in the development of this program.

Sincerely,



Tom Eckhart, CEO  
Utility Conservation Services

cc: Deborah Reynolds, UTC

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<sup>2</sup> See Decision 15-06-008, 2015 Cal. PUC Lexis 341 (June 11, 2015).