

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

DOCKET UE-100177

ORDER 07

ORDER REGARDING  
CONSERVATION ACHIEVEMENT  
FOR THE 2010-2011 BIENNIUM

**I. BACKGROUND**

**A. The Energy Independence Act and (Amended) Order 05 in Docket UE-100177**

- 1 Washington voters approved Initiative 937, the Energy Independence Act (EIA), in the 2006 general election. Now codified in Chapter 19.285 of the Revised Code of Washington, it requires electric utilities with 25,000 or more customers to set and meet energy conservation targets, among other things. Under RCW 19.285.060(6), the Washington Utilities and Transportation Commission (Commission) has authority to enforce the EIA with respect to investor-owned utilities. Pursuant to the rule-making authority granted in RCW 19.285.080(1), the Commission has adopted rules to ensure the proper implementation and enforcement of the EIA as it applies to investor-owned utilities.<sup>1</sup> Those rules are codified in Chapter 480-109 of the Washington Administrative Code.
- 2 Under RCW 19.285.040(1)(b), each utility must establish a biennial acquisition target for cost-effective conservation, and meet that target during the subsequent two-year period. Puget Sound Energy, Inc. (PSE) set a 2010-2011 biennial conservation target of 622,000

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<sup>1</sup> *Rules to Implement the Energy Independence Act*, Docket UE-061895, General Order R-546 (Nov. 30, 2007). The rule-making order is published in Issue 08-01 of the Washington State Register as WSR 07-24-012.

megawatt-hours at the customer meter level. On October 13, 2010, the Commission approved that target, with conditions, in (Amended) Order 05 in this docket.<sup>2</sup> (Amended) Order 05 approved and adopted an all-party settlement agreement entitled “Agreed Conditions for Approval of Puget Sound Energy, Inc.’s 2010-2011 Biennial Electric Conservation Targets Under RCW 19.285, Docket No. UE-100177” (EIA Settlement).

**B. PSE’s Filings of June 1, 2012**

3 On June 1, 2012, as required by (Amended) Order 05,<sup>3</sup> RCW 19.285.070(1), and WAC 480-109-040(1)(a), PSE filed a report entitled “Puget Sound Energy, Inc.’s 2010-2011 Biennial Electric Conservation Achievement” (Report), along with Attachments 1 through 7. Attachment 1 was a Conservation Report that PSE prepared using a template developed by the Washington Department of Commerce. As required by RCW 19.285.070(1) and WAC 480-109-040(1), PSE submitted its Report and Attachment 1 to the Washington Department of Commerce as well as to the Commission. As required by RCW 19.285.070(3) and WAC 480-109-040(4), PSE also posted the Report on its own website.<sup>4</sup>

4 PSE reported that it had exceeded its 2010-2011 biennial conservation target, as follows:

<b>PSE Reported 2010-2011 Biennial Conservation Results</b>	
Biennial Conservation Target	622,000 megawatt-hours (at the customer meter level) <sup>5</sup>
Reported Savings	644,392 megawatt-hours <sup>6</sup>
Percent of Target Achieved	103.6%

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<sup>2</sup> *WUTC v. Puget Sound Energy, Inc.*, Docket UE-100177, (Amended) Order 05, Approving PSE’s Revised Report Identifying its Ten-Year Conservation Potential and Biennial Target, Subject to Conditions (October 13, 2010). The 2010-2011 target is described in ¶ 24 of (Amended) Order 05.

<sup>3</sup> EIA Settlement ¶ 20 (Condition K(8)(h)).

<sup>4</sup>

[http://pse.com/savingsandenergycenter/AboutReEnergize/Documents/20102011\\_BiennialAchievementReport.pdf](http://pse.com/savingsandenergycenter/AboutReEnergize/Documents/20102011_BiennialAchievementReport.pdf) (last visited August 31, 2012).

<sup>5</sup> Docket UE-100177, (Amended) Order 05 ¶ 24.

<sup>6</sup> This figure appears on pages 2 and 14 of PSE’s Report. The spreadsheet that PSE submitted to the Department of Commerce reported savings of 644,391 megawatt-hours. In this order, we require PSE to file a revised report with the Commission and the Department of Commerce.

- 5 On June 4, 2012, the Commission issued a Notice inviting interested persons to file written comments on PSE's report by July 16, 2012, in accordance with WAC 480-109-040(2). The Notice stated that the Commission would consider the matter at its July 27, 2012, Open Meeting.
- 6 During the comment period, the Commission received written comments from Public Counsel, NW Energy Coalition, and Commission Staff. At the July 27, 2012, Open Meeting, the Commission heard oral comments from Public Counsel, NW Energy Coalition, Commission Staff, and PSE. The Commission orally invited interested persons to file additional written comments no later than August 2, 2012. Public Counsel, Renewable Northwest Project and NW Energy Coalition, and PSE filed comments.
- 7 The Commission heard additional oral comments from PSE, Public Counsel, NW Energy Coalition, and Commission Staff during its August 9, 2012, Open Meeting. The Commission also considered Staff's Open Meeting memorandum of that date. The Commission asked Staff to collaborate with interested persons to develop a proposed order, which was presented to the Commission at its Open Meeting of September 13, 2012.

## **II. SUMMARY AND DISCUSSION OF COMMENTS**

- 8 Public Counsel agreed that PSE had exceeded its 2010-2011 electric conservation target, and had therefore complied with RCW 19.285.040(1)(b). Public Counsel recommended, however, that PSE should be required to reduce its reported conservation savings by 7,938 megawatt-hours. Public Counsel based that recommendation on Attachment 3 to PSE's Report, an "Independent Third-Party Review of PSE's 2010-2011 Electric Conservation Savings," prepared by SBW Consulting, Inc. (SBW Consulting), in association with KEMA, Inc.<sup>7</sup> SBW Consulting recommended that PSE's claimed savings of 45,360 megawatt-hours from its Resource Conservation Manager program be reduced by some amount, suggesting 17.5 percent, or 7,938 megawatt-hours.

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<sup>7</sup> PSE agreed to the third-party review in the EIA Settlement. *See* EIA Settlement ¶ 20 (Condition K(6)(g)) ("A one-time only, independent third-party evaluation of portfolio-level electric energy savings reported by PSE for the 2010-2011 biennial period, from existing conservation programs operated during that period, shall be conducted to verify those savings").

- 9 Public Counsel stated that PSE had complied with (Amended) Order 05, RCW 19.285, and WAC 480-109, and praised the manner in which PSE had involved its Conservation Resources Advisory Group and prepared its Report.
- 10 Public Counsel noted that PSE, Avista, and PacifiCorp had each taken a different approach in reporting savings attributable to Northwest Energy Efficiency Alliance market transformation efforts. Public Counsel recommended that the three utilities should take a consistent approach in the future.
- 11 NW Energy Coalition commended PSE for its work. NW Energy Coalition recommended that the Commission find PSE to be in compliance with RCW 19.285.040 and RCW 19.285.070 with regard to meeting its 2010-2011 biennial target and reporting its conservation savings to the Commission and the Department of Commerce. Like Public Counsel, NW Energy Coalition recommended that PSE's claimed savings from its Resource Conservation Manager program be reduced by 17.5 percent, as suggested by SBW Consulting, Inc.
- 12 Commission Staff agreed with the recommendations of Public Counsel and NW Energy Coalition that PSE should be required to reduce its reported conservation savings by 7,938 megawatt-hours. Commission Staff agreed that PSE had otherwise complied with (Amended) Order 05, RCW 19.285, and WAC 480-109.
- 13 Commission Staff agreed with Public Counsel's observations concerning the reporting of savings attributable to Northwest Energy Efficiency Alliance market transformation efforts. In its August 9, 2012, Open Meeting memorandum, Staff recommended that the three utilities should be ordered to develop a consistent approach, to be filed with the Commission by November 1, 2012.
- 14 PSE disagreed with the recommendation to reduce the claimed savings from its Resource Conservation Manager program, explaining that, in PSE's view, the recommended reduction was not substantiated. PSE urged that the reported savings should not be reduced by any amount without a full evaluation.
- 15 The Commission agrees with Public Counsel, NW Energy Coalition, and with Commission Staff that PSE should be required to reduce its reported conservation savings of 644,392 megawatt-hours by 7,938 megawatt-hours. The independent evaluation by SBW Consulting, which identified the reduction, was required as a condition of the EIA Settlement that the Commission approved in (Amended) Order 05, and it should be

respected.<sup>8</sup> With the reduction, PSE's 2010-2011 conservation achievement will be 636,454 megawatt-hours, which will still exceed its 2010-2011 biennial conservation target of 622,000 megawatt-hours. The reduction is a one-time adjustment that will apply only to the 2010-2011 biennium and may not recur.

- 16 The Commission agrees with Public Counsel and with Commission Staff that the three investor-owned electric utilities should develop a consistent approach to the reporting of savings attributable to Northwest Energy Efficiency Alliance market transformation efforts.

### III. FINDINGS AND CONCLUSIONS

- 17 (1) The Washington Utilities and Transportation 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 electrical companies. RCW 80.01.040; RCW Chapters 80.04, 80.08, 80.12, 80.16, 80.28.
- 18 (2) PSE is an electrical company and a public service company subject to Commission jurisdiction.
- 19 (3) PSE serves more than 25,000 customers within the state of Washington, and is a "qualifying utility" within the meaning of RCW 19.285.030(16).
- 20 (4) In (Amended) Order 05 in this docket, the Commission approved, with conditions, PSE's 2010-2011 biennial conservation target of 622,000 megawatt-hours at the customer meter level.
- 21 (5) PSE has achieved 636,454 megawatt-hours of conservation during the 2010-2011 biennium, and has exceeded its target for the biennium. PSE has complied with RCW 19.285.040(1)(b).
- 22 (6) PSE has met the reporting requirements of RCW 19.285.070 and WAC 480-109-040(1).

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<sup>8</sup> See EIA Settlement ¶ 20 (Condition K(6)(g)).

- 23 (7) WAC 480-109-040(3) requires PSE to submit a revised Conservation Report to the Department of Commerce that reflects the results of the Commission's review.
- 24 (8) WAC 480-109-040(4) requires PSE to post a revised 2010-2011 Biennial Electric Conservation Achievement report on its website that reflects the results of the Commission's review. WAC 480-109-040(5) requires PSE to provide a summary of its reports to its customers, by bill insert or other suitable method, within ninety days of the date of this Order 07.
- 25 (9) PSE has complied with (Amended) Order 05 in this docket.

#### **IV. ORDER**

##### **THE COMMISSION ORDERS:**

- 26 (1) Puget Sound Energy, Inc. has complied with the June 1, 2012, reporting requirements pursuant to WAC 480-109-040.
- 27 (2) Puget Sound Energy, Inc. has complied with (Amended) Order 05 in Docket UE-100177.
- 28 (3) Puget Sound Energy, Inc. has achieved 636,454 megawatt-hours of conservation during the 2010-2011 biennium. Within thirty days of the effective date of this order, Puget Sound Energy, Inc. must file a revised report with the Commission and with the Department of Commerce to reflect this conservation achievement.
- 29 (4) Puget Sound Energy, Inc., in collaboration with Pacific Power & Light Company, and in collaboration with Avista Corporation, must develop a consistent approach to claiming Northwest Energy Efficiency Alliance conservation savings. Puget Sound Energy, Inc., Avista, and Pacific Power & Light Company will jointly propose an approach to claiming Northwest Energy Efficiency Alliance conservation savings to the Commission by November 1, 2012. Puget Sound Energy, Inc. will incorporate the modified approach into the development of the 2014-2015 Biennial Conservation Plan required by Order 01 ¶ 37 (Condition (8)(f)) in Docket UE-111881.

DATED at Olympia, Washington, and effective September 13, 2012.

**WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**JEFFREY D. GOLTZ, Chairman**

**PATRICK J. OSHIE, Commissioner**

**PHILIP B. JONES, Commissioner**