

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of)	
)	Docket UE-23 _____
PUGET SOUND ENERGY)	
)	PETITION OF PUGET SOUND ENERGY
For an Order Authorizing Deferred Accounting)	
Treatment Of The Administrative Costs Of Puget)	
Sound Energy’s Demand Response Programs)	

I. INTRODUCTION

1. In accordance with WAC 480-07-370(b), Puget Sound Energy (“PSE” or “the Company”) respectfully petitions the Washington Utilities and Transportation Commission (“Commission”) for an order that authorizes the accounting and ratemaking treatment detailed in this Petition related to PSE’s cost recovery and expenditures of the administrative costs associated with new Demand Response (“DR”) Programs.

2. Statutes and rules at issue in this Petition include RCW 80.01.040, RCW 80.28.020, WAC 480-90-203, WAC 480-100-203 and WAC 480-07-370(b).

3. PSE is a combined gas and electric utility that provides service to approximately 1,200,000 electric customers and 860,000 natural gas customers in Western Washington.

4. All correspondence related to this Petition should be directed as follows:

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II. SUMMARY OF PETITION

5. PSE is requesting in this Petition that the Commission approve deferred accounting treatment for its estimated 2023 DR administrative expenses of \$1,104,696 that PSE will be including in its cost estimates to be recovered in Schedule 120. And beginning with PSE's 2023 Annual Conservation Plan,¹ PSE will then include DR administrative expenses as part of the ongoing biennial conservation planning process for review by the Conservation Resource Advisory Group ("CRAG") and approval by the Commission.²
6. In summary, PSE requests to defer the costs to Account 182.3 consistent with the accounting utilized for other conservation costs allowed for recovery in Schedule 120.

III. BACKGROUND

7. The 1997 Order within Docket UE-970686 authorized the deferred accounting treatment of electric conservation expenditures and recovery through a conservation rider. Since this time PSE has utilized the Electric Conservation Service Rider Rate under Schedule 120 ("Schedule 120") to recover electric conservation expenditures, and has deferred both the Schedule 120 revenues and the approved conservation expenditures for later true-up including the development costs of DR pilot programs.
8. On September 8, 2016, in Docket UE-160808, the Commission approved PSE's Request for Proposal ("RFP") for technology and implementation services in support of its residential and small commercial DR Program and within Docket UE-160809, the

¹ Filed November 15, 2022 under Docket UE-210822.

² PSE notes that no DR administrative costs were included in its multiyear rate plan filed in Docket UE-220066, nor will any be included in PSE's CEIP tracker if approved.

Commission approved PSE's RFP for technology and implementation services in support of its commercial and industrial DR Program. Within Docket UE-170277, the Commission approved the deferred accounting treatment of DR development and implementation costs associated with this program that were being recovered in Schedule 120.

9. Within PSE's Clean Energy Implementation Plan ("CEIP"), filed in Docket UE-210795, PSE has proposed a DR target of 23.7 MW³. Within PSE's 2022 General Rate Case ("GRC"), Docket UE-220066, PSE and parties have proposed a settlement agreement which establishes DR performance metrics of 40 MW by 2024⁴. In order to meet these commitments, PSE is proposing to begin new DR Programs.
10. PSE is proposing to include the recovery of the administrative costs associated with DR Program in Schedule 120. PSE's administrative costs are anticipated to include RFP and Contracting, Marketing, Program Management, and customer incentives paid directly by PSE. These costs would represent incremental costs that are not currently recovered in base rates or other cost recovery mechanisms. PSE reviewed this proposal with the CRAG on August 3rd and October 12th and received support to include PSE's DR administrative costs in the 2023 Annual Conservation Plan subject to Commission approval.
11. Precedent for other programs' cost included in prior conservation plans and thus in recovery under Schedule 120 include: 1) the Accounting Order authorizing Electric

³ Page 60:13-8 of the Prefiled Direct Testimony of Mr. William T. Einstein, Exh. WTE-1CT in Docket UE-220066.

⁴ Page 29 ¶58d of Settlement Stipulation and Agreement on Revenue Requirement and All Other Issues Except Tacoma LNG and PSE's Green Direct Program

Vehicle Charger Incentive Program (Electric Schedule 195) funding approved in UE- 131585; 2) the Accounting Order authorizing Net Metering Program (Electric Schedule 150) costs approved in UE-990016; and 3) Small Scale Renewable Electricity Generation Program (Electric Schedule 248). Precedent for cost recovery of DR programs under Schedule 120 include the Commercial/Industrial Electric DR Program (Electric Schedule 271); the DR Pilot Programs (Electric Schedule 249A) and the DR developmental costs approved in UE-170277, noted above.

IV. REASONS FOR REQUEST FOR DEFERRED ACCOUNTING

12. The overall DR program costs are anticipated to consist of Power Purchase Agreement (“PPA”) costs, capital costs and PSE’s administrative costs. In Docket UE-220066 PSE and parties have proposed a settlement which states DR PPA costs would be recovered through Power Costs and DR capital expenses would be recovered through a separate CEIP Tracker.⁵ The remaining DR administrative costs require the requested deferred accounting treatment and inclusion in Schedule 120 in order for PSE to recover these costs.
13. Order 01 in UE-170277 only allowed deferral and recovery of development costs of DR programs and expressly did not allow deferral of DR program administrative costs (referred to as implementation costs). Reasons provided for not deferring such costs included that the program may develop resources that should be considered in the context of a general rate case.⁶ Since that time, PSE was informed that Commission Staff now

⁵ *Id.* at ¶32 and ¶23k.

⁶ Commission Staff Open Meeting Memorandum, Dockets UE-152058 and UG-152075, Jan. 26, 2017.

supports including administrative costs of DR Programs for recovery in company conservation programs. Doing so will allow companies to optimize the use of conservation funding to co-deploy their DR Programs and eliminate hurdles moving from pilot programs to permanent programs.

V. PROPOSED ACCOUNTING TREATMENT

14. As stipulated in the 1997 order to Docket UE-970686, which authorized the deferral of electric conservation expenditures and recovery through a conservation rider, the Company proposes to fund the administrative costs of its DR Program through Schedule 120 which currently recovers the costs of PSE's Energy Efficiency Programs. Consistent with the deferred accounting approved in UE-970686, PSE requests to be allowed to defer the administrative costs of DR programs consistent with PSE's existing ongoing deferred accounting for all other programs recovered through Schedule 120.
15. PSE proposes approval to recover its estimated 2023 DR administrative expenses of approximately \$1,104,696 in Schedule 120.
16. Second, PSE requests to defer the actual costs incurred for DR administrative expenses to Account 182.3, Other Regulatory Assets, consistent with the accounting utilized for other conservation costs allowed for recovery in Schedule 120.

VI. REQUEST FOR RELIEF

17. For the reasons discussed above, PSE respectfully requests the Commission issue an Order approving the deferred accounting as set forth in this Petition.

DATED this 12th day of January, 2023.

Puget Sound Energy

By /s/ Susan E. Free

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