

**EXH. WTE-4
DOCKETS UE-22___/UG-22___
2022 PSE GENERAL RATE CASE
WITNESS: WILLIAM T. EINSTEIN**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

**Docket UE-22___
Docket UG-22___**

**THIRD EXHIBIT (NONCONFIDENTIAL) TO THE
PREFILED DIRECT TESTIMONY OF**

WILLIAM T. EINSTEIN

ON BEHALF OF PUGET SOUND ENERGY

JANUARY 31, 2022

Renewable Natural Gas
Gate Change Execution to Close
Corporate Spending Authorization (CSA)

Before starting: Contact the Capital Budget team (CSA-TeamMail@pse.com) for any clarification needed and review the [CSA Standard](#) when completing this template.

Date Submitted:	1/5/2022
Officer Sponsor:	Adrian Rodriguez
Project Director:	William Einstein
Responsible Cost Center:	1436

I. Project Overview

Business Need: PSE is developing a voluntary Renewable Natural Gas (RNG) offering to provide a new clean energy option for customers who want to decrease the carbon emissions associated with their gas consumption. Providing an RNG option for customers allows them to supply a portion of their gas consumption with a cleaner option.

In addition to providing customers with clean energy options, voluntary RNG meets PSE's requirements under HB 1257, passed into law during the 2019 legislative session. This legislation requires that PSE offer a voluntary RNG program to all customers.

Delivering the end-to-end customer experience associated with this new product requires an investment in IT functionality.

Proposed Solution: The voluntary RNG offering will be a monthly subscription product, where PSE's natural gas customers can purchase blocks of RNG that replace a portion of their conventional gas usage. Customers should be able to learn about the program, enroll through PSE.com, and observe the subscription charge on their bill.

To develop a product that meets these objectives, several capabilities are needed from the IT perspective:

Education & Outreach:

PSE will market the voluntary RNG offering to all customer classes, with a special emphasis on residential customers. A customer will be able to navigate to PSE.com to view more information about the offering and understand cost and environmental benefit.

Enrollment:

A potential customer can submit a simple enrollment form on the web and the system will check for program eligibility as a PSE gas customer. An Energy Advisor will also be able to enroll a customer via the phone. There are no enrollment terms.

Billing:

A participating customer will be charged a monthly subscription fee for their participation, which includes the cost to replace their conventional gas with renewable gas as well as the costs to manage the program. This charge should show up as a separate line item on a customer's bill.

On-Going Participation:

PSE will communicate with participants on a regular basis. Participants can subscribe to additional blocks or manage their program enrollment from the web.

Program Management and Support:

PSE should be able to track the customer through their program journey (e.g. enrolled, end of enrollment, change in participation level, etc.). PSE should also be able to report on program enrollment numbers, RNG subscribed gas volume, and customer charges.

Tracking Subscribed RNG Supply:

Any RNG not subscribed by customers through the voluntary program will be delivered into PSE's portfolio. PSE needs to be able to track the volumes that are subscribed to voluntary participants to accurately account for volumes that should be directed to the portfolio. This should include checks to ensure the voluntary product subscriptions do not exceed available supply in any given month.

Project Outcome/Results:

The solution above will be critical to the success of the voluntary RNG product. The IT solution will enable the product team to acquire customers, manage their participation, and bill them for their participation. This will help the voluntary RNG product meet its objectives of providing customers with clean energy choices for their gas consumption. Successful deployment will result in a number of benefits to the company (including carbon reduction, increased customer participation, and more).

OCM, Process & Training Impact:

N/A Low Impact Medium Impact Significant Impact

The launch of the IT component of the voluntary RNG product will have two key OCM, process, and training impacts:

- Clean energy products training: Several key job functions on the clean energy products team will need training on the product, including product managers, program managers, and Energy Advisors.
 - Gas tracking management: Team members will need to be trained on several new job responsibilities, including tracking the volumes of RNG that flow to the voluntary products versus the portfolio.
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Primary ISP Alignment:

Processes & Tools [ISP strategy descriptions](#)

ISP Strategy Description:

Process & Tools - Optimize product/service portfolio consistent with long-term strategy

Portfolio Description:

Strategic [Capital Allocation Definitions](#)

Project Complexity:

Straightforward and well understood Complex and well understood Complex and not well articulated

II. Key Schedule and Financial Information

Actual Start Date:	7/2021
Expected In-Service Date:	12/31/2021

High-Level Schedule *10 months*

Duration				
Planning	Design	Execution/Close	Total Project	Anticipated Closeout date
2 months	2 months	2 months	6 months	12/31/2021

Estimated Funding % by Phase as of 11/19/2021:

Initiation	Planning	Design	Execution	Closeout
0%	25%	25%	45%	5%

Initial Grand Total Estimate (contingency included and in \$000s): Contingency Standard	Capital: \$1,500,000	OMRC/Project O&M: \$15,469 (Not including O&M Tail)
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Estimated Five Year Allocation:

Category:	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Capital (contingency included)	\$1,045,000	\$0	\$0	\$0	\$0	\$1,045,000
OMRC / Project O&M	\$15,469	\$0	\$0	\$0	\$0	\$15,469

III. Ongoing Benefits

Summary Benefits (see Benefits realization plan for details): **Benefits Realization Plan is not required for CSAs seeking Initiation Funding	Benefits are tracked at the program level. Program level benefits include: <ul style="list-style-type: none"> • <u>Customer satisfaction:</u> PSE's customers have expressed interest in clean energy options related to their gas usage. Voluntary RNG provides an opportunity for our customers to opt into a cleaner gas supply if they choose. • <u>Carbon reduction:</u> As PSE transitions to a clean energy future, it will be important for PSE to invest in cleaner gas options. Providing customer offerings that reduce emissions from gas usage is critical step toward PSE's transformation to be our customers' clean energy partner of choice. 					
Category:	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Ongoing O&M (to be funded by business)	\$0	\$0	\$0	\$0	\$0	\$0
Ongoing O&M (requesting \$'s)	\$0	\$0	\$0	\$0	\$0	\$0
Note: No additional IT on-going O&M costs						
Benefits	\$0	\$0	\$0	\$0	\$0	\$0
Net impact (= Benefits – O&M)	\$0	\$0	\$0	\$0	\$0	\$0
* Payback in Years	N/A					

* Enter positive amount or Not Applicable

IV. Risk Management Summary

Summary of high level risks sentence:	<p><u>Regulatory Risk:</u> The tariff schedule for this voluntary product has not yet been approved and there is a risk that the Commission approves a version of the program that implies a change to the IT build. This risk may have impacts to the product timeline.</p> <p><u>Resourcing:</u> Several other key PSE projects will likely be in development at the same time as the voluntary RNG IT build which could create resourcing constraints for the IT teams.</p>
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V. Phase Gate Change Summary

Phase:	Execution to Close
Scope:	No Changes
Budget:	No Changes
Schedule:	No Changes
Benefits:	No Changes
Prepared by:	Bob Caplan

Phase:	Planning/Design to Execution																																																								
Scope:	Approved on 9/29/21																																																								
Budget:	<p>The initial capital estimate was \$1,527,032. The approved budget in the 5 year plan was \$1,500,000 and that is the amount used as the actual budget throughout the project effort.</p> <p>Budget reduced from \$1,500,000.00 to \$1,045,000.00 or by \$455,000.00. September Give Back</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th colspan="7">RNG Capital Budget Update Give Back \$275,000 September 2021</th> </tr> <tr> <th>Budget Year</th> <th>Current Budget</th> <th>Updated Budget</th> <th>YTD Actuals</th> <th>ETC</th> <th>Forecast</th> <th>Variance</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>\$1,500,000</td> <td>\$1,225,000</td> <td>\$65,637</td> <td>\$1,159,363</td> <td>\$1,225,000</td> <td>\$0</td> </tr> <tr> <td>Total</td> <td>\$1,500,000</td> <td>\$1,225,000</td> <td>\$65,637</td> <td>\$1,159,363</td> <td>\$1,225,000</td> <td>\$0</td> </tr> </tbody> </table> <p>October Give Back</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th colspan="7">RNG Capital Budget Update Give Back \$180,000 October 2021 Includes \$50,000.00 Contingency</th> </tr> <tr> <th>Budget Year</th> <th>Current Budget</th> <th>Updated Budget</th> <th>YTD Actuals</th> <th>ETC</th> <th>Forecast</th> <th>Variance</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>\$1,225,000</td> <td>\$1,045,000</td> <td>\$408,375</td> <td>\$636,625</td> <td>\$1,045,000</td> <td>\$0</td> </tr> <tr> <td>Total</td> <td>\$1,225,000</td> <td>\$1,045,000</td> <td>\$408,375</td> <td>\$636,625</td> <td>\$1,045,000</td> <td>\$0</td> </tr> </tbody> </table>	RNG Capital Budget Update Give Back \$275,000 September 2021							Budget Year	Current Budget	Updated Budget	YTD Actuals	ETC	Forecast	Variance	2021	\$1,500,000	\$1,225,000	\$65,637	\$1,159,363	\$1,225,000	\$0	Total	\$1,500,000	\$1,225,000	\$65,637	\$1,159,363	\$1,225,000	\$0	RNG Capital Budget Update Give Back \$180,000 October 2021 Includes \$50,000.00 Contingency							Budget Year	Current Budget	Updated Budget	YTD Actuals	ETC	Forecast	Variance	2021	\$1,225,000	\$1,045,000	\$408,375	\$636,625	\$1,045,000	\$0	Total	\$1,225,000	\$1,045,000	\$408,375	\$636,625	\$1,045,000	\$0
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VI. CSA Approvals

For guidance on approval authority levels, follow [CTM-07 Invoice Payment Approval Exhibit I Invoice/Payment Approval Chart](#)

Project Phase	Execution to Close			
Approved By	Title	Role	Date	Signature
Matt Montgomery	Manager Web/Portal Services (M2)	IT Delivery Manager	1/5/22	 Final RNG CSA for Approval - MM.pdf
Brian Fellon	Director, IT Applications	IT Sponsor	1/5/22	 Final RNG CSA for Approval - BF.pdf
Margaret Hopkins	Senior VP & Chief Information Officer	IT Executive	1/7/2021	 RE CSAs and PCRs for the week of 1 3 2
Malcolm McCulloch	Mgr New Products & Services	Key Benefit Owner	1/5/22	 Final RNG CSA for Approval - MMc.pdf
William Einstein	Director, Products and Services	*Director Sponsor	1/5/22	 Final RNG CSA for Approval - WE.pdf
Adrian Rodriguez	Sr VP Regulatory and Strategy	Executive Sponsor	1/12/22	 Final RNG CSA for Approval - AG.pdf
Carol Wallace	Director, Customer Solutions	Other Key Director	1/5/22	 Final RNG CSA for Approval - CW.pdf

*Director Sponsor attests that all considered documentation has been approved.

Please direct any questions to either:

1. The Capital Budget team at CSA-TeamMail@pse.com, or
2. The Enterprise Project and Performance Project Practices team at EPP-ProjectPracticesTeam@pse.com