

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of	)	DOCKET UE-152058 and
	)	DOCKET UE-152042
)	
	)	ORDER 01
PUGET SOUND ENERGY)	
	)	ORDER APPROVING PUGET
	)	SOUND ENERGY'S 2016-2025
	)	ACHIEVABLE CONSERVATION
Report Identifying Its 2016-2025 Ten-	)	POTENTIAL AND ITS 2016-2017
Year Achievable Electric Conservation	)	BIENNIAL CONSERVATION
Potential and Its 2016-2017 Electric	)	TARGET SUBJECT TO
Biennial Conservation Target Under	)	CONDITIONS; ALLOWING
RCW 19.285.040 and WAC 480-109-010	)	TARIFF REVISIONS TO GO INTO
.....	)	EFFECT BY OPERATION OF LAW

BACKGROUND

1 Electric utilities with 25,000 or more customers are required under the Energy Independence Act (EIA or Act) to set and meet energy conservation targets every two years.¹ The Washington Utilities and Transportation Commission (Commission) promulgated rules implementing the EIA. These rules further require that each utility must file a report with the Commission identifying its ten-year achievable conservation potential and its biennial conservation target every two years.²

¹ RCW 19.285.040(a) requires each electric utility to identify its ten-year achievable cost-effective conservation potential using methodologies consistent with those used by the Pacific Northwest Electric Power and Conservation Planning Council in its most recently published regional power plan. At least every two years, a utility must also review and update its assessment for the subsequent ten-year period. RCW 19.285.040(b) requires each qualifying utility to establish and make publicly available a biennial acquisition target for cost-effective conservation consistent with its identification of achievable opportunities in RCW 19.285.040(a) and meet that target during the subsequent two-year period. At a minimum, each biennial target must be no lower than the qualifying utility's pro-rata share for that two-year period of its cost-effective conservation potential for the subsequent two-year period.

² WAC 480-109-010(3).

2 On October 29, 2015, Puget Sound Energy (PSE or Company) filed its Biennial Conservation Plan (BCP) identifying a 2016-2025 ten-year achievable conservation potential of 2,715,486 megawatt-hours (MWh) and a 2016-2017 biennial conservation target of 537,078 MWh.

3 Also on October 27, 2015, PSE filed proposed tariff revisions in Docket UE-152042 that would continue PSE’s electric conservation programs, which are set to expire on December 31, 2015. The tariff changes make minor programmatic changes, but do not impact rates.

4 **Biennial Conservation Plan.** Table 1 summarizes the derivation of PSE’s biennial target³:

Table 1. Development of PSE’s 2016-2017 Biennial Conservation Target

Savings Category	Savings (MWh)
End-Use Efficiency Measures (CPA)	554,132
Less NEEA	(22,776)
Plus Existing Home Energy Reports	5,722
2016-2017 Biennial Conservation Target	537,078
Plus Decoupling Commitment (5%)	27,993
Plus NEEA	22,776
Plus Home Energy Reports pilots	17,347
2016-2017 Total Portfolio Savings	605,194

5 The BCP provides budget details regarding PSE’s plan for achieving the savings identified in its biennial conservation target and total portfolio. Table 2, below, is a summary of those details. PSE’s 2016-2017 budget is \$198,985,000, approximately

³ PSE conducted a Conservation Potential Assessment, which evaluated the 2016-2025 achievable conservation potential resulting in a 10-year potential of 2,715,486 MWh. The two-year share of PSE’s 10-year potential is 554,132 MWh (63.3 aMW) including 11,035 MWh of distribution efficiency. PSE then made several adjustments to derive its biennial conservation target. First, PSE’s Conservation Potential Assessment does not include behavioral savings, so the Company added 5,722 MWh of projected savings from its existing Home Energy Reports initiative to the target. Next, PSE subtracted 22,776 MWh of savings attributable to NEEA programs from the biennial conservation target for the reasons discussed in Commission Staff’s December 3 comments. These adjustments resulted in a 2016-2017 biennial conservation target of 537,078 MWh (61.3 aMW).

five percent greater than its budget for the 2014-2015 biennium. PSE’s expected total portfolio savings for 2016-2017 is lower than the 2014-2015 biennium, but its biennial target is greater due to a decrease in expected NEEA savings, which are removed from the penalty target. PSE expects its portfolio to achieve a Total Resource Cost ratio of 1.7 and a Utility Cost Test ratio of 2.2, indicating that the portfolio is still cost-effective.

Table 2. Savings and Budgets from PSE’s 2014-2015 and 2016-2017 BCPs.

Program	2014-2015 Projected Savings (MWh)	2014-2015 Budget	2016-2017 Projected Savings (MWh)	2016-2017 Budget
<i>Residential</i>		\$85,200,200	252,844	\$84,168,816
<i>Low-income</i>	3,140	\$6,198,000	3,120	\$6,761,963
<i>Home Energy Reports⁴</i>	6,420	\$320,300	5,722	\$229,221
Residential Total	263,930	\$91,718,500	261,686	\$91,160,000
Non-Residential	243,130	\$68,414,800	300,103	\$75,632,000
Pilots ⁵	35,330	\$2,870,100	17,347	\$977,000
Regional ⁶	78,730	\$10,843,100	26,057	\$10,400,000
Administration/Other	-	\$14,937,600	-	\$20,816,000
Total	621,120⁷	\$188,784,100	605,194	\$198,985,000

6 Commission Staff (Staff) filed comments in this docket detailing its evaluation of PSE’s filing. Overall, Staff is satisfied with PSE’s 2016-2017 BCP and recommends its approval, subject to the conditions in Appendix A attached to this Order.

7 Other than Staff, Public Counsel was the only party to file comments. Public Counsel has no outstanding issues with PSE’s filing and supports Staff’s recommendation to approve the proposed ten-year potential and biennial target, subject to the conditions in Appendix A attached to this Order.

⁴ This is PSE’s existing Home Energy Reports program.

⁵ This is the Individual Energy Reports pilots.

⁶ Savings and budgets associated with NEEA and the Generation, Transmission & Distribution Efficiency program.

⁷ The total 2014-2015 projected savings shown in this table is the amount of conservation PSE’s portfolio is designed to achieve, which is greater than the 2014-2015 biennial target of 485,768 MWh.

8 **Proposed Tariff Revisions.** PSE filed tariff revisions in Docket UG-152042 to implement the programs described in the BCP. The majority of the revisions reflect updated effective dates, text clarifications, and minor administrative changes. The proposed revisions do not impact rates, but the Company made two programmatic changes. Schedules 262 and 1262, electric and natural gas Commercial and Industrial Incentive Program were changed to allow farm users in schedules 8, 10, 11, and 12 to participate in the program. Schedules 250, 251, 252, 258, 262, and 1262 struck language that required customers in Schedules 40, 46, and 49 who are eligible for participation in the Schedule 258 Large Power User Self Directed Program to fully utilize their Schedule 258 funding allocation prior to using other incentive money first. Staff agrees with the Company's proposed tariff revisions and recommends the Commission allow them to go into effect by operation of law on January 1, 2016.

DISCUSSION

9 Under RCW 19.285.040(1)(e), the Commission has authority to "rely on its standard practice for review and approval of investor-owned utility conservation targets." WAC 480-109-010 guides investor-owned utilities' compliance with RCW 19.285.040(1). Specifically, WAC 480-109-010(4) (c) provides that:

Upon conclusion of the commission review, the commission will determine whether to approve, approve with conditions, or reject the utility's ten-year achievable conservation potential and biennial conservation target.

10 The Commission agrees with Staff's recommendation and approves PSE's 2016-2025 achievable conservation potential of 2,715,486 MWh and its 2016-2017 biennial conservation target of 537,078 MWh subject to the conditions set forth in Appendix A. We also agree with Staff that the Company's proposed tariff revisions, which implement the programs described in the BCP, should be allowed to go into effect on January 1, 2016, by operation of law.

FINDINGS AND CONCLUSIONS

11 (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 electric companies.

- 12 (2) The Commission has authority to determine investor-owned utilities' compliance with RCW 19.285.040(1). The Commission has authority to review and decide whether to approve investor-owned utility conservation targets. The Commission may rely on its standard practice in exercising that authority. The Commission has adopted WAC 480-109-010 to implement RCW 19.285.040(1).
- 13 (3) PSE is an electric company and a public service company subject to Commission jurisdiction. PSE is a qualifying investor-owned electric utility under RCW 19.285.030(19).
- 14 (4) On October 29, 2015, PSE filed with the Commission its 2016-2017 Biennial Conservation Report identifying the Company's 2016-2025 ten-year achievable conservation potential and 2016-2017 biennial conservation target.
- 15 (5) PSE's 2016-2025 ten-year achievable conservation potential is consistent with RCW 19.285.040(1) and WAC 480-109-010(1). PSE's 2016-2017 biennial conservation target is consistent with RCW 19.285.040(1) and WAC 480-109-010(2).
- 16 (6) PSE's 2016-2025 ten-year achievable conservation potential of 2,715,486 megawatt-hours, and PSE's 2016-2017 biennial conservation target of 537,078 megawatt-hours are appropriate, subject to the conditions attached to this Order in Appendix A.
- 17 (7) On October 27, 2015, PSE filed with the Commission proposed tariff revisions in Docket UE-152042 to implement the programs described in the BCP.
- 18 (8) It is in the public interest to approve PSE's ten-year achievable conservation potential and biennial conservation target, subject to the conditions in Appendix A, as authorized by RCW 19.285.040(1)(e) and WAC 480-109-010(4), and to allow the proposed tariff revisions filed in Docket UE-152042 to go into effect on January 1, 2016, by operation of law.

ORDER

THE COMMISSION ORDERS:

- 19 (1) Puget Sound Energy's 2016-2025 ten-year achievable conservation potential of 2,715,486 megawatt-hours and its 2016-2017 biennial conservation target of 537,078 megawatt-hours are approved, subject to the conditions set forth in Appendix A attached to this Order.
- 20 (2) The Commission retains jurisdiction over this matter for purposes of effectuating this order.

DATED at Olympia, Washington, and effective December 17, 2015.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chairman

PHILIP B. JONES, Commissioner

ANN E. RENDAHL, Commissioner