

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

**Docket No. UE-190529
Docket No. UG-190530**

REPLY BRIEF OF THE KROGER CO.

I. INTRODUCTION

The Kroger Co. (“Kroger”), on behalf of its Fred Meyer Stores and Quality Food Centers divisions hereby submits this Reply Brief in support of its recommendation with respect to Puget Sound Energy, Inc.’s (“PSE” or “Company”) electric rate case.

II. ARGUMENT

1. The Company’s Proposed Conjunctive Demand Pilot Program Should Be Approved.

As described by PSE witness Jon Piliaris, PSE proposes to implement a Conjunctive Demand Pilot program that would allow eligible customers with multiple service locations to aggregate their demands for purposes of power and transmission billing. The Company would measure the highest hourly demand occurring simultaneously across each of a customer’s

participating locations, thereby measuring billing demand for the totality of the customer's participating sites as if it were a single load for billing purposes. This is described as conjunctive demand billing and would only apply to the customer's generation and transmission service. The distribution portion of the bill would continue to be calculated using demand billing determinants established separately at each location.¹

Kroger witness Kevin Higgins explained that Kroger has participated in similar programs in other jurisdictions and has found that they are successful in reducing the upward bias in the billing demand that would otherwise be charged to a multi-site customer by aggregating the customer's billing demands for peak demand measurement purposes. In this respect, aggregation billing sends more accurate price signals and better reflects cost-causation for multi-site customers.²

While Commission Staff is generally supportive of the Company's proposed Conjunctive Demand Service pilot,³ Staff proposes that it be refiled "*in light of any guidance the Commission provides on pilots in its final order in this docket.*"⁴ This extra step is unnecessary. While Kroger does not object to the pilot design and evaluation criteria proposed by Staff for pilot programs generally, PSE's Conjunctive Demand Service proposal does not fundamentally change the existing pricing structure, but rather changes the *measurement* of generation and transmission demand for purposes of billing customers with multiple service locations. Conjunctive Demand customers will pay the same rates as non-participants on the same rate schedule.

¹ Direct Testimony of Jon. A. Piliaris, pp. 30-31

² Direct Testimony of Kevin Higgins, pp. 15-17.

³ "*Staff supports in concept the Company's proposal to unbundle demand for customers served at various locations. This type of demand charge is a clear application of cost causation and from within the "intermediate" tier of energy consumption.*" Response Testimony of Jason L. Ball., p. 60.

⁴ Initial Brief of Commission Staff, p. 67

Staff's intention to provide a clear structure for the implementation of new pricing pilots is understandable, but Kroger does not believe that PSE's Conjunctive Demand proposal fits into the same framework as other pilots envisioned by Staff. Consequently, it is not necessary to require PSE to submit a new program proposal and further delay aggregation billing of multi-site customers. The main challenge when developing an aggregation rate on a system is for the utility to get comfortable with a different methodology of measuring demand in its billing software. PSE has cleared this technical hurdle and is able and willing to implement the Conjunctive Demand program. Further, all parties that have taken a position on PSE's proposal are either supportive or do not object to the program in concept. Therefore, it is unclear what benefit will be derived by requiring PSE to refile its proposal.

DATED this 10th day of April, 2020.

Respectfully submitted,

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