

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of

Puget Sound Energy,

Petitioner,

For An Accounting Order Authorizing
Accounting Treatment of the
Development of the Company's
Demand Response Programs

DOCKET UE-170277

ORDER 01

ORDER GRANTING ACCOUNTING
PETITION

BACKGROUND

- 1 On April 18, 2017, Puget Sound Energy (PSE or Company) filed with the Washington Utilities and Transportation Commission (Commission) a petition seeking an Accounting Order pursuant to WAC 480-07-370(1)(b) (Petition) authorizing PSE to defer only the development costs of its Demand Response Programs to Account 182.3 consistent with the accounting utilized for other conservation costs allowed for recovery in Electric Conservation Rate Schedule 120 (Conservation Rider).
- 2 PSE seeks to defer the costs associated with the development of the Company's Request for Proposal (RFP) for technology and implementation services in support of its residential and small commercial Demand Response Program and commercial and industrial Demand Response Program, which were approved by the Commission on September 8, 2016, in Dockets UE-160808 and UE-160809, respectively.
- 3 In its Petition, PSE explains that the requested accounting treatment would allow recovery of only the costs of *developing* the Demand Response Programs through the Conservation Rider. The Company further explains that its demand response expertise currently resides within Energy Efficiency Services (EES). Accordingly, the Company argues, the program's initial development – as well as potential future pilots to advance the technology in the region – logically belong to EES.
- 4 PSE further explains that costs incurred after the Company develops and files a demand response tariff will be considered *implementation* costs of the program and will not be recovered through the Conservation Rider.

5 In its Petition, PSE cites several precedents for the cost recovery of Demand Response programs through its Conservation Rider. First, the Company reports this method was discussed during several meetings of its Conservation Resource Advisory Group (CRAG), and no CRAG member objected to funding the Demand Response program development costs through the Conservation Rider. PSE also notes that during the January 26, 2017, open meeting, the Commission acknowledged PSE's annual electric conservation plan and corresponding budget in Docket UE-152058. Commission staff's (Staff) memo in that docket informed the Company that it must file a petition for an accounting order if it decided to seek recovery of demand response program development costs through its Conservation Rider.¹ Staff also suggested that the cost recovery of demand response in general was more appropriately recovered through a general rate case.

6 Commission staff reviewed the Company's Petition and finds that including the development costs for demand response in Schedule 120 is in the public interest, because the Company has demonstrated in its integrated resource plan that these programs are likely to avoid future investments in more expensive generation and infrastructure.² Staff agrees with PSE that implementation costs should not be recovered through the Conservation Rider, because the programs may develop resources that should be considered in the context of a general rate case.³ Accordingly, Staff recommends the Commission grant PSE's request to defer only the development costs of the Demand Response Programs to Account 182.3 consistent with the accounting utilized for other conservation costs allowed for recovery in Schedule 120.

FINDINGS AND CONCLUSIONS

7 (1) The 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.

¹ Commission Staff Open Meeting Memorandum, Dockets UE-152058 and UG-152075, Jan. 26, 2017.

² Commission Staff Open Meeting Memorandum, Dockets UE-160808 and UE-160809, Sep. 8, 2016.

³ Commission Staff Open Meeting Memorandum, Dockets UE-152058 and UG-152075, Jan. 26, 2017.

- 8 (2) PSE is an electric company and a public service company subject to Commission jurisdiction.
- 9 (3) WAC 480-07-370(1)(b), allows companies to file petitions requesting specific relief, including that for which PSE seeks approval.
- 10 (4) Staff has reviewed the Petition in Docket UE-170277 including related work papers.
- 11 (5) Staff believes the proposed accounting order PSE requests is reasonable and should be granted.
- 12 (6) This matter came before the Commission at its regularly scheduled meeting on April 28, 2017.
- 13 (7) After reviewing PSE's Petition filed in Docket UE-170277 on April 28, 2017, and giving due consideration to all relevant matters and for good cause shown, the Commission finds that the Petition should be granted.

ORDER

THE COMMISSION ORDERS:

- 14 (1) Puget Sound Energy's request to defer only the development costs of the Demand Response Programs to Account 182.3, consistent with the accounting utilized for other conservation costs allowed for recovery in Schedule 120, is granted.
- 15 (2) This Order shall not affect the Commission's authority over rates, services, accounts, valuations, estimates, or determination of costs, on any matters that may come before it. Nor shall this Order granting Petition be construed as an agreement to any estimate or determination of costs, or any valuation of property claimed or asserted.
- 16 (3) The Commission retains jurisdiction over the subject matter and Puget Sound Energy to effectuate the provisions of this Order.

The Commissioners, having determined this Order to be consistent with the public interest, directed the Secretary to enter this Order.

DATED at Olympia, Washington, and effective April 28, 2017.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

STEVEN V. KING, Executive Director and Secretary