

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

PUGET SOUND ENERGY

Report Identifying Its 2018-2019 Electric
Biennial Conservation Target Under
RCW 19.285.040 and WAC 480-109-120

DOCKET UE-171087

ORDER 01

ACCEPTING PUGET SOUND
ENERGY'S CALCULATION OF
ITS 2018-2019 BIENNIAL
CONSERVATION TARGET;
IMPOSING CONDITIONS

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, which further require that each utility must file a report with the Commission identifying its 10-year achievable conservation potential and its biennial conservation target every two years.²
- 2 On November 1, 2017, Puget Sound Energy (PSE or Company) filed its Biennial Conservation Plan (BCP) identifying a 2018-2027 10-year achievable conservation potential of 1,799,149 megawatt-hours (MWh), and a 2018-2019 biennial conservation target of 448,109 MWh.

¹ RCW 19.285.040(a) requires each electric utility to identify its 10-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 10-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 480-109-120.

3 Table 1 summarizes the derivation of PSE’s biennial target:³

Table 1. Development of PSE’s 2018-2019 Biennial Conservation Target and Portfolio Savings

Savings Category	Savings (MWh)
IRP identified potential (CPA)	473,163
Plus projected savings from retail wheeling customers	18,693
Plus pilots with uncertain savings	4,480
Plus decoupling commitment (5% of IRP)	23,658
2018-2019 Total Portfolio Savings	519,994
Less NEEA	(25,054)
Less projected savings from retail wheeling customers	(18,693)
Less pilots with uncertain savings	(4,480)
Less decoupling commitment (5%)	(23,658)
2018-2019 Biennial Conservation Target	448,109

4 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 these details. PSE’s 2018-2019 budget is \$183,836,280, approximately 8 percent less than the budget for the 2016-2017 biennium. PSE’s expected total portfolio savings for 2018-2019 are approximately 14 percent lower than the 2016-2017 biennium. PSE expects its portfolio to achieve a Total Resource Cost (TRC) ratio of 1.4 and a Utility Cost Test (UCT) ratio of 1.6, indicating that the portfolio is still cost-effective.

³ PSE conducted a Conservation Potential Assessment, which evaluated the 2018-2027 achievable conservation potential resulting in a 10-year potential of 1,799,149 MWh. The two-year share of PSE’s 10-year potential is 473,163 MWh (54.0 aMW) including 1,500 MWh of distribution efficiency. PSE subtracted 25,054 MWh of savings attributable to NEEA programs from the biennial conservation target, as it did in the 2014-2015 and 2016-2017 biennia. These adjustments resulted in a 2018-2019 biennial conservation target of 448,109 MWh (51.2 aMW). PSE discussed these adjustments with the Conservation Resources Advisory Group (CRAG) during the months leading up to the filing of the BCP.

Table 2. Savings and Budgets from PSE’s 2016-2017 and 2018-2019 BCPs.

Program	2016-2017 Projected Savings (MWh)	2016-2017 Budget	2018-2019 Projected Savings (MWh)	2018-2019 Budget
<i>Residential</i>	258,566	\$84,168,816	223,667	\$68,836,847
<i>Low-income</i>	3,120	\$6,761,963	4,132	\$9,713,357
Residential Total	261,686	\$91,160,000	227,799	\$78,550,204
Non-Residential	300,103	\$75,632,000	261,623	\$71,999,497
Pilots	17,347	\$977,000	4,480 ⁴	\$434,000
Regional ⁵	26,057	\$10,400,000	26,554	\$10,400,000
Administration/Other	-	\$20,816,000	-	\$22,452,579
Total	605,194	\$198,984,000	520,456	\$183,836,280

5 On December 5, 2017, the Commission approved a Settlement Agreement in Dockets UE-170033 and UG-170034, which stipulates that PSE will provide an additional \$2 million in low-income weatherization funding through June of 2019. Because a portion of this increased funding is allocated to the low-income natural gas program, the overall budget for the electric low-income program was increased by \$1.7 million in PSE’s replacement BCP filing made on December 11, 2017.

6 Commission staff (Staff) filed comments in this docket detailing its evaluation of the Company’s filing. Overall, Staff is satisfied with PSE’s 2018-2019 BCP, which demonstrates the Company’s strong commitment to pursue all reliable, cost-effective conservation. The Company’s Conservation Potential Assessment appears to have followed the Northwest Power and Conservation Council’s methodology, accurately captured the rapidly evolving energy efficiency industry, and supports the Company in setting a target for the upcoming biennium.

7 Staff is concerned, however, with the Company’s approach to calculating its target. Staff recommends that the Commission require PSE and the other electric utilities to discontinue excluding savings generated by the Northwest Energy Efficiency Alliance (NEEA) from biennial conservation targets. As Staff notes in its comments, all three companies fund and actively collaborate with NEEA, a nonprofit regional market transformation group

⁴ Includes only pilots with uncertain savings. In the 2018-2019 biennium this includes only the Pay for Performance Pilot.

⁵ Savings and budgets associated with NEEA and the Generation, Transmission & Distribution Efficiency program.

comprised of over 140 Northwest utilities and energy efficiency organizations. The companies fund certain NEEA programs and, in turn, achieve conservation savings in proportion to their level of funding. Beginning in the 2014-2015 biennium, the Commission granted the companies' request to exclude NEEA savings from their conservation targets because NEEA's savings were not wholly within the companies' control.

8 In comments filed in all three of the companies' BCP dockets, Staff articulated several concerns about continuing the practice of excluding NEEA savings from the EIA target.

9 First, Staff argues that the risk of missing a target because NEEA is not within the companies' control has been all but eliminated. Since the 2014-2015 biennium, NEEA has over delivered on its projected savings.

10 Second, Staff argues that excluding NEEA savings is inconsistent with the state's treatment of consumer-owned public utilities, which must include NEEA savings in their target calculations. Effective January 1, 2014, conservation achieved above a utility's conservation target can be claimed to meet target shortfalls in subsequent biennia. Staff contends that excluding NEEA savings prevents those savings from being claimed as excess, thereby preventing ratepayers from realizing actual value generated by ratepayer-funded conservation programs.

11 Finally, Staff believes that including NEEA savings will contribute to utility support for NEEA, which Staff perceives to be inconsistent at times.

12 Staff recommends the Commission approve a biennial conservation target of 473,163 MWh – which represents the Company's proposed target of 448,109 MWh plus 25,054 MWh of NEEA savings – with a corresponding decoupling commitment of 23,658 MWh, which represents 5 percent of the total savings target.⁶ Additionally, Staff recommends the Commission impose a number of commitments, agreed to by Staff and the Company, as set out in detail in Attachment A to Staff's memo. In summary, PSE commits to:

- Continue pursuing regional electric market transformation
- Continue to use its Conservation Resources Advisory Group and Integrated Resource Planning Advisory Group, including notifying and consulting with the Groups in a variety of circumstances
- Provide its proposed budget and maintain conservation tariffs with program descriptions on file with the Commission

⁶ Calculated as 5 percent of the total target pursuant to Order 07, ¶108 in Docket UE-121697.

- Spend a reasonable amount of its conservation budget on evaluation, measurement, and verification, and commit to a number of related requirements
- Conduct an independent third-party review of portfolio-level electric energy savings
- Spend no more than 10 percent of its conservation budget on programs whose savings impact has not yet been measured, as long as the overall portfolio of conservation passes the Total Resource Cost (TRC) test as modified by the Northwest Power and Conservation Council
- Ensure the Company's portfolio passes the TRC test
- Provide calculations of the Program Administrator Cost Test
- Use funds collected through the Electric Conservation Service Rider only on approved conservation programs and their administrative costs
- Continue to review the feasibility of pursuing cost-effective conservation by reducing electric power consumption at electric power production facilities the Company owns in whole or in part
- Follow a protocol to prevent double-counting of efficiency savings achieved at electric power production facilities the Company owns in whole or in part, and consult with the Advisory Group prior to modifying this protocol

13 NW Energy Coalition (NVEC) filed comments on December 1, 2017. NVEC offered general support for the filing, specifically commending PSE's discontinuation of its fuel conversion program and the Pay for Performance pilot. NVEC encouraged the Company to consider additional program designs to continue HVAC maintenance programs, to continue to access options for residential financing of energy efficiency measures, and to explore methods to overcome non-economic barriers to high efficiency new construction measures.

14 Utility Conservation Services, LLC (UCONS) filed comments on December 1, 2017, raising concerns with PSE's acquisition of energy efficiency in hard to reach markets. UCONS presents several recommendations and specifically requests the Commission take action in this docket to direct PSE to issue a new request for proposals, and direct Staff to take an active role in the process to ensure it is fair and thorough. Additional long-term recommendations include directing Staff to conduct workshops and possibly initiating a rulemaking to enhance conservation efforts and spur innovation.

15 On December 18, 2017, PSE, Avista Corporation d/b/a Avista Utilities, and Pacific Power & Light Company (collectively, the Companies) responded to Staff's comments. The Companies disagree with Staff's recommendation that NEEA savings be included in the EIA target for the 2018-2019 biennium. The Companies argue that: 1) their support of NEEA has been unwavering; 2) including NEEA savings in the Companies' enforceable targets would inappropriately shift the risk of NEEA achieving its goals to the Companies; 3) that electric savings reported to Department of Commerce is consistent with reports of public utilities; 4) any change in goal setting should be vetted with each of the Companies'

advisory groups; and 5) the Companies should not unduly benefit if NEEA exceeds its targets.

- 16 On December 19, 2017, the Public Counsel Unit of the Washington State Attorney General's Office (Public Counsel) responded to Staff's comments. Public Counsel disagrees with Staff's recommendation and analysis. In its response, Public Counsel argues: 1) that Staff's recommendation regarding NEEA savings should have been discussed with the advisory group pursuant to WAC 480-109-110(1); 2) excess conservation savings are not guaranteed; 3) inclusion of NEEA in the target will result in less conservation; 4) Staff's concern about consistency with public utilities has already been addressed through revised reports to Commerce; 5) including NEEA savings in the target is contradictory to state policies on conservation; and 6) there is no evidence of wavering support for NEEA.
- 17 Accordingly, Public Counsel recommends that the Commission allow the advisory groups and all interested parties to discuss the Companies' BCPs before the Commission renders a decision. In the alternative, Public Counsel recommends the Commission accept the Companies' exclusion of the NEEA savings but require the advisory groups to discuss the issue in the next BCP cycle.
- 18 On December 27, 2017, Staff filed a response to stakeholder comments regarding NEEA savings in the 2018-2019 BCPs. In its response, Staff clarifies that only NEEA program measure savings are included in Staff's recommended target. In addition, Staff clarifies that companies are expected to support NEEA's efforts towards market transformation, as long as those efforts deliver cost-effective conservation. Staff further argues that including NEEA in the target appropriately places risk on the Companies, and agrees that reporting to Commerce has become consistent. Finally, Staff argues that the treatment of NEEA savings was previously raised with the Companies, and that there is no consensus within any of the Companies' advisory groups about whether to include or exclude those savings.
- 19 The parties provided additional comments at the Commission's recessed open meeting on January 10, 2018. Staff argued that consumer-owned utilities are required by the Department of Commerce to include NEEA savings in their conservation target calculations, and raised the issue that the EIA may require the inclusion of all savings in target calculations.
- 20 PSE noted that the Company does not want to assume the risks associated with adopting a target based on a third-party's savings projection. The Company ultimately believes that this issue should be further addressed within its advisory group.

- 21 NWEC argued that the Companies should be fully committed to NEEA, which is invested in long-term regional market transformation. NWEC expressed concerns, however, that utility influence could have the unintended consequence of steering NEEA towards setting short-term goals if the Companies are required to include NEEA savings in their targets.
- 22 Public Counsel recommended the Companies take the NEEA savings issue back to their advisory groups and include all stakeholders in the discussion.
- 23 In response, Staff argued that the Companies are unlikely to reach a consensus within their advisory groups, and suggested the Commission require the formation of a joint advisory group specifically to address the inclusion of NEEA savings in conservation targets.

DISCUSSION

- 24 We accept PSE's calculation of its conservation target, but require the Companies to form a joint advisory group with all stakeholders, including the Department of Commerce, to engage in further discussions about whether NEEA savings should be included in conservation target calculations going forward.
- 25 At this juncture, a number of unresolved issues hinder us from making a fully informed decision regarding the inclusion of NEEA savings. On one hand, we sympathize with the Company's position that relying on an outside entity to achieve a portion of its EIA target creates a risk that can otherwise be avoided if the Company undertakes its own conservation efforts. Conversely, we recognize that the Company retains full authority to direct its funding to specific projects, and therefore exercises some degree of control over NEEA's programs. Moreover, NEEA savings comprise a relatively small portion of the Companies' overall conservation targets. We also recognize that NEEA engages in cost-effective, reliable, and feasible market transformation programs consistent with the standards set out in RCW 19.285.040.
- 26 We nevertheless conclude that a special joint advisory group is the most appropriate forum to address these issues in a comprehensive and collaborative manner. Based on the parties' representations, advisory group discussions related to NEEA savings have waned. Whether the conversation has stalled due to disagreement or miscommunication, it is evident that a broader, more in-depth discussion that includes all stakeholders is warranted. By way of guidance for the parties, those discussions should address whether to include the various subsets of NEEA savings, whether the EIA requires that NEEA savings be included in target calculations, consistency with target setting requirements for consumer-owned utilities, and the degree of control the Companies have over NEEA's execution of its

programs. We expect those conversations to occur in calendar year 2018. We reserve judgment related to the issue of whether NEEA savings should be included in conservation targets in subsequent biennia pending the joint advisory group's submission of its findings and recommendations.

27 Accordingly, the Commission accepts PSE's calculation of its 2018-2019 biennial conservation target of 448,109 MWh with a corresponding decoupling conservation target of 23,658. We also impose the agreed conditions set out in Attachment A to Staff's memo, as amended by this Order, which is attached as Attachment A to, and incorporated into, this Order.

FINDINGS AND CONCLUSIONS

- 28 (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.
- 29 (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).
- 30 (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).
- 31 (4) On November 1, 2017, PSE filed with the Commission its 2018-2019 Biennial Conservation Report identifying the Company's 2018-2027 10-year achievable conservation potential and 2018-2019 biennial conservation target. On December 11, PSE filed a revised Report.
- 32 (5) PSE's calculation of its 2018-2019 biennial conservation target of 448,109 megawatt-hours is consistent with RCW 19.285.040(1) and WAC 480-109-120(1).
- 33 (6) It is in the public interest to approve PSE's biennial conservation target, as authorized by RCW 19.285.040(1)(e) and WAC 480-109-120(5).

- 34 (7) It is in the public interest to impose the conditions agreed to by the Company and Staff as set out in Attachment A to this Order.

ORDER

THE COMMISSION ORDERS:

- 35 (1) Puget Sound Energy's 2018-2019 proposed biennial conservation target of 448,109 megawatt-hours is accepted.
- 36 (2) The Commission imposes the agreed conditions set out in Attachment A to this Order.
- 37 (3) The Commission waives the requirement for 30 days' notice to the advisory group in WAC 480-109-110(3) for purposes of this filing.
- 38 (4) The Commission retains jurisdiction over this matter for purposes of effectuating this order.

DATED at Olympia, Washington, and effective January 12, 2018.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chairman

ANN E. RENDAHL, Commissioner

JAY M. BALASBAS, Commissioner

ATTACHMENT A

Proposed Conditions for 2018-2019 Puget Sound Energy Electric Conservation

(1) Ten-Year Potential/Biennial Conservation Target – Approval and Conditions.

- a. The following conservation targets are approved for Puget Sound Energy, with conditions pursuant to RCW 19.285.040(1)(e) and WAC 480-109-120(1). This approval is subject to the Conditions described in Paragraphs (2) through (10) below.
 - i. *Biennial conservation target:* 448,109 megawatt-hours (51.2 average megawatts) as measured at the customer meter.
 - ii. *Decoupling commitment:* 23,658 megawatt-hours, pursuant to Order 07 in Docket UE-121697.
- b. As part of Puget Sound Energy’s biennial conservation acquisition efforts, Puget Sound Energy will continue to pursue regional electric market transformation, in collaboration with funding from other parties and with other strategic market partners in this biennium that complements Puget Sound Energy’s energy efficiency programs, services, and measures.

(2) Puget Sound Energy Retains Responsibility. Nothing within this Agreement relieves Puget Sound Energy of the sole responsibility for complying with RCW 19.285 and WAC 480-109. Specifically, the conditions regarding the need for a high degree of transparency, and communication and consultation with external stakeholders, diminish neither Puget Sound Energy’s operational authority nor its ultimate responsibility for meeting the biennial conservation target approved herein.

(3) Advisory Group.

- (a) To meet the requirements of WAC 480-109-110, Puget Sound Energy shall continue to use its Conservation Resources Advisory Group (CRAG or Advisory Group), initially created under Docket UE-011570 and UG-011571, and its Integrated Resource Planning Advisory Group created under WAC 480-100-238.
- (b) Puget Sound Energy will notify Advisory Group members of public meetings scheduled to address Puget Sound Energy’s integrated resource

plan. Puget Sound Energy will also provide Advisory Group members with an opportunity to meet with the entity conducting the conservation potential assessment regarding the scope and design of the study, as well as the assumptions and relevant information utilized in the development of Puget Sound Energy's integrated resource plan as they apply to development and/or modification of the 10-year conservation potential as requested through the integrated resource plan public process.

- (c) Puget Sound Energy must consult with the Advisory Groups starting no later than July 1, 2019, to begin to identify achievable conservation potential for 2020-2029 and to begin to set annual and biennial targets for the 2020-2021 biennium, including necessary revisions to program details. *See* RCW 19.285.040(1)(b); WAC 480-109-110.
 - (d) Puget Sound Energy shall inform the Advisory Group members when its projected expenditures indicate that Puget Sound Energy will spend more than 120 percent or less than 80 percent of its annual conservation budget.
 - (e) Prior to filing the Biennial Conservation Plan, Puget Sound Energy shall provide the following information to the Advisory Group: draft 10-year conservation potential and two-year target by August 1, 2019; draft program details, including budgets, by September 3, 2019; and draft program tariffs by October 1, 2019.
- (4) **Annual Budgets and Energy Savings.** Puget Sound Energy must provide its proposed budget in a detailed format with a summary page indicating the proposed budget and savings levels for each electric conservation program, and subsequent supporting spreadsheets providing further detail for each program and line item shown in the summary sheet.
- (5) **Program Details.** Puget Sound Energy must maintain its conservation tariffs, with program descriptions, on file with the Commission. Program details about specific measures, incentives, and eligibility requirements must be filed and updated in the Annual Conservation Plan in this Docket.
- (6) **Approved Strategies for Selecting and Evaluating Energy Conservation Savings.**

- (a) Puget Sound Energy has identified a number of potential conservation measures described in the BCP. The Commission is not obligated to accept savings identified in the BCP for purposes of compliance with RCW 19.285.
- (b) When Puget Sound Energy proposes a new or significant change to a program, pilot, or tariff schedule, it must present it to the Advisory Group for comment with program details fully defined. After consultation with the Advisory Group in accordance with WAC 480-109-110(1)(h), Puget Sound Energy must file a revision to its currently-filed Conservation Plan in this Docket.
- (c) Puget Sound Energy must spend a reasonable amount of its conservation budget on evaluation, measurement and verification (EM&V), including a reasonable proportion on independent, third-party EM&V. Puget Sound Energy must perform EM&V annually on a maximum four-year schedule of selected programs such that, over the EM&V cycle, all major programs are covered. The EM&V function includes impact, process, market and cost test analyses. The results must verify the level at which claimed energy savings have occurred, evaluate the existing internal review processes, and suggest improvements to the program and ongoing EM&V processes.
- (d) An independent third-party review of portfolio-level electric energy savings reported by Puget Sound Energy for the 2018-2019 biennial period, from existing conservation programs operated during that period, shall be conducted, per WAC 480-109-120(4)(b)(v). The independent third-party reviewer shall be selected through an RFP process, unless unanimously agreed by the Advisory Group. The review will be funded by the Puget Sound Energy Electric Conservation Service Rider. The review will be managed by the Commission and Puget Sound Energy staff with input on the scope, cost, RFP development, reviewer selection and ongoing oversight by the Advisory Group.
- (e) A final report for the entire 2018-2019 biennium may be implemented in phases and delivered as a final product at an earlier date, as needed by Puget Sound Energy.

(7) **Program Design Principles**

- (a) Modifications to the programs must be filed with the Commission as revisions to tariffs or as revisions to Puget Sound Energy's current Conservation Plan, as appropriate.
- (b) Incentives and Conservation Program Implementation —Programs, program services, and incentives may be directed to consumers, retailers, manufacturers, trade allies or other relevant market actors as appropriate for measures or activities that lead to electric energy savings. Puget Sound Energy shall work with the Advisory Group to establish appropriate penetration levels consistent with the Northwest Power and Conservation Council (Council) methodology and the Energy Independence Act.
- (c) Conservation Efforts without Approved EM&V Protocol — Puget Sound Energy may spend up to 10 percent of its conservation budget on programs whose savings impact has not yet been measured, as long as the overall portfolio of conservation passes the Total Resource Cost (TRC) test as modified by the Council. These programs may include information-only, behavior change, and pilot projects. Puget Sound Energy may ask the Commission to modify this spending limit following Advisory Group consultation.
 - (i) Information-only services refers to those information services that are not associated with an active incentive program or that include no on-site technical assistance or on-site delivery of school education programs. Information-only services and behavior change services shall be assigned no quantifiable energy savings value without full support of the Advisory Group.
 - (ii) If quantifiable energy savings have been identified and Commission-approved for any aspect of such programs, the budget associated with that aspect of the program will no longer be subject to this 10 percent spending restriction.

(8) Cost-Effectiveness Test is the Total Resource Cost (TRC) Test

- (a) The Commission uses the Total Resource Cost Test (TRC), as modified by the Council, as its primary cost-effectiveness test. The Council-modified TRC test includes quantifiable non-energy benefits, a risk adder, and a 10

percent conservation benefit adder. Puget Sound Energy's portfolio must pass the TRC test. All cost-effectiveness calculations will assume a Net-to-Gross ratio of 1.0, consistent with the Council's methodology.

- (b) Puget Sound Energy must also provide calculations of the Program Administrator Cost Test (also called the Utility Cost Test) as described in the National Action Plan for Energy Efficiency's study "Understanding Cost-Effectiveness of Energy Efficiency Programs."
- (c) Conservation-related administrative costs must be included in portfolio level analysis.

(9) Recovery through an Electric Conservation Service Rider

- (a) Scope of Expenditures — Funds collected through the Electric Conservation Service Rider must be used on approved conservation programs and their administrative costs. Additionally, Rider funds may be used as approved by the Commission; for example, for net metering administration costs, small-scale renewable programs and demand response pilots.
- (b) Recovery for Each Customer Class — Puget Sound Energy shall retain existing Rider mechanisms, subject to the Commission's Order in Docket UE-970686.⁷
- (c) Recovery of costs associated with distribution and production efficiency initiative are not funded through the Electric Conservation Service Rider because these programs are not customer conservation initiatives. These are company conservation programs. As such, these costs are recovered in the general rate making process over time and may be requested through a general rate case, a deferred accounting petition or other allowed mechanism.

⁷ See the Commission's Final Order entered on May 16, 1997, in Docket UE-970686 in response to Puget Sound Energy's Petition for an Order (1) Authorizing Deferrals of Electricity Conservation Expenditures and (2) Approving a Tariff Rider for Concurrent Recover in Electric Rates of such Deferred Electricity Conservation Expenditures. It is important to note that there were two subsequent Orders in this Docket; the Second Supplemental Order and Order 03, both of which pertained to semi-annual reporting of conservation program progress.

- (d) Puget Sound Energy must file revisions to cost recovery tariff (Schedule 120) by March 1 each year, with requested effective date of May 1 of that same year.

(10) Additional Commitments

- (a) Puget Sound Energy will continue to review the feasibility of pursuing cost-effective conservation in the form of reduction in electric power consumption resulting from increases in the efficiency of energy use at electric power production facilities it owns in whole or in part. The Company's Energy Efficiency Annual Report will include updates regarding production efficiency activities in power production facilities operated by Puget Sound Energy and, to the extent practicable, facilities wholly or partially owned by Puget Sound Energy that are not operated by the Company.
- (b) To avoid double-counting of efficiency savings achieved at electric power production facilities owned in whole or in part by Puget Sound Energy, the Company has developed a protocol for how savings will be claimed. Puget Sound Energy will consult with the Advisory Group prior to modifying this protocol.