

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of)	DOCKET UE-132043
)	
PUGET SOUND ENERGY,)	ORDER 03
)	
Report Identifying Its 2014-2023 Ten- Year Achievable Electric Conservation Potential and Its 2014-2015 Electric Biennial Conservation Target Under RCW 19.285.040 and WAC 480-109- 010)	ORDER ESTABLISHING DECOUPLING CONSERVATION COMMITMENT; REQUIRING PERFORMANCE OF COMMITMENT
.....)	

BACKGROUND

- 1 The Energy Independence Act (EIA or Act)¹ requires electric utilities with 25,000 or more customers to set and meet energy conservation targets. The Washington Utilities and Transportation Commission (Commission) promulgated rules implementing the EIA, including a requirement for utilities to biannually file a report identifying a ten-year achievable conservation potential and a biennial conservation target.²
- 2 **Procedural History.** On November 1, 2013, Puget Sound Energy (PSE or Company) filed with the Commission its Biennial Conservation Plan (BCP) identifying the Company’s 2014-2023 ten-year achievable conservation potential and its 2014-2015 biennial conservation target.
- 3 On December 19, 2013, the Commission entered Order 01 in this docket, *Order Approving Puget Sound Energy’s 2014-2023 Achievable Conservation Potential and Its 2014-2015 Biennial Conservation Target Subject to Conditions*.
- 4 **Petition for Declaratory Order.** On June 27, 2014, PSE filed with the Commission a petition for declaratory order in Docket UE-141357. The petition addressed PSE’s 2012 Petition for Decoupling Mechanism in Dockets UE-121697 and UG-121705, in which PSE proposed to accelerate its electric conservation achievement while the

¹ RCW 19.285.040.

² WAC 480-109-010(3).

decoupling mechanism is in place. Per the terms of the Final Decoupling Order issued in those dockets, PSE is required to achieve five percent (5%) over its Commission-approved savings target each biennium.³ PSE's decoupling mechanism became effective in July 2013, triggering the accelerated achievement. In the 2012-13 biennium, PSE reported that it achieved 104.8 percent of its conservation target.

5 In its petition, PSE argued that the commitment should be prorated to become effective in July 2013, when the decoupling mechanism commenced. PSE contrasted its position with that of Commission Staff (Staff), who assert that the Company was required to achieve the additional five percent over its conservation target for the entirety of the 2012-13 biennium. The Northwest Energy Coalition filed comments stating that because both the EIA and Commission rules are silent with respect to how a change that occurs mid-reporting period affects targets for that period, penalizing PSE for achieving 104.8 percent of its target would be inappropriate.

6 The Company's petition for declaratory order requested a Commission determination that: 1) PSE's commitment to accelerate its acquisition of energy efficiency commenced with the implementation of the decoupling mechanism in July 2013; 2) it is appropriate to prorate the commitment over the biennium to reflect only the period when the decoupling mechanism is in effect; and 3) PSE has not violated its commitment to accelerate its acquisition of energy efficiency by achieving 104.8 percent of its conservation target in the 2012-2013 biennium.

7 Staff recommended the Commission find that PSE's decoupling commitment applies to the entire 2012-13 biennium, or, in the alternative, that any factual findings required to determine compliance with the Final Decoupling Order be decided in Docket UE-111881, which addresses PSE's 2012-13 Biennial Conservation Target.

8 On July 28, 2014, the Commission issued a notice declining to enter a declaratory order, stating that the uncertainty described in PSE's petition and the responses does not give rise to an actual controversy that can, or should, be resolved by means of a declaratory order. Rather, such a controversy would only arise if Staff, or the Commission on its own motion, initiated a complaint against PSE for failing to satisfy

³ *In re Petition of Puget Sound Energy, Inc. and Northwest Energy Coalition For an Order Authorizing PSE To Implement Electric and Natural Gas Decoupling Mechanisms and To Record Accounting Entries Associated With the Mechanisms*, Dockets UE- 121697 and UG-121705, Order 07, Final Order Granting Petition at ¶108.

its commitments. The Commission decided, however, to initiate a review of Order 01 in this docket to resolve ambiguity and prevent future conflict.

9 **Notice in this Docket.** On August 19, 2014, the Commission issued a Notice of Opportunity to File Written Comments by August 28, 2014, and a Notice of Open Meeting set for September 11, 2014, at 9:30 a.m. The notice informed interested parties that the Commission intended to determine the application of PSE's commitment to accelerate its acquisition of energy efficiency at the September 11 open meeting, and provided an opportunity to submit written comments in advance.

10 **PSE and Staff Comments.** Both parties submitted written comments agreeing to the following conditions with one exception, italicized below:

- Staff will not dispute PSE's compliance with the Final Decoupling Order as it relates to conservation performance during the 2012-13 biennium, and for purposes of settlement will agree that PSE fully met its conservation commitment for that biennium.
- In return, PSE will agree to exceed its commission-approved biennial conservation target by five percent (5%) for any biennium after 2012-13 in which its decoupling program is in effect, *through December 2017*.
- Should PSE's decoupling program be terminated or withdrawn prior to the end of a biennium, PSE agrees to exceed its commission-approved biennial conservation target by five percent (5%) through the full biennium.

The italicized phrase in the second bullet point was included in PSE's comments only; because the decoupling mechanism has no firm end date, Staff is uncomfortable with letting the Company's commitment expire.

11 Staff recommended the Commission issue an order establishing PSE's 2014-15 decoupling conservation commitment as 27,920 MWh and requiring PSE to perform its decoupling conservation commitment for the full duration of the 2014-15 biennium and for any biennium during which its decoupling mechanism is in effect. No other party filed comments.

DISCUSSION

12 The Commission finds the terms of the parties' agreement to be consistent with the settlement agreement approved in Order 01 in this docket, and a reasonable balancing of the parties' interests. We agree with Staff that adopting the Company's proposed end date of December 2017 for exceeding its conservation target would be imprudent. If the decoupling mechanism has, in fact, terminated by December 2017, the commitment will automatically sunset at the end of the biennium; if the mechanism is still in place, however, the Company's proposed language would cause the commitment to expire. The latter result is inconsistent with PSE's commitment to exceed its Commission-approved biennial conservation while the decoupling mechanism is in place.⁴ Accordingly, we adopt Staff's comments in our findings.

FINDINGS AND CONCLUSIONS

- 13 (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.
- 14 (2) Puget Sound Energy is an electric company and a public service company subject to Commission jurisdiction.
- 15 (3) On December 19, 2013, the Commission entered Order 01 in this docket, *Order Approving Puget Sound Energy's 2014-2023 Achievable Conservation Potential and Its 2014-2015 Biennial Conservation Target Subject to Conditions*.
- 16 (4) On June 27, 2014, PSE filed with the Commission a petition for declaratory order in Docket UE-141357 requesting the Commission make certain findings to establish the Company's compliance with its 2012-13 biennial conservation achievement.
- 17 (5) On July 28, 2014, the Commission issued a notice declining to enter a declaratory order and initiating review of Order 01 in this docket.

⁴ See Amended Petition for Decoupling at 17.

- 18 (6) On August 28, 2014, Staff filed comments outlining the terms of an agreement reached by the parties, as follows:
- Staff will not dispute PSE’s compliance with the Final Decoupling Order as it relates to conservation performance during the 2012-13 biennium, and for purposes of settlement will agree that PSE fully met its conservation commitment for that biennium.
 - In return, PSE will agree to exceed its commission-approved biennial conservation target by five percent (5%) for any biennium after 2012-13 in which its decoupling program is in effect.
 - Should PSE’s decoupling program be terminated or withdrawn prior to the end of a biennium, PSE agrees to exceed its commission-approved biennial conservation target by five percent (5%) through the full biennium.
- 19 (7) PSE’s comments included an end date of December 2017 for exceeding its conservation target, which could create a result inconsistent with the Company’s commitment in the Final Decoupling Order to exceed its target for the duration of the decoupling mechanism.
- 20 (8) This matter came before the Commission at its regularly scheduled open meeting on September 11, 2014.
- 21 (9) The Commission adopts the terms of the parties’ agreement as set forth in Staff’s comments in paragraph 6, above.

ORDER

THE COMMISSION ORDERS:

- 22 (1) Puget Sound Energy’s 2014-2015 decoupling conservation commitment is established as 27,920 MWh.
- 23 (2) Puget Sound Energy is required to perform its decoupling conservation commitment for the full duration of the 2014-2015 biennium and for any biennium during which its approved decoupling program is in effect.

- 24 (3) Should PSE's decoupling program be terminated or withdrawn prior to the end of a biennium, PSE will exceed its commission-approved biennial conservation target by five percent (5%) through the full biennium.
- 25 (4) The Commission retains jurisdiction over this matter for purposes of effectuating this order.

DATED at Olympia, Washington, and effective September 11, 2014.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chairman

PHILIP B. JONES, Commissioner

JEFFREY D. GOLTZ, Commissioner