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December 12, 2003

**VIA HAND DELIVERY**

Carole J. Washburn  
Office of the Secretary  
Washington Utilities and Transportation Commission  
1300 S. Evergreen Park Drive SW  
Olympia, WA 98504-7250

**Re: Docket No. UE-031353  
Draft Request for Electric Energy Efficiency Resources  
Proposals and for Limited Efficiency Pilot Projects Proposals**

Dear Ms. Washburn:

Enclosed for filing are an original and 19 copies of a draft Request for Proposals for Electric Energy Efficiency Resources and Pilot Projects ("Energy Efficiency RFP") submitted by Puget Sound Energy, Inc. ("PSE") pursuant to WAC 480-107-060. We have provided an electronic copy of this filing on the enclosed CD.

Please note that this letter also requests that the Commission adjust certain time periods set forth in WAC Chapter 480-107, as described below and authorized by WAC 480-107-170(3). PSE hereby requests that the Commission grant PSE's request to shorten time for public comment on its Energy Efficiency RFP at its Open Meeting scheduled for December 31, 2003.

**This Energy Efficiency RFP Supplements PSE's All-Source RFP Filed on  
November 25, 2003**

On August 25, 2003, PSE filed a Request for Proposals for Wind Power Resources ("Wind RFP") in this docket. On November 13, 2003, the Commission

approved PSE's Wind RFP pursuant to WAC 480-107-060(2) on the condition that PSE file with the Commission on or before December 31, 2003, an "all-source" request for proposals that is not limited to a specific resource type or technology.

On November 25, 2003, PSE filed its draft Request for Proposals from All Generation Sources ("All-Source RFP") in this Docket. PSE did not understand the Commission's November 13, 2003 order to require PSE to include a request for proposals for energy efficiency resources in its All-Source RFP. As described in PSE's draft Wind RFP filing of August 25, 2003, PSE has been assessing and developing conservation resource opportunities in consultation with PSE's Conservation Resource Advisory Group (CRAG). The CRAG was formally established as part of the settlement of PSE's 2001 general rate case that the Commission approved in its Twelfth Supplemental Order in Docket Nos. UE-11570 and UG-011571 ("Conservation Agreement"). In conjunction with the CRAG, PSE has been pursuing energy efficiency opportunities outside of the WAC 480-107 process. The resource block specified in PSE's draft All-Source RFP set forth PSE's need *net* of conservation acquisitions, thus assuming that PSE would acquire substantial resources to meet its growing needs through demand side management rather than through acquisition of new generation resources.

Subsequent to the submittal of the draft All-Source RFP, PSE engaged in discussions with a number of stakeholders, including Staff, and reached the consensus that pursuit of a parallel RFP targeting conservation resources could present new opportunities and incremental value to PSE's resource acquisition efforts. By issuing an Energy Efficiency RFP through the WAC 480-107 process, PSE hopes to supplement and enhance the array of energy-saving initiatives it now offers PSE customers. PSE hopes companies with expertise in energy efficiency will propose ways of making conservation even more attractive and cost-effective for more PSE customers, and will identify energy-saving innovations currently unavailable to customers.

### **Estimated Generic Avoided Cost Schedule and Other Information Found in PSE's All-Source RFP**

PSE provided with its All-Source RFP its estimated generic avoided cost schedule in order "to provide general information to potential bidders about the cost of new power supplies absent nonutility resources." WAC 480-107-050. PSE has not duplicated in this Energy Efficiency RFP information or material related to its overall resource needs that is found in the All-Source RFP. Rather, the draft Energy Efficiency RFP generally sets forth information specific to energy efficiency resources that is not found in the All-Source RFP.

### **Request for Expedited Treatment**

When a company files a draft RFP with the Commission under WAC 480-107, WAC 480-107-060(2)(b) provides for a sixty-day comment period prior to Commission action on the RFP. However, WAC 480-107-170(3) provides that the Commission "may grant such exceptions to these rules as may be appropriate in individual cases."

On December 10, 2003, the Commission granted PSE's request to set a deadline for public comment on its All-Source RFP of January 6, 2004, and to consider PSE's All-Source RFP for approval at the Commission's Open Meeting on January 28, 2004. PSE likewise respectfully requests that the Commission set a deadline for public comment on its Energy Efficiency RFP of January 13, 2004, and issue approval of the Energy Efficiency RFP at the Commission's Open Meeting on January 28, 2004.

### **Efforts to Promote Public Awareness of Filing**

In order to broaden awareness of this Energy Efficiency RFP filing among persons who may be interested, PSE is providing notice of this filing to representatives of stakeholders who participated in PSE's LCP and CRAG processes and to potential bidders. PSE will also post the filing on its Web site.

PSE will host a public meeting to discuss this filing and the proposed Energy Efficiency RFP on Monday, January 5, 2004, from 10:00 a.m. until 12:00 p.m. at the Summit Conference Center, Summit Ridge Building, Suite 150, 320 108<sup>th</sup> Avenue N.E., Bellevue, Washington.

PSE looks forward to working with Commission Staff, proposers and other interested parties to make this RFP process successful. Questions regarding this filing should be addressed to the undersigned or to George Pohndorf, 425-462-3272. Questions regarding PSE's Energy Efficiency RFP should be addressed to Claire Johannes, 425-424-6643.

Page 4  
December 12, 2003

Thank you for your assistance.

Very truly yours,

Kirstin S. Dodge

Enclosures