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February 12, 2021

**VIA WEB PORTAL**

Mr. Mark L. Johnson  
Executive Director and Secretary  
Washington Utilities and Transportation Commission  
621 Woodland Square Loop SE  
Lacey, Washington 98503

**Re: *Washington Utilities and Transportation Commission v. Puget Sound Energy, Dockets UE-190529, UG-190530, UE-190274, UG-190275, UE-190991, UG-190992, UE-171225, and UG-171226 (Consolidated)***

Dear Mr. Johnson:

Pursuant to the Notice of Opportunity to Respond issued by the Washington Utilities and Transportation Commission (“Commission”) on February 5, 2021, Puget Sound Energy (“PSE”) hereby responds to Staff’s letter (“Staff’s Letter”) disputing PSE’s Conjunctive Demand Service Option Pilot (“CDSO Pilot”) Report. PSE has carefully reviewed Staff’s Letter, and PSE appreciates this opportunity to respond to Staff’s concerns.

In its Final Order Rejecting Tariff Sheets; and Authorizing Tariff Filings in the above-referenced dockets (“Order 08”), the Commission approved PSE’s proposed CDSO Pilot Program, finding it “supports the legislative goal of transportation electrification and appears to have broad customer support.”<sup>1</sup> PSE filed its CDSO Pilot Report on January 14, 2021, and on January 27, 2021, Staff filed its Letter expressing concerns with the quality and timeliness of PSE’s Report. Staff recommends the Commission find that PSE has failed to comply with Order 08.<sup>2</sup> For the reasons set forth below, PSE respectfully requests that the Commission forego Staff’s subjective recommendation and find that the CDSO Pilot Report complies with Order 08. Alternatively, PSE requests that the Commission authorize PSE to amend the Report following additional collaboration with Staff consistent with the items requested in paragraph 596 of Order 08.

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<sup>1</sup> Order 08 at ¶ 595.

<sup>2</sup> “PSE has not addressed three of the four items identified in paragraph 596, which renders the report non-compliant with Order 08.” Staff’s Letter at 5.

### **Timeliness**

Staff's Letter provides a table listing three orders in this proceeding, with three effective dates and three 90-day "windows", indicating that the CDSO Pilot Report filing deadline was January 12, 2021.<sup>3</sup> In light of this proceeding's post-hearing litigation, there was some uncertainty on PSE's part regarding the filing deadline for the CDSO Pilot Report. However, PSE does not dispute Staff's position regarding the deadline, and PSE acknowledges with the benefit of hindsight that the Report was not timely filed by January 12, 2021.

The Commission required the CDSO Pilot Report to be filed within 90 days of the effective date of Order 08, which was July 8, 2020. As Staff explains in its Letter, however, the compliance filing deadline for Order 08 was extended to September 23, 2020. It was then that PSE completed its draft CDSO Pilot Report. On October 9, 2020, PSE presented the draft Report to Staff for review and comments. Staff responded to PSE on October 20, 2020, requesting a phone call to address Staff's concerns with the draft Report. PSE and Staff met on October 26, 2020, and Staff provided verbal feedback to PSE. PSE then edited the draft Report in response to Staff's feedback and drafted a final Report, which was filed on January 14, 2021. At all times, PSE collaborated in good faith with Staff to elicit and incorporate Staff's comments while still being consistent with the items requested in paragraph 596 of Order 08.

### **CDSO Pilot Report Compliance**

As Staff explains, the Commission directed PSE to file a report addressing the following:

1. Incorporate elements of Staff's pricing pilot proposal.
2. Use Staff's design and evaluation elements as general guidelines.
3. Provide more detail on the pros and cons of the Pilot.
4. Discuss how the Company envisions expanding the Pilot over time.<sup>4</sup>

However, in paragraph 596 of Order 08, the Commission granted PSE the discretion to determine which of Staff's elements would be incorporated into PSE's CDSO Pilot Report:

Accordingly, we require the Company to use the design and evaluation elements in Staff's pricing pilot proposal as general guidelines, applying those elements [PSE] deems relevant and providing discussion for those that the Company deems have little or no application to this particular Pilot. In addition, the Commission would like to see more detail regarding the pros and cons of the Pilot and how the Company envisions expanding the Pilot over time.

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<sup>3</sup> Staff's Letter at 2.

<sup>4</sup> Staff's Letter at 1, citing Order 08 at ¶ 789.

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Although the Commission instructed PSE to incorporate Staff's elements into PSE's Report, the Commission clearly delegated to PSE the manner and extent to which those elements would be applied. While PSE had specific ideas for reporting, PSE understands the value of Staff's input in creating a successful program.<sup>5</sup> Therefore, PSE relied on the testimony of Staff witness Jason Ball in this proceeding,<sup>6</sup> reviewed other information provided by Staff,<sup>7</sup> and PSE also elicited and incorporated direct feedback from Staff in drafting the final Report. Most of the feedback from Staff was general in nature, yet PSE applied Staff's comments in good faith.

PSE is disappointed that the CDSO Pilot Report does not meet Staff's expectations, but PSE believes its Report complies with Order 08. PSE fulfilled its obligations to incorporate elements of Staff's pricing proposal<sup>8</sup> and "use the design and evaluation elements in Staff's pricing pilot proposal as general guidelines,<sup>9</sup> applying those elements it deems relevant and providing discussion for those that the Company deems have little or no application to this particular Pilot."<sup>10</sup> Further, PSE provided additional detail on the pros and cons of the Pilot<sup>11</sup> and discussed how PSE envisions expanding the Pilot over time.<sup>12</sup>

That said, PSE values fruitful collaboration. As PSE stated in its cover letter filed with the CDSO Pilot Report, "PSE is open to discussing additional information and items than what were requested in Order 08." If the Commission finds that the CDSO Pilot Report does not comply with Order 08, PSE is open to considering Staff's edits to address its concerns and amend the Report as necessary, to comply with what was requested in paragraph 596 of Order 08.

Very truly yours,



Donna L. Barnett

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<sup>5</sup> "At the evidentiary hearing, PSE witness Piliaris testified that the Company had specific ideas for reporting but would very much appreciate specific guidance from the Commission to ensure the information it provides is valuable for the purpose of our evaluation of the Pilot's success." Order 08 at ¶ 596, citing Piliaris, TR 266:22-277:2.

<sup>6</sup> See Exh. JLB-1T at 36-69.

<sup>7</sup> Staff provided PSE with information regarding another utility's "Pilot Programs Monitoring and Reporting Plan".

<sup>8</sup> See, e.g., PSE's CDSO Pilot Report at 1-2 and compare with Exh. JLB-1T at 55.

<sup>9</sup> See, e.g., PSE's CDSO Pilot Report at 4 and compare with Exh. JLB-1T at 56-58.

<sup>10</sup> Order 08 at ¶ 596.

<sup>11</sup> See CDSO Pilot Report at 6-7.

<sup>12</sup> See *id.*