



STATE OF WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

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June 23, 2021

Mark L. Johnson, Executive Director and Secretary
Washington Utilities and Transportation Commission
P. O. Box 47250
Olympia, Washington 98504-7250

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:

On July 8, 2020, the Washington Utilities and Transportation Commission (Commission) entered Order 08 in Dockets UE-190529 and UG-190530 (consolidated), Final Order Rejecting Tariff Sheets; and Authorizing Tariff Filings, in these dockets (Order 08). Order 08, among other things, required Puget Sound Energy (PSE or Company) to file a report within 90 days of the effective date of Order 08 regarding its Conjunctive Demand Service Option Pilot Program (CDSO Pilot).

On January 13, 2021, PSE filed a Report Addressing PSE's Electric Conjunctive Demand Service Option and the Design and Evaluation Elements in Staff's Pricing Pilot Proposal (Report). On January 27, 2021, Commission Staff (Staff) filed a letter recommending the Commission not find PSE in compliance with Order 08.

On March 8, 2021, the Commission entered Order 13, Rejecting Compliance Filing; Authorizing Replacement Filing (Order 13). Order 13 rejected PSE's Report and required the Company to work with Staff to amend the deficient areas. Specifically, the Commission ordered PSE to apply the following design elements:

- Use Specific, Measurable, Achievable, Relevant, and Time-Bound (S.M.A.R.T.) goals.
- Be specific and understandable, account for customer needs and engagement, and be accessible to customers and not present a barrier to participation.
- Design to provide a meaningful signal, ideally reflecting all tiers of energy consumption, and clearly articulating how and why it is addressing some or all of these tiers.
- Base the design in cost causation, using underlying cost drivers as the starting point

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for any rate.

- Be easy to implement.
- Have internal validity, which includes statistically valid roots and clear program design with transparent assumptions.
- Have consistent and regular reporting.
- Prioritize customer engagement and communication to improve the overall experience.

Additionally, the Commission ordered PSE to include the following evaluation elements:

- A discussion of the assumptions made in the design, application, or analysis of pricing pilots.
- An overview of data collection needs and methods.
- A discussion of customer outreach and education efforts, including delivery channels, and how the Company will engage with vulnerable populations.
- Privacy implications from customer participation and methods to ensure security of consumer information.

The Commission further ordered PSE to:

- Apply the above design and evaluation elements that the Company deems relevant and provide meaningful discussion for elements that have little value or no application to the CDSO pilot
- Incorporate changes made elsewhere in the report into its discussion regarding the pros and cons of the CDSO pilot.
- Provide detail regarding how the Company envisions expanding the CDSO pilot over time.
- Work with Staff to supplement the Report to be consistent with the guidance provided in the body of Order 13.
- File a replacement Report within 90 days of the effective date of Order 13.

From March through May, the Company worked directly with Staff to meet the terms of the Commission order. Staff appreciates the time and effort the Company put into improving the Report as well as creating two distinct participant groups of Schedule 26 and 31 customers: exclusively electric vehicle charging station customers, and other customers.

On June 4, 2021, PSE filed a Replacement Conjunctive Demand Service Option (CDSO) Pilot Report (Replacement Report). Staff believes the Replacement Report contains sufficient detail on the specific elements of pilot programs that are applicable to this pilot.

Staff notes that the Company included some language in the report regarding cost recovery that we want to briefly address. In the Replacement Report, PSE states, “With regulatory lag, PSE may experience revenue under-recovery in the short term and other customer groups in the long term will eventually bear the burden of the revenue under-recovery.” Staff’s interpretation is that this language identifies the potential for impacts in later cost recovery proceedings. We do not believe it is referencing or implying a decision on future cost recovery, and Staff’s conclusion that the Replacement Report is sufficient is not an endorsement of the Company’s statement.

Staff recommends the Commission find PSE in compliance with Order 08 and Order 13 and authorize implementation of the CDSO pilot.

Sincerely,

Jason Ball

Assistant Director, Energy Regulation