



# Energy Efficiency

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## Exhibit 9

# Condition Compliance Checklist

Year-End 2012

*January 1, 2013*



**PUGET SOUND ENERGY**  
*The Energy To Do Great Things*

PSE 2012-2013 EIA CONDITIONS, ORDER 01; UE 111881 - COMPLIANCE STATUS

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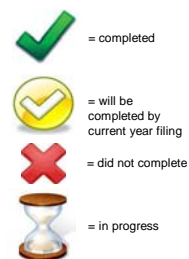


As of: 10/22/12

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A(1)	The following parties reached agreement on the terms for approval of Puget Sound Energy Inc's Ten-Year Achievable Conservation Potential and Biennial Conservation Target, which Puget Sound Energy filed in Docket UE- 100177 on June 18, 2010: Puget Sound Energy, Inc. ("PSE" or the "Company"); the Staff of the Washington Utilities and Transportation Commission; the Public Counsel Section of the Attorney General's Office; Intervenor (sp) Industrial Customers of Northwest Utilities; and Intervenor NW Energy Coalition ("NWECC") (hereinafter referred to collectively as "Executing Parties"). This Settlement Agreement ("Agreement") is the agreement reached by the Executing Parties.	Not updated for 2012-2013 biennium	No specific CRAG role			Not applicable-- No deliverable
A(2)	The Executing Parties intend that this Agreement shall supersede and replace the Settlement Terms for Conservation, Exhibit F to the Settlement Stipulation in Docket UE-011570 for electric conservation. This Agreement addresses conservation of electricity only. It does not address conservation of natural gas. The Northwest Industrial Gas Users and The Energy Project, signatories to the Settlement Terms for Conservation, Exhibit F to the Settlement Stipulation in Docket UG- 011571 but not parties in Docket UE-100177, participated in discussions about the preparation of this Agreement. <b>Nothing in this settlement shall affect the natural gas Settlement Terms for Conservation, Exhibit F to the Settlement Stipulation in Docket UG-011571 with respect to natural gas conservation, which remains in full force and effect with respect to natural gas conservation issues.</b>  (Emphasis added.)	Not updated for 2012-2013 biennium	No specific CRAG role			Not applicable -- No deliverable
A(3)	The approval of Initiative 937 in 2006, codified in Chapter 19.285 of the Revised Code of Washington as the Energy Independence Act, and PSE's subsequent filing in Docket UE-100177, resulted in the need to update and amend the electric conservation provisions of the Settlement Terms for Conservation, Exhibit F to the Settlement Stipulation in Docket UE-011570. Those changes are included in this Agreement. RCW 19.285.040(1) and WAC 480-109-010 require utilities to identify achievable cost-effective conservation potential using methodologies consistent with those used by the Northwest Power and Conservation Council ("Council").	Not updated for 2012-2013 biennium	No specific CRAG role			Not applicable-- No deliverable
B(4)	This Agreement establishes a conservation program with no sunset date. Any party may petition the Commission for modifications to the program, including in a general rate case proceeding. Nothing herein prevents any party from commenting on any filings under this or any other docket before the Commission.	Not updated for 2012-2013 biennium	No specific CRAG role			Not applicable -- No deliverable
B(4)(a)	Except where expressly stated, the conditions in Section K and all other provisions of this Agreement are intended to remain in effect notwithstanding the biennial review conducted under the Energy Independence Act. Any party may petition to, or the Commission may on its own motion and notice to parties, modify the conservation program if required by the results of the review.	Not updated for 2012-2013 biennium	No specific CRAG role			Not applicable -- No deliverable
B(4)(b)	In the event that PSE is not required to set or achieve specific conservation savings targets by the Energy Independence Act or other state law, PSE agrees to continue a conservation program that is consistent with the provisions of the 2002 Settlement, such that the programs funded through PSE's tariff rider will be designed to achieve all savings that are not independently captured by consumer acquisition, that are cost-effective to the Company, and economically feasible for consumers, taking into account incentives provided by PSE.	Not updated for 2012-2013 biennium	No specific CRAG role			Not applicable -- No deliverable
C(5)	PSE shall set the ten-year conservation potential and the biennial conservation targets as required by the Energy Independence Act (RCW 19.285) and WAC 480-109 and consistent with this Agreement.	Not updated for 2012-2013 biennium	No specific CRAG role			Not applicable -- No deliverable
C(6)	In general each individual energy efficiency program shall be designed to be cost-effective.	Not updated for 2012-2013 biennium	No specific CRAG role			Not applicable -- No deliverable
D(7)	PSE shall establish an external Advisory Committee. The Advisory Committee shall address, but not be limited to the issues identified in Section K.3 of this Agreement.	Not updated for 2012-2013 biennium				Not applicable -- No deliverable

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D(8)	Advisory Committee membership shall be established as follows. The Company shall extend an invitation to serve as an Advisory Committee member to a representative from at least each of the following organizations: WUTC staff, Attorney General Office of Public Counsel, NW Energy Coalition, Energy Project, Natural Resources Defense Council, Pacific Northwest Electric Power and Conservation Council, Industrial Customers of Northwest Utilities, Northwest Industrial Gas Users, Washington State Department of Commerce, Northwest Energy Efficiency Council, and the Department Of Energy Weatherization Assistance Program provider network. Additionally, the Company shall seek customer representatives from the residential, commercial, industrial, and institutional sectors to serve on the Advisory Committee. Other interested parties may attend Advisory Committee meetings as well, but will not be considered Advisory Committee members. This ongoing committee is now called the Conservation Resources Advisory Group (CRAG).	Not updated for 2012-2013 biennium	No specific CRAG role			Not applicable -- No deliverable
E(9)	To determine which energy efficiency programs and measures are cost-effective, PSE shall rely on a calculation of avoided cost consistent with the Council methodology and with the Energy Independence Act.	Not updated for 2012-2013 biennium	No specific CRAG role			Not applicable -- No deliverable
E(10)	PSE may modify, after consultation with the CRAG, the Company's calculation of avoided cost based upon the following: modification to one or more component values of the calculation, use of a forecasting tool or production cost model other than Aurora, establishment of load factors that are more specific to PSE's service territory, or other information relevant to the calculation of avoided cost.	Not updated for 2012-2013 biennium	Consult	PSE conveys the date that the CRAG was consulted.		
F(11)	The annual budget of the program will be built up from the bottom through the development of a mix of programs that deliver cost-effective savings in PSE's service territory. PSE's conservation targets developed under RCW 19.285.040(1) will direct development of the mix of cost effective programs that will establish the budgets for efficiency programs.	Not updated for 2012-2013 biennium	No CRAG specific role	PSE provides to the CRAG its draft of biennial budgets and savings goals on September 1 each odd year.	Started 2013 budget development Junly 2012	
F(12)	Schedule 449 customers are eligible for self-direction under existing Schedule 258 and participation in efficiency programs offered by PSE, except as stated in paragraph 13. Schedule 258 customers who are not on Schedule 449 will be eligible to participate in other programs offered directly by PSE. Non-449 Schedule 258 customers will share in paying NEEA/market transformation and administration costs consistent with all other non-449 customers.	Not updated for 2012-2013 biennium	No CRAG specific role	PSE provides Schedule 120 and/or Schedule 258 work papers.	Ongoing--Standard Business Practice	
F(13)	Each Schedule 449 customer can self-direct and/or participate in programs offered directly by PSE up to a total dollar cap equal to the annual efficiency funding level for that 449 customer minus 17.5% of that amount. The 17.5% represents payments for market transformation (10%) and for administration (7.5%).	Not updated for 2012-2013 biennium	No CRAG specific role	PSE provides Schedule 120 and/or Schedule 258 work papers.	Ongoing--Standard Business Practice	

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G(14)	PSE will continue to honor Commitments 22 and 23 from U-072375 with regard to future funding levels for low-income energy conservation programs based on the 2010-2011 planning levels. PSE will continue to work with agencies to provide additional funding above that established by Commitment 22 if additional production through the existing or newly developed cost-effective programs warrants it. In addition, PSE will continue to contribute a total of \$300,000 of shareholder funds annually for low-income weatherization regardless of fuel type.	Not updated for 2012-2013 biennium	No CRAG specific role	PSE provides its budget drafts to the CRAG on September 1 each year.	Ongoing--Standard Business Practice	
H(15)	The Company shall retain the existing rider mechanism going forward, subject to the Commission's Order in Docket No. UE-970686.	See note in "Deliverable Provided Date" field.	No CRAG specific role	PSE files its Schedule 120 each March 1.	Gas Tracker converted to Rider mechanism, Docket No UG-120812.	
H(16)	The Company shall continue to use the peak credit method of assigning the costs of its electric conservation programs to each rate schedule with one exception, the Schedule 449 customers. (The CRAG will review cost allocation methodology per Section K, Paragraph (11)(c)). Schedule 449 customers currently pay 0.0944 cents per kWh toward the cost of the current Schedule 258 four-year conservation program (4/1/10 - 4/1/14). The current practice is to hold the payment amount constant over the Schedule 258 period. This amount is based on a \$164 million biennial electric conservation-only budget for 2010-11, and is scalable in the next Schedule 258 budget cycle depending on whether the overall conservation budget increases or decreases. In 2002, the Schedule 449 customers paid 0.045 cents per kWh toward the cost of the conservation program. This amount was based on a \$20 million annual budget.	Not updated for 2012-2013 biennium	No CRAG specific role	A final revised Schedule 258 was filed and approved in August, 2011.	Ongoing--Standard Business Practice	
I(17)	Achievement of the biennial targets for savings from cost-effective electricity conservation programs shall be subject to the penalty/incentive provisions of the Energy Independence Act. In the event that statutory penalties/incentives no longer apply under the Energy Independence Act or other state law or Commission order, PSE agrees to develop and propose a replacement penalty mechanism in consultation with the CRAG. At the same time, PSE may propose an incentive mechanism in consultation with the CRAG.	Not updated for 2012-2013 biennium	No CRAG specific role	Subsequent to the submittal and approval of its electric conservation achievements, PSE pays any agreed-to fines due.	Subsequent to Commission order 07, Docket No UE-100177, October 2012	
I(18)	The Company shall provide biennial notification in a Conservation Report Card to its customers regarding the Company's performance related to its biennial savings targets under the Energy Independence Act. [The following is after I(18)(d)(3)] The report also may contain reference to PSE's ongoing energy efficiency programs, including encouragement for customers to participate in those programs. The report shall:	Not updated for 2012-2013 biennium	No CRAG specific role	Please see I(18)c	Subsequent to Commission order 07, Docket No UE-100177, October 2012	

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I(18)(a)	Be distributed as a conspicuous stand-alone document accompanying a customer's bill or in a separate mailing and also posted to PSE's website.	Not updated for 2012-2013 biennium	No CRAG specific role	Please see I(18)c		Only the condition section heading will be checked.
I(18)(b)	Be distributed to customers only after adequate consultation with Staff and the CRAG.	Not updated for 2012-2013 biennium	No CRAG specific role	The CRAG received the gas report card at the March 22 CRAG meeting. The electric report card will commence delivery 90 days after the Commission acknowledges PSE 2010-2011 electric conservation achievement.		Only the condition section heading will be checked.
I(18)(c)	Be distributed no later than 90 days after the Commission determination on the two-year report on conservation program achievement required by the Energy Independence Act and Commission rules.	Not updated for 2012-2013 biennium	No CRAG specific role	The report card mailing to customers commences 90 days after the biennial report is filed with the UTC and Department of Commerce and after thirty days for written or oral comments; <b>October 27 at the earliest.</b>		Only the condition section heading will be checked.
I(18)(d)	Contain the following information, at a minimum: 1) A brief description of the purpose of the report. 2) A brief description of the benchmarks and an indication of whether the Company met the benchmarks in each biennial period. 3) The total amount of penalties imposed (or incentive earned) for the current reporting period.	Not updated for 2012-2013 biennium	No CRAG specific role	Please see I(18)c		Only the condition section heading will be checked.
J(19)	PSE may adopt line extension policies that are designed to encourage (and particularly not discourage) builders, developers, and end-use customers to select a heating fuel that is most resource efficient and adopt construction practices that exceed current energy codes.	Not updated for 2012-2013 biennium	No CRAG specific role	Policies are documented and are publicly accessible at PSE.com; electric Schedule 85 and gas Schedules 7, 107 and 307.	Ongoing--Standard Business Practice	
Effective June 2012, no longer SECTION K. "Commission Order 01, Docket No. UE-111881"						
(1)	Puget Sound Energy's 2012-2021 ten-year achievable conservation potential of 3,531,508 megawatt-hours (403.1 average megawatts), and PSE's 2012-2013 biennial conservation target of 666,000 megawatt-hours (76.0 average megawatts) at the customer meter, identified in PSE's 2012-2013 Biennial Conservation Plan (BCP) filed on October 28, 2011, are approved with conditions pursuant to RCW 19.285.040(1)(e) and WAC 480-109-010(4)(c). This approval is subject to the Conditions described in Paragraphs (2) through (12) below. The Conditions in this Order, and not those in Section K of the EIA Settlement filed September 3, 2010 and approved by the Commission in Order 05 in Docket UE-100177, shall apply to PSE's 2012-2021 Ten-Year Achievable Conservation Potential and PSE's 2012-2013 Biennial Conservation Target.	Added specifics				Not applicable -- No deliverable
(2)	Nothing within this Agreement relieves PSE of the sole responsibility for complying with RCW 19.285 and WAC 480-109, which requires PSE to use methodologies consistent with those used by the Pacific Northwest Electric Power and Conservation Planning Council ("Council"). Specifically, the conditions regarding the need for a high degree of transparency, and communication and consultation with external stakeholders, <b>diminish neither PSE's operational authority nor</b> its ultimate responsibility for meeting the biennial conservation target approved herein.	No change		Emphasis added.	ongoing	

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(3)(a)	PSE must maintain and use an external conservation Advisory Group of stakeholders to advise the Company on the topics described in subparagraphs (i) through (ix) below. To meet this condition, PSE shall continue to use its Conservation Resources Advisory Group (CRAG), initially created under Docket UE-011570 and UG-011571, and its Integrated Resource Planning Advisory Group created under WAC 480-100-238. The Advisory Groups shall address but are not limited to the following issues:	No change	No CRAG specific role		ongoing	
(3)(a)(i)(1)	(1) Updates to the evaluation, measurement, and verification (EM&V) framework as implemented by PSE which guides its approach to evaluation, measurement, and verification of energy savings. This framework must be reflected in the Biennial Conservation Plan for the next biennium, 2014-2015, and	Changed "creation of" to "updates to"	Review & Advise	The EM&V framework is filed on November 1, 2013.		
(3)(a)(i)(2)	(2) Modification of existing or development of new EM&V conservation protocols based on PSE's current evaluation, measurement and verification approach.	No change	Review & Advise	PSE provides the dates of comment opportunities are provided		
(3)(a)(ii)	Development of conservation potential assessments under RCW 19.285.040(1)(a) and WAC 480-109-010(1).	No change	Review & Advise	PSE provides "IRP filed on <_/_/_>"	05/01/13	
(3)(a)(iii)	Guidance to PSE regarding methodology inputs and calculations for updating cost-effectiveness.	No change	Review, Advise & Guidance	When a simple majority of CRAG members express agreement or consensus on the cost and benefit inputs definitions and sources PSE will use for each of the TRC, UCT, PCT and RIM cost-effectiveness tests.		
(3)(a)(iv)	Review the market assessments and the data values used in updating PSE's supply curves.	No change	Review & Advise	Market assessment analyses are presented.	05/01/13	
(3)(a)(v)	Review need for tariff modifications or mid-course program corrections.	No change	Review need for	PSE documents the date of the first CRAG notification of a possible mid-course program correction or need of tariff modification.		
(3)(a)(vi)(1)	Review appropriate level of and planning for - Marketing conservation programs.	No change	Review, Advise, Comment, & Hear Updates	PSE documents the date of the review.		
(3)(a)(vi)(2)	Review appropriate level of and planning for - Incentives to customers for measures and services.	Expunge portion of incentive language & penetration language	Review & Advise, Periodically exam. Establish appropriate penetration levels	Exhibit 4 revisions are presented to CRAG on a quarterly basis. Measure detail is provided in the BCP.	Incentives and incentive revisions included with each Exhibit 4 filing notification. October, 2012. Will continue to comply with requirement through remainder of biennium.	 
(3)(a)(vii)	Consideration of issues related to conservation programs for customers with low-income.	No change	Review & Consider Issues	ACP/BCP is acknowledged by Commission.		

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(3)(a)(viii)	Program achievement results with annual and biennial targets.	No change	Review	The hard copy Annual Report is mailed to CRAG members.	02/15/12	
(3)(a)(ix)	Review conservation program budgets; and review the actual expenditures compared to the program budgets. PSE shall inform the CRAG members when its projected expenditures indicate that the Company will spend more than 120% or less than 80% of its annual conservation budget.	No change	Review & Advise and be Informed	(1) Q3 forecast is provided, clearly indicating an estimated spend-vs.-budget ratio, regardless of expected expenses or savings ratios. (2) If portfolio-level spending is forecast to be >120% or <80%, PSE will provide driver explanations.	10/11/12	
(3)(b)	The CRAG shall meet face-to-face at least semi-annually to hear updates, review program modifications, or consider need for revisions. In addition, the CRAG shall meet at least two additional times per year through conference calls or face-to-face meetings. CRAG members may call meetings at any time with sufficient notice for meeting attendance. PSE shall make arrangements to hold a meeting within 2 weeks from the date of the request.	No change	Shall Meet, Hear, Review, Consider, Advise	The Annual Reports are published February 15 each year	March 22, June 21, October 11, December 6	
(3)(c)	Except as provided in Paragraph (8) below, the Company will provide the CRAG an electronic copy of all tariff filings related to programs funded by the Electric Conservation Service Rider that the Company plans to submit to the Commission at least two months before any proposed effective date. When extraordinary circumstances dictate, the Company may provide the CRAG with a copy of a filing concurrent with the Commission filing. This condition does not apply to a general rate case filing.	No change	Receive Filings	PSE documents the date of providing the CRAG with the draft tariff filing.	Provided CRAG with updated Schedules 83, 120, 183 in Q1 & 2. Will continue to comply with order throughout remainder of biennium.	 
(3)(d)	The Company will notify the CRAG of public meetings scheduled to address the Company's integrated resource plan. The Company will also provide the CRAG with the assumptions and relevant information utilized in the development of PSE's integrated resource plan as they apply to development and/or modification of the ten-year conservation potential as requested through the integrated resource plan public process. This will include updated information such as conservation supply curves and avoided cost analysis.	No change	Receive Notifications of IRPAG mtgs., Review assumptions & relevant info & Advise	Appendix A of the IRP provides a discussion of the IRPAG and CRAG, along with meeting dates with summaries.	The CRAG is copied on all IRPAG meeting notifications	 
(4)(a)	PSE must submit annual budgets to the Commission each year. The submissions must include program-level detail that shows planned expenses and the resulting projected energy savings. In odd-numbered years, the annual budget may be submitted as part of the Biennial Conservation Plan required under Paragraph 8(f) below. In even-numbered years, the annual budget may be submitted as part of the Annual Conservation Plan required under Paragraph 8(b) below. The Annual Conservation Plan will include program descriptions and annual budget details as contained in the BCP.	Removed "...as described in Attachment B..." from last sentence.	Review & Advise	PSE mails hard copy versions to CRAG members	11/01/12	
(4)(b)	PSE 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.	No change		PSE documents the date on which the budget is provided to the CRAG.	11/01/12	
(5)	PSE 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 as tariff attachments as shown in the BCP. PSE may propose other methods for managing its program details in the Biennial Conservation Plan required under Paragraph 8(f) below, after consultation with the CRAG as provided in Paragraph 9(b) below.	Substituted "...as shown in Attachment B of the revised report..." with "...as shown in the BCP" in the second sentence.	Review	PSE provides to the CRAG the date(s) on which the Exhibits were updated.	Two updates of Exhibit 4 filed to date in 2012. Third quarter filed in October. Q4 not filed, as it would conflict with 2013 ACP version.	



PSE 2012-2013 EIA CONDITIONS, ORDER 01; UE 111881 - COMPLIANCE STATUS

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As of: 10/22/12

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(6)(a)	PSE 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. PSE must demonstrate the prudence and cost-effectiveness of its conservation programs to the Commission after the savings are achieved. See RCW 19.285.040(1)(d).	Substituted "BCP" for "Attachment B of the revised report".	No CRAG specific role	The data is filed as an exhibit to the Annual Report.	Prudence is demonstrated during Schedule 120 filing reviews.	
(6)(b)	Except as provided in Paragraph (6)(c) below, PSE must use the Council's Regional Technical Forum's ("RTF's") "deemed" savings for electricity measures. As of the date of this Agreement, the RTF maintains a Web site at <a href="http://www.nwcouncil.org/energy/rtf/">http://www.nwcouncil.org/energy/rtf/</a> .	No change	No CRAG specific role	The list of prescriptive measures, indicating the savings type, is provided as an appendix to the Annual Report.	Ongoing	
(6)(c)	If PSE uses savings estimates that differ from those established by the RTF, such estimates must be based on generally accepted impact evaluation data and/or other reliable and relevant source data that has verified savings levels, and be presented to the CRAG for comment.	No change	Review and Comment	PSE presents Exhibit 4 of its Annual Report.	Ongoing	
(6)(d)	When PSE proposes a new program tariff schedule, it must present it to the CRAG for comment with program details fully defined. After consultation with the CRAG in accordance with Paragraph (3) above, PSE must file a revision to its Annual Conservation Plan in this Docket. The revision may be acknowledged by placement on the Commission's No Action Open Meeting agenda.	No change	Review and Comment	The new Schedule and ACP revision are filed.	Ongoing	
(6)(e)	PSE must provide opportunities for the CRAG to review and advise on the development of evaluation, measurement and verification protocols for conservation programs. See Paragraph 3(a)(i) above.	No change	Review & Advise	PSE documents the dates on which EM&V protocol drafts were provided to the CRAG and 30 days after the final draft is presented.	PSE reviewed Verification process manual with CRAG June 21, 2012	
(6)(f)	PSE must spend a reasonable amount of its conservation budget on EM&V, including a reasonable proportion on independent, third-party EM&V. PSE must perform EM&V annually, on a 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. Evaluation reports involving analysis of both program impacts and process impacts of the programs evaluated in the prior year must be part of the Annual Report on Conservation Acquisition described in Paragraphs (8)(c) and (g) below.	Completely revised; expunged spending requirement, etc.	No CRAG specific role	The Annual Report is filed.		
K(6)(g)	An independent third-party evaluation of portfolio-level electric energy savings reported by PSE for the 2012-2013 biennial period, from existing conservation programs operated during that period, shall be conducted to verify those savings. The independent third-party evaluator shall be selected through an RFP process. The review will be funded by the PSE Electric Conservation Service Rider. The review will be managed by UTC and PSE staff with input on the scope, cost, RFP development, evaluator selection and ongoing oversight by the CRAG. The scope shall:	completely revised; eliminated references to "one-time", etc.	Input & Ongoing Oversight	(1) the evaluator is selected (2) when the initial report is provided and (3) when the final report is provided.	PSE has an RFP for a consultant to design review RFP.	
(6)(g)(i)	focus on portfolio level EM&V of the existing 2012-2013 PSE conservation portfolio regarding impact, process, market, and cost-effectiveness analysis,	New				Only the condition section heading will be checked.
(6)(g)(ii)	examine selected existing 2012-2013 programs or measures in more depth than others, as called for in the RFP, and	New				Only the condition section heading will be checked.



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(6)(g)(iii)	provide for some additional but limited detailed independent EM&V study at the program or measure level to be selected by the independent third-party evaluator from the Company's existing 2012-2013 programs.	New				Only the condition section heading will be checked.
(6)(g)	This evaluation shall include a review of the Company's reported electric savings on a semi-annual basis, with results provided to Commission staff and PSE and then discussed with the CRAG. A final report for the entire 2012-2013 biennium shall be submitted as part of the Company's two-year report on conservation program achievement, required by Paragraph (8)(h) below. The report shall be finalized and made available no later than June 2014 and may be implemented in phases and delivered as a final product at an earlier date, as needed by PSE.	Updated for 2012-2013, eliminates termination clause. Eliminated sentence indicating that funds count toward "reasonable EM&V spending."		The final evaluation report is filed with the Biennial Conservation Report on June 1, 2014.		
(7)(a)	All Sectors Included — PSE must offer a mix of tariff-based programs that ensure it is serving each customer sector, including programs targeted to the low-income subset of residential customers. Modifications to the programs must be filed with the Commission as revisions to tariffs or as revisions to PSE's Annual Conservation Plan, as appropriate.	No change	None	PSE provides to the CRAG the date(s) on which the Exhibits were updated on a quarterly basis.	No specific deliverable -ongoing business practice.	
(7)(b)	Outreach on Programs — PSE must establish a strategy and proposed implementation budget for informing participants about program opportunities in the relevant market channels for each of its energy efficiency programs. PSE must share these strategies and budgets with the CRAG for review and comments, and provide updates at CRAG meetings.	No change	No CRAG specific role	The outreach strategy and budgets have been shared and reviewed with the CRAG in a face-to-face CRAG meeting.	Included in Marketing cost element of budget details	
(7)(c)	Incentives and Conservation Program Implementation — PSE must offer a cost-effective portfolio of programs in order to achieve all available conservation that is cost-effective, reliable, and feasible. 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. Incentive levels and other methods of encouraging energy conservation need to be periodically examined to ensure that they are neither too high nor too low. Incentive levels and implementation methods should not unnecessarily limit the acquisition of all available conservation that is cost-effective, reliable, and feasible. PSE shall work with the CRAG to establish appropriate penetration levels consistent with Council methodology and the Energy Independence Act.	No change	Review	PSE files applicable program Exhibits, including but not limited to Exhibit 3 (Program Details) and Exhibit 4 (Measures, Incentives & Eligibility)	No specific deliverable -ongoing business practice.	
(7)(d)	Conservation Efforts without Approved EM&V Protocol — PSE may spend up to ten (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. <i>[From last paragraph]</i> The Company may ask the Commission to modify this spending limit following full CRAG consultation. As of the date of this Agreement, an outline of the major elements of the Council's methodology for determining achievable conservation potential, including the Total Resource Cost test, is available on the Council's Web site at <a href="http://www.nwcouncil.org/energy/powerplan6/supplycurves/I937/CouncilMethodology_outline%202_2.pdf">http://www.nwcouncil.org/energy/powerplan6/supplycurves/I937/CouncilMethodology_outline%202_2.pdf</a> .	No change	No CRAG specific role	The analysis is provided.	ratios of conservation budgets without savings are included in Exhibit 1. December, 2012.	
(7)(d)(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 CRAG.	No change	No CRAG specific role	PSE documents the date and voting results of the CRAG for proposed savings claims on information-oriented measures.		Only the condition section heading will be checked.
(7)(d)(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 ten percent spending restriction.	No change	No CRAG specific role	PSE provides the date on which it provides its updated calculation of spending on information-oriented programs to the CRAG.		Only the condition section heading will be checked.
(8)	Required Reports and Filings	New heading				
(8)(a)	Semi-annual Conservation Acquisition Report, comparing budgeted to actual kWh's and expenditures, by August 15, 2012.	Updated deliverable date	Review & Comment	The Semi-annual Report is filed with UTC and PSE mails hard-copy versions to CRAG members.	Semi-Annual Report filed on August 15.	

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(8)(b)	By December 1, 2012, the 2013 Annual Conservation Plan, containing any changes to program details and an annual budget with a requested acknowledgement date of January 1, 2013. The Annual Conservation Plan may be acknowledged by placement on the Commission's No Action Open Meeting agenda. A draft will be provided to the CRAG by November 1, 2012.	Updated deliverable date	Review & Comment Prior To Filing	The ACP draft is provided to CRAG members in electronic and hard-copy form. Content layout is reviewed in a CRAG meeting. PSE responds to all filing questions.	11/01/2012 12/01/2012	
(8)(c)	2012 Annual Report on Conservation Acquisition, including an evaluation of cost-effectiveness and comparing budgets to actual, by February 15, 2013.	Updated deliverable date	No CRAG specific role	PSE files the Annual Report.		
(8)(d)	Revisions to cost recovery tariff by March 1, 2013, with requested effective date of May 1, 2013.	Updated deliverable date, added "(Schedule 120)"	Review & Comment Prior To Filing	PSE documents the date on which the CRAG was presented with filing draft documents.		
(8)(e)	Semi-annual Conservation Acquisition Report, comparing budget to actual kWh's and dollar activity, by August 15, 2013 <del>as specified in UE-070686.</del>	Updated deliverable date, deleted "as specified..."; added footnote reference.	No CRAG specific role	The report is filed.		
(8)(f)	A report identifying its ten-year achievable potential and its biennial conservation target (Biennial Conservation Plan), including revised program details and program tariffs by November 1, 2013, requesting an effective date of January 1, 2014. In addition to the usual customer-based measures, the plan will also include both distribution and generation energy efficiency program plans as required by RCW 19.285. Prior to filing the Biennial Conservation Plan, PSE shall provide the following information to the CRAG: ten-year conservation potential and two-year target by August 1, 2013; draft program details, including budgets, by September 1, 2013; and draft program tariffs by October 1, 2013.	Removed language pertaining to consulting with advisory groups between certain dates	Be consulted on and Review & Comment Prior To Filing	PSE provides (in odd years) (1) 10-year potential and 2-yr target on 8/1; (2) draft program details and budgets on 9/1; (3) draft program tariffs on Oct 1 (3). Lastly, PSE files complete package on Nov 1.		
(8)(g)	2013 Annual Report on Conservation Acquisition, including an evaluation of cost-effectiveness, by Feb. 15th, 2014.	Updated deliverable date		PSE files the Annual Report.		
8(h)	Revisions to cost recovery tariff (Schedule 120) by March 1, 2014, with requested effective date of May 1, 2014.	New section	Review filing, perform on-site audits	PSE documents the date on which the CRAG was presented with filing draft documents.		
(8)(i)	Two-year report on conservation program achievement by June 1, 2014. This filing is the one required in WAC 480-109-040(1) and RCW 19.285.070, which require that the report also be filed with the Washington Department of Commerce.	Updated deliverable date, new section number	No CRAG specific role	The report is filed with UTC and Department of Commerce on June 12, 2012 and annually thereafter each June.		
(9)	Required Public Involvement in Preparation for the 2014-2015 Biennium	New heading				

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(9)(a)	PSE must consult with the Advisory Groups to facilitate completion of a 10-year conservation potential analysis by November 1, 2013. See RCW 19.285.040(1)(a); WAC 480-109-010(1). This must be based on a current conservation potential assessment study of PSE's service area within Washington State. This may be conducted within the context of PSE's integrated resource plan. If PSE chooses to use the supply curves that make up the conservation potential in the Council's Northwest Power Plan, the supply curves must be updated for new assumptions and measures.	Updated deliverable date	Review calculations and determinants of IRP.	PSE files its 2012-2013 IRP.	Both advisory groups are engaged in 2012 IRPAG meetings.	
(9)(b)	PSE must consult with the Advisory Groups between April 1, 2013, and October 31, 2013, to identify achievable conservation potential for 2012-2021 and set annual and biennial targets for the 2014-2023 biennium, and set biennial targets for the 2014-2015 biennium, including necessary revisions to program details. See RCW 19.285.040(1)(b); WAC 480-109-010(2) and (3).	Updated deliverable date, added "and set biennial target for 2014-2015...." phrase in first sentence.	No CRAG specific role	PSE documents the date on which it provided to the CRAG its 10-year potential and 2-yr target on August 1.		
(9)(c)	Fuel switching program will continue to use current practice of upgrading only to high-efficiency gas measures.	No change	No CRAG specific role	By maintaining its upgrade qualifications in all publications.	This is standard business practice. No specific target deliverable date.	
(10)(a)	The Commission uses the TRC, as modified by the Council, as its primary cost-effectiveness test. PSE's portfolio must pass the TRC test. In general, each program shall be designed to be cost-effective as measured by this test. PSE must demonstrate that the cost-effectiveness tests presented in support of its programs and portfolio are in compliance with the cost-effectiveness definition (RCW 80.52.030(7)) and system cost definition (RCW 80.52.030(8)) and incorporate, quantifiable non-energy benefits, the 10 percent conservation benefit and a risk adder consistent with the Council's approach. An outline of the major elements of the Council's methodology for determining achievable conservation potential, including the Total Resource Cost test, is available on the Council's website at <a href="http://www.nwccouncil.org/energy/powerplan6/supplycurves/I937/CouncilMethodology_outline%20_2_.pdf">http://www.nwccouncil.org/energy/powerplan6/supplycurves/I937/CouncilMethodology_outline%20_2_.pdf</a> .	No change	No CRAG specific role	The Annual Report is filed.	Cost effectiveness tests performed as part of planning process. These tests will also be performed as a part of the 2012 & 2013 annual review. Standard business practice.	
(10)(b)	In addition to the Council-modified TRC, PSE must provide portfolio calculations of the Program Administrator Cost test (also called the Utility Cost test), Ratepayer Impact Measure test, and Participant Cost test described in the National Action Plan for Energy Efficiency's study "Understanding Cost-effectiveness of Energy Efficiency Programs." The study is available on the Web site of the United States Environmental Protection Agency at <a href="http://www.epa.gov/cleanenergy/documents/suca/cost-effectiveness.pdf">http://www.epa.gov/cleanenergy/documents/suca/cost-effectiveness.pdf</a> .	No change	No CRAG specific role	The Annual Report is filed.	These tests were performed as a part of the planning process.	

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(10)(c)	Overall conservation cost-effectiveness must be evaluated at the portfolio level. Costs included in the portfolio level analysis include conservation-related administrative costs. All cost-effectiveness calculations will assume a Net-to-Gross ratio of 1.0, consistent with the Council's methodology.	Removed sentence #3	Be consulted on and determine appropriateness	PSE documents the date that the proposed inclusion of the new CE tests was provided.		
(11)	Recovery Through an Electric Conservation Service Rider	New heading				
(11)(a)	Annual filing — PSE's annual Electric Conservation Service Rider filing, required under Paragraph (8)(d) above, will recover the future year's budgeted expenses and any significant variances between budgeted and actual income and expenditures during the previous period.	No change			03/01/12	
(11)(b)	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; e.g., for net metering administration costs, small-scale renewable programs and demand response pilots.	No change				Explanation only — No deliverable
(11)(c)	Recovery for Each Customer Class — The Company shall retain existing Rider mechanisms, subject to the Commission's Order in Docket UE-970686.	Removed second sentence	Review	1) PSE provides the CRAG its cost allocation methodology 2) Issues relative to Schedule 258 apportionments have been identified for resolution.	Ongoing business practice--no specific target deliverable date.	
(12)	Additional Commitments	New heading				

PSE 2012-2013 EIA CONDITIONS, ORDER 01; UE 111881 - COMPLIANCE STATUS

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- Unless provided in a specific condition, when documentation is provided to the CRAG for review or comment--that doesn't have a specified review period--PSE will provide 30 calendar days--that takes into account very full demands on CRAG members' time--before it classifies a deliverable as "completed". Draft filing documents will have a review period of 60 days prior to the proposed effective date, per the applicable condition(s).
- If the condition doesn't indicate a specific CRAG deliverable ("review", "comment", "advise", etc.) the condition is considered met when the document, calculation, report, etc., is filed or submitted.
- If the condition indicates that PSE must perform some task "if" a change is requested (for instance, condition (7)(d)(ii)), and there is no such change requested, the compliance status will be checked "completed".
- As PSE has consistently demonstrated over the past several years, we will respond to requests for details not already contained in provided filings, reports or analyses, regardless of elapsed time, while maintaining the completed status of a condition.
- PSE considers the Annual and Biennial Conservation Plans "tariff filings" for purposes of condition compliance.
- The terms "Framework" and "Protocol" in applicable conditions in Order 01 are sometimes used interchangeably.
- RTF has updated the term "Deemed". Effective in 2011, measures with a standard savings value are now referred to as UES; Unit Energy Savings.
- Red text in "Condition is met when" field indicate an update since the last checklist publication.



As of: 10/22/12

Section or Condition Number	Detailed Condition	Change from 2010-2011 List	CRAG Role	Condition is met when: <i>(As PSE has consistently demonstrated over the past few years, we will respond to requests for details not already contained in provided filings, reports or analyses on an ongoing basis.)</i>	Deliverable Provided Date	Complete?  Blank = No Date = Pending Check = Yes Hourglass = In Progress X = Non-compliant
(12)(a)	In accordance with RCW 34.05.240 and WAC 480-07-930, PSE will file a petition for a declaratory order with the Commission by July 6, 2012 concerning whether capital investments in electric power production turbines that increase the efficiency of electric power production are considered part of the requirement in RCW 19.285.040(1), which states: "Each qualifying utility shall pursue all available conservation that is cost-effective, reliable and feasible." If the Commission determines that such capital investments in electric power production turbines fall within the requirements of RCW 19.285.040(1), then PSE will analyze whether such conservation is feasible, achievable, and cost-effective prior to filing its 2014-2015 biennial conservation target.	New		The motion is filed.	07/06/12	
(12)(b)	PSE will review and consider 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 outside the boundaries of Washington State, and report back to the CRAG on the status by September 1, 2012. The term feasibility may include, but is not limited to: economic reasonableness; contractual obligations or limitations; tariff schedule limitations; legal limitations; rule limitations; cost-recovery limitations; financial limitations; practical limitations; operational limitations; transmission capacity limitations; and any other limitations or considerations that are a result or a combination of interactions between or among these noted limitations and considerations (e.g. the impact of operational limitations on legal limitations). PSE shall work with the CRAG to identify options for overcoming obstacles to 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 that PSE owns in whole or in part outside the boundaries of Washington State, prior to filing its 2014-2015 biennial conservation target.	New		When the report is provided on September 1, 2012.		
L(22)	The Executing Parties agree to support the terms and conditions of this Agreement, as described above. The Executing Parties understand that this Agreement is subject to Commission approval.	Carried over from 2010 Settlement Agreement	No CRAG specific role			Explanation only No deliverable

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L(23)	The Executing Parties have negotiated this Agreement as an integrated document. Accordingly, the Executing Parties agree to recommend that the Commission adopt this Agreement in its entirety.	Carried over from 2010 Settlement Agreement	No CRAG specific role			Explanation only -- No deliverable
L(24)	This Agreement represents a fully negotiated agreement. Each Executing Party has been afforded the opportunity, which it has exercised, to review the terms of the Agreement. Each Party has been afforded the opportunity, which it has exercised, to consult with legal counsel of its choice concerning such terms and their implications. The Agreement shall not be construed for or against any Executing Party based on the principle that ambiguities are construed against the drafter.	Carried over from 2010 Settlement Agreement	No CRAG specific role			Explanation only -- No deliverable
L(25)	This Agreement may be executed by the Executing Parties in several counterparts, through original and/or facsimile signature, and as executed shall constitute one agreement.	Carried over from 2010 Settlement Agreement	No CRAG specific role			Explanation only -- No deliverable

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