



Rob McKenna

## ATTORNEY GENERAL OF WASHINGTON

800 Fifth Avenue #2000 • Seattle WA 98104-3188

September 9, 2011

### **VIA ABC LEGAL MESSENGERS AND ELECTRONIC MAIL**

David Danner  
Executive Director and Secretary  
Washington Utilities and Transportation Commission  
1300 S. Evergreen Pk. Dr. S.W.  
PO Box 47250  
Olympia, WA 98504-7250

Re: ***Puget Sound Energy  
Schedule 258, Electricity Energy Efficiency Program,  
Large Power User Self-Directed Program, and  
Schedule 83, Electricity Conservation Service  
Docket No. UE-111497***

Dear Mr. Danner:

Public Counsel submits these comments in advance of the Commission's September 15, 2011, Open Meeting. These comments address modifications to Puget Sound Energy's (PSE's) Large Power User Self-Directed Program (Schedule 258). The filed tariff and program modifications follow up on comments and concerns discussed by Public Counsel in previous dockets (UE-100177, UE-110399 and UE-110400) and provide resolution to the issues raised therein.

### **Public Counsel Recommendation**

Public Counsel supports the Staff recommendation to take no action, to allow PSE's proposed tariffs in Docket No. UE-111497 to become effective.

#### A. Recap of Prior Activity and Public Counsel Concerns

The tariff and program revisions are the outcome of discussions and review of the Company's Schedule 120 rate allocation and the Schedule 258 Self-Directed program that have occurred during the past year. Schedule 258 includes customers receiving electric service under Schedules 40, 46, 49, and 449. The program provides incentives to Commercial and Industrial customers to support self-directed energy efficiency projects that the Customers themselves propose. In Docket No. UE-100177, the Parties to the settlement agreed to retain the existing Schedule 120 rider mechanism, with the condition that the cost allocation methodology would be reviewed by the Conservation Resource Advisory Group (CRAG) prior to the 2011 Schedule 120 filing. In Docket Nos. UE-110399 and UE-110400, the Company made revisions that ensured compliance with the Settlement Agreement in Docket UE-100177 by applying the peak credit methodology to Schedules 40, 46, and 49 (the non-Schedule 449 customers of Schedule

## ATTORNEY GENERAL OF WASHINGTON

To: David Danner  
Re: Docket No. UE-111497  
Date: September 9, 2011  
Page 2 of 3

258) and made certain that these customers share in paying NEEA/market transformation costs at a level consistent with all other non-Schedule 449 customers.<sup>1</sup>

In reaching the resolution in Dockets No. UE-110399 and UE-110400, it became evident that there were additional issues associated with the Schedule of 258 Self-Directed program that warranted further review by the CRAG. This included the larger question of whether the specific carve-out for these customers was useful or necessary. Additionally, there was concern regarding equity between customer classes because non-449 Schedule 258 customers were participating in programs available to other customers with increasing frequency while also having access to funds reserved exclusively to this subset of customers.

### B. Review Process and Resolution of Public Counsel Concerns

As a part of the Schedule 258 review, Public Counsel issued informal data requests to the Company and participated in multiple discussions with stakeholders related to the operation and the function of the Schedule 258 Program. Based on information provided by the Company and by customers who participate in the program, it appears that the self-direct program serves a useful purpose in PSE's efforts to pursue all available conservation that is cost-effective, reliable, and feasible, as required by RCW 19.285.040. For example, the CRAG heard from Schedule 258 customers that the design of the program allows them to carefully leverage conservation dollars for major projects that might take several years to progress from the planning stages to completion.

Public Counsel's remaining concerns were related to (1) the previously-mentioned equity issue, (2) questions regarding whether Schedule 258 customers would be able to fully utilize the allocations that increased as a result of the May 2011 rate change within the remainder of the four year program cycle, (3) how unspent Schedule 258 allocations would be treated in the next program cycle, and (4) the need for review of the program to ensure no harmful or unintended consequences develop as a result of these changes. These concerns have been addressed as follows:

1. Non-449 Schedule 258 customers will remain eligible for incentive amounts equivalent to those offered for all other commercial and industrial customers, but shall be required to first use their designated Schedule 258 allocation for these incentives prior to receiving funding from other programs.<sup>2</sup>

---

<sup>1</sup> See Public Counsel Comments, Docket Nos. UE-110399 and UE-110400, filed April 25, 2011, pp. 5-8. See also, PSE's Tariff Cover Letter in this docket, for further discussion.

<sup>2</sup> Puget Sound Energy, Electric Tariff G, Schedule 258 Electricity Energy Efficiency Program, Large Power User Self Directed Program, Sheet 258-b.

ATTORNEY GENERAL OF WASHINGTON

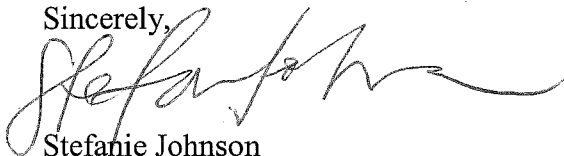
To: David Danner  
Re: Docket No. UE-111497  
Date: September 9, 2011  
Page 3 of 3

2. The program cycle will be extended by one year to allow Schedule 258 customers additional time to utilize their increased funding allocation.<sup>3</sup>
3. Any funds contracted for use, but not actually utilized by the customer, will be transferred to the budget for all Electricity Energy Efficiency Programs at the end of the program cycle.<sup>4</sup>
4. The CRAG will receive regular updates on Schedule 258, and, at the end of the current program cycle (December 31, 2014), an informal review of the program will be conducted. This review will specifically look at the changes made over the past year, to ensure that the program operates effectively, equitably, and in accordance with Commission Orders. While this commitment is not included in the tariff cover letter or the tariff itself, PSE has stated that these updates and reviews will occur in consultation and coordination with the CRAG.

C. Conclusion

For the reasons stated herein, Public Counsel supports the Staff recommendation to take no action, thereby allowing the tariff to become effective. We appreciate your consideration of these issues. I will attend the Commission's September 15, 2011 Open Meeting to address any questions regarding these comments.

Sincerely,



Stefanie Johnson  
Regulatory Analyst  
Public Counsel  
(206) 389-3040

cc: Tom Schooley, UTC Staff (E-mail)  
David Nightingale, UTC Staff (E-mail)  
Danielle Dixon, NWEA (E-mail)  
Irion Sanger, ICNU (E-mail)  
Bob Stolarski, PSE (E-mail)  
Dan Anderson, PSE (E-mail)  
Andy Hemstreet, PSE (E-mail)

---

<sup>3</sup> *Id.*

<sup>4</sup> *Id.*, Sheet 258-a.