

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of

PUGET SOUND ENERGY,

Petitioner,

For An Accounting Order Authorizing
Deferred Accounting Treatment of the
Administrative Costs of Puget Sound
Energy's Demand Response Programs

DOCKET UE-230028

ORDER 01

GRANTING ACCOUNTING
PETITION

BACKGROUND

- 1 On January 12, 2023, Puget Sound Energy (PSE or Company) filed with the Washington Utilities and Transportation Commission (Commission) a petition (Petition) seeking an Accounting Order under WAC 480-07-370(1)(b) authorizing PSE to defer the administrative costs of demand response (DR) programs to FERC Account 182.3 consistent with the accounting utilized for conservation costs allowed for recovery in Schedule 120.
- 2 Approval of this Petition would authorize the Company to track the administrative costs of DR programs, including approximately \$1 million in 2023, for recovery of these amounts in Schedule 120 - Electricity Conservation Service Rider.
- 3 In its Petition, PSE explains that beginning in the 2023 Annual Conservation Plan (annual plan), DR administrative expenses will be included in the ongoing planning process for review by the Conservation Resource Advisory Group (CRAG) and prudence review and approval by the Commission.¹
- 4 PSE's administrative costs are anticipated to include Request for Proposals and Contracting, Marketing, Program Management, and customer incentives paid directly by PSE. These costs would represent incremental costs that are not currently recovered in base rates or other cost recovery mechanisms. PSE presented this proposal to the CRAG on August 3, 2022, and October 12, 2022, and received support to include DR administrative costs in the annual plan subject to Commission approval.

¹ Docket UE-210822.

5 Commission staff (Staff) participated in the proposal review within the CRAG, reviewed
the Company's Petition, and believes that recovery of DR administrative costs in
Schedule 120 will facilitate co-deployment of DR and energy efficiency programs and
remove barriers to transitioning pilot programs to permanent programs, as appropriate.

DISCUSSION

6 We agree with Staff and find that the administrative costs associated with DR programs
are an extraordinary circumstance beyond the Company's control that warrants deferred
accounting treatment. Further, the requested accounting treatment furthers the public
interest by enabling the Company to pursue all cost-effective DR more effectively.
Accordingly, we grant the Petition and authorize the Company to defer the administrative
costs of DR programs to FERC Account 182.3.

FINDINGS AND CONCLUSIONS

- 7 (1) The Commission is an agency of the State of Washington vested by statute with
the authority to regulate the rates, rules, regulations, practices, accounts,
securities, transfers of property and affiliated interests of public service
companies, including electric companies.
- 8 (2) PSE is an electric company and a public service company subject to Commission
jurisdiction.
- 9 (3) WAC 480-07-370(3) allows companies to file petitions including that for which
PSE seeks approval.
- 10 (4) Staff has reviewed the petition in Docket UE-230028 including related work
papers.
- 11 (5) Staff believes the proposed accounting order PSE requests is reasonable and
should be granted, as it furthers the public interest by enabling the Company to
more effectively pursue all cost-effective DR.
- 12 (6) This matter came before the Commission at its regularly scheduled meeting on
February 23, 2023.
- 13 (7) After reviewing PSE's Petition filed in Docket UE-230028 on January 12, 2023,
and giving due consideration to all relevant matters and for good cause shown, the

Commission finds that the Petition should be granted.

ORDER

THE COMMISSION ORDERS:

- 14 (1) Puget Sound Energy's request to defer the administrative costs of demand response programs to FERC Account 182.3 for recovery in Schedule 120 is granted.
- 15 (2) This Order shall not affect the Commission's authority over rates, services, accounts, valuations, estimates, or determination of costs, on any matters that may come before it. Nor shall this Order granting Petition be construed as an agreement to any estimate or determination of costs, or any valuation of property claimed or asserted.
- 16 (3) The Commission retains jurisdiction over the subject matter and Puget Sound Energy to effectuate the provisions of this Order.
- 17 The Commissioners, having determined this Order to be consistent with the public interest, directed the Secretary to enter this Order.

DATED at Lacey, Washington, and effective February 23, 2023.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

AMANDA MAXWELL
Executive Director and Secretary