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PUGET SOUND ENERGY

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September 22, 2025

Filed Via Web Portal

Jeff Killip, Executive Director and Secretary Washington
Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

RE: Advice No. 2025-39
Puget Sound Energy's Electric Tariff Revision

Dear Executive Director Killip:

Pursuant to RCW 80.28.060, and WAC 480-80-101 and -105, please find enclosed for filing the following proposed revisions to the WN U-60, tariff for electric service of Puget Sound Energy ("PSE" or the "Company"):

2nd Revision	Sheet No. 307	Residential Service Time-Of-Use
4th Revision	Sheet No. 307-A	Residential Service Time-Of-Use (Continued)
3rd Revision	Sheet No. 307-B	Residential Service Time-Of-Use (Continued)
2nd Revision	Sheet No. 317	Residential Service Time-Of-Use with Peak Time Rebate
3rd Revision	Sheet No. 317-C	Residential Service Time-Of-Use with Peak Time Rebate (Continued)
2nd Revision	Sheet No. 324	General Service Time-Of-Use with Peak Time Rebate
2nd Revision	Sheet No. 327	Residential Service Time-Of-Use with Super Off-Peak
3rd Revision	Sheet No. 327-A	Residential Service Time-Of-Use with Super Off-Peak (Continued)
2nd Revision	Sheet No. 327-B	Residential Service Time-Of-Use with Super Off-Peak (Continued)

Purpose of Filing

The purpose of this filing is to propose tariff schedule changes to support Puget Sound Energy's Time-of-Use ("TOU") Tariff Schedule services for certain enrolled customers following the successful completion of the 2-year pilot evaluation period, ending on September 30, 2025, until full residential TOU services are made available in early 2027 pending submission and approval of such services in PSE's next general rate case to be filed in the first quarter of 2026. The TOU tariff schedules define the terms of service and pricing that differentiate the customer journey with their respective default schedules. These proposed tariff revisions reflect the findings and recommendations detailed in the PSE TVR Year 1 Evaluation Report (Attachment A) completed by Cadmus, the independent Evaluation, Measurement, and Verification (EM&V) consultant, and engagement with interested parties as detailed below.

Background

The Final Order 24/10 in the 2022 general rate case[1] required PSE to establish optional Residential and General Service Time-of-Use ("TOU") tariff schedules and to carry out the TVR pilot proposed in its initial GRC filing, subject to certain modifications.

PSE began with Residential Service under the pilot on October 1, 2023, and began General Service for commercial customers beginning January 1, 2024. The TVR pilot, and TOU rates in general, were designed to lower peak demand by providing pricing signals through base energy rates that encourage customers to reduce usage during periods of peak demand.

Residential pilot participants were assigned to five treatment groups depending on their income status and chosen rate plan (Schedule 307, 317, or 327). The sixth treatment group (Schedule 324) comprised the small and midsized businesses (SMB) customers. The treatment groups are summarized in Table 1. Further details and discussion regarding the design of the pilot and TOU Rates can be found in the pre-filed Direct Testimony of Birud D. Jhaveri[2], as well as in attachments G, H, and I to this filing which include materials presented to the TVR Stakeholder Collaboratives in 2021 to help inform the initial design of the pilot.

Table 1. TVR Treatment Groups

Treatment Group	Customer Type	TVR Treatments	Participant Count at End of Year 1
Schedule 307 income eligible	Residential (income eligible)	TOU	998
Schedule 307 income ineligible	Residential (income ineligible)	TOU	1,232
Schedule 317 income eligible	Residential (income eligible)	TOU with PTR events	1,645
Schedule 317 income ineligible	Residential (income ineligible)	TOU with PTR events	1,694
Schedule 327	Residential (no income criteria)	TOU with super off-peak rate	803
Schedule 324	Commercial (SMBs)	TOU with PTR events	1,035

Summary of Proposed Updates and Justification

Consistent with the Pilot Transition Plan initially introduced to the Interested Parties in Collaborative 1 on May 7, 2025 (see Attachment D), in this tariff filing PSE is proposing to:

[1] WUTC v. PSE, Dockets UE-220066, UG-220067 & UG-210918, Order 24/10 at ¶¶ 291-97
[2] 240004-05-PSE-Exh-BDJ-1T-2-15-24

1. Close Schedule 324 & transition customers back to Schedule 24
2. Close Schedule 317 & allow enrolled customers to opt-in to either Schedule 307 or Schedule 327 (or default to Schedule 7)
3. Increase customer participation limit on Schedule 307 from 4,000 to 6,500
4. Increase customer participation limit on Schedule 327 from 1,000 to 2,500
5. Clarify that Pilot Enabling Technology Provisions expire when the pilot ends on 9/30
6. Clarify that Bill Protection will continue for participating customers previously selected to receive bill protection as part of the pilot when the pilot ends on 9/30
7. Clarify AMI interval meter read threshold of 90% for bill to be coded as actual
8. Update language with deployment of billing proration to allow mid-cycle plan changes

Cadmus, the independent Evaluation, Measurement, and Verification (EM&V) provider for the TVR pilot documented the following recommendations based on their Year 1 Analysis (see Attachment A). These recommendations shaped this tariff filing and will be considered as PSE develops its proposal for a full-scale deployment in 2027.

Additionally, the Winter Year 2 results reaffirmed these recommendations:

<table>
<tr><th>Year 1 Recommendation</th><th>Winter Year 2 Results</th><th>Tariff Proposal</th></tr>
<tr><td>1. Offer TOU rate options to residential customers</td><td rowspan="2">Strong support (persistent effects in Year 2)</td><td rowspan="2">Continue Sch 307 and Sch 327</td></tr>
<tr><td>2. Offer a three-period TOU rate and market this rate to households that own EVs</td></tr>
<tr><td>3. Suspend non-residential TVR (Sch 324) and transition customers to other commercial rate plans; incentivize businesses to reduce demand during peak periods through existing commercial DR programs</td><td>Strong support (persistent lack of effects in Year 2)</td><td>Sunset Sch 324</td></tr>
<tr><td>4. PSE should consider sunsetting PTR offering (Sch 317) to streamline demand response options – finalizing research of Flex benefits for TOU customers</td><td>Modest support (Residential PTR still effective in Year 2 but most participants do not think it is worth the effort)</td><td>Sunset Sch 317</td></tr>
<tr><td>5. PSE should leverage other existing smart thermostat offerings</td><td rowspan="2">Not Applicable</td><td rowspan="2">Let pilot Enabling Technology expire and maintain Bill Protection for previously selected pilot participating customers</td></tr>
<tr><td>6. Upon conclusion of the 2-year pilot, PSE should determine if bill protection for BDR customers is beneficial to mandatory TVR offerings</td></tr>
</table>

Rationale for each of the proposed changes is detailed below:

1. Close Schedule 324 & transition customers back to Schedule 24

   Per Cadmus' Winter Year 2 Addendum: "Non-residential participants on the Schedule 324 rate did not achieve statistically significant demand reductions during on-peak periods during either of the first two winters of the pilot, though data showed a marginally significant reduction in summer Year 1."

   "Further refinement is needed to create commercial rate plans that have a positive impact on behavior, savings, and experience for non-residential customers. Cadmus recommends suspending non-residential TVR and transitioning these customers to other commercial rate plans. Unless and until a revised TVR program is designed, PSE should incentivize these customers to reduce their demand during peak periods through existing commercial demand response programs."

2. Close Schedule 317 & allow enrolled customers to opt-in to either Schedule 307 or Schedule 327 (or default to Schedule 7)

   Schedule 317 customers are unable to simultaneously participate in demand response programs due to a conflict with the Peak Time Rebate component of Schedule 317. Given the preference expressed in 2024 GRC testimony (UE-240004;EXH. BDJ-1T) to have a two price and a three price TOU rate in the next GRC, we believe now is the right time to close Schedule 317 and keep Schedule 307 given the comparable peak demand reduction seen in the pilot for these rates.

3. Increase customer participation limit on Schedule 307 from 4,000 to 6,500[3]

4. Increase customer participation limit on Schedule 327 from 1,000 to 2,500[4]

   Given the proposal to close Schedule 317, we recommend increasing the caps on Schedules 307 and Schedule 327 to accommodate Sch 317 customers switching to other TOU schedules as part of the pilot transition process.

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[3] Participating customers may be eligible for revenue decoupling adjustments under tariff schedule 142, similar to other residential customers, upon submission and approval by the Commission of a separate Schedule 142 update to be filed following the Commission's decision in this docket.

[4] Participating customers may be eligible for revenue decoupling adjustments under tariff schedule 142, similar to other residential customers, upon submission and approval by the Commission of a separate Schedule 142 update to be filed following the Commission's decision in this docket.

5. Pilot Enabling Technology expires when the pilot ends on September 30, 2025

   Due to the smart thermostat install rate of 10% in the pilot, Cadmus in their Year 1 Evaluation Report (see Attachment A) recommended the following:

   "PSE already has effective programs for delivering smart technology to income eligible customers, such as point-of-sale smart thermostat rebates, Efficiency Boost rebates, Multifamily Retrofit (direct install delivered through property managers), and the Weatherization Assistance Program (or WAP, also known as Low Income Weatherization)."

6. Clarify that Pilot Bill Protection will continue for pilot participating customers previously selected to receive bill protection as part of the pilot when the pilot ends on 9/30

   Will allow PSE to maintain bill protection for low-income pilot participants who were previously selected to receive this feature until the full-scale TOU program is approved. While the Settlement Agreement only required PSE to provide bill protection for the pilot phase, PSE is amenable to extend this feature until PSE's independent evaluator completes the full two-year evaluation and the Company incorporates any findings as part of its General Rate Case.

7. Clarify AMI interval meter read threshold of 90% for bill to be coded as actual

   PSE categorizes bills as either Actual or Estimated. TOU billing requires complete 15-minute interval data from AMI meters, but communication failures occasionally result in missing reads. By establishing a threshold based on the percentage of successful AMI interval reads, we can ensure consistent and transparent billing classifications.

8. Update language with deployment of billing proration to allow mid-cycle plan changes

   During the pilot, customers were confused when rate changes to and from TOU didn't take effect immediately but were delayed until the start of the next bill cycle. PSE is resolving this by implementing next-day rate changes that can occur in the middle of the bill cycle. These tariff language changes will reflect this improvement.

<u>Interested Party Engagement</u>

PSE would like to thank the interested parties who provided comments, questions, and their experience in the development of this proposed filing. Interested Parties included UTC Staff, Public Counsel, NW Energy Coalition ("NWEC"), The Energy Project, Climate Solutions, Renewable Northwest Project, Front and Centered, Emerald Cities Collaborative, and Alliance of Western Energy Consumers ("AWEC").

There were five independent meetings during which pilot results were reviewed and discussed:

- WUTC Staff Engagement on February 12, 2025, during which PSE reviewed (1) Time-Varying-Rates History, (2) Year One Preliminary Analysis, and (3) Future State Strategy.
- Time-Varying Rates Pilot Year One Findings on March 26, 2025, during which PSE reviewed (1) Time-Varying Rates History, (2) Pilot Design & Customer Engagement, (3) Year One Customer Survey & Impact Findings, and (4) a Future State Strategy.
- Interested Party Collaborative 1, on May 7, 2025, during which the parties discussed (1) A Pilot Transition Plan, (2) Opt-out vs Opt-in, (3) Residential Rate Design, and (4) Low Income Customer Solutions.
- Interested Party Collaborative 2, on July 7, 2025, during which the parties discussed (1) Pilot Year One Bill Analysis Findings, and (2) a Transition Phase Timeline.
- Interested Party Collaborative 3, August 27, 2025, during which the parties discussed (1) Pilot Year Two Customer Survey & Impact Findings, (2) Conclusions and Recommendations, and (3) Pilot Transition and Next Steps.

During the engagement meetings, interested parties were given the opportunity to provide feedback on the transition plan, and on August 8, 2025, in advance of the third collaborative were provided with copies of the PSE TVR Evaluation Year 1 Report as well as redline copies of the draft TOU tariff schedule updates proposed in this filing for review and comment. PSE received no written comments from interested parties prior to Collaboration #3, therefore PSE requested any final comments to be sent to the Company by end-of-business September 5, 2025, to further inform this filing. PSE only received written comments from The Energy Project, which it has included in this filing as Attachment B, which the Company took into consideration when finalizing these proposed tariff changes.

Conclusion

The tariff sheets described herein reflect an issue date of September 22, 2025, and an effective date of November 1, 2025. Posting of proposed tariff changes, as required by law and the Commission's rules and regulations, is being completed through web, telephone and mail access in accordance with WAC 480-100-193.

Please contact Jared Regan, Jared.Regan@pse.com or Kevin Rivard at (310) 980-4485 or kevin.rivard@pse.com for additional information about this filing. If you have any other questions, please contact me at birud.jhaveri@pse.com.

Sincerely,

/s/ Birud D. Jhaveri

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cc: Tad O'Neill, Public Counsel
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Attachments:
Electric Tariff Sheets (listed above)
Advice-2025-39-PSE-Attach-A-through-I-(09-22-25):
- Attachment A: PSE TVR Year 1 Evaluation Report
- Attachment B: PSE TVR Pilot Evaluation Tariff update feedback The Energy Project
- Attachment C: 2025 PSE TOU IP Engagement – 3-26-2025
- Attachment D: Interested Parties Collaborative #1 – 5-7-2025
- Attachment E: Interested Parties Collaborative #2 – 7-7-2025
- Attachment F: Interested Parties Collaborative #3 – 8-27-2025
- Attachment G: PSE TVR Stakeholder Collaborative #1 – 5-19-2021
- Attachment H: PSE TVR Stakeholder Collaborative #2 – 8-6-2021
- Attachment I: PSE TVR Stakeholder Collaborative #3 – 9-27-2021