

**BEFORE THE WASHINGTON  
UTILITIES & TRANSPORTATION COMMISSION**

In the Matter of Puget Sound Energy Clean Energy Implementation Plan  
Pursuant to WAC 480-100-640

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DOCKET UE-210795

**POST-HEARING BRIEF ON BEHALF OF THE  
WASHINGTON STATE OFFICE OF THE ATTORNEY GENERAL  
PUBLIC COUNSEL UNIT**

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**Appendix A**

Public Counsel's Final Updated List of Conditions

February 22, 2023

## Appendix A: Public Counsel’s Final Updated List of Conditions

Acronyms Used in this List	
Acronym	Full Name
CBI	Customer Benefit Indicator
CEIP	Clean Energy Implementation Plan
CETA	Clean Energy Transformation Act
CRAG	Conservation Resource Advisory Group
DER	Distributed Energy Resource
DR	Demand Response
EAG	Equity Advisory Group
EE	Energy Efficiency
LIAC	Low Income Advisory Committee
KLI	Known Low-Income
PSE	Puget Sound Energy
RFP	Request For Proposal
SCADA	Supervisory Control And Data Acquisition
TVR	Time-Varying Rates

### I. INTERIM AND SPECIFIC TARGETS

1. In its 2023 Biennial CEIP Update and in future CEIPs, PSE must include descriptions of quantitative (i.e., cost based) and qualitative (e.g., equity considerations) analyses that support interim targets to comply with the CETA 2030 and 2045 clean energy standards. *See* Exh. CDAT-1T at 12:18-13:2.
2. In its 2023 Biennial CEIP Update and in future CEIPs, PSE must include quantitative and qualitative risk analysis, if risk is used to justify deviating from the lowest reasonable cost solution that complies with CETA. *See* Exh. CDAT-1T at 13:3-5.
3. NEW: In the 2023 Biennial CEIP Update, PSE will include an update regarding the impact of inflation, supply chain, and permitting issues, if any, on the estimated costs of and likelihood of attaining the accelerated target. PSE should also include an updated target if the 63 percent target is no longer viable by 2025. *See* Exh. CDAT-1T 10:1–13:6.
4. NEW: In the 2023 Biennial CEIP Update, PSE will update its DR target to match the target established in PSE’s 2022 GRC. *See* Exh. CDAT-1T 19:3–10.

### II. SPECIFIC ACTIONS

5. PSE must update the narrative description and table of specific actions (Appendix L) in the 2023 Biennial CEIP Update. PSE must describe how *each of* the specific actions demonstrate progress towards clean energy transformation standards at the lowest reasonable cost (*see* WAC 480-100-640(6)(f) and WAC 480-100-610(4)). As part of the narrative description and table of specific actions (Appendix L), PSE will list the CBIs and metrics associated with each specific action, the values for the associated metrics, and the distributional impacts,

particularly on named communities<sup>1</sup> (*see* WAC 480-100-640(5)). As part of the narrative description, PSE must describe how each specific action will move PSE towards meeting their CBI goals and metric targets. *See* Exh. CDAT-1T at 13:7–15:12.

#### **A. Distributed Energy Resources and Distribution Planning**

6. MODIFIED: Within three months of a Commission Order, PSE must remove the DER preferred portfolio selection process and results from its 2021 CEIP. PSE must clarify that the DER portfolio of programs and specific actions will be determined after finalizing its assessment of the DER RFP proposals and consulting with interested persons and parties by the 2023 Biennial Update. *See* Exh. CDAT-1T at 15:14–17:12; *see also* Exh. CDAT-4 at 11-20.
7. NEW: In the 2023 Biennial Update, PSE must provide a summary of its assessment of the DER RFP proposals. *See* Exh. CDAT-1T at 15:14-17:19.
8. NEW: In the 2023 Biennial Update, PSE must provide an updated DER portfolio selection process including information on how it will use the results of the RFP to build a portfolio of DER programs, how it will use CBIs to select resources, and how the resource selection process adheres to the requirement to achieve targets at the lowest reasonable cost. *See* Exh. CDAT-1T at 15:14-17:30.
9. PSE must present its assessment of the DER RFP proposals and consult with relevant advisory groups (including but not limited to the EAG, LIAC, and CRAG) on the full suite of DER programs, the selection of DER proposals, and the implementation process no later than three months after a Commission Order. PSE must provide a detailed explanation in instances where PSE’s selections diverge from interested groups’<sup>2</sup> suggestions. *See* Exh. CDAT-1T at 15:14–17:19; *see also* Exh. CDAT-4 at 34–35.
10. PSE must develop and propose DER solar, DER storage, DR, and EE offerings for named communities and consult with EAG and interested persons. PSE must incorporate feedback from the EAG and interested persons and provide a detailed explanation in instances where PSE’s named community DER solar, DER storage, DR, and EE proposals diverge from proposed suggestions. PSE must also consult with the EAG and interested persons on DER program planning and implementation. PSE must start this work no later than three months after a Commission Order, and PSE must complete this work by the 2023 Biennial CEIP Update. *See* Exh. CDAT-1T at 15:14–17:28.
11. PSE must include more details about program design in the description of the Residential Rooftop Solar Leasing program in its 2021 CEIP. *See* Exh. CDAT-1T at 15:14–17:30. *See also* CDAT-4 at 24.

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<sup>1</sup> “Named communities” is a term frequently used by Washington parties and interested persons to collectively refer to highly impacted communities as defined in RCW 19.405.020(23) and vulnerable populations as defined in RCW 19.405.020(40).

<sup>2</sup> In accordance with current Commission practice, Public Counsel has updated the conditions to replace the terminology “stakeholders” with “interested persons” or “participants.” In instances where the condition is not otherwise modified, the condition was not labeled as “MODIFIED.”

12. PSE must conduct a Distribution System Planning process in coordination with its CEIP process, as part of an integrated system planning approach for distribution system investments. A goal of the Distribution System Plan is identifying ways that connected customer-side resources can provide system value for all customers and achieve an equitable distribution of benefits and burdens to vulnerable populations and highly impacted communities. PSE must solicit input from interested persons to help identify options and priorities for community-based resources and provide equitable treatment of measures that can enhance distribution carrying capacity, including those not owned or controlled by PSE. *See* Exh. CDAT-1T at 15:14–18:4.

### **B. Demand Response**

13. MODIFIED: In the 2023 Biennial CEIP Update, PSE will include information regarding any planned DR programs for commercial and industrial customers as required by WAC 480-100-640(5) and (6) as well as information regarding the expected the cost-effectiveness of these programs. *See* Exh. CDAT-1T at 18:5–19:21; *see also* CDAT-4 at 22-23.

14. PSE must include a narrative in the 2023 Biennial CEIP update and 2025 CEIP describing anticipated impacts on customer benefits and burdens from DR programs. *See* Exh. CDAT-1T at 18:5–20:6; *see also* CDAT-4 at 22-23.

### **C. Time-Varying Rates**

15. PSE must include in its 2023 Biennial Update an explanation of the TVR pilot program and how the program will be structured to gather data about the program’s impacts on benefits and burdens for named communities. *See* CDAT-1T at 23:3–24:8; *see also* CDAT-4 at 23

### **D. Non-Wire Alternatives**

16. In the 2023 Biennial CEIP Update, PSE must explain the selection process for non-wire alternative projects developed prior to the CEIP and clarify how the company views DERs compared to non-wire alternatives. PSE must also describe the differences between the DER selection process and the non-wire alternative selection process and why they follow different evaluations and selection processes. PSE must also explain how it distinguishes between non-wire alternative projects that are necessary to meet CETA requirements from non-wire alternative projects that should be considered part of the company’s core business operations (i.e., reliability). *See* CDAT-1T at 20:7–22:18; *see also* CDAT-4 at 24–25.

17. In the 2023 Biennial CEIP Update, PSE must explain why the Non-Wire Alternatives Evaluation Tool and associated costs are included in the CEIP and explain why the tool is necessary for CETA compliance. *See* CDAT-1T at 20:7–22:21; *see also* CDAT-4 at 25–26.

18. By the 2023 Biennial CEIP Update, PSE must incorporate the distributional equity analysis into its selection of non-wire alternatives that will be applied to the 2025 CEIP and future proposed non-wire alternative projects. PSE must engage the CRAG and EAG in the development of the non-wire alternatives selection process. PSE anticipates this analysis will become more detailed and clear as the CEIP equity work matures. *See* CDAT-1T at 20:7–22:9; *see also id.* at 24:9–26:7.

### **E. Distributional Equity Analysis**

19. PSE must conduct a distributional equity analysis of its service territory that will describe the current benefits and burdens on customers by location and population, and the projected impact of specific actions on the distribution of customer benefits and burdens during the implementation period. *See* CDAT-1T at 24:9–25:18.
20. PSE must consult regularly with the EAG on the development of the distributional equity analysis. Upon completion of PSE’s Pilot Distributional Equity Analysis, PSE must present the findings in its 2023 Biennial CEIP Update when it is filed or as a supplemental attachment if more time is needed to complete the analysis. *See* CDAT-1T at 24:9–25:22.
21. PSE must incorporate the results of its distributional equity analysis into the 2025 CEIP. In instances where PSE diverges from or conflicts with findings in the analysis, the Company must provide a detailed justification for doing so. *See* CDAT-1T at 24:9–26:3.
22. In the 2025 CEIP, PSE must describe how specific program selection and implementation actions will mitigate risks and reduce burdens to named communities. PSE must incorporate qualitative data on the lived experience of named communities in this distributional equity analysis. *See* CDAT-1T at 24:9–26:7

### **F. Public Participation Process**

23. PSE must develop a community outreach plan to ensure more meaningful public participation, in consultation with the EAG and other interested persons. PSE must include this plan in the biennial CEIP update. The outreach plan must incorporate: (1) facilitating ongoing opportunities for direct interaction between the company and communities; (2) allocating funding for staff positions trained and dedicated to community outreach and facilitating collaborations; (3) choosing arrangements for community interactions to maximize effective participation, accounting for factors such as meeting times, locations, and translation needs; (4) ensuring that affected individuals and communities have access to sufficient information to enable meaningful participation in activities; (5) ensuring sufficient time for meaningful interaction before decisions are made or unalterable commitments are agreed to; and (6) ensuring transparency in decision-making. *See* CDAT-1T at 26:8–27:17; *see also* CDAT-4 at 34–35.

## **III. CUSTOMER BENEFIT INDICATORS**

24. MODIFIED: In the 2023 Biennial CEIP Update, PSE must remove directionality language from any discussion about metrics and distinctly separate the language suggesting a goal or directionality from the metrics. The directionality language may be included in the CBI or may be developed into a specific target. PSE must track metrics without regard to directionality and must immediately modify its data collection of any metrics that currently include directionality language to meet this requirement. *See* Exh. CDAT-1T at 32:29–33:21.
25. NEW: In the 2023 Biennial CEIP Update, PSE must update Table 7-5 to remove directionality from metrics and create a separate column that indicates the desired directionality for each CBI (e.g., “increase” or “reduce”, etc.) or specific target (if available). PSE must also add a new column to the table that lists specific actions that are relevant to or

directly intended to achieve the desired directionality for each CBI that indicates a directionality. *See* Exh. CDAT-1T at 32:29–33:21.

26. MODIFIED: PSE must track and report the following CBIs and metrics in its 2021 CEIP. PSE commits to work to expand data availability during this CEIP period. The Company does not have to duplicate data collection efforts if it is collecting the same data in other dockets, but it may use that data for CBI and metric reporting. At a minimum, PSE must begin tracking this data immediately and incorporate the CBIs and metrics into its 2023 Biennial CEIP Update. *See* Exh. CDAT-1T at 28:10–30:8.

a. PSE must add the following CBIs and metrics to the CETA category of Reduction of Burden:

- i. CBI: Decrease number of households with a high energy burden (>6%)
- ii. Metrics:
  1. Number and percent of households
  2. Average excess burden per household

This CBI must be separately tracked and reported for all PSE electric customers KLI customers and named communities. KLI customers are defined as those who have received energy assistance during the prior two years.

b. PSE must add the following CBI and metrics to the CETA category of Energy Security:

- i. CBI: Decrease residential arrearages and disconnections for nonpayment
- ii. Metrics:
  1. Number and percentage of residential electric disconnections for nonpayment by month, measured by location and demographic information (zip code/census tract, KLI customers, Vulnerable Populations, Highly Impacted Communities, and for all customers in total). If residential disconnections are not required to be reported quarterly to the Commission in any other docket (e.g., U-200281 or U-210800) or rule, PSE must report residential disconnections as reported pursuant to Commission Order 04 (Appendix A Third Revised Term Sheet, Section J, Part 2 a)<sup>3</sup>, in Docket U-200281, on a quarterly basis through the end of this CEIP implementation period (December 31, 2025).
  2. Residential arrearages as reported pursuant to Commission Order 04 (Appendix A Third Revised Term Sheet, Section J, Part 8 a-c)<sup>4</sup> in Docket U-200281. If residential arrearages are not required to be reported to the Commission in any other docket (e.g., U-200281 or U-210800) or rule, PSE must track the following residential electric data by month, measured by location and demographic information (zip code/census tract, KLI customers, Vulnerable Populations, Highly Impacted Communities, and for all customers in total)<sup>5</sup> and

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<sup>3</sup> *In re Response to the COVID-19 Pandemic*, Docket U-200281, Order 04, Appendix A (July 2, 2021). Disconnection data for Section J, Part 2 is reported quarterly by zip code.

<sup>4</sup> Arrearage data for Section J, Part 2 is reported quarterly by zip code.

<sup>5</sup> For electric customers that also have natural gas service, this data will include their total arrearages as the Company is unable to separate its electric and natural gas specific arrearages.

report the data to the Commission on a quarterly basis through the end of this CEIP implementation period (December 31, 2025)<sup>6</sup>:

3. The number of customers with past-due balances (arrearages); and,
  4. The amount of past-due balances that are 30+, 60+, and 90+ days past due, and the total amount of arrearages.
- c. PSE must add the following metrics to the CBI for “Improved participation in clean energy programs from highly impacted communities and vulnerable populations”:
- i. Number of residential appliance and equipment rebates provided to customers residing in named communities.
  - ii. Number of residential rebates provided to customers residing in rental units.
27. PSE must acknowledge that not all CBIs and metrics will be relevant or applicable to resource selection. PSE must develop, in conjunction with relevant advisory groups (including but not limited to the CRAG, EAG, and LIAC) and interested persons, a transparent methodology for applying CBIs and metrics that are appropriate for future resource planning and acquisition decisions in the 2023 CEIP Biennial Update and the 2023 IRP. This must include changes to its weighting and scoring processes for future resource acquisition processes. *See* Exh. CDAT-1T at 30:9–32:7.
28. PSE must address major concerns brought forward by interested persons particularly around the selection, prioritization, and application of CBIs and metrics. PSE must formally present and discuss any Joint Advocate or other CBIs proposed by interested persons and associated metrics that were not included in the Company’s filed CEIP and the final Commission approved CEIP with conditions, to its advisory groups, customers, and other interested persons at a CEIP Public Participation Meeting(s) and at a separate joint advisory group meeting(s), to include but not limited to the CRAG, EAG, and LIAC within three months of a Commission Order. PSE must invite representatives from the Joint Advocates to present the Joint Advocate CBIs and describe the differences between the Joint Advocate’s CBIs and the Company’s. Following these discussions and careful consideration of the feedback received, PSE must propose an updated set of CBIs and associated metrics in its 2023 Biennial Update. These would then be adopted and applied to specific actions in the 2025 CEIP. If PSE deviates from interested persons and advisory group input on CBIs, the Company must provide a detailed justification for doing so. *See* Exh. CDAT-1T at 30:9–32:23.
29. Within 10 days of a Commission Order, PSE must file in the CEIP docket a comprehensive report card of all CBIs and metrics that the Company currently reports, CBIs and metrics that it has been directed to report by the Commission, and CBIs and metrics that it must evaluate through a interested persons’ process before the 2023 Biennial Update. *See* Exh. CDAT-1T at 30:9–32:28.

#### IV. INCREMENTAL COST

30. Public Counsel recommends that the Commission not make a determination at this time regarding actual incremental cost of compliance or PSE’s ability to rely on the incremental

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<sup>6</sup> Data will be reported in this CEIP (Docket UE-210795) on a quarterly basis, filed within 30 days following the end of each quarter. For Q4 2025, the data will be filed by January 31, 2026.

cost of compliance in approving the CEIP. *See* Exh. CDAT-1T at 34:1–36:5; *see also* CDAT-4 at 29-33.

31. PSE must participate in any further discussions and/or workshops regarding incremental cost calculations and incorporate any changes necessary to its methodology. *See* Exh. CDAT-1T at 34:1–36:13; *see also* CDAT-4 at 29-33.
32. PSE must recalculate the projected incremental cost of compliance with CETA as a condition of approval of this CEIP, as detailed below:
  - a. PSE must not attribute DER enablement and grid modernization costs to CETA in the revised calculation, but instead must also include them in the alternative lowest reasonable cost and reasonably available portfolio (non-CETA portfolio). *See* Exh. CDAT-1T at 36:14–36:24; *see also* CDAT-4 at 30–32.
  - b. Specifically, PSE must remove at minimum the following costs from the CETA portfolio: Hosting Capacity Analysis (\$6.19), Virtual Power Plant (\$9.62m), Data Lake and Analytics (\$3.65m), Substation SCADA – Accelerated (\$41.36m); and Circuit Enablement-DER and Microgrid (\$57.5m). The removal of these costs from the projected incremental cost of compliance with CETA in this docket should have no bearing on the prudence determination or cost recovery for these investments. *See* Exh. CDAT-1T at 36:14–37:2; *see also* CDAT-4 at 30–32.
33. PSE must remove corporate marketing and promotional costs from its Communications and Education costs that are categorized under the PSE CEIP incremental cost calculation. At minimum, PSE must remove all actions and costs associated with “In-language marketing partnerships” from this CEIP. PSE must explain in the 2023 Biennial CEIP Update how it derived its Communications and Education costs, what the Communications and Education actions specifically entail, and demonstrate how these costs are directly attributable to specific actions that are necessary to comply with or make progress toward CETA requirements. *See* Exh. CDAT-1T at 37:3–23; *see also* CDAT-4 at 31–33.

## V. COST RECOVERY

34. While inclusion in the CEIP could factor into a prudence determination, PSE should not to rely solely on the 2021 CEIP to justify prudence of energy resource acquisitions made on or after January 1, 2023. While the CEIP may include specific actions PSE may take to comply with CETA’s clean energy targets, prudence determinations of energy resource acquisitions will be made through the general rate case process. *See* Exh. CDAT-1T at 38:1–39:21; *see also* CDAT-4 at 33–34.
35. PSE must remove its request for approval and prudence determination for DER and DER-related investments at this time on page 28 of its 2021 CEIP. *See* Exh. CDAT-1T at 38:1–39:23; *see also* CDAT-4 at 33–34.
36. PSE must provide clear, transparent costs for all of its preferred resources.<sup>7</sup> *See* Exh. CDAT-1T at 38:1–40:2; *see also* CDAT-4 at 33–34.

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<sup>7</sup> Condition 36 was slightly adjusted to remove the word “generation” before “resources.”