



STATE OF WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

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January 31, 2025

**NOTICE PROVIDING OPPORTUNITY TO COMMENT
(by March 3, 2025)**

RE: *In the Matter of Puget Sound Energy,*
Dockets UG-210823; UE-170033 & UG-170034 (Consolidated)

TO ALL PARTIES:

At its August 22, 2024, Recessed Open Meeting, the Washington Utilities and Transportation Commission (Commission) considered Puget Sound Energy's (PSE) compliance with the conservation targets established in its 2022-2023 Biennial Conservation Plan (BCP), which the Commission approved in Order 01 in Docket UG-210823. After considering comments from the Company, Commission Staff, and other interested persons, the Commission waived issuing penalties against PSE in Docket UG-210823 and ordered the amendment of Order 08 in consolidated Dockets UE-170033 and UE-170034.

Amended Order 05 in Dockets UE-011570, UG-011571, and UE-100177, and Order 08 in Consolidated Dockets UE-170033 and UE-170034 required that PSE be subject to a decoupling penalty threshold in its BCPs. Orders 05 and 08 in the above mentioned dockets, did not include reference to statutory language clarifying that utilities could be considered in compliance with biennial conservation targets if such failure to achieve said goals is due to events beyond the control of the utility.

Accordingly, to clarify the Commission's discretion, the Commission proposes to amend paragraphs 250 and 261 of consolidated Docket UE-170033 and UG 170034 as follows:

250 Staff agrees that the decoupling mechanism should continue. Staff argues that PSE's decoupling mechanism is successful because the Company has achieved higher levels of conservation and has experienced revenue stability. Staff also supports the continuance of decoupling considering that PSE has committed itself to continuing its conservation achievement of five percent above its biennial conservation target, or suffer the consequence of penalties and proposes a natural gas conservation achievement of five percent above that contained in its integrated resource plan, coupled with a penalty for failure to meet this target. Pursuant to RCW 19.285.040, PSE will be considered in compliance with its biennial acquisition target for cost-

effective conservation if events beyond the reasonable control of the utility that could not have been reasonably anticipated or ameliorated prevented it from meeting the conservation target.

251 We also are not persuaded by ICNU's and FEA's policy arguments that we have heard, and rejected, in earlier proceedings. In contrast, we find NWEC/RNW/NRDC's arguments, discussed above, to be sound and well supported. We have no need to revisit further decoupling's legal and policy justifications in the context of this general rate case. We determine that PSE will be authorized to continue using its decoupling mechanisms. Pursuant to RCW 19.285.040, PSE will be considered in compliance with its biennial acquisition target for cost-effective conservation if events beyond the reasonable control of the utility that could not have been reasonably anticipated or ameliorated prevented it from meeting the conservation target.

Further, the Commission proposes to amend paragraph 22 of Order 01 in Docket UG-210823 as follows:

- 22 (10) The Commission should accept PSE's calculation of its Two-Year Acquisition Target of 9,262,931 therms; Two-Year Decoupling Penalty Threshold of 463,147 therms; and a Total Two-Year Conservation Goal of 9,791,327 therms; subject to the conditions attached to this Order as Attachment A. Pursuant to RCW 19.285.040, PSE will be considered in compliance with its biennial acquisition target for cost-effective conservation if events beyond the reasonable control of the utility that could not have been reasonably anticipated or ameliorated prevented it from meeting the conservation target.

It's the Commission's intent that, in determining whether a qualifying utility is considered in compliance with its biennial target for cost-effective conservation, the penalty provisions associated with conservation targets will apply, but also the exemption in RCW 19.285.040, which provides that a qualifying utility be considered in compliance if events beyond the reasonable control of the utility that could not have been reasonably anticipated or ameliorated prevented it from meeting the conservation target.

THE COMMISSION GIVES NOTICE That if no party objects to the amendments as ordered in Docket UG-210823, the changes in this notice will become effective at the conclusion of the comment period.

/s/ Connor Thompson
CONNOR THOMPSON
Administrative Law Judge