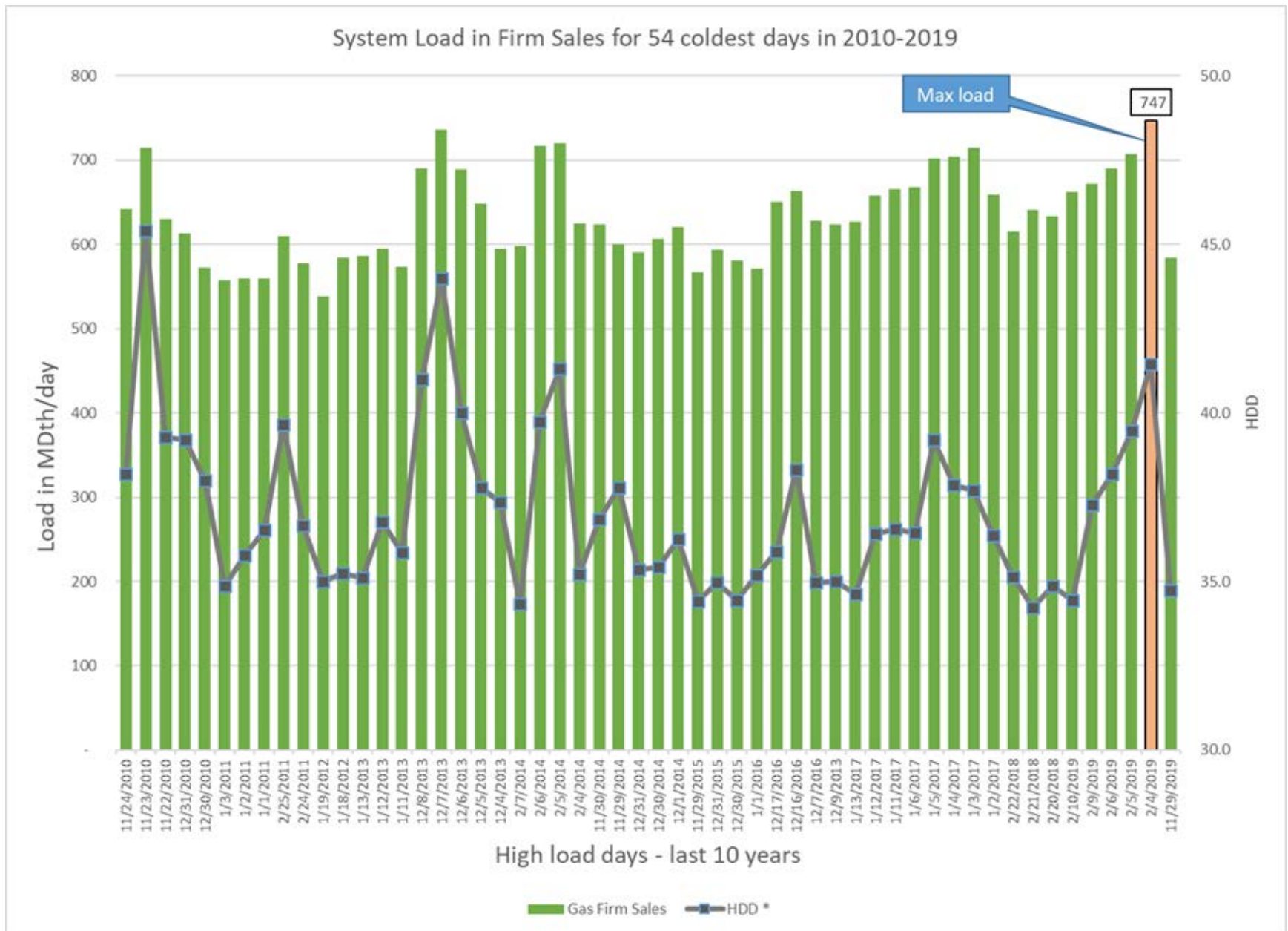


The following consultation update is the result of stakeholder suggestions gathered through an online Feedback Form, collected between October 7 and October 21, 2020 and summarized in the October 28 Feedback Report. The report themes have been summarized and along with a response to the suggestions that have been implemented. If a suggestion was not implemented, the reason is provided.

**Temperature Sensitivities, planning standard and recent peak load data**

PSE received a request to share the most recent 10 years of peak day load experienced by the gas system. The graph below includes the highest load days over the last 10 years along with the gas system load and associated HDD.



**Natural gas for electric versus gas sales**

PSE received feedback from Kyle Frankiewicz (WUTC staff) as to how much of the electric line of business (LOB) is factored into the company’s gas LOB, and whether the electric LOB is a gas transportation customer.

All of PSE gas-fired generation is connected directly to an upstream pipeline (either Northwest or Westcoast) or to Cascade Natural Gas Co. distribution system. Because the gas-fired generation and gas distribution system can have simultaneous peak design conditions, there is no opportunity for shared design day resources. The only opportunity for synergy between the two lines of business is that generation can utilize unused gas LOB pipeline or storage capacity in the low demand summer months (with compensation at fair-market value). In addition, the gas system can rely on the power generation fleet to curtail gas generation use (and rely on power market supply instead) in an emergency pipeline failure event (e.g.: Enbridge/Westcoast event) in order to maintain pressure in the pipeline.

**Gas customer defections**

PSE received feedback from Court Olson and Kyle Frankiewicz (WUTC) asking if PSE could share the rate of voluntary cancellations of service for natural gas customers and if there was evidence of “defection” away from natural gas service.

PSE has not seen evidence of customer defection. Our most recent 10K shows natural gas customer counts growing over the past three years. Relevant table from the 10K for the fiscal year ending December 31, 2019 (page 19) is provided below:

	Year Ended December 31,		
	2019	2018	2017
Natural gas operating revenue by classes (Dollars in Thousands):			
Residential	\$ 613,617	\$ 598,923	\$ 686,438
Commercial firm	218,302	219,390	251,584
Industrial firm	15,698	17,247	20,077
Interruptible	18,381	21,113	24,317
Total retail natural gas sales	865,998	856,673	982,416
Transportation services	20,283	19,984	21,718
Decoupling revenue	2,296	6,115	3,522
Other decoupling revenue <sup>1</sup>	(29,737)	(37,022)	(22,862)
Other	16,531	4,998	12,965
Total natural gas operating revenue	<u>\$ 875,371</u>	<u>\$ 850,748</u>	<u>\$ 997,759</u>
Number of customers served (average):			
Residential	782,413	772,130	761,010
Commercial firm	56,113	55,716	55,372
Industrial firm	2,304	2,308	2,330
Interruptible	367	393	398
Transportation	230	234	226
Total customers	<u>841,427</u>	<u>830,781</u>	<u>819,336</u>
Natural gas volumes, therms (thousands):			
Residential	605,313	571,265	621,915
Commercial firm	277,639	264,775	279,656
Industrial firm	22,915	23,890	25,500
Interruptible	45,176	47,275	49,249
Total retail natural gas volumes, therms	951,043	907,205	976,320
Transportation volumes	227,657	230,735	236,578
Total volumes	<u>1,178,700</u>	<u>1,137,940</u>	<u>1,212,898</u>

## Natural gas conservation potential assessment (CPA)

PSE received feedback from Kyle Frankiewich (WUTC staff) concerning the the release of the draft CPA report and underlying CPA data for the natural gas IRP.

The draft CPA report will be included with the draft IRP filing on January 4, 2021. The CPA data used in the natural gas IRP is posted along with the Consultation Update in native file format as requested (MS Excel). The file is available on the [IRP website](#).

## Natural gas sensitivities

PSE received feedback from several stakeholders on their preferences for the natural gas sensitivities. These along with the response to the sensitivity survey from Webinar 9 will be used to develop the list of sensitivities.

## Summary of all updates

PSE appreciates the feedback provided by stakeholders. In summary, the following changes will be implemented:

- PSE will post CPA data files on [www.pse.com/irp](http://www.pse.com/irp) and provide the draft CPA report as part of the 2021 IRP draft available on January 4, 2021.
- Based on the stakeholder feedback, PSE will analyze the following sensitivities for the natural gas IRP:
  - 21 - Use AR5 to model upstream emissions
  - 14 - 6-yr ramp rate
  - 17 - Social discount rate for DSR
  - 42 - Equity-focused portfolio
- PSE has also tentatively included the sensitivity number 16 titled Non-Energy Impacts in the list of 'must-run' sensitivities. The list of 'must-run' sensitivities for the Gas Portfolio is as follows:
  - 1 – Mid Economic Conditions
  - 2 – Low Economic Conditions
  - 3 – High Economic Conditions
  - 12 – Fuel Switching form gas to electric
  - 16 – Non-Energy Impacts
  - 31 – Temperature sensitivity on load