



Davis Wright
Tremaine LLP

Suite 2300
1300 SW Fifth Avenue
Portland, OR 97201-5630

John Cameron
503.778.5206 tel
503.276.5706 fax

johncameron@dwt.com

April 23, 2010

Via Electronic Mail – records@utc.wa.gov

Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive SW
P.O. Box 47250
Olympia, WA 98504-7250

Re: U-100522

Dear Sir or Madam:

Attached please find Cost Management Service Inc.'s **Statement of Issues** for Docket No. U-100522.

Very truly yours,

Davis Wright Tremaine LLP

A handwritten signature in black ink, appearing to read 'John Cameron', written over the printed name.

John Cameron

JC:smp
Attachment

cc: Client

Date: April 23, 2010
WUTC Docket Number: U-100522
Commenting Party's Name: Cost Management Services, Inc.
Title of Comments: **Statement of Issues**

STATEMENT OF ISSUES

Cost Management Services, Inc., an independent marketer of natural gas throughout Washington and Oregon, raises the following issues for consideration in Docket No. U-100522:

1. Under the conservation-grant programs administered by Puget Sound Energy ("PSE") pursuant to its various Electric Schedules and Gas Schedules, a grant recipient that is a PSE customer has no obligation to repay the grant so long as it remains a core electric or gas customer of PSE throughout the useful life of the relevant conservation measure. However, if that customer thereafter elects to become an electric-transmission or gas-transportation customer, purchasing its commodity from a competitive marketer, the customer becomes obligated to pay to PSE immediately a lump-sum amount calculated as the unamortized balance of the grant. In other words, the grant converts into an immediately payable "loan" at the time a customer chooses a competitively priced commodity. This creates a serious disincentive for customers considering whether to remain in the core or switch to competitive commodity supply. To avoid this undue discrimination against customers electing non-core service and related anticompetitive effect on interstate commodity markets, while still promoting the worthwhile goal of energy conservation, the Commission should adopt a rule prohibiting this penalization of customers electing to switch to non-core service.
2. It appears that building developers and owners may qualify for new-construction grants under PSE's conservation-grant program, even though some other entity may actually occupy the new building and become PSE's customer. If this is true, then the grant to the developer/owner would remain a grant, despite any subsequent core/non-core election by the customer. Such an outcome would further exacerbate the undue discrimination to customers who, having received a grant, face the threat of having that grant converted into a loan upon election of non-core service.
3. CMS questions the wisdom of providing grants for new construction. We believe that grants should be limited to funding replacements or retrofits at existing buildings. Narrowing the focus of these grants would be in the best interest of ratepayers who have seen the cost of grants increase 60-fold from \$0.00032 (for Rates 85, 86 and 87) per therm in 1998 to \$0.01975 in 2010.

Although these two issues relate specifically to PSE, other utilities and gas companies may have similar defects in their own conservation-grant programs. If this is the case, the requested rule should apply generically to all regulated entities.