

AMENDATORY SECTION (Amending Docket No. UG-990294, General Order No. R-484, filed 5/3/01, effective 6/3/01)

WAC 480-90-238 ((Least—cost)) Integrated resource planning. (1) Purpose ~~((and process))~~. Each natural gas utility regulated by the commission has the responsibility to meet system demand ~~((at the least cost to the utility and its ratepayers. Therefore, a "least cost plan" must be developed by each gas utility in consultation with commission staff. Provision for involvement in the preparation of the plan by the public is required. Each planning cycle will begin with a letter to the company from the commission secretary. The content and timing of and reporting for the least cost plan and the public involvement strategy must be outlined in a work plan developed by the utility after consulting with commission staff.))~~ with the least cost mix of natural gas supply and conservation. In furtherance of that responsibility, each natural gas utility must develop an "integrated resource plan."

(2) Definitions.

~~((("Least cost plan"))~~ (a) "Integrated resource plan" or "plan" means a plan describing the ~~((strategies for purchasing))~~ mix of natural gas supply and ~~((improving the efficiencies of gas use that will))~~ conservation designated to meet current and future needs at the lowest reasonable cost to the utility and its ratepayers ~~((consistent with needs for security of supply)).~~

(b) "Lowest reasonable cost" means the lowest cost mix of resources determined through a detailed and consistent analysis of a wide range of commercially available sources. At a minimum, this analysis must consider resource costs, market-volatility risks, demand-side resource uncertainties, the risks imposed on ratepayers, resource effect on system operations, public policies regarding resource preference adopted by Washington state or the federal government, the cost of risks associated with environmental effects including emissions of carbon dioxide, and the need for security of supply.

(c) "Conservation" means any reduction in natural gas consumption that results from increases in the efficiency of energy use or distribution.

(3) ~~((Each gas utility must submit to the commission on a biennial basis a least cost plan that))~~ Content. At a minimum, integrated resource plans must include:

(a) A range of forecasts of future natural gas demand in firm and interruptible markets for each customer class ~~((for one, five, and twenty years using methods))~~ that examine the

~~((impact))~~ effect of economic forces on the consumption of natural gas and that address changes in the number, type~~((7))~~ and efficiency of natural gas end-uses.

~~(b)~~ An assessment ~~((for each customer class))~~ of ~~((the technically feasible improvements in the efficient use of gas,))~~ commercially available conservation, including load management, as well as ~~((the))~~ an assessment of currently employed and new policies and programs needed to obtain the ~~((efficiency))~~ conservation improvements.

~~(c)~~ An ~~((analysis for each customer class of gas supply options, including:~~

~~(i)~~ A projection of spot market versus long-term purchases for both firm and interruptible markets;

~~(ii))~~ assessment of conventional and commercially available nonconventional gas supplies.

~~(d)~~ An ~~((evaluation))~~ assessment of ~~((the))~~ opportunities for using company-owned or contracted storage ~~((or production:))~~.

~~((iii))~~ An analysis of prospects for company participation in a gas futures market; and

~~(iv))~~ ~~((e))~~ An assessment of ~~((opportunities for access to multiple))~~ pipeline ~~((suppliers or direct purchases from producers))~~ transmission capability and reliability and opportunities for additional pipeline transmission resources.

~~((d))~~ ~~((f))~~ A comparative evaluation of the cost of natural gas purchasing strategies, storage options, delivery resources, and improvements in ((the efficient use of gas based on)) conservation using a consistent method((, developed in consultation with commission staff, for calculating)) to calculate cost-effectiveness.

~~((e))~~ ~~((g))~~ The integration of the demand forecasts and resource evaluations into a long-range (e.g., ~~((twenty-year))~~ least cost) at least ten years; longer if appropriate to the life of the resources considered) integrated resource plan describing the ((strategies designed to)) mix of resources that is designated to meet current and future needs at the lowest reasonable cost to the utility and its ratepayers.

~~((f))~~ ~~((h))~~ A short-term ~~((e.g., two year))~~ plan outlining the specific actions to be taken by the utility in implementing the long-range ~~((least cost))~~ integrated resource plan during the two years following submission.

~~(i)~~ A report on the utility's progress towards implementing the recommendations contained in its previously filed plan.

~~(4)~~ ~~((All plans subsequent to the initial least cost plan must include a progress report that relates the new plan to the previously filed plan.~~

~~(5))~~ Timing. Unless otherwise ordered by the commission, each natural gas utility must submit a plan within two years after the date on which the previous plan was filed with the

commission. Not later than twelve months prior to the due date of a plan, the utility must provide a work plan for informal commission review. The work plan must outline the content of the integrated resource plan to be developed by the utility and the method for assessing potential resources.

(5) Public participation. Consultations with commission staff and public participation are essential to the development of an effective plan. The work plan must outline the timing and extent of public participation. In addition, the commission will hear comment on the plan at a public hearing scheduled after the utility submits its plan for commission review.

(6) The ~~((least cost))~~ commission will consider the information reported in the integrated resource plan, ~~((considered with other available information, will be used to))~~ when it evaluates the performance of the utility in rate and other proceedings ~~((before the commission))~~.