

**VIA FIRST CLASS MAIL AND E-MAIL**

Carole Washburn  
Executive Secretary  
Washington Utilities and Transportation Commission  
1300 S. Evergreen Park Drive SW  
PO Box 47250  
Olympia, Washington 98504-7250

May 3, 2003

**Re: Docket No. UG-030312, gas least cost plan (WAC 480-90-238)**

Dear Ms. Washburn,

Thank you for the opportunity to provide initial scoping comments on behalf of the NW Energy Coalition with regard to the above-referenced rulemaking docket. The Coalition supports review of the subjects listed on page 2 of the April 18 notice of opportunity to file written comments in this docket. Overall, we support increased specificity in the rule. We suggest the following additional items for review in this rulemaking. We are separately submitting comments on related dockets UE-030311 and UE-030423.

**1) Specify in the rule how environmental externalities will be addressed.**

Section 3(d) of the rule requires “a comparative evaluation of gas purchasing options and improvements in the efficient use of gas based on a consistent method, developed in consultation with commission staff, for calculating cost-effectiveness.” We believe this rulemaking is the appropriate forum for discussion and adoption of specific provisions with regard to treatment of environmental externalities in cost-effectiveness calculations.

**2) Better define in the rule what is meant by the term “least cost.”**

The current rule lacks specificity with regard to what is meant by the term “least cost.” Section 2 defines a “least cost plan” as “a plan describing the strategies for purchasing gas and improving the efficiencies of gas use that will meet current and future needs at the lowest cost to the utility and its ratepayers consistent with needs for security of supply.” The definition does not clarify what is intended by the phrase “at the lowest cost to the utility and its ratepayers,” instead leaving that open for multiple interpretations. We believe that “lowest cost” should explicitly include environmental externalities and health costs related to extraction, storage, distribution, and consumption.

### **3) Augment the public process associated with production and filing of least cost plans.**

Section 1 of the rule provides that “provision for involvement in the preparation of the plan by the public is required. ... 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 consultation with commission staff.” The rule does not however provide assurances that a public comment period, including a public hearing, will be implemented following the utility’s filing of the plan. We suggest modifying the rule to ensure the public has adequate notice, opportunity and time to comment on the final plan prior to the Commission’s determination of the plan’s adequacy.

### **4) Address issues related to compliance with least cost plans.**

Section 5 states, “The least cost plan, considered with other available information, will be used to evaluate the performance of the utility in rate proceedings before the commission.” In this rulemaking, we would like to explore other potential opportunities for evaluating a utility’s performance based on the contents of its least cost plan as well as the Commission’s authority to enforce aspects of a least cost plan.

### **5) Specify how energy efficiency and demand-side management will be addressed.**

Section 3(b) requires the plan to include “an assessment for each customer class of the technically feasible improvements in the efficient use of gas, including load management, as well as the policies and programs needed to obtain the efficiency improvements.” The rule should specify how energy efficiency and demand side programs will be evaluated in the context of the plan. For example, we suggest specificity with regard to treating conservation as a resource rather than simply as a decrement to loads.

Thank you for your consideration of these comments. A representative of the NW Energy Coalition will attend the stakeholder workshop on June 13.

Sincerely,

Danielle Dixon  
Policy Associate