



PROPOSED RULE MAKING

CR-102 (December 2017) (Implements RCW 34.05.320)

Do NOT use for expedited rule making

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FILED

DATE: February 11, 2020

TIME: 11:36 AM

WSR 20-05-033

Agency: Washington Utilities and Transportation Commission

Original Notice

Supplemental Notice to WSR _____

Continuance of WSR _____

Preproposal Statement of Inquiry was filed as WSR 18-16-005 ; or

Expedited Rule Making--Proposed notice was filed as WSR _____; or

Proposal is exempt under RCW 34.05.310(4) or 34.05.330(1); or

Proposal is exempt under RCW _____.

Title of rule and other identifying information: (describe subject) The Washington Utilities and Transportation Commission is engaged in a rulemaking in dockets UE-170002 and UG-170003 to consider rules governing cost of service studies for electric and natural gas investor-owned utilities, including, but not limited to, revising WAC 480-07-510(6) and creating a new chapter. This rulemaking is intended to standardize how investor-owned utilities and other parties to Commission general rate case proceedings conduct and present cost of service studies in the State of Washington.

Hearing location(s):

Date:	Time:	Location: (be specific)	Comment:
April 16, 2020	1:30 p.m.	Room 110 621 Woodland Square Loop SE, Lacey, WA 98503	Public hearing to consider adoption of the proposed rules.

Date of intended adoption: April 16, 2020 (Note: This is **NOT** the **effective** date)

Submit written comments to:

Name: Washington Utilities and Transportation Commission
Address: 621 Woodland Square Loop SE, Lacey, WA 98503
Email: records@utc.wa.gov
Fax: (360) 586-1150
Other:
By (date) March 27, 2020

Assistance for persons with disabilities:

Contact Susan Holman
Phone: (360) 664-1243
Fax:
TTY: (360) 586-8203
Email: susan.holman@utc.wa.gov
Other:
By (date) _____

Purpose of the proposal and its anticipated effects, including any changes in existing rules: The purpose of this rule is to establish minimum filing requirements for any cost of service study filed with the commission. These rules are designed to improve and promote efficiency in analyzing rate cases, clarity of presentation, and ease of understanding cost of service studies with the commission. The minimum filing requirements will allow for more effective comparisons of cost of service studies.

Reasons supporting proposal: The proposed cost of service rules standardize how investor-owned utilities and other parties to general rate case proceedings conduct and present cost of service studies in Washington. Cost of service studies are one element of the ratemaking process, but can be a burdensome component of general rate cases. During the CR-101 phase, the Commission requested investor-owned utilities to run a variety of scenarios with different cost of service methodologies, and found only minor variances. Further, the Commission held technical workshops to receive input from various stakeholders. Standardizing the way cost of service studies are conducted and presented will ensure more efficient analysis and review of such studies, allowing parties to dedicate more resources to other aspects of a general rate case.

Statutory authority for adoption: RCWs 80.28, 80.01.040, 80.01.160

Statute being implemented:

Is rule necessary because of a:

Federal Law? Yes No

Federal Court Decision? Yes No

State Court Decision? Yes No

If yes, CITATION:

Agency comments or recommendations, if any, as to statutory language, implementation, enforcement, and fiscal matters:

Name of proponent: (person or organization) Washington Utilities and Transportation Commission Private
 Public
 Governmental

Name of agency personnel responsible for:

	Name	Office Location	Phone
Drafting:	Elaine Jordan	621 Woodland Square Loop SE, Lacey, WA 98503	(360) 664-1307
Implementation:	Mark L. Johnson	621 Woodland Square Loop SE, Lacey, WA 98503	(360) 664-1115
Enforcement:	Mark L. Johnson	621 Woodland Square Loop SE, Lacey, WA 98503	(360) 664-1115

Is a school district fiscal impact statement required under RCW 28A.305.135? Yes No

If yes, insert statement here:

The public may obtain a copy of the school district fiscal impact statement by contacting:

Name:

Address:

Phone:

Fax:

TTY:

Email:

Other:

Is a cost-benefit analysis required under RCW 34.05.328?

Yes: A preliminary cost-benefit analysis may be obtained by contacting:

Name:

Address:

Phone:

Fax:

TTY:

Email:

Other:

No: Please explain: The Washington Utilities and Transportation Commission is not an agency to which RCW 34.05.328 applies. The proposed rules are not significant legislative rules of the sort referenced in RCW 34.05.328(5).

Regulatory Fairness Act Cost Considerations for a Small Business Economic Impact Statement:

This rule proposal, or portions of the proposal, **may be exempt** from requirements of the Regulatory Fairness Act (see chapter 19.85 RCW). Please check the box for any applicable exemption(s):

This rule proposal, or portions of the proposal, is exempt under RCW 19.85.061 because this rule making is being adopted solely to conform and/or comply with federal statute or regulations. Please cite the specific federal statute or regulation this rule is being adopted to conform or comply with, and describe the consequences to the state if the rule is not adopted.

Citation and description:

This rule proposal, or portions of the proposal, is exempt because the agency has completed the pilot rule process defined by RCW 34.05.313 before filing the notice of this proposed rule.

This rule proposal, or portions of the proposal, is exempt under the provisions of RCW 15.65.570(2) because it was adopted by a referendum.

This rule proposal, or portions of the proposal, is exempt under RCW 19.85.025(3). Check all that apply:

- RCW 34.05.310 (4)(b) (Internal government operations)
- RCW 34.05.310 (4)(c) (Incorporation by reference)
- RCW 34.05.310 (4)(d) (Correct or clarify language)
- RCW 34.05.310 (4)(e) (Dictated by statute)
- RCW 34.05.310 (4)(f) (Set or adjust fees)
- RCW 34.05.310 (4)(g) ((i) Relating to agency hearings; or (ii) process requirements for applying to an agency for a license or permit)

This rule proposal, or portions of the proposal, is exempt under RCW _____.

Explanation of exemptions, if necessary: The proposed rule changes the filing requirements for cost of service studies prepared in general rate case proceedings before the commission by investor-owned electric and natural gas companies regulated by the commission. None of the electric or natural gas companies regulated by the commission are small businesses as defined in RCW 19.85.020. However, the proposed rule would apply to any party seeking to file a cost of service study with the commission.

Out of an abundance of caution, the commission conducted an SBEIS survey to determine whether the proposed rule would impose more than minor costs as defined in RCW 19.85.020(2). The survey responses indicate that two of the five regulated companies anticipate no cost impact, and three were not able to quantify the additional cost of compliance with the proposed rule. The commission concluded based on the survey results that it was unnecessary to conduct a SBEIS, even if none of the exemptions listed above were applicable.

COMPLETE THIS SECTION ONLY IF NO EXEMPTION APPLIES

If the proposed rule is **not exempt**, does it impose more-than-minor costs (as defined by RCW 19.85.020(2)) on businesses?

No Briefly summarize the agency’s analysis showing how costs were calculated. _____

Yes Calculations show the rule proposal likely imposes more-than-minor cost to businesses, and a small business economic impact statement is required. Insert statement here:

The public may obtain a copy of the small business economic impact statement or the detailed cost calculations by contacting:

- Name:
- Address:
- Phone:
- Fax:
- TTY:
- Email:
- Other:

Date: February 11, 2020

Name: Mark L. Johnson

Title: Executive Director and Secretary

Signature:

