BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Petition of

PUGET SOUND ENERGY, INC.

For a Declaratory order on the Meaning of Conservation in Chapter 19.285 RCW

DOCKET U-121165

COMMISSION STAFF STATEMENT OF FACT AND LAW

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In accordance with the Notice issued in this docket on July 12, 2012, the Staff of the Washington Utilities and Transportation Commission (Staff) hereby submits a statement of fact and law in response to the issues raised by Puget Sound Energy, Inc.'s Petition for Declaratory Order. Staff agrees with the analysis in Puget Sound Energy's petition. Staff agrees that a qualifying utility's capital investments in electric power production equipment that increase the amount of power generated for the input do not fall within the definition of "conservation" in RCW 19.285.030(4).

DATED this day of July 2012.

Respectfully submitted,

ROBERT M. MCKENNA Attorney General

FRONDA WOODS, WSBA #18728 Assistant Attorney General Counsel for Washington Utilities and Transportation Commission Staff