

A World Institute for a Sustainable Humanity
 Advocates for the West
 Alaska Housing Finance Corporation
 Alliance to Save Energy
 Alternative Energy Resources Organization
 American Rivers
 Audubon Washington
 BC Sustainable Energy Association
 Bonneville Environmental Foundation
 Central Area Motivation Program
 Citizens' Utility Alliance
 Citizens' Utility Board of Oregon
 City of Ashland
 Clackamas County Weatherization
 Climate Solutions
 Cold Spring Conservancy
 Community Action Directors of Oregon
 Community Action Partnership Association of Idaho
 David Suzuki Foundation
 Earth and Spirit Council
 Ecological Design Center
 Emerald People's Utility District
 Energy Trust of Oregon
 Eugene Water and Electric Board
 Friends of the Earth
 Global Warming Action
 Golden Eagle Audubon Society
 Housing and Comm. Services Agency of Lane County
 Housing Authority of Skagit County
 Human Resources Council, District XI
 Idaho Community Action Network
 Idaho Conservation League
 Idaho Rivers United
 Idaho Rural Council
 Idaho Wildlife Federation
 Interfaith Network for Earth Concerns
 Kootenai Environmental Alliance
 Kootenay-Okanagan Electric Consumers Association
 League of Utilities and Social Service Agencies
 League of Women Voters - ID
 League of Women Voters - OR
 League of Women Voters - WA
 Metrocenter YMCA
 Missoula Urban Demonstration Project
 Montana Environmental Information Center
 Montana Public Interest Research Group
 Montana River Action
 Montana Trout Unlimited
 The Mountaineers
 Multnomah County Weatherization
 National Center for Appropriate Technology
 Natural Resources Defense Council
 Northwest Energy Efficiency Council
 Northwest Resource Information Center
 Northwest Solar Center
 NW Sustainable Energy for Economic Development
 NW Natural
 Olympic Community Action Programs
 Opportunities Industrialization Center of Washington
 Opportunity Council
 Oregon Action
 Oregon Energy Coordinators Association
 Oregon Energy Partnership
 Oregon Environmental Council
 Oregon HEAT
 Oregon State Public Interest Research Group
 Pacific Energy Innovation Association
 Pacific Northwest Regional Council of Carpenters
 Pacific Rivers Council
 Portland Energy Conservation Inc.
 Portland General Electric
 PPM Energy
 Puget Sound Alliance for Retired Americans
 Puget Sound Energy
 Renewable Northwest Project
 Rocky Mountain Institute
 Salmon for All
 Save Our Wild Salmon Coalition
 Seattle Audubon Society
 Seattle City Light
 Sierra Club
 Sierra Club of British Columbia
 Snake River Alliance
 Snohomish County PUD
 Solar Energy Association of Oregon
 Solar Washington
 South Central Community Action Partnership, Inc.
 Southeast Idaho Community Action Agency
 Southern Alliance for Clean Energy
 Spokane Neighborhood Action Programs
 Tahoma Audubon Society
 The Climate Trust
 Trout Unlimited
 Union Of Concerned Scientists
 United Steelworkers of America, District 11
 WA CTED - Housing Division
 Washington Citizen Action
 Washington Environmental Council
 Washington Public Interest Research Group
 WA State Assoc. of Community Action Agencies
 The Energy Project
 Washington State University Energy Program
 Working for Equality And Economic Liberation
 Zilkha Renewable Energy



NW Energy Coalition

for a clear and affordable energy future

September 28, 2005

Carole J. Washburn
 Executive Secretary
 Washington Utilities and Transportation Commission
 1300 South Evergreen Park Drive S.W.
 P.O. Box 47250
 Olympia, WA 98504

**RE: Comments of the NW Energy Coalition on Docket UE-030311,
 Least Cost Planning Rulemaking**

Dear Ms. Washburn:

The NW Energy Coalition appreciates the opportunity to submit these comments on the proposed rules in docket UE-030311. We submitted comments in this docket in May and participated in the workshop on June 9th.

These proposed rules are an improvement over the original draft rules. However, in our previous comments we have urged the Commission to include more guidance to utilities to encourage consistent analysis and evaluation of the best way to meet the needs of customers. We offer additional specific comments in three areas.

First, the transition to an integrated resource plan from a least-cost plan is not complete. There are a couple of areas where the rule still refers to the least cost mix of resources. It is vital that the analysis and ultimately the preferred portfolio selected by the utility most effectively balance the costs and risks of various options. This kind of analysis gives the utility and its ratepayers a more complete picture of the benefits and costs of each resource and program. The consideration of risk in the determination of lowest reasonable cost is a very positive step forward but does not ultimately guarantee that the utility has weighed cost and risk against each other when selecting its preferred portfolio. There are a couple of places where this type of balance language could be added:

- (1) Purpose: Each electric utility regulated by the commission has the responsibility to meet its system demand with a [delete: least cost] mix of generative resources and conservation **that most effectively balances costs and risks to best protect ratepayers.**

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NWEC Comments
Docket UE-030311
September 28, 2005

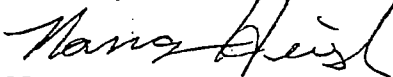
- (2) (b) "Lowest reasonable cost" means the [delete: lowest cost] mix of resources **that most effectively balances costs and risks** determined through a ...
- (3)(e) A comparative evaluation of the cost **and risk** of generating resources and improvements in conservation using...

Second, the inclusion of the specific reference to the risks associated with environmental effects including carbon dioxide is a significant improvement to the rule. We endorse the specific language change for (2) (b) recommended by Ralph Cavanagh in NRDC's comments. In addition we support the recommendation made by Ann Gravatt in RNP's comments calling for an investigation into the appropriate values for assessing carbon risk by utilities. Consistency in analytic approach will strengthen the planning process in Washington, ultimately better serving the interests of customers.

Third, in our May 13th comments, we suggested a number of changes to the text to encourage utilities to evaluate their distribution and transmission systems. The inclusion of an assessment of the transmission system in (3)(d) is a welcome addition. We urge the commission to be even more explicit in providing guidance to utilities. The transmission assessment should include wires and non-wire investments that can improve transmission service. We understand that distribution system capabilities generally do not come into play when considering resources needed to serve system demand. However, an evaluation of distributed generation technologies may have distribution system impacts and smart grid technologies could greatly enhance system efficiency thereby reducing the need for generating resources. We urge the Commission to consider these additions.

Thank you for your consideration of our recommendations.

Sincerely,



Nancy Hirsh
Policy Director
NW Energy Coalition