

November 4, 2010

The Honorable Phil Rockefeller
Chair, Committee on Environment, Energy & Water
Washington State Senate
Post Office Box 40600
Olympia, Washington 98504-0600

The Honorable John McCoy
Chair, Committee on Technology, Energy, and Communications
Washington State House of Representatives
Post Office Box 40600
Olympia, Washington 98504-0600

Re: UTC Report and Policy Statement Concerning Conservation Incentives

Dear Chairman Rockefeller and Chairman McCoy:

The Utilities and Transportation Commission (Commission) has completed its review of incentives and disincentives for investor-owned utilities (IOUs) to engage in conservation. I had informed you of our inquiry in my letter of March 31, 2010. The result is a report and policy statement expressing our consensus on options to address utility lost revenues from conservation through incentives and revenue decoupling approaches, including full and partial revenue decoupling for both gas and electric utilities. I am enclosing a copy of that report and policy statement.

In my March 31 letter, I also indicated that we also would be reviewing, in a separate proceeding, issues regarding incentives for IOUs to acquire energy from renewable sources. We are still working on the final report in that proceeding. I will inform you when it is complete.

The Honorable Phil Rockefeller
The Honorable John McCoy
November 4, 2010
Page 2 of 2

I will contact your office to arrange a time to brief you further on our conservation incentives report. In the mean time, please contact me at (360) 664-1173 if you have any questions.

Sincerely,

Jeffrey D. Goltz
Chairman

Enclosure

Cc: Dave Danner, Executive Director, UTC
Ann Rendahl, Director of Legislation and Policy (UTC)
William Bridges, Counsel to Senate Environment, Water & Energy Committee
Scott Richards, Research Analyst, House Technology, Energy and Communications
Committee