



PREPROPOSAL STATEMENT OF INQUIRY

CR-101 (June 2004)
(Implements RCW 34.05.310)
Do NOT use for expedited rule making

Agency: Washington Utilities and Transportation Commission

Subject of possible rule making: The subject of this inquiry is to examine whether new or modified regulations are needed to govern aspects of investor-owned electric and natural gas utility operations for which new federal standards are included in the Energy Independence and Security Act of 2007. These new federal standards address: 1) integrated resource planning, 2) rate design to promote energy efficiency investment (electric and natural gas), 3) consideration of smart grid investments, 4) smart grid information, 5) energy efficiency (natural gas.) Review of the integrated resource planning standard may lead to proposed amendments to WAC 480-100-238, WAC 480-90-238, and WAC 480-109. Review of the smart grid information standard may lead to proposed amendments to WAC 480-100-103. Docket U-090222

Statutes authorizing the agency to adopt rules on this subject: RCW 80.01.040 and RCW 80.04.160.

(a) **Reasons why rules on this subject may be needed and what they might accomplish:** On December 19, 2007, amendments to Section 111(d), of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. § 2621(d)) (PURPA), and amendments to Section 303(b) of PURPA (15 U.S.C. § 3203(b)) became effective under the federal Energy Independence and Security Act (EISA), Pub. Law 110-140. Section 408 of The America Recovery and Reinvestment Act also amends Section 111(d) and Subsections (b) and (d) of Section 112 of PURPA (16 U.S.C. § 2622). Combined, the amendments require the Commission to consider and determine whether to implement or adopt standards for integrated resource planning, rate design to promote efficiency investment (for both natural gas and electric), energy efficiency (natural gas only), smart grid, and smart grid information. The Commission is initiating this inquiry to determine whether implementation or adoption by rule of any of these new federal standards for utilities under its jurisdiction would be appropriate to carry out the purposes of PURPA (to encourage conservation of energy supplied by electric utilities, optimal efficiency of electric utility facilities and resources, and equitable rates for electric consumers) and is otherwise appropriate and consistent with applicable State law.

Section 532(a)(16) and (17) of EISA establishes two new utility standards for electric utilities: integrated resource planning and rate design to promote efficiency investment (rate design.) State regulatory authorities are required to consider and determine whether to implement these two standards by December 19, 2009. This requirement does not apply if, prior to August 8, 2005, a state has taken "prior action" to implement or consider implementing that standard or a comparable standard, or if the state's legislature has voted on implementing the standard or a comparable standard.

Section 532(b) of EISA establishes two new utility standards for natural gas utilities: energy efficiency and rate design modifications to promote efficiency investments. State regulatory authorities are required to consider and determine whether to adopt these standards by December 19, 2009. There is no "prior action" exemption for these two standards.

Section 1307 of EISA establishes two standards for electric utilities regarding: consideration of smart grid investments and smart grid information. The smart grid investments standard requires utilities to consider smart grid investments prior to investing in "nonadvanced" grid technologies. State regulatory authorities are required to consider allowing utilities to recover the cost of such investments and to allow utilities to recover the cost of existing plant made obsolete by such investments. State regulatory authorities must consider and determine whether to implement these two standards by December 19, 2009. This requirement does not apply if the "prior action" exemption discussed above applies.

Identify other federal and state agencies that regulate this subject and the process coordinating the rule with these agencies:

Electric and natural gas utilities not jurisdictional to the Commission are also required by EISA to examine and consider implementing the six new PURPA standards. If practical and convenient, workshops on certain subjects pertinent to these standards may be jointly held.


Process for developing new rule (check all that apply):

- Negotiated rule making
- Pilot rule making
- Agency study
- Other (describe) The Commission will ask for initial written comments, and may provide the opportunity for participation in workshop-style sessions as well as opportunities for additional comments.

How interested parties can participate in the decision to adopt the new rule and formulation of the proposed rule before

publication: (List names, addresses, telephone, fax numbers, and e-mail of persons to contact; describe meetings, other exchanges of information, etc.)

Interested persons may file comments with the Executive Director and Secretary, Washington Utilities and Transportation Commission, P.O. Box 47250, 1300 S. Evergreen Park Drive S.W., Olympia, Washington, 98504-7250; Telephone (360) 664-1174; Fax (360) 586-1150, by 5:00 p.m., Friday, April 24, 2009. For specific information regarding opportunities for written comments and to ensure receipt of further information concerning this rulemaking, please see the attachment to this form.

DATE March 18, 2009
NAME (TYPE OR PRINT) David W. Danner
SIGNATURE 
TITLE Executive Director and Secretary

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WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION
CR-101 - ATTACHMENT
DOCKET U-090222

Interested persons may contact the Executive Director and Secretary, Washington Utilities and Transportation Commission, P.O. Box 47250, Olympia, Washington, 98504-7250, 360-664-1174 (Fax: 360-586-1150).

WRITTEN COMMENTS

Written comments may be submitted to the Washington Utilities and Transportation Commission (Commission) at the address given above and should be filed with the Commission no later than **April 24, 2009**.

Electronic copies. The Commission requests that comments be provided in electronic format to enhance public access, for ease of providing comments, to reduce the need for paper copies, and to facilitate quotations from the comments. Comments may be submitted by e-mail to the Commission's Records Center at records@utc.wa.gov. Please include:

- The docket number of this proceeding (U-090222)
- The commenting party's name
- The title and date of the comment or comments

An alternative method for submitting comments may be by mailing/delivering an electronic copy on a 3 ½ inch, IBM-formatted, high-density disk, in .pdf Adobe Acrobat format or in Word 97 or later. Include all of the information requested above. The Commission will post on its Web site all comments that are provided in electronic format. The Web site is located at www.utc.wa.gov/090222. If you are unable to file your comments electronically or to submit them on a disk, the Commission will always accept a paper document.

Opportunity for further comment is anticipated. Information about the schedule and other aspects of the rulemaking, including comments, will be posted on the Commission's Web site as it becomes available. If you wish to receive further information on this rulemaking you may (1) call the Commission's Records Center at 360-664-1234, (2) e-mail the Commission at <records@utc.wa.gov>, or (3) mail written comments to the address above to the attention of David W. Danner, Executive Director and Secretary. When contacting the Commission, please refer to Docket U-090222 to ensure that you are placed on the appropriate service list. Questions may be addressed to Steve Johnson (360) 664-1346 or e-mail at sjohnson@utc.wa.gov.

NOTICE

TO CONTINUE RECEIVING NOTICES AND INFORMATION ABOUT THIS RULEMAKING -- The Commission wants to ensure its mailings are sent to persons who are interested in the topic and want to receive that information. ANY PERSON WHO COMMENTS will continue to receive notices and information. If you do not submit comments but wish to remain on the mailing list for this rulemaking, please advise the Records Center by any one of the following methods: (1) send a note with your name, address (or a copy of your mailing label), and telephone and fax numbers referencing Docket U-090222, and the words "Please keep me on the mailing list"; or (2) e-mail your name, address, telephone and fax numbers, referencing Docket U-090222, and the words "Please keep me on the mailing list" to <records@utc.wa.gov>. Please note that all information in the mailings will be accessible through the Commission's Internet Web site at <http://www.utc.wa.gov/090222>. **THOSE PARTIES WHO DO NOT RESPOND MAY NOT RECEIVE FURTHER MAILINGS OR INFORMATION ON THE RULEMAKING.**