



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 Washington Utilities and Transportation Commission (Commission) commences this inquiry to examine if it should adopt new or modified regulations to address declines in revenue as a result of utility promoted conservation or any other causes. In addition to exploring the possible adoption of rules, the Commission will examine other means of policy expression on this general subject, including a possible Interpretative and Policy Statement under RCW 34.05.230(1).

Statutes authorizing the agency to adopt rules on this subject: RCW 80.01.040; RCW 80.04.160; RCW 34.05.220, .230.

(a) **Reasons why rules on this subject may be needed and what they might accomplish:** The Commission has examined decoupling mechanisms and conservation incentive mechanisms in several rate cases and other proceedings. Utility-specific proceedings, with their narrow sets of circumstances, may not be the proper vehicle for the Commission to consider a full range of policy options.

This inquiry will focus on the need for rules, both substantive and procedural, addressing the issue of lost revenue due to gas or electric utility-sponsored conservation and other causes of conservation. The Commission will examine, with the participation and assistance of utilities, representatives of ratepayers, and other stakeholders, the following topics, among others:

- The various mechanisms available for addressing declines in revenues due to conservation and the pros and cons of each;
- The various mechanisms for providing an incentive for utility-sponsored conservation programs and the pros and cons of each;
- How such mechanisms may affect the conservation achieved by the various utility programs;
- How the conservation achieved can best be evaluated, measured, and verified;
- The impact of lost revenue recovery mechanisms and conservation incentives on utility rates; and
- The need for rules or other statements of policy given existing requirements in law, rule, and Commission practice for utilities to achieve conservation.

Identify other federal and state agencies that regulate this subject and the process coordinating the rule with these agencies: Under ESSHB 2658, signed into law on April 1, 2010, and pursuant to a directive from the Governor, the Washington Department of Commerce will develop an energy strategy for the State of Washington. Pursuant to section 403 of that legislation, the strategy must be guided by the principle to “[p]ursue all cost-effective energy efficiency and conservation as the state’s preferred energy resource, consistent with state law.” The Commission envisions working closely with the Department of Commerce in the development of the State’s energy strategy as well as in this inquiry.

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 will provide the opportunity for participation in two work 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 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, June 4, 2010. 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
April 06, 2010

NAME (TYPE OR PRINT)
David W. Danner

SIGNATURE

TITLE
Executive Director and Secretary

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**OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED**

**DATE: April 06, 2010
TIME: 1:23 PM**

WSR 10-08-075

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION
CR-101 - ATTACHMENT
DOCKET U-100522

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 AND STAKEHOLDER WORK SESSIONS

Written comments may be submitted to the Commission at the address given above and should be filed with the Commission no later than **June 4, 2010**. Reply comments may be filed no later than **June 18, 2010**. There also will be opportunity to participate in at least two work sessions, on **May 4, 2010**, and **June 29, 2010**, related to this Inquiry. A proposed "Statement of Issues" may be submitted by **April 23, 2010** by interested parties for the Commission to consider during the work sessions. Notice of these work sessions, and other opportunities to participate, will be distributed by notice to persons wishing to be included on the service list and posted on the Commission's website.

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@wutc.wa.gov. Please include:

- The docket number of this proceeding (U-100522)
- 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 the Commission's Web site all comments that are provided in electronic format. The Web site is located at www.utc.wa.gov/100522. If you are unable to file your comments electronically or to submit them on a disk, the Commission will always accept a paper document.

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@wutc.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-100522 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-100522, and the words "Please keep me on the mailing list"; or (2) e-mail your name, address, telephone and fax numbers, referencing Docket U-100522, and the words "Please keep me on the mailing list" to <records@wutc.wa.gov>. Please note that all information in the mailings will be accessible through the Commission's Internet Web site at <http://www.wutc.wa.gov/100522>. **THOSE PARTIES WHO DO NOT RESPOND MAY NOT RECEIVE FURTHER MAILINGS OR INFORMATION ON THE RULEMAKING.**