



# PREPROPOSAL STATEMENT OF INQUIRY

## CR-101 (October 2017) (Implements RCW 34.05.310)

Do **NOT** use for expedited rule making

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DATE: July 19, 2018

TIME: 3:27 PM

WSR 18-16-005

**Agency:** Washington Utilities and Transportation Commission

**Subject of possible rule making:** WAC 480-07-510(6) currently requires electric, natural gas, pipeline and telecommunications companies to file with the Commission cost studies in general rate proceedings. The rule defines when a study is required, the prior studies that must be identified, and the description that must be provided. The rule does not address the policy approach underlying, or the presentation style for, such cost studies, which has created a significant amount of divergence in the format and discussion of cost studies between stakeholders. The Commission's inquiry will evaluate:

1. Whether and the extent to which cost studies can be standardized.
2. The core principles of cost studies and the methods that they should utilize.
3. The ways to streamline the implementation of rates based on a cost study.
4. The information necessary to ensure an accurate and uniform understanding of the principles on which a cost study should be based.

This rulemaking will be conducted under dockets UE-170002 and UG-170003.

**Statutes authorizing the agency to adopt rules on this subject:** RCWs 80.28, 80.01.040, 80.01.160

**Reasons why rules on this subject may be needed and what they might accomplish:** The purpose of this rulemaking is to consider developing an accurate, transparent, and effective method and process for parties to present cost of service studies in general rate proceedings. This may require standardization of the presentation of cost of service studies and information supporting the study to ensure consistency. In addition, this rulemaking is intended to reduce the administrative burden on the company, intervenors, and the Commission by providing guidance on core principles and methods related to cost of service studies while preserving individual stakeholder's ability to present alternative opinions. In proposing rules, the Commission seeks to streamline cost of service discussions in general rate cases and ensure uniform understanding of cost studies.

**Identify other federal and state agencies that regulate this subject and the process coordinating the rule with these agencies:** No other agency has jurisdiction over this process.

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

- Negotiated rule making
- Pilot rule making
- Agency study

Other (describe) The UTC utilizes a collaborative rulemaking process that includes stakeholder workshops, formal comments, and draft rules.

**Interested parties can participate in the decision to adopt the new rule and formulation of the proposed rule before publication by contacting:**

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Additional comments:

**Date:** July 19, 2018

**Name:** Mark L. Johnson

**Title:** Executive Director and Secretary

**Signature:**

