

December 21, 2010

**NOTICE OF OPPORTUNITY TO FILE RESPONSE
TO INFORMATION REQUEST
(Response to Information Request by January 14, 2011)
And
NOTICE OF WORKSHOP
(To be held Tuesday, February 1, 2011, at 1:30 p.m. to 5:00 p.m.)**

RE: Low-income Conservation Program Inquiry
Docket U-101973

TO INTERESTED PERSONS:

On August 31, 2010, the Washington Utilities and Transportation Commission (Commission) indicated its intent to initiate a broader review of electric utility expenditures on and achievement of low-income conservation programs by holding an industry-wide workshop to gain a better, more detailed understanding of how these programs are administered by PSE, Avista, and PacifiCorp and what results are being achieved.¹

The Commission invites interested parties to participate in this proceeding according to the following schedule:

January 14, 2011	Deadline for “Responses to Information Request” as outlined below. These responses will be posted on the Commission’s website and then discussed at the first public workshop.
February 1, 2011	Workshop, beginning at 1:30 p.m., in the Commission’s Hearing Room, 1300 S. Evergreen Park Drive S.W., Olympia, Washington.

¹ *Utilities & Transp. Comm’n v. Puget Sound Energy, Inc.*, Docket UE-070725, Order 05, ¶ 44. See Commission’s website www.utc.wa.gov/070725.

At the conclusion of this process, the Commission will decide what further action to take, including whether to request further comments, schedule further workshops, or take some action, such as policy statement on the subjects of this proceeding.

The “Response to Information Request” requested to be submitted by January 14, 2011, is intended to aid in assuring that the Commission has appropriate information. The information will be posted in this docket and discussed during the work session on February 1, 2011.

COMMISSION INQUIRY

The Commission will examine, with the participation and assistance of the utilities, representatives of ratepayers, and other stakeholders, the following topics, among others:

- Funding sources and the mechanics of administering low-income conservation programs.
- How much is spent, and on what, to achieve cost-effective conservation in the low income communities.
- What conservation results are being achieved by the low-income programs and what conservation opportunities may be going unrealized.
- Barriers to conservation achievement that are specific to low-income conservation.
- What are the current metrics for measuring the success of low-income conservation (costs test, groupings of programs for the cost tests, non-energy benefits, etc.)
- Other potential metrics and considerations for measuring the success of low-income conservation may be considered.
- The need for policy statement given existing requirements in law, rule, and Commission practice for utilities to achieve conservation.

COMMISSION AUTHORITY

The Commission will conduct this broad inquiry to consider all the approaches to low-income conservation achievement and its relationship to conservation programs under its authority provided in RCW 80.01.040(3).

State law places a high priority on cost-effective conservation and energy efficiency for utilities and regulators. The Energy Independence Act (I-937) requires that qualifying utilities “pursue all available conservation that is cost-effective, reliable, and feasible.”

RCW 19.285.040(1). The Legislature has provided the Commission with some tools to help this effort. These include the authority to “provid[e] positive incentives for an investor-owned utility to exceed the targets established in RCW 19.285.040.” RCW 19.285.060(4). RCW 80.28.260 also provides broad authority:

(1) The commission shall adopt a policy allowing an incentive rate of return on investment . . . (b) for programs that improve the efficiency of energy end use if priority is given to senior citizens and low-income citizens in the course of carrying out such programs. The incentive rate of return on investments set forth in this subsection is established by adding an increment of two percent to the rate of return on common equity permitted on the company's other investments.

Just recently, the Legislature in section 403 of ESSHB 2658, signed into law on April 1, 2010, stated that the State’s energy 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.”²

In addition, the Commission is authorized by RCW 80.28.068 to approve services at a discount for low-income customers.³

² The Legislature has reiterated this approach in numerous legislative “findings” over the years. *E.g.*, Laws of 2009, ch. 423, § 1 (“The legislature finds that energy efficiency is the cheapest, quickest, and cleanest way to meet rising energy needs, confront climate change, and boost our economy.”); Laws of 2009, ch 379, § 1 (“The legislature finds that improving energy efficiency in structures is one of the most cost-effective means to meet energy requirements, and that while there have been significant efficiency savings achieved in the state over the past quarter century, there remains enormous potential to achieve ever greater savings.”); Laws of 2008, ch. 284, § 1 (“The legislature finds that improving energy efficiency is key to achieving the state's goals to reduce greenhouse gas emissions to 1990 levels by 2020.”); Laws of 1991, ch. 122, § 1 (“The legislature further finds that energy efficiency improvement is the single most effective near term measure to lessen the risk of energy shortage”); Laws of 1990, ch. 2, § 1 (“using energy efficiently in housing is one of the lowest cost ways to meet consumer demand for energy . . . [and] helps protect the citizens of the state from negative impacts due to changes in energy supply and cost”); RCW 43.21F.015 (“It is the policy of the state of Washington that: . . . (4) Energy conservation and elimination of wasteful and uneconomic uses of energy and materials shall be encouraged”).

³ RCW 80.28.068 - Upon request by an electrical or gas company, or other party to a general rate case hearing, the commission may approve rates, charges, services, and/or physical facilities at a discount for low-income senior customers and low-income customers. Expenses and lost revenues as a result of these discounts shall be included in the company's cost of service and recovered in rates to other customers.

COMMISSION INFORMATION REQUEST

The Commission requests the following information by January 14, 2011, from the investor owned utilities operating in Washington, The Energy Project, and the CAP agencies, as is applicable:

- For low-income agencies, a complete budget and expenditures with a list of all funding sources for low-income conservation including housing repair, health and safety assistance and the amount of funding available as a proportion of total agency budget.
- For each utility, a complete budget for low-income conservation including housing repair, health and safety assistance and spending as a proportion of total conservation budget.
- Total utility disbursement to CAP agencies in 2008-09.
- An explanation of the administration of low-income conservation programs.
- A list of the types of conservation measures installed.
- A list of the types of health and human safety measures installed.
- A spreadsheet showing the cost-effectiveness calculations with line items for housing repair and safety assistance.
- The best information available on conservation potential for low-income customers and a description of how that information was determined.

WRITTEN RESPONSES AND WORK SESSIONS

The schedule for this inquiry is set forth above. The Commission requests that any Response to Information Request be provided in electronic format to enhance public access, for ease of providing responses, to reduce the need for paper copies, and to facilitate quotations from the comments. Comments may be submitted via the Commission's Web portal (www.utc.wa.gov/e-filing) or by electronic mail to the Commission's Records Center at <records@utc.wa.gov>. Please include:

- The docket number of this proceeding: U-101973
- The commenting party's name.
- The title and date of the comment or comments.

An alternative method for submitting comments is to mail/deliver an electronic copy to the Commission's Records Center on a 3 ½ inch, IBM-formatted, high-density disk, in .pdf Adobe Acrobat format or in Word 97 or later format. 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 <<http://www.utc.wa.gov/101973>>.

If you are unable to file your comments electronically or to submit them on a disk, the Commission will always accept a paper document. Questions may be addressed to Deborah Reynolds at (360) 664-1255 or e-mail at <dreynolds@utc.wa.gov>.

Your participation is welcomed via written comments and participation in any stakeholder work sessions. Opportunity for further comment is anticipated. Information about the schedule and other aspects of the inquiry, including comments, will be posted on the Commission's web site as it becomes available. If you wish to receive further information on this inquiry you may:

- Call the Commission's Records Center at (360) 664-1234.
- E-mail the Commission at records@utc.wa.gov.
- Mail written comments to the address below.

When contacting the Commission, please refer to Docket U-101973 to ensure that you are placed on the appropriate service list. The Commission's mailing address is:

Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 South Evergreen Park Drive S.W.
P.O. Box 47250
Olympia, Washington 98504-7250

NOTICE

If you do not want to comment now, but do want to receive future information about this inquiry, please notify the Executive Director and Secretary in a manner described above and ask to be included on the mailing list for Docket U-101973. If you do not do this, you might not receive further information about this inquiry.

Sincerely,

DAVID W. DANNER
Executive Director and Secretary