



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 whether it should adopt new or modified regulations to address issues related to the avoided cost of natural gas, which affects natural gas conservation program planning and implementation. 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). The rulemaking has been assigned Docket UG-121207.

Statutes authorizing the agency to adopt rules on this subject: RCW 80.01.040; RCW 80.04.160; RCW 34.05.220; RCW 34.05.230.

Reasons why rules on this subject may be needed and what they might accomplish: One natural gas company subject to the Commission's jurisdiction has filed a tariff cancelling its natural gas conservation programs. In its filing, the company states that the avoided cost of natural gas has fallen so low that there are no cost-effective natural gas conservation measures. Discussions in integrated resource planning meetings with other companies indicate that they are concerned about the viability of natural gas conservation programs.

A policy statement or rules may be needed to provide guidance on issues related to these developments, including, but not necessarily limited to:

1. What are the appropriate assumptions or factors to include in natural gas avoided cost calculations?
2. Should companies use a combination of cost tests in evaluating the cost-effectiveness of natural gas conservation programs?

Additional, related questions that should be addressed may be identified during the course of this investigation.

Identify other federal and state agencies that regulate this subject and the process coordinating the rule with these agencies: Natural gas conservation programs are not directly regulated by any other agency. The federal Clean Air Act may eventually affect these programs. The Commission will coordinate with the Department of Ecology and the Department of Commerce as needed during this process.

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 invite interested persons to identify

additional related issues, provide an opportunity for replies to initial comments and responses to statements of proposed issues, and will provide interested persons an opportunity to participate in a stakeholder workshop.

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

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, August 31, 2012.

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
July 26, 2012

NAME (TYPE OR PRINT)
David W. Danner

SIGNATURE

TITLE
Executive Director and Secretary

CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED

DATE: July 26, 2012

TIME: 1:53 PM

WSR 12-16-038

**WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION
CR-101 - ATTACHMENT
DOCKET UG-121207**

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 SESSION

Written comments on the appropriate assumptions or factors to include in natural gas avoided cost calculations, and whether companies should use a combination of cost tests in evaluating the cost-effectiveness of natural gas conservation programs, as well as suggestions of other related issues the Commission should consider, may be submitted to the Commission at the address given above and should be filed with the Commission no later than **August 31, 2012**. Reply comments may be filed no later than **October 5, 2012**. There also will be opportunity to participate in at least one work session, on **October 19, 2012**, related to this Inquiry. A proposed "Statement of Issues" may be submitted by **August 31, 2012**, by interested parties for the Commission to consider during the work session. Notice of the work session, 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.

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 via the Commission's Web portal at www.utc.wa.gov/e-filing or by e-mail to the Commission's Records Center at records@wutc.wa.gov. You must include:

- The docket number of this proceeding (UG-121207).
- The commenting party's name.
- The title and date of the comment or comments.

An alternative method for submitting comments is 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/121207. If you are unable to file your comments electronically or to submit them on a disk, the Commission will 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@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 UG-121207 to ensure that you are placed on the appropriate service list. Questions may be addressed to Deborah Reynolds (360) 664-1255 or e-mail at dreynold@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 UG-121207, and the words "Please keep me on the mailing list"; or (2) E-mail your name, address, telephone and fax numbers, referencing Docket UG-121207, 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/121207>>. **THOSE INTERESTED PERSONS WHO DO NOT RESPOND MAY NOT RECEIVE FURTHER MAILINGS OR INFORMATION ON THE RULEMAKING.**