



# 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 (WUTC)

**Subject of possible rule making:** WUTC Docket No. UG-050369. Rate and accounting methods for natural gas companies that separate, or "decouple," a utility company's recovery of fixed costs from the volume of its commodity sales in order to eliminate gas conservation and energy efficiency disincentives and other revenue variables.

**Statutes authorizing the agency to adopt rules on this subject:**

RCW 80.01.040 and RCW 80.04.160

**Reasons why rules on this subject may be needed and what they might accomplish:** RCW 80.28.024 and RCW 80.28.074 identify a state policy in favor of promoting energy conservation and efficiency. Existing natural gas rate structures rely primarily on volumetric commodity sales for recovery of utility fixed costs. This may create a disincentive for utilities to promote or engage in conservation and energy efficiency activities. This rule making will explore whether it is feasible to utilize an alternative pricing structure for fixed cost recovery that would disassociate or "decouple" such costs from commodity sales volumes and whether rules are necessary or appropriate in implementing an alternative pricing structure.

**Identify other federal and state agencies that regulate this subject and the process coordinating the rule with these agencies:** Intrastate retail natural gas rates, services, facilities, and practices, which are the subject of this proposed rule making, are exclusively within the jurisdiction of the WUTC at the agency level. There are no other agencies that regulate the process under consideration.

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

Negotiated rule making

Pilot rule making

Agency study

Other (describe)

The Commission will schedule workshops with representatives of the affected constituencies in a manner designed to explore alternative approaches and develop consensus on a preferred decoupling mechanism for consideration as an administrative rule.

**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 parties may contact the Secretary, Washington Utilities and Transportation Commission, P.O. Box 47250, 1300 S. Evergreen Park Dr. SW, Olympia, WA 98504-7250; Telephone (360) 664-1174; Fax (360) 586-1150. Interested parties may attend the initial workshop on this rule making to be held at the above address on May 12, 2005 from 9:30 a.m. until 4:00 p.m. in Room 206.

**DATE**  
April 5, 2005

**NAME (TYPE OR PRINT)**  
Carole J. Washburn

**SIGNATURE**

**TITLE**  
Executive Secretary

**CODE REVISER USE ONLY**

**Filed with the Code Reviser's Office  
April 5, 2005, 1:11 p.m.  
WSR 05-08-114**

**WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**  
**CR-101 - ATTACHMENT**  
**DOCKET NO. UG-050369**

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

**STAKEHOLDER WORKSHOP**

A workshop to initiate discussions among persons interested in natural gas decoupling options will be held in Room 206 of the Washington Utilities and Transportation Commission offices, 1300 S. Evergreen Park Dr. SW, Olympia, Washington on May 12, 2005, beginning at 9:30 a.m. At this workshop:

- (1) Commission Staff will outline the general nature of the issues presented by this rulemaking,
- (2) Representatives of Cascade Natural Gas will present an overview of a possible straw man proposal that the parties may find useful as a starting point for discussion of decoupling mechanisms, and
- (3) There will be general discussion of how the parties believe it would be best to proceed with development and debate of the various issues that will need to be addressed if the parties are to reach consensus on a viable decoupling mechanism.

Additional workshops and smaller workgroup activities are anticipated and will be scheduled as needed.

**WRITTEN COMMENTS**

Opportunities to submit written comments will also be provided during the course of this rulemaking. Information about the schedule and other aspects of the rulemaking, including requests for 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](mailto:records@wutc.wa.gov)>, or (3) mail written comments to the address above to the attention of Carole J. Washburn, Secretary. When contacting the Commission, please refer to Docket No. UG-050369 to ensure that you are placed on the appropriate service list. Questions may be addressed to Roger Braden (360) 664-1312 or e-mail at [rbraden@wutc.wa.gov](mailto:rbraden@wutc.wa.gov) or to Mike Parvinen at (360) 664-1315 or [mparvine@wutc.wa.gov](mailto:mparvine@wutc.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 No. UG-050369, and the words "Please keep me on the mailing list"; or (2) E-mail your name, address, telephone and fax numbers, referencing Docket No. UG-050369, and the words "Please keep me on the mailing list" to [records@wutc.wa.gov](mailto: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/050369>. **THOSE PARTIES WHO DO NOT RESPOND MAY NOT RECEIVE FURTHER MAILINGS OR INFORMATION ON THE RULEMAKING.**