

RESOLUTION NO. 06-12996

A RESOLUTION SETTING FORTH THE COMMISSION'S DETERMINATION REGARDING TIME-BASED RATES AND COMMUNICATIONS STANDARDS UNDER SECTIONS 111(d)(14) OF THE PUBLIC UTILITY REGULATORY POLICIES ACT, AS AMENDED BY THE ENERGY POLICY ACT OF 2005

**FACTUAL BACKGROUND AND REASONS FOR ACTION**

The Public Utility Regulatory Policies Act (PURPA 1978) was enacted in 1978 to encourage: (1) the conservation of energy supplied by electric utilities, (2) the optimization of the efficiency of use of facilities and resources by electric utilities, and (3) equitable rates to electric consumers (Section 101). On March 11, 1980, the District adopted a "Procedures Manual for Hearings under the Public Utility Regulatory Policies Act of 1978" by Resolution No. 80-6248. The District complied with the requirements of PURPA 1978 by holding a public proceeding to consider adoption of a series of standards under Section 111 and Section 113 of PURPA. A final order on hearings conducted pursuant to PURPA 1978 was adopted by the Board of Commissioners on April 28, 1980.

The Energy Policy Act of 2005 (EPAAct 2005) was enacted on August 8, 2005. Section 1252 of EPAAct 2005 amends Section 111(d) of the Public Utility Regulatory Policies Act of 1978 (PURPA) to require utilities to consider a new standard for time-based metering and communications. This section requires each electric utility to consider whether it is appropriate to offer each of its customer classes, and provide individual customers upon customer request, a time-based rate schedule under which the rate charged by the electric utility varies during different time periods and reflects the variance, if any, in the utility's costs of generating and purchasing electricity at the wholesale level (Section 111(d)(14)).

Pursuant to EPAAct 2005, the District was required to begin considering the PURPA time-based rates and communications by August 6, 2006 and to make a determination by August 8, 2007 as to whether it is appropriate to adopt the standard, in whole or in part, and offer such time-based rate and communication service, or to not adopt the standard.

To initiate consideration of these standards, District staff made a presentation to the Commission on July 24, 2006. The presentation described the proposed standards and set forth a schedule for public comment and hearing. On August 6, 2006, a legal advertisement notifying customers of an opportunity to submit public comment with regard to this standards appeared in The Wenatchee World. On October 13, 2006, an additional legal advertisement notifying customers of a hearing scheduled for November 13, 2006 appeared in The Wenatchee World. In addition, display advertisements inviting public comment and participation were placed in the paper on August 6, October 13, and

October 29, 2006. These advertisements indicated that written public comment was due November 1, 2006 and that interventions in today's hearing were due to the hearing's presiding officer by November 3, 2006. One public comment was received, and there were no requests for intervention. The legal notices and the public comment have been submitted for the hearing record.

On November 13, 2006, the properly noticed public hearing was held. Staff made a presentation to the Commission identifying staff recommendations relating to adoption of time-based rates and communications standards pursuant to sections 111(d) of PURPA.

The District complied with the public notice and hearing procedures set forth in the "Procedures Manual for Hearings under the Public Utility Regulatory Policies Act of 1978" adopted by the Board in March, 1980.

With regard to PURPA standard 111(d)(14), staff reported that they have been evaluating technology that supports smart metering for the entire service territory as part of the automated meter reading (AMR) program which may be implemented by the District in the future. Staff suggests an AMR program would have both significant costs and benefits. District staff recommends that the Commission not adopt the net metering standard set forth under PURPA section 111(d)(11). Instead, staff recommends that further study and evaluation is necessary to better understand the benefits, technology and costs of time-based rates and communications (or smart metering) in conjunction with automated meter reading.

## **ACTION**

IT IS RESOLVED BY THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY that:

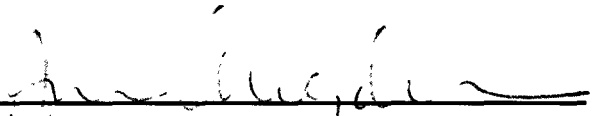
Section 1. Pursuant to section 1252 of the EAct 2005, the Board of Commissioners of Chelan County PUD has determined that it is not in the best interests of the District to adopt PURPA standard 111(d)(14) with regard to time-based rates and communications. District staff should continue to study and evaluate the benefits, technology and costs of time-based rates and communications (or smart metering) in conjunction with automated meter reading and report back to the Board at a future date.

Dated this 13th day of November 2006.

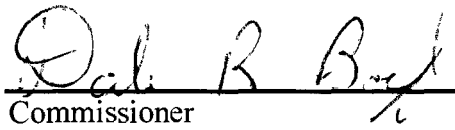
  
\_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
Vice President

  
\_\_\_\_\_  
Secretary

  
\_\_\_\_\_  
Commissioner

  
\_\_\_\_\_  
Commissioner

# You're invited

published  
Oct 13, 2006  
Oct. 29, 2006

**Chelan County PUD commissioners will hold a hearing at 2 p.m. on Nov. 13, 2006, in the boardroom at 327 N. Wenatchee Ave., to consider adopting proposed standards for:**

- Interconnection of third-party generation facilities to its electric utility delivery system
- Net metering service to electric consumers served by its electric utility delivery system
- Time-based metering and communications

If you plan to take part in the hearing, you must notify Carol Wardell, hearings officer, at 661-4316, by Nov. 3, 2006.

The federal Public Utility Regulatory Policy Act and the Energy Policy Act of 2005 require electric utilities to consider these standards. For details on how to take part in the hearing, please see the legal advertising in today's classified section of this newspaper or visit [www.chelanpud.org](http://www.chelanpud.org) and click on Public Utility Regulatory Policy Act.

CHelan COUNTY  
**PUBLIC UTILITY DISTRICT**  
*Owned By The People We Serve*



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THE WENATCHEE WORLD, WENATCHEE, WASHINGTON  
AFFIDAVIT OF PUBLICATION  
STATE OF WASHINGTON  
COUNTY OF CHELAN

Wenatchee World

CHELAN CO PUD/LEGAL ADS  
ATTN: DINA  
PO BOX 1231  
WENATCHEE WA 98807-1231

REFERENCE: 33618  
231934 ISOP 6320 532100 184

The Wenatchee World is a legal newspaper published in Chelan County, Washington, and approved as such by the Superior Court of said County and State.

HEARING NOTICE OF THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY REGARDING INTERCONNECTION, NET METERING AND...  
TO BE HEARD IN PERSON  
The Board of Commissioners of the Chelan County PUD (Commission) will hold a public hearing on November 13, 2006 at 10:00 AM in the Board Room, 1000 N. Wenatchee Avenue, Wenatchee, WA 98801. The hearing will be held in person and will be open to the public. The Commission is seeking public participation in the hearing. If you wish to participate, please contact the Commission at 800.545.2222 or 509.645.2222. To participate as a party, any person or entity should file a petition to be heard with the hearing officer, Carol...  
The Commission will hold a public hearing on November 13, 2006 at 10:00 AM in the Board Room, 1000 N. Wenatchee Avenue, Wenatchee, WA 98801. The hearing will be held in person and will be open to the public. The Commission is seeking public participation in the hearing. If you wish to participate, please contact the Commission at 800.545.2222 or 509.645.2222. To participate as a party, any person or entity should file a petition to be heard with the hearing officer, Carol...

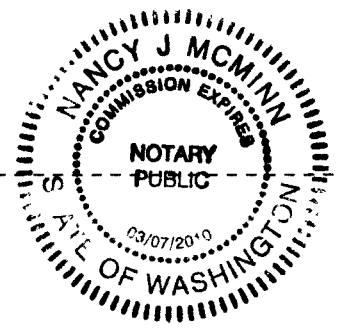
PETITIONS TO INTERVIEW  
Petitions to interview shall be filed with the hearing officer... information, and identify the parties to the proceeding. The position of the parties and address shall be provided to the hearing officer and summarized in the public hearing. Hearing information forms are available on the District's PUDWA web site or by contacting the hearing officer at 61-4177.

PUBLISHED ON: 10/13

TOTAL COST: 162.63  
FILED ON: 10/13/06

Subscribed and sworn to before me this 26<sup>th</sup> day of Oct, 2006.

Nancy J McMin  
Notary Public in and for the State of Washington, residing in Wenatchee.



06-12996

THE WENATCHEE WORLD, WENATCHEE, WASHINGTON  
AFFIDAVIT OF PUBLICATION  
STATE OF WASHINGTON  
COUNTY OF CHELAN

Wenatchee World

CHELAN CO PUD/LEGAL ADS  
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REFERENCE: 33618  
226747 Suzanne Grassel-NOTI

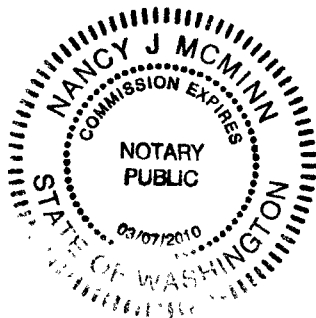
The Wenatchee World is a legal newspaper published in Chelan County, Washington, and approved as such by the Superior Court of said County and State.

PUBLISHED ON: 08/06

TOTAL COST: 415.80  
FILED ON: 08/06/06

Subscribed and sworn to before me this 26th day of August, 2006.

Notary Public in and for the State of Washington, residing in Wenatchee.



**NOTICE OF INQUIRY BY THE COMMISSION OF PUBLIC UTILITY DISTRICT NUMBER 1 OF CHELAN COUNTY FOR PUBLIC COMMENT ON STANDARDS FOR TIME-BASED METERING AND COMMUNICATION PROPOSED FOR CONSIDERATION UNDER THE PUBLIC UTILITY REGULATORY POLICIES ACT**

**TO INTERESTED PERSONS**

Pursuant to section 1252 of the Energy Policy Act of 2005 (EPAct), the Board of Commissioners of the Chelan County PUD (Commission) hereby gives notice that it will consider establishing a "time-based metering and communications" standard to govern 1) the offering of a time-based rate schedule to each of this electric utility's customer classes and individuals, upon request, and 2) the provision of time-based meters to customers.

The Commission intends to hold a public proceeding to consider whether it is appropriate to adopt, in whole or in part, or not adopt such time-based metering and communications standard. Per this notice, the Commission invites written public comments and proposals. Based upon comments or proposals received, the Commission will schedule a workshop or hearing pursuant to subsequent public notice. Initial comments and proposals are due by November 1, 2006.

**BACKGROUND**

On August 8, 2005, the President signed the Energy Policy Act of 2005 (EPAct). Section 1252 of EPAct amends Section 111(d) of the Public Utility Regulatory Policies Act of 1978 (PURPA) to require utilities to consider a new standard for time-based metering and communications. This section requires each electric utility to consider whether it is appropriate to offer each of its customer classes, and provide individual customers upon customer request, a time-based rate schedule under which the rate charged by the electric utility varies during different time periods and reflects the variance if any, in the utility's costs of generating and purchasing electricity at the wholesale level (Section 111(d)(14)).

PURPA, as amended by EPAct, describes four types of time-based rate schedules that may be offered, including i) time-of-use pricing, ii) critical peak pricing, iii) real-time pricing, iv) credits for consumers with large loads who enter into pre-established peak load reduction agreements (Section 111(d)(14)(B)). The time-based rate and communications standard also includes a provision whereby electric utilities provide, upon a consumer's request, time-based meters capable of enabling the utility and customer to offer and receive such rates (Section 111(d)(14)(C)).

By law, electric utilities must begin considering this standard by August 8, 2006 and determine by August 8, 2007 whether it is appropriate to adopt the standard in whole or in part and offer such time-based metering and communications service, or not adopt the standard.

**PUBLIC UTILITY REGULATORY POLICIES ACT**

**PURPA Purposes**

PURPA is intended to encourage 1) the conservation of energy supplied by electric utilities; 2) the optimization of the efficiency of use of facilities and resources by electric utilities; and 3) equitable rates to electric consumers (Section 101). The Commission will consider whether a proposed standard for time-based metering and communications meets these purposes of PURPA.

**Cost-Effectiveness**

In undertaking the consideration and making the determination required under PURPA with respect to the standard for time-based metering and communications established by section 111(d)(14) the Commission must also determine that a potential time-based metering and communications standard is cost-effective (Section 111(d)(14)(A)). The Commission will determine that a rate is cost-effective if the long-run benefits of such rate to the electric utility and its electric consumers in the consumer class concerned are likely to exceed the metering and communications costs and other costs associated with the use of such rates.

**TIMEFRAME**

Under PURPA, electric utilities with total annual retail sales exceeding 500 million kilowatt-hours must consider the new standard (Section 102(a)). However, electric utilities can choose whether it is appropriate to adopt the new standard. In addition, nothing under PURPA prohibits this Commission from modifying or adopting, or not adopting, a different standard or rule, pursuant to State law (Section 117(b)).

While electric utilities have until August 8, 2007 to make a determination whether to adopt in whole, in part, or not adopt a time-based rate and communications standard, PURPA also includes a provision for implementation of the standard, if adopted, by February of 2007 (Section 111(d)(14)(A)). This Commission intends to hold its public proceeding in sufficient time to meet the February, 2007 implementation goal, if the Commission decides it is appropriate to adopt the standard. However, this Commission reserves its right to adopt or not adopt the standard by August 8, 2007, or to recommend that adoption of the standard (or a modified standard relating to time-based metering and communication) proceed on an alternate deadline.

**COMMENTS AND PROPOSALS**

The Commission initiates this consideration process by inviting written comments or proposals on this topic. Comments and proposals in written or electronic form may be provided to Chelan County PUD's Public Information Officer at P.O. Box 1231, Wenatchee, WA 98807 or emailed to kimberlee.craig@chelanpud.org. Proposals must address the