

RESOLUTION NO. ~~07-13202~~

A RESOLUTION REGARDING FUEL SOURCE DIVERSITY
CONSIDERATION AS REQUIRED UNDER SECTION 111(d)(12)
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) 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 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 the PURPA of 1978" was adopted by the Board of Commissioners on April 28, 1980 by Resolution No. 80-6286.

The Energy Policy Act of 2005 (EPAAct 2005) was enacted on August 8, 2005. Section 1251 of EPAAct 2005 amends Section 111(d) of PURPA to require utilities to consider a new standard to "...develop a plan to minimize dependence on 1 fuel source and to ensure that the electric energy it sells to consumers is generated using a diverse range of fuels and technologies, including renewable technologies." (Section 111(d)(12)).

Pursuant to EPAAct 2005, the District was required to begin considering the PURPA fuel source diversity standard by August 8, 2007 and to make a determination by August 8, 2008 as to whether it is appropriate to adopt the standard, in whole or in part, and develop such plan to minimize dependence on one fuel source, or to not adopt the standard.

To initiate consideration of this standard, District staff made a presentation to the Commission on July 30, 2007. The presentation described the proposed standards and set forth a schedule for public comment and hearing. On August 5, 2007, legal and display advertisements notifying customers of an opportunity to submit public comment with regard to this standard appeared in The Wenatchee World. On October 19, 2007, an additional legal advertisement notifying customers of a hearing scheduled for November 19, 2007 at 2:00 p.m. appeared in The Wenatchee World. In addition, a display advertisement appeared on November 4, 2007 in The Wenatchee World inviting public participation in the hearing to be held November 19, 2007 at 2:00 p.m. No public comment was received, and there were no requests for intervention. The legal notices have been submitted for the hearing record.

On November 19, 2007, the properly noticed public hearing was held. Staff made a presentation to the Commission identifying staff recommendations relating to adoption of a fuel source diversity standard pursuant to section 111(d)(12) of PURPA. The District complied with the public notice and hearing procedures set forth in Resolution Nos. 80-6248 and 80-6286.

With regard to PURPA standard 111(d)(12), staff recommended that the District adopt a fuel source diversity plan before 2011, if appropriate, taking into consideration the District's 2008 integrated resource plan required by RCW 19.280 and requirements of the Energy Independence Act of 2006, RCW 19.285.

ACTION

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

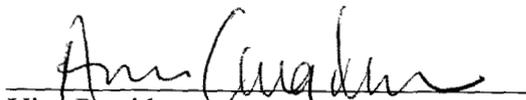
Section 1. Pursuant to section 1251 of the EPAct 2005, the Commission has determined that it shall not adopt the standard at this time, but that it may be in the best interests of the District to adopt PURPA standard 111(d)(12) with regard to fuel source diversity before 2011, if appropriate. District staff is directed to develop the fuel source diversity plan in conjunction with the District's integrated resource plan under RCW 19.280, taking into account compliance with the renewable portfolio standard under RCW 19.285. Staff will report back to the Board on these efforts at a future date.

Dated this 3rd day of December 2007.

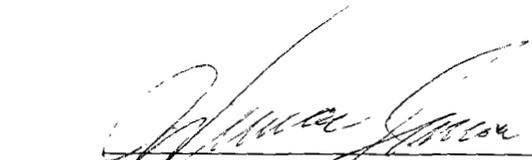


President

ATTEST:



Vice President



Secretary



Commissioner



Commissioner

Seal