

RESOLUTION NO. ~~08-13401~~

A RESOLUTION AFFIRMING DETERMINATION REGARDING SMART GRID INVESTMENTS AND SMART GRID INFORMATION STANDARDS OF THE PUBLIC UTILITY REGULATORY POLICIES ACT, AS AMENDED BY THE ENERGY INDEPENDENCE AND SECURITY ACT OF 2007

**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 1978 by holding a public hearing 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 Independence and Security Act of 2007 (EISA 2007) was enacted on December 19, 2007. Section 1307 of EISA 2007 amends section 111(d) of the PURPA to require utilities to consider adoption of standards for Smart Grid Investments (also known as Standard 16) and Smart Grid Information (also known as Standard 17).

Pursuant to EISA 2007, the District was required to begin considering the PURPA smart grid investment standard and smart grid information standard by December 19, 2008 and to make a determination by December 19, 2008 as to whether it is appropriate to adopt the standards, in whole or in part, or to not adopt the standards.

To initiate consideration of these standards, District staff made a presentation to the Commission on October 6, 2008. The presentation described the proposed standards and set forth a schedule for public comment and hearing on November 3, 2008. On October 5, 2008, a legal advertisement notifying customers of an opportunity to submit public comment with regard to these standards appeared in The Wenatchee World. On October 12, 2008, a display advertisement notifying customers of a hearing scheduled for November 3, 2008 appeared in The Wenatchee World. The advertisement indicated that interventions in the hearing were due to the hearing's presiding officer by October 24, 2008. No 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 3, 2008, the properly noticed public hearing was held. Staff made a presentation to the Commission identifying staff recommendations relating to adoption of Smart Grid 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. This resolution ratifies and confirms both motions as described in the following paragraphs.

With regard to Smart Grid Investments, staff reported that the District already considers technology investments for desired improvements to operating costs, security, reliability and efficiency of the electrical system. District staff recommends that the Commission not adopt the Smart Grid Investments standard set forth in section 1307 (a)(16) of EISA 2007. Instead, staff recommended that the District continue to evaluate potential Smart Grid investments while maintaining flexibility and local control.

With regard to Smart Grid Information, staff reported that the standard is not applicable to the District. Staff recommended that maintaining local control on reporting requirements for electricity; source, usage, interval projections, and pricing is in the District’s best interest. District staff recommended that the Commission not adopt the Smart Grid Information standard set forth in section 1307 (a)(17) of EISA 2007. Instead, staff recommends that District continue to evaluate effective means of providing customers with information about electric usage and prices.

The Board adopted the following two motions:

Motion was made and approved to not adopt PURPA Standard 16 “Consideration of Smart Grid Investments” as this time and to direct staff to continue to evaluate potential smart grid investments while maintaining flexibility and local control.

Motion was made and approved to not adopt PURPA Standard 17 “Smart Grid Information” as this time and to direct staff to continue to evaluate potential smart grid investments while maintaining flexibility and local control. The motion was unanimously carried.

The Board is adopting this resolution to affirm and document these motions.

### **ACTION**

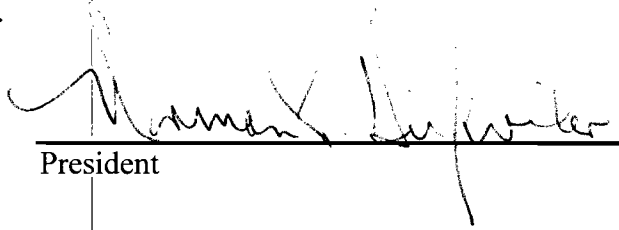
IT IS RESOLVED BY THE COMMISSION of PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY that:

Pursuant to section 1307 (a) of the EISA 2007, the Board of Commissioners of Chelan County PUD has determined:

Section 1. It is not in the best interests of the District to adopt the standard with regard to Smart Grid Investments (Section 1307(a)(16) of the EISA 2007). Instead, the District should continue to evaluate potential Smart Grid investments while maintaining flexibility and local control.

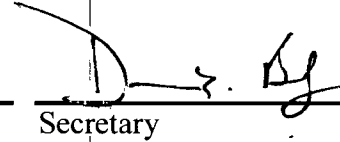
Section 2. It is not in the best interest of the District to adopt the standard with regard to Smart Grid Information (Section 1307(a)(17) of the EISA 2007). Instead, the District should continue to evaluate effective means of providing customers with information about electric usage and prices.

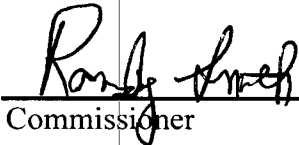
Dated this 17<sup>th</sup> day of November, 2008.

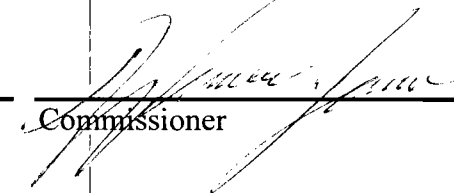
  
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President

ATTEST:

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Vice President

  
\_\_\_\_\_  
Secretary

  
\_\_\_\_\_  
Commissioner

  
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Commissioner