

## RESOLUTION NO. 09 - 13503

### A RESOLUTION SETTING FORTH THE DETERMINATION REGARDING STANDARDS OF THE PUBLIC UTILITY REGULATORY POLICIES ACT RELATED TO INTEGRATED RESOURCE PLANNING AND RATE DESIGN MODIFICATIONS TO PROMOTE ENERGY EFFICIENCY INVESTMENTS

#### **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. It amends section 111(d) of the PURPA to require utilities to consider and make a determination about whether it is appropriate to implement four new federal standards. These federal standards are: No.16 integrated resource planning; No.17 rate design modifications to promote energy efficiency investments; No.18 consideration of smart grid investments; and No.19 smart grid information.

Pursuant to EISA 2007, the District was required to begin considering these PURPA standards by December 19, 2008 and to make a determination by December 19, 2009 as to whether it is appropriate to adopt the standards, in whole or in part, or to not adopt the standards.

On November 3, 2008, Chelan County PUD's Board of Commissioners held a public hearing to review standards Nos. 18 and 19 for smart grid investments and for providing information to customers gathered by a smart grid. After considering the two standards, the Commission decided not to adopt them, but directed staff to continue to evaluate possibilities for the future.

To initiate consideration of the two remaining PURPA standards: No.16 integrated resource planning; and No.17 rate design modifications to promote energy efficiency investments, District staff made a presentation to the Commission on October 12, 2009. The presentation described the proposed standards and set forth a schedule for public comment and hearing on November 16, 2009. On October 18, 2009, a legal

advertisement notifying customers of an opportunity to submit public comment with regard to these standards appeared in The Wenatchee World. On November 1, 2009, a display advertisement notifying customers of a hearing scheduled for November 16, 2009 and inviting public comment appeared in The Wenatchee World. No public comment was received and there were no requests for intervention. The legal notice and display advertisement and the public comment have been submitted for the hearing record.

On November 16, 2009, the properly noticed public hearing was held. Staff made a presentation to the Commission identifying staff recommendations relating to adoption of energy efficiency 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 Standard No.16, integrated resource planning, staff reported that the District already complies with existing Washington State RCW 19.280, Electric Utility Resource Plans, which mandates an integrated resource plan update every two years and includes an evaluation of all resources that meet the needs of the utility at the lowest reasonable cost and risk to the utility and its ratepayers, including conservation and efficiency resources. District staff recommends that the Commission not adopt the integrated resource planning standard set forth in Section 532 (Standard No.16) of EISA 2007. Instead, staff recommends that it is in the District's best interest to maintain compliance with RCW 19.280, Electric Utility Resource Plan.

With regard to Standard No.17, rate design modifications to promote energy efficiency investments, staff reported that in general, the current District rate design and conservation program efforts support this goal. Examples include energy time-of-use rates for industrial customers and tiered electrical consumption rates for residential customers. In addition to the rate designs that promote energy efficiency, the District maintains policies and programs designed to promote energy efficiency. RCW 19.285, Energy Independence Act, directs utilities to achieve all cost-effective conservation and WAC 194-37 establishes rules for utilities to follow. District staff recommends that the Commission not adopt the rate design modifications to promote energy efficiency investments standard set forth in Section 532 (Standard No. 17) of EISA 2007. Instead, staff recommends maintaining compliance with RCW 19.285 as well as determining rates, policies and programs that are appropriate for local conditions as determined by the Board of Commissioners.

#### **ACTION**


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

Section 1. It is not in the best interest of the District to adopt the PURPA standard with regard to integrated resource planning (Section 532 Standard No. 16 of EISA 2007).


Instead, the District will continue to maintain compliance with RCW 19.280, Electric Utility Resource Plan.

Section 2. It is not in the best interest of the District to adopt the PURPA standard on rate design modifications to promote energy efficiency investments (Section 532 Standard No. 17 of EISA 2007). Instead, the District will maintain compliance with RCW 19.285, the Energy Independence Act, as well as determining rates, policies and programs that are appropriate for local conditions as determined by the Board of Commissioners.

Dated this 16<sup>th</sup> day of November, 2009.

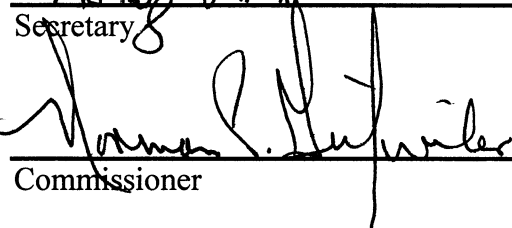
  
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President

ATTEST:

  
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Vice President

  
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Commissioner

  
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Commissioner