

RESOLUTION NO. 80-6286

**A RESOLUTION ADOPTING FINAL ORDER ON PUBLIC
UTILITY REGULATORY POLICIES ACT OF 1978
(PURPA) STANDARDS**

WHEREAS, in November, 1978 the United States Congress established certain federal rate setting and utility service standards to be considered by certain utilities, including the Public Utility District No. 1 of Chelan County, hereinafter called "District", as appropriate or inappropriate to meet certain federal purposes after public notice and hearing pursuant to Title I of the Public Utility Regulatory Policies Act of 1978 (PURPA), 16 U.S.C. 2601 et seq., and

WHEREAS, the District was required to hold public hearings pursuant to the requirements of PURPA, and on March 11, 1980, the District adopted Resolution No. 80-6248 adopting a procedures manual for the District's PURPA hearings, and

WHEREAS, public hearings were held by the District on April 15-16, 1980, at the offices of the District in accordance with the requirements of PURPA and the District's procedures manual, and public notice of the District's PURPA hearings was given thirty (30) days prior to the beginning of said hearings and thereafter, and

WHEREAS, the only testimony offered at the District's PURPA hearings was presented by Mr. Gerald Copp and Mr. Michael Green, and no other persons desired to intervene in said hearings or to make appearances and present testimony, and

WHEREAS, the Board of Commissioners of the District is required by PURPA to make findings and determinations regarding the standards set forth in PURPA based on the testimony and evidence presented at the public hearings, and

WHEREAS, all oral and written testimony of the witnesses and exhibits produced at the District's PURPA hearings have been submitted to the District's Board of Commissioners, and

WHEREAS, the District's Board of Commissioners have made the findings and determinations set forth in the Final Order On Hearings Conducted Pursuant To The Public Utility Regulatory Policies Act of 1978, dated April 28, 1980.

NOW, THEREFORE, be it resolved by Public Utility District No. 1 of Chelan County, Washington, that the Final Order On Hearings Conducted Pursuant To The Public Utility Regulatory Policies Act of 1978, dated April 28, 1980, is hereby approved and adopted.

ADOPTED this 28th day of April, 1980.

/s/ Robt. O. Keiser
President

ATTEST:

/s/ Alfred Pflungrath

Public Utility District No. 1

of

Chelan County

FINAL ORDER ON HEARINGS CONDUCTED PURSUANT TO
THE PUBLIC UTILITY REGULATORY POLICIES ACT OF 1978

(16 U.S.C., § 2601 et seq.)

BY RESOLUTION #80-6286

Adopted By The
Board of Commissioners

April 28, 1980

Public hearings were held by the Public Utility District No. 1 of Chelan County (District) pursuant to the provisions of the Public Utility Regulatory Policies Act of 1978 (PURPA) (16 U.S.C. § 2601, et seq.), on April 15-16, 1980 at the board room in the District offices at 327 N. Wenatchee Avenue, Wenatchee, Washington.

The hearings were presided over by Jack Shreve, who was appointed Presiding Officer for the hearings by the Board of Commissioners of the District (Board), and were reported by Kenneth G. Anderson, court reporter.

The procedure followed in the hearings was in accordance with the provisions of the Procedures Manual adopted by the Board on March 11, 1980. Copies of the Procedures Manual and written testimony of the District's staff were available to interested persons at the District offices prior to the hearings and in the hearing room during the hearings.

Public notice of the District's PURPA hearings was given thirty days prior to the beginning of the hearings and thereafter. A record of the various public notices was presented as staff exhibit no. 1 and made a part of the official record.

No person filed a petition to appear in the status of an intervenor as defined in the Procedures Manual.

Mr. Gerald Copp and Mr. Michael Green appeared and gave testimony on behalf of the District's staff. No other persons desired to make appearances or present testimony during the public hearings. Twenty-two exhibits were presented by the District's staff and were made part of the official record.

All oral and written testimony of the witnesses and exhibits have been submitted to the Board for its consideration. The Board having considered said testimony and exhibits hereby makes the following findings and determinations as required by PURPA.

I COST OF SERVICE

Section 111(d) of PURPA, (16 U.S.C. §2621(d)(1)), defines the Cost of Service Standard as:

Rates charged by any electric utility for providing service to each class of electric consumers shall be designed, to the maximum extent practicable, to reflect the costs of providing electric service to such class, as determined under Section 2625(a) of this title.

The Board finds that adoption of the Cost-of Service Standard, as recommended by the District's staff, would be appropriate to carry out the three purposes of PURPA contained in 16 U.S.C. § 2611 which are as follows:

- (1) 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.

Said finding is based on the District's staff testimony and exhibits concerning the Cost of Service Standard.

The Board hereby determines that it is appropriate for the District to implement a Cost of Service Standard defined as follows:

Cost of Service is the vehicle for designing rates to be charged by the District for providing electric service to each class of its customers. These rates shall be designed

to the maximum extent practicable, to reflect the costs of providing electric service to such class. The costs of providing electric service to each class of electric customers shall, to the maximum extent practicable, be determined on the basis of reasonable, accepted accounting methods. Such methods shall, to the extent practicable, permit identification of differences in cost-incurrence for each such class of electric customers attributable to daily and seasonal time of use of service, and permit identification of differences in cost-incurrence attributable to differences in customer, demand, and energy components of cost. In prescribing such methods, the District may use either embedded costs or marginal costs. Marginal costs will be considered as they are practically applicable to the District's system. The rate design will consider such cost-of-service analyses, but will also consider other factors and cost principles that may promote conservation, efficient use of resources equity and the need to meet legal considerations applicable to the District.

II DECLINING BLOCK RATES

Section 111(d)(2) of PURPA, (16 U.S.C. § 2621(d)(2)) establishing the Declining Block Standard, states:

The energy component of a rate, or the amount attributable to the energy component of a rate, charged by any electric utility for providing electric service during any period to any class of electric consumers may not decrease as kilowatt-hour consumption by such class increases during such period except to the extent that such utility demonstrates that the cost to such utility of providing electric service to such class, which costs are attributable to such energy component decrease as such consumption increases during such period.

The Board finds that adoption of the Declining Block Rates Standard, as recommended by the District's staff, would be appropriate to carry out the three purposes of PURPA contained in 16 U.S.C. §2611, as set forth above. Said finding is based on the District's staff testimony and exhibits concerning the Declining Block Rates standard.

The Board hereby determines it is appropriate for the District to implement a Declining Block Rates standard defined as follows:

The energy component of an electric rate charged by the District for providing service during any period to any class of service shall not decline as kilowatt-hour consumption by that class increases, except to the extent that the District's cost attributable to the energy component can be shown to decline during the period.

III TIME-OF-DAY RATES

Section 111(d)(3) of PURPA, (16 U.S.C. §2621(d)(3)), concerning Time-of-Day Rates states:

The rates charged by any electric utility for providing electric service to each class of electric consumers shall be on a time-of-day basis which reflects the costs of providing electric service to such class of electric consumers at different times of the day unless such rates are not cost-effective with respect to such class, as determined under section 2625(b) of this title.

The Board finds that adoption of the Time-of-Day Rates standard, as recommended by the District's staff, would be appropriate to carry out the three purposes of PURPA contained in 16 U.S.C. § 2611, as set forth above. Said finding is based on the District's staff testimony and exhibits concerning the Time-of-Day Rates standard.

The Board hereby determines it is appropriate for the District to implement a Time-of-Day Rates standard as follows:

The rates charged by the District for providing electric service to each class of its customers shall include time-of-day rates insofar as such rates can practically reflect the costs of providing electric service to such class of customers at dif-

ferent times of the day and when rates are found to be cost effective with respect to such class, as defined in 16 U.S.C. §2625(b).

IV SEASONAL RATES

Section 111(d)(4) of PURPA, (16 U.S.C. § 2621(d)(4)), establishing the Seasonal Rate Standard, states:

The rates charged by an electric utility for providing electric service to each class of electric consumers shall be on a seasonal basis which reflects the costs of providing service to such class of consumers at different seasons of the year to the extent that such costs vary seasonably for such utility.

The Board finds that adoption of the Seasonal Rate standard, as recommended by the District's staff, would be appropriate to carry out the three purposes of PURPA contained in 16 U.S.C. § 2611, as set forth above. Said finding is based on the District's staff testimony and exhibits concerning the Seasonal Rate standard.

The Board hereby determines it is appropriate for the District to implement a Seasonal Rate Standard as follows:

The rates charged by the District for providing electric service to each class of its customers shall be on a seasonal basis insofar as such a rate reflects significant cost differentials of providing service to such class of customers at different seasons of the year.

V INTERRUPTIBLE RATES

Section 111(d)(5) of PURPA, (16 U.S.C. §2621(d)(5)), establishing the standard for Interruptible Rates, states:

Each electric utility shall offer each industrial and commercial electric consumer an interruptible rate which reflects the cost of providing interruptible service to the class of which such consumer is a member.

The Board finds that adoption of the Interruptible Rate standard, as recommended by the District's staff, would be appropriate to carry out the three purposes of PURPA contained in 16 U.S.C. § 2611, as set forth above. Said finding is based on the District's staff testimony and exhibits concerning the Interruptible Rate standard.

The Board hereby determines it is appropriate for the District to implement an Interruptible Rate standard defined as follows:

The District shall offer an interruptible rate to its large consumers which reflects the cost of providing interruptible service. Such interruptions must be economically manageable and represent significant avoidance of peak costs.

VI LOAD MANAGEMENT TECHNIQUES

Section 111(d)(6) of PURPA, (16 U.S.C. § 2621(d)(6)), concerning Load Management Techniques states:

Each electric utility shall offer to its electric consumers such load management techniques as the State regulatory authority (or the non-regulated electric utility) has determined will:

- (a) be practicable and cost effective, as determined under section 2625(c) of this title;
- (b) be reliable; and
- (c) provide useful energy or capacity management advantages to the electric utility.

The Board finds that adoption of Load Management Techniques, as recommended by the District's staff, would be appropriate to carry out the three purposes of PURPA contained in 16 U.S.C. § 2611, as set forth above. Said finding is based on the District's staff testimony and exhibits concerning the Load Management Techniques.

The Board hereby determines it is appropriate for the District to implement Load Management Techniques as follows:

The District shall offer to its electric customers any load management technique it determines will be practicable and cost-effective. The techniques must be reliable and provide useful energy or capacity management advantages to the District. A load management technique shall be deemed to be cost-effective if such technique is likely to reduce maximum kilowatt demand on the District, and the long-run cost-savings to the District of such reduction are likely to exceed the long-run costs to the District.

VII MASTER METERING

Section 113(b)(1) of PURPA, (16 U.S.C. §2623(b)(1)), establishes a Master Metering Standard defined as follows:

To the extent determined appropriate under section 2625(d) of this title, master metering of electric service in the case of new buildings shall be prohibited or restricted to the extent necessary to carry out the purposes of this title.

The Board finds that adoption of the Master Metering Standard, as recommended by the District's staff, would be:

(1) appropriate to carry out the three purposes of PURPA contained in 16 U.S.C. § 2611, as set forth above; (2) otherwise appropriate; and, (3) consistent with state law. Said findings are based on the District's staff testimony and exhibits concerning the Master Metering Standard.

The Board hereby determines it is appropriate for the District to adopt the Master Metering Standard as set forth in 16 U.S.C. § 2623(b)(1) and 16 U.S.C § 2625(d).

VIII AUTOMATIC ADJUSTMENT CLAUSES

Section 113(b)(2) of PURPA, (16 U.S.C. § 2623(b)(2)), establishes an Automatic Adjustment Clauses standard defined as follows:

No electric utility may increase any rate pursuant to an automatic adjustment clause unless such clause meets the requirements of section 2625(e) of this title.

The Board finds that adoption of the Automatic Adjustment Clauses Standard, as recommended by the District's staff, would be: (1) appropriate to carry out the three purposes of PURPA contained in 16 U.S.C. § 2611, as set forth above; (2) otherwise appropriate; and (3) consistent with state law. Said findings are based on the District's staff testimony and exhibits concerning the Automatic Adjustment Clauses Standard.

The Board hereby determines it is appropriate for the District to adopt the Automatic Adjustment Clause Standard as set forth in 16 U.S.C. § 2623(b)(2) and 16 U.S.C. § 2625(e).

IX INFORMATION TO CONSUMERS

Section 113(b)(3) of PURPA, (16 U.S.C. § 2623(b)(3)) establishes an Information to Consumers Standard defined as follows:

Each electric utility shall transmit to each of its electric consumers information regarding rate schedules in accordance with the requirements of section 2625 (f) of this title.

The Board finds that the adoption of the Information to Consumers Standard, as recommended by the District's staff, would be: (1) appropriate to carry out the three purposes of PURPA contained in 16 U.S.C. § 2611, as set forth above; (2) consistent with applicable state law; and (3) otherwise appropriate with the exception of that portion of the Information to Consumers Standard which pertains to rate schedule proposals. The Board finds that the District's adoption of the rate schedule proposals portion of the Information to Consumers Standard,

would not be cost effective or appropriate for the District. It is the District's policy to provide a minimum of thirty days notice for rate-change proceedings. Transmission of rate proposals to all consumers on an individual basis would (not) be cost effective for the District. Said findings are based on the District's staff testimony and exhibits concerning the Information to Consumers Standard.

The Board hereby determines it is appropriate for the District to adopt a rate change notice policy and the Information to Consumers Standard as follows:

1. Notice Policy for Rate Proceeding: In preparation for any impending rate proceeding, the District shall conduct informational meetings in at least three separate locations within the District, generally defined as the Wenatchee area, the Leavenworth area and the Chelan area. Such informational meetings shall occur not more than thirty days nor less than fifteen days prior to the pending rate proceeding. Notice for the informational meeting and the rate proceeding shall be by legal public notice through local newspapers, radio and television. Initial notice shall occur a minimum of thirty days prior to the respective rate proceeding. Initial notice for informational meetings shall occur not more than fifteen days nor less than seven days prior to such meeting.
2. Information to Consumers
 - A. The District shall transmit to each of its consumers a clear and concise explanation of the existing rate schedule and any rate schedule enacted, applicable to such consumer. Such statement shall be transmitted to each such consumer--
 - (1) not later than 60 days after the date of commencement of service to such consumer or 90 days after the standard is adopted by the District, whichever last occurs; and
 - (2) not later than 70 days after any rate change becomes effective.

B. The District shall transmit to each of its electric consumers, not less frequently than once a year--

- (1) a clear and concise summary of the existing rate schedules applicable to each of the major classes of its electric consumers for which there is a separate rate; and
- (2) an identification of any classes whose rates are not summarized.

C. The District, on request by an electric consumer of the District, shall transmit to such consumer a clear and concise statement of the actual consumption of electric energy by such consumer for each billing period during the prior year (unless such consumption data is not reasonably ascertainable by the utility).

X PROCEDURES FOR TERMINATION OF ELECTRIC SERVICE

Section 113(b)(4) of PURPA, (16 U.S.C. § 2623(b)(4)), establishes Procedures for Termination of Electric Service defined as follows:

No electric utility may terminate electric service to any electric consumer except pursuant to procedures described in § 2625(g), of this title.

The Board finds that adoption of the Procedures for Termination of Electric Service Standard, as recommended by the District's staff, would be: (1) consistent with state law; and (2) otherwise appropriate with the exception of that portion of the standard which does not allow termination of service at times when it would be "especially hazardous to health" and the customer is "unable to pay". The Board believes that the District's present policy which provides for informal conferences and appeals proceedings by the consumer sufficiently protect the rights and health of its customers and is otherwise consistent with the intent of the standard. Said findings are based on the District's staff testimony and exhibits concerning the Procedures for Termina-

tion of Electric Service Standard.

The Board hereby determines it is appropriate for the District to adopt the Procedures for Termination of Electric Service Standard as set forth in 16 U.S.C. § 2623(4) with the exception of that portion of the standard pertaining to termination of electric service during periods when it would be "especially dangerous to health" as set forth in 16 U.S.C. § 2625(g)(2).

XI ADVERTISING

Section 113(b)(5) of PURPA, (16 U.S.C. § 2623(b)(5)), establishes an Advertising Standard defined as follows:

No electric utility may recover from any person other than the shareholders (or other owners) of such utility any direct or indirect expenditure by such utility for promotional or political advertising as defined in § 2625(h) of this title.

The Board finds that adoption of the Advertising Standard, as recommended by the District's staff would be: (1) consistent with applicable state law; and (2) otherwise appropriate. Said findings are based on the District's staff testimony and exhibits concerning the Advertising Standard. The Board makes no finding concerning whether or not the adoption of the Advertising Standard would be appropriate to carry out the three purposes of PURPA contained in 16 U.S.C. § 2611 as no conclusive testimony was presented in this regard.

The Board hereby determines it is appropriate for the District to adopt the Advertising Standard as set forth in 16 U.S.C. §2623 (b)(5) and 16 U.S.C. § 2625(h).

XII LIFELINE RATES

Section 114 of PURPA, (16 U.S.C. § 2624), permits an electric utility to provide a rate for essential needs of residential electric consumers which is lower than a rate based upon the Cost-of-Service Standard referred to in 16 U.S.C. § 2621(d)(1).

Based on the evidentiary hearing held by the District on April 16, 1980, the Board makes the following findings:

1. Increases in the District's rate have contributed only marginally to increased consumer living expenses. In constant dollars the District's rates have declined sharply since the District's inception.
2. In reference to the state law and constitution, it is not appropriate for the District to provide a lifeline rate which is below cost of service unless it is assured that each recipient qualifies as being poor and infirm. Such a program would be difficult to administer and may not be cost effective.
3. It is not efficient for the District to provide lifeline rates because it is difficult for the District to allocate this type of benefit and because other agencies already allocate such benefits. Additional state and federal measures to provide these benefits are in legislation.
4. The District's present inverted residential rate already provides a lower cost of energy to consumers consuming less than 1000 KWH per month.

Based on the foregoing findings, the Board determines that it is not appropriate for the District to implement lifeline rates as provided in 16 U.S.C. § 2624.