

RESOLUTION NO. 1115

**A RESOLUTION OF THE COMMISSION OF PUBLIC UTILITY
DISTRICT NO. 1 OF FRANKLIN COUNTY, WASHINGTON**

**OPENING THE PUBLIC COMMENT PERIOD FOR COMMISSION
CONSIDERATION OF POTENTIAL STANDARDS UNDER THE PUBLIC UTILITY
REGULATORY POLICIES ACT**

WHEREAS, 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); and

WHEREAS, on December 19, 2007 the President signed the Energy Independence and Security Act of 2007 (EISA); and

WHEREAS, Section 532 of EISA adds section 111(d)(16) to the PURPA to require utilities to consider integrating energy efficiency resources into utility, state and regional plans and adopting policies establishing cost-effective energy efficiency as a priority resource in their integrated resource planning; and

WHEREAS, Section 532 of EISA adds section 111(d)(17) to the PURPA to require utilities to consider rate design modifications to promote energy efficiency investments; and

WHEREAS, Section 1307 of EISA adds section 111(d)(16) to the PURPA to require utilities to consider standards on smart grid investments; and

WHEREAS, Section 1307 of EISA adds Section 111(d)(17) to the PURPA to consider a standard on providing electricity purchasers with direct access to information on prices, usage, intervals and projections, and power sources; and

WHEREAS, by law, the District must begin considering the four PURPA standards described above by December 19, 2008 and make final determinations by December 19, 2009 on whether to adopt any or all of the standards;

NOW, THEREFORE, BE IT RESOLVED that pursuant to the Energy Independence and Security Act of 2007, the Board of Commissioners (the "Commission") directs staff to:

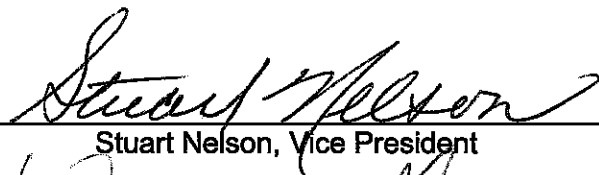
1. develop staff recommendations based on the attached Notice of Inquiry;
2. seek and consider public comments on developing the staff recommendations;
3. post all comments and proposals received on the District's website; and
4. prepare a Commission Agenda Item for final decision before December 19, 2009.

BE IT FURTHER RESOLVED that the Commission hereby opens a public comment period until September 30, 2009.

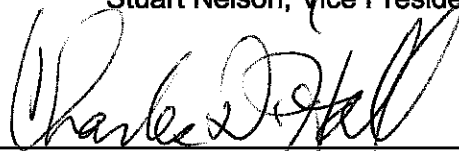
ADOPTED by the Board of Commissioners of Public Utility District No. 1 of Franklin County Washington this 9th day of December 2008.



William Gordon, President



Stuart Nelson, Vice President



Charles D. Hall, Secretary

Exhibit "A" to Resolution No. 1115

NOTICE OF INQUIRY BY THE COMMISSION OF FRANKLIN PUD FOR PUBLIC COMMENT ON STANDARDS UNDER CONSIDERATION PURSUANT TO THE PUBLIC UTILITY REGULATORY POLICIES ACT

TO INTERESTED PERSONS

Pursuant to the Energy Independence and Security Act of 2007 (EISA), the Board of Commissioners of the Franklin PUD (Commission) hereby gives notice that it will consider comments on standards for:

- 1) Integrated resource planning;
- 2) Rate design modifications to promote energy efficiency investments;
- 3) Consideration of smart grid investments; and
- 4) Smart grid information

The Commission intends to hold a public proceeding to consider whether it is appropriate to adopt one or more of the listed standards.

Per this notice, the Commission invites written public comments and proposals. The Commission will schedule a workshop or hearing in the future based upon comments or proposals received, which will be scheduled pursuant to a subsequent notice. Initial comments and proposals are due by September 30, 2009.

BACKGROUND / TIMEFRAME

On December 19, 2007, the President signed the Energy Independence and Security Act of 2007 (EISA). EISA amends Section 111(d) of the Public Utility Regulatory Policies Act, of 1978 (PURPA), and requires utilities to consider and make a determination about whether it is appropriate to implement four new federal standards. These federal standards are:

- 1) **INTEGRATED RESOURCE PLANNING.**—*Each electric utility shall—*
 - (A) *integrate energy efficiency resources into utility, State, and regional plans; and*
 - (B) *adopt policies establishing cost-effective energy efficiency as a priority resource.*
- 2) **RATE DESIGN MODIFICATIONS TO PROMOTE ENERGY EFFICIENCY INVESTMENTS.**—
 - (A) **IN GENERAL.**—*The rates allowed to be charged by any electric utility shall—*
 - (i) *align utility incentives with the delivery of cost-effective energy efficiency; and*
 - (ii) *promote energy efficiency investments.*
 - (B) **POLICY OPTIONS.**—*In complying with subparagraph (A), each State regulatory authority and each non-regulated utility shall consider—*
 - (i) *removing the throughput incentive and other regulatory and management disincentives to energy efficiency;*
 - (ii) *providing utility incentives for the successful management of energy efficiency programs;*
 - (iii) *including the impact on adoption of energy efficiency as one of the goals of retail rate design, recognizing that energy efficiency must be balanced with other objectives;*
 - (iv) *adopting rate designs that encourage energy efficiency for each customer class;*
 - (v) *allowing timely recovery of energy efficiency-related costs; and*
 - (vi) *offering home energy audits, offering demand response programs, publicizing the financial and environmental benefits associated with making home energy efficiency improvements, and educating homeowners about all existing Federal and State incentives, including the availability of low-cost loans, that make energy efficiency improvements more affordable.*
- 3) **CONSIDERATION OF SMART GRID INVESTMENTS.**—
 - (A) **IN GENERAL.**—*Each State shall consider requiring that, prior to undertaking investments in nonadvanced grid technologies, an electric utility of the State demonstrate to the State that the electric utility considered an investment in a qualified smart grid system based on appropriate factors, including*
 - (i) *total costs;*
 - (ii) *cost-effectiveness;*
 - (iii) *improved reliability;*
 - (iv) *security;*
 - (v) *system performance; and*
 - (vi) *societal benefit.*

4) SMART GRID INFORMATION-

(A) *STANDARD-* All electricity purchasers shall be provided direct access, in written or electronic machine-readable form as appropriate, to information from their electricity provider as provided in subparagraph (B).

(B) *INFORMATION-* Information provided under this section, to the extent practicable, shall include:

(i) *PRICES-* Purchasers and other interested persons shall be provided with information on—

(I) *time-based electricity prices in the wholesale electricity market; and*

(II) *time-based electricity retail prices or rates that are available to the purchasers.*

(ii) *USAGE-* Purchasers shall be provided with the number of electricity units, expressed in kwh, purchased by them.

(iii) *INTERVALS AND PROJECTIONS-* Updates of information on prices and usage shall be offered on not less than a daily basis, shall include hourly price and use information, where available, and shall include a day ahead projection of such price information to the extent available.

(iv) *SOURCES-* Purchasers and other interested persons shall be provided annually with written information on the sources of the power provided by the utility, to the extent it can be determined, by type of generation, including greenhouse gas emissions associated with each type of generation, for intervals during which such information is available on a cost-effective basis.

(C) *ACCESS-* Purchasers shall be able to access their own information at any time through the Internet and on other means of communication elected by that utility for Smart Grid applications. Other interested persons shall be able to access information not specific to any purchaser through the Internet. Information specific to any purchaser shall be provided solely to that purchaser.

By law, electric utilities must begin considering these standards by December 19, 2008 and determine by December 19, 2009 whether it is appropriate to adopt one or more of the standards in whole or in part.

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 one or more of these standards meet the purposes of PURPA.

COMMENTS AND PROPOSALS

The Commission initiates this consideration process by inviting written comments or proposals on this topic by September 30, 2009. Comments and proposals in written or electronic form may be provided to Franklin PUD's Administrative Assistant, Colleen Kimsey, P.O. Box 2407, Pasco WA 99302 or ckimsey@franklinpud.com. Proposals must address the three PURPA purposes and the cost-effective long range benefits described above. All comments and proposals will be posted on Franklin PUD's website at www.franklinpud.com. Based on comments and interventions received, the Commission may establish an official service list for the proceeding. After the public comment period has closed, the Commission will schedule a workshop or hearing to consider the comments and proposals received.