

May 16, 2018

Mr. Steven V. King  
 Executive Director and Secretary  
 Washington Utilities and Transportation Commission  
 P.O. Box 47250  
 Olympia, WA, 98504-7250

RE: Rulemaking for Integrated Resource Planning: Docket U-161024

Dear Mr. King:

The Washington Utilities and Transportation Commission (Commission) is drafting rules related to expanding the attention given to transmission and distribution planning within the integrated resource plan (IRP) process. Towards that end on April 17, 2018, the Commission issued a Notice of Opportunity to File Written Comments on a number of questions related to this issue.

As public entities with elected Commissioners, the Public Utility Districts represented by the Washington Public Utility District Association (WPUDA) are not regulated by the Commission. Nevertheless, the direction taken by the Commission in this matter could influence future legislation and thereby affect Public Utility Districts in the long-term. Therefore, WPUDA submits the following responses to several of the questions posed by the Commission in its April 17 notice:

2. In the draft rule, electric utilities would be required to form a separate advisory group to assist the utility as it develops its distribution system plan, in addition to the usual IRP advisory group. Regarding the distribution system advisory group:

- a. Should the distribution system advisory group be required, or should it be optional?

**RESPONSE:** The distribution system advisory group should be optional for two reasons. First, the status of a distribution system can vary widely among utilities from completely sufficient to needing significant upgrades. It would be wasteful to mandate a distribution system advisory group for a utility with a robust distribution system. Second, viable solutions to a distribution system deficiency may be few or only one. The time and cost of setting up and running an advisory group must be commensurate with the anticipated benefit which includes a diverse range of options.

- b. & c. What should be the extent and scope of the distribution system advisory group? Should the advisory group review the modeling methods, inputs, economic assumptions, cost estimates, and other factors that affect the selection of best options, or just review the results of transmission and distribution analysis?

**RESPONSE:** The extent and scope of the distribution system advisory group should be flexible and appropriate to the significance and risk of the distribution system deficiency and the cost to correct that deficiency. The Commission's regulatory language outlining the role and responsibility of this advisory group should provide

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utilities latitude to align the workgroup's scope to the distribution system deficiency(s) facing the utility.

3. The draft rule uses a new term, "major distribution capital investment," which is not tightly defined by a dollar value or otherwise. This definition is intended to provide separation of routine traditional maintenance of poles and other components from more significant capital expenditures that often have the potential for more than one solution. In those cases, a major distribution capital investment would call for analysis of all potential distributed energy resource options that satisfy the identified distribution need.

- a. Would it be useful to include a dollar limit in the definition of "Major distribution capital investment"? For instance, the rule could state a cutoff using an estimated capital cost of over \$1 million. Are there other, better, criteria that the Commission should consider?

**RESPONSE:** Including a dollar threshold (with inflation escalator) in the definition of "Major distribution capital investment" would be an appropriate *guideline* for identifying the level of expenditure that may warrant full review. However, utilities should have discretion to deviate from that threshold.

5. Recognizing that utilities are at various stages of modernizing their distribution systems, should the rule identify specific assumed fundamental requirements for enabling a modernized grid, such as:

- a. a two-way distribution communication system,
- b. a distribution management system (DMS) that provides centralized and automated monitoring and control of the utility's distribution system,
- c. a distributed energy resources management system (DERMS) that aggregates, monitors and controls distributed energy resources as dispatchable resources, or,
- d. other physical infrastructure and software needed to manage and control a modernized grid?

**RESPONSE:** Again, there is wide diversity among utilities both regarding the "status" of their distribution system and the "need/value/cost/risk" of increased levels of centralized communication, automation, and control. Moreover, given the rate of technological advancement in this area, establishing minimum requirements could easily result in investments that become obsolete early into their useful life. The level of distribution system modernization that is beneficial to ratepayers will vary among utilities and is best determined by each utility's leadership rather than regulatory fiat.

6. When utilities submit biennial energy conservation reports to the Commission, they are required to provide an independent third-party evaluation of their conservation program achievements (See WAC 480-109-120(4)(b)(v)). Should a similar periodic independent review and evaluation of distribution plan results be required? If not, please explain why this should not apply.

**RESPONSE:** Periodic independent review and evaluation of distribution plan results should only be recommended – not required- for the largest and most expensive distribution system upgrades. There is great diversity among and within utilities regarding the status of their distribution systems. The time and expense of an

independent review must be justified by the value utility customers receive from that review. Most likely, such a review will only be cost effective for the largest of distribution projects and should provide value to the utility and its customers.

7. Should the distribution plan conclude with an action plan? If so, what should be the time horizon for the action plan?

**RESPONSE:** The value of an IRP-type “action plan” for distribution system planning is unclear. Every budget cycle, utilities identify distribution system upgrades and allocate resources accordingly. It is uncertain how this current budget process would integrate with a distribution system action plan, or how such integration would benefit utility customers.

Thank you for your attention to these comments.

Sincerely,

A handwritten signature in black ink, appearing to read 'Nicolas Garcia', with a long horizontal flourish extending to the right.

Nicolas Garcia, Policy Director  
Washington Public Utility Districts Association