

January 31, 2014

VIA ELECTRONIC FILING

Steven V. King
Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive SW
P.O. Box 47250
Olympia, WA 98504-7250

**RE: Docket No. UE-131883 – Comments
Investigation of the costs and benefits of distributed generation and the effect of
distributed generation on utility provision of electric service**

Pacific Power & Light Company (Pacific Power or Company) submits the following comments in accordance with the Washington Utilities and Transportation Commission's (Commission) Notice of Opportunity to File Written Comments (Notice) issued in Docket UE-131883 on December 19, 2013. In the Notice, the Commission requested written comments on whether the Commission should continue this investigation after the April workshop and, if so, what issues should be addressed and by what process.

At this time Pacific Power does not have a recommendation on a procedural process for this docket beyond the April workshop. The issues surrounding distributed generation are rapidly developing both nationally and locally. Further guidance for the Commission may come following the current Washington legislative session; therefore it may be premature for the Commission to establish a fixed course at this time. For example, at the Washington Legislature there are attempts to establish a solar leasing program for customers (House Bill 2176), which would have an impact on distributed generation in the state and issues reviewed through the Commission's investigation.

The Company applauds the Commission for staying abreast of the issues related to the growing interest in distributed generation. While the direct impacts of distributed generation are still small in the state of Washington at this time, Pacific Power believes there is a value in having an on-going discussion where developments can be addressed in a proactive manner. Accordingly, the Company encourages the Commission to continue actively following the solutions that are being reviewed and developed in other jurisdictions. To this end, Pacific Power would be happy to provide information on the on-going proceedings in the Company's other jurisdictions. For example, in Oregon, the Company is participating in Docket UM 1673 where the Public Utility Commission of Oregon is attempting to evaluate the costs and benefits of solar energy, while also evaluating the numerous financial incentives for the installation of renewable energy projects offered in Oregon. Pacific Power has also included a proposal in its latest Utah general rate case, Docket 13-035-184, to charge net metering customers a facilities

charge to recover distribution costs. These efforts, combined with ongoing proceedings that will be concluded over the next year in other jurisdictions like Arizona and Minnesota, could provide insight into long term solutions in the state of Washington.

Pacific Power recognizes the environmental and financial reasons for customers considering the installation of distributed generation. However, as interest in distributed generation grows, one key issue that should be addressed is cost shifting to other customers, particularly before it becomes a significant burden on other customers who do not or cannot make the same energy choice.

As discussed at the November workshop, the Company has concerns that customers with distributed generation, and net metering in particular, do not pay all of the costs incurred to provide necessary services. Even while generating some of their own power, net metered customers still rely on the utility's distribution infrastructure, both for their backup electricity needs and for supplying their excess energy to the grid. As a consequence, costs are shifted from net-metering customers to non-net-metering customers.

Pacific Power is concerned that this dynamic will create a situation where costs are shifted in an ever increasing amount from customers who participate in net metering to those that do not. It is important to make reasonable policy changes early on to avoid these problems and ensure fairness for all customers. If the Commission opts to continue this investigation or initiate a rulemaking docket, the Company believes that an on-going policy process should not preclude a utility, or another party, from proposing specific solutions in rate proceedings during the pendency of this investigation.

Pacific Power appreciates the opportunity to provide information for consideration. If you have any questions regarding these comments, please contact me at (503) 813-6389.

Sincerely,

A handwritten signature in black ink that reads "R. Bryce Dalley/GWT". The signature is written in a cursive, flowing style.

R. Bryce Dalley
Vice President, Regulation