



PREPROPOSAL STATEMENT OF INQUIRY

CR-101 (June 2004)
(Implements RCW 34.05.310)
Do NOT use for expedited rule making

Agency: Washington Utilities and Transportation Commission

Subject of possible rule making: The subject of this inquiry is to examine whether new or modified regulations are needed to govern aspects of investor-owned electric utility operations for which new federal standards are included in the Energy Policy Act of 2005. These new federal standards address: 1) net-metering, 2) fuel sources, 3) fossil fuel generation efficiency, 4) smart metering, and 5) interconnection. Review of the interconnection standard may lead to proposed amendments to WAC 480-108. Docket UE-060649

Statutes authorizing the agency to adopt rules on this subject: RCW 80.01.040 and RCW 80.04.160.

(a) **Reasons why rules on this subject may be needed and what they might accomplish:** On August 8, 2005, amendments to Section 111(d) of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. 2621(d)) (PURPA) became effective under the federal Energy Policy Act. The amendments require the Commission to consider and determine whether to establish standards for net metering, fuel sources, fossil fuel generation efficiency, smart metering, and interconnection. The Commission is initiating this inquiry to determine whether adoption by rule of the new federal standards for utilities under its jurisdiction would be in the public interest and would further the objectives of PURPA to encourage: conservation of energy supplied by electric utilities; optimal efficiency of electric utility facilities and resources; and equitable rates for electric consumers.

Section 1251(a) of the Energy Policy Act establishes three of the new utility standards: net metering, fuel source diversity, and fossil fuel generation efficiency. State regulatory authorities are required to begin consideration of these three standards by August 8, 2007, and to make a determination of whether to adopt the standards by August 8, 2008. The requirement for regulatory authorities to consider the three standards established in Section 1251(a) does not apply if a state has taken "prior action" to adopt or consider the standard or a comparable standard, or if the state's legislature has voted on the standard or a comparable standard.

Section 1252(a) establishes a standard to require that utilities make available to retail customers time-based metering and a time-of-use rate schedule by February 8, 2007. State regulatory authorities are required to consider this standard and make a determination of whether it should be adopted for each utility by February 8, 2007. The requirement to consider the standard established in Section 1252(a) does not apply if a state has taken "prior action" to adopt or consider the standard or a comparable standard) within the three years prior to August 8, 2005, or the state's legislature has voted on the standard or a comparable standard during that same three year period.

Section 1254(a) establishes a standard to require that utilities make available to utility customers with on-site generation facilities interconnection service to the utility's local distribution system. State regulatory authorities are required to begin consideration of this standard by August 8, 2006, and make a determination of whether to adopt the standard by August 8, 2008. The requirement for regulatory authorities to consider the interconnection standard established in Section 1254(a) does not apply if a state has taken "prior action" to adopt or consider the standard or a comparable standard), or the state's legislature has voted on the standard or a comparable standard.

Identify other federal and state agencies that regulate this subject and the process coordinating the rule with these agencies: Public utilities not jurisdictional to the Commission are also required by the Energy Policy Act to examine and consider adopting the five new PURPA standards. If practical and convenient, workshops on certain subjects pertinent to these standards may be jointly held. The Federal Energy Regulatory Commission (FERC) regulates interconnection of generation facilities to transmission facilities used to transmit power in interstate commerce. FERC is finalizing regulations governing interconnection to FERC-jurisdictional facilities. These regulations may provide a model for regulations in Washington State.

Process for developing new rule (check all that apply):

- Negotiated rule making
- Pilot rule making
- Agency study
- Other (describe) The Commission will ask for initial written comments, and may provide the opportunity for participation in workshop-style sessions as well as opportunities for additional comments.

How interested parties can participate in the decision to adopt the new rule and formulation of the proposed rule before publication: (List names, addresses, telephone, fax numbers, and e-mail of persons to contact; describe meetings, other exchanges of information, etc.)
Interested persons may file comments with the Secretary, Washington Utilities and Transportation Commission, P.O. Box 47250, 1300 S. Evergreen Park Drive S.W., Olympia, Washington, 98504-7250; Telephone (360) 664-1174; Fax (360) 586-1150, by 5:00 p.m., Friday, August 11, 2006. For specific information regarding opportunities for written comments and to ensure receipt of further information concerning this rulemaking, please see the attachment to this form.

DATE June 7, 2006
NAME (TYPE OR PRINT) Carole J. Washburn
SIGNATURE
TITLE Executive Secretary

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WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION
CR-101 - ATTACHMENT
DOCKET UE-060649

Interested persons may contact the Secretary, Washington Utilities and Transportation Commission, P.O. Box 47250, Olympia, Washington, 98504-7250, 360-664-1174 (Fax: 360-586-1150).

WRITTEN COMMENTS

Written comments may be submitted to the Commission at the address given above and should be filed with the Commission no later than **August 11, 2006**.

Electronic copies. The commission requests that comments be provided in electronic format to enhance public access, for ease of providing comments, to reduce the need for paper copies, and to facilitate quotations from the comments. Comments may be submitted by e-mail to the commission's Records Center at records@wutc.wa.gov. Please include:

- The docket number of this proceeding (UE-060649)
- The commenting party's name
- The title and date of the comment or comments

An alternative method for submitting comments may be by mailing/delivering an electronic copy on a 3 ½ inch, IBM-formatted, high-density disk, in .pdf Adobe Acrobat format or in Word 97 or later. Include all of the information requested above. The commission will post on the commission's Web site all comments that are provided in electronic format. The Web site is located at www.wutc.wa.gov/060649. If you are unable to file your comments electronically or to submit them on a disk, the commission will always accept a paper document.

Opportunity for further comment is anticipated. Information about the schedule and other aspects of the rulemaking, including comments, will be posted on the commission's Web site as it becomes available. If you wish to receive further information on this rulemaking you may (1) call the Commission's Records Center at 360-664-1234, (2) e-mail the commission at <records@wutc.wa.gov>, or (3) mail written comments to the address above to the attention of Carole J. Washburn, Secretary. When contacting the Commission, please refer to Docket UE-060649 to ensure that you are placed on the appropriate service list. Questions may be addressed to Dick Byers (360) 664-1209 or e-mail at dbyers@wutc.wa.gov.

NOTICE

TO CONTINUE RECEIVING NOTICES AND INFORMATION ABOUT THIS RULEMAKING -- The commission wants to ensure its mailings are sent to persons who are interested in the topic and want to receive that information. ANY PERSON WHO COMMENTS will continue to receive notices and information. If you do not submit comments but wish to remain on the mailing list for this rulemaking, please advise the Records Center by any one of the following methods: (1) send a note with your name, address (or a copy of your mailing label), and telephone and fax numbers referencing Docket UE-060649, and the words "Please keep me on the mailing list"; or (2) e-mail your name, address, telephone and fax numbers, referencing Docket UE-060649, and the words "Please keep me on the mailing list" to <records@wutc.wa.gov>. Please note that all information in the mailings will be accessible through the commission's Internet Web site at <http://www.wutc.wa.gov/060649>. **THOSE PARTIES WHO DO NOT RESPOND MAY NOT RECEIVE FURTHER MAILINGS OR INFORMATION ON THE RULEMAKING.**