

April 30, 2007

**NOTICE OF OPPORTUNITY TO FILE WRITTEN COMMENTS
(By Friday, May 25, 2007)**

RE: *Public Utility Regulatory Policies Act Standards
Standards for Interconnection to Electric Utility Delivery Systems*
Docket UE-060649

TO ALL INTERESTED PERSONS:

On June 7, 2006, the Washington Utilities and Transportation Commission (Commission) filed with the Office of the Code Reviser a Preproposal Statement of Inquiry (CR-101) to examine whether new or revised regulations are needed to govern five aspects of investor-owned electric utility operations for which new federal standards are included in the Energy Policy Act of 2005. Among these standards is Public Utility Regulatory Policies Act (PURPA) Standard 15 addressing interconnection of customer-owned generation facilities to investor-owned electric utility delivery systems. The Commission's notice included four questions concerning generation interconnection and WAC 480-108, which currently governs such interconnections for facilities no larger than 25 kW.

On August 11, 2006, a number of interested persons filed comments in response to the Commission's inquiry. Among those comments was a proposal made jointly by Puget Sound Energy, Avista Corporation and a group of non-jurisdictional public utilities and cooperatives (collectively "load-serving utilities") regarding uniform technical and procedural standards for interconnections of facilities up to 300 kW of capacity and a set of principles to guide standards for interconnections of larger facilities.

The Commission convened a workshop on December 15, 2006, to further address the comments and proposal by the load-serving utilities, other comments received and a set of eight additional questions prepared by Commission staff. During and subsequent to the workshop the Commission received additional written comments and proposals through January 5, 2007.

The workshop discussion and written comments indicated that all stakeholders including the utilities agree the Commission should amend WAC 480-108 to encompass interconnections larger than 25 kW of nameplate capacity. Drawing on the written comments and the discussion at the workshop, Commission staff members and counsel completed a discussion draft of amended regulations to govern interconnection with electric generators with a nameplate generating capacity up to and including 300 kW. The discussion draft also included the requirement that electrical companies jurisdictional to the Commission must file tariffs for interconnections greater than 300 kW consistent with certain principles.

By notice dated January 25, 2007, the Commission invited public comment on the discussion draft. Eight persons filed comments by February 28, 2007, including the investor-owned utilities, combined heat and power advocates, the U.S. Environmental Protection Agency, and the Industrial Customers of Northwest Utilities. Comments included recommendations that the draft could be improved with refinements and clarifications many of which focus on the interconnection application and review process.

The Commission has reviewed these comments and determined that many of the proposed refinements would improve the rule and further that an additional opportunity for public review and comment on a second discussion draft of the amended rule would be beneficial. Accordingly, staff members and counsel have prepared a second discussion draft. The second discussion draft includes refinements to:

- Clarify that the rule does not cover interconnections related to sales and purchases of power pursuant to PURPA §210 (covered under WAC 480-107).
- Clarify that the rule does not cover standby and emergency generators.
- Clarify that the rule does not apply to interconnections jurisdictional to FERC.
- Emphasize that dispute resolution under WAC 480-07 is available to interconnection customers.
- Establish timetables for review and processing of interconnection applications consistent with requirements contained in FERC's small generator interconnection regulations.
- Allow interconnection to distribution "grid" networks if approved by the electrical company.
- Allow electrical companies to share the cost of interconnection studies or facilities and upgrades if the electrical company demonstrates that an interconnection will benefit its other customers.
- Set limits on the size of deposits the electrical company may require from interconnection customers for the cost of studies.

- Require electrical companies to file interconnection tariffs for facilities larger than 300 kW up to 20 MW that are consistent in all procedural and technical respects with FERC regulations governing small generator interconnections.
- Allow an electrical company's interconnection tariff for facilities larger than 300 kW up to 20 MW to vary from the FERC regulations if the company shows that the FERC rules do not address the circumstances of its system and if an alternative to the FERC rules meets specific requirements.
- Include numerous editorial amendments to improve clarity and readability.

The second draft amended rule is available for inspection on the Commission's web site at www.wutc.wa.gov/060649. If you are unable to access the Commission's web page and would like a copy of the discussion draft mailed to you, please contact the Commission's Records Center at (360) 664-1234.

All written comments received to date in Docket UE-060649 as well as a staff summary of the comments will be posted on the above-listed web site.

The Commission invites comments on the second draft amended rule. After review of such comments the Commission's intention is to move expeditiously to file a proposed rule amendment (CR-102) with the Office of the Code Reviser.

Accordingly, we encourage interested parties to examine the draft rule carefully and to file written comments no later than May 25, 2007.

WRITTEN COMMENTS

Written comments on the second draft amended rule must be filed with the Commission no later than **Friday, May 25, 2007**. 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 via the Commission's Web portal (www.wutc.wa.gov/e-filing) or by electronic 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 is by mailing or delivering an electronic copy to the Commission's Records Center on a 3 ½ inch, IBM-formatted, high-density disk, in .pdf Adobe Acrobat format or in .doc Word 97 or later format. Include all of the information requested above. The Commission will post on its web site all comments that are provided in electronic format. The web site is located at the following URL address: www.wutc.wa.gov/060649.

If you are unable to file your comments electronically or to submit them on a disk, the Commission will accept a paper document. Questions may be addressed to Dick Byers at (360) 664-1209 or e-mail at <dbyers@wutc.wa.gov>.

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>.
- (3) Mail written comments to the address below.

When contacting the Commission, please refer to Docket UE-060649 to ensure that you are placed on the appropriate service list(s). The Commission's mailing address is:

Executive Secretary
Washington Utilities and Transportation Commission
1300 South Evergreen Park Drive S.W.
P.O. Box 47250
Olympia, Washington 98504-7250

Sincerely,

CAROLE J. WASHBURN
Executive Secretary