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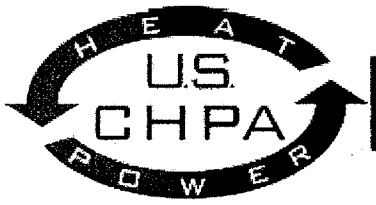

UNITED STATES COMBINED HEAT & POWER ASSOCIATION

May 23, 2007

Secretary
Washington State Utilities & Transportation Commission
1300 South Evergreen Park Drive S.W.
PO Box 47250
Olympia, WA 98504-7250

RE: Docket UE-~~060690~~ 060649 [records@wutc.wa.gov]

The USCHPA submits its comments on the ***Public Utility Regulatory Policies Act Standards for Interconnection to Electric Utility Delivery Systems***. April 30, 2007 Revision

USCHPA previously filed comments (February 28, 2007) on the earlier draft version of this standard. We commend the Commission for their thoughtful consideration and incorporation of those comments in the April 30 revision, and for their on-going solicitation of public input. On balance, we find this revision to be much more equitable, and better able to ensure that Washington ratepayers realize the maximum benefits from on-site generation.

In the interests of further enhancing the draft standard, we submit the following comments on this recent revision.

1. Technical Screens are necessary
   Technical screens, as are used in Massachusetts, Texas and California to streamline the process with logical decision tree go/no-go decisions. Our members have found these screens to clearly set forth the process expectations of the parties and to underpin the decisions subject to technical review. To enable clarity and coherence of process to developers, we highly recommend that the UTC incorporate screens in their next revision.

2. Application Prioritization: the Queuing Problem
   The matter of the utility handling a large number of applications can be ripe for discord. "First in" does not necessarily mean "first out" as delay to milestones can easily occur, and readjustment of the queue will be necessary to ensure

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fairness and transparency. To address this matter, the UTC has properly included a prioritization requirement on the utility for projects above 300 kW (WAC 480-108-090). This same requirement should also apply to projects below 300 kW (WAC 480-108-030).

3. Deadline for additional interconnection studies

While due diligence is implied, no specific (number of days) deadline is stipulated for the utility to inform the customer that additional studies are required (WAC 480-108-035, (4) and (5). We recommend the stipulation of a reasonable number of days to provide commercial certainty to prospective DG owners and project developers. Absent such certainty, this oversight could create real and/or perceived conflict between the interests of the utility and the interconnecting customer.

4. Cost-based charges

The revised rule states that charges by the utility to the customer seeking interconnection must be cost based (WAC 480-108-040, (13)). We would point out that this is inconsistent with other utility costs which are subsidized by the rate base. For example, if a new generation station comes on line, the costs of interconnecting that system to the grid are borne by all rate payers. To apply the costs for the interconnection of DG only to the DG owner is therefore inconsistent. While the standard as written does contemplate that such costs are spread across the system, it allows for such treatment only if the electric company can demonstrate that quantifiable benefits exist. This presumption-of-no-benefit virtually ensures that such studies will never be done, since the electric company, faced with a consideration of certain cost recovery from the Commission has no incentive to ever request such permission. This conflict of interest is eliminated simply by inversion: structure the rate-base calculation with a presumption of benefit, and put the onus on the electric company to demonstrate that such benefits do not exist.

If the Commission deems it inappropriate to spread these costs across the rate base, we would at least urge a more precise definition of the "good faith estimate" definition of costs (e.g., WAC 480-108-035). Absent clarification, this creates the potential for "gold-plating" of required equipment and/or in the addition of extraneous system components, with little avenue for recourse by the interconnecting customer. To establish a basis for the customer to rebut the estimate, the concept of "acceptable engineering practice" needs to be included. We recommend the following:

> (13) Charges by the electrical company to the interconnection customer in addition to the application fee, if any, must be cost based and consistent with acceptable engineering practices.

We appreciate your consideration of our additional comments.

Sincerely,

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