

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of)	
)	DOCKET NO. UE-060649
Public Utility Regulatory Policies Act Standards)	
)	COMMENTS OF THE INDUSTRIAL CUSTOMERS OF NORTHWEST UTILITIES
Standards for Interconnection to Electric Utility Delivery Systems)	

I. INTRODUCTION

1 The Industrial Customers of Northwest Utilities (“ICNU”) submits the following Comments to the Washington Utilities and Transportation Commission (“WUTC” or the “Commission”) regarding the Commission’s proposed rules for interconnections to electric utility delivery systems. ICNU applauds the Commission for adopting a cost recovery standard for interconnections of less than 300 kW, and standardized procedures for interconnections greater than 300 kW. ICNU supports the Commission’s current proposed rules, however, the Commission’s cost recovery standard for interconnections of less than 300 kW needs some clarification.

II. BACKGROUND

2 After receiving initial written comments and holding a workshop regarding whether the Commission should adopt interconnection rules, the Commission issued draft rule language on January 25, 2007. Various parties commented on the draft rule language, and the Commission issued revised draft rule language on April 30, 2007, in response to those comments. The Commission now seeks additional comments on the revised rule language.

III. COMMENTS

3 ICNU generally supports the Commission's proposed rules. The WUTC's proposed cost recovery standard for interconnections of less than 300 kW, however, does not specifically state whether interconnection customers are entitled to reimbursement from the utility for costs that benefit a utility's other customers. Moreover, the WUTC's proposed rule gives utilities the sole discretion to request the sharing of costs with other customers. The WUTC's proposed cost recovery standard should be amended to specifically provide for reimbursement to interconnection customers and give interconnection customers the ability to request the sharing of costs.

A. The Commission's Rules Should Specifically Provide for Reimbursement to Interconnection Customers of Costs That Benefit a Utility's Other Customers

4 Under *proposed* WAC § 480-108-040(13), if a utility "demonstrates that an interconnection will produce quantifiable benefits for the electrical company's other customers, it may incur a portion of the costs for commission consideration for recovery in its general rates commensurate with such benefits." "Portion" is not defined, but generally means less than 100%.^{1/} Interconnection customers, however, may be held responsible for initially paying up to 50% of the estimated costs as a deposit.^{2/}

5 As currently written, however, it is unclear whether an interconnection customer that pays a 50% deposit would be able to recover any of that deposit if the quantified amount of the benefits to the utility's other customers exceeded 50% of the

^{1/} "Portion" is defined as "a part of a whole." Webster's Third New International Dictionary 1768 (Merriam-Webster Inc. 1993).

^{2/} *Proposed* WAC § 480-108-035(3).

interconnection costs. The Federal Energy Regulatory Commission (“FERC”) specifically requires the reimbursement of costs that benefit a utility’s other customers.^{3/} The WUTC’s rules should specifically provide for the reimbursement of costs interconnection customers pay to the utility that are found to benefit a utility’s other customers.

B. Interconnection Customers Should Be Given the Means to Request the Sharing of Interconnection Costs

6 The WUTC’s proposed rules hold interconnection customers ultimately responsible for the interconnection costs.^{4/} *Proposed WAC* § 480-105-040(13), however, does not provide an interconnection customer any ability to raise the issue of whether the interconnection benefits a utility’s other customers. As a result, for interconnection costs that benefit a utility’s other customers, *proposed WAC* § 480-105-040(13) appears to give a utility the sole discretion to choose to recover the costs from the interconnection customer or to have the costs included in rates. Utilities have little incentive to share the costs of the interconnection, as requesting full reimbursement from the interconnection customer would be the easiest method of recovery.

7 In contrast, FERC provides interconnection customers an opportunity to challenge a utility’s decision regarding whether the interconnection benefits a utility’s other customers, and specifically requires the reimbursement of these costs. At FERC, the interconnection customer is allowed to challenge the allocation of costs at the time the

^{3/} Standardization of Generator Interconnection Agreements and Procedures, 104 FERC ¶ 61,103 at P 720 (2003).

⁴ *Proposed WAC* § 480-105-035(8).

interconnection agreement is filed with FERC.^{5/} Other than the filing of a model interconnection agreement, however, a utility is not required to file an executed interconnection agreement with the WUTC.^{6/}

8 In order to resolve this problem, the Commission should first explicitly provide an enforceable standard requiring the reimbursement of, and prohibiting the collection of, costs from an interconnection customer that benefit a utility's other customers. If left to the discretion of the utility, as the proposed rules appear to provide for, interconnection customers may have no legal basis for challenging a utility's decision. Second, the Commission should clarify that cost recovery issues are subject to the dispute resolution process provided for in *proposed* WAC § 480-108-055. This would allow an interconnection customer to file a formal or informal complaint with the WUTC, if the customer believes the interconnection benefits a utility's other customers and should be reimbursed, or if the utility requests that the customer bear all the costs.

III. CONCLUSION

9 ICNU appreciates the opportunity to submit further comments in this Docket. ICNU supports the Commission's proposed rules, but believes that the WUTC should amend its proposed cost recovery standard.

^{5/} See, e.g., Re Nevada Power Co., 111 FERC ¶ 61,161 at P 4 (2005) (interconnection customer challenged the allocation of costs when the interconnection agreement was filed with FERC for approval).

^{6/} *Proposed* WAC § 480-108-035(1).

Dated this 25th day of May, 2007.

Respectfully submitted,

DAVISON VAN CLEVE, P.C.

/s/ Irion Sanger

Melinda J. Davison

Irion Sanger

Allen C. Chan

333 S.W. Taylor, Suite 400

Portland, Oregon 97204

(503) 241-7242 phone

(503) 241-8160 facsimile

mail@dvclaw.com

Of Attorneys for the Industrial Customers of
Northwest Utilities