

RESOLUTION NO 28-09

A RESOLUTION of the City Council of the City of Port Angeles, Washington, adopting Findings and Conclusions relating to the Public Utility Regulatory Policies Act (PURPA)

WHEREAS, the Energy Independence and Security Act of 2007 amended the Public Utility Regulatory Policies Act (PURPA), requiring certain public utilities consider four new standards, including Integrated Resource Planning, Rate Design Modifications to Promote Energy Efficiency Investments, Consideration of "Smart Grid" Investments, and Smart Grid Information, and

WHEREAS, the key goals of PURPA are to encourage

- 1) Conservation of energy supplied by electric utilities,
- 2) Optimization of the efficiency of use of facilities and resources by electric utilities,
- 3) Equitable rates to electric consumers and

WHEREAS, the City currently integrates energy efficiency resources into its plans, and has adopted policies establishing cost-effective energy efficiency as a priority, and

WHEREAS, the City is planning to double its energy conservation program during the 2010-2014 time period and may consider modifications to retail rates to further promote energy efficiency in the future, and

WHEREAS, the City is planning to implement an Advanced Metering Infrastructure project for its electric utility that is the necessary technology to enable future Smart Grid services to its customers when they become available, and

WHEREAS, the City is subject to the requirements of PURPA, and

WHEREAS, the City Council of the City of Port Angeles, Washington, being the governing body of the City's electric utility did, after public notice, hold public hearings on the 17th of November 2009 and the 15th of December 2009 to consider and discuss the adoption of Findings and Conclusions relating to the Public Utility Regulatory Policies Act (PURPA)

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Port Angeles as follows

Section 1. The City Council hereby approves and adopts the Findings and Conclusions attached as Exhibit A.

Section 2. Based on the Findings and Conclusions, the City Council decides and declares

2.1 Integrated Resource Planning.

Since the City already has adopted policies, specifically tailored to the City's utility system, that integrates cost-effective energy efficiency as a priority, the City of Port Angeles should not adopt the Integrated Resource Planning standard because the increased cost and complexity of compliance with that standard exceeds any benefit beyond the City's already adopted policies.

2.2 Rate Design Modifications to Promote Energy Efficiency Investments

Because the City already has adopted a long-range plan to promote energy conservation and energy efficiency, the City of Port Angeles should not adopt Rate Design Modifications to Promote Energy Efficiency Investments standard at this time, but should reconsider the standard in 2010 for possible adoption in 2011

2.3 Consideration of "Smart Grid" Investments

The City declares its commitment to the Smart Grid program, but recognized that BPA currently does not provide Smart Grid services to the City. Therefore, the City of Port Angeles should not adopt the Smart Grid Investments standard at this time, but should reconsider the standard after the Bonneville Power Administration provides wholesale Smart Grid services to the City

2 4 Smart Grid Information

Recognizing that the City's 2010 budget includes funds to implement Advanced Metering Infrastructure for the electric utility, and that Advanced Metering Infrastructure must be in place before Smart Grid services can be enabled, the City of Port Angeles should not adopt the Smart Grid Information standard at this time, but should reconsider the standard after the proposed Advanced Metering Infrastructure project is completed.

PASSED by the City Council of the City of Port Angeles at a regular meeting of said Council held on the 15th day of December, 2009


MAYOR

ATTEST


Janessa Hurd, City Clerk

APPROVED AS TO FORM

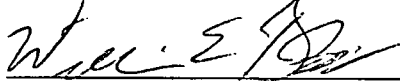

William E. Bloor, City Attorney

EXHIBIT “A”

Based on the evidence presented at the public hearing conducted on November 17th, 2009, the City Council makes the following FINDINGS OF FACT

The Energy Independence and Security Act of 2007 amended the Public Utility Regulatory Policies Act (PURPA), requiring public utilities with annual sales greater than 500 Million kWh to consider four new standards, including Integrated Resource Planning, Rate Design Modifications to Promote Energy Efficiency Investments, Consideration of “Smart Grid” Investments and Smart Grid Information, and

- 1) With regard to the Integrated Resource Planning standard,
 - a) Port Angeles currently integrates energy efficiency resources into its plans, and has adopted policies establishing cost-effective energy efficiency as a priority resource. Energy efficiency resources are currently obtained by providing incentives to retail consumers for the installation of energy efficient equipment.
 - b) Port Angeles must update its Resource Plan on a regular basis at minimum intervals of every two years as required by RCW 19 280 030
 - c) Port Angeles must submit an Electric Utility Resource Plan to the Washington Department of Community, Trade and Economic Development by September 1 2010 as required by RCW 19 280 030, which will incorporate cost-effective energy efficiency measures as a priority resource
 - d) Port Angeles would not benefit from the increased complexity and cost of conducting an integrated resource planning based on the City’s historically low growth rates.

- 2) With regard to the Rate Design Modifications to Promote Energy Efficiency Investments,
 - a) Port Angeles currently provides utility incentives for the delivery of cost-effective energy efficiency and promotes energy efficiency investments to its customers
 - b) Port Angeles currently operates an energy conservation program in cooperation with the Bonneville Power Administration, which in turn develops its energy conservation program with the input from the Power Plans that are developed by the Northwest Power and Conservation Council
 - c) Port Angeles is proposing to double its energy conservation program during the 2010-2014 time period.


- d) Port Angeles will be conducting a study in 2010 for electric utility retail rate design alternatives, and may consider modifications to further promote energy efficiency in the future.
 - e) Port Angeles offers time-of-use rates to all of its retail electric customers
 - f) Port Angeles is committed to cost-based rates and intends to keep the retail cost of electric power as close to the wholesale cost of power as possible
- 3) With regard to the Consideration of "Smart Grid" Investments,
- a) Port Angeles has evaluated both Advanced Meter Reading (AMR) and Advanced Metering Infrastructure (AMI) technologies since 2006
 - 1) This evaluation has been based on a number of factors, including 1) Total costs, 2) Cost-effectiveness, 3) Improved reliability 4) Security, 5) System performance, and 6) Societal benefit.
 - b) Port Angeles included an AMI project in its current Capital Facilities Plan for the City's electric water and wastewater utilities commencing in 2010
 - i) This project will replace the majority of all existing non-advanced revenue meters now being used by the City's distribution system customers
 - c) Port Angeles does not currently receive any Smart Grid services or incentives to reduce its power costs under its present wholesale power sales or wholesale transmission agreements with the Bonneville Power Administration (BPA)
 - d) Port Angeles cannot evaluate the costs and benefits of this proposed standard until such time that Smart Grid services are available on its wholesale power and transmission purchases from the BPA
- 4) With regard to the Smart Grid Information,
- a) Port Angeles now provides consumer information through reasonable means other than a smart grid infrastructure such as by e-mail, the City's web site, information printed on the bill, and bill inserts. Port Angeles is interested in exploring the technological capabilities of a smart grid system and will carefully manage the cost of such a system should it ever become a practical method of delivering information concerning time-based wholesale electricity prices along with available retail rates data to its customers
 - b) Port Angeles now provides its customers with access to the data concerning the sources of power provided by the electric utility, including greenhouse gas emissions associated with each type of generation. This information is provided by means such as by e-mail, the City's web site information printed on the bill, and bill inserts.

- c) Port Angeles cannot provide retail Smart Grid information to its electricity customers until after it completes the proposed AMI project in 2010
- d) Port Angeles cannot provide wholesale Smart Grid information to its customers until such a time as those services are provided to the City by the BPA.
- e) Port Angeles has already deployed a fiber optic network that links all of its electric utility substations, enabling future Smart Grid services to its customers when they become available

Based on the foregoing Findings, the City Council of the City of Port Angeles makes the following Conclusions

- 1 The City of Port Angeles should not adopt the Integrated Resource Planning standard because the increased cost and complexity of compliance with such a standard would exceed any benefits that would be derived from its use
- 2 The City of Port Angeles should not adopt additional Rate Design Modifications to Promote Energy Efficiency Investments standard at this time, but should reconsider the standard in 2010
- 3 The City of Port Angeles should not adopt the Consideration of "Smart Grid" Investments standard at this time, but should reconsider the standard after the Bonneville Power Administration provides wholesale Smart Grid services to the City
- 4 The City of Port Angeles should not adopt the Smart Grid Information standard at this time, but should reconsider the standard after the proposed Advanced Metering Infrastructure project is completed.

DATED this 15th day of December, 2009


Gary Braun, Mayor
City of Port Angeles