



Grant County  
**PUBLIC UTILITY DISTRICT**  
*Innovation & Excellence...Yesterday, Today and Tomorrow*

November 16, 2007

Mr. Howard Schwartz  
Washington Department of Community,  
Trade & Economic Development  
PO Box 43173  
906 Columbia Street SW  
Olympia, WA 98504-3173

Re: Comments on October 4, 2007 Notice of Proposed Rule Making Re: RCW 19.285  
– The Energy Independence Act

Dear Mr. Schwartz:

These comments are submitted by Public Utility District No. 2, Grant County (Grant PUD) in response to the Community, Trade and Economic Development's (CTED) October 4, 2007 Notice of Opportunity to Submit Written Comments on Proposed Rules regarding RCW 19.285 – The Energy Independence Act (EIA). Attached to these comments, and incorporated into, please find a copy of the comments Kevin Nordt presented at the Public Hearing in Spokane on November 14, 2007 on this topic.

Further, Grant PUD supports those comments submitted on behalf of the Washington Public Utility Districts Association and the August 15<sup>th</sup> comments submitted by Grant PUD and others, and which are being resubmitted by Donald Cohen of the Gordon, Thomas, Honeywell law firm on behalf of Cowlitz PUD.

Grant PUD continues to urge CTED to adopt rules that only involve procedural matters as specified in RCW 19.285.080(2), CTED "shall adopt rules concerning only process, timelines, and documentation to ensure the proper implementation of this Chapter ...." CTED's rules continue to exceed that statutory restriction by being too prescriptive, specifically regarding rules regarding conservation, and infringe on the local control afforded to our Commissioners regarding the provision of electric service to our customers in Grant County.

Grant PUD continues to install renewable resources, currently in the form of Advance Design Turbines at its Wanapum Hydroelectric Development, and we have supported renewable resource development for over 50 years dating back to the construction of Priest Rapids Hydroelectric Development. We are also a leader in the area of irrigation conservation and water management, and with the significant load growth currently impacting Grant PUD we are actively working to ensure that these new customers are doing all they can to incorporate energy efficiency into their structures and operations.

*Public Utility District No. 2 of Grant County, Washington*

The passage of the IEA was looked on by Grant PUD as another law with which we would have to comply. However, these rules with their prescriptions regarding conservation and renewable resource acquisitions, go well beyond our reading of the act. We implore CTED to go back and revise these rules to allow Grant PUD and other public utilities the flexibility they need to satisfy the requirements of the IEA in light of their individual utility circumstances.

We want to thank you for allowing participation in the rule making process and for considering our comments provided at each stage of open participation. We also want to thank you for this opportunity to comment on these final proposed rules.

Sincerely,

A handwritten signature in cursive script that reads "Tim Culbertson". The signature is written in black ink and has a fluid, connected style.

Tim Culbertson  
General Manager

**Testimony of Grant County PUD  
CTED Rulemaking  
I-937, Energy Independence Act**

**November 14, 2007 Spokane WA**

- Good afternoon, my name is Kevin Nordt. I am the Director of Power Management at Grant County PUD. Grant County PUD wishes to express its appreciation to CTED for the opportunity to comment today.
- As Director of Power Management at Grant PUD, my job is to ensure our customers a safe, reliable, and economic power system. That is why the rulemaking associated with I-937 is of great importance to me.
- Grant PUD firmly supports renewable energy, and has for over 50 years. Our two dams, Priest Rapids and Wanapum, produce clean, renewable hydropower to energize communities throughout the NW and help integrate wind resource. Grant also purchases the output of 2 irrigation system hydro projects and are partners in the Nine Canyon wind project. Looking forward Grant has several other renewable options under consideration.
- Grant PUD has been active in the 937 process all along. The PUD has worked in both the pre-election and post adoption periods.
- Grant PUD staff worked constructively in CTED's process to develop rules for the implementation of I-937, and you have our comments on record. **We are committed to meeting the requirements of the Energy Independence Act. However, we do believe these rules outlining the steps we have to follow to meet those requirements are overly prescriptive in some areas.**
- Grant PUD's main concern is that the rules as proposed to date by CTED are overly prescriptive particularly in the area related to

conservation. Grant believes CTED has exceeded its directive to contain its rulemaking to areas concerning only process, timeline and documentation. In Grant's view, the rules as proposed appear to interfere with our ability to maintain local control.

- Maintaining local community-based control over utility services is the reason PUDs were created in the first place. Our elected Commission is directly responsible to the voters in our service territory for their rates, services and policies. **It was our understanding that this Initiative would preserve that right.**
- We are not trying to weaken the Act or dodge our responsibilities, however, we do need the rules to be effective and efficient. Our customers and the entire Washington economy will live with the consequences. This initiative passed with only 52 percent of the vote, not an overwhelming majority. As much as possible, the rules should recognize each utility's unique situation.
- CTED needs to recognize that while the NW Council's plan is a good regional plan, it is just that – a regional plan. The Council's plan does not necessarily lend itself to simple pro-ration nor does it address the individual impacts to regional parties. It is quite possible to implement rules that are consistent with the Council's plan while not strictly adopting parameters directly. Moreover, the Council's plan contemplates a dimension of risk and risk tolerance is a subjective measure.
- CTED's rules must have enough flexibility to acknowledge our differing circumstances, obstacles and opportunities. Failure to do so reduces both Grant's and regional flexibility. In addition, it increases the chances of stranded investment and adverse economic consequences.
- In Grant's view, renewable energy must not only be clean, it must be cost-effective. We are already seeing competition and product costs increase as market pressures manifest as a result of large scale mandates to invest in new technologies, like wind. As a veteran of the power industry, I can assure you that we are all going to be seeking,

and competing for, the same resources and facing increased operational risks as new technologies are rushed to commercial operation. The rules you put in place should facilitate our efforts to meet the requirements of the Act and our future energy needs economically. Penalties for non-compliance, and significant new paper work and reporting requirements are not the best way to encourage a clean and efficient energy future, in my view.

- Green power, like wind or PV, will be an increasing part of our resource picture, but it does come with one major drawback. Unlike hydropower, which can be scheduled to meet peak demands and generate during times of high energy use, green power is intermittent. For example, wind power is only available when the wind blows, on average about 30 percent of the time and in the northwest, not during times of system peak loads. Without firm backup, green power cannot be relied upon to serve customer loads. Given the importance of hydropower to integrating green power into WA's energy portfolio, we believe hydro that is used to "firm" green power should count as a renewable.
- Getting more power from existing dams is a proven winner at Grant PUD. We are installing our fourth advanced design turbine, and find they are 14% more efficient. For the same amount of water through the same project, we've significantly increased our generating capacity, and the design is good for fish that pass our dams. We are pleased that this incremental hydropower is recognized as a valuable "new" renewable. **We believe these rules have taken a reasonable approach to quantifying this incremental hydro.**
- **We may have differing opinions on the details, but in the end, we all have the same goal - to provide an efficient, clean, reliable and affordable energy future for our communities. Thank you for your time.**