


**BEFORE THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS**

OCT 22 2008



In the Matter of a General Investigation Into )  
The Commission's Consideration of the ) Docket No. 09-GIME-360-GIE  
Public Utility Regulatory Policy Act's )  
Electric Standards As Implemented In The )  
Energy Independence and Security Act of )  
2007. )

**STAFF'S MOTION TO OPEN A GENERIC INVESTIGATION INTO PURPA  
STANDARDS**

The Staff of the Corporation Commission of the State of Kansas (Commission) moves the Commission for an order opening a generic docket into the consideration of newly enacted Public Utility Regulatory Policy Act (PURPA) standards in light of the Energy Independence and Security Act of 2007. In support of its Motion, Staff states:

1. Pursuant to Sections 532 and 1307 of the Energy Independence and Security Act of 2007 (EISA), Congress directed State Commissions to consider four (4) new federal standards to Public Utility Regulatory Policy Act (PURPA) section 111(d)<sup>1</sup>.

The standards are as follows:

(16) INTEGRATED RESOURCE PLANNING<sup>2</sup>.—Each electric utility shall—  
(A) integrate energy efficiency resources into utility, State, and regional plans; and  
(B) adopt policies establishing cost-effective energy efficiency as a priority resource.

(17) RATE DESIGN MODIFICATIONS TO PROMOTE ENERGY EFFICIENCY INVESTMENTS<sup>3</sup>.—  
(A) IN GENERAL.—The rates allowed to be charged by any electric utility shall—  
(i) align utility incentives with the delivery of cost-effective energy efficiency; and  
(ii) promote energy efficiency investments.

<sup>1</sup> 16 U.S.C. 2621(d).

<sup>2</sup> Pub. L. No. 110-140 § 532, 121 Stat. 1665, 1666 (2007).

<sup>3</sup> Id.

(16) CONSIDERATION OF SMART GRID INVESTMENTS<sup>4</sup>-

(A) IN GENERAL- Each State shall consider requiring that, prior to undertaking investments in nonadvanced grid technologies, an electric utility of the State demonstrate to the State that the electric utility considered an investment in a qualified smart grid system based on appropriate factors, including

- (i) total costs;
- (ii) cost-effectiveness;
- (iii) improved reliability;
- (iv) security;
- (v) system performance; and
- (vi) societal benefit.

(B) RATE RECOVERY- Each State shall consider authorizing each electric utility of the State to recover from ratepayers any capital, operating expenditure, or other costs of the electric utility relating to the deployment of a qualified smart grid system, including a reasonable rate of return on the capital expenditures of the electric utility for the deployment of the qualified smart grid system.

(C) OBSOLETE EQUIPMENT- Each State shall consider authorizing any electric utility or other party of the State to deploy a qualified smart grid system to recover in a timely manner the remaining book-value costs of any equipment rendered obsolete by the deployment of the qualified smart grid system, based on the remaining depreciable life of the obsolete equipment.

(17) SMART GRID INFORMATION<sup>5</sup>-

(A) STANDARD- All electricity purchasers shall be provided direct access, in written or electronic machine-readable form as appropriate, to information from their electricity provider as provided in subparagraph (B).

(B) INFORMATION- Information provided under this section, to the extent practicable, shall include:

- (i) PRICES- Purchasers and other interested persons shall be provided with information on—
  - (I) time-based electricity prices in the wholesale electricity market; and
  - (II) time-based electricity retail prices or rates that are available to the purchasers.
- (ii) USAGE- Purchasers shall be provided with the number of electricity units, expressed in kwh, purchased by them.
- (iii) INTERVALS AND PROJECTIONS- Updates of information on prices and usage shall be offered on not less than a daily basis, shall include hourly price and use information, where available, and shall include a dayahead projection of such price information to the extent available.
- (iv) SOURCES- Purchasers and other interested persons shall be provided annually with written

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<sup>4</sup> Pub. L. No. 110-140 § 1307, 121 Stat. 1791, 1792-93 (2007).

<sup>5</sup>Id.

information on the sources of the power provided by the utility, to the extent it can be determined, by type of generation, including greenhouse gas emissions associated with each type of generation, for intervals during which such information is available on a cost-effective basis.

2. The Commission is required to begin its investigation no later than December 19, 2008 for the two standards numbered (16). A Commission decision must be issued by December 19, 2009 regarding the appropriateness of the standards listed in paragraph 1 above. Due to ambiguities in the act, it is unclear whether the consideration timeline applies to all four standards or merely to the two standards numbered (16). Because of the ambiguity Staff suggests all four standards be considered within the above-referenced timeline to ensure compliance with EISA.

3. Staff notes with regard to energy efficiency issues contained in the standards established by EISA Section 532, the Commission has considered generally the role of energy efficiency as a resource in Docket Nos. 08-GIMX-441-GIV, and 08-GIMX-442-GIV. Furthermore, the Commission is considering cost recovery and incentives for energy efficiency programs in Docket No. 08-GIMX-441-GIV. Therefore, Staff suggests comments be sought specifically on whether the Commission's consideration in those dockets is sufficient compliance with the standards, and whether EISA allows for prior state action as compliance.

4. In addition, with regard to the Smart Grid standards, Staff proposes the following questions be posed to interested parties:

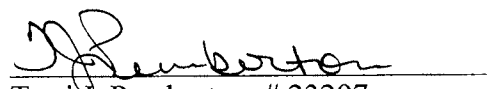
- A. Do utilities limit the amount of smart grid investments due to concerns that the investments may not be completely recovered?

B. Are there procedures already in place that address the possibility of replacing existing long-lived technology due to obsolescence? If so, what impact will smart grid investments have on these procedures?

5. Staff suggests the parties provide additional comments they believe will assist the Commission in its consideration of the new PURPA standards.

6. Staff moves the Commission for an order opening a generic docket to address the four new federal standards to PURPA as identified above. Staff suggests the matter may be best handled in a generic proceeding so that electric utilities, as well as all other interested parties, have an opportunity to fully participate. Staff proposes interested parties be provided an opportunity to file initial comments to the issues preliminarily identified in Commission's order opening generic docket, and also on what precise issues should be addressed in the general investigation. Staff suggests the parties be given an opportunity to file responsive comments. Upon reviewing both the comments and responsive comments, Staff recommends the Commission determine the issues and develop a procedure schedule appropriate for the issues and scope of the proceeding at that time.

WHEREFORE, Staff respectfully requests the Commission issue an order opening a generic investigation, and for any further relief the Commission deems just and appropriate.

  
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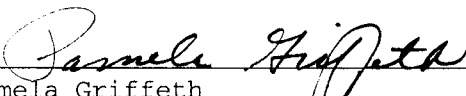
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