

## **POLICY NO. 432**

### **PUBLIC UTILITY REGULATORY PRACTICES ACT OF 1978 (PURPA)**

#### **I. OBJECTIVE**

The PCRPPD will make available the purchase of power and energy from small power producers and co-generation facilities rated at less than the owner's distribution transformer capacity to maximum of 100 kW.

#### **II. PROVISIONS**

1. The PCRPPD will purchase at its "avoided costs" power and energy from qualifying facilities in accordance with Section 201 and 210 of PURPA. The PCRPPD will also sell power and energy to the qualifying facility as it may require. The PCRPPD will sell the qualifying facility its needs over and above its generating capabilities or, at the qualifying facility's option, will purchase 100% of its generation output and sell to the qualifying facility 100% of its needs.
2. The PCRPPD will base "avoided costs" on that portion of its wholesale power cost which, by virtue of the purchase from the qualifying facility, it now avoids. Power and energy sales to the qualifying facility shall be made at standard rates.
3. PURPA provides that the other PCRPPD's customers shall not subsidize the qualifying facility. Thus, all costs including engineering, construction, material and related expenses are to be paid by the Small Producers and Co-generators.
4. The PCRPPD and the other PCRPPD customers are to be held harmless from all acts or omissions on the part of the qualifying facility. The qualifying facility will be required to carry adequate insurance and will be required to reimburse the PCRPPD for its additional insurance premiums, which may be caused by the connection of the qualifying facility.
5. The PURPA regulations also mandate that service to other PCRPPD customers shall not be degraded because of the presence or connection of the qualifying facility. The qualifying facility shall construct, operate and

maintain its facilities or cause them to be constructed, operated and maintained, in a manner conforming to all existing safety codes, regulations and best operating practices. Failure to comply shall be cause for disconnection of the qualifying facilities.

6. Future costs or system improvements which may become necessary by reason of the continued connection of additional qualifying facilities to the PCRPPD's facilities shall be shared by all qualifying facilities that contribute to the need for the improvement to the PCRPPD facilities. The sharing of costs shall be prorated on a capacity basis at the time the cost is incurred.
7. A member desiring to install generation derived primarily from supplemental energy should notify the PCRPPD in writing of this intention. Included with the notification should be a complete set of electrical diagrams, a site plan showing the location of the facilities, a description of the protective functions of the facilities including hardware, a range of settings and fuse characteristics, maximum power rating and expected kWh production from the generator, and any information on the expected use of the generator as it pertains to its end use.
8. Metering of kW and kWh quantities shall be provided by "in" and "out" meters as appropriate. Based on readings of these meters, the PCRPPD will monthly render a statement showing in necessary detail the purchase by the PCRPPD, the sales by PCRPPD and the net monies owed by the PCRPPD or due to PCRPPD.
9. The PCRPPD will maintain an accurate and complete accounting of all expenses related to the application and connection of each Small Power Producer and Co-generator and shall promptly bill the Small Power Producer or Co-generator for all related expenses. Related expenses shall include but not limited to labor, material, insurance, overheads, legal service, consulting services, meter reading, switching costs, mileage and equipment costs.
10. The PCRPPD and the Small Power Producer or Co-generator shall enter into a written agreement setting forth in necessary detail the manner in which the PCRPPD shall purchase and sell power and energy to the Small Power Producer or Co-generator, the facilities to be constructed, the character of service, the planned mode of operation and maintenance of

the facilities. The agreement shall also detail the rate, billing and payment arrangements for power and energy transactions, the billing and payment procedures for PCRPPD's expenses related to the Small Power Producer or Co-generator and other items that are a necessary part of the agreement.

**III. RESPONSIBILITY**

The General Manager shall be responsible for the administration of this policy.

**APPROVED BY THE BOARD OF DIRECTORS**

**EFFECTIVE DATE:** 9/4/1981

**DATE APPROVED:** 9/4/1981

**REVIEWED:** 1/8/2001

**ATTEST:** *J. M. Pappalardo*