



LINCOLN ELECTRIC SYSTEM

LES RESOLUTION 2007-8

WHEREAS, the Public Utility Regulatory Policies Act (PURPA) of 1978 required Lincoln Electric System (LES) to consider and determine the appropriateness of certain Standards set forth in PURPA as applied to certain LES operations; and

WHEREAS, the primary goal of PURPA is to encourage conservation of energy, equitable rates for electric consumers, and the efficient use of generation facilities and resources by electric utilities; and

WHEREAS, the Energy Policy Act (EPA) of 2005 amended PURPA to provide for additional standards to be considered by certain utilities, including LES; and

WHEREAS, staff conducted an analysis of existing PURPA standards and new standards contained in EPA 2005; and

WHEREAS, PURPA requires that one or more public hearings be held to receive input from ratepayers regarding the utility's consideration of the PURPA standards; and

WHEREAS, LES held a public hearing on February 20, 2007, at the Walter A. Canney Service Center, for the purpose of receiving public input on the following PURPA standards:

- Time-Based Metering and Communications, §111(d)(14);
- Interconnection, §111(d)(15);
- Net Metering, §111(d)(11);
- Fossil Fuel Generation Efficiency, §111(d)(13);
- Fuel Source Reliance, §111(d)(12); and
- Information to Customers, §113(b)(3) and 115(f); and

WHEREAS, the Budget & Rates Committee reviewed the staff recommendation and public input regarding the standard for Time-Based Metering and Communications and recommends that the standard not be adopted because it would result in greater costs for most electric consumers, as outlined in the attachment hereto; and

WHEREAS, the Budget & Rates Committee also reviewed the staff recommendation for a modified Interconnection standard and public input regarding such standard and recommends that a modified version of the federal standard be adopted as outlined in the attachment hereto.

NOW, THEREFORE, BE IT RESOLVED, that based on the information provided by staff and the public input obtained at the public hearing, the LES Administrative Board declines to adopt the PURPA standard on Time-Based Metering and Communications and adopts a modified version of the federal PURPA standard on Interconnection.

BE IT FURTHER RESOLVED that the LES Administrative Board recommends that the Lincoln City Council take similar action on these two PURPA standards.



Chair

Adopted: May 18, 2007



L I N C O L N E L E C T R I C S Y S T E M

**LES ADMINISTRATIVE BOARD
COMMITTEE REPORT & RECOMMENDATION**

Committee:	Budget & Rates
Date:	May 11, 2007
Issue:	Consideration of PURPA Standard 111(d)(14) – Time-Based Metering and Communications
Recommendation:	To not adopt the standard

SUMMARY:

The Budget & Rates Committee met with staff to consider the Public Utility Regulatory Policies Act (PURPA) Standard regarding Time-Based Metering and Communications. The following is the Committee's finding and recommendation.

Time-Based Metering and Communications Standard 111(d) (14)

- LES utilizes the cost of service and fully distributed embedded cost methodology for rate design.
- This methodology creates an average cost of service, or price, for the retail rate.
- The price does not vary between City Council approved rate adjustment periods.
- It does change during the winter (8 months) to summer (4 months) seasons.
- Market volatility is managed by the Utility.
- Under time-based metering (TBM) and associated rate structures, price volatility is readily transparent to and managed by the consumer.
- TBM would require LES to price with to a more immediate price signal, to which consumers could voluntary respond.
- Costs to most consumers would be greater to under TBM.
- If consumers responded to the price signals, conservation of energy consumption could be realized.

RECOMMENDATION:

The Committee recommendation is to not adopt the proposed time-based metering and communications Standard.

The current LES Power Purchase Program (referred to as peak load reduction in the EPCRA 2005) should be continued. The other pricing mechanisms (time-of-use, critical peak pricing and real-time pricing) present a variety of identifiable financial and operational risks to LES and its consumers. Staff will continue to monitor and evaluate time-based rates and their applicability to consumers in Lincoln. LES may implement a pilot program with a specific rate class if analysis shows the benefits exceed the costs.



L I N C O L N E L E C T R I C S Y S T E M

**LES ADMINISTRATIVE BOARD
COMMITTEE REPORT & RECOMMENDATION**

Committee:	Budget & Rates
Date:	May 11, 2007
Issue:	Consideration of PURPA Standard 111(d)(15) – Interconnection
Recommendation:	Adopt Modified Standard

SUMMARY:

The Budget & Rates Committee has met with staff to consider the Public Utility Regulatory Policies Act (PURPA) Standard regarding Interconnection. The following is the Committee's finding and recommendation.

Interconnection Standard - 111(d) (15)

- The Public Utilities Regulatory Policy Act of 1978 (PURPA) requires electric utilities to connect "Qualifying Facilities."
- LES meets the PURPA requirement through the "Policy and Guidelines for Customer-Owned Generation."
- LES allows connection of qualifying facilities.
- LES does not allow connection of non-qualifying facilities.
- Engineering Division maintains a document explaining the technical requirements for connecting to LES.
- This document, "Requirements for Transmission System Interconnections for Transmission End-User/Substation and Generation", satisfies NERC requirements and uses IEEE Standard 1547.
- Staff considers, in the spirit of EAct 2005, a modification to the PURPA Standard for distributed resources to connect to LES, provided the units are 250kW or larger. Qualifying facilities are already allowed.
- The IEEE Standard 1547 uses 250 kW as a division between small and large generating units.

RECOMMENDATION:

The Committee's recommendation is to adopt the Standard modified as follows:

LES shall make available, upon request, interconnection service to any electric consumer installing a 250 kW or larger generating unit. For the purposes of this paragraph, the term 'interconnection service' means service to an electric consumer under which an on-site generating facility on the consumer's premises shall be connected to the local distribution facilities. Backup Power will be provided for the generating facility at the prevailing rate. Interconnection services shall be offered based upon the standards developed by the Institute of Electrical and Electronics Engineers: IEEE Standard 1547 for Interconnecting Distributed Resources with Electric Power Systems, as they may be amended from time to time. Interconnection services shall also be based upon the LES documents entitled "Policy and Guidelines for Customer-Owned Generation" and "Requirements for Transmission System Interconnections for Transmission End-User/Substation and Generation." LES shall be under no obligation to purchase the output from the consumer's generating facility unless it is a PURPA defined Qualifying Facility. In addition, agreements and procedures shall be established whereby the services that are offered shall promote current best practices of interconnection for distributed generation. All such agreements and procedures shall be just and reasonable, and not discriminatory or preferential.



LINCOLN ELECTRIC SYSTEM

LES RESOLUTION 2007-9

WHEREAS, the Public Utility Regulatory Policies Act (PURPA) of 1978 required Lincoln Electric System (LES) to consider and determine the appropriateness of certain Standards set forth in PURPA as applied to certain LES operations; and

WHEREAS, the primary goal of PURPA is to encourage conservation of energy, equitable rates for electric consumers, and the efficient use of generation facilities and resources by electric utilities; and

WHEREAS, the Energy Policy Act (EPAct) of 2005 amended PURPA to provide for additional standards to be considered by certain utilities, including LES; and

WHEREAS, staff conducted an analysis of existing PURPA standards and new standards contained in EPAct 2005; and

WHEREAS, PURPA requires a public hearing to be held to receive input from ratepayers regarding the utility's consideration of the PURPA standards; and

WHEREAS, LES held a public hearing on February 20, 2007, at the Walter A. Canney Service Center, for the purpose of receiving public input on the following PURPA standards:

- Time-Based Metering and Communications, §111(d)(14);
- Interconnection, §111(d)(15);
- Net Metering, §111(d)(11);
- Fossil Fuel Generation Efficiency, §111(d)(13);
- Fuel Source Reliance, §111(d)(12); and
- Information to Customers, §113(b)(3) and 115(f); and

WHEREAS, the Legislation & Governmental Affairs Committee reviewed the staff recommendation for a modified Net Metering standard and the public input regarding such standard and recommends that a modified version of the federal standard be adopted as outlined in the attachment hereto.

NOW, THEREFORE, BE IT RESOLVED, that based on the information provided by staff and the public input obtained at the public hearing, the LES Administrative Board approves a modified version of the federal PURPA standard on Net Metering and recommends that the Lincoln City Council also adopt the modified Net Metering standard.


Chair

Adopted: May 18, 2007



**LES ADMINISTRATIVE BOARD
COMMITTEE REPORT & RECOMMENDATION**

Committee:	Legislation & Governmental Affairs
Date:	May 11, 2007
Issue:	Consideration of PURPA Standard 111(d)(11) – Net Metering
Recommendation:	Adopt Modified Standard

SUMMARY:

The Legislation & Governmental Affairs Committee met with LES staff to consider the Public Utility Regulatory Policies Act (PURPA) Standard regarding Net Metering proposed by staff. The committee considered the comments made by the public at the public hearing of February 20, 2007. The following is the Committee's finding and recommendation.

LES currently offers interconnection of customer-owned generation of "qualified facilities" to the System. The procedure for the interconnection is found in the LES policy referred to as the "Policy and Guidelines for Customer Owned Generation". Currently the metering methodology in the Policy offers two options. The first option is a two meter set (Figure 1), where LES records the total power supplied to the end use and records the total power generated by the customer. The customer is billed for the total reading on the LES supply meter 1B and is credited or paid at avoided cost for energy generated by the customer's generator and recorded on meter 1A.

The second style is a three meter set (Figure 2). One meter is for LES supply to the customer's facility when the customer's generator is not supplying the total load (meter M2), meter M1 records surplus energy generated by the customer's generator and third meter, M3, is optional and records the total energy produced by the customer's generator. Meter M3 is not used in any billing calculations.. The billing to the customer is from the first meter for all energy recorded as a result of system supply; The customer is then credited or paid for all excess energy supply back to LES at the avoided costs. In each of options the charges for having more than one meter are waived by LES.

Proponents of net metering are recommending a single meter installation where the meter would spin forward (LES Supply) and backwards (Customer generated supply). The same result is achieved by netting the readings of meters M1 and M2.

Net Metering Standard - 111(d) (11)

The Committee believes the metering arrangements currently offered by LES are appropriate and reflect cost of service principles. The Committee also appreciates the substantial public input and discussion. The Committee supports the encouragement of renewable generation and, therefore, recommends the adoption of the staff proposed Modified Standard with the additional provision that for a period of 5 years when customers select the metering arrangement shown in Figure 2, that the readings of meters M1 and M2 will be netted. In this instance, the customer is being fully credited for energy generated by the consumer at the retail rate. After netting, if the customer has supplied energy to LES it shall be purchased by LES at LES' published avoided cost of energy (as published in the LES "Policy and Guidelines for Customer-Owned Generation."

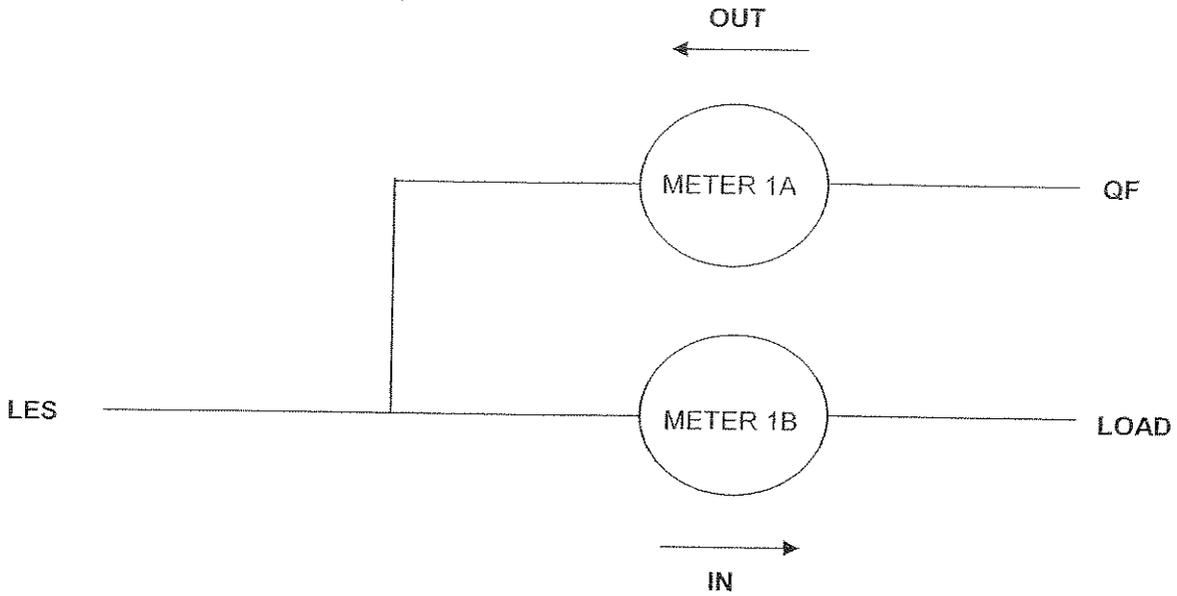
At the end of this five-year period, the metered/billing methodology will revert back to the method where the LES supply meter and the customer's generation meter will be billed separately, unless otherwise directed by the LES Administrative Board.

RECOMMENDATION:

Therefore, the Legislation & Governmental Affairs Committee recommends adopting the following modified Standard:

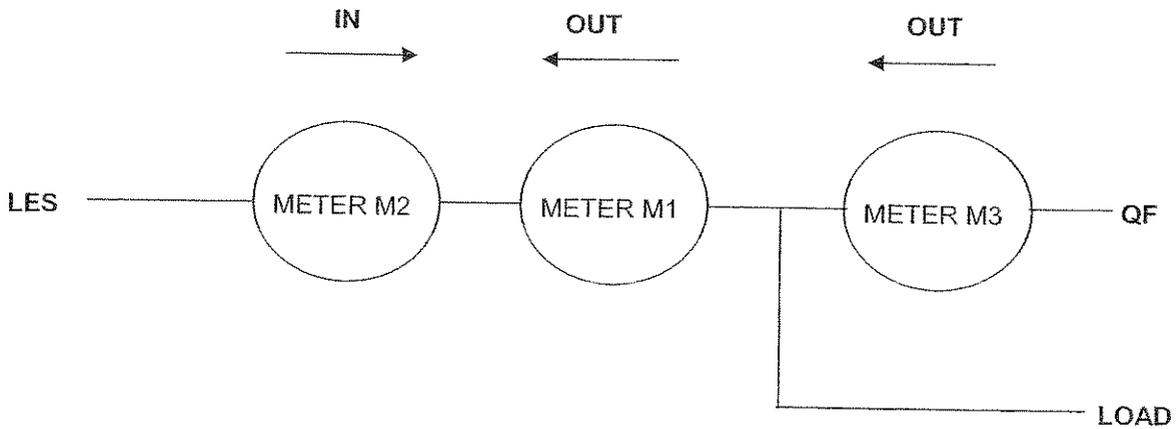
In an effort to encourage the market development of renewable energy, Lincoln Electric System shall make available upon request net metering/billing service to any electric consumer in LES' service area with a PURPA defined Qualifying Facility of 25kW or less. This service will be available until December 31, 2012. At the end of this period, the net metering will revert to the two meter style referred to as the Option 2 in the LES "Policy and Guidelines for Customer Owned Generation" (Section 5-1). And where the metered energy will no longer be netted, but billed separately. Net metering/billing means measuring the electricity supplied to a consumer through LES' distribution system and the electricity generated by a consumer-generator that is delivered to the LES distribution system at the same point of interconnection. The metered energy will be billed in net of all energy supplied by LES and generated by the consumer. Energy generated by the consumer in excess of the energy the consumer's load required for a billing period shall be purchased by LES each billing period at LES' avoided cost as regularly published in the "LES Policy and Guidelines for Customer-Owned Generation". The consumer will pay the applicable service level tariff and the applicable charges and fees.

Figure 1



Assumes QF sells entire output to LES as recorded on Meter 1A.
LES supplies the entire load as recorded on Meter 1B.

Figure 2



Assumes QF first supplies its own load and sells instantaneous excess or surplus to LES as recorded on Meter M1. LES supplies the instantaneous load deficiency on Meter M2. Meter M3 records the generator output.



LINCOLN ELECTRIC SYSTEM

LES RESOLUTION 2007-10

WHEREAS, the Public Utility Regulatory Policies Act (PURPA) of 1978 required Lincoln Electric System (LES) to consider and determine the appropriateness of certain Standards set forth in PURPA as applied to certain LES operations; and

WHEREAS, the primary goal of PURPA is to encourage conservation of energy, equitable rates for electric consumers, and the efficient use of generation facilities and resources by electric utilities; and

WHEREAS, the Energy Policy Act (EPA) of 2005 amended PURPA to provide for additional standards to be considered by certain utilities, including LES; and

WHEREAS, staff conducted an analysis of existing PURPA standards and new standards contained in EPA 2005; and

WHEREAS, PURPA requires a public hearing to be held to receive input from ratepayers regarding the utility's consideration of the PURPA standards; and

WHEREAS, LES held a public hearing on February 20, 2007, at the Walter A. Canney Service Center, for the purpose of receiving public input on the following PURPA standards:

- Time-Based Metering and Communications, §111(d)(14);
- Interconnection, §111(d)(15);
- Net Metering, §111(d)(11);
- Fossil Fuel Generation Efficiency, §111(d)(13);
- Fuel Source Reliance, §111(d)(12); and
- Information to Customers, §113(b)(3) and 115(f); and

WHEREAS, the Operations & Power Supply Committee reviewed the staff recommendation for a modified Fossil Fuel Generation Efficiency standard and the public input regarding such standard and recommends that a modified version of the federal standard be adopted as outlined in the attachment hereto.

WHEREAS, the Operations & Power Supply Committee also reviewed the staff recommendation for a modified Fuel Source Reliance standard and public input regarding such standard and recommends that the federal standard be adopted as reflected in the attachment hereto.

NOW, THEREFORE, BE IT RESOLVED, that based on the information provided by staff and the public input obtained at the public hearing, the LES Administrative Board approves a modified version of the federal PURPA standard on Fossil Fuel Generation and Efficiency and adopts the federal PURPA standard on Fuel Source Reliance.

BE IT FURTHER RESOLVED that the LES Administrative Board recommends that the Lincoln City Council take similar action on these two PURPA standards.


Chair

Adopted: May 18, 2007



**LES ADMINISTRATIVE BOARD
COMMITTEE REPORT & RECOMMENDATION**

Committee:	Operations & Power Supply
Date:	May 11, 2007
Issue:	Consideration of PURPA Standard 111(d)(13) – Fossil Fuel Generation Efficiency
Recommendation:	Adopt Modified Standard

SUMMARY:

The Operations & Power Supply Committee met with staff to consider the Public Utility Regulatory Policies Act (PURPA) Standard regarding Fossil Fuel Generation Efficiency. The following is the Committee's finding and recommendation.

Fossil Fuel Generation Efficiency Standard - 111(d) (13)

The Committee has reviewed the PURPA standard where the Standard states that "each electric utility shall develop and implement a 10 year plan to increase the efficiency of its Fossil Fuel Generation."

The Staff correctly points out that as there is currently an annual update to the efficiency evaluation through the Integrated Resource Plan (IRP). This study evaluates the efficiency potential for demand side and supply side inputs. Every five years a thorough IRP is conducted in relation to the requirement with the LES WAPA contract. The committee views the PURPA language as proposed to a lesser standard than what is currently undertaken by staff.

RECOMMENDATION:

The recommendation is then to approve the following modified Standard.

LES will continue to produce a list of efficiency upgrades that could be undertaken at each of its fossil-fired resources to be evaluated in the Integrated Resource Plan. Implementation of these upgrades would begin if they pass the Integrated Resource Planning principles and are shown to be economically beneficial.



L I N C O L N E L E C T R I C S Y S T E M

**LES ADMINISTRATIVE BOARD
COMMITTEE REPORT & RECOMMENDATION**

Committee:	Operations & Power Supply
Date:	May 11, 2007
Issue:	Consideration of PURPA Standard 111(d)(12) – Fuel Source Reliance
Recommendation:	Adopt the standard

SUMMARY:

The Operations & Power Supply Committee met with staff to consider the Public Utility Regulatory Policies Act (PURPA) Standard regarding Fuel Source Reliance. The following is the Committee's finding and recommendation.

Fuel Source Reliance Standard - 111(d)(12)

The Standard as proposed reads "Each Electric utility shall develop a plan to minimize dependence on one fuel source and to ensure that the electric energy it sells to consumers is generated using a diverse range of fuels and technologies including renewable technologies."

LES evaluates future resource options based on the Integrated Resource Planning (IRP) principles. In recent years all fuel sources (except nuclear) and Demand Side Management (DSM) options have been considered, including renewable resources (wind and land fill gas). LES has not considered nuclear an option because LES could not pursue this on its own and other utilities in the region are not considering new nuclear construction.

This overall IRP approach has led to an economical resource and fuel mix. While mostly coal based energy production (70-80%), LES has maintained a mix of coal suppliers, Nebraska Public Power District, Western Fuels, and MidAmerican Energy Corporation. Also, slightly over 6% of our energy supply is renewable (Mostly hydro electric but some locally installed wind turbines and participation in NPPD's Springview wind turbine site). The remaining 15-20% of energy needs is met with local gas fired generation, with oil backup, or by short-term purchases from regional markets.

RECOMMENDATION:

The recommendation of the Committee is to adopt the Standard.



LINCOLN ELECTRIC SYSTEM

LES RESOLUTION 2007-11

WHEREAS, the Public Utility Regulatory Policies Act (PURPA) of 1978 required Lincoln Electric System (LES) to consider and determine the appropriateness of certain Standards set forth in PURPA as applied to certain LES operations; and

WHEREAS, the primary goal of PURPA is to encourage conservation of energy, equitable rates for electric consumers, and the efficient use of generation facilities and resources by electric utilities; and

WHEREAS, the Energy Policy Act (EPA) of 2005 amended PURPA to provide for additional standards to be considered by certain utilities, including LES; and

WHEREAS, staff conducted an analysis of existing PURPA standards and new standards contained in EPA 2005; and

WHEREAS, PURPA requires a public hearing to be held to receive input from ratepayers regarding the utility's consideration of the PURPA standards; and

WHEREAS, LES held a public hearing on February 20, 2007, at the Walter A. Canney Service Center, for the purpose of receiving public input on the following PURPA standards:

- Time-Based Metering and Communications, §111(d)(14);
- Interconnection, §111(d)(15);
- Net Metering, §111(d)(11);
- Fossil Fuel Generation Efficiency, §111(d)(13);
- Fuel Source Reliance, §111(d)(12); and
- Information to Customers, §113(b)(3) and 115(f); and

WHEREAS, the Communications & Marketing Committee reviewed the staff recommendation for modifying the existing PURPA standard on Information to Customers, as well as the public input regarding such standard, and recommends modifications to the existing standard be adopted as outlined in the attachment hereto.

NOW, THEREFORE, BE IT RESOLVED, that based on the information provided by staff and the public input obtained at the public hearing, the LES Administrative Board approves modifications to its existing PURPA standard on Information to Customers and recommends that the Lincoln City Council also adopt these modifications.



Chair

Adopted: May 18, 2007



L I N C O L N E L E C T R I C S Y S T E M

**LES ADMINISTRATIVE BOARD
COMMITTEE REPORT & RECOMMENDATION**

Committee:	Marketing & Communications
Date:	May 11, 2007
Issue:	Consideration of PURPA Standard 113(b)(3) and 115(f) – Information to Consumers
Recommendation:	Adopt Modifications to the Standard

SUMMARY:

The Marketing & Communications Committee met with staff to consider the updating and modification of the previously adopted 1981 Public Utility Regulatory Policies Act (PURPA) Standard regarding Information to Consumers. The Committee recommends an updating of this Standard that was adopted originally in 1981 as outlined below.

Information to Consumers Standard - 113(b)(3) and 115(f)

Summary of substantial proposed changes to the original 1981 Standard:

- Deleted the language in paragraph 1, “via their electric bill”. This allows LES to utilize the best available methodology to notify customers of rate proposals.
- Deleted of detailed explanation language regarding distribution of rate change information to the City Council and others.
- Added language which in the case of a proposed rate increase which is returned to the LES Administrative Board by the Lincoln City Council will not require public notice requirements to begin anew.
- Added language assuring that work by the LES Administrative Board and Lincoln City Council regarding a proposed rate adjustment case is done in compliance with the Nebraska Open Meetings law.
- Deleted previous paragraph #3, requiring LES to maintain a list of customers who requested information regarding proposed rate increases.
- Added new paragraph #8, stating that rate schedules and service regulations are available to the public at certain locations.

RECOMMENDATION:

The Recommendation of the Committee is to adopt the updated Standard with Modifications.

New Proposed Standard:

Information to Consumers Standard - 113(b) (3) and 115(f)

1. Proposed changes in rate schedules and regulations are presented to customers at a public hearing prior to being submitted to the LES Administrative Board. All documentation presented to the LES Board is available to the public and consumer input is solicited at the public hearing. Ratepayers will be notified at least 10 days prior to the public hearing that a change in electric rates is proposed, the date and place of the public hearing for presentation and solicitation of comments by customers of the proposed rate change, the magnitude of the proposed rate change and the reasons for the proposed rate change. Proposed rate schedules will be available at the LES administrative office at least 10 days prior to public hearing. Changes in the rate schedules and regulations, as well as public comments, are presented to the Administrative Board at a regularly scheduled meeting that is also open to the public.
2. Proposed changes in rates and regulations are submitted by the LES Administrative Board to the Lincoln City Council for consideration and adoption. Any subsequent referrals back to the LES Administrative Board for further review shall not require the customer information and notification process to begin anew. All official action on the rate proposal by either the LES Administrative Board or the Lincoln City Council shall be conducted in compliance with the Nebraska Open Meeting requirements.
3. During the month that any changes in the rate schedules become effective, each LES customer receives a notice with or on the monthly electric bill that tells the customer there has been a change in rates. That notice includes a clear and concise summary of the new rates for residential customers, a class that comprises nearly 90% of the retail customers.
4. Each summer, during the month the higher seasonal summer rates become effective, residential customer receives a notice with or on the monthly electric bill that tells the customer there is a change in rates. That notice includes a clear and concise summary of the summer residential rate.

5. The written notices of rate changes that are mailed to customers are also made available at LES' administrative offices for new customers.
6. LES has modified its monthly electric bill to include a line that compares electric energy usage for the month being billed to the usage for the same month in the previous year.
7. LES provides all customers, on request, a clear and concise statement of actual consumption of electric energy by that customer for each billing period during the previous 12 months.
8. LES' current rate schedules and service regulations are available on LES' website and in paper form from the LES administrative office.