

January 25, 2007

Public Service Commission
Heber M. Wells Building, 4th Floor
160 East 300 South
Box 45585
Salt Lake City, UT 84145

Subject: EPAct 2005 Amendments to PURPA - Time-Based Metering and
Communications Standard - Docket 06-999-03

The Energy Policy Act of 2005 (EPAct2005) which was signed into law on August 8, 2005, included amendments to the Public Utility Regulatory Policies Act (PURPA) and added five new federal standards to PURPA section 111(d). The standards are regarding the following: Net Metering, Fuel Diversity, Fossil Fuel Generation Efficiency, Time-Based Metering and Communication, and Interconnection. PURPA states that “each state regulatory authority (with respect to each electric utility for which it has ratemaking authority) and each non-regulated electric utility shall consider each standard” and “make a determination concerning whether or not it is appropriate to implement such standard.”¹ The obligation to consider the new Federal standards of PURPA Title 1 only apply to electric utilities with retail sales greater than 500 million kilowatt hours two years before the specific calendar year. Moon Lake Electric retail sales during the period to be considered were more than 500 million kilowatt hours. While Moon Lake Electric is obligated to consider the new Federal standards, it has considered the new standards and concluded that it is not in the best interest of its consumers to adopt and implement the Time-Based Metering and Communication (“Smart Metering”), at this time. It should be noted that Moon Lake Electric currently provides time-of-use rates for all commercial and industrial customers. At the present time, out of our 1,000 eligible customers only 16 have opted for this rate.

Moon Lake Electric’s current power purchase contracts provide no energy price differentiation based on the time of purchase. The energy price is the same regardless of the time of purchase. Therefore, the purchase power cost benefits that might be expected from a Smart Metering program are not available to Moon Lake Electric or its

¹ PURPA section 111(a)

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consumers, at this time. In its normal course of business Moon Lake Electric evaluates the costs and benefits of investments in new technology and implements those that bring clear and measurable savings to it and its consumers. Moon Lake Electric has concluded that the costs and benefits of implementing a Smart Metering program are not sufficiently known to warrant implementing such a program, at this time. The conservation and consumer cost reduction objectives of PURPA are supported by Moon Lake Electric. Educating consumers on investments and behaviors that result in the efficient use of energy is an important part of Moon Lake Electric consumer programs to accomplish the objectives of PURPA.

Sincerely,

Grant J. Earl
CEO/General Manager