

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

**Standardization of Small Generator )  
Interconnection Agreements ) Docket No. RM02-12-000  
and Procedures )**

**Notice of Proposed Rulemaking (Issued July 24, 2003)**

**COMMENTS OF THE  
GEORGIA PUBLIC SERVICE COMMISSION**

**Introduction**

The Georgia Public Service Commission (“GPSC”) appreciates the opportunity to provide comments on the Federal Energy Regulatory Commission’s (“FERC” or “Commission”) Notice of Proposed Rulemaking (“NOPR”) in Docket No. RM02-12-000, Standardization of Small Generator Interconnection Agreements and Procedures (Issued July 24, 2003) as it affects the state of Georgia. The GPSC provides comments on the issues of jurisdiction and pricing/cost recovery for upgrades.

**Jurisdiction**

The GPSC is pleased to note that FERC heard the comments of the parties on the Advanced Notice of Proposed Rulemaking addressing the concern that FERC was asserting jurisdiction over interconnections to distribution facilities. Objections were made both legally and as a matter of policy. As correctly stated in the NOPR, commenters argued that the Federal Power Act reserves jurisdiction over local distribution facilities to the States and that the Commission lacks sufficient staff and

expertise to regulate numerous Small Generator interconnections to Distribution Systems. Moreover, commenters pointed out that these matters are best left to the States.

It is the GPSC's understanding that the Commission respects states' rights and wishes to preserve the states' 'jurisdiction over distribution facilities. The NOPR states that in a situation in which the "distribution" facilities have a dual use, i.e., the facilities are used for both wholesale sales and retail sales, the NOPR would apply to interconnections to these facilities only for the purpose of making sales of electric energy for resale in interstate commerce. The NOPR further states that the Commission will continue to exercise exclusive jurisdiction over the rates, terms, and conditions of the Commission-jurisdictional service provided over the dual use "distribution" facility, but the Commission will not assert jurisdiction over all uses of that facility, because the regulation of "local distribution" of electricity to end users is reserved to the States.

### **Pricing/Cost Recovery for Upgrades**

Consistent with the Large Generator Interconnection Final Rule, FERC proposes to retain the current pricing policy for Small Generating Facilities interconnecting with a Transmission System operated by a non-independent entity. The GPSC, in its comments filed in the Large Generator Interconnection Final Rule stated that this pricing policy was inappropriate for Large Generator Interconnection. Thus, the GPSC restates its objection to this pricing policy for Small Generator interconnections.

The Commission's current interconnection pricing policy for Transmission Systems that are operated by non-independent entities is to allocate the costs of the new facilities based on whether they are at or beyond the Point of Interconnection. Those transmission facilities that are at or beyond the Point of Interconnection are considered

Network Upgrades, and are initially paid for by the Interconnection Customer. The costs are then refunded to the Interconnection Customer by the Transmission Provider in the form of transmission credits (with interest), with the result being that the costs of the Network Upgrades are rolled into the prices paid by all transmission customers.

This pricing policy requires native load customers to bear substantially all of the costs of generator interconnection, including the cost of facilities that are built solely to interconnect new generators and that will serve no other useful purpose.

This cost socialization is accomplished by having the generator pay the application costs of required facilities, but requiring transmission providers to fully refund these costs, with interest within five years. In addition, generators receive a “credit” for transmission service taken anywhere on the transmission system equal to the cost of interconnection facilities for a particular generator, even if those facilities do not benefit any other part of the system. These “credits” will be paid for by all transmission customers, but primarily by native load customers. This socialization of cost is inappropriate.

The NOPR states that “Interconnection Facilities (meaning facilities on the Generating Facility's side of the Point of Interconnection) are considered sole use facilities and, accordingly, are directly assigned to and paid for by the Interconnection Customer”. The GPSC endorses this pricing policy and believes that it is appropriate in that it does not socialize these costs but rather, assigns them to the cost causer.

## **Conclusion**

Thank you for your consideration of these comments.

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Atlanta, GA this 3<sup>rd</sup> day of October 2003.

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