

**WEST VIRGINIA
SECRETARY OF STATE
NATALIE E. TENNANT
ADMINISTRATIVE LAW DIVISION**

Form #2

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2010 FEB -2 PM 2: 32

WEST VIRGINIA
SECRETARY OF STATE

NOTICE OF A COMMENT PERIOD ON A PROPOSED RULE

AGENCY: Public Service Commission of West Virginia TITLE NUMBER: 150 C.S.R. 33

RULE TYPE: Procedural CITE AUTHORITY: W.Va. Code §§24-2F-1 et seq.

AMENDMENT TO AN EXISTING RULE: YES NO

IF YES, SERIES NUMBER OF RULE BEING AMENDED: _____

TITLE OF RULE BEING AMENDED: _____

IF NO, SERIES NUMBER OF RULE BEING PROPOSED: _____

TITLE OF RULE BEING PROPOSED: Rules Governing Electric Utility Net-Metering

Arrangements and Interconnections

IN LIEU OF A PUBLIC HEARING, A COMMENT PERIOD HAS BEEN ESTABLISHED DURING WHICH ANY INTERESTED PERSON MAY SEND COMMENTS CONCERNING THESE PROPOSED RULES. THIS COMMENT PERIOD WILL END ON **APRIL 5, 2010, AT 4:00 PM** REPLIES TO COMMENTS MAY BE FILED NO LATER THAN **MAY 5, 2010 BY 4:00 PM**. ONLY WRITTEN COMMENTS WILL BE ACCEPTED AND ARE TO BE MAILED TO THE FOLLOWING ADDRESS:

Sandra Squire, Executive Secretary
Public Service Commission of West Virginia
201 Brooks Street
Post Office Box 812
Charleston, West Virginia 25323

THE ISSUES TO BE HEARD SHALL BE
LIMITED TO THIS PROPOSED RULE.


Authorized Signature

ATTACH A **BRIEF** SUMMARY OF YOUR PROPOSAL.

SUMMARY STATEMENT OF THE REASONS
FOR THE PROPOSED RULE

The proposed Rule is proposed to comply with the West Virginia Legislature's requirement of this Commission to adopt net metering and interconnection rules and standards as set forth in House Bills 103 and 408 enacted during the 2009 legislative sessions and codified at W. Va. Code §24-2F-1 et seq. The Rule is new, and is not an amendment of any existing rule.

STATEMENT OF CIRCUMSTANCES

The circumstances giving rise to this proposed rule are the West Virginia Legislature's enactment of House Bills 103 and 408 during the 2009 Legislative Sessions, codified at W. Va. Code §24-2F-1 *et seq.* The House Bills required this Commission, among other things, to adopt net metering and interconnection rules and standards, and to promulgate rules within twelve months of the effective date of the law, or by July 1, 2010.

APPENDIX B

FISCAL NOTE FOR PROPOSED RULES

Rule Title: Rules of Practice and Procedure, 150 C.S.R. Series 33

Type of Rule: Legislative Interpretive Procedural

Agency: Public Service Commission of West Virginia

Address: 201 Brooks Street
Charleston, West Virginia 25301

Phone Number: 304-340-0310 Email: jlane@psc.state.wv.us

Fiscal Note Summary

Summarize in a clear and concise manner what impact this measure will have on costs and revenues of state government.

There will be no significant implementation cost relating to this rulemaking for the State of West Virginia. The Commission does not anticipate additional costs to be incurred as a result of the rulemaking. This rulemaking will have no effect on the costs or revenues of state government. This rulemaking could have a beneficial economic impact on the state and some of its residents. The Commission will analyze the financial impacts based on the comments received in this rulemaking process.

Fiscal Note Detail

Show over-all effect in Item 1 and 2 and, in Item 3, give an explanation of Breakdown by fiscal year, including long-range effect.

FISCAL YEAR			
Effect of Proposal	Current Increase/Decrease (use "-")	Next Increase/Decrease (use "-")	Fiscal Year (Upon Full Implementation)
1. Estimated Total Cost	0	0	0
Personal Services	0	0	0
Current Expenses	0	0	0
Repairs & Alterations	0	0	0
Assets	0	0	0
Other	0	0	0
1. Estimated Total Revenues	0	0	0

Rule Title: Rules Governing Electric Utility Net-Metering Arrangements and

Rule Title: Interconnections, 150 C.S.R. Series 33

3. **Explanation of above estimates (including long-range effect):**
Please include any increase or decrease in fees in your estimated total revenues.

Not applicable.

MEMORANDUM

Please identify any areas of vagueness, technical defects, reasons the proposed rule **would not** have a fiscal impact, and/or any special issues **not** captured elsewhere on this form.

The rulemaking will not have fiscal impact on the agency because the Commission will utilize existing staff and fiscal resources to work on these rules as well as the cases and projects that come about following adoption of these rules. The Commission plans to pay for additional staff activities using a federal grant received in 2009 pursuant to the American Recovery and Reinvestment Act.

Date: January 29, 2010

Signature of Agency Head or Authorized Representative

Michael A. Albert

**PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON**

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 2nd day of February 2010.

GENERAL ORDER NO. 258

In the matter of a General Investigation to adopt rules for net metering arrangements and interconnection pursuant to West Virginia House Bill 103, and House Bill 408, effective July 1, 2009: Alternative and Renewable Energy Portfolio Act, codified as W. Va. Code §24-2F-1 et seq.

COMMISSION ORDER
PROMULGATING PROPOSED RULES

In the 2009 West Virginia Legislative Session, the Legislature enacted House Bill 103, and later amended by House Bill 408, the Alternative and Renewable Energy Portfolio Act ("Act"), codified in Article 2F of Chapter 24 of the West Virginia Code. Included in the Act is a requirement that the Public Service Commission, within twelve months of July 1, 2009, promulgate rules that 1) require "electric utilities", as defined in the Act, to provide a rebate or discount at fair value, to be determined by the Commission, to customer-generators for any electricity generation that is delivered to the utility under a net metering arrangement, and 2) govern the interconnection of eligible electric generating facilities intended to operate in parallel with an electric utility system.

The Act provides that in promulgating the above-described rules, the Commission should consider 1) requiring all sellers of electricity to retail customers in the state, including rural electric cooperatives, municipally owned electric facilities or utilities serving less than thirty thousand residential electric customers, to offer net metering rebates or discounts to customer-generators; 2) rules of other states located within the PJM regional transmission organization; 3) increasing the allowed kilowatt capacity for commercial customer-generators to an amount not to exceed five hundred kilowatts and for industrial customer-generators to an amount not to exceed two megawatts; and 4) interconnection standards for combined heat and power.

In view of this legislative mandate, the Commission has reviewed the requirements of the Act, prior Commission proceedings and similar rules adopted by other states, and drafted the rules attached as Attachment B hereto. By this order, the Commission issues these rules as proposed legislative rules. In response to the directives of the Legislature to consider various issues, the Commission has particularly reviewed rules of other states located within the PJM region. The Commission proposes to limit the capacity that may be contributed by residential customer-generators to 25 kW although commercial and industrial customer-generators may contribute more.

The Commission has proposed the rules to apply to rural electric cooperatives, municipally-owned electric facilities and utilities serving less than thirty thousand residential electric customers. These entities, as well as others, should comment on the need and desirability of including them in the final rules. Upon final adoption of rules, electric utilities will be required to file form interconnection agreements for Commission approval. In proposed Rule 2.5. the Commission has proposed for comment three alternatives regarding a location requirement in the definition of "Customer-generator".

This order provides a sixty (60) day comment period. Parties who desire a hearing in this proceeding should file a written request for hearing during the comment period.

ORDER

IT IS THEREFORE ORDERED that the attached Rules Governing Electric Utility Net-Metering Arrangements and Interconnections, 150 C.S.R. 33, attached hereto as Attachment B, are hereby promulgated as Commission proposed legislative rules.

IT IS FURTHER ORDERED that the Executive Secretary of the Commission publish a copy of the notice attached as Attachment A as a Class I legal advertisement in the newspapers of statewide circulation and published in Charleston, West Virginia.


IT IS FURTHER ORDERED that the Executive Secretary of the Commission shall cause a copy of Attachment A to be served on by electronic mail or by First Class United States Mail, all electric utilities operating in West Virginia, Mr. Kerry Stroup at PJM Interconnection LLC, 955 Jefferson Avenue, Eagleville, Pennsylvania 19403-2410, the Commission Consumer Advocate Division, and on Commission Staff by hand delivery.

IT IS FURTHER ORDERED that the Executive Secretary shall file a copy of these rules, together with requisite filing forms, with the Office of the Secretary of State.

IT IS FURTHER ORDERED that a comment period is established with respect to the proposed rules, and comments may be filed with the Commission Executive Secretary by April 4, 2010, by 4:00 p.m. Any interested party who files comments shall set forth specific comments concerning the proposed rules. Replies to the comments may be filed no later than May 5, 2010, by 4:00 p.m. Any party seeking a hearing on the proposed rules shall make a specific written request before the close of the comment period and shall explicitly state the grounds upon which the request is made.

IT IS FURTHER ORDERED that the Executive Secretary shall provide copies of these proposed rules to interested parties who address inquiries to Sandra Squire, Executive Secretary, Public Service Commission of West Virginia, P.O. Box 812, Charleston, West Virginia 25323.

A True Copy, Teste:


Sandra Squire
Executive Secretary

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**PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON**

GENERAL ORDER NO. 258

In the matter of a General Investigation to adopt rules for net metering arrangements and interconnections pursuant to West Virginia House Bill 103, and House Bill 408 effective July 1, 2009: Alternative and Renewable Energy Portfolio Act, codified as W. Va. Code §24-2F-1 et seq.

NOTICE OF RULEMAKING

By Order issued January 29, 2010, the Public Service Commission of West Virginia commenced a general investigation to adopt Rules Governing Electric Utility Net-Metering Arrangements and Interconnections, 150 C.S.R. Series 33 (“Net Metering and Interconnection Rules”), and issued proposed rules. The West Virginia Legislature required this rulemaking in the Alternative and Renewable Energy Portfolio Act (“Act”), codified in Article 2F of Chapter 24 of the West Virginia Code, effective July 1, 2009. The Net Metering and Interconnection Rules, as proposed, govern net metering arrangements between electric utilities and electric utility customers that are also generators of electricity using alternative and renewable resources.

Under a net metering arrangement as proposed in the rules, an electric utility credits a customer-generator at the full retail rate for each Kilowatt (“kW”) hour the customer produces using an alternative or renewable energy resource that is installed on the customer-generator side of the electric meter, up to the total amount of electricity used by that customer during a billing period. If a customer-generator supplies more electricity to the electric distribution system than the electric utility delivers to the customer-generator in a given billing period, the excess kW hours are be carried forward and credited against the customer-generator usage in subsequent billing periods at the full retail rate. The proposed Net Metering Rules include eligibility, technical, interconnection, metering, tariff filing and reporting requirements relating to net metering.

Any interested person may obtain a copy of the proposed Net Metering and Interconnection Rules by addressing a request to Sandra Squire, Executive Secretary, Public Service Commission of West Virginia, Post Office Box 812, Charleston, West Virginia 25323, or on the Commission’s internet website (www.psc.state.wv.us). Any interested person or corporation may file specific comments on the proposed amended rules by April 4, 2010, by 4:00 p.m., with the Executive Secretary. Replies to comments may be filed no later than May 5, 2010 by 4:00 pm. Any party seeking a hearing on the proposed rules shall make a specific written request by March 30, 2010 and explicitly state the grounds upon which the request for a hearing is made.

TITLE 150
PROCEDURAL RULES
PUBLIC SERVICE COMMISSION

SERIES 33

RULES GOVERNING ELECTRIC UTILITY
NET METERING ARRANGEMENTS AND INTERCONNECTIONS

§150-33-1. General.

1.1. Scope. -- The following rules govern the

1.2. Authority. -- W. Va. Code § 24-2F-1 et seq.

1.3. Filing Date. --

1.4. Effective Date. --

1.5. Application of Rules

1.5.a. If hardship results from the application of any rule contained herein or if unusual difficulty is involved in immediately complying with any rule, or upon other good cause shown, application may be made to the Commission for a temporary or permanent exemption or waiver from its provisions. No application for modification or exemption will be considered by the commission unless there is submitted therewith a full and complete justification of such action. Furthermore, to the extent the rule is based on a specific statutory requirement, the Commission is unable to waive such a provisions.

150-33-2. Definitions.

2.1. "The Act" - The Alternative and Renewable Energy Portfolio Act codified in Article 2F of Chapter 24 of the West Virginia Code, as it may be amended in the future.

2.2. "Alternative energy resources" - include the following resources, methods, projects or technologies for the production or generation of electricity:

2.2.a. Advanced coal technology, which means a technology used in a new or

existing energy generating facility to reduce airborne carbon emissions associated with the combustion or use of coal and includes, but is not limited to, carbon dioxide capture and sequestration technology, and pressurized fluidized bed technology.

2.2.b. Coal bed methane;

2.2.c. Natural gas;

2.2.d. Fuel produced by a coal gasification or liquification facility;

2.2.e. Synthetic gas;

2.2.f. Integrated gasification combined cycle technologies;

2.2.g. Waste coal - a technology by which electricity is produced by the combustion of the by-product, waste or residue created from processing coal (such as gob);

2.2.h. Tire-derived fuel;

2.2.i. Pumped storage hydroelectric projects;

2.2.j. Recycled energy - useful thermal, mechanical or electrical energy produced from: (i) exhaust heat from any commercial or industrial process; (ii) waste gas, waste fuel or other forms of energy that would otherwise be flared, incinerated, disposed of or vented; and (iii) electricity or equivalent mechanical energy extracted from a pressure drop in any gas, excluding any pressure drop to a condenser that subsequently vents the resulting heat.

2.3. "Alternative energy resource facility" - A facility or equipment that generates electricity from alternative energy resources.

2.4. "Commission" - The Public Service Commission of West Virginia.

2.5. "Customer-generator" - An electric retail customer who owns and operates an alternative or renewable energy resource facility ("generation project") within this state and located *the Commission invites comments on the following alternatives [at the customer's service location] [on property owned or leased by the customer and within two miles of the customer's service location] [location not relevant]* with a nameplate capacity of not greater than 25 kilowatts if installed at a residential service location, not greater than 500 kilowatts if installed at a commercial service location, or not greater than 2 megawatts if installed at

an industrial service location, and which system is designed and installed to operate in parallel with the electric utility distribution system without adversely affecting the operation of equipment and service of the electric utility and its customers and without presenting safety hazards to the electric utility and customers.

2.6. "Customer-generator facility" - The alternative or renewable energy resource equipment operated by a Customer-generator to generate, manage, monitor and deliver electricity to the electric utility.

2.7. "Electric distribution system" - That portion of an electric system which delivers electricity from transformation points on the transmission system to points of connection at a customer premises.

2.8. "Electric retail customer" - A direct purchaser of electric power whose service is billed by a utility based on meter reading.

2.8.a. The term "Electric retail customer" excludes an occupant of a building or facility where the occupants are not direct purchases of electricity.

2.9. "Electric utility" - The electric distribution company or electric generation supplier that sells electricity to retail customers in West Virginia.

2.10. "kW" - Kilowatt - A unit of power representing 1,000 watts. A kW equals 1/1000 of a MW.

2.11. "MW" - Megawatt - A unit of power representing 1,000,000 watts. A MW equals 1,000 kW.

2.12. "Meter aggregation" - The combination of readings from and billing for all meters regardless of rate class on properties owned or leased and operated by a Customer-generator for properties located within the service territory of a single electric utility. Meter aggregation may be completed through physical or virtual meter aggregation.

2.13. "Net metering" - The means of measuring the difference between the electricity supplied by an electric utility and the electricity generated from an alternative or renewable energy resource facility owned or operated by an Electric retail customer when any portion of the electricity generated by the alternative energy resource facility is used to offset part or all of the Electric retail customer requirements for electricity.

2.14. "Physical meter aggregation" - The physical rewiring of all meters regardless

of rate class on properties owned or leased and operated by a Customer-generator to provide a single point of contact for a single meter to measure electric service for that Customer-generator.

2.15. "Renewable energy resources" - The following resources, methods, projects or technologies for the production or generation of electricity:

2.15.a. Solar photovoltaic or other solar electric energy;

2.15.b. Solar thermal energy;

2.15.c. Wind power;

2.15.d. Run of river hydropower - A hydropower facility that does not utilize storage and that has outflow from the facility equal to inflow of the facility impoundment on an instantaneous basis. The flow regime below a run of the river hydropower project will essentially be the river's natural regime, except in special circumstances, such as might follow reinstallation of flashboards or project shutdowns. Under those circumstances, a change in storage contents is necessary, and outflow is reduced below inflow for a period. Another circumstance is the flow transition after an idle station is brought on line, causing initial flows downstream to exceed inflow.

2.15.e. Geothermal energy - Electricity produced by extracting hot water or steam from geothermal reserves in the earth crust and supplied to steam turbines that drive generators to produce electricity.

2.15.f. Biomass energy - A technology by which electricity is produced from a nonhazardous organic material that is available on a renewable or recurring basis, including pulp mill sludge;

2.15.g. Biologically derived fuel - Methane gas, ethanol not produced from corn, or biodiesel fuel; and

2.15.h. Fuel cell technology - Any electrochemical device that converts chemical energy in a hydrogen-rich fuel directly into electricity, heat and water without combustion.

2.16. "Renewable energy resource facility" - A facility or equipment that generates electricity from renewable energy resources.

2.17. "Reporting period" - The 12-month period from June 1 through May 31. A Reporting period shall be numbered according to the calendar year in which it begins and ends.

2.18. "Virtual meter aggregation" - The combination of readings and billing for all meters regardless of rate class on properties owned or leased and operated by a Customer-generator by means of the electric utility billing process, rather than through physical rewiring of the Customer-generator property for a physical, single point of contact.

150-33-3. General provisions.

3.1. An electric utility shall offer net metering to a Customer-generator that generates electricity on the Customer-generator side of the meter using alternative or renewable energy sources, on a first come, first served basis based on the date of application for interconnection as provided in these rules, and pursuant to a standard tariff. An electric utility may offer net metering to Customer-generators, on a first come, first served basis so long as the total generation capacity installed by all Customer-generators is less than one percent (1%) of the electric utility aggregate customer peak demand in the State.

3.2. An electric utility may apply to the Commission for authority to limit the addition of net metering facilities when the capacity of all distributed generation and net metering facilities on a distribution line section exceeds fifteen percent (15%) of the peak load on that line section for three-phase circuits, and five percent (5%) of the peak load on that section for single-phase circuits.

3.3. An electric utility shall file a tariff with the Commission consistent with these rules, in the form of Form No. 1 attached to these rules, that provides for net metering and net metering protocols that enable the electric utility to offer net metering to Customer-generators taking service from the electric utility.

3.4. An electric utility shall prepare information about net metering consistent with these rules and disclose that information annually to its customers by bill insert and by posting information on its web site.

3.5. Should construction or upgrades of the electric utility system be required in order to interconnect the Customer-generator facility, additional charges to cover costs incurred by the electric utility shall be determined by the electric utility and paid by the Customer-generator. The Customer-generator shall pay any additional charges, as determined by the electric utility, for equipment, labor, metering, testing or inspections requested by the customer.

3.6. A Customer-generator shall install, operate and maintain its Customer-generator facility in accordance with the requirements of these rules.

3.7. A Customer-generator that is eligible for net metering owns the alternative energy credits of the electricity it generates, unless there is a contract with an express provision that assigns ownership of the alternative energy credits to another entity or the Customer-generator expressly rejects any ownership interest in alternative energy credits.

3.8. An electric utility may not require additional equipment or insurance or impose any other requirement unless the additional equipment, insurance or other requirement is specifically authorized under these rules or by order of the Commission.

150-33-4. Interconnection.

4.1. A Customer-generator seeking to interconnect a Customer-generator alternative or renewable energy resource facility with an electric utility system shall submit to the electric utility a completed application, which shall include a one-line diagram showing the configuration of the proposed facility.

4.2. A Customer-generator of 25 kW or less must pay a nonrefundable application for interconnection fee (a "NAFI fee") of \$30.00. For a Customer-generator of more than 25 kW, the electric utility shall calculate the amount of the NAFI fee based on the estimated costs of interconnection. The NAFI fee will cover the electric utility cost to inspect the Customer-generator facility

4.3. For Customer-generators of more than 25 kW, should the electric utility determine that an interconnection study is required to determine if installation of the Customer-generator facility will have significant impact on the electric utility system, the electric utility will advise the Customer-generator of the estimated cost of performing such study. Upon payment by the Customer-generator of the estimated study costs, the electric utility will proceed with the interconnection study.

4.4. The Customer-generator must submit to the electric utility evidence of homeowner, commercial or other insurance providing coverage in the amount of at least one hundred thousand dollars (\$100,000) for the liability of the insured against losses or damages arising from the use of the Customer-generator facility.

4.5. A Customer-generator and an electric utility shall execute a Commission-approved interconnection agreement prior to interconnection of a Customer-generator facility with an electric utility system.

4.6. Prior to interconnection, a Customer-generator facility must:

4.6.a. Comply with the electric utility technical requirements.

4.6.b. Be installed in accordance with manufacturer specifications and applicable provisions of the National Electrical Code and state and local codes. The Customer-generator will provide the electric utility with proof of such installation.

Certification by a licensed electrician shall constitute acceptable proof.

4.6.c. Comply with all applicable safety, performance and power quality standards established by the National Electrical Code, the Institute of Electrical and Electronic Engineers and accredited testing laboratories.

150-33-5. Technical Requirements

5.1. A Customer-generator facility net metering installation must operate in parallel with the electric utility distribution system.

5.2. A Customer-generator facility must meet the technical requirements of IEEE 1547 "Standard for Interconnecting Distributed Resources with Electric Power Systems".

5.3. A Customer-generator facility must include a visibly open, lockable, manual disconnect switch, that is accessible by the electric utility and is clearly labeled.

150 -33-6. Continuing Obligations

6.1. A Customer-generator shall maintain homeowner, commercial or other insurance providing coverage in the amount of at least one hundred thousand dollars (\$100,000) for the liability of the insured against losses or damages arising from the use of the Customer-generator facility.

6.2. A Customer-generator facility is transferable to other persons or service locations only after written notification to the electric utility and verification that the installation is in compliance with all applicable safety and power quality standards, and that the transferee has met all insurance requirements.

150-33-7. Netting Monthly Charges

7.1 Monthly charges for energy, and demand where applicable, to serve the Customer-generator net or total load shall be determined according to the electric utility standard service tariff under which the Customer-generator would otherwise be served, absent operation of the customer-generator facility.

7.2. Measurement and Charges. The measurement of net electrical energy supplied or generated will be calculated as follows:

7.2.a. The net electrical energy produced or consumed during the billing

period shall be measured in accordance with normal metering practices

7.2.b. The electric utility shall credit a Customer-generator at the full retail rate for each kW hour produced by an alternative or renewable energy resource installed on the Customer-generator side of the electric revenue meter, up to the total amount of electricity used by that Customer-generator during the billing period.

7.2.c. If a Customer-generator supplies more electricity to the electric distribution system than the electric utility delivers to the Customer-generator in a given billing period, the excess kW hours shall be carried forward and credited against the Customer-generator usage in subsequent billing periods at the full retail rate. Any excess kW hours shall continue to accumulate until the end of the Reporting period.

7.2.d. At the end of each Reporting period, the electric utility shall compensate the Customer-generator for any excess kW hours generated by the Customer-generator over the amount of kW hours delivered by the electric utility during the same Reporting period at the electric utility's average cost of generation during the twelve month Reporting period.

7.2.e. For Customer-generators involved in virtual meter aggregation programs, a credit shall be applied first to the meter through which the Customer-generator facility supplies electricity to the distribution system, then prorated equally to the remaining meters for the Customer-generator accounts.

150-33-8. Meters and Metering.

8.1. Net energy metering shall be accomplished by (i) using a standard kW meter capable of measuring the flow of electricity in two (2) directions, or (ii) two separate meters.

8.2. If the existing electrical meter installed at the Customer-generator facility is not capable of measuring the flow of electricity in two directions, the electric utility shall install new metering equipment for the Customer-generator at electric utility expense. Any subsequent metering equipment change necessitated by the Customer-generator shall be paid for by the Customer-generator.

8.3. If two meters are used to measure net kW energy, the reading of the meter measuring the flow of energy from the Customer-generator to the electric utility shall be subtracted from the reading of the meter measuring the flow of energy from the electric utility to the Customer-generator to obtain a measurement of net kW hours for billing purposes.

8.4. When the Customer-generator intends to take title or transfer title to any alternative energy credits which may be produced by the Customer-generator facility, the Customer-generator shall bear the cost of additional net metering equipment required to qualify the alternative energy credits in accordance with the Act and Public Service Commission rules.

8.5. When the Customer-generator expressly rejects ownership of alternative energy credits produced by the Customer-generator facility, the electric utility may supply additional metering equipment required to qualify the alternative energy credit at electric utility expense. In those circumstances, the electric utility shall take title to any alternative energy credit produced. An electric utility shall, prior to taking title to any alternative energy credits produced by a Customer-generator, fully inform the Customer-generator of the potential value of the alternative energy credits and other options available to the Customer-generator for the disposition of those credits. A Customer-generator is not prohibited from having a qualified meter service provider install metering equipment for the measurement of generation, or from selling alternative energy credits to a third party other than an electric utility.

8.6. Virtual meter aggregation on properties owned or leased and operated by a Customer-generator shall be allowed for purposes of net metering. Virtual meter aggregation shall be limited to meters located on properties owned or leased and operated within two (2) miles of the boundaries of the Customer-generator property and within a single electric utility's service territory. Physical meter aggregation shall be at the Customer-generator's expense. The electric utility shall provide the necessary equipment to complete physical aggregation. If the Customer-generator requests virtual meter aggregation, it shall be provided by the electric utility at the Customer-generator's expense. The Customer-generator shall be responsible only for any incremental expense entailed in processing his account on a virtual meter aggregation basis.

150-33-9. Report to the Commission.

9.1. An electric utility that offers net metering shall submit an annual net metering report to the Commission. The report shall be submitted by July 30 of each year, and shall include the following information for the Reporting period ending May 31 of that year: (i) the total number of Customer-generator facilities, and (ii) the total estimated rated generating capacity of its net metering Customer-generators.

TARIFF N.M.S
(Net Metering Service)
Form No. 1

Availability of Service

Available to residential and general service customers who own and operate an eligible electric generating facility designed to operate in parallel with the Company system. Customers served under this tariff must also take service from the Company under the applicable standard service tariff. The total rated generating capacity of all customers served under this tariff shall be limited to one percent (1%) of the Company single hour peak load during the previous year.

Conditions of Service

1. For the purposes of this tariff, an eligible Customer-generator must meet the definition of "customer generator as set forth in the Commission Rules Governing Electric Utility Net-Metering Arrangements, 150 C.S.R. 33 ("Net Metering Rules")".
2. A Customer-generator seeking to interconnect an eligible electric generating facility to the Company system must submit to designated Company personnel a completed interconnection application, and a one-line diagram showing the configuration of the proposed net metering facility. The Company will provide copies of all applicable forms upon request.
3. An interconnection agreement between the Company and the Customer-generator must be executed before the Customer-generator facility may be interconnected with the Company system.
4. All generator equipment and installations must comply with the Company's technical requirements. All generator equipment shall be installed in accordance with the manufacturer specifications as well as all applicable provisions of the National Electrical Code and state and local codes. All generator equipment and installations shall comply with all applicable safety, performance and power quality standards, established by the National Electrical Code, the Institute of Electrical and Electronic Engineers and accredited testing laboratories.

5. The Customer-generator shall provide the Company proof of qualified installation of the Customer-generator facility. Certification by a licensed electrician shall constitute acceptable proof.
6. The Customer-generator shall install, operate, and maintain the Customer-generator facility in accordance with the manufacturer suggested practices for safe, efficient, and reliable operation in parallel with the Company system.
7. The Customer must provide a visibly open, lockable, manual disconnect switch, which is accessible by the Company and is clearly labeled.
8. The Company may, at its own discretion, isolate any Customer-generator facility if the Company has reason to believe that continued interconnection with the Customer-generator facility creates or contributes to a system of emergency.
9. The Company may perform reasonable on-site inspections to verify the proper installation and continuing safe operation of the Customer-generator facility and the interconnection facilities, at reasonable times and upon reasonable advance notice to the Customer-generator.
10. A Customer-generator shall maintain homeowner, commercial or other insurance providing coverage in the amount of at least one hundred thousand dollars (\$100,000) or such amount of coverage reasonably deemed necessary by the Company to protect its plant and other customers for the liability of the insured against losses or damages arising from the use of the Customer-generator facility. The Customer-generator must submit evidence of such insurance to the Company with the interconnection application. The Company's receipt of evidence of liability insurance does not imply an endorsement of the terms and conditions of the coverage.
11. An eligible Customer-generator facility is transferable to other persons or service locations only upon notification to the Company and verification that the facility is in compliance with all applicable safety and power quality standards. All other conditions of service apply.

Metering

Net energy metering shall be accomplished by (i) using a standard kW meter capable of measuring the flow of electricity in two directions, or (ii) two separate meters.

If the existing electrical meter installed at the Customer-generator facility is not capable of measuring the flow of electricity in two directions, the Company shall install new metering equipment for the Customer-generator at Company expense. Any subsequent metering equipment change necessitated by the Customer-generator shall be paid for by the Customer-generator.

If two meters are used to measure net kW energy, the reading of the meter measuring the flow of energy from the Customer-generator to the Company shall be subtracted from the reading of the meter measuring the flow of energy from the Company to the Customer-generator to obtain a measurement of net kW hours for billing purposes.

Monthly Charges

Monthly charges shall be calculated using an identical rate structure to the structure that would apply to the customer if it were not a Customer-generator.

Measurement and Charges. The measurement of net electrical energy supplied or generated will be calculated as follows:

1. The net electrical energy produced or consumed during the billing period shall be measured in accordance with normal metering practices
2. The Company shall credit a Customer-generator for each kW hour produced by an alternative or renewable energy resource installed on the Customer-generator side of the electric revenue meter, up to the total amount of electricity used by that customer during the billing period.

3. If a Customer-generator supplies more electricity to the electric distribution system than the Company delivers to the Customer-generator in a given billing period, the excess kW hours shall be carried forward and credited against the Customer-generator usage in subsequent billing periods at the full retail rate. Any excess kW hours shall continue to accumulate until the end of the Reporting period.
4. At the end of each Reporting period, the Company shall compensate the Customer-generator for any excess kW hours generated by the Customer-generator over the amount of kW hours delivered by the Company during the same year at the Company average avoided cost of generation during the twelve (12) month Reporting period.
5. For Customer-generators involved in virtual meter aggregation programs, a credit shall be applied first to the meter through which the Customer-generator facility supplies electricity to the distribution system, then prorated equally to the remaining meters for the Customer-generator's accounts.

Other Charges

Except for the cost of the first meter as provided in Net Metering Rule 8.2., the Customer-generator is responsible for all equipment and installation costs of the electric generating facility.

As specified in the interconnection application, a Customer-generator of 25 kW or less must pay a nonrefundable application for interconnection fee ("NAFI fee") of \$30.00. For a Customer-generator of more than 25 kW, the electric utility shall calculate the amount of the NAFI fee based on the estimated costs of interconnection. The NAFI fee will include the cost of inspection of the Customer-generator facility if the Company deems such inspection is necessary.

For Customer-generators of more than 25 kW, should the Company determine that an interconnection study is required to determine if installation of the Customer-generator facility will have significant impact on the Company system, the Company will advise the Customer-generator of the estimated cost of performing such study. Upon payment by the Customer-generator of the estimated study costs, the Company will proceed with the interconnection study.

Should construction or upgrades of the Company system be required in order to interconnect the Customer-generator facility, additional charges to cover costs incurred by the Company shall be determined by the Company and paid by the Customer-generator. The Customer-generator shall pay any additional charges, as determined by the Company, for equipment, labor, metering, testing or inspections requested by the customer.

Technical Requirements

The technical requirements for interconnection of Customer-generator facilities to the Company distribution system are as follows: Interconnection enables the Customer-generator facility to operate in parallel with the Company distribution system. An Interconnection Study may be required to determine the impact of the Customer-generator facility on the Company distribution system beyond the point of common coupling.

The Customer-generator facility shall comply with the requirements specified in IEEE 1547, "Standard for Interconnecting Distributed Resources with Electric Power Systems" and other technical requirements stated herein and in the Net Metering Rules.

IEEE 1547 contains the majority of the technical requirements necessary for interconnection. IEEE 1547 is limited to an aggregate capacity of 10 MW or less interconnected at typical primary and/or secondary voltages, IEEE 1547 does not address planning, designing, operating, or maintaining the Company distribution system and it does not identify or address all of the potential system impacts the proposed net metering installation may create beyond the point of common coupling. Due to the limitations of IEEE 1547, additional technical requirements apply.

These Technical Requirements are supplementary to and do not intentionally conflict with or supersede applicable laws, ordinances, rules or regulations established by Federal, State and other governmental bodies. The Customer-generator is responsible for conforming to all applicable laws, ordinances, rules or regulations established by Federal, State and other governmental bodies. Additional requirements for interconnection may be imposed by the regional transmission operator to address transmission system operating issues related to the proposed Customer-generator facility. Additional requirements may also be necessary to comply with the requirements of other approved tariffs associated with the Company or other third parties providing services.

To assure that the safety, reliability and power quality of the distribution system is not degraded by interconnection of the Customer-generator facility:

- 1) The Customer-generator facility shall comply with the Technical Requirements stated herein.
- 2) Any distribution system modifications and/or modifications to the Customer-generator facility identified by the interconnection study shall be completed
- 3) The Customer-generator facility shall be operated and maintained in compliance with this Tariff and the Net Metering Rules.

IEEE publications are available from the Institute of Electrical and Electronics Engineers, 433 Hoes Lane, P.O. Box 133 1, Piscataway, NJ 08855-133 1 (<http://standards.ieee.org>).

Equipment Design Requirements

Data for all major equipment proposed by the Customer to satisfy the Technical Requirements must be submitted for review and approval by the Company with a completed interconnection application. To facilitate review and approval, the Company will maintain a list of Pre-certified equipment.

The Company List of Pre-certified equipment is available upon request and contains Pre-certified equipment types, makes, and models of manufactured generating equipment and interconnection system components. This listing is based upon equipment certified by recognized national testing laboratories as suitable for interconnection with a distribution system based upon compliance with IEEE 1547. Suitability for interconnection does not imply that Pre-certified equipment may be interconnected without a study to determine system impact.

The use of equipment that is not pre-certified may delay the Company review and approval of the customer's design. All interconnection equipment must be approved by the Company prior to being connected to the Company distribution system and before parallel operation is allowed.

The interconnection system hardware and software design requirements in the Technical Requirements are intended to assure protection of the Company distribution system.

Public Service Commission

Richard E. Hitt, General Counsel



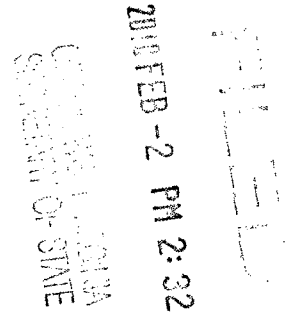
201 Brooks Street, P.O. Box 812
Charleston, West Virginia 25323

Phone: (304) 340-0450
FAX: 1-866-336-2893
E-mail: rhitt@psc.state.wv.us

February 2, 2010

Via Hand Delivery

Judy Cooper, Director
Administrative Law Division
Secretary of State's Office
Building 1, Suite 157K
1900 Kanawha Boulevard, East
Charleston, West Virginia 25305-0771



Re: Public Service Commission of West Virginia Rules Governing Electric Utility Net-Metering Arrangements and Interconnections, 150 C.S.R. Series 33.

Dear Ms. Cooper:

Enclosed please find a proposed rulemaking in response to House Bill 103 passed during the 2009 West Virginia Legislative Session. The relevant statutory provisions are codified in W. Va. Code §§24-2F-1 et seq. The rules are proposed under the Commission's existing rulemaking power, exempt from legislative rule-making review, under W. Va. Code § 24-1-7, as provided in House Bill 103 and House Bill 408 at W. Va. Code § 24-2F-12.

Also enclosed are one copy each of Form #2, Commission General Order No. 258, the summary of the proposed rules, the statement of circumstances, the fiscal note and proposed rule. Because the Commission is not part of the Cabinet structure, the Commission Order is the evidence of approval of the filing by the agency head, Chairman Michael A. Albert.

Please date stamp the enclosed three extra copies of the filing packet and return them with our messenger. If you have any questions or if there are any problems, please bring them to my attention.

Sincerely,

A large, stylized handwritten signature of Richard E. Hitt.

Richard E. Hitt
General Counsel

REH/JML/rt
Enclosures