

**BEFORE THE  
PUBLIC UTILITY COMMISSION  
OF OREGON**

**IN THE MATTER OF:**

**PORTLAND GENERAL ELECTRIC  
COMPANY**

**Request for a General Rate Revision**

**CASE No. UE 180/UE 181**

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**DIRECT TESTIMONY  
OF  
ELSTER ELECTRICITY, LLC**

**August 2006**

**BEFORE THE  
PUBLIC UTILITY COMMISSION  
OF OREGON**

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**PREPARED DIRECT TESTIMONY  
OF  
ELSTER ELECTRICITY, LLC**

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**DATED: AUGUST 8, 2006**

**COUNSEL FOR :  
ELSTER ELECTRICITY, LLC**

1  
2 **Introduction**

3 **H.N. Klett of Elster Electricity, LLC**

4  
5 **Q. Please state your name, the company you represent and your current business**  
6 **address?**

7  
8 A. My name is Nick Klett. I am employed by Elster Electricity, LLC. My business address  
9 is 208 South Rogers Lane, Raleigh, North Carolina 27610.

10  
11 **Q. What is Elster Electricity, LLC?**

12  
13 A. Elster Electricity, LLC, with its headquarters in Raleigh, North Carolina and operations  
14 in 22 countries, serving customers in over 70 countries, is a leading provider of advanced  
15 metering infrastructure (AMI) solutions that help utility companies improve revenue  
16 cycle services, customer service, delivery reliability, and workforce utilization. With  
17 more than 100 years of electricity metering experience (formerly as Westinghouse  
18 Electric Corporation and ABB Electricity Metering), Elster Electricity understands the  
19 unique requirements of utility customers worldwide.

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21 **Q. What is your current position with Elster?**

22 A. I am the Vice President of Business Development.

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**Q. What are your responsibilities as Vice President at Elster?**

A. I am in charge and responsible for the strategic and operational planning of Elster Electricity's business offerings. These include business development, partner relationships, product management, corporate communications, contracts, patents and legal issues for the corporation.

**Q. Please describe your professional experience and educational background?**

A. I graduated from Clarkson University in Potsdam, New York and hold a BS in Industrial Management. I was employed for ten (10) years with Westinghouse Electric Corporation before moving to Raleigh, NC, where I held various marketing, manufacturing and business development managerial positions with Westinghouse and their successors ABB, Inc. and now Elster Electricity. I have had a total of thirty-nine (39) years in the utility industry working in the areas of Sales, Marketing, Product Development, Manufacturing, Business Development, Contracts, Legal and Intellectual Property.

**Q. Have you previously testified before the Oregon Public Utility Commission or any other public utility commission?**

A. Yes. I participated as a panelist in a Technical Workshop addressing the Smart Metering provisions of the Energy Policy Act of 2005 earlier this year before the Public Utility Commission of Ohio.

**PREPARED DIRECT TESTIMONY**

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**Q. What is the scope of your testimony?**

A. Our testimony supports PGE's Direct Testimony of Stephen Hawke, Bruce Carpenter and L. Alex Tooman, as filed by the Company, and supports PGE's position regarding AMI and its deployment and their proposal for ratemaking treating of their AMI costs and expenses.

**Q. Why are you testifying in this proceeding?**

A. As manufacturers and distributors of AMR/AMI technologies, Elster Electricity, LLC, ("the Company") is very interested in the outcome of the portion of this proceeding relating to PGE's desire to create an Advanced Metering Infrastructure (AMI). We are interested in the precedential issues that might evolve from this and be considered in other cases in Oregon and beyond. The Company takes the position that electricity and natural gas customers and the utilities that serve them, are best served by advanced metering systems that provide accurate, reliable information, in addition to flexible features for demand/time-of-use billing, load control, and remote service connection and disconnection. Our goal is to insure that the process to get to the implementation of accurate, cost-effective advanced metering solutions be a careful and thoughtful one.

1 **Q. What are the guiding principles that the Company strive for in terms of regulatory**  
2 **rulings from utility commissions in relation to the development of an Advanced**  
3 **Metering Infrastructure (AMI)?**

4  
5 A. We seek to promote three distinct principles. First, we seek to promote real choice for  
6 Utilities. This means that utilities should be free to seek out the best metering solutions  
7 that will fit their own unique service territory requirements. Second, we seek to promote  
8 social and economic benefits for all customers. This means that we believe that advanced  
9 metering solutions, when implemented, will provide certain and measurable benefits to  
10 the end use customer, and that is a win-win for all, the utility, the technology company,  
11 the utility commission, and most of all the customer. Third, we seek to promote full and  
12 fair competition amongst technology companies and encourage research and  
13 development. This means that we believe that all technology companies must be entitled  
14 to compete for business, and utilities and public utility commissions must recognize that  
15 advanced metering systems utilize competing technologies, and they should be judged on  
16 their functionality, not the methodology by which systems procure metering information.

17  
18 **Q. Have you had an opportunity to review the Portland General Electric Company's**  
19 **Request for a General Rate Revision, which includes PGE 800, the specific section of**  
20 **the utility's testimony that addresses the company's interest in creating an**  
21 **Advanced Metering Infrastructure (AMI)?**

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23 A. Yes, we have.

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**Q. What is your opinion regarding PGE's testimony to create an Advanced Metering Infrastructure (AMI) as described and proposed by the utility?**

A. We are certainly in favor of PGE's decision to commit to the creation of an Advanced Metering Infrastructure (AMI) so long as the Commission finds that the decision to proceed is reasonable and prudent.

We are mindful of the resources that will need to be committed to its creation, and fully support PGE and their proposal for ratemaking treatment for AMI-related costs. The Company also supports PGE's proposal which includes a deferral of the revenue requirement for capital costs and O&M savings resulting from the AMI installation.

The Company also agrees with PGE that the technology of AMI is indeed mature and continuing to show great functional capabilities for both the utility and the customer. We also support PGE's decision to only pursue the development of an AMI system if the Commission finds it to be reasonable to do so.

We also support the utility's plan to exclude the AMI investment and O&M savings from the 2007 test year revenue requirement, as a way to mitigate the rate impact to ratepayers for deployment of the system, by deferring the revenue requirement associated with AMI capital expenses. Finally, we support PGE's proposal to include annual O&M savings in the deferral until December 31, 2009, when they anticipate that the system will be fully deployed, as a way to reduce the total deferral.

1 **Q. Does this conclude your Direct Testimony?**

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3 **A. Yes it does.**

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File No.  
8996-3-3

August 8, 2006

Public Utility Commission of Oregon  
Attn: Filing Office  
550 Capitol Street N.E., Suite 215  
Salem, Oregon 97308-2148

Re: **Public Utility Commission of Oregon Case Number: UE 180/UE 181**, Portland  
General Electric Company Request for a General Rate Revision.

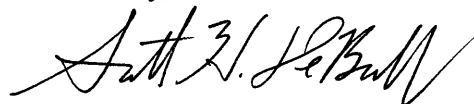
Dear Sir or Madam:

Enclosed are an Original and five (5) copies of the "**Direct Testimony**" of Elster Electricity, LLC in the above-captioned matter.

Please time-stamp the enclosed copies and return the additional two (2) copies to us in the enclosed self-addressed stamped envelope.

As evidenced by the attached Certificate of Service, copies have been duly served upon the participants in this proceeding. If you have any questions regarding this filing, please do not hesitate to call us at (717) 234-2401 or me directly at (717) 234-2401 x158.

Sincerely,



**Scott H. DeBroff**

Counsel for Elster Electricity, LLC.

Enclosures

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**CERTIFICATE OF SERVICE**

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I hereby certify that a copy of the foregoing has been sent by U.S. First Class mail, facsimile, electronically or hand delivery, to all parties of record in this proceeding:

**VIA EMAIL AND FIRST CLASS MAIL**

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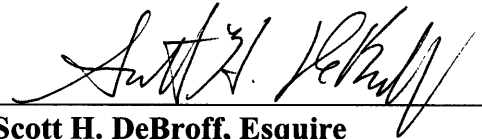
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Respectfully submitted,

**Dated: August 8, 2006**

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