

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: March 7, 2017

REGULAR _____ CONSENT X EFFECTIVE DATE March 8, 2017

DATE: February 28, 2017

TO: Public Utility Commission

FROM: Lance Kaufman  

THROUGH:  Jason Eisdorfer and Marc Hellman

SUBJECT: PACIFIC POWER: (Docket No. ADV 495/Advice No. 17-001) Revisions to Rule 8 and Schedule 300 related to Pacific Power's transition to Advanced Metering Infrastructure.

STAFF RECOMMENDATION:

Staff recommends the Commission approve this filing subject to the following conditions:

1. PacifiCorp notifies customers about metering options prior to the replacement of customers' existing meters with Advanced Metering Infrastructure (AMI) meters.
2. PacifiCorp submits a report to the Commission within one year after the Oregon AMI rollout has been substantially completed with the following Oregon specific information included:
 - a. Number of AMI meters installed;
 - b. Number of non-AMI meters scheduled to be replaced;
 - c. Total number of meters installed as of the date of the report;
 - d. Number of customers paying Non-Radio Frequency Meter Accommodation rates;
 - e. Monthly revenue collected by Non-Radio Frequency Meter Accommodation rates;

- f. Monthly Oregon meter reading expense for the 24 months prior to starting AMI deployment;
- g. Monthly Oregon meter reading expense for each month after starting AMI deployment;
- h. Total AMI physical infrastructure amounts transferred to plant as part of the AMI deployment;
- i. System and Oregon allocated amount of AMI related information technology expense associated with Oregon's AMI deployment;
- j. System and Oregon allocated amount of AMI related information technology transferred to plant as of the date of the report;
- k. System and Oregon allocated amount of AMI related IT investment budget for five years following Oregon's AMI deployment; and
- l. An analysis of the cost-effectiveness of deploying AMI infrastructure in Oregon.

DISCUSSION:

Issue

Whether the Commission should approve PacifiCorp's proposed changes to Rule 8 and Schedule 300 related to customer options and pricing for the Company's AMI implementation.

Applicable Rule or Law

This filing is made in compliance with ORS 757.205 and OAR 860-022-0025.

- ORS 757.205 requires that public utilities file all rates, rules, and charges with the Commission.
- ORS 757.210 establishes a hearing process to address utility filings and requires rates to be fair, just and reasonable.

- OAR 860-022-0025 requires that new tariff filings include statements showing the new rates, the number of customers affected, the impact on annual revenue, and the reasons supporting the proposed tariff.

Analysis

In 2012, the Commission issued Order No. 12-158, establishing smart grid policy goals and objectives, utility reporting requirements, and Commission guidelines for utility actions related to smart grid.¹ Under Order No. 12-158, utilities were required to file an annual smart grid report. PacifiCorp filed its 2016 Annual Smart Grid Report on August 1, 2016.² In the 2016 Report, PacifiCorp describes developing and analyzing a business case for AMI.³ PacifiCorp found that financial analysis supported the business case and PacifiCorp committed to proceed with deployment of AMI in the state of Oregon.

Staff filed a memo addressing the 2016 Annual Smart Grid Report on November 29, 2016. In this memo, Staff recommended the Commission accept PacifiCorp's 2016 Annual Smart Grid Report subject to a number of conditions.⁴ The Commission adopted Staff's recommendation at the December 6, 2016 Regular Public Meeting and memorialized the decision in its Order No. 16-476.

Informal workshops were held on September 28, 2016, and December 13, 2016, to receive feedback and further discuss the Company's proposed accommodation for customers requesting non-radio frequency meters to discuss the transition to AMI and provisions for customers to opt out of AMI meter replacements. At the workshop, PacifiCorp presented a methodology for calculating the costs of providing opt-out services. The December 13 presentation is included with this memo as Attachment A.

PacifiCorp filed Advice No. 17-001 on January 4, 2017. This filing replaces tariff sheets for Rule 8 and Schedule 300. The replacement sheets provide rules and rates for customers to opt out of AMI metering. PacifiCorp's filing is consistent with the December 13, 2016 presentation. Staff has reviewed the workpapers calculating the proposed rates and they appear accurate. These workpapers are summarized in Attachment B of this memo.

¹ *In re Development of Smart Grid Objectives and Action Items for 2010-2014*, OPUC Docket UM 1460, Order No. 12-158 (May 8, 2012).

² OPUC Docket No. UM 1667.

³ UM 1667 – PacifiCorp August 1, 2016 Supplemental Application, at 9-14.

⁴ *In re PacifiCorp*, OPUC Docket UM 1667, Order No. 16-476 (Dec. 9, 2016).

OAR 860-022-0025 requires that new tariff filings include statements showing the number of customers affected and the impact on annual revenue. In response to this requirement, PacifiCorp states: "The proposed changes described above will affect those customers that choose a non-radio frequency (non-standard) meter; therefore the number of customers affected is not known at this time." Staff concludes that because there is not sufficient information for PacifiCorp to form an accurate estimate of the number of customers affected or the revenues collected from the proposed rates, the Company has complied with the rule's requirement to the extent possible at this time.

In the course of reviewing this filing Staff raised the following two concerns:

1. Customers may not be aware of the AMI opt out options in time to avoid the installation fee proposed in R8-3 of this filing.
2. PacifiCorp may double-recover metering costs through base rates and the opt-out meter reading fee proposed in R8-3 of this filing.

After communicating these concerns with PacifiCorp, Staff and PacifiCorp agreed that appropriate remedies for these concerns are the following conditions for approval of this filing:

1. PacifiCorp notifies customers about metering options prior to the replacement of the customers' existing meters with AMI meters.
2. PacifiCorp submits a report to the Commission within one year after the Oregon AMI deployment has been substantially completed with the following Oregon specific information included:
 - a. Number of AMI meters installed;
 - b. Number of non-AMI meters scheduled to be replaced;
 - c. Total number of meters installed;
 - d. Number of customers paying Non-Radio Frequency Meter Accommodation rates;
 - e. Monthly revenue collected by Non-Radio Frequency Meter Accommodation rates;

- f. Monthly Oregon meter reading expense for the 24 months prior to starting AMI rollout;
- g. Monthly Oregon meter reading expense for each month after starting AMI rollout;
- h. Total AMI physical infrastructure amounts transferred plant as part of the AMI rollout;
- i. System and Oregon allocated amount of AMI related information technology expense associated with Oregon's AMI rollout;
- j. System and Oregon allocated amount of AMI related information technology transferred to plant as of the date of the report;
- k. System and Oregon allocated amount of AMI related IT investment budget for 5 years following Oregon's AMI rollout; and
- l. An analysis of the cost-effectiveness of rolling out AMI infrastructure in Oregon.

The first condition will provide customers an opportunity to review non-AMI options prior to the meter change-out. This notice should be provided prior to the Company's mass deployment beginning January 1, 2018. The second condition will develop a sufficient record to determine whether PacifiCorp double-collected meter reading expenses as a result of this filing. Staff recommends that the information be reported as part of the Company's smart grid report. The Company has reviewed this memo and has no objections.

Conclusion

Staff and PacifiCorp have developed conditions to remedy Staff concerns with this filing. Staff recommends that the Commission approve the filing subject to Staff's recommended Conditions.

PROPOSED COMMISSION MOTION:

Approve PacifiCorp's Advice No. 17-001 and allow the proposed replacement sheets for Rule 8 and Schedule 300 to go into effect for service rendered on and after March 8, 2017, subject to the Conditions set forth in Staff's memorandum.

Pacific Power

Waiver of OAR 860-021-0405 (9) & (11)

December 13, 2016



Contact Prior to Disconnection



Administrative Rule

OAR 860-021-0405(9) provides:

The energy utility must make a good-faith effort to personally contact the customer or an adult at the residence to be disconnected on the day the energy utility expects to disconnect service or, where the service address has remote disconnection capability installed, at least three business days prior to the day the energy utility expects to disconnect service:

(a) If contact is made, either in person or via the telephone, the energy utility must advise the customer or an adult at the residence of the proposed disconnection; or

OAR 860-021-0405(11) provides:

When the energy utility makes personal contact under this rule, the utility's representatives making contact is empowered to accept reasonable partial payment of the overdue balance under the time-payment provisions of OAR 860-021-0415.

Order No. 14-049

- Staff approved Pacific Power’s waiver of OAR 860-021-0405 (9) and OAR 860-021-0405 (11) on February 18, 2014 with March 1, 2014 effective date.
- Commission agreed with allowing the waiver to eliminate requirement to make personal contact at time of disconnection and requirement to accept payment in the field.
- Waiver sunsets March 1, 2017.

Safety & Risk

- Safety is a top priority for the Company and business practices allowing for the risk of injury or death as a result of workplace violence must strive to provide a safer working environment.
- Pacific Power has an obligation to keep employees free from harm and provide them a safe workplace. This includes looking at our current practices, the environment in which we do business and assess risk.
- Employees who collect payments in the field are at higher risk for workplace violence.
- The increase in threats speaks to a continued change in customer/public disposition and the rising inclination for a customer or the general public to resort to violence.
- The waiver request is a proactive action on the part of the Company to reduce risk of workplace violence for its field collections personnel.

Customer Services Enhanced Over Time

- Disconnection of service is always the Company's last resort. Over this past decade Pacific Power has enhanced service to customers by providing additional notifications of pending disconnection and making available additional low- cost or no- cost payment methods.
 - Pacific Power has increased pay station locations to 85.
 - Changes to internal processes and vendor agreements leading to quicker payment processing, leading to fewer orders of disconnection.
- Company provides its customers with time and notification prior to the disconnection visit:
 1. Monthly bill showing amount due and due date
 2. Past due notice and next month's bill w/past due amount and due date of the past due amount
 3. Outbound phone call and/or email
 4. Final notice indicating the past due amount and due date
 5. Outbound phone call prior to disconnection
 6. Starting in January 1, 2018- six outbound calls, twice per day, for three consecutive days prior to disconnection; and email/text if customer chooses.

PacifiCorp Experience

- To date, the Company has received no escalated customer issues or commission complaints in any of the 5 states, particularly the last 2 ½ years under the temporary waiver in Oregon.
- PacifiCorp has stopped accepting payment at the time of disconnection in Utah, Wyoming, California, Oregon and Idaho.
 - Utah October 1, 2012
 - Wyoming June 1, 2013
 - California July 1, 2013
 - Oregon May 1, 2014
 - Idaho May 1, 2015

Extended Hours for Outbound Calling

Administrative Rule

OAR 860-021-0405(9) (b)(B) provides:

Attempt to contact the customer at a service address where remote disconnect capability is installed via the telephone at least twice a day for the three consecutive days prior to the proposed disconnection, and at least one call must be placed during the morning or afternoon (8:00 am to 5:00 pm) and another call placed during early evening (6:00 pm to 8:00 pm). Where an answering machine or service is available, the utility must leave a message at the end of each calling day informing the customer of the proposed disconnection. Initial implementation of section 7(b)(B) may not occur during the winter heating season (November 1 through April 30).

Outbound Calling Hours

- Pacific Power is installing metering with remote disconnection capability and will begin performing outbound calling per OAR 860-021-0405(9)(b)(B).
- Pacific Power is requesting to extend the hours for the early evening call to 5:30pm to 8:30pm
- Calls will still be placed in early evening hours after normal work hours.
- Extending the period of time for outbound calls staggers the resulting incoming call times to alleviate wait times for incoming calls.

Preference Center

- Pacific Power is developing an online preference center for customers to choose how to receive Company communications, including payment reminders.
- In addition to the telephone contact required by rule for notice of disconnect, Pacific Power will also give customers the option of receiving texts or emails.
- Providing the customer with their preferred option of contact makes it more likely they will respond to the notification.

Questions?

Estimated Installation & Removal Costs for Non-Network Meter**Installation of Non-Network Meter (Temporary
Removal of AMI)**

	Material (Meter Cost)	Hours	Rate	Totals
1	Non-radio frequency transmitting meter cost		\$31.81/meter	\$31.81
	Labor			
2a	Meterman - Hourly Activity Rate		\$93.51	
2b	Installation time (hours)	0.34		\$31.79
2c	Round Trip Travel Time (hours)	0.80		\$74.81
2d	Test/Restock Removed Meter (hours)	0.33		\$30.86
	Total Install Cost (Labor plus Material)			\$169.27

Subsequent Removal of Non-Standard Meter

	Labor		\$93.51	
3a	Installation time (hours)	0.34		\$31.79
3b	Round Trip Travel Time (hours)	0.80		\$74.81
3c	Test/Restock Removed Meter (hours)	0.33		\$30.86
	Total Removal Cost (Labor Only)			\$137.46

**Total Cost of Installation and Removal of Non-
Standard Meter****\$306.73**

Estimated Monthly Cost for Manual Meter Read of Non-Network Meter

Monthly Cost Using 2015/2016 Data (January 1, 2015 to April 29, 2016)

	Labor to Obtain Meter Read	Hours	Rate	Totals
1a	Collector - Hourly Activity Rate		\$66.99	
1b	Time to read meter (hours)	0.06		\$4.02
1c	Round Trip Travel time (hours)	0.49		\$32.83
	Total monthly cost per manual read			<u>\$36.84</u>

	<u>2015</u>	<u>2016</u>	<u>Total</u>	<u>Two Way</u>	<u>In Hours</u>
MTX Requests- Travel Time (>5 minutes; <2 hours)	1162	894	2056		
Total MTX Travel Time	457:35:10	368:18:59	825:54:09		
Average MTX Travel Time	0:23:38	0:24:43	0:24:06	0:48:12	0.80
MTX Requests- Completion Time (>5 minutes; <2 hours)	1397	1167	2564		
Total MTX Completion Time	455:56:12	408:20:11	864:16:23		
Average MTX Completion Time	0:19:35	0:21:00	0:20:13		0.34
MSR/GSR Requests- Travel Time (remove <1 minute)	3690	3501	7191		
Total MSR/GSR Travel Time	889:48:34	866:46:36	1756:35:10		
Average MSR/GSR Travel Time	0:14:28	0:14:51	0:14:39	0:29:19	0.49
MSR/GSR Requests- Completion Time (remove <1 minute; >20 minutes)	2655	2401	5056		
Total MSR/GSR Completion Time	161:33:48	149:08:55	310:42:43		
Average MSR/GSR Completion Time	0:03:39	0:03:44	0:03:41		0.06