

From: [David Ward](#)
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Attachments: [Opt-out Cost Shifting Costs Consumers Less--MI Legislator.docx](#)

Utilities installing smart meters save large amounts of money by getting rid of most of their meter readers.

Some of that additional profit that companies now make, for which there is no benefit to customers, and for which the customer has never directly paid for in the past, could be spent to ensure that opt-out customers don't have to pay either an initial fee, nor a monthly fee.

In that way, the smart meter customers are not paying additional money to support the opt-out customers, it is only coming from the additional new profit from fired meter readers, for which customers get no benefit.

But even if smart meter customers did pay a small fee for the opt-out customers, it would be a small fee, compared to what all customers pay for smart meters. See the attached article with quotes from a Michigan legislator that makes the comparison for Michigan's DTE.

David Ward

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[Deflating the Propaganda Argument on How Smart Meter Opt-Outs Shift Extra Costs to Ratepayers](#)

Posted on [March 16, 2017](#) by [SkyVision Solutions](#)

by *K.T. Weaver, SkyVision Solutions*



In order to penalize consumers

who do not wish to take on the additional safety and security risks associated with smart meters, utilities typically charge those customers punitive fees. They justify or rationalize these fees by proclaiming that other customers should not subsidize the few consumers refusing smart meters.

In actuality, those consumers refusing smart meter risks are simply requesting a “same level of service” with a traditional analog meter. Logically, in those circumstances, why should there be *any change* in how the customer is billed for electric service?

Additionally, however, even while a customer is paying a punitive fee for a smart meter refusal, they nearly always are *also paying* for the infrastructure costs associated with *having* a smart meter, even though they don't have a smart meter. Does that seem “fair”, i.e., being charged twice? This issue was discussed at the March 14, 2017, Michigan House Energy Policy meeting chaired by Representative Gary Glenn. Highlights from that meeting are provided below.

Representative Gary Glenn, as an aside, first indicated that his “smart” meter “failed” over the weekend, and the utility company came out and replaced it with an analog meter. We should all be so be lucky for such a replacement in order to have more reliable (and safer) equipment on our homes to help deliver electric service.

Representative Glenn then discussed his “layman’s application of math and logic” for the issue of **cost shifting** depending on whether a consumer either has a smart meter or an opt-out meter. Regarding cost shifting, Glenn says:

Customers who participate in smart meter deployments in Michigan could potentially pay up to 74 cents per year for those opting out of smart meters, assuming that utility personnel are required to spend extra time to read or process the readings for those consumers refusing smart meters.

On the other hand, just for Consumers Energy, if you take the \$ ¾ billion rollout of smart meters divided by 1.8 million customers, *everyone* would be paying an extra \$84 per year, and thus customers *without* smart meters are paying \$84 per year subsidizing those who do.

“So if there’s a cost shift involved, it’s 74 cents one way, 84 dollars the other way.”

So who is subsidizing whom?

Representative Glenn asked Richard Meltzer to provide testimony in support of proposed [HB 4220](#), specifically on cost recovery as it pertains to DTE’s opt-out fees. Here are some of the key points made during that testimony (with a video of that testimony provided further down the page):

There is no mandate in Michigan law for smart meters to be installed.

DTE customers who opt-out of smart meters are still saddled with paying for a digital meter for which they are trying to avoid since the utility does not provide for the retention of an analog meter.

Meltzer referred to the [opinion](#) of Judge Peter D. O’Connell in a Michigan Court of Appeals case from 2015, where the Judge stated:

“In the case of the opt-outers, they receive no benefit from the AMI smart meter program and must actually pay to be excluded from it, but then the opt-outer must also share in the costs of the program because of the increase to the base rate. ... I cannot discern the reason to approve a tariff that is associated with the base rate of the AMI program and, at the same time, penalize those individuals that choose not to be associated with the AMI program.”

Meltzer also referred to the [written comments](#) of Michigan Attorney General Bill Schuette from 2012 where the AG stated:

“[Both Detroit Edison and Consumers] suggest that they intend to effectively penalize customers who choose to opt-out of smart meters.”

“Presumably, under the utilities proposals, customers who opt-out of smart meters would be required to pay rates covering both the costs of the smart meter program, and expansively defined incremental costs of retaining traditional meters.”

“An ‘opt-out’ program that requires those customers who opt out to pay an unwarranted economic penalty for doing so does not afford customers such a meaningful choice.”

Video of Michigan House Testimony can be seen here if you go to the URL at the bottom

Richard Meltzer concluded his testimony as follows:

“We see that the utility company’s cost focus is quite arbitrary suggesting a self-serving and punitive motive. So in conclusion, we turn to our legislators to provide the relief in this matter that has only been met with indifference at the MPSC. ... We simply want to exercise our freedom of choice regarding the technology that is placed on our property.”

References

[1] Video for Michigan House Energy Policy Committee for March 14, 2017; available at <http://www.house.mi.gov/MHRPublic/PlayVideoArchive.html?video=ENER-031417.mp4>

[2] Written Testimony as submitted by Richard Meltzer to the Michigan House Energy Policy Committee; available at <https://skyvisionsolutions.files.wordpress.com/2017/03/richard-meltzer-testimony-march-2017.pdf>

<https://smartgridawareness.org/2017/03/16/deflating-propaganda-argument-on-smart-meter-opt-outs/> March 16, 2018