

From: [King, Onita](#)
To: [UTC DL Records Center](#)
Subject: U-180117 Commission Policy on Customer Choice for Smart Meter Installation; NW Natural Comments 3-8-2018
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Attachments: [U-180117_NWN Responses_3-8-18.pdf](#)

Attached please find NW Natural's comments in the above-referenced docket in response to the February 16, 2018 Notice that requested stakeholder feedback on questions for consideration.

Thank you,

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March 8, 2018

VIA ELECTRONIC FILING

Steven V. King
Executive Director and Secretary
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RE: Docket U-180117
Commission Policy on Customer Choice for Smart Meter Installation

Northwest Natural Gas Company (“NW Natural” or the “Company”) submits its responses to the questions for consideration that were set forth in the notice issued February 16, 2018, inviting written comments on the topic of customer choice for smart meter installations.

Smart Meter Installation Opt-In/Opt-Out

- 1. Should companies be required to offer customers the choice to opt-out of smart meter installation at their premises? Alternatively, should customers affirmatively opt-in?**

Answer

Companies should not be required to offer customers the choice to opt-out of smart meter installations. Customers also should not be given the choice to opt-in to a smart meter installation. Customers should automatically default to being served by the utility’s standard meter, irrespective of the meter type.

Each company should have the flexibility to offer an opt-out choice to their customers as it relates to either a smart meter installation, or to a one-way communicating AMR/AMI meter. Any such offer should be based on the company’s ability to reasonably accommodate the volume of opt-outs that may arise, and on the requirement that the individual customer making that choice bears the incremental costs created by that choice, such as costs for obtaining manual meter reads or

making a site visit to reconnect or disconnect service where the ability to perform a remote reconnect/disconnect is removed as a result of the customer's choice.

2. Should companies be required to offer all customer classes the choice to opt-out or opt-in for smart meter installation?

Answer

See response to question 1 above. The utility should be able to choose the class of customer for which they are able to accommodate an opt-out or opt-in choice.

For NW Natural, we require more advanced AMR (AAMR) metering on certain large commercial and industrial customer installations, and for a fee, offer an opt-in choice to other non-residential customers where the AAMR is not a condition of service. The required AAMR is driven predominantly by the need for more advanced information (hourly data frequency, for example) in order to perform the more complicated billing functions associated with these non-residential services. It would be problematic if an opt-in or opt-out option were available to the class of customers where the data obtained from the AAMR is critical to the billing function. For this reason, NW Natural's current opt-out option for AMR is available only to the residential customer class, and the opt-in option is available only to non-residential customers taking a type of service for which AAMR is not required for billing.

3. What company estimates, if any, have already been developed for how many customers would choose to opt-out or opt-in for smart meter installation?

Answer

When NW Natural transitioned some time ago to the AMR/AAMR devices in use today, there was no consideration for whether or not customer choice should be made available. Since that time, we have encountered a small number of residential customers that have requested to have the AMR device removed from their meter because they are hyper sensitive to the radio frequency emissions. As a result, in January 2014, NW Natural made tariff revisions to provide an opt-out choice for residential customers only. Under NW Natural's existing opt-out choice there are currently nine Oregon customer opt-outs, and there are zero Washington customer opt-outs.

In the context of more advanced smart metering technology, however, we would anticipate that if given a choice to opt-in that most residential customers would be slow to do so. Certain commercial and industrial customers may be more inclined to opt-in, but also may be more inclined to expect a higher level of service with respect to managing energy use because energy bills are often a material component of their operating cost. If any choice is deemed necessary, it should be restricted to an opt-out choice, where the customer making that choice is made responsible to pay any incremental costs that the utility would incur as a result.

Smart Meter Benefits

4. What challenges do the companies face based on different levels of opt-in and opt-out (e.g., 1 percent, 5 percent, 25 percent) and what smart grid benefits are either reduced or eliminated at these levels?

Answer

As mentioned earlier, NW Natural does not have any experience specifically with smart metering technology, and as a gas utility, any benefits to the smart grid would not directly apply.

For NW Natural, the use of AMR has significantly reduced the company's costs for meter reading and billing. NW Natural estimates that for each percentage level, on average, an additional 7,000 meter read orders would be generated per month, which loosely equates to 7 full time employee equivalents (FTE). This means that in an opt-in scenario, the cost of meter reading and billing would be materially higher than they are today, and in an opt-out scenario, costs would incrementally increase as the number of opt-outs increased.

5. For those customers who select to opt-out of, or decline to opt-in to, smart meter installation, what types of services or benefits would they be forgoing?

Answer

NW Natural is unable to speak to customer benefits provided through smart metering as envisioned in this proceeding. However, if the opt-out (or decline to opt-in) choice were to apply in the context of the AMR devices currently used by NW Natural, there could be a vast array of benefits that customers and the utility alike, would forego. For instance:

- AMR eliminates the need for monthly on-site meter reading which serves to reduce the impact on a customer's property associated with on-site visits;
- AMR technology can reduce estimated meter reads as more frequent actual reads are obtained through the technology, which can result in more accurate opening and closing bills, for instance;
- All customers receive benefits from reduced operating costs that AMR technology affords, such as FTE reductions
- All customers receive the benefit of carbon footprint reductions as the utility will reduce the number of employees and vehicles it needs to put on the road;
- AMR technology enables the utility to more quickly identify meter malfunctions, which in turn reduces the number of corrected bills that are issued;
- AMR technology enables the utility to more quickly detect situations of meter damage, and of meter tampering or theft.

Costs

6. What types of costs are associated with offering an analog/existing meter opt-out option?

Answer

See response to question 5. An opt-out option has the potential to increase the utility's billing, meter reading and operational costs. In addition, it can add other administrative costs associated with delays in making bill corrections and identifying situations of tampering and theft.

7. Are costs a function of the number of customers choosing to opt-in or opt-out?

Answer

As this question relates to question 6, the same costs are in play regardless of the number of customers that opt-out. As the number of customer opt-outs increase, there could be small efficiency gains (and therefore reduced cost increases or cost stabilization) that could arise as a function of volume.

8. Should all costs associated with the opt-out choice be paid by the individual customer making that election or should some portion of those costs be allocated to all ratepayers and/or to company shareholders?

Answer

All costs should be paid by the individual making the election.

Fees

9. What fees (one-time/recurring) should be assessed to customers who elect to opt-out and should the fees be assessed on a per-meter or per-location basis?

Answer

As it relates to question 6, NW Natural currently assesses a one-time fee of \$172.00 to switch out the meters and an additional monthly service charge of \$26.55 to cover the cost of obtaining a monthly meter read. These charges are assessed on a per-meter basis.

10. If a monthly fee component is included, should there be a limited duration for companies to recover the incremental costs associated with the customer's choice to retain an analog/existing meter?

Answer

As it relates to our response to question 9, the one-time fee fully recovers the meter change costs for both the start of opting-out and the eventual opting-in. As long as manual reads are required, the monthly charge should continue.

11. If a one-time or up-front fee is required, should the companies be required to offer a payment plan?

Answer

No. The one-time fee should be due in full at the time it is assessed.

12. If recurring opt-out fees are assessed with each meter reading, should alternative meter reading schedules be adopted to reduce the opt-out fees paid by the customer (e.g., bi-monthly, quarterly, or annually with budget billing)?

Answer

No. As it relates to an opt-out under question 6, the absence of AMR technology alone creates the potential for an adverse impact on the utility's ability to promptly identify a meter malfunction or a tampering or theft situation, so allowing a longer period of time between meter reads would be problematic.

13. Should fees differ based on whether the customer is selecting to opt-out of a smart meter for a single service (e.g., electric or natural gas) or both services?

Answer

This question does not apply to NW Natural. It may be appropriate to differentiate fees for a utility that provides both gas and electric service to the same service address.

14. Should there be a fee imposed on customers who elect to opt-out and later desire to have a smart meter installed?

Answer

As it relates to an opt-out under question 6, NW Natural assesses the one-time charge in each occurrence where the standard AMR meter is removed. This charge covers the cost of both opting-out and opting back in. Therefore, a separate charge is not assessed to revert back to the standard AMR meter from a non-AMR meter. It may also be appropriate to restrict the number of opt-outs that are allowed within a specific timeframe (for instance within a one-year period).

15. Should opt-out fees be a separate line item on a customer's bill?

Answer

Yes.

Options

- 16. Should more than one opt-out option be offered to customers who do not wish to have a wireless smart meter (e.g., a digital non-communicating meter)? If so, should the cost differ based on the type of meter selected?**

Answer

In order to remain attentive and sensitive to customer needs, the utility should have the option to allow a residential customer the choice to have a non-communicating meter installed, similar to what NW Natural offers today. To the extent that there is an incremental cost difference between meter types, different fees should apply

- 17. Should customers with smart meters be offered the opportunity to relocate the smart meter to another location on their premises? Is so, should the customer pay the cost of relocation?**

Answer

Yes. A utility's use of smart metering technology should not take away any existing rights or opportunities provided a customer with regard to meter location within the confines of industry codes and utility standards and requirements. As with any customer-requested meter relocation, the customer should pay the entire cost.

Customer Communication

- 18. What form(s) of communication should the companies employ to advise customers of their smart meter installation options, and what type of information should be communicated?**

Answer

As noted earlier, NW Natural does not use smart meter technology today. With regard to the opt-out option currently available to our residential customers, NW Natural does not actively communicate the availability of this option to customers. Rather, the information is provided only upon a customer inquiry. The information about this option is also available in our tariffs which can be viewed at nwnatural.com.

In the case of a utility's initiative to implement a wholesale replacement of existing meters with smart meter technology, customers should be made aware of the project and the impact that changing out that meter will have on the customer (for instance, people will be on their property, features that the new technology will offer, etc.) If the meter change-out is intended to be optional, then the communication should include that information. Otherwise, proactively communicating about an opt-out option is not recommended.

NW Natural appreciates the opportunity to comment in this proceeding, and will plan to have representatives at the March 15th workshop.

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Sincerely,

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