



**STATE OF WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

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 UTIL. AND TRANSP.
 COMMISSION

March 1, 2022

Amanda Maxwell, Executive Director and Secretary
 Washington Utilities and Transportation Commission
 P. O. Box 47250
 Olympia, Washington 98504-7250

RE: Dockets UE-180860 / UG-180861

RE: *In the Matter of the Revisions to Tariff WN- U-60 and WN U-2 by Puget Sound Energy, Schedule 171, Dockets UE-180860 and UG-180861*

Dear Ms. Maxwell:

Commission Staff has reviewed the compliance filings of Puget Sound Energy (PSE) dated July 30, 2021 and January 31, 2022, titled *Puget Sound Energy-Meter Upgrade Project and Schedules 171 Implementation Status Report*. These reports – the fourth and fifth of the series - provide updates to the Commission about the program’s progress through the calendar 2021. Subsequent reports are due every six months. Staff believes that the filing complies fully with the Commission’s Order 01, entered January 11, 2019.

This table shows the progress of the installation project on December 31, 2021:

Metered Customers by County at 12/31/21				AMI Installations at 12/31/21			Percent Complete	
County	Electric	Gas	Total	Electric	Gas	Total	Electric	Gas
Island	38,311	-	38,311	-	-	-	0.00%	NA
King	583,677	484,082	1,067,759	525,144	354,024	879,168	90.0%	73.1%
Kitsap	126,367	-	126,367	37,597	-	37,597	29.8%	NA
Kittitas	15,350	2,152	17,502	13,501	-	13,501	88.0%	0.00%
Lewis	2	4,263	4,265	-	-	-	0.00%	0.00%
Pierce	130,097	168,521	298,618	160,705	70,017	230,722	123.5%*	41.5%
Skagit	63,476	-	63,476	-	-	-	0.00%	NA
Snohomish	49	151,562	151,611	-	101,412	101,412	0.00%	66.9%
Thurston	137,923	55,767	193,690	95,557	-	95,557	69.3%	0.00%
Whatcom	110,158	-	110,158	45	-	45	0.00%	NA
Total	1,205,410	866,347	2,071,757	832,549	525,453	1,358,002	69.1%	60.7%

*Pierce County totals are reported by sectors which contain customers in adjacent counties.

Opt-Out Applications. As of December 31, 2021, PSE had received 10,462 requests for non-communicating meter service. The total requested opt-outs are less than 2/10^{ths} of one percent of the customer base. This compares to initial estimates of one percent total overall.

From Item 2 in Compliance Report:	Electric	Gas	Total
Opt-Out Requests Received	6194	4268	10462
Resolution of Opt-Out Applications:			
Application in Progress			1819
Application Rejected as Incomplete			3138
Application Cancelled by the Customer			3164
Application Completed	1490	851	2341
			10462
Application Completed, Meter Read Manually	1161	587	1748

Ongoing Meter Reading Charges. When the initial ongoing meter reading rates were set, PSE stated that electric and gas meters could not be read by the same company employee due to union contract requirements, forcing costs higher. PSE has since contracted out manual meter reading services to Landis+Gyr (L+G). L+G was a key partner in PSE’s metering operations during the company’s AMR era as well. In Items 4 and 5, PSE reports the following costs and revenues in the table below. Staff has analyzed these costs using an informal data request response from PSE, appended as Attachment A to this letter.

At 12/31/2021	TOTAL COSTS (Item 4)		TOTAL REVENUES (Item 5)		
Item, 2018-2021	Electric	Gas	Electric	Gas	Revenue Item
Capital costs*	\$2,434,991	\$2,253,655	\$12,600	\$1,700	One-time fees
O&M costs	\$119,581	\$92,514	\$128,565	\$78,150	Ongoing meter reading fees
Subtotal by fuel	\$2,554,572	\$2,346,169	\$141,165	\$79,850	
Total costs/revenue		\$4,900,740		\$221,015	

*Staff has allocated NCM Information System Capital Costs evenly between electric and gas.

It appears that PSE is close to recovering a surplus in O&M costs. While there are one-time O&M costs associated with opt-out customers, the ongoing meter reading costs reported by L+G were \$49,513 (electric) and \$18,693(gas)¹ are far exceeded by the cost recovery amounts shown in the Revenues section of the above table. The project completion is expected in 2023.

Since PSE has a signed contract with L&G and knows what costs will be for their services, staff believes that PSE should collect cost and income data for one more year and then file to update its ongoing meter reading fee, in a manner akin to the update filed by Avista in dockets UE-210776 and UG-210777, rather than waiting to conclude the AMI installation project. The company is likely to complete the project in 2023, after some delays caused by the COVID-19 pandemic.

¹Dockets UE-180860 / UG-180861, PSE compliance report, “Meter Upgrade Project and Schedules 171 Implementation Status Report, Reporting Period: January 1, 2018 – December 31, 2021,” filed January 28, 2022: Table for Item 4, page 9.

Amanda Maxwell
March 1, 2022
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Sincerely,

AMY I. WHITE
Regulatory Analyst, Energy Regulation

Attachment A: Informal Data Request Responses from PSE

Dockets UE-180860 and UG-180861
Compliance Reports dated 7/31/21 and 1/31/22

Attachment A-Staff Informal Data Requests and
Puget Sound Energy Informal Responses to Staff Data Requests

From: [Cass, Mei](#)
To: [White, Amy \(UTC\)](#)
Cc: [Martin, Veronica](#); [Englert, Eric](#)
Subject: RE: UE-180860 / UG-180861 AMI Compliance Report
Date: Friday, February 25, 2022 1:05:20 PM
Attachments: [PSE"s Responses to UTC Staff Informal Data Requests.docx](#)

External Email

Hi Amy,

With the right attachment!

Thanks for your patience! Please see PSE's Responses to your questions below and let us know if you have any further questions or would like to have a meeting to discuss these responses.

Best,
Mei

From: White, Amy (UTC) <amy.white@utc.wa.gov>
Sent: Tuesday, February 15, 2022 1:22 PM
To: Cass, Mei <mei.cass@pse.com>; Martin, Veronica <Veronica.Martin@pse.com>
Subject: UE-180860 / UG-180861 AMI Compliance Report

CAUTION - EXTERNAL EMAIL
Phishing? Click the PhishAlarm **"Report Phish"** button.

Good afternoon!

I am reviewing both the July 2021 compliance report in the above dockets and the one just filed at the end of January 2022. I have a few follow-up questions, please.

1. On page 10, under issue #5, the header says amounts collected are "For the period 7/2019-6/2021." I think perhaps this is a typo left over from the prior report, could you please confirm this?
2. On page 6, the header says "Numbers of AMI meters and modules installation as of June 30, 2021, by county". I am guessing this is the same issue as the prior question, and that the "through" date is actually 12/31/2021?
3. Finally, since I'm looking at a couple of reports at the same time, I noticed this in that same Page 6, meters and modules by county table. For Pierce County, over the past couple of reports, the electric meters installed appear to have exceeded the number of customers. Could you please break down the customers who have more than one meter by the number of meters each has? (For example, 100 customers have 2 meters each, 150 have 3 meters each, something like this.)

	Installed		Customer Count		% Completed	
Date						

Through	Electric	Gas	Electric	Gas	Electric	Gas
12/31/2021	160,705	70,017	130,097	168,521	123.5%	41.5%
6/30/2021	143,421	69,837	129,057	167,187	111.1%	41.8%
12/31/2020	74,043	65,621	127,067	166,156	58.3%	39.5%

4. Under Item 4, PSE Costs associated with the project, the following items are listed: Electric / Gas NCM Installation Costs; Electric/Gas NCM Reading Set-up Costs; Electric/Gas NCM Reading Costs; Electric/Gas NCM Customer Service and Project Management Related Costs; and NCM Information System Capital Costs. With the exception of Electric/Gas NCM Reading Costs, does the company consider all these costs capital costs? Has their recovery been deferred?

Thanks for your help on these questions.

Amy I. White | Utilities & Transportation Commission, Regulatory Services Division
P.O. Box 47250 | 621 Woodland Square Loop SE, Olympia, WA | 98504-7250 phone: 360.664.1247 | fax: 360.586.1150 | amy.white@utc.wa.gov

This email states the informal opinions of commission staff, offered as technical assistance, and are not intended as legal advice. We reserve the right to amend these opinions should circumstances change or additional information be brought to our attention. Staff's opinions are not binding on the commission.

PSE Electric and Natural Gas Schedules 171 Status Reporting per Order 01 of Dockets UE-180860 and UG-180861 -- Meter Upgrade Project and Schedules 171 Implementation Status Report for Reporting Period: January 1, 2018 – December 31, 2021

Informal Data Requests from UTC Staff Any White Dated Tuesday, February 15, 2022

1. On page 10, under issue #5, the header says amounts collected are “For the period 7/2019-6/2021.” I think perhaps this is a typo left over from the prior report, could you please confirm this?

PSE Response:

The correct header should be “For the period of 7/2019-12/2021”.

2. On page 6, the header says “Numbers of AMI meters and modules installation as of June 30, 2021, by county”. I am guessing this is the same issue as the prior question, and that the “through” date is actually 12/31/2021?

PSE Response:

The correct header should be “Numbers of AMI meters and modules installation as of December 31, 2021”.

3. Finally, since I’m looking at a couple of reports at the same time, I noticed this in that same Page 6, meters and modules by county table. For Pierce County, over the past couple of reports, the electric meters installed appear to have exceeded the number of customers. Could you please break down the customers who have more than one meter by the number of meters each has? (For example, 100 customers have 2 meters each, 150 have 3 meters each, something like this.)

Date Through	Installed		Customer Count		% Completed	
	Electric	Gas	Electric	Gas	Electric	Gas
12/31/2021	160,705	70,017	130,097	168,521	123.5%	41.5%
6/30/2021	143,421	69,837	129,057	167,187	111.1%	41.8%
12/31/2020	74,043	65,621	127,067	166,156	58.3%	39.5%

PSE Response:

Please see the following table for further details about the 160,705 AMI meters reported under the Pierce County total as of 12/31/2021 in the most current Meter Upgrade Project and Schedules 171 Implementation Status Report. PSE tracks the AMI installations and exchanges by sector, which groups local areas together for the AMI deployment proposes. Sectors 14, 16, 21, 22, 23, 24, and 28 have been planned and tracked under the Pierce County although this county group also includes areas outside of the county.

Sum of Total	Sector							
County	14	16	21	22	23	24	28	Grand Total
King	10,627			17,979	1	1		28,608
Kitsap	2		1	2,151	1			2,155
Pierce	12,767	26,893	22,858	313	37,437	12,750	3,400	116,418
Pierce/King		2,736	33					2,769

Thurston							10,755	10,755
Grand Total	23,396	29,629	22,892	20,443	37,439	12,751	14,155	160,705

Also, to clarify the AMI counts that have been reported in the PSE Meter Upgrade Project and Schedules 171 Implementation Status Reports, these counts represent all AMI related exchanges i.e., AMR to AMI exchanges; some AMR to NCM exchanges.

4. Under Item 4, PSE Costs associated with the project, the following items are listed: Electric / Gas NCM Installation Costs; Electric/Gas NCM Reading Set-up Costs; Electric/Gas NCM Reading Costs; Electric/Gas NCM Customer Service and Project Management Related Costs; and NCM Information System Capital Costs. With the exception of Electric/Gas NCM Reading Costs, does the company consider all these costs capital costs? Has their recovery been deferred?

PSE Response:

Please see the following table for further details about the costs reported as of 12/31/2021 in the most current Meter Upgrade Project and Schedules 171 Implementation Status Report. None of the costs below have deferred accounting treatment.

	Type	2018	2019	2020	2021	2018-2021
Electric NCM Installation Costs	Capital	\$0	\$15,277	\$40,559	\$35,849	\$91,685
Gas NCM Installation Costs	Capital		\$0	\$5,379	\$14,747	\$20,126
Gas NCM Installation Costs	O&M	\$0	\$23,003	\$17,514	\$0	\$40,516
Electric NCM Reading Set-up Costs	O&M	\$0	\$0	\$61,848	\$8,220	\$70,068
Gas NCM Reading Set-up Costs	O&M	\$0	\$0	\$28,325	\$4,980	\$33,305
Electric NCM Reading Costs	O&M	\$0	\$0		\$49,513	\$49,513
Gas NCM Reading Costs	O&M	\$0	\$0		\$18,693	\$18,693
Electric NCM Customer Service and Project Management Related Costs	Capital	\$0	\$0	\$14,042	\$422,383	\$436,425
Gas NCM Customer Service and Project Management Related Costs	Capital	\$0	\$0	\$10,341	\$316,307	\$326,648
NCM Information System Capital Costs	Capital	\$1,521,425	\$2,280,046	\$12,291	\$0	\$3,813,761