

## DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER  
COMMISSIONER SMITH  
COMMISSIONER HANSEN  
JEAN JEWELL  
COMMISSION STAFF  
LEGAL**

**FROM: LISA NORDSTROM**

**DATE: JULY 3, 2003**

**RE: FURTHER PROCEDURE NEEDED FOR IDAHO POWER'S AUTOMATED  
METER READING (AMR). CASE NO. IPC-E-02-12.**

In Case Nos. IPC-E-02-2 and -3, the Commission directed Idaho Power and the Energy Efficiency Advisory Group (EEAG) to "evaluate and report to the Commission on the viability of a Time-of-Use residential metering program by September 12, 2002." Order No. 29026 at 22. In compliance with this Order, Idaho Power submitted its "Report on Residential Time-of-Use Pricing" (Report) on September 12, 2002.

On February 21, 2003, the Commission declined to authorize residential time-of-use rates for Idaho Power customers. Order No. 29196. However, the Commission directed Idaho Power Company to begin replacing its existing manual read metering equipment as soon as possible with an automated meter reading (AMR) system. AMR allows the meter to be read remotely and thus significantly reduces operational costs. Anticipating the replacement process could be complete by the end of 2004, the Commission ordered Idaho Power to submit an implementation plan no later than March 20, 2003. *Id.*

On March 12, 2003, Idaho Power Company filed three petitions in this docket: 1) a Petition to Stay that portion of Order No. 29196 requiring the Company to submit the Advanced Meter Implementation Plan by the March 20 deadline; 2) a Petition for Confirmation that Order No. 29196 is or is not a final Order; and 3) a Petition for Reconsideration. The Commission granted the Company's Petition for Stay and denied the Petition for Reconsideration of AMR issues as premature in Order Nos. 29210 and 29226, respectively. However, the Commission

clarified and amended the interlocutory portions of Order No. 29196 so that a more complete record could be established on AMR issues.

To allow for further collaborative proceedings, the Commission stayed the Company's Advanced Meter Implementation Plan filing requirement until: (1) a multi-party implementation plan is endorsed by interested parties, (2) the Company unilaterally files its Implementation Plan, or (3) the Commission issues an Order revoking the Stay and sets a new filing date. Idaho Power updated and filed its AMR analysis on May 9, 2003, in anticipation of the Advanced Meter public workshop, which was intended to allow interested parties to offer Idaho Power input on its AMR analysis, proposed timeline to install the system, and possible methods to recover the cost of the meters and their installation.

### **PUBLIC WORKSHOP AND DISCOVERY**

The Advanced Metering public workshop on May 19, 2003, was attended by representatives of Idaho Power Company, Commission Staff, USCL Corporation, Distribution Control Systems Inc. (DSCI), Energy Strategies Group (ESG), Advocates for the West, Avista Corporation, ITRON, Landis & Gyr, Resource Associates International (RAI), and Pat Clifford.

Idaho Power's presentation discussed the criteria it used for choosing AMR technology and the costs associated with different technologies. The Company proposed implementing powerline AMR technology over a four-year period (2004-2007) at a cost of \$86.5 million. Under this scenario, Idaho Power predicted that AMR expenses would exceed those of the manual read system until 2010 and that ratepayers would break even in 21 years. In short, Idaho Power stated that AMR was not a prudent investment at this time. However, the Company intends to continue monitoring developments and conducting periodic assessments to determine the appropriate time for deployment. Over time, the Company predicted that AMR will become more cost-effective as employee costs increase and AMR costs decrease.

Participants asked the Company numerous questions on issues that included the incremental costs of advanced metering options, load projections, implementation schedules, equipment life, salvage value of old meters and customer benefits. Because Staff had technical questions requiring complex Company analysis, the participants agreed that any parties with additional questions could submit them to Idaho Power for a written response. Staff has asked, and the Company has answered, several rounds of questions in the weeks that followed the workshop.

## **STAFF RECOMMENDATION**

In light of public workshop and additional discovery conducted in this case, Staff recommends the Commission allow additional opportunity for public comment on the Company's updated AMR analysis. This recommendation is consistent with the procedure discussed by the workshop participants. Staff believes that written comments can adequately address the issues presented by the Company's updated AMR analysis in lieu of an evidentiary hearing. To allow adequate time to prepare detailed comments, Staff suggests the Commission adopt an August 15<sup>th</sup> comment deadline with a September 5<sup>th</sup> Company reply deadline. Staff further recommends the Commission direct parties to particularly focus on the following issues:

1. Should the Commission direct the Company to implement AMR on its system?
2. What technology should the Company employ?
3. Under what timeframe should the Company implement AMR?
4. How should the Company recover the costs associated with AMR?

## **COMMISSION DECISION**

Does the Commission wish to adopt Staff's Recommendation to solicit public comment on Advanced Meter Reading as described above?

---

Lisa D. Nordstrom

M:IPCE0212\_memo4.doc