



State of Utah
DEPARTMENT OF COMMERCE
Committee of Consumer Services

To: The Public Service Commission of Utah

From: The Committee of Consumer Services
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Date: January 24, 2007

Subject: Utah Committee of Consumer Services' Comments on the Division of Public Utilities' Recommendations Regarding EAct 2005 Amendments to PURPA – Time-Based Metering and Communications Standard – Docket No. 06-999-03.

1. Background

On June 14, 2006, the Public Service Commission (Commission) issued a Notice of Scheduling Conference In the Matter of the Consideration of the Amendment of 16 U.S.C. § 2621 – Consideration and Determination Respecting Certain Ratemaking Standards for Electric Utilities by the Energy Policy Act of 2005 (EAct 2005). EAct 2005, signed into law on August 8, 2005, included amendments to the Public Utility Regulatory Policies Act (PURPA) and added five new federal standards to PURPA section 111(d). The law requires that state commissions consider the standards however they are not required to implement them. Commissions may implement or decline to implement any standard, adopt a different or modified standard, or take into account prior determination of the standards if it complies with the requirement of Title I of PURPA.

On January 8, 2007, the Division of Public Utilities (Division) submitted to the Commission its recommendations regarding the Time-Based Metering and Communications Standard enacted by the EAct 2005. The language of that section is included as Attachment II of the Division's Memorandum. On January 9, 2007, the Commission issued a request for comments inviting parties to respond to the Division's recommendations by January 23, 2007. This is the

Committee of Consumer Services' (Committee) response to the Division's recommendations.

2. Analysis: Smart Metering Standard

The Committee appreciates the analysis undertaken by the Division to determine if SEC. 1252 SMART METERING of the EPACT 2005 should be implemented by the Commission. The discussions among participants in the technical conferences were also helpful in assessing the reasonableness of adopting this standard in Utah.

2.1 Division Recommendations

The Division recommends that the Smart Metering standard not be adopted by the Commission at this time. They propose that a cost-benefit study be performed to determine the cost effectiveness of a smart metering program and alternative approaches.

2.2 Committee Response

The Committee believes that there is value in customers' ability to shift electricity usage to time periods when the cost of power is priced at a lower rate. Customers in all classes are currently able to request and receive some form of time-of-day pricing. However, access to advanced metering and communications technology is limited to certain customer classes.

Rocky Mountain Power (the Company) currently has tariffs that include Time-of-Day Rates for Residential (Schedule 2), General Service (Schedules 6A and 6B), Large General Service (Schedules 8 & 9), Irrigation and Soil Drainage Pumping Power Service (Schedule 10), and Small General Service (Schedule 23B) customers. No customers currently take service under Schedule 23B. Schedule 2 is designed as an experimental tariff and participation is limited to 1,000 customers on a first-come, first-served basis. Although few customers have chosen to take service under Schedule 2, that limit could be modified or removed should customers express greater interest in the time-of-day option.

The Company has indicated that smart metering with two-way communication, which would be necessary to implement critical peak pricing or real-time pricing, is more costly than meters currently in use for residential customers. Also, infrastructure changes would be necessary to accommodate that technology. High costs may outweigh potential benefits.

3. Recommendation

The Committee agrees with the Division's recommendation that the Commission should not adopt the Smart Metering Standard prior to performing a cost-benefit study. We also recommend that current time-of-day tariffs for residential and small commercial customers be reviewed to determine whether modifications to those existing tariffs would encourage additional customer participation.