

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held in the City of
Albany on September 4, 2014

COMMISSIONERS PRESENT:

Audrey Zibelman, Chair
Patricia L. Acampora
Garry A. Brown
Gregg C. Sayre
Diane X. Burman

CASE 14-M-0196 - Tariff filing by Central Hudson Gas & Electric Corporation to establish fees for residential customers who choose to opt out of using Automated Meter Reading devices.

ORDER APPROVING PROPOSED TARIFF AMENDMENTS

(Issued and Effective September 8, 2014)

BY THE COMMISSION:

INTRODUCTION

On May 22, 2014, Central Hudson Gas & Electric Corporation (Central Hudson or Company) filed a petition with the Commission requesting approval to establish tariff fees for residential customers who choose to opt out of using Automated Meter Reading (AMR) devices. The proposed tariffs would allow residential customers to opt out of using AMR devices and instead elect to have the Company install and maintain non-AMR meters and manually read their meters through bi-monthly in-person meter reads. In this order, pursuant to our authority under the Public Service Law, including Public Service Law (PSL) §66, we approve Central Hudson's filing.

BACKGROUND

AMR devices enable the automated collection and transfer of consumption data, typically, as with Central Hudson's systems, through radio frequency (RF) transmission. AMR equipped meters provide benefits to customers through: 1) a reduction in meter reading estimates due to access issues and adverse weather conditions; 2) improved accuracy of meter readings; and 3) improved operating efficiency through reduced operating and maintenance costs. The Company states that AMR equipped meters also provide improved employee safety.

Central Hudson has been installing AMR devices since 1990 and approximately 39% of the Company's residential meters are AMR equipped. The meters were initially installed to resolve meter reading access issues resulting in estimated billings. Currently, all new and replacement meters are AMR equipped meters.

The scientific evidence to date has not shown that low level RF emissions cause a significant health risk. Nevertheless, the Company states that a small number of customers have recently requested that their AMR meters be replaced with non-AMR meters or that their non-AMR meters be retained in place.

TARIFF FILING

Central Hudson's proposed tariff modifications would provide residential electric and gas customers with the option to choose to opt out of using AMR equipped meters. For customers selecting that option, the Company proposes to install and maintain a non-AMR meter -- one that does not use a transmitter to remotely read the meter -- at the customer's premise, and to manually read the customer's meter through in-person, bi-monthly meter reads.

Customers who elect to opt out of AMR metering would be required to submit an application/agreement. A customer who refuses to allow the Company to install an AMR meter would be deemed to have opted out. Customers who currently have an AMR meter installed at their premises would be required to pay a meter change fee to cover the cost of replacing the meter with a non-AMR meter. Customers with a non-AMR meter would be billed a monthly service fee to cover the additional cost to the Company to manually read and maintain the non-AMR meter. If the customer elects to switch back to an AMR meter after having an AMR meter removed, the customer would be required to pay a meter change fee to cover the reinstallation.

Upon approval, Central Hudson states that customers will be informed of the opportunity to opt out when contacting the Company with AMR concerns, when an application is made for service, and in the course of its routine meter replacement process. The Company therefore requests that newspaper publication of the tariff amendments be waived.

STATE ADMINISTRATIVE PROCEDURE ACT

Notice of the Company's tariff filing was published in the State Register on June 11, 2014 (SAPAs 14-M-0196SP1 and 14-M-0196SP2) in accordance with the State Administrative Procedure Act (SAPA). The minimum comment period expired on July 28, 2014. No comments have been received.

DISCUSSION

The Company, which serves nearly 300,000 electric customers and more than 60,000 gas customers, incurs substantial costs when manually read meters are used to measure customer consumption. These costs can be reduced significantly with the deployment of AMR devices.

There is a significant body of research regarding the effects that exposure to low level RF transmissions might induce. To date, the research in this field has not established any negative health impacts from such transmissions. In addition, there are no scientific studies supporting a conclusion that RF transmissions from utility meters result in negative health impacts. In fact, studies of the specific RF outputs of utility AMR meters show that their emissions are exceedingly small relative to other commonly used RF devices, and are orders of magnitude below the Maximum Permissible Exposure limits established by the Federal Communications Commission (FCC).¹ Notwithstanding the existing research, the Company anticipates that a small number of customers may continue to object to an exposure to RF emissions from AMR devices used to meter the electricity consumption at their premises.

Advanced meters, including those with associated RF transmissions, may be required for customers choosing distributed energy resources (DER) such as solar. Facilitating the ability of customers to easily adopt DER will lead to, among other things, reduced carbon emissions, enhanced system reliability and resiliency, and new ways for customers to manage their total energy bill. Without advanced meters, customers may not be able to take advantage of these opportunities.

For customers who have such concerns and who may be willing to forgo the benefits identified above, the Company's proposed tariffs would allow them to opt-out of having such meters installed on their homes. Under the proposed tariffs,

¹ The authority for establishing standards for RF emissions rests with the FCC. That agency currently has an open docket addressing RF exposure levels. See Federal Communications Commission, ET Docket No. 13-84, In the Matter of Reassessment of Federal Communications Commission Radiofrequency Exposure Limits and Policies.

these customers would pay a reasonable cost based fee to cover the additional costs associated with the manually read meter. In this way, the proposed tariffs properly balance these customers' AMR-related concerns, and other customers' interests in achieving optimally efficient utility operations.

Cost Analysis of Opt Out Charges

The Company proposes that customers who opt out would be required to pay a one-time meter change fee and a monthly non-AMR service fee to cover additional costs of manually reading and maintaining non-AMR meters. Central Hudson provided work papers supporting the rates that would be charged to customers who opt out of AMR, showing the meter change and meter read cost calculations. The Company separately calculated costs related to one-time meter change-out and monthly meter reading. The factors related to the one-time charge include travel time, the time to install the meter(s), straight time hourly rate, vehicle costs and labor burdens. The proposed one time meter change fee is \$114.00 for a combined gas and electric customer, \$89.00 for a gas only customer, and \$49.00 for an electric only customer.

Monthly cost calculations include the same variables, substituting meter read time for meter install time. The Company's analysis shows that it costs approximately \$6.00 per month to read an electric or gas meter or \$7.00 for reading both an electric and gas meter at the same location. The Company identified an error in its calculation of the straight time hourly rate, which when corrected, would revise the monthly cost for an electric and gas meter at the same location to \$6.00 dollars per month. The Company claims that there is a maintenance cost associated with having a duplicate manual meter reading process; however, the Company did not provide an

estimate for such cost and proposed to use the meter reading fee as a proxy. As a result, the Company proposed to charge a monthly service fee of \$12.00 for gas or electric customers (\$14.00 for combined customers) opting out of AMR.

The cost recovery for meter reading functions and meter maintenance are included in base rates pursuant to the Company's rate plan.² Customers choosing to opt out of using AMR devices will require additional meter reading activity for which there are costs beyond those of customers using AMR devices. We believe that it is appropriate to charge incremental meter reading fees to customers electing to opt out of using AMR devices because this will charge customers an appropriate cost-based rate while ensuring that those customers understand and are responsible for costs associated with their decision to opt out.

However, we do not believe that customers choosing to opt out will incur any incremental maintenance costs because current base rates already allow for the recovery of costs to maintain both AMR and non-AMR meters systems. In addition, the Company has not provided any analysis of the maintenance costs associated with having a duplicate manual meter reading process, nor did it provide sufficient evidence to warrant the recovery of such costs. Therefore, we will exclude the meter maintenance component from the monthly non-AMR service fee. The monthly recurring charge will be \$6.00 for gas and/or electric customers opting out of AMR. This is consistent with our Order in Case 14-M-0039, where we allowed Niagara Mohawk Power Corporation d/b/a National Grid and KeySpan Gas East Corp. d/b/a Brooklyn

² Case 12-M-0192, Fortis, Inc., et al., and CH Energy Group, Inc., et al., Order Authorizing Acquisition Subject to Conditions (issued June 26, 2013).

Union of L. I. to charge customers who opt out of AMR only the incremental manual meter reading costs.³

Revenue Decoupling Mechanism (RDM) targets were established in Central Hudson's rate plan and the Company's earnings are tied to these targets. Revenues received from the meter read and meter change fees will not enhance Central Hudson's earnings so long as these revenues are included in the RDM reconciliation.

Customer Communications

The Company proposes to inform customers of the opportunity to opt out when contacting the Company with AMR concerns, when an application is made for service, and in the course of its routine meter replacement process. However, we believe that customers who previously had AMR meters installed, but may not have contacted the Company with AMR concerns, should be notified of this option. For this reason, we will require the Company to publish notice of the tariff changes as required by statute and the Commission's rules. We also expect that customers considering opting out will be provided with accurate information on the customer service benefits of AMR, the safety of the AMR technology being utilized, and the fact that customers opting out may be unable to take advantage of DER and other innovative customer-focused products and services. In addition, Department of Public Service Staff (Staff) will work with Central Hudson and other energy utilities, NYSERDA and others to ensure that customers are properly informed of the advantages and risks of advanced meters.

³ Case 14-M-0039, Niagara Mohawk Power Corporation and KeySpan Gas East Corporation, Order Approving Proposed Tariff Amendments (issued June 30, 2014).

CONCLUSION

With our adjustment to the proposed monthly non-AMR service fee, we believe the proposed meter replacement costs are reasonable. We recently approved similar opt-out fees for Niagara Mohawk Power Corporation d/b/a National Grid and KeySpan Gas East Corp. d/b/a Brooklyn Union of L.I. We note that several other states have approved such opt out charges and accommodations for customers who request to opt-out. We renew our invitation for other utilities using, or planning to use, AMR devices to file such cost-based meter opt-out rates for Commission consideration.

The Commission orders:

1. The tariff amendments listed in the Appendix are allowed to become effective on October 1, 2014 provided Central Hudson Gas & Electric Corporation files revisions to reflect the new rates as discussed in this order.

2. The further revisions directed in Clause 1 above are authorized to become effective, on not less than one day's notice on October 1, 2014.

3. Revenues received from the meter read and meter change fees will be included in the Revenue Decoupling Mechanism reconciliation.

4. Central Hudson Gas & Electric Corporation shall effect newspaper publication of the tariff revisions approved herein as required by Public Service Law §66(12)(b) and 16 NYCRR §720-8.1 to be completed no later than six weeks following the effective date of the amendments, and proof that a notice to the public of the changes proposed by the amendments and their effective date has been published once a week for four successive weeks in a newspaper having general circulation in the area affected by the amendments. .

5. The Secretary in her sole discretion may extend the deadlines set forth in this order, provided the request for such extension is in writing, including a justification for the extension, and filed on a timely basis, which should be on at least one day's notice prior to any affected deadline.

6. Upon compliance with Clauses 1 and 4, this case is closed.

By the Commission,

KATHLEEN H. BURGESS
Secretary

SUBJECT: Filing by CENTRAL HUDSON GAS & ELECTRIC CORPORATION

Amendments to Schedule P.S.C. No. 15 - Electricity

Original Leaves Nos. 53.8, 53.9, 53.10, 53.11,
53.12

Second Revised Leaf No. 2

Amendments to Schedule P.S.C. No. 12 - Gas

Original Leaves Nos. 24.1, 24.2, 24.3, 24.4,
24.5

Third Revised Leaf No. 2

Issued: May 22, 2014 Effective: October 1, 2014

SAPA: 14-M-0196SP1 (Electric) - STATE REGISTER - June 11, 2014
14-M-0196SP2 (Gas) - STATE REGISTER - June 11, 2014