



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Brown, Carlson, Barofsky, McRae and Schlossberg

FROM: Rod Price, Asst General Manager; Julie McGaughey, Chief Customer Officer, and Deborah Hart, Chief Financial Office

DATE: April 26, 2022 (May 3, 2022, Regular Board Meeting)

SUBJECT: Proposal - Monthly Smart Meter Opt-Out Fee for Residential Customers

OBJECTIVE: Information/Guidance

Issue

In 2018, the Board approved replacement of all water and electric legacy meters with modern smart meters. As part of this approval to install smart meters, the Board approved policy allowing customers the choice to Opt-Out of enabling smart meter communications, with the recognition that post deployment, policies and fees related to metering and billing would be reviewed.

Background

Currently, mass deployment has been stalled due to supply chain issues, however EWEB is anticipating full deployment of smart meters in the coming year. Prior to the resumption of smart meter mass deployment, Staff proposes approval of a monthly Opt-Out fee for residential customers who choose not to have their smart meter communication enabled. Per policy, Commercial and Industrial customers are not eligible to Opt-Out due to meter technology differences.

The proposed Opt-Out fee would impact current and future residential customers who request to have the two-way communication features disabled. The fee would not apply to upriver Cycle 18 customers, where EWEB does not currently offer smart meter services.

Currently about 66% (102,000) of the smart meters have been deployed for both Electric and Water, with a 3.37% Opt-Out rate. At this current Opt-Out rate there would be approximately 5,000 meters with the communications portion of the meters disabled. There are several implications with having smart meter communications disabled:

- For EWEB billing purposes, a Meter Reader is required to visit the premises every month to collect usage reads. Currently the costs for manual reads are dispersed across our entire customer base.
- Customers are not able to receive any current or future benefits that smart meters can provide, such as remote stop and start service capabilities. Service changes requiring a truck roll will incur additional fees.

Approval of the Opt-Out fee prior to the return of mass deployment will allow customers a more

informed choice when deciding to Opt-Out or not, and likely result in a higher adoption rate of smart meter technology. Reducing the number of customers choosing to Opt-Out will help reduce our deployment costs, increase our efficiency in monthly billing processes, and allow more customers a streamlined move-in or move-out service. In addition, the manual expenses related to visiting customer premises will be born by the customers making the Opt-Out choice, rather than spread across the rest of the customer base.

While smart meters are not completely deployed, there is enough experience and data from our current installed population of smart meters to reasonably calculate our expected ongoing expenses associated with non-communicating meters. The proposed monthly Opt-Out Fee for residential customers is being developed and reviewed with the guidance and input from Energy and Environment Economics (E3) consultants.

E3 has decades of experience in advising and providing services on rate design to utilities across the U.S. and Canada. E3 has been providing analysis and guidance in the design of the fee that is consistent with best principles and industry standards.

Based on E3's recommendation, the fee under development is designed to cover the cost of manually reading non-communicating smart meters. The current options under consideration for the Opt-Out Fee range from \$15-\$27 and are intended to recoup the cost to the utility to manually read meters. The fee takes into consideration the reoccurring cost necessary to provide manual meter reading services including personnel, travel, vehicle and equipment usage, and administration cost.

In June, Staff will propose Opt-Out fee details for residential customers, with potential approval by the Board in the July meeting. Approval to implement a new fee prior to normal fall budget season times will provide customers six months' time to prepare for fees before they become effective in 2023.

TBL Assessment

Social – Without an Opt-Out fee, all customers will bear the extra costs for the few customers who have requested to not have the two-way communication features disabled.

Environmental – Decreasing the number of customers choosing to Opt-Out will reduce trucks rolls and associated carbon emissions.

Economic – Decreasing the number of customers choosing to Opt-Out will increase normal operational efficiencies for billing and move in/out, as well as improving our emergency restoration response systems and processes benefiting all customers.

Requested Board Action

No Board Action is required at this time. Comments/Feedback is solicited.