



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Brown, Carlson, Mital, Simpson and Helgeson
FROM: Sue Fahey, Chief Financial Officer; Marianne McElroy, AMI Supervisor; Chris Jones, Senior Project Manager
DATE: June 27, 2018
SUBJECT: Advanced Metering Infrastructure (AMI) Implementation Schedule
OBJECTIVE: Information and Board Feedback

Issue

Management previously recommended deploying smart meters over eight years; however, based on work performed over the last several months, Management believes an accelerated deployment schedule is feasible and more aligned with EWEB's strategic plan.

Background

Management reviewed implementation options for deploying smart meters that ranged from five years to over 20 years at the October 2017 Board meeting. At that time, Management recommended an eight-year deployment plan. Reasons for the recommendation included a smoother financial impact, completion within the expected lifetime of the meters, and existing staff capacity. Additionally, strategic power resource management benefits could be obtained if specific meters were deployed early in the eight-year implementation. At the February 6, 2018 meeting, the Board approved Resolution No. 1811 which requires the General Manager and his designee(s) to execute the AMI project in accordance with all applicable EWEB policies and procedures. The Board approved a Customer Service Policy that facilitates deploying smart meters at the June 5, 2018 meeting.

Discussion

To improve community-wide disaster recovery and outage response, and to achieve power resource management benefits that enable EWEB to benefit from significant resource-related decisions, an accelerated deployment plan is required. Staff has reviewed the impacts, opportunities and risks of deploying meters at a faster rate. Strategic deferral of capital work,

which will be discussed during the capital improvement plan agenda item, results in minimal financial impact to customers and to the Electric and Water Utilities.

Opportunities from an accelerated deployment include:

- Improved community-wide outage response
- Preservation of water resources through leak detection
- Easier to maintain consistent communication
- Reduced potential for technology changes
- Enhanced likelihood of key staff retention until project completion
- Reduced operational costs
- Quicker, lower-cost move-in and reconnection services
- Near-elimination of estimated meter reads
- Utility-wide focus on AMI project

Challenges/Risks include:

- Marketing of advanced new services beyond outage management and leak detection may be delayed as we focus on deployment
- Capacity of staff resources
- Procurement and management of contracted resources
- Reducing meter reading routes faster than current rate of staff attrition
- Current processes are manual and will need to be automated and streamlined

Management believes that the risks can be mitigated if the deployment is accelerated to a completion date no later than December 2021, with a phased implementation approach. The AMI implementation team will be in place by the end of July. Deployment will commence this fall at a measured pace to allow staff to gain critical skills and knowledge, and to allow for processes to be refined. The knowledge gained during this phase will assist in determining the need for contracted resources. With the deferral of the Customer Information System (CIS) replacement project, resources throughout the utility are available to improve current AMI systems and processes. Customer communication about new products and services enabled by an updated CIS will be deferred until closer to CIS replacement. In the near term, communication will focus on advance notification of smart meter deployment and the AMI-related benefits currently available.

There is the potential that knowledge gained during the early implementation phase will allow for deployment completion prior to the end of 2021. Preparing the Capital Improvement and Long-term Financial Plans assuming deployment completion in 2020 would accommodate that potential. If necessary, Management will request that the Board approve budget amendments as part of the annual capital true-up process.

Recommendation/Requested Board Action

Management is recommending the implementation of an AMI deployment project plan with a completion date by December 2021 and is requesting Board feedback.