

**BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

<b>IN THE MATTER OF:</b>	)	<b>GPA DOCKET 13-12</b>
<b>THE APPLICATION OF THE GUAM</b>	)	
<b>POWER AUTHORITY REQUESTING</b>	)	
<b>APPROVAL OF SMART METER OPT</b>	)	<b>ORDER</b>
<b>OUT PROGRAM</b>	)	
<hr/>		

**INTRODUCTION**

1. This matter comes before the Guam Public Utilities Commission ["PUC"] upon the Petition of the Guam Power Authority ["GPA"] for Approval of its Smart Meter Opt Out Program.<sup>1</sup>

**BACKGROUND**

2. The Smart Grid Project has been before the Commission on numerous occasions. Previously, PUC authorized GPA to issue revenue bonds, which include approximately \$17M for the Smart Grid Project. PUC further approved the expenditure of funds for Smart Grid under the Contract Review Protocol and the implementation of the Smart Grid Project.<sup>2</sup>
3. On December 19, 2011, the PUC approved GPA's intent to proceed with six major contracts for different aspects of the Smart Grid Project. GPA was authorized to deploy and implement smart meters for all ratepayers in Guam and to obligate funds up to the full amount of \$17M.<sup>3</sup> A matching grant was provided by the U.S. Department of Energy.<sup>4</sup>
4. Over the last two years the PUC has supported numerous aspects of the Smart Grid Project and has authorized GPA to fully implement such project. Most recently, on July 30, 2013, the PUC approved GPA's request for additional contract services by Black & Veatch, which company is its Program Management Office for the Smart Grid Project.<sup>5</sup>
5. In the process of implementing Smart Meters, GPA learned that there are certain customers who have objected to placement of Smart Meters on their properties.

---

<sup>1</sup> GPA Petition for Approval of Smart Meter Opt Out Program, GPA Docket 13-12, filed August 12, 2013.

<sup>2</sup> PUC Order, GPA Docket 10-01, issued July 27, 2010, at p. 2.

<sup>3</sup> PUC Order, GPA Docket 11-13, issued December 19, 2011, at p. 2.

<sup>4</sup> Id.

<sup>5</sup> PUC Order, GPA Docket 11-13, issued July 30, 2013.

Issues have been raised by certain customers, both at public meetings conducted by GPA as well as at PUC Meetings, concerning health, safety, and privacy concerns involving the smart meters. GPA indicates that it has not found any scientific evidence that links smart meters to health hazards.<sup>6</sup>

6. GPA is also convinced that the installation of smart meters will not infringe upon customer privacy concerns or imperil data security.<sup>7</sup> However, GPA does believe that the installation of the meters will bring a number of benefits to GPA and customers:
  - (1) Allowing GPA to read meters without a full meter reading staff and allowing for disconnection/reconnection of residential customers without sending a manned vehicle to each location throughout the island;
  - (2) Allowance for reduction of GPA staffing requirements;
  - (3) Improvement of the ability of GPA, through the increased data available from smart meters, to conduct planning studies and cost of service studies;
  - (4) The ability of smart meters to send signals to GPA if there is any meter tampering;
  - (5) The reduction of the amount of power that is lost due to theft; and
  - (6) Because smart meters are installed on GPA's feeder lines, the ability of GPA to identify lines where line losses are outside of acceptable thresholds. Reduction in line losses has a positive benefit to ratepayers because it means that less power would need to be generated and therefore less fuel burned to meet the same load requirements.<sup>8</sup>
7. While recognizing the benefits from the installation of smart meters, GPA still has determined that a Smart Meter Opt Out Program is necessary to accommodate those residential customers who have concerns regarding the installation of a smart meter on their premises.<sup>9</sup>

---

<sup>6</sup> Letter from General Manager Flores to ALJ Horecky dated August 12, 2013, GPA Docket 13-12, at p. 2.

<sup>7</sup> Id.

<sup>8</sup> Id. at pgs. 1-2.

<sup>9</sup> GPA Petition for Approval of Smart Meter Opt Out Program, GPA Docket 13-12, filed August 12, 2013 at p. 1.

### **GPA'S PROPOSED SMART METER OPT OUT PROGRAM**

8. For those customers who do not desire a smart meter on their premises, GPA proposes that the RF transmitter can be turned off from the current GPA smart meter; this will eliminate any use of radio frequency by GPA on the customer premises. GPA will have to purchase new handheld reading devices to allow for the upload of meter information.<sup>10</sup>
9. GPA recommends a one-time Opt Out Program Fee of approximately \$235 and a monthly manual meter reading fee of approximately \$20 for residential participants in the program.<sup>11</sup>
10. Only residential opt out fees will be provided for; each customer will be provided with a smart meter with the internal RF transmitter turned off, and will be required to provide proof of ownership.<sup>12</sup>
11. The Guam Consolidated Commission on Utilities, in Resolution No. 2013-09, authorized the management of GPA to implement an Opt Out policy to accommodate customers who do not wish to participate in the Authority's Smart Grid Metering Project.<sup>13</sup>
12. The CCU and GPA recommend a twelve (12) month trial period for implementation of the program to better determine participation and related deployment costs.<sup>14</sup> The CCU also authorized the General Manager of GPA to petition the PUC for implementation of the proposed fee.<sup>15</sup>
13. On August 23, 2013, PUC Consultant Lummus submitted its report on the pricing aspect of the GPA Smart Meter Opt Out Policy and found GPA's proposed opt out charges to be reasonable.<sup>16</sup>

---

<sup>10</sup> Id. at p. 1.

<sup>11</sup> Id.

<sup>12</sup> Id. at p. 1-2.

<sup>13</sup> CCU Resolution No. 2013-09, Authorizing the Management of the Guam Power Authority to Implement an Opt Out Policy to Accommodate Customers who do not wish to Participate in the Authority's Smart Grid Metering Project, adopted March 12, 2013.

<sup>14</sup> Id. at p. 3.

<sup>15</sup> Id. at p. 4.

<sup>16</sup> Lummus Consultants Report on GPA Opt Out Policy, GPA Docket 13-12, filed August 23, 2013.

### DETERMINATIONS

14. GPA's conclusion that there should be an Opt Out Policy is reasonable: ratepayers who do not desire to utilize such smart meters should not be compelled to do so.
15. However, for GPA's Smart Meter Program to be fully successful, to realize the projected savings, ratepayers should be encouraged to participate in the program. Those ratepayers who do opt out should be required to pay the actual costs incurred by GPA for the program.
16. GPA's proposal of turning off the RF on the smart meters of those who opt out is reasonable and prudent. Allowing existing customers who opt out to utilize analog meters would be problematic. GPA has established that it is increasingly difficult for it to find vendors to provide replacement meters and replacement parts. Also, turning off the RF transmitters allows customers who opt out not to have radio frequency signals emanated from or to their properties.
17. Based upon the recommendations of PUC Consultant Lummus and GPA, and further examination and discussion by the PUC, PUC finds that a one-time Opt Out Program Fee of \$\_\_\_\_\_ and a monthly manual meter reading fee of \$\_\_\_\_\_ are reasonable, prudent, and necessary. In accordance with generally accepted ratemaking principles, costs incurred by GPA as a result of the Opt Out Program should be assigned to those customers who opt out.
18. Ratepayers who participate in the Smart Meter Program should not be burdened with costs caused by those who opt out.

### ORDERING PROVISIONS

After review of the record herein, GPA's Petition for Approval of the Smart Meter Opt Out Program, and the Lummus Consultants Report, for good cause shown, the Guam Public Utilities Commission **HEREBY ORDERS** that:

1. GPA's Petition for Approval of the Smart Meter Opt Out Program is hereby granted.

2. For those customers who have concerns regarding the installation of a smart meter on their premises, GPA's proposal to eliminate any use of Radio Frequency by GPA on the customer premises is reasonable and is approved.
3. GPA has demonstrated that customers who do opt out of the Smart Meter installation cause certain costs and expenses to be incurred by GPA. GPA is authorized to charge customers a one-time Opt Out Program fee of \$\_\_\_\_\_ and a monthly manual meter reading fee of \$\_\_\_\_\_ for residential participants in the program. Such fees are determined to be just and reasonable.
4. A twelve (12) month trial period for this Opt Out Program is hereby established so that the numbers of participants and related deployment costs can be better determined.
5. On or before August 27, 2014, GPA shall submit a report to the PUC fully detailing the number of customers who have participated in the Opt Out Program and the expenses/costs incurred by GPA as a result of the program. The Report shall contain an evaluation of the Program, and a recommendation by GPA as to whether the Program should be continued, and, if so, whether modifications to the Program should be made.
6. GPA is ordered to pay the Commission's regulatory fees and expenses, including, without limitation, consulting and counsel fees and the fees and expenses of conducting the hearing proceedings. Assessment of the PUC's regulatory fees and expenses is authorized pursuant to 12 GCA §12002(b) and 12024(b), and Rule 40 of the Rules of Practice and Procedure before the Public Utilities Commission.

Dated this 27<sup>th</sup> day of August, 2013.

---

Jeffrey C. Johnson  
Chairman

---

Joseph M. McDonald  
Commissioner

---

Rowena E. Perez  
Commissioner

---

Peter Montinola  
Commissioner

---

Michael A. Pangelinan

Order  
GPA for Approval of Smart  
Meter Opt Out Program  
GPA Docket 13-12  
August 22, 2013

---

Commissioner