

Application No. 18-04-002
Exhibit PAC/2100
Witness: Melissa S. Nottingham

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

PACIFICORP

Direct Testimony of Melissa S. Nottingham
New Service Connection Fees and Reconnection Charges
for Customers with Smart Meters

November 2018

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ATTACHED EXHIBITS

Exhibit No. PAC/2101 – Proposed Schedule 300

Exhibit No. PAC/2102 – Proposed Rule 3

Exhibit No. PAC/2103 – Proposed Rule 11

1 **I. INTRODUCTION AND WITNESS QUALIFICATIONS**

2 **Q. Please state your name, business address, and present position with PacifiCorp.**

3 A. My name is Melissa S. Nottingham. My business address is 825 NE Multnomah
4 Suite 2000, Portland, Oregon 97232. My present position is Manager, Customer
5 Advocacy and Tariff Policy.

6 **Q. Briefly describe your educational and professional background.**

7 A. I have a Bachelors of Arts in English from Arizona State University and continue to
8 pursue continuing education courses relevant to the utility industry. I began working
9 at PacifiCorp in 1996, and I have worked in various positions with progressive
10 responsibility for the past 22 years. Since 2010, I have been a manager in the
11 company's Regulation Department.

12 **Q. Please describe your current duties.**

13 A. My current duties include overseeing regulatory and customer service issues arising
14 in PacifiCorp's six state service territory. Specifically, my team (i) responds to
15 consumer commission complaints, (ii) sponsors tariff changes, (iii) ensures the
16 company's compliance with each state's rules, and (iv) participates in general rate
17 cases. In addition, I oversee PacifiCorp's line extension policy and the
18 implementation of the company's customer guarantee program.

19 **II. SUMMARY OF TESTIMONY**

20 **Q. What is the purpose of your testimony?**

21 A. My testimony addresses the additional issues added to the scope of this proceeding by
22 the Assigned Commissioner's Ruling Amending Scope of the Proceeding dated
23 November 20, 2018 (the ACR). Specifically, in accordance with the ACR, my

1 testimony (i) sponsors PacifiCorp's request to reduce the current reconnection
2 charges in Schedule 300 for customers with smart meters to align with the cost
3 savings resulting from remote connect/disconnect technology embedded in smart
4 meters; (ii) sponsors PacifiCorp's request to add a line on Schedule 300 to indicate
5 there is no Remote Service Connection Charge for customers requesting new service
6 at a location with a smart meter; and (iii) addresses certain questions raised at the
7 Public Participation Hearing held on October 29, 2018, with respect to meter reading
8 fees.

9 **Q. Are you including any tariff updates as part of your testimony?**

10 A. Yes. As discussed in more detail below, PacifiCorp is proposing tariff rate revisions
11 to PacifiCorp' Schedule 300, *Charges as Defined by the Rules and Regulations*, to
12 incorporate these cost savings into the company's tariff rates by revising its
13 reconnection fees and new service connection charges, in each case, for customers
14 with a smart meter. See Exhibit No. PAC/2101. In addition, the company is
15 proposing tariff rule revisions to PacifiCorp's Rule 3 and Rule 11 in order to clarify
16 how and when reconnection and new connection fees will be charged. See Exhibit
17 No. PAC/2102 and Exhibit No. PAC/2103

18 **III. PROPOSAL TO CHANGE CONNECTION AND RECONNECTION FEES**
19 **FOR CUSTOMERS WITH SMART METERS**

20 **Q. Please describe the company's deployment of smart meters.**

21 A. In spring of 2018, PacifiCorp began installing smart meters throughout its California
22 service territory. Among other things, smart meters provide customers with data that
23 supports a more detailed look at their daily energy consumption, supports improved
24 outage management (i.e., as meters can be queried to determine if the power is on or

1 off), and allows the company to remotely disconnect and reconnect meters. In the
2 company's California service territory, initial installation of smart meters is
3 approximately 88 percent complete with a targeted date of December 31, 2018, for
4 100 percent completion.

5 **Q. Under what circumstances will the company remotely disconnect a smart meter?**

6 A. Smart meters will be disconnected under the same circumstances that apply to non-
7 smart meters. For example, when a customer voluntarily closes an account, and the
8 company has no customer of record for a meter, PacifiCorp may disconnect the
9 meter. In addition, the company is granted the authority under Tariff Rule No. 11 to
10 disconnect a customer's meter under the following conditions:

- 11 1. Failure to pay, when due, all bills rendered for service provided by the
12 company,
- 13 2. Failure to comply with any of the company's rules and regulations,
- 14 3. Unauthorized use,
- 15 4. Unsafe wiring or equipment,
- 16 5. Service detrimental to others,
- 17 6. Lack of access to the company's metering facilities,
- 18 7. Fraud, and
- 19 8. Obstructing the company's vegetation management activities.

20 **Q. When would the company remotely reconnect a smart meter?**

21 A. Smart meters will be reconnected under the same circumstances that apply to non-
22 smart meters. In both cases, reconnection occurs when the condition leading to the
23 disconnection of service is remedied. Examples include, but are not limited to,

1 payment in full of any amounts in arrears, completion of wiring repairs, provision of
2 access, and payment of all applicable fees to restore service.

3 **Q. What work is required to remotely disconnect or reconnect a smart meter?**

4 A. No truck expense or field labor expense is necessary to remotely disconnect or
5 reconnect a smart meter, although resources are necessary to communicate with the
6 customer, initiate a remote disconnect or reconnect, if not automated, as described
7 below, and confirm that the condition leading to any disconnection of service is
8 remedied.

9 **Q. What work is required to disconnect or reconnect a non-smart meter?**

10 A. PacifiCorp cannot remotely disconnect or reconnect service at a location without a
11 smart meter. Instead, the company will dispatch an employee to the meter location
12 when any of the aforementioned disconnect/reconnect conditions apply to manually
13 turn the power on or off, as applicable.

14 **Q. Is the company proposing any changes to the reconnection fees for customers
15 with smart meters, for whom PacifiCorp is able to perform reconnections
16 remotely?**

17 A. Yes. The company proposes to reduce the reconnect charge for customers with smart
18 meters as described below. See Exhibit No. PAC/2101 for the proposed changes to
19 Schedule 300 and Exhibit No. PAC/2103 for proposed changes to Rule 11.

1 **Q. Is the company proposing any changes to the reconnection fees for customers**
2 **with non-smart meters, for whom PacifiCorp is unable to perform reconnections**
3 **remotely?**

4 A. No. The existing reconnection charges set forth in PacifiCorp's existing Schedule
5 300 will continue to be charged, as applicable, to these customers.

6 **Q. What is the proposed reduction in the reconnect fee for customers with smart**
7 **meters?**

8 A. The cost savings from the new technology is one of the many benefits of smart
9 meters. To pass this savings on to PacifiCorp's customers, PacifiCorp proposes to
10 reduce the reconnection fees for these customers to \$7, regardless of whether the
11 reconnection occurs during business hours. As shown in Exhibit No. PAC/2101
12 PacifiCorp proposes to add a new line to Schedule 300 "Remote Reconnection Fee"
13 for the reduced \$7 fee.

14 **Q. What is the basis for the reduced fee?**

15 A. The proposed remote reconnection fee is based on the resources required to process a
16 customer's initial request for a quote to have power turned on. As discussed above,
17 no truck expense or field labor expense is necessary. Specifically, the reduced fee is
18 based on the average cost of handling a call to PacifiCorp's call center. As shown
19 below, the company calculated the average cost of handling a call by dividing
20 PacifiCorp's total 2017 labor, material, and operating costs for its call center by the
21 number of phone calls it received in 2017.

1

Cost per Call based on Calendar Year 2017 (CY17) Actuals

Cost Categories	CY17 Actuals
Labor Expense	\$ 20,995,353
Employee Expense	\$ 78,976
Materials & Supplies	\$ 69,026
Contracts & Services	\$ 332,782
Telephone	\$ 791,630
Total O&M Costs	\$ 22,267,766
CY17 Actual Live Agent Calls :	3,054,059
Cost per Call/Live Calls:	\$ 7.29

2 **Q. Why does the reconnect fee only account for cost of resources to handle the**
3 **customer's initial call/request to reconnect?**

4 A. In conjunction with deploying smart meters, PacifiCorp implemented an automated
5 reconnect process once payment has been received following an involuntary
6 disconnection of service. This automated process is expected to reduce the number of
7 customer calls regarding a single reconnection request from two or more to just one
8 call. After the customer contacts the company to obtain a quote for the amount
9 needed to reconnect the service, an order to remotely reconnect the meter is generated
10 automatically when the applicable payment has been received. This eliminates the
11 need for the customer to make another call to verify receipt of payment and request
12 reconnection of service. By linking the payment process with remote connection
13 technology for customers with smart meters, in addition to reconnecting customers
14 more quickly, PacifiCorp is able to reduce its costs and consequently lower the
15 reconnection fees paid by customers—regardless of the time of day, or the day of the
16 week, that the payment is received.

1 **Q. How long after a request to remotely reconnect is received will a customer's**
2 **power be turned on?**

3 A. Once the request to remotely reconnect is initiated, whether automatically, as
4 described above, or otherwise when the company confirms that the condition that
5 caused the involuntary disconnection is remedied, the power will be restored within
6 an average of 20 minutes, regardless of the day of the week or the time of day.

7 **Q. Is PacifiCorp proposing any changes to its service connection charges?**

8 A. Yes. As described below, PacifiCorp is proposing no charge for new service
9 connections for customers with a smart meter.

10 **Q. Under what circumstances would the company remotely connect new service**
11 **without charging a fee?**

12 New customers whose service will be metered via smart meter will be connected
13 remotely free of charge, regardless of whether the connection occurs during business
14 hours. PacifiCorp is proposing to add a line to Schedule 300 "Remote Service
15 Connection" noting there is "No Charge". For connection to service at locations
16 metered without a smart meter, connections will remain free of charge if performed
17 during normal business hours, and existing charges for requests for connection
18 outside of regular business hours will continue to apply. See Exhibit No. PAC/2101
19 for the proposed changes to Schedule 300 and Exhibit No. PAC/2102 for proposed
20 changes to Rule 3.

1 ensures that these costs are recovered. These opt-out fees, based on PacifiCorp's
2 estimated actual costs to manually read opt-out customers' meters, were approved by
3 the California Public Utilities Commission in Decision (D.) 18-08-018, *Decision*
4 *Establishing Opt-Out Rates and Procedures in Connection with Advanced Metering*
5 *Infrastructure Deployment*.

6 **Q. To be clear, are PacifiCorp's opt-out customers paying twice for PacifiCorp's**
7 **costs to read their meters—once as part of PacifiCorp's revenue requirement**
8 **and again in the form of an opt-out tariff?**

9 A. No. As described above, meter reading costs are not included in PacifiCorp's
10 revenue requirement for test year 2019. PacifiCorp's meter reading costs to manually
11 read meters of its opt-out customers are funded through the collection of company's
12 meter reading fees approved in D. 18-08-018.

13 **V. CONCLUSION**

14 **Q. Does this conclude your direct testimony?**

15 A. Yes.