

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
PUBLIC UTILITIES COMMISSION**

In Re: The Narragansett Electric Company d/b/a :  
National Grid Tariff Advice Filing to Amend : Docket No. 4342  
RIPUC NG-Gas No. 101 and R.I.P.U.C. No. :  
2072 :

**REPORT AND ORDER**

**I. Tariff Filing**

On July 13, 2012, The Narragansett Electric Company d/b/a National Grid (“National Grid” or “Company”) filed with the Commission proposed amendments to its Electric Tariff R.I.P.U.C. No. 2072 and Gas Tariff NG-Gas No. 101 to address situations where customers request the removal of their Automated Meter Reading meters (“AMRs”) equipped with a radio frequency (“RF”) transmitter in favor of manual read meters. According to National Grid, it has had three requests from customers to remove the AMR because of concerns there may be adverse health effects from the radio frequencies emitted from the meter. Two had even removed and then returned their electric meters to the Company. The other, a gas and electric customer, requested to have the electric meter replaced, which was done by National Grid in June 2011. In its filing, National Grid proposed the following language:

Unless otherwise determined by the Company, all residential premises shall be equipped with a meter that employs Automatic Meter Reading (“AMR”) technology utilizing radio frequency transmitters to allow the Company to obtain meter readings remotely. However, residential customers may choose to “opt-out” by having their AMR meter replaced with a non-AMR meter.

Customers who choose to opt-out will be charged an initial fee...for the removal of the existing AMR  meter and the installation of the non-AMR  meter. Customers who choose to opt-out will also be charged a monthly meter reading fee...for the non-AMR  meter. The Company, at its option, may choose to read the non-AMR meter less frequently than once per month. In that case, or if the Company is unable for any reason to read the meter on the regularly scheduled monthly read date, the Company shall make a reasonable estimate of the consumption of electricity during those months when the meter is not read, based on available data, and such estimated bills shall be payable as

rendered. A customer will not be assessed the initial or monthly fee until after the Company has installed the non-AMR [] meter.

Any opt-out customer who subsequently wishes to have an AMR [] meter re-installed will be charged a “re-installation fee” of .... The re-installation fee will be charged for the removal of the non-AMR meter and the installation of the AMR meter. Any customer electing re-installation will no longer be assessed the special monthly meter reading fee after the AMR meter has been re-installed.<sup>1</sup>

National Grid proposed a one-time installation fee of \$40.25 for the electric manual read meter plus a monthly charge of \$18.43 to offset the incremental labor costs associated with Company employees manually reading the meter as compared to costs associated with reading AMRs. For gas meters, the Company proposed a one-time installation fee of \$111.67 for the manual read meter plus a monthly charge of \$23.40 to offset the incremental labor costs associated with Company employees manually reading the meter as compared to costs associated with reading AMRs.<sup>2</sup>

In response to discovery requests, the Company explained that the calculation of the meter reading charge was based on overtime labor costs and would appear as “AMR Opt Out” on the bill.<sup>3</sup> It would be applied each month regardless of whether the meter was read that month. National Grid also explained that AMR meters for electric and gas accounts can be read simultaneously by the properly equipped truck; whereas, the non-AMR meters would be subject to the same labor contract agreement as off-cycle meter reads. In situations where a manual read is necessary, the labor contracts require gas meters to be manually read by gas-represented employees and electric meters to be manually read by electric-represented employees. Therefore, the Company proposed charging the monthly fee on each bill, even when a customer

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<sup>1</sup> R.I.P.U.C. No. 2124 (proposed), Sheets 3-4; RIPUC NG-GAS No. 101, Schedule A, Sheets 11-12 (Fourth Revision).

<sup>2</sup> *Id.*

<sup>3</sup> Commission Ex. 2 (COM-DR-1-3, 1-6).

has both an electric and gas account with non-AMR meters installed.<sup>4</sup> The new charges would not apply to manual read meters where they exist for some reason other than customer request. According to the Company, it intends to replace the remaining meters with AMRs.<sup>5</sup> National Grid also explained that the proposed charges may be subject to adjustment in the future depending on the level of participation in the opt-out tariff.<sup>6</sup> Customers requesting the replacement of the AMR with a non-AMR would be required to submit a signed written application which will include an acknowledgement of the additional costs to be incurred.<sup>7</sup> Finally, if the customer vacates the premise and a new customer moves in, National Grid intends to replace the non-AMR with an AMR free of charge to the new customer. The new customer would not be charged the opt-out fee prior to the meter replacement.<sup>8</sup>

## II. Technical Record Session

On October 15, 2012, the Commission conducted a Technical Record Session at the Commission's Offices at 89 Jefferson Boulevard, Warwick, Rhode Island, noticed in the Providence Journal on October 5, 2012, for the purposes of gathering information on National Grid's proposed tariff filings. The following appearances were entered:

FOR NATIONAL GRID: Jennifer Brooks Hutchinson, Esq.

FOR DIVISION: Leo Wold, Esq.  
Assistant Attorney General

FOR COMMISSION: Cynthia G. Wilson-Frias, Esq.  
Senior Legal Counsel

National Grid presented Peter Zschokke, Michael Coles, Phil DiGiglio, and Danielle Morrissey in support of its tariff filings. Mr. Zschokke explained that even though the AMRs are

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<sup>4</sup> Commission Exhibit 2 (COM-1-6, 1-5, 1-7, 1-9).

<sup>5</sup> Commission Exhibit 2 (COM-1-1).

<sup>6</sup> Commission Exhibit 2 (COM-1-7).

<sup>7</sup> Commission Exhibit 2 (COM-1-11).

<sup>8</sup> Commission Exhibit 2 (COM-1-12).

not “smart meters” in the sense that they are not communicating back and forth to the Company at regular intervals, customers concerned about health effects related to “smart meters” or AMIs are often not convinced that they are all that different from the AMRs.<sup>9</sup> He explained that in two instances, customers in Rhode Island have removed the electric meter and replaced it with a non-Company supplied manual read meter, presenting a safety as well as billing issue.<sup>10</sup> This was further exacerbated by these customers denying National Grid employees entry onto their property. Therefore, while this activity could be prosecuted under criminal statutes, or at the very least, result in the termination of service, the Company has chosen to avoid the debate and propose a tariff which would provide for the meter replacement at a “reasonable fee.”<sup>11</sup>

During Mr. Zschokke’s presentation, the Commission expressed concern with the calculation of the charge and the frequency of meter reads. He stated that the Company would not commit to reading the meters every month, but would make its best efforts to do so.<sup>12</sup> He noted that the Company currently conducts manual reads on electric and gas meters, but those are primarily in apartment buildings where all of the meters could be read at once making it no more cost effective to install AMRs.<sup>13</sup> With regard to the frequency of the reads, Mr. Zschokke noted that reading the meters less frequently can cause high balances or credits to appear on the bill once the actual read occurs.<sup>14</sup>

Addressing the level of the charge, Mr. Zschokke stated “[i]t is very important for customers to recognize if they want this choice, there is an incremental cost involved and they need to pay a fee.”<sup>15</sup> According to Mr. Zschokke, the Company believes the fee needs to be set

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<sup>9</sup> Tr. 10/15/12 at 9-12.

<sup>10</sup> *Id.* at 14-16.

<sup>11</sup> *Id.* at 15-18.

<sup>12</sup> *Id.* at 24.

<sup>13</sup> *Id.* at 25.

<sup>14</sup> *Id.* at 36-37.

<sup>15</sup> *Id.* at 48.

such that customers who are not serious about their reasons for opting out will continue to use AMRs and those who are serious about their reasons will understand that there is a cost associated with the choice.<sup>16</sup> He noted that the Commission could revisit the charge regularly to address changes in customer enrollment and periodically review the actual costs incurred by the Company.<sup>17</sup> Mr. Bell, a Division Rate Analyst, expressed concern that customers with both electric and gas meters will be paying two separate charges, for a total annual charge of almost \$500. He indicated that while there is a cost to the Company, the total proposed charge could be out of an acceptable range for many customers.<sup>18</sup> Accepting Mr. Zschokke's explanation that union contracts restrict meter reads across the divisions, the Commission and Division both expressed concern that an institutional inefficiency should not be borne by these customers.<sup>19</sup> The Commission also expressed concern with the use of the overtime rate rather than the straight time rate for the calculation of the rates, noting that the reads will still most likely take place during normal business hours.<sup>20</sup> Finally, there was a discussion over the fact that in other jurisdictions with opt-out tariffs, the public utility commissions had approved rates lower than those proposed by the utility, leaving the concern as to whether the rates were truly cost-based. As a result, the Company agreed to provide additional pricing information.<sup>21</sup>

### **III. Record Responses and Revised Tariff**

In its responses to Commission record requests, the Company provided additional information on other utilities' opt-out pricing, including the rates that were provided during the Technical Record Session, the range of pricing for the initial cost to replace the meters was

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<sup>16</sup> *Id.* at 38-40, 48.

<sup>17</sup> *Id.* at 48.

<sup>18</sup> *Id.* at 51.

<sup>19</sup> *Id.* at 53.

<sup>20</sup> *Id.* at 65-68.

<sup>21</sup> *Id.* at 55-64.

between \$40 and \$254, with the highest costs driven by the reinstallation of the AMR or Smart Meter.<sup>22</sup> The monthly meter read charge ranged from \$10 to \$51.29, with most of the monthly fees between \$10 and \$15.<sup>23</sup>

The Company also provided a calculation of the proposed opt-out charges based on straight-time. The Company provided revised terms and conditions for Commission review memorializing these calculations. The revised amounts were as follows: for electric customers, a one-time installation fee of \$27.00 for the manual read meter; for gas customers, a one-time installation fee of \$74.00 for the manual read meter; a monthly recurring fee of \$13.00 which would apply either to electric or to gas, unless the customer was an electric and gas customer who requested both meters to be replaced, in which case, the charge would only appear on one bill each month; and a one-time reinstallation fee for a customer who decides to opt back into AMR at \$27.00 for electric and \$74 for gas.<sup>24</sup>

On December 18, 2012, the Division filed a response that recommends approval of the revised tariff filing dated December 4, 2012. The Division stated that based on its review, “the Company’s proposal provides those residential customers that want a non-AMR utility meter the opportunity to have one at a reasonable cost.”<sup>25</sup>

#### **IV. Commission Findings**

On December 20, 2012, at an Open Meeting, the Commission considered National Grid’s Revised Tariffs for electric and gas and the Division’s Memorandum. The Commission approved National Grid’s Revised Tariff Advice, R.I.P.U.C. No. 2124 and RIPUC NG-GAS No. 101, filed on December 4, 2012 for effect January 1, 2013. The Commission finds that the

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<sup>22</sup> National Grid’s Response to Record Request 3.

<sup>23</sup> *Id.*

<sup>24</sup> National Grid’s Response to Record Request 4.

<sup>25</sup> Memorandum from John Bell to Luly Massaro dated December 18, 2012.

proposed revisions strike an appropriate balance between allowing customers with real concerns the ability to have their meters replaced while appropriately compensating the Company for the additional estimated costs. The Commission is very concerned that customers are removing their own meters in Rhode Island and using meters not provided by the Company and in some cases, are not allowing the Company access to the meter to inspect or read it. This represents both a safety and billing concern. The Commission notes that National Grid's Terms and Conditions for both electric and gas include provisions related to the installation and use of meters provided or approved by the Company and that they include provisions regarding access to those meters. Tampering with those meters is a violation of the Terms and Conditions which allow the Company to take measures to rectify the situation, including termination of service. These tariffs attempt to avoid such conflicts by allowing customers to have the Company install meters with which the customer can be comfortable while also allowing the Company to recover the associated costs, thus avoiding cross-subsidization within the customer base.

The Commission cautions National Grid that it will not continue to allow a charge to appear on customers' bills if the cost is not being incurred. Therefore, the Company should make every effort to read the manual meters every single month. Otherwise, customers are being billed for a service they are not receiving. In order to determine whether the charge included in the Terms and Conditions for the electric and gas company continues to be appropriate, Company shall file with the Commission thirteen months after the effective date of the tariff, a report for each electric and gas which contains the following for each of the prior twelve months: (1) Number of Customers who Opted Out; (2) Number of Meters Read; (3) Number of Estimated Reads used and the reason; (4) actual cost to the Company of reading the meters.

Accordingly, it is hereby

(20928) ORDERED:

1. The Narragansett Electric Company d/b/a National Grid's Tariff R.I.P.U.C. No. 2124, Terms and Conditions for Distribution Service filed on July 13, 2012, is hereby denied.
2. The Narragansett Electric Company d/b/a National Grid's Tariff R.I.P.U.C. No. 2124, Terms and Conditions for Distribution Service filed on December 4, 2012, is hereby approved.
3. The Narragansett Electric Company d/b/a National Grid's Tariff RIPUC NG-GAS No. 101, Section 1, Schedule A, Fourth Revision filed on July 13, 2012, is hereby denied.
4. The Narragansett Electric Company d/b/a National Grid's Tariff RIPUC NG-GAS No. 101, Section 1, Schedule A, Fourth Revision filed on December 4, 2012, is hereby approved.
5. The Narragansett Electric Company d/b/a National Grid's shall file with the Commission thirteen months after the effective date of the tariff, a report for each electric and gas which contains the following for each of the prior twelve months: (1) Number of Customers who Opted Out; (2) Number of Meters Read; (3) Number of Estimated Reads used and the reason; (4) actual cost to the Company of reading the meters.
6. The Narragansett Electric Company d/b/a National Grid shall comply with all other findings and instructions contained in this Order.

EFFECTIVE AT WARWICK, RHODE ISLAND ON JANUARY 1, 2013 PURSUANT TO AN OPEN MEETING DECISION ON DECEMBER 20, 2012. WRITTEN ORDER ISSUED JANUARY 10, 2013.

PUBLIC UTILITIES COMMISSION



*Elia Germani*  
Elia Germani, Chairman

*Mary E. Bray*  
Mary E. Bray, Commissioner

*Paul J. Roberti*  
Paul J. Roberti, Commissioner

**NOTICE OF RIGHT OF APPEAL** PURSUANT TO R.I.G.L. SECTION 39-5-1, ANY PERSON AGGRIEVED BY A DECISION OR ORDER OF THE COMMISSION MAY, WITHIN SEVEN DAYS (7) DAYS FROM THE DATE OF THE ORDER, PETITION THE SUPREME COURT FOR A WRIT OF CERTIORARI TO REVIEW THE LEGALITY AND REASONABLENESS OF THE DECISION OR ORDER.