

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: July 8, 2008**

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** January 1, 2008

DATE: June 30, 2008

TO: Public Utility Commission

FROM: Jerry Murray

THROUGH: Lee Sparling, Ed Busch, and JR Gonzalez

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. UM 1384) Approval of amended Metering Test and Inspection Policy.

STAFF RECOMMENDATION:

Staff recommends that the Commission issue an order approving Portland General Electric's Application to amend its Metering Test and Inspection Policy submitted on June 18, 2008.

DISCUSSION:

Oregon Administrative Rule (OAR) 860-023-0015 requires that the Commission approve the meter testing and inspection schedules of each energy utility to assure revenue metering accuracy. This approval pertains to the testing of new meters, reinstalled meters, in-service metering systems, obsolete meters, laboratory metering standards, and associated metering equipment.

On June 18, 2008, Portland General Electric (PGE or Company) filed an amended Electric Metering Test and Inspection Policy (Policy) requesting that the Commission issue an order approving it under OAR 860-023-0015. The amended policy incorporates modifications related to the Company's deployment of new meters associated with the Advanced Metering Infrastructure (AMI) project. PGE is confident that approving the Policy will benefit customers and will not adversely affect metering accuracy.

PGE's specific meter testing procedures, currently approved by the Commission, are set out in PGE's Electric Metering Test and Inspection Policy, which received approval

from the Commission on January 23, 2007.¹ The Company's Application and amended Policy for which PGE is seeking approval may be viewed at the PUC's eDockets website at <http://edocs.puc.state.or.us/efdoks/HAA/um1384haa165653.pdf> . The amended Policy implements the requirements set forth under the Commission's Electric Utility Metering Policy and OAR 860-023-0015. As explained in the amended Policy, the Company will not be performing two types of meter testing during the AMI deployment period. They are:

1. In-service Random Sampling Meter Testing and In-Service Periodic Meter Testing for meters to be replaced with AMI meters. This testing is covered in Sections 7 and 8 of the Policy.
2. New Meter Quality Assurance requiring 10 percent random sampling of new meters. This testing is covered under Section 6 of the Policy.

The Company's AMI replacement schedule currently projects that about three percent of the Company's approximately 800,000 meters will be replaced in 2008, escalating to about 62 percent in 2009 and 35 percent in 2010. With this rapid deployment of new AMI meters, PGE asserts that the need for periodic and random meter testing is unnecessary and should be eliminated during the AMI deployment phase. PGE also asserts the amended Policy is appropriate and in the public interest.

Further, PGE is requiring that all (100 percent) new AMI meters be tested by the manufacturer prior to delivery to the Company to ensure that they meet or exceed PGE's full load and light load accuracy requirements of ± 0.3 percent. Additional quality assurance measures by PGE include manufacturing site assessment and sample testing of AMI meter shipments. Sample testing of AMI meters will be conducted using the National Standard ANSI Z1.9 (entitled, "Sampling Procedures and Tables for Inspection by Variables for Percent Nonconforming") inspection level "General II – Normal" and AQL of 2.5 percent and the procedures outlined in Section B Part II. Any inspection lot found to be outside acceptable accuracy limits would be held until the Company and the manufacturer determine the appropriate course of action.

PGE will continue to do periodic meter testing for those meters that are not scheduled for replacement while the amended Policy is in effect.² The Company will also continue to submit the annual meter certification report to the Commission as currently required by PGE's Metering Test Policy and the UM 1206 SQM Stipulation. The Company will

¹ PGE's current Electric Metering Test and Inspection Policy was approved by the PUC in Order 07-034 in Docket UM 1295.

² Meters not being replaced by the AMI project basically include commercial and industrial meters that already have communications capability.

also continue to meet the requirements of OAR 860-021-0130 when a meter test is requested by a customer. However, during the AMI deployment, the Company will not be able to test specific meters that are no longer in-service because they have been replaced with AMI meters.

In addition, the Company committed in UM 1206 to a "Meter System Accuracy Program"³ which incorporates a meter test program utilizing sampling and periodic meter testing. At the time the order in UM 1206 was written, no one anticipated that relatively soon PGE would be proposing nearly the wholesale replacement of the Company's meters. For the reasons described above, PGE believes that it will continue to meet the spirit, and arguably the letter, of the Stipulation adopted in UM 1206. The Company will continue to submit the annual meter certification report to the Commission as currently required by the Stipulation and the Policy. Meters not scheduled for replacement under the AMI program will continue to be tested in accordance with the Policy and Stipulation during AMI deployment. The Company expects that the order approving this application, if granted, will indicate that if the Company acts in accordance with the amended Policy, it will still be in compliance with the Stipulation.

Following completion of AMI deployment, the Company expects to employ the appropriate meter testing methodologies for the new AMI system. To that end, by September 1, 2010, the Company will file for approval by the Commission a new metering test policy with schedules and procedures appropriate for maintaining the long-term accuracy of the AMI and other in-service meters and metering systems.

PGE is requesting that the amended Policy retroactively become effective on January 1, 2008. PGE's random testing program of meters is conducted on a calendar year basis. A mid-year effective date serves no purpose and would invalidate PGE's random sample program and the derived annual statistics reported to the PUC. Following the amended Policy will allow PGE to more effectively utilize its personnel and resources to fully support the AMI meter development process and to assure future customer meter accuracy. Given PGE's past meter accuracy performance and considering the fact that most of PGE's meters will be replaced with accurate electronic AMI meters, Staff sees no need to continue the periodic or sample testing of meters to be replaced until after the full AMI meter replacement program is complete. Therefore, Staff recommends that PGE's application be approved with a January 1, 2008, effective date.

³ See order No. 05-1250 in Docket UM 1206 which incorporated the Stipulation in Appendix B of Order No. 05-115.

PROPOSED COMMISSION MOTION:

PGE's amended Meter Testing and Inspection Policy filed on June 18, 2008, be approved with the condition that by September 1, 2010, the Company will file with the PUC a new metering test and inspection policy with schedules and procedures appropriate for maintaining the long-term accuracy of the AMI and other in-service meters and metering systems.