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BEFORE THE ARIZONA CORPORATE COMMISSION

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AZ CORP COMMISSION
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Arizona Corporation Commission

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MAR 16 2012

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IN THE MATTER OF THE GENERIC)
INVESTIGATION OF SMART METERS.)

DOCKET NO. E-00000C-11-0328

COMMENTS OF TUCSON
ELECTRIC POWER COMPANY
AND UNS ELECTRIC, INC. ON
DRAFT PROPOSED METER
GUIDELINES

Tucson Electric Power Company ("TEP") and UNS Electric, Inc. ("UNS Electric") (together "Companies"), through undersigned counsel, hereby provide comments on the proposed guidelines and list of questions set forth in Commission Staff's February 24, 2012 Memorandum in this docket.

Overview

The Companies understand that there have been concerns raised about the new generation of "Smart Meters" that are being deployed to facilitate such goals as more efficient and cost-effective service to customers, increased use of renewable energy resources and improved energy efficiency programs. Although the draft proposed meter guidelines address concerns that have been raised in this docket in a very general manner, the appropriateness of those guidelines depends on how they will be implemented and the Commission's expectations as to how the guidelines interact with existing law and policy.

The Companies have taken extensive efforts to ensure the reliability and safety of its electric systems. They have been diligent in protecting customer information obtained through their service to those customers. The Companies further believe that there are already extensive requirements that address many of the concerns that have been raised in this docket. The

1 Commission must exercise care to avoid adopting guidelines that are inconsistent with existing law
2 or that may interfere with other important policy goals related to electric service.

3 **Comments on Draft Proposed Guidelines**

4 **1. "Measurement will not be specific to any particular appliance or electrical**
5 **device, unless approved by the Commission for a specific tariff."**

6 This proposed guideline would unduly restrict the operations of the Companies as worded.
7 Specifically, the Companies have several current situations where measurement is required specific
8 to a single device. For example:

- 9 • For Distributed Generation (DG) and Solar Generation output, an additional meter is
10 installed just to monitor the output of a Solar or other DG system. This meter is
11 used to correctly account for the Renewable Energy Credits, comply with reporting
12 requirements with Federal and State Governments and to monitor real time output of
13 DG and Solar systems to ensure safe and reliable operation of the Companies'
14 systems.
- 15 • Services requested by the customer for wells would be metering a specific electrical
16 device as that is the only equipment connected to the service.
- 17 • Energy Efficiency and Demand Side Management programs may measure at a
18 specific device or appliance with the customers approval, but would be under a
19 Commission-approved program and not a tariff.

20 The Companies request that this guideline be modified to more clearly reflect the intent of
21 the guideline and to avoid undue interference with the Companies' operations.

22 **2. "The utility will not share energy usage data except with its authorized agent.**
23 **Individual or aggregate usage data will never be sold."**

24 The Companies agree that customer-specific requires appropriate protection. Indeed,
25 existing Arizona statutes, Commission rules and utility-specific tariffs and rules and regulations
26 currently provide substantial protection. The Companies have carefully adhered to these
27 requirements.

1 The Companies do not believe this guideline is necessary given the existing law protecting
2 customer information. Moreover, the broad language in this guideline may conflict with
3 requirements in existing law, such as disclosure to the Commission or to law enforcement agencies.

4 Should the Commission believe additional guidelines are necessary to protect certain
5 customer information, those guidelines should be drafted narrowly and in a manner not to conflict
6 with existing law.

7 **3. “All information transmitted between meters and the utility must be encrypted
8 and password protected using US government approved and recommended standards.”**

9 This guideline creates several concerns for the Companies. Given the sensitive nature of
10 the security and reliability issues related to encryption, the Companies’ comments on this guideline
11 are truncated in order to avoid any compromise of safety and reliability of the electric
12 infrastructure.

13 As written, this guideline would apply to *all* meters, not just Smart Meters. As a result, it
14 could be cost prohibitive or impossible to implement this guideline. Not all metering technologies
15 are capable of encryption or password protection. Implementation of this guideline would require
16 replacement of significant infrastructure.

17 The Companies believe the potential and appropriate options to provide encryption
18 password protection should not be discussed publicly.

19 **4. “Data from each meter must use specific unique identifiers associated with the
20 customer’s meter number and service address to ensure that each customer is billed only for
21 his / her own usage.”**

22 The Companies believe this proposed guideline is redundant with their existing practices,
23 their current Commission-approved Rules and Regulations, and the requirements of the
24 Commission’s rules. For example, TEP’s Rules & Regulations, Section 10 Meter Reading and
25 Section 11, Billing and Collection, adequately address concerns regarding the accuracy of customer
26 billing.

27

1 **5. “The utility will not control or shut off individual appliances without customer**
2 **consent based on an approved ACC tariff.”**

3 The Company is concerned that this proposed guideline is overbroad and could be
4 misinterpreted or misapplied. Both the Commission rules and the Companies’ approved Rules and
5 Regulations address termination of service. This guideline needs to be clarified so that it does not
6 conflict with existing requirements.

7 **6. “The utility may shut off electric service per ACC rules. The utility will abide**
8 **by current regulations with respect to shut-off of service and curtailment in power**
9 **emergencies.”**

10 See the Comments to Guideline 4 above.

11 **7. “The utility will limit the length of data transmission over a 24 hour period,**
12 **(utility input will help define the appropriate length of time in seconds or minutes per time**
13 **period).”**

14 It is difficult to address this particular guideline without understanding the nature and scope
15 of the limit on data transmission. Undue limits on data transmission may result in increased costs
16 and inefficient operation. It may also undermine the benefits of the advanced metering technology.
17 It is also unclear why limits are needed given that metering equipment using radio frequency (RF)
18 must meet FCC guidelines and complies with all their regulations.

19 **8. “Individual usage data gathered will be available only to the customer, the**
20 **utility, and its duly authorized agent. Such data may be used only to help the customer make**
21 **choices that will help keep electric bills to a minimum.”**

22 Please see comments to Guideline 2.

23 Moreover, the second sentence of the proposed guideline creates significant operational
24 issues for the Companies that may interfere with optimal reliable and safe operation of their
25 electrical systems and should be eliminated. For example, the Companies rely on both aggregate
26 data and, in many cases, customer-specific usage data for reliably, safely, securely and efficiently
27 operating its electric system. Customer specific data is often required for such things as: (i) certain

1 ACC, FERC, DOE and NERC compliance reporting requirements; (ii) rate design and cost
2 allocation purposes in rate cases; (iii) evaluating many rate and system integrity related studies; and
3 (iv) identifying necessary energy diversion. Moreover, individual customer data must be used to
4 provide necessary customer service, such as billing, identifying meter malfunctions or energy theft,
5 and assessing the benefits of rate options for a customer.

6 **9. "The utility will use only aggregate, anonymous data for system planning**
7 **purposes."**

8 See comments to Guideline 8. Again, this guideline imposes undue restrictions that may
9 adversely impact safe and reliable operation of the Companies' systems. As indicated above, the
10 Companies rely on not only aggregate data, but in many cases customer specific usage data for
11 reliable, safe, secure and efficient operation of their electric systems.

12 **RESPONSES TO STAFF'S QUESTIONS**

13
14 **1. Are the draft proposed guidelines currently in effect by most utility companies,**
15 **or do they represent a significant process change?**

16 The Companies believe that the potential protections resulting from Guidelines 2, 4, 5 and 6
17 are already addressed in existing law, Commission rules and/or in TEP's and UNS Electric's
18 approved Rules and Regulations.

19 As discussed above, the Companies believe that, if approved, proposed Guidelines 1, 3, 7, 8
20 and 9 would negatively impact the Company's ability to effectively manage its electric in an
21 efficient, reliable, safe and secure manner.

22 **2. Does the draft proposed guidelines adequately address privacy issues?**

23 The Companies believe customer privacy issues are adequately addressed through the
24 existing laws, Commission rules and the Companies' approved Rules and Regulations. Adoption
25 of the proposed guidelines would create inconsistencies in privacy protection and could interfere
26 with the ability to manage the electric system in an efficient, safe, and reliable manner.

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3. What customer education procedures presently exist, or should be developed, for communicating a utility company's privacy policies?

The Companies provide customers with information regarding their privacy policies and advanced meters on their websites and through Customer Service Representatives. The Companies' websites, TEP.com and UES.com, have entire pages devoted to answering frequently asked questions regarding advanced meters. In addition, Customer Service Representatives are trained and able to answer any questions customers may have.

4. What other metering issues need to be addressed?

None at this time.

RESPECTFULLY SUBMITTED this 16th day of March 2012.

TUCSON ELECTRIC POWER COMPANY AND
UNS ELECTRIC, INC.

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1 Original and 13 copies of the foregoing
2 filed this 16th day of March 2012 with:

3 Docket Control
4 Arizona Corporation Commission
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