



Grand Canyon State Electric Cooperative Association, Inc.

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2014 JUL -8 P 12:37

ARIZONA CORPORATION COMMISSION
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Docket Control
Arizona Corporation Commission
1200 W. Washington
Phoenix, AZ 85007

Re: *Cooperatives' Comments on the Staff Proposed Rules Regarding Release of Customer Information, Privacy and Confidentiality Concerns Related to Smart Meters Filed on June 24, 2014;*
Docket No. RU-00000A-14-0014

Dear Sir/Madam:

The Grand Canyon State Electric Cooperative Association ("GCSECA"), on behalf of its Arizona cooperative members,¹ submits the attached comments on the Staff Proposed Customer Information Privacy Rules filed on June 24, 2014.

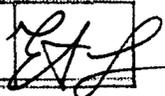
RESPECTFULLY SUBMITTED this 8th day of July, 2014.

GRAND CANYON STATE ELECTRIC
COOPERATIVE ASSOCIATION

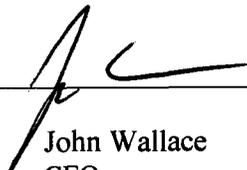
Arizona Corporation Commission

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JUL 8 2014

DOCKETED BY 

By


John Wallace
CEO

¹ The Arizona cooperative members are: Duncan Valley Electric Cooperative, Inc.; Graham County Electric Cooperative, Inc.; Graham County Utilities; Mohave Electric Cooperative, Inc.; Navapache Electric Cooperative, Inc.; Sulphur Springs Electric Cooperative, Inc.; and Trico Electric Cooperative, Inc. (collectively the "Electric Cooperatives").

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Original and 13 copies filed with Docket
Control this 8th day of July, 2014, with:

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Arizona Corporation Commission

1200 West Washington

Phoenix, Arizona 85007

**ELECTRIC COOPERATIVE COMMENTS ON RULES REGARDING RELEASE OF
CUSTOMER INFORMATION, PRIVACY AND CONFIDENTIALITY CONCERNS**

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RELATED TO SMART METERS

ARIZONA CORP COMMISSION
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DOCKET NO. RU-00000A-14-0014

Introduction

The following comments on the Letter from Arizona Corporation Commission (“ACC” or “Commission”) Staff dated June 24, 2014 regarding the release of customer information, privacy and confidentiality concerns are provided by Grand Canyon State Electric Cooperative Association, Inc. (“GCSECA”) on behalf of Duncan Valley Electric Cooperative, Inc. (“Duncan”), Graham County Electric Cooperative, Inc. (“Graham”), Graham County Utilities, Mohave Electric Cooperative, Inc. (“Mohave”), Navopache Electric Cooperative, Inc. (“Navopache”), Trico Electric Cooperative, Inc. (“Trico”) and Sulphur Springs Valley Electric Cooperative, Inc. (“Sulphur”) (collectively “Cooperatives”). The Cooperatives are very concerned that less than two weeks (over the July 4th weekend) were allowed for the various utilities regulated by the Commission to review and provide informal comments to Staff’s proposed Rules. A workshop with utility representatives of all impacted utilities should be conducted before the Commission proceeds with any formal rules on this topic.

Cooperatives’ General Comments

The Cooperatives support the Commission’s efforts to protect their members’ private information, while preserving the Cooperatives ability to conduct normal business activities without additional cost or unnecessary paperwork (both of which can result in higher costs to customers). The Cooperatives note that public service corporations providing electric service are

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already bound by at least two separate Commission rules governing customer information: A.A.C. R14-2-203(A)(2) and R14-2-1612 (E), both of which preclude release of customer-specific information without prior written customer approval except for specific purposes, including requests by law enforcement, other public agencies, and the Commission or reasonably required for legitimate account collection activities, or is necessary to provide safe and reliable service to the customer. These customer information protection rules have been in place for electric utilities for more than a decade. There is no indication that the existing rules provide inadequate protection of electric customer information. Moreover, the customer-elected Boards of member-owned and operated not for profit cooperatives have also adopted policies that state that customer information will not be shared with or sold to third parties except as required by R14-203(A)(2) and R14-2-1612(E). The Cooperatives are concerned that the procedures, requirements and reporting included in the Staff proposed Rule will require a significant investment as well as ongoing, considerable expense to insure compliance. Given the small size of cooperatives, this may result in the Cooperatives having to refuse release of customer information to anyone but the customer. This will have detrimental impacts including, Cooperatives efforts to meet the Energy Efficiency (“EE”) and Renewable Energy (“REST”) standards. For example, the Cooperatives have ACC approved energy efficiency programs which are administered through a third party. Under these programs, the Cooperatives provide usage and bill amount statistics to a third party as part of an Energy Conservation Behavior Program. The third party uses this information to create custom graphs and reports about

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customer energy history which is then included on the customer's utility bill. The customer also has an option of comparing their usage to other homes in the same area of similar size and construction. The information is not sold or used by any other parties other than third party, but it is used to generate the graphs and give the customer energy efficiency tips. Further, our contracts with third parties have strict confidentiality requirements. This rule may require all our customers to opt-in to this type of program because we are sharing data with a third party. Currently most residential customers receive this type of information and then have the option to opt-out if they choose. We are confident an opt-in requirement will lower the number of customers who will receive this information and limit the effectiveness of the program.

Further, because name and address are by the rule's definition "Private customer information", another area of concern is the onerous task of annually confirming opt-ins for things such as the receipt of a membership newsletter; the cooperative's annual report; an appliance saturation or a customer satisfaction survey; or for that matter any energy related survey, that may be printed, published, and/or mailed by a third party. The Rule should clarify that all of these services are part of providing utility service and customers do not have to opt-in or the right to opt-out of these services.

Other examples of what we believe are unintended consequences of the proposal include the cooperative's inability to share a list of customer names and addresses that has historically been

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provided to a cooperative's members who are running for election to board seats. The Cooperatives also request a clarification that "utility service" means all the things a cooperative does with its members in its usual course of business as a member-owned cooperative. In addition, under the Rule, utilities will no longer be able to immediately provide law enforcement utility-related customer information if requested.

Finally, given the complexity of the issues surrounding customer privacy together with the potential for unintended detrimental impacts, the rulemaking process should not be rushed but should involve a slower and more deliberate process. The Cooperatives believe that the comment periods of one week are too short and will not allow enough time to develop an appropriate and reasonable rule. The comments being provided here are preliminary and subject to addition and change as more time is available for evaluation.

The remaining comments from Cooperatives will be related to specific provisions in the rules.

R14-2-2201 Definitions

The definitions of "Customer" and "Affiliate" included in the proposed Rules are defined differently in other Commission rules (*see, e.g.,* A.A.C. R14-2-20(9), R14-3-301(14), R14-2-401(9), R14-2-501(9) and R14-2-601(10) for Customer and A.A.C. R14-2-801 and R14-2-1001

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for Affiliate. Are different definitions being created for a reason? If so, what distinction is being made?

Another area of concern is credit information, which by its very nature contains personally identifying information but is not mentioned in R14-2-2201.11 or 12. Some Cooperatives currently only provide a letter of credit verification upon the customer's request. However, others may automatically report payment history to a credit bureau or similar service specifically for utilities such as onlineutilityexchange.com.

A similar situation might arise if a cooperative were to sell its bad debt to a collection agency. Cooperatives are not currently doing this, but this Rule may preclude the Cooperatives from this option. Obviously credit risk customers would not "opt-in" for us to either divulge payment history or turn over their bad debt to a collection agency. That will negatively impact other members and may also be contrary to fair credit laws at the state or federal level.

Section R14-2-2201.12.c. defines Private customer information as:

-Information regarding the time of use, the amount of use, and destination for any utility service or product to which the customer subscribes.

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R14-2-2203.A, prevents the utility's use of such Private customer information. R14-2-2203.B. then tries to reverse the use prohibition. These provisions of the Rule are confusing and the intent of the Rule should be clarified. There should be no doubt that utilities can use time-of-use, amount of customer usage or demand or any other billing determinant, destination for any utility service or product information for billing or rate analysis purposes without prior written customer approval and other requirements found in R14-2-2206.C.

R14-2-2205 Obtaining Opt-In Approval; Restrictions

Concerning R14-2-2205.14 & 15, it is a difficult and expensive task to provide a version of anything in any language other than English. Some of the cooperatives only provide customers with information in English. Under R14-2-2205.14, if the customer has previously requested a preferred language of French, German or any of the many other languages, is it necessary for the Cooperatives to hire someone who can write/speak that language? If the Cooperatives don't share or let third parties buy our members information, are the Cooperatives subject to this provision?

R14-2-2206 Confirmation and Verification of Opt-In Approval

R14-2-2206.C, requires the utility to retain, maintain and provide the customer or the Commission seven items related to each customer's opt-in approvals. As mentioned above, certain EE and REST programs require customer specific information to be provided to third

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parties. In the case of REST DG programs, the Cooperatives are providing maximum customer demand information to third parties to ensure that system sizing meets the net metering tariff requirements after receiving a written permission slip from the customer to do so. The reporting required by this Rule provision will require software changes and additional man-hours to retain and maintain this documentation and will result in longer processing times. Again this may result in the Cooperatives only releasing this information to the member in person which will be inconvenient for the member.

Further, there should be limits placed on the length of time utilities must retain the information required by this section of the Rule. If a customer moves out of a cooperative's service area, then this information should only be required to be retained for a year after the customer has disconnected service. Also, there should be limits on the retention of documentation for all customers, we suggest the last five years.

Conclusions:

The Cooperatives have not had adequate time to fully assess the effects and consequences of the proposal or evaluate the revisions necessary to the Rule and would recommend an extension of the comment period to accomplish this end. The Rule as written will require a considerable amount of additional time and expense to ensure compliance without, we believe, a substantial

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improvement over existing customer privacy rules, statutes and policies. The Cooperatives look forward to working with the Commission in this ongoing rulemaking process.