

**THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS**

Before Commissioners:      Shari Feist Albrecht, Chair  
   Jay Scott Emler  
   Dwight D. Keen

In the Matter of a General Investigation to      )  
Fully Investigate the Parameters and      )  
Intricacies of a Customer Opt-Out Program for      ) Docket No. 19-GIME-012-GIE  
Advanced Metering Infrastructure Digital      )  
Electric Meters.      )

**ORDER OPENING GENERAL INVESTIGATION**

This matter comes before the State Corporation Commission of the State of Kansas (Commission). Having examined its files and records, and being duly advised in the premises, the Commission finds and concludes as follows:

**I. BACKGROUND**

1. In April of 2018, the Commission concluded a multi-year investigation involving Formal Complaints filed against Westar Energy, Inc. and Kansas Gas and Electric Co. (Westar) and Kansas City Power & Light Company (KCP&L).<sup>1</sup> Nine Complainants presented various concerns regarding Westar and KCP&L's use of Advanced Metering Infrastructure (AMI) meters, commonly referred to as "Smart Meters."<sup>2</sup>

2. The Commission determined the Complainants failed to state a claim upon which relief could be granted.<sup>3</sup> As a result, the Commission dismissed the Formal Complaints.<sup>4</sup>

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<sup>1</sup> Order, Docket No. 15-WSEE-211-COM, *et al.* (Apr. 5, 2018) (Smart Meter Order).

<sup>2</sup> *See id.* at p. 1.

<sup>3</sup> *See id.* at p. 10.

<sup>4</sup> *See id.* at p. 17.

3. Various Complainants referenced AMI meter “opt-out” programs.<sup>5</sup> Staff’s reports submitted in regards to the Formal Complaints also discussed other State’s opt-out programs.<sup>6</sup> While making no particular finding regarding opt-out programs, the Commission ordered Staff to open a general investigation to fully investigate the parameters and intricacies of AMI opt-out programs.<sup>7</sup>

## **II. JURISDICTION**

4. K.S.A. 66-101d authorizes the Commission to initiate general investigations of electric public utilities and requires hearings to be held in accordance with the provisions of the Kansas administrative procedure act, unless the Commission orders otherwise for good cause. Pursuant to K.S.A. 66-101d, the Commission may establish or substitute rates, rules and regulations, measurements, practices, service or acts as are just and reasonable.

## **III. FINDINGS AND CONCLUSIONS**

5. The Commission finds it appropriate at this time to open a general investigation for the purpose of investigating the parameters and intricacies of an AMI opt-out program. Further, the Commission understands Westar and KCP&L may not be the only Kansas utilities deploying or planning to deploy AMI technology. Accordingly, the Commission finds all electric public utilities subject to the Commission’s rate and terms of service regulation shall be made a party to this proceeding. Specifically, the Commission finds Westar, KCP&L, The Empire District Electric Company, a Liberty Utilities Company (Empire); and Southern Pioneer Electric Company, (Southern Pioneer) shall be made a party to this proceeding. Counsel for the aforementioned

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<sup>5</sup> See *id.* at pp. 2-5.

<sup>6</sup> See *id.* at p. 15.

<sup>7</sup> See *id.*

electric public utilities shall enter their appearance in this proceeding within 30 days from the date of issuance of this Order.

6. Commission Staff has prepared a Report and Recommendation regarding this proposed investigation. A copy of this Report and Recommendation is attached to this Order as Attachment A and is hereby adopted and incorporated by reference. Staff's Report and Recommendation outlines four parameters recommended for review. Staff recommends a general investigation be opened to review:

- a. The types of meters that would be preferred in a meter opt-out program;
- b. The installation costs associated with each meter type and/or billing strategy;
- c. The operating costs associated with each meter type and/or billing strategy; and
- d. The effects of economy of scale on the costs of an opt-out program.

7. The Commission finds that a procedural schedule shall be established within 90 days of the issuance of this Order.

8. Accordingly, the Commission concludes a general investigation for investigating the parameters and intricacies of an AMI opt-out program shall be opened.

**IT IS, THEREFORE, BY THE COMMISSION ORDERED THAT:**

(A) A general investigation shall be opened to investigate the parameters and intricacies of an AMI opt-out program.

(B) Westar, KCP&L, Empire and Southern Pioneer are hereby made a party to this proceeding.

(C) Counsel for Westar, KCP&L, Empire and Southern Pioneer shall enter their appearance in this proceeding within 30 days from the date of issuance of this Order.

(D) A procedural schedule shall be established within 90 days from the date of issuance of this Order.

(E) Hearings shall be held in accordance with the Kansas administrative procedure act.

(F) Electronic service shall be used for these proceedings, including service of this Order.

(G) Parties have 15 days, plus three days if service is by mail, from the date of service of this Order to petition the Commission for reconsideration or request a hearing, as provided in K.S.A. 77-542.

(H) The Commission retains jurisdiction over the subject matter and the parties for the purpose of entering such further orders as it may deem necessary and proper.

Albrecht, Chair; Emler, Commissioner; Keen, Commissioner

Dated: 07/24/2018



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Lynn M. Retz  
Secretary to the Commission

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# **ATTACHMENT “A”**

# STATE OF KANSAS



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SHARI FEIST ALBRECHT, CHAIR | JAY SCOTT EMLER, COMMISSIONER | DWIGHT D. KEEN, COMMISSIONER

**TO:** Chair Shari Feist Albrecht  
Commissioner Jay Scott Emler  
Commissioner Dwight D. Keen

**FROM:** Leo Haynos, Chief Engineer  
Jeff McClanahan, Director of Utilities

**DATE:** June 12, 2018

**SUBJECT:** Recommendation to Initiate a General Investigation to Fully Investigate the Parameters and Intricacies of a Customer Opt-Out Program for Advanced Metering Infrastructure Digital Electric Meters

## **EXECUTIVE SUMMARY:**

Over the last 3.5 years, the Commission and its staff have investigated nine complaint dockets regarding the required use of Advanced Metering Infrastructure Digital Electric Meters (AMI meters). Because the complaints raised similar issues, the Commission consolidated the nine complaints into one docket. On April 5, 2018, the Commission issued an Order in the consolidated docket which is referred to in this Report and Recommendation as Docket 15-WSEE-211-COM (15-211 Docket). The Order requires the Commission Staff (Staff) to open a general investigation in order to investigate the viability of a program that would allow a customer of an electric public utility to request a meter that is not an AMI type of meter. In the 15-211 Docket, the contemplated program is referred to as an “opt-out” program. In this case, Staff recommends the scope of the opt-out program be limited to AMI meters that are defined as a meter equipped with radio communications equipment that communicates through a mesh network.<sup>1</sup>

Because the Commission’s Order addresses electric public utilities in Kansas, Staff concludes the following utilities should be included in this investigation: Westar Energy Inc. and Kansas Gas and Electric Co. (Westar); Kansas City Power & Light Company (KCP&L); The Empire District Electric Company, a Liberty Utilities Company (Empire); and Southern Pioneer Electric Company, (Southern Pioneer).

In response to the Commission’s Order, Staff recommends a general investigation be opened to review:

- the types of meters that would be preferred in a meter opt-out program;

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<sup>1</sup> A mesh network is a type of network where each node in the network may act as an independent router, regardless of whether it is connected to another network or not. See Attachment 1 of Staff’s Report and Recommendation, Docket 15-WSEE-211-COM, January 15, 2016.

- the installation costs associated with each meter type and/or billing strategy;
- the operating costs associated with each meter type and/or billing strategy; and
- the effects of economy of scale on the costs of an opt-out program.

### **ANALYSIS:**

In its Report and Recommendation filed in the 15-211 Docket, Staff argued the costs of an opt-out program should be covered by those customers participating in the program. Examples of such costs would be the installation of the non-AMI meter, acquiring monthly billing data from the meter, and processing the billing data to create the customer's bill. In order to accurately assess the costs attributable to a non-AMI meter program, Staff recommends the proposed general investigation require each of the utilities deploying AMI meters to provide a cost comparison of the standard AMI metering program to a conceptual non-AMI metering program. The comparison should list all significant cost components of a metering program. Such cost components should address any one-time startup costs for the non-AMI program such as meter installation and any repeated costs such as acquiring usage data and billing the customer.

In many of the responses to the 15-211 Docket, the Complainants requested that a meter equivalent to their original analog meter be re-installed at their home. It is Staff's understanding that conventional style analog meters are no longer manufactured. Therefore, the general investigation should also discuss types of equipment that would meet the preference of opt-out customers and achieve the same results as an analog meter. Because the complaints seem to focus on the AMI meter's radio communication system, Staff recommends the utilities provide examples of equipment configurations that omit or limit the communications ability of the meter. For example, such an approach may be achieved by installing AMI meters without activating the meter's communication capabilities, limiting the meter's communication to once per day or once per month, limiting the communications to only when queried by an operator, or by installing digital meters with no communications capability. Whichever approach is selected, the utility should provide a cost analysis for operating the meter for each communications configuration.

Staff believes some operating costs of an opt-out program could be moderated by altering the billing cycle to reduce the manpower costs associated with acquiring the meter data. For example, reading a meter once every two months while requiring the customer to be on a levelized payment plan may be an option that ensures payment and reduces meter reading costs. Staff recommends options of this nature also be addressed in the general investigation.

### **CONCLUSION AND RECOMMENDATION:**

The Commission Order in the 15-211 Docket requires a general investigation to be opened to review the feasibility and viability of an opt-out program. Based on the Order, Staff believes the four above named electric public utilities should be considered as participants in the Docket if they operate AMI metering systems. For this Docket, AMI metering systems should be limited to those systems that use a mesh network for radio communications from each meter. Staff recommends the Docket investigate the types of non-AMI metering systems and the costs associated with installing and operating those systems. The operating costs should include billing strategies that may limit the manpower necessary to read the meters.

## CERTIFICATE OF SERVICE

19-GIME-012-GIE

I, the undersigned, certify that the true copy of the attached Order has been served to the following parties by means of electronic service on 07/24/2018.

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