

Date Mailed
September 20, 2002

BEFORE THE
PUBLIC SERVICE COMMISSION OF WISCONSIN

Application of Wisconsin Electric Power Company, as a Gas
Public Utility for Authority to Procure Network Data Services
for Automated Meter Reading for Natural Gas Customers

6630-CG-117

**ORDER AND
CERTIFICATE OF AUTHORITY**

This Order APPROVES, subject to conditions, the application of Wisconsin Electric Power Company (WEPCO or company) for authority to install and place in operation an automated meter reading system.

Background

On November 12, 2001, the Commission received an application from WEPCO, a gas public utility, for authority under Wis. Stat. § 196.49 and Wis. Admin. Code § PSC 133.03(1) to install and place in operation an automated meter reading (AMR) system for its natural gas operations in the Appleton area and southeastern Wisconsin (proposed project).

WEPCO is a party in this proceeding. Three requests for hearing were received in this docket. The requests came from: the Local 12005 United Steelworkers of America, the Local Union 2150 in December of 2001; International Brotherhood of Electrical Workers and the Paper, Allied- Industrial, Chemical in December of 2001; and the Energy Workers International Union, AFL-CIO, CIC Local 7-0111 in January of 2002. All three requests for hearing were subsequently withdrawn in April of 2002 by the respective unions after WEPCO addressed the

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unions' potential safety concerns with the implementation of AMR. No other person was granted party status in this proceeding. No hearing was held on this application under Wis. Admin. Code § PSC 133.05(2).

Findings of Fact

1. Three requests for hearing in this proceeding were submitted but withdrawn.
2. WEPCO currently provides natural gas service in various areas across eastern, northeastern and southeastern Wisconsin.
3. No significant environmental consequences are associated with the proposed project.
4. No significant risk of flooding is associated with the proposed project.
5. The installation of the proposed project will not affect any historic properties.
6. When the proposed project is placed in operation, the addition to WEPCO's cost of service associated with the proposed project will be proportionate to the increase in value or available quantity of service.
7. The completion of the proposed project will not substantially impair the efficiency of the service that WEPCO provides.
8. The completion of the proposed project will not provide facilities unreasonably in excess of WEPCO's probable future requirements.

Conclusions of Law

1. WEPCO is a public utility as defined in Wis. Stat. § 196.01(5)(a) and is required to obtain a certificate of authority for its proposed project under Wis. Stat. § 196.49(3) and Wis. Admin. Code § PSC 133.03(1)(i).
2. The Commission has authority under Wis. Stat. §§ 1.11, 29.604, 44.40, 196.02, 196.395, 196.40, and 196.49 and Wis. Admin. Code § PSC 133.03 to issue a certificate of authority and order without or with conditions authorizing WEPCO to install and place in operation an automated meter reading system, as described in this order and has delegated the authority to the administrator of the Natural Gas Division to issue an appropriate order.
3. No hearing under Wis. Admin. Code § PSC 133.05(2) was required to be held in this docket.
4. The proposed project is reasonable and appropriate in all respects under Wis. Stat. § 196.49.

Opinion

WEPCO is a gas public utility as defined in Wis. Stat. § 196.01(5)(a) and is engaged in the business of selling and distributing natural gas to the public in various areas throughout Wisconsin. WEPCO presently provides natural gas service in the Appleton area and in various areas throughout southeastern and northeastern Wisconsin.

WEPCO is proposing to provide in Phase I of the project, the AMR system to approximately 250,000 gas customers in the Appleton area and southeastern Wisconsin, excluding most of Milwaukee County.

WEPCO proposes to read all of its gas meters via a fixed radio data communications network without the need to physically access the meters. The gas meters will be equipped with a radio module that sends usage data to transceivers mounted on utility poles. Each transceiver communicates with approximately 200-500 gas meters within a one-third mile radius. The transceivers then pass the data on to a central location. The total cost of the AMR system with respect to gas operations is estimated to be \$23,393,900.¹ As a result of some older meters being either incompatible with the AMR radio modules or due for replacement, the estimated retirement book value of the gas meters is \$2,500,000.

When the AMR system is installed it will allow WEPCO to read gas meters without physically visiting the meter. At the present time, in addition to reading meters, WEPCO's meter readers also check for signs of meter tampering, check for atmospheric corrosion on the meter sets, and also may detect gas leaks around the meter set, all on either a monthly or bi-monthly basis. Although the monthly or bi-monthly checks are not required by the administrative code, they provide some benefit for public safety.

WEPCO has agreed to perform in Phase I of the project, a visual survey for all of the meters that will be converted to AMR. This survey will be done at a minimum once per year for the next three years, or one year past Phase I of the AMR installation, whichever is greater, and will include checks for signs of meter tampering, atmospheric corrosion on the meter sets, and gas leaks around the meter set (hazard survey). WEPCO shall prepare and submit to the Commission an annual summary report of the findings of each hazard survey performed. Based

¹ This cost relates to natural gas operations only. WEPCO also seeks to install AMR equipment on electric meters. The total cost of both gas and electric AMR facilities is estimated to be \$55,934,700. This order does not address the electric portion of this project.

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on a Commission review of the hazard survey report findings, the Commission may require future visual surveys of the meters where the AMR is installed at intervals less than three years.

At the present time WEPCO is required by administrative code to check all its meter sets for atmospheric corrosion on a 3-year cycle. WEPCO is also required to perform a leak survey of the service line and meter assembly on a 5-year cycle. WEPCO has agreed to perform the leak survey of the service lines and meter sets on a 3-year basis for all areas where the AMR system is in use.

Upon review, the plans, specifications, and estimated costs of the proposed project are reasonable. The installation of the automated meter reading system for natural gas operations will result in more accurate meter readings and less reliance on estimated bills. In addition it will provide a savings to natural gas customers over the life of the system.

WEPCO's proposed project is needed in the public interest to provide adequate and reliable service to present and future natural gas customers.

All equipment installed for the proposed AMR system will be attached to customer meters or will be installed on or in existing utility poles and buildings. The installation of the proposed facilities would not have any undue adverse impacts on the human or natural environments.

The proposed project has been reviewed by the Commission for environmental impact. This is a Type III action under Wis. Admin. Code § PSC 4.10(3). No unusual circumstances suggesting the likelihood of significant environmental consequences have come to the Commission's attention. Neither an environmental impact statement under Wis. Stat. § 1.11 nor an environmental assessment is required.

The proposed project was reviewed for potential flood hazard exposure per Executive Order 73 (1985). As no flood-sensitive facilities are to be located in or near any designated floodplain or flood prone areas, there is no significant flood risk to the proposed project.

The installation of the proposed facilities is not expected to affect any historic properties under Wis. Stat. § 44.40.

In order to allow WEPCO to efficiently schedule installation of the proposed automated meter reading project, it is reasonable for this Order to take effect the day of mailing to or on the day of physical service upon WEPCO, whichever is earlier.

IT IS ORDERED:

1. WEPCO may install and place in operation the proposed automated meter reading project described in this Order (approved project) and is granted a Certificate of Authority for the approved project subject to the conditions in this Order.
2. WEPCO shall conduct the leak survey of service lines as required in Wis. Admin. Code § PSC 135.723(cw)(6) at least once every three years, not to exceed 39 months apart thereafter, for all areas where the automated meter reading system is in use.
3. WEPCO shall conduct a hazard survey, as described in this Order, at a minimum of once per year for the next three years, or for one year past Phase I of the AMR installation, whichever is greater, for the areas where the automated meter reading system is in use.
4. WEPCO may become subject in the future to an amended order requiring visual surveys of the meter sets where AMR is installed based on the Commission's review of the hazard surveys.

5. WEPCO shall prepare and submit to the Commission, an annual summary report of the findings of each hazard survey.
6. WEPCO shall notify and obtain approval from the Commission before proceeding with any substantial change in the design, size, cost, or location of the approved project.
7. WEPCO shall install the approved project in accordance with applicable state law including Wis. Admin. Code § PSC 135, and 49 CFR Parts 192 and 199.
8. This Order shall be effective on the day of mailing to or on the day of physical service upon WEPCO, whichever is earlier.
9. WEPCO shall notify the Commission within 5 working days of the date actual on-site physical installation of the approved project is started and shall also notify the Commission within 20 working days after the approved facilities are placed in service.
10. Upon completion of installation of the approved project, WEPCO shall file with the Commission a complete report of the final costs segregated by plant account and shall explain any variances between the authorized and actual costs.
11. If WEPCO does not begin on-site physical installation within one year of the effective date of this Order, the certificate authorizing the approved project shall become void unless WEPCO files a written request for an extension of time with the Commission before the date on which the certificate becomes void and an extension of time is granted by the Commission.
12. If WEPCO has not begun on-site physical installation and has not filed a written request for an extension before the date the certificate becomes void, WEPCO shall inform the

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Commission of those facts in writing within 20 working days after the date on which the certificate becomes void for the approved project.

13. Jurisdiction is retained.

Certificate of Authority

WEPCO, as a gas public utility, may install and place in operation the automated meter reading system, as described in this Order. The Commission grants WEPCO a certificate to proceed with the approved project, subject to the conditions of this Order.

Dated at Madison, Wisconsin, _____

For the Commission:

Kevin B. Cronin
Administrator
Natural Gas Division

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See attached Notice of Appeal Rights

Notice of Appeal Rights

Notice is hereby given that a person aggrieved by the foregoing decision has the right to file a petition for judicial review as provided in Wis. Stat. § 227.53. The petition must be filed within 30 days after the date of mailing of this decision. That date is shown on the first page. If there is no date on the first page, the date of mailing is shown immediately above the signature line. The Public Service Commission of Wisconsin must be named as respondent in the petition for judicial review.

Notice is further given that, if the foregoing decision is an order following a proceeding which is a contested case as defined in Wis. Stat. § 227.01(3), a person aggrieved by the order has the further right to file one petition for rehearing as provided in Wis. Stat. § 227.49. The petition must be filed within 20 days of the date of mailing of this decision.

If this decision is an order after rehearing, a person aggrieved who wishes to appeal must seek judicial review rather than rehearing. A second petition for rehearing is not an option.

This general notice is for the purpose of ensuring compliance with Wis. Stat. § 227.48(2), and does not constitute a conclusion or admission that any particular party or person is necessarily aggrieved or that any particular decision or order is final or judicially reviewable.

Revised 9/28/98