

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Transmittal of))
KAUAI ISLAND UTILITY COOPERATIVE)) TRANSMITTAL NO. 2013-03
))
For Approval of Changes to its))
Tariff Rule, from Existing Tariff))
Rule No. 18, Advanced Meter))
(aka Smart Meter) Deferral Program,))
to New Tariff Rule No. 18,))
Non-Standard Meter.))
_____))

DECISION AND ORDER NO. 31638

FILED
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PUBLIC UTILITIES
COMMISSION

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OF THE STATE OF HAWAII

In the Matter of the Transmittal of))
KAUAI ISLAND UTILITY COOPERATIVE) Transmittal No. 2013-03
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For Approval of Changes to its) Decision and Order No. **31638**
Tariff Rule, from Existing Tariff)
Rule No. 18, Advanced Meter)
(aka Smart Meter) Deferral Program,))
to New Tariff Rule No. 18,)
Non-Standard Meter.)
_____)

DECISION AND ORDER

By this Decision and Order, the commission approves, subject to certain conditions, KAUAI ISLAND UTILITY COOPERATIVE's ("KIUC") Transmittal No. 2013-03, filed on October 3, 2013.¹ Accordingly, KIUC's new Tariff Rule No. 18, Non-Standard Meter, will take effect from November 4, 2013.

Pursuant to its newly approved tariff rule, KIUC is authorized to assess:

1. A one-time Non-Standard Meter Set-Up Charge to recover the incremental costs associated with removing a standard or non-standard meter and replacing it with a non-standard meter; and

¹Transmittal No. 2013-03, filed on October 3, 2013.

2. A Monthly Non-Standard Meter Charge to recover the incremental costs to manually read and service a non-standard meter.

KIUC's new Tariff Rule No. 18, in turn, will apply to a customer that chooses to: (1) replace the customer's standard meter with a non-standard meter; or (2) replace the customer's non-standard meter with another non-standard meter (i.e., the one-time Non-Standard Meter Set-Up Charge). The new Tariff Rule No. 18 will also apply to customers that choose to utilize a non-standard meter (i.e., the Monthly recurring Non-Standard Meter Charge).

The commission, by its decision issued today, continues to promote the benefits of utilizing standard meters (i.e., smart meters) on the island of Kauai as part of KIUC's efforts to modernize its electric grid, while providing customers with the option of utilizing non-standard meters. That said, the commission concurs with KIUC's overall position that the customer that chooses to utilize a non-standard meter which causes additional costs should be responsible for the incremental costs associated with installing and/or utilizing a non-standard meter.

I.

Background

KIUC is a non-profit cooperative that is the franchised provider of electric utility service on the island of Kauai.

A.

Docket No. 2010-0229 and KIUC's Existing Tariff Rule No. 18

On September 29, 2011, the commission, in In re Kauai Island Util. Coop., Docket No. 2010-0299 ("Docket No. 2010-0299"), approved, subject to certain conditions, KIUC's request to commit approximately \$5,982,002 in funds for the electric cooperative's Smart Grid Project. The commission, as a result, approved KIUC's participation in a National Smart Grid Demonstration Project to bring advanced meter technology to every household on the island of Kauai. KIUC, in effect, combined its funds with a matching grant of approximately \$5,982,002 from the United States Department of Energy, under the American Reinvestment and Recovery Act for Smart Grid Demonstration Projects.²

As further explained by the commission in Docket No. 2010-0299:

²Docket No. 2010-0299, Decision and Order, filed on September 29, 2011.

The project is transformative for the island of Kauai, as it will allow KIUC to replace about 33,000 electricity meters with smart meters, along with an enhanced communications infrastructure that will allow two-way communication between those meters and KIUC. The new infrastructure will allow KIUC to conduct remote meter readings, detect outages at the household level, as well as demonstrate the effectiveness of load control and demand response systems and allow the utility to evaluate alternate rate designs.

The demonstration project, which will replace members' existing meters with new smart meters, will occur over the next five years: two years for installation and three years for data gathering and analysis. The new meters will communicate with the utility via a wireless or power line carrier system that sends information back to KIUC substations. According to KIUC, there are several benefits to utilizing smart meters, including:

- Improved meter accuracy;
- No meter readers on members' property;
- Billing date flexibility;
- Real-time energy consumption monitoring;
- Improved power quality;
- Faster outage restoration;
- Potential energy efficiency.

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The commission also finds the proposed program is reasonable based on the following considerations and potential benefits:

- 1) The facilities are useful for utility purposes, including:
 - Improved accuracy of meter reading;
 - Allows for remote meter reading;
 - Improves outage detection and management;

- Allows for remote connects and disconnects of residential accounts;
- Allows for collection of time-of-use data;
- Facilitates balancing of customer load with generation by automatic generation load control systems;
- Allows for collection of data from customer classes and demographics to identify different rate structures aimed at encouraging energy efficiency;
- Expands the [supervisory control and data acquisition/automatic generation control] capability already installed in the KIUC system.

Docket No. 2010-0299, Decision and Order, 2-3 and 18 (underscoring omitted); see also Transmittal No. 2013-03, at 3 n.2 (a smart meter is an advanced solid state meter with two-way communication).

Thereafter, on March 15, 2013, KIUC's Tariff Rule No. 18, Advanced Meter (aka Smart Meter) Deferral Program, took effect.³ KIUC's existing Tariff Rule No. 18: (1) describes its smart meter deferral program by which a customer may elect to defer the installation of a smart meter at the customer's residence or business; and (2) includes an Advanced Meter Installation Deferral form.

KIUC's Advanced Meter Installation Deferral form, in turn, states in part:

³Amended Tariff Order No. 31114, filed on March 14, 2013.

As a customer of [KIUC], I am aware of my opportunity to defer installation of an advanced meter ("Smart Meter") at my home or place of business; and by deferring installation, I do so with the understanding that I will not be receiving the benefits of an advanced meter. I understand that KIUC has agreed to defer the installation at this time while it continues to analyze the impacts that are caused by customers who decide not to receive an advanced meter and how to address those impacts. The deferral program does not reflect a final determination by KIUC regarding advanced meter installations and KIUC may decide to obtain cost recovery for the costs and impacts caused from those customers who decide not to receive an advanced meter.

___ I wish to defer installation of advanced metering at my home/business.

___ I would like to talk with a KIUC representative about the advanced meter installation prior to making a decision on whether to defer installation.
Contact number: _____

Tariff Rule No. 18, Exhibit A, Advanced Meter Installation Deferral form, at 1 (emphasis added); see also Tariff Rule No. 18, at 2.

KIUC represents that: (1) by the end of September 2013, smart meters will have been installed for all of its customers, except for customers that have chosen to participate in KIUC's smart meter deferral program (i.e., opting out of a smart meter installation); consequently

(2) its existing Tariff Rule No. 18, governing its smart meter deferral program, will be rendered moot.⁴

B.

KIUC's Transmittal No. 2013-02

On August 30, 2013, KIUC filed its Transmittal No. 2013-02, proposing to replace its existing Tariff Rule No. 18, Advanced Meter (aka Smart Meter) Deferral Program, with a new Tariff Rule No. 18, Election to Use Non-Standard Meter.

KIUC proposed to assess a non-standard meter charge upon a customer that chooses to: (1) replace the customer's smart meter (i.e., standard meter) with a non-standard meter (i.e., non-smart meter); or (2) replace the customer's non-standard meter with another non-standard meter.

KIUC's proposed non-standard meter charge, in turn, consisted of: (1) an equipment cost component to recover the cost of the replacement non-standard meter; (2) a labor component to recover the labor costs associated with removing the existing meter and replacing it with a non-standard meter; and (3) an overhead cost component to recover the

⁴KIUC's Transmittal No. 2013-02, filed on August 30, 2013, at 3; see also Transmittal No. 2013-03, at 3 (as of October 4, 2013, approximately ninety percent of KIUC's installed meters are smart meters).

"employee benefits, pension, payroll taxes, and transportation expenses" that were not recovered through the labor cost component of the non-standard meter charge.⁵

On September 27, 2013, the commission dismissed without prejudice KIUC's Transmittal No. 2013-02.⁶

The commission expressed the following comments and observations in dismissing without prejudice KIUC's Transmittal No. 2013-02:

1. A meter, whether standard or non-standard, is generally owned by an electric utility and its cost is embedded in an electric utility's existing base tariff rates.
2. The commission, in general, supports an electric utility's efforts to recover the full costs of servicing non-standard meters.
3. The commission's preference is to review a single proposed tariff rule that addresses not only the cost of installing or replacing a non-standard meter but also all on-going costs to service non-standard meters.
4. Such a cost structure should, in the absence of actual cost information, and to the extent applicable, be "benchmarked" to other comparable meter service charges that are assessed in other jurisdictions for similarly situated electric utilities where such charges are assessed to service non-standard meters.

Order No. 31465, at 4-5.

⁵Transmittal No. 2013-02, Attachment B, Non-Standard Meter Charge, at 1.

⁶Order No. 31465, Dismissing Without Prejudice Kauai Island Utility Cooperative's Transmittal No. 2013-02, filed on September 27, 2013 ("Order No. 31465").

C.

KIUC's Transmittal No. 2013-03

On October 3, 2013, KIUC filed its Transmittal No. 2013-03, by which it proposes to replace its existing Tariff Rule No. 18, Advanced Meter (aka Smart Meter) Deferral Program, with a new Tariff Rule No. 18, Non-Standard Meter.

KIUC, by its new Tariff Rule No. 18, specifically proposes to: (1) substitute the phrase "standard meter" in place of the phrases "advanced meter" and "smart meter;" (2) utilize the phrase "non-standard meter" as referring to a non-advanced or non-smart meter; and (3) replace its existing Advanced Meter Installation Deferral form with its proposed Election to Use Non-Standard Meter form.

KIUC, by its new Tariff Rule No. 18, also proposes to assess:

1. A one-time Non-Standard Meter Set-Up Charge to recover the incremental costs associated with removing a standard or non-standard meter and replacing it with a non-standard meter; and

2. A Monthly Non-Standard Meter Charge to recover the incremental costs to manually read and service a non-standard meter.

In this regard, KIUC specifically proposes to assess the following amounts for the one-time and monthly recurring charges:

Non-Standard Meter Set-Up Charge

Description of the Type of Non-Standard Meter that will be Installed in Place of an Existing Standard Meter or Non-Standard Meter

Non-Standard Meter Set-Up Charge

Residential Basic Meter	\$50.64
Residential Bi-Directional	\$50.64
Commercial Basic Meter	\$65.64
Commercial Bi-Directional Meter	\$138.80

Monthly Non-Standard Meter Charge

Each customer that has a Non-Standard Meter shall be subject to and pay a monthly charge of \$10.27 per Non-Standard Meter.

KIUC's new Tariff Rule No. 18, in essence, is intended to apply to a customer that chooses to: (1) replace the customer's standard meter (i.e., smart meter) with a non-standard meter (i.e., non-smart meter); or (2) replace the customer's non-standard meter with another non-standard meter (i.e., the one-time Non-Standard Meter Set-Up Charge). The new Tariff Rule No. 18 is also intended to apply to customers that choose to utilize a non-standard meter (i.e., the Monthly recurring Non-Standard Meter Charge).

KIUC filed its transmittal pursuant to Hawaii Revised Statutes ("HRS") § 269-16 and

Hawaii Administrative Rules § 6-61-111, and served copies upon the DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS, DIVISION OF CONSUMER ADVOCACY ("Consumer Advocate"). KIUC requests an effective date of November 4, 2013, following the expiration of the thirty-day minimum statutory notice period.

D.

Procedural Background

By letter dated October 7, 2013, KIUC provided additional information in support of its transmittal. Thereafter, on October 14, 2013, as supplemented on October 17, 2013, KIUC filed its responses to the commission's information requests, PUC-IR-101 to PUC-IR-109.

On October 18, 2013, the Consumer Advocate filed its position statement, and on October 21, 2013, KIUC filed its reply letter.

The commission has also received written comments from the general public, including non-KIUC customers, expressing concerns with and/or opposition to KIUC's transmittal.⁷ KIUC, in its various responses to PUC-IR-110, describes how it has responded to such concerns and opposition.⁸

⁷See, e.g., Commission's transmittal memorandums, dated October 7, 8, 11, 14, 16, 28, and 30, 2013.

⁸See, e.g., KIUC's responses to PUC-IR-110.

II.

Discussion

All rates, charges, classifications, schedules, rules, and practices made, charged, or observed by a public utility must be just and reasonable and filed with the commission, in accordance with HRS § 269-16(a) and (b). State law, in turn, also authorizes a public utility to establish such a rate, charge, classification, schedule, rule, or practice following thirty days' notice to the commission. HRS §§ 269-16(b) and 269-12(b).

KIUC, in support of its transmittal, states:

1. "[T]he proposed Non-Standard Meter Set-Up Charge was calculated by performing an incremental cost analysis in order to make the cost causer bear the costs of KIUC having to (1) replace a member's/customer's then existing Standard Meter with a non-Standard Meter, or (2) replace the member's/customer's then existing non-Standard Meter with another type of non-Standard Meter."⁹ Attachment B of Transmittal No. 2013-03 provides the breakdown and calculations of the one-time charge for: (A) a residential basic

⁹KIUC's response to PUC-IR-103(1).

or bi-directional meter; and (B) a commercial basic or bi-directional meter.¹⁰

2. "[T]he proposed Monthly Non-Standard Meter Charge was calculated by performing an incremental cost analysis in order to make the cost causer bear the costs of KIUC having to service non-Standard Meters."¹¹ Attachment C of Transmittal No. 2013-03 provides the breakdown and calculations of the monthly recurring charge.

3. The proposed tariff changes will enable KIUC to continue to provide its customers with the option of not using a standard meter. Nonetheless, the costs associated with a non-standard meter do not benefit KIUC's customers as a whole. Thus, such costs should be borne by the specific customer that causes such costs. In this regard:

A. For customers with a non-standard meter, KIUC will be unable to remotely read those meters or remotely connect and disconnect those accounts. Instead, KIUC personnel must manually go out to those customers' residences and businesses to read and service their non-standard meters.

¹⁰See also PUC-IR-103(2) (explaining how the overhead rate of 0.5699 was derived).

¹¹KIUC's response to PUC-IR-103(1); see also Transmittal No. 2013-03, Attachment 3, at 1 (KIUC calculated its proposed Monthly Non-Standard Meter Charge utilizing an incremental cost analysis approach).

B. The proposed one-time and monthly recurring charges are intended to make the specific customer that causes such costs pay for the incremental costs that KIUC does not incur for customers with standard meters.

6. KIUC's proposed charges "appear to be in the middle to lower range of the types of charges imposed in other jurisdictions for the use of non-standard meters."¹²

KIUC also provides the following information in response to the commission's information requests:

1. As of October 9, 2013, a total of 2,924 customers have chosen to defer the installation of a standard meter (i.e., smart meter), pursuant to KIUC's Advanced Meter (aka Smart Meter) Deferral Program.

2. The Advanced Meter Installation Deferral forms that were signed by customers that opted out of a standard meter installation will remain in effect.

3. There will continue to be no charge to install a standard meter.

4. Approximately 3,000 customers will be impacted by the Monthly Non-Standard Meter Charge.

¹²KIUC's letter, dated October 7, 2013, at 1.

The Consumer Advocate recommends that the commission approve KIUC's transmittal, subject to certain conditions. In this regard, the Consumer Advocate states:

1. "[O]ne of the significant issues that is being addressed is cost-causation, in which utility costs incurred to benefit a specific customer group of customers, or customer class, are assigned as much as possible to the customer, group of customers, or customer class that causes those costs to be incurred to prevent other customers or customer classes from paying for or subsidizing the 'cost-causer.' This is sometimes generally referred to as 'the costs following the cost-causer.'" ¹³

2. Customers that elect to use a non-standard meter are causing KIUC to incur additional costs.

3. In KIUC's most recent rate case proceeding, In re Kauai Island Util. Coop., Docket No. 2009-0050, the commission approved \$463,578 in meter expenses at part of the electric cooperative's test year revenue requirement. Thus:

If the proposed tariff changes are allowed outside of a rate proceeding, it is uncertain whether the estimated revenues associated with the proposed Transmittal No. 2013-03 will result in over-recovery of revenues by KIUC. The Consumer Advocate, recognizes, however, that the issue of over-recovery of revenues will ultimately benefit

¹³Consumer Advocate's Statement of Position, filed on October 18, 2013, at 6.

all of KIUC's members/customers in the form of an adjustment to the Company's Times Interest Earned Ratio . . . and/or return of patronage capital.

Consumer Advocate's Statement of Position, at 7.

That said, the Consumer Advocate recommends the following conditions as part of its non-objection to KIUC's transmittal:

1. The amount of revenues that KIUC is projected to receive with the implementation of its new Tariff Rule No. 18, Non-Standard Meter, is dependent upon the number of customers that opt to utilize a non-standard meter. Thus, the amount of additional revenues that could be generated by KIUC under its proposed new Tariff Rule No. 18 is uncertain.

"In light of [this scenario], and in consideration of the importance of addressing the cost causation issue to avoid subsidization by KIUC's members/customers, the Consumer Advocate recommends that KIUC establish a tracking mechanism to record all revenues associated with the proposed Transmittal No. 2013-03. At the time of KIUC's next rate proceeding, the ratemaking treatment of any balances will be reviewed to ensure that there is no improper subsidization by KIUC's members/customers."¹⁴

¹⁴Id., at 8.

2. The cost of the non-standard meter equipment should also be included in the Non-Standard Meter Set-Up Charge and "when the costs of the non-standard meter charge is recovered through the set-up charge, an offsetting balance should be recognized as contributions in aid of construction."¹⁵ In this regard, the Consumer Advocate's understanding is that KIUC's inventory of non-standard meters is not very large and KIUC has "depleted its inventory of non-standard meters and will need to order meters to meet the requests of customers who might elect to use a non-standard meter."¹⁶ Furthermore, it is unreasonable "to allow a significant inventory of non-standard meters since this would unreasonably raise the cost of service to the majority of customers. Instead, customers who require non-standard meters should be assessed the costs associated with non-standard meters instead of imbedding those costs in base rates."¹⁷

3. Ultimately, "the Consumer Advocate recommends that, if the Commission agrees that the cost of the non-standard meter should be directly recovered from the cost-causer, the current proposed changes [should] be allowed to take effect

¹⁵Id., at 9.

¹⁶Id., at 9.

¹⁷Id., at 9 n.11.

on November 4, 2013, but that KIUC should file a subsequent tariff transmittal that reflects the inclusion of the non-standard meter in a revised non-standard meter charge."¹⁸

KIUC, in reply, states that it does not object to the Consumer Advocate's recommendations that: (1) KIUC establish a tracking mechanism to record all revenues associated with Transmittal No. 2013-03; and (2) the commission include the cost of the non-standard meter in KIUC's Non-Standard Meter Set-Up Charge. With respect to the second recommendation, KIUC requests that the cost of the non-standard meter, if approved by the commission, should be "effectuated in connection with this Transmittal No. 2013-03, rather than pursuant to a subsequent tariff transmittal filing."¹⁹

The commission finds and concludes that KIUC has met its burden of proving that its proposal to replace its existing Tariff Rule No. 18, Advanced Meter (aka Smart Meter) Deferral Program, with a new Tariff Rule No. 18, Non-Standard Meter, is just and reasonable. In support thereto, the commission specifically finds and concludes:

¹⁸Id., at 10; see also id. (KIUC should submit a subsequent transmittal filing which requests the inclusion of the non-standard meter costs in KIUC's new Non-Standard Meter Set-Up Charge).

¹⁹Consumer Advocate's Statement of Position, at 3.

1. KIUC seeks to establish new charges that will apply to a specific class of customers that have chosen to utilize non-standard meters.

2. The commission, in Docket No. 2010-0299, approved KIUC's request to expend funds to install and use smart meters as part of its Smart Grid Project.²⁰

3. KIUC represents that smart meters will be installed for all of its customers by the end of September 2013, except for customers that have chosen to opt out of installing a smart meter.²¹ The benefits of utilizing an advanced solid state meter with two-way communication were previously identified by the commission in its Decision and Order issued in Docket No. 2010-0299. Such benefits include: (A) promoting the efficient use of energy by KIUC's customers; (B) implementing and testing load control and demand response systems for the purpose of maximizing such capabilities for the customers' benefit; and (C) facilitating the balancing of customer loads with generation through the use of automatic generation control systems.²²

²⁰Docket No. 2010-0299, Decision and Order, filed on September 29, 2011.

²¹Transmittal No. 2013-02, at 3; and Transmittal No. 2013-03, at 3.

²²Docket No. 2010-0299, Decision and Order, at 2-3 and 18; Declaration of Karissa Jonas, dated October 14, 2013, Transmittal No. 2013-03

4. Based on KIUC's existing Tariff Rule No. 18, Advanced Meter (aka Smart Meter) Deferral Program, customers have been able to opt out of having a standard meter installed. Nonetheless, to encourage the use of standard meters, there currently is no charge, and there will continue to be no charge to the customer to install a standard meter. Accordingly, the one-time Non-Standard Meter Charge and the Monthly Non-Standard Meter Charge will not apply to a customer that elects to have a smart meter installed in the future.²³

5. KIUC's assessment of the one-time Non-Standard Meter Charge will be limited to: (A) a customer that chooses to replace a standard meter with a non-standard meter; or (B) a customer that chooses to replace a non-standard meter with another non-standard meter. KIUC's assessment of the Monthly Non-Standard Meter Charge, in turn, will be limited to customers with non-standard meters. Under these scenarios, the customer

Paragraph No. 9; and KIUC's responses to PUC-IR-106 and PUC-IR-109; see also Docket No. 2010-0299, KIUC's letter, dated May 7, 2012, at 1 n.2 (pursuant to Ordering Paragraph No. 4 of the commission's Decision and Order issued in Docket No. 2010-0299, KIUC will be filing the "specifics" of its Demand Response Pilot Program prior to implementing said program).

²³KIUC's response to PUC-IR-101(3); and Declaration of Karissa Jonas, dated October 14, 2013, Paragraph No. 10.

is choosing to utilize a non-standard meter, and KIUC will continue to provide the affected customer with this option.²⁴

6. The one-time Non-Standard Meter Charge is based on KIUC's calculations of the incremental cost to manually replace a standard meter with a non-standard meter or a non-standard meter with another non-standard meter, and is cost-based. Specifically, the one-time Non-Standard Meter Set-Up Charge consists of: (A) a labor cost component that is based on a one-hour 2014 estimated labor rate for a field services representative, meter electrician, or meter specialist to remove the existing meter and install a replacement non-standard meter; (B) an overhead cost component to recover the employee benefits, pension, payroll taxes, and transportation expenses that are not recovered through the labor cost component; and (C) a revenue tax component.²⁵

7. The Monthly Non-Standard Meter Charge is based on KIUC's calculations of the incremental cost to manually read and service a customer's non-standard meter, and is cost-based. In this regard, the monthly recurring charge includes:

²⁴KIUC's responses to PUC-IR-101(1), PUC-IR-102; and Declaration of Karissa Jonas, dated October 14, 2013, Paragraphs Nos. 3 and 8.

²⁵Transmittal No. 2013-03, at 6, and Attachment B, Non-Standard Meter Set-up Charge; Declaration of Karissa Jonas, dated October 14, 2013, Paragraphs Nos. 4 and 5; and KIUC's response to PUC-IR-103.

(A) an incremental labor cost component; (B) an incremental overhead cost component; (C) an "other" incremental cost component which consists of the annual fees and maintenance that is required to maintain the ITRON system that is used to read and enter readings for meters that need to be read manually, and the annual costs to store the non-standard meter inventory; and (D) a revenue tax component.²⁶

8. KIUC seeks to recover the incremental costs it incurs in installing and utilizing non-standard meters from the customer that chooses to install and/or use a non-standard meter and causes KIUC to incur additional costs. Such a cost recovery approach from the cost-causing customer is reasonable. Thus, the perception that the assessment of the one-time and monthly recurring charges constitutes a penalty for customers that have opted-out of using standard meters is without merit. In short, KIUC has sufficiently demonstrated that it incurs costs in installing and utilizing non-standard meters, and such costs should be passed on to the cost-causing customer and not to customers that have chosen to utilize standard meters.²⁷

²⁶Transmittal No. 2013-03, at 6, and Attachment C, Monthly Non-Standard Meter Charge; Declaration of Karissa Jonas, dated October 14, 2013, Paragraphs Nos. 4 and 6; and KIUC's responses to PUC-IR-103 and PUC-IR-104.

²⁷Declaration of Karissa Jonas, dated October 14, 2013, Paragraphs Nos. 7-10; and KIUC's responses to PUC-IR-103(1) and PUC-IR-109.

9. The Consumer Advocate represents and advances the interests of all consumers of public utility services, in accordance with HRS § 269-51. Here, the Consumer Advocate, as part of its independent review and analysis of KIUC's transmittal, concludes that KIUC's request to recover the incremental costs it incurs in installing and utilizing non-standard meters from the customer that chooses to install and/or use a non-standard meter and causes KIUC to incur additional costs is reasonable.

The commission, thus, approves KIUC's Transmittal No. 2013-03, subject to the following conditions:

1. Page 1 of KIUC's newly approved Tariff Rule No. 18 states in part that the Non-Standard Meter Set-Up Charge shall apply "for each meter [that is] removed and replaced with a Non-Standard Meter pursuant to a Non-Standard Meter Form properly completed and submitted to the Company after September 30, 2013[.]" KIUC, in its response to PUC-IR-101(2), confirms that it seeks to apply the Non-Standard Meter Set-Up Charge to "any request to change from a Standard Meter to a non-Standard Meter or from an existing non-Standard Meter to another type of non-Standard Meter that was submitted after

September 30, 2013, consistent with the proposed Tariff Rule No. 18."²⁸

Here, KIUC's new Tariff Rule No. 18, which includes the Non-Standard Meter Set-Up Charge and the Non-Standard Meter form, will take effect from November 4, 2013, with no retroactive application. In other words, KIUC's existing Tariff Rule No. 18, Advanced Meter (aka Smart Meter) Deferral Program, remains in effect up until November 3, 2013, by which a customer's ability to defer the installation of a smart meter without charge technically exists until November 3, 2013. Thereafter, from November 4, 2013, the newly approved one-time and monthly recurring charges will apply.

As a result, KIUC shall change the "after September 30, 2013" reference to "after November 3, 2013," consistent with the November 4, 2013 effective date of its new Tariff Rule No. 18.

2. Consistent with the Consumer Advocate's recommendation, KIUC shall establish a tracking mechanism to record all revenues associated with its newly approved Tariff Rule No. 18, Non-Standard Meter.

3. The commission reserves the right to review, modify, and terminate new Tariff Rule No. 18 at any time, consistent with the public interest.

²⁸KIUC's response to PUC-IR-101(1).

As a final matter, the commission declines to address the Consumer Advocate's other recommendation that the commission find and conclude herein that it is also just and reasonable for KIUC to include the costs of a non-standard meter in its newly approved Tariff Rule No. 18. Such action, in the commission's view, is beyond the scope of Transmittal No. 2013-03. Moreover, the commission notes that meters, pursuant to KIUC's existing Tariff Rule No. 14(A)(2)(b), are owned, operated, and maintained by KIUC, and not the customer.

III.

Order

THE COMMISSION ORDERS that KIUC's Transmittal No. 2013-03, filed on October 3, 2013, is approved. Accordingly, KIUC's new Tariff Rule No. 18, Non-Standard Meter, will take effect from November 4, 2013, and subject to the following conditions:

1. KIUC shall promptly file revised tariff sheets which: (1) replace the "after September 30, 2013" reference to "after November 3, 2013," consistent with the effective date of its new Tariff Rule No. 18; and (2) incorporate the applicable issued and effective dates.

2. KIUC shall establish a tracking mechanism to record all revenues associated with its newly approved Tariff Rule No. 18.

3. The commission reserves the right to review, modify, and terminate KIUC's new Tariff Rule No. 18 at any time, consistent with the public interest.

DONE at Honolulu, Hawaii OCT 30 2013.

PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By *Hermina Morita*
Hermina Morita, Chair

By *Michael E. Champley*
Michael E. Champley, Commissioner

By *Lorraine H. Akiba*
Lorraine H. Akiba, Commissioner

APPROVED AS TO FORM:

Michael Azama
Michael Azama
Commission Counsel

TRANS. NO. 2013-03.sr

CERTIFICATE OF SERVICE

The foregoing order was served on the date of filing by mail, postage prepaid, and properly addressed to the following parties:

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