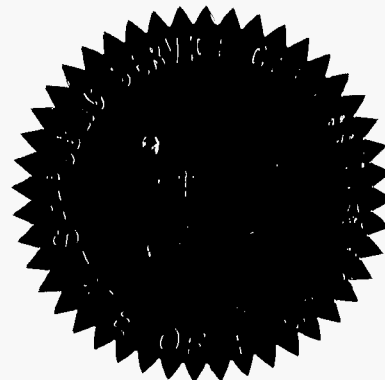


BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080547-GU

In the Matter of:

PETITION FOR PERMANENT WAIVER OF
REQUIREMENTS OF RULES 25-7.084(2)
AND 25-7.085(4), F.A.C., TO FULLY
RECOGNIZE THE ACCURACY AND EFFICIENCY
BENEFITS OF AUTOMATIC METER READINGS,
BY FLORIDA DIVISION OF CHESAPEAKE
UTILITIES CORPORATION.



PROCEEDINGS: AGENDA CONFERENCE
ITEM NO. 8

BEFORE: CHAIRMAN MATTHEW M. CARTER, II
COMMISSIONER LISA POLAK EDGAR
COMMISSIONER KATRINA J. McMURRIAN
COMMISSIONER NANCY ARGENZIANO
COMMISSIONER NATHAN A. SKOP

DATE: Tuesday, October 14, 2008

PLACE: Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida

REPORTED BY: LINDA BOLES, RPR, CRR
Official FPSC Reporter
(850) 413-6734

DOCUMENT NUMBER-DATE

FLORIDA PUBLIC SERVICE COMMISSION 09960 OCT 20 8

FPSC-COMMISSION CLERK

1 PARTICIPATING:

2 BETH KEATING, ESQUIRE, and THOMAS GEOFFROY, appearing
3 on behalf of Chesapeake Utilities Corporation.

4 MARTHA BROWN, ESQUIRE, and CONNIE KUMMER, appearing
5 on behalf of Commission staff.

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

P R O C E E D I N G S

1
2 CHAIRMAN CARTER: Commissioners, now we are on
3 Item 8. That's correct; right? Item 8. Let's give staff a
4 moment to get settled in.

5 Staff, you're recognized

6 MS. BROWN: Commissioners, Martha Brown on behalf of
7 Commission staff. This is staff's recommendation to approve
8 Chesapeake Utility's request for a waiver of the Commission's
9 rules requiring physical reading of customers' meters in light
10 of Chesapeake's installation of automatic electronic meter
11 reading equipment. We're ready to answer any questions that
12 you may have, and the company is here to answer questions as
13 well.

14 CHAIRMAN CARTER: Commissioner Argenziano.

15 COMMISSIONER ARGENZIANO: Thank you. I have a
16 question. What I'm concerned with, I guess, is that if there's
17 no actual reading, and I guess what I'm trying to avoid is
18 maybe at the end of the year there's an actual read done on a
19 meter and the meter suddenly is in discrepancy with what the
20 radio frequency has indicated, what happens to that consumer?
21 We've seen in other places all of the sudden they're hit with,
22 you know, sorry, but it was inaccurate. Here's the bill and
23 you need to pay it tomorrow. And, and I guess I'd like to know
24 is there a zero chance of it being inaccurate, the radio
25 frequency?

1 CHAIRMAN CARTER: You want to hear from the company
2 on that?

3 COMMISSIONER ARGENZIANO: Sure.

4 CHAIRMAN CARTER: Ms. Keating.

5 MR. GEOFFROY: Mr. Chairman and Commissioners, if I
6 may, my name is Tom Geoffroy. I'm Vice President for
7 Chesapeake Utilities. In fact, these units do not measure
8 anything. These units simply take the reading, the mechanical
9 reading of the, of the meter and communicate that back to the
10 company on a daily basis rather than one read a month by
11 someone going out to read the meter. So we should be able to,
12 we expect to be able to on a real-time basis see if there's an
13 issue with a meter.

14 To address your specific issue, if there is -- there
15 is not ever a zero chance of inaccuracy. But if there is an
16 inaccuracy that occurs, say, at the end of the year, the
17 consumer by rule would have an equal amount of time to make
18 payment for that and it would be no different than if there is
19 inaccuracies in the measuring equipment that occurs today.

20 COMMISSIONER ARGENZIANO: Well, when you say in equal
21 time, what does that mean? Let's say just hypothetically that
22 it was wrong all year or six months out of the year and that
23 would be a very big hit or something to the consumer. What
24 equal time would there be? And I guess I --

25 MR. GEOFFROY: My understanding by rule is that we

1 can only backbill up to 12 months and that the consumer would
2 have an equal amount of time, in this case 12 months, to make
3 payment.

4 COMMISSIONER ARGENZIANO: Okay. Okay. I wanted to
5 make sure to get that on record. And if the consumer were to
6 call, is there a mechanism, you know, if the consumer calls and
7 says, well, hey, I went out and looked at my meter and it's
8 different than what you're billing me for, do you have
9 something in place that would adjust that to the consumer
10 fairly quickly?

11 MR. GEOFFROY: Yes, we do. It's the same procedure
12 that we have in place today. If a consumer gets their bill,
13 sees that there's a reading on the bill, goes out and looks at
14 their meter and calls us and says I see a different reading
15 than what you have today or what's shown on my bill, we have a
16 procedure to go out and verify that the reading was accurate.
17 We would still have that procedure in place.

18 COMMISSIONER ARGENZIANO: And just, and just one
19 other question. Will you be at least at one time during the
20 year actually reading the meters?

21 MR. GEOFFROY: Our intention is not to actually read
22 those meters one time a year. We do have regulatory
23 requirements to go out and inspect the meters and the
24 installation for atmosphere corrosion and for safety purposes,
25 but we do not intend to incur the cost to read the meters one

1 time a year.

2 COMMISSIONER ARGENZIANO: My only concern with that,
3 Mr. Chairman, is if you don't, how do you know that the
4 electronic high frequency or whatever it's called, frequency
5 reading, meter reading is accurate?

6 MR. GEOFFROY: The Commission rules require us on a
7 periodic basis to pull the meter and test the meter and we do
8 that. Just like today there is no guarantee that the
9 mechanical index is working correctly. So when we physically
10 go out and read the meter, there's no guarantee that is
11 accurate as well. We only know that accuracy once the meter is
12 pulled and tested for accuracy by certified testing companies.

13 COMMISSIONER ARGENZIANO: I'm sorry. I have another
14 question. What is the Commission rule on how often they pull
15 the meter?

16 CHAIRMAN CARTER: Staff?

17 COMMISSIONER ARGENZIANO: And while staff is getting
18 that, what would be the harm in reading the meter at the same
19 time if you're going out to pull the meter, unless it's every
20 five years that you have to pull the meter?

21 MS. BROWN: We're going to look that up,
22 Commissioner. Give us just a moment.

23 CHAIRMAN CARTER: Will you yield for a moment?

24 COMMISSIONER ARGENZIANO: Sure.

25 CHAIRMAN CARTER: Commissioner Skop. We'll come back

1 to you.

2 COMMISSIONER SKOP: Thank you, Mr. Chairman.

3 Along the same lines of Commissioner Argenziano's
4 question, I had a similar question on Page 8 -- I mean, the
5 first page of the staff recommendation on Item 8 it speaks to
6 the fact that Chesapeake is installing automatic meter reading
7 equipment. How far along is that? Is that in the initial
8 stages or is that in completion? Because I think my concern,
9 as we've experienced in some wastewater instances, jumping the
10 gun and making sure -- just arbitrarily waiving a rule before
11 the system is installed and thoroughly, you know, performing
12 well might be premature. So, again, I'd like to just get some
13 insight into where we are in the installation switch out
14 procedure.

15 MR. GEOFRROY: Thank you, Commissioner. The company
16 went through a, a pilot program where we installed this on
17 about 375 accounts. We ran parallel tests where we physically
18 read the meter and we used the automated meter reading data for
19 a period of three months to ensure accuracy. We saw no errors
20 at all between, or no discrepancies at all between the
21 transmitted data and the physical read when we compared the
22 specific days of the physical read with the specific date, that
23 same date on the automated meter reading.

24 We then began implementing. Today we're somewhere
25 around 35 to 40 percent implemented. We have taken the

1 precaution to go through and make sure that the first month
2 that the meter reading data is coming in electronically. We
3 are also doing a physical read to again ensure the accuracy of
4 the setup and of the, of the operation of the automated meter
5 reading devices.

6 COMMISSIONER SKOP: Thank you. And, again, I guess
7 some operators have better experience than others in terms of
8 implementing and switching out. I think there's some economies
9 of scale that can be achieved by the automated reads without
10 having to use personnel to do physical. But I do think that
11 it's important periodically and also too to have a comfort
12 level that the automated system is working in good order before
13 you just unilaterally move to waive a valid rule of the
14 Commission. I think I would be more comfortable in seeing the
15 installation process further along before we would consider
16 just waiving the rule. I don't know if that would address some
17 of the other concerns, but I'm certainly open to discussion.

18 CHAIRMAN CARTER: The, just give me a moment to kind
19 of get this out before I lose it.

20 On the, in your response, the company's response to
21 Commissioner Argenziano about you going out once a year to
22 inspect, and I was just kind of thinking from my simple mind is
23 that since you're out there already, why not read it too? I
24 mean, how complicated or expansive would that be to just -- I
25 mean, you've got take the head off, you've got to go through

1 this. It seems like it would be far more involved to examine
2 it and inspect the meter than it would just to read it too. I
3 mean, I don't see that as being an overburden, an additional
4 process. Do you understand what I'm asking?

5 MR. GEOFRROY: Yes, I understand. The company would
6 certainly entertain doing that. We would be happy to read the
7 meter once a year at the same time that we do the atmosphere
8 corrosion. We were concerned about the incremental cost of
9 performing the reading. The reading is a little bit more
10 entailed because the index reading -- you can visually inspect
11 for safety purposes from a distance. You have to get right up
12 to the meter to be able to read it. So there is an incremental
13 cost incurred there. But it's, it should not be overly
14 burdensome to do so and the company would certainly do that.

15 CHAIRMAN CARTER: I'm back to you, Commissioner.

16 COMMISSIONER ARGENZIANO: Well, in response to that,
17 if you're out there inspecting for corrosion and so on anyway,
18 I think the cost would be -- because I'm all in favor of the
19 high frequency reading for saving the consumer because the
20 consumer just, just can't keep paying more and more and more.
21 So I appreciate that. I just want to make sure that it's
22 accurate. And if you're going out by rule, and that's what I'm
23 waiting for the answer, how often you go out, if you're going
24 out once a year, and I don't know if that's the case, to check
25 for corrosion and so on looking at that meter, I wouldn't think

1 it would add any cost to read the meter at the same time. And
2 if staff has that answer.

3 MS. KUMMER: Commissioner, on that point, Rule
4 25-7.021 talks about meter testing. The Commission rule does
5 not specify a specific time period for testing. It says that
6 each utility will file its meter testing plan, and I have not
7 reviewed those plans.

8 COMMISSIONER ARGENZIANO: Well, with all due respect,
9 what the heck kind of rule is that?

10 MS. KUMMER: The rule, the rule states that every gas
11 utility shall file a report with the Division of Regulatory
12 Compliance on or before February 10th of each year on such
13 forms as prescribed. Such reports shall contain complete
14 information regarding the number of meters in service according
15 to the installation date, the number of meters tested, meters
16 past due for test, refunds, and all other information requests.
17 So they are reporting annually on what they have tested.

18 COMMISSIONER ARGENZIANO: Because if you're reporting
19 annually what you have tested, that says to me you are testing
20 once a year. Is that, is that what the company has been doing?

21 MR. GEOFRROY: I believe the, that there's further
22 rules regarding meter testing. My recollection is, and I'm not
23 trying to disagree with staff, but I believe that for
24 residential type meters the rule requirement is every ten years
25 you must test the meter, for commercial it's every five years

1 and for industrial it was every year.

2 COMMISSIONER ARGENZIANO: I thought it was five
3 years. Okay. So back to my original point, I would be very
4 concerned that the meter is not actually being tested but maybe
5 once every ten years. People move on an average of every five
6 to seven years. So if it was off -- and, again, I'm really for
7 this type of reading because I really think it does save money.
8 But then again on the other side I have to think about what if
9 it's not accurate all year or five years or four years and the
10 consumer -- it could work the other way for the company too. I
11 mean, it could be inaccurate in the customer's favor. So I
12 would think that, I would hope that if we had at least some
13 type of actual meter reading, I would think if you're going out
14 to test for corrosion -- and could you tell me, sir, how often
15 you would do that for the corrosive or to go out and actually
16 visually inspect? Because it has to be in your interest to do
17 so.

18 MR. GEOFRROY: Yes, it is. And by rule we have to do
19 it at least once a year.

20 COMMISSIONER ARGENZIANO: Okay. Well, then,
21 Mr. Chairman, if I knew that while they were doing that, that
22 one act, that time that you're out there anyway incurring that
23 expense, that would be, that would make me feel comfortable
24 that at least the meter is being read at that time. Now does
25 that have to be -- how does that become a make it happen, make

1 it so?

2 MS. BROWN: Commissioner, I've heard the company
3 agree to test, physically test the meter once a year, read the
4 meter once a year. And you could decide to grant the rule
5 waiver with the understanding that the company has agreed to go
6 and, and read the meter physically once a year.

7 COMMISSIONER ARGENZIANO: And, Mr. Chair, that's what
8 I would feel comfortable with, but also knowing for the next
9 time a company comes, maybe we should incorporate something
10 into our rule, if we have statutory authority, which I believe
11 we do, to maybe just say that when you're out on an inspection
12 it would be a good thing to do. So it just safeguards and they
13 can go ahead with the electronic meter reading.

14 CHAIRMAN CARTER: And it makes sense to me too,
15 Commissioner, because, as you said, is that you're out there
16 anyway. And staff has said that we can grant the waiver
17 pursuant to their agreement to, to read them the once a year
18 when they go out there to do the inspection. I'm comfortable
19 with that.

20 Commissioner Skop, you're recognized.

21 COMMISSIONER SKOP: Thank you, Mr. Chair. And just
22 to clarify the company's response to my prior question. In the
23 test implementation in terms of the accuracy of the RF reads or
24 the electronic reads, those were, were viewed by the company to
25 be accurate. There weren't like extra zeros causing bill

1 fluctuations or anything like that?

2 MR. GEOFRROY: We did not have any errors incurred or
3 discrepancies between the electronic transmission of the read
4 and the physical read that we took.

5 COMMISSIONER SKOP: Well, I think Commissioner --
6 based on that practical data and Commissioner Argenziano's
7 point, I think I'm comfortable with that position.

8 CHAIRMAN CARTER: Commissioners, anything further?
9 Commissioner Skop, you're recognized for a motion.

10 COMMISSIONER SKOP: I would like to -- that put me on
11 the spot. I'd like to make a motion to approve staff
12 recommendation for Issues 1 and 2, subject to the understanding
13 that was embodied by Commissioner Argenziano that they would be
14 required to do a physical read at least once per year during
15 the annual inspection. Does that accurately reflect what --

16 COMMISSIONER ARGENZIANO: Yes, and I'll second that.

17 CHAIRMAN CARTER: It's been moved and properly
18 seconded. Commissioners, any further questions, debate?
19 Hearing none, all those in favor, let it be known by the sign
20 of aye.

21 (Unanimous affirmative vote.)

22 All those opposed, like sign. Show it done.

23 (Agenda Item 8 concluded.)

24 * * * * *

25

1 STATE OF FLORIDA)
 : CERTIFICATE OF REPORTER
2 COUNTY OF LEON)

3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

I, LINDA BOLES, RPR, CRR, Official Commission Reporter, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

IT IS FURTHER CERTIFIED that I stenographically reported the said proceedings; that the same has been transcribed under my direct supervision; and that this transcript constitutes a true transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorneys or counsel connected with the action, nor am I financially interested in the action.

DATED THIS 20th day of October,

2008.

Linda Boles
LINDA BOLES, RPR, CRR
FPSC Official Commission Reporter
(850) 413-6734