

## Late Backup

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TEXAS (ROSE) RATEPAYERS' ORGANIZATION TO SAVE ENERGY  
COMMENTS TO CITY COUNCIL  
June 27, 2013  
Council Meeting Agenda Items #52

I learned about Agenda Item 52 while attending the Electric Utility Commission (EUC) meeting on June 17 – about 10 days ago. The description is “Authorize award, negotiation and execution of a ten-year requirements service contract with LANDIS + GYR for utility automated meter infrastructure (AMI) services for Austin Energy in an amount not to exceed \$60,102,752.”

**This is a major contract and minimal backup has been provided.** \$60 million is a number that gets my attention. The back-up provided to the EUC and to the council consists of a five paragraphs.

**This is a sole source contract.** Because of the proprietary nature of the work already completed, this is a sole source contract that was not competitively bid. There is no explanation of why the services have to be proprietary and sole source, and no explanation of what happens if in three or four years AE decides there is a better course of action to pursue.

**Budget information should be provided.** This \$60 million contract is for services. There is no budget to provide even the simplest breakdown of anticipated expenditures for personnel, equipment, travel, direct costs, subcontractors, administrative overhead and indirect costs.

**There is no cost benefit analysis.** If Austin Energy is looking to expand its use of advanced metering systems what can we as customers and ratepayers expect? How much will we pay? How much will we save?

**Is there a long range AMS plan? How does this contract fit into that plan?** Will this \$60 million contract cover the cost of everything we need to do or is this a part of what Austin Energy intends to invest? If it is a part of the larger plan we need to know what the larger plan is, how long it will take, how much it will cost, and how much money it will save.

As I have become involved in some of the consumer issues at Austin Energy I have learned that the billing systems of Austin Energy and the water utility are combined. The same contractor reads our electric and water meters. What has been done to identify and evaluate the potential for developing a system that would reduce costs for both utilities? This would represent a true savings. If only electric meters are read automatically how do utility customers benefit? Austin Energy has not made the case.

**We deserve more information before any decision is made to expand or extend the Landis & Gyr contract currently in place.** City Council should require in-depth information about the AMS system planned for the city, an evaluation of alternatives and a cost benefit analysis.

**The plan should identify why AMS is needed.** Do all customers need to participate or should it be limited to certain customers such as those on time of use rates? If time-of-use is the target of the system are there ways to accomplish the shifting of loads without using advanced meters? For example, Austin Energy already has a programmable thermostat program and has just announced a new program for air conditioner control with a programmable thermostat. Is it possible to begin simply by installing advanced meters for only for customers who need them because they are on a time based rate structure or are selling electricity back to the Austin Energy? Is a total change out of all of the meters necessary?

**All options need to be explored and the costs and benefits of the various alternatives need to be clear.** I have attached a page from a report that outlines how consumers can be protected in the AMS decision making process. The report provided seven guidelines. Today I emphasize only two of them.

- Smart meter proposals must be cost effective.
- Investments need to be verifiable and transparent.

**There is no evidence presented to support that that this \$60 million, ten-year contract is cost-effective and there is no transparency as to how the money will be spent.**

**Austin Energy should be sent back to the drawing board** to develop a long range AMS plan in cooperation with the city water utility in a public process. The intended plans for metering systems should be transparent to the public. Costs and benefits should be estimated and tracked and regularly reported.

Respectfully submitted by:

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# THE NEED FOR ESSENTIAL CONSUMER PROTECTIONS

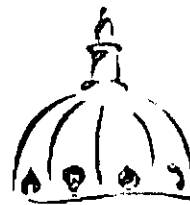
## SMART METERING PROPOSALS AND THE MOVE TO TIME-BASED PRICING

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1. Smart meter proposals must be cost-effective, and utilities must share the risks associated with the new technologies and the benefits used to justify the investment.
  2. Time-of-use or dynamic pricing must not be mandatory; consumers should be allowed to opt-in to additional dynamic pricing options.
  3. Regulators should assess alternatives to smart meters to reach the same load management goals, particularly direct load control programs.
  4. Smart meter investments should not result in reduced levels of consumer protections, especially relating to the implementation of remote disconnection, and traditional billing and dispute rights should be retained.
  5. Privacy and cyber-security concerns must be addressed prior to a smart meter rollout.
  6. Utilities and other policymakers should include comprehensive consumer education and bill protection programs in any evaluation or implementation of smart meter proposals.
  7. Investments in Smart Grid need to be verifiable and transparent and the utilities need to be held accountable for the costs they want customer to pay and the benefits they promise to deliver. Costs should be reasonable and prudent.