



OFFICE OF THE ATTORNEY GENERAL
CONNECTICUT

LAUREN BIDRA
ASSISTANT ATTORNEY GENERAL

Phone: 860-827-2603
Fax: 860-827-2893

April 29, 2022

By Email

Mr. Jeffrey R. Gaudiosi, Esq.
Executive Secretary
Public Utilities Regulatory Authority
10 Franklin Square
New Britain, Connecticut 06051

Re: Docket No. 17-12-03RE02, *PURA Investigation into Distribution System Planning of the Electric Distribution Companies—Advanced Metering Infrastructure*

Dear Mr. Gaudiosi:

William Tong, Attorney General for the State of Connecticut (“Attorney General”), respectfully files this letter in a lieu of a brief urging the Public Utilities Regulatory Authority (“PURA” or “Authority”) to carefully consider whether the significant costs of advanced metering infrastructure (“AMI”) deployment make economic sense and inure to the benefit of all Connecticut Light and Power Company d/b/a Eversource Energy (“Eversource”) ratepayers. Connecticut is at an inflection point. Over 800,000 Automated Meter Reading (“AMR”) meters in Eversource territory are approaching the end of their useful life. PURA is left with the complex policy decision: should Eversource replace its aging AMR meters with new AMR meters as a routine business expense; or should Eversource ratepayers bear approximately \$620 million in incremental costs for AMI deployment. The record does not establish that the \$620 million in AMI costs, and the unquantified but potentially significant associated stranded costs, make economic sense and inure to the benefit of all Eversource ratepayers in a cost-effective manner.

1. The Record Does Not Establish That \$620 Million in Eversource AMI Deployment Costs Make Economic Sense.

While the Attorney General supports many of the stated benefits of AMI including carbon reduction and quicker storm response, the record does not establish that it makes economic sense for ratepayers to pay over \$620 million for the latest AMI technology in Eversource service territory and associated stranded costs explained below. Eversource will likely apply for a base distribution rate increase in 2023, which if PURA grants any portion thereof, could increase customer bills significantly in 2024. In addition, Eversource has not sought cost-recovery for nearly \$700 million in storm costs including Tropical Storm Isaias. If AMI deployment is approved, in the near term Eversource rates would likely increase from AMI, any PURA-approved base distribution rate

10 Franklin Square
New Britain, Connecticut 06051

An Affirmative Action/Equal Opportunity Employer

increase, and PURA-approved prudent storm cost recovery. It is not difficult to imagine these costs approaching \$2 billion in requested revenue requirements.

Simply put, Eversource customers cannot afford any more rate increases. Eversource's projected rate increases to fund the latest AMI technology could start as early as next year, when consumers will likely still be struggling to manage high gas, food, and other commodity prices due to inflation and geopolitical factors. The evidence demonstrates that if PURA approves Eversource's proposed AMI plan, Eversource residential customers could pay up to \$5 more per month for AMI deployment in several years.¹ These projections do not even include associated stranded costs.

In addition to the cost of nearly one million new AMI meters, AMI deployment requires extensive updating of Eversource's existing systems including cybersecurity. Notably, under Eversource's proposed plan, there will be unquantified but potentially significant stranded metering costs for AMR meters that have not reached the end of their useful life but would be replaced with AMI meters. This means that for the same Eversource account, Eversource ratepayers will pay for: 1) the entire twenty-year life of an AMR meter retired before the end of its useful life, and 2) a new AMI meter. Eversource has not provided an order of magnitude for the stranded AMR metering costs but may request that a regulatory asset be established so that it may recover all depreciation expenses for the retired AMR meters from ratepayers. *See* Conn. Gen. Stat. § 16-243w(c).

The Attorney General is not opposed to AMI deployment as a concept. As an illustrative example, The United Illuminating Company ("UI") has been deploying AMI technology in its service territory since approximately 2010. UI expects to reach 100% AMI deployment by 2024. The costs to bring UI from about 80% AMI penetration to 100% are approximately \$10 million. UI would continue to seek cost-recovery for the remainder of AMI deployment in distribution base rates. UI stated stranded AMR metering costs are not material. UI ratepayers have not, and likely will not, experience material rate increases for UI's orderly deployment of AMI.

2. The Record Does Not Establish That \$620 Million in Eversource AMI Deployment Inures to the Benefit of All Eversource Ratepayers in a Cost-Effective Manner.

Responsible fiscal policymaking demands that the Authority scrutinize every penny added to a utility bill and ensure that it not only makes economic sense, but that it inures to the benefit of all ratepayers in a cost-effective manner. To determine whether each Eversource ratepayer would benefit from AMI, it is important to understand the difference between the current Eversource AMR metering and AMI. AMR measures and stores total customer usage for a single month. This

¹ Eversource indicates that it will apply for federal funding to offset AMI costs if it receives regulatory approval from PURA. Eversource expects the most amount of federal funding it may receive is \$200 million. Given that the receipt of federal funding is presently speculative, this letter does not assume that federal funding will be available to offset the estimated \$620 million in AMI costs.

value is then collected via the AMR drive-by reading system, stored by Eversource, and results in monthly electric bills. AMI collects detailed usage and voltage data in 15-minute increments through a wireless communication system that does not require drive-by meter reading. Eversource posits that consumers will use the increased visibility into their energy usage from AMI as well as timelier updates from Eversource to decrease their energy consumption. However, the record does not establish how many Eversource ratepayers would be willing and able to decrease their energy consumption to realize the benefits of AMI that they would be paying for.

Eversource estimates that the purported \$743 million in benefits for AMI will exceed the incremental \$620 million in estimated costs over a twenty-year period. That is, Eversource ratepayers will pay for the front-loaded costs for AMI deployment and other rate increases without receiving a meaningful present benefit. Thus, the purported benefits of AMI are protracted and many benefits that depend upon consumer engagement and energy consumption patterns are difficult to accurately quantify. The record, in its current state, simply does not support a definitive conclusion that these claimed benefits are worth the cost for many ratepayers who are already struggling to afford their electric bills.

3. Conclusion

Many consumers desire the latest technology. However, while most consumers who use a smart phone, for instance, may want the technology of the latest smart phone, it is not a fiscally responsible decision for every consumer to buy the latest smart phone, much less require them to buy one. PURA must decide if it is a fiscally responsible decision to purchase the latest in metering technology for Eversource customers for \$620 million in addition to undefined and potentially significant stranded AMR costs. The costs of AMI deployment will be with Eversource ratepayers for years to come, at a time when they will likely be bearing other significant rate increases. The record in this proceeding does not establish that deploying AMI in Eversource service territory—at this time and under these circumstances—is a fiscally responsible decision. Nor does it establish AMI deployment would inure to the benefit of all Eversource ratepayers in a cost-effective manner.

The Attorney General thanks PURA for its continued commitment to ensuring that electric rates are fair and equitable, and appreciates PURA's attention to the important rate affordability issues raised in this proceeding.

April 29, 2022

4 | Page

Respectfully Submitted,

WILLIAM TONG
ATTORNEY GENERAL
STATE OF CONNECTICUT

BY: Lauren H. Bidra
Lauren H. Bidra
John S. Wright
Assistant Attorneys General
Attorney General's Office
10 Franklin Square
New Britain, Connecticut 06051
Lauren.Bidra@ct.gov
John.Wright@ct.gov

Service is certified to all Participants
on this agency's service list.

Lauren H. Bidra
Lauren H. Bidra
Commissioner of the Superior Court