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# EXETER

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REF: 201104

November 30, 2020

Ms. Kathryn H. Bowman  
Louisiana Public Service Commission  
Office of General Counsel  
602 North Fifth Street (Galvez Building) (70802)  
P.O. Box 91154  
Baton Rouge, LA 70821-9154

Re: RFP 20-19: Pointe Coupee Electric Membership Corporation  
Application for Approval of Automated Metering System and Request for Cost  
Recovery and Related Relief

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Dear Ms. Bowman:

Exeter Associates, Inc. (Exeter) is pleased to submit this proposal to assist the Staff of the Louisiana Public Service Commission (LPSC or Commission) in reviewing the application of Pointe Coupee Electric Membership Corporation (PCME) to implement a permanent advanced metering system (AMS) and a rate rider to recover the expenses associated with the installation of the AMS.

Scope of Assistance

PCME is a rural electric cooperative serving approximately 10,464 retail customers throughout the following parishes: Iberville, Pointe Coupee, and West Baton Rouge. At this time, PCME does not have an existing automated meter reading system (AMR) or AMS. However, PCME provided notice to the LPSC on October 22, 2020 of its intent to file an application around mid-November 2020 seeking Commission approval of an AMS pursuant to Commission General Order dated September 22, 2009 (Docket No. 29213 consolidated with Docket No. 29213 Subdocket A) (AMS/DR General Order). Exeter proposes to review and evaluate PCME's application, once it is filed, to ensure that the intent of Commission's AMS/DR General Order will be met, that the selected vendor was chosen through a competitive selection process, and that the proposed AMS is cost-effective and in the public interest. Issues for consideration include the compatibility of the new AMS with back office, meter and data management, and billing systems; outage management plans with the selected AMS; compatibility of the technology, in particular the meters, with the climate;

the benefits assumed in the AMS; the projected life of the AMS; opt-out cost impacts; and whether PCME plans to explore demand response or other AMS opportunities. Exeter will seek to determine whether a fair and thorough evaluation of the metering technologies available at the time was conducted through the RFP process, including the cost-effectiveness of competing technology solutions.

Section 3.4 of the AMS/DR General Order allows utilities the opportunity to recover, through their approved rates and charges, prudently incurred advanced metering costs, including those costs associated with the deployment of a new AMS, any associated pilot program implementation, and any related demand response programs, upon certification by the Commission that the implementation of these plans is in the public interest. While PCME currently operates under a Formula Rate Plan (FRP), it has indicated it may seek the use of a rate rider for cost recovery of the AMS. PCME's current FRP was authorized in Order No. U-35421. Exeter will assist the LPSC in evaluating whether the use of a rate rider is appropriate, if requested by PCME.

Exeter is prepared to review how the AMS application has followed the Commission's orders related to capital outlays, outage management, and service reliability, and whether the AMS will provide reliable service at the lowest reasonable cost. Furthermore, as part of its cost-effectiveness review, Exeter proposes that it review how the AMS will improve PCME's utility operations and whether the proposed cost rider meets the Commission's rules outlined in the AMS/DR General Order.

#### Plan of Action

Exeter proposes to provide our assistance by performing the following tasks:

- Detailed review of PCME's application;
- Draft discovery and analyze responses;
- Prepare an initial report identifying findings and recommendations;
- Participate in informal meetings with Staff and PCME, as needed;
- Participate in formal status conferences, pretrial conferences, and hearings, as needed;
- Participate in conference calls, meetings, and conferences with the LPSC and its Staff;
- Prepare prefiled direct and rebuttal testimony in support of Staff's recommendations;
- Assist Staff with trial preparation, including cross-examination questions;
- Attendance at certification hearing(s), as needed; and
- Assist in the analysis of potential stipulation terms, and the drafting of applicable briefs, pleadings, motions, and orders of the LPSC.

Exeter will assist Staff in the above necessary actions through to the issuance of the final Commission Order. Exeter is available to provide services for the 12 months specified under Section III – Period of Representation in the RFP; however, Exeter anticipates that the time period required for completion of this proceeding would be five to six months.

#### Qualifications

Exeter is well-qualified to provide the assistance that the Commission requires. Exeter has extensive experience addressing utility regulatory matters before the LPSC, as well as other state and federal regulatory agencies. The firm's experience in work before the LPSC includes extensive work in analyzing the operations, books, and records of utility companies, providing expert testimony on all aspects of utility regulation and ratemaking, and evaluating AMS filings. Exeter has also assisted state regulatory commission staffs and offices of consumer advocate with the review of utility AMS investments in Louisiana, Maine, and Pennsylvania. The issues addressed in this work have included:

- Evaluation of AMS technologies, including power line carrier, radio frequency mesh, and open platform communication options;
- Analysis of AMS cost-benefit models and assumptions and energy efficiency and demand response programs;
- Evaluation of "smart meter" consumer programs and gateway technologies;
- Consideration of safety and privacy issues associated with "smart meter" communication protocols;
- Evaluation of just and reasonable costs and prudent investments associated with providing reliable and quality service;
- Rate design related to the recovery of AMS costs;
- Appropriate accounting standards and practices for utilities, public utility accounting, and generally accepted accounting standards;
- Appropriate ratemaking adjustments to utility accounting records;
- Recoverable expenses for ratemaking purposes; and
- Costs passed through a FRP that are considered reasonable and prudent, and appropriate and/or eligible for recovery pursuant to commission orders, which are necessary for the provision of electric service and which have or will produce just and reasonable rates.

Exeter is especially well-suited to conduct this investigation because of its directly relevant Louisiana experience. Over the past 40 years, Exeter has worked for the Commission on numerous regulatory proceedings dealing with electric utility matters and numerous proceedings for a variety of Louisiana investor-owned utilities and rural electric

cooperatives. Some of the directly relevant projects that Exeter has undertaken for the Commission include:

- Review of Concordia Electric Cooperative's application for approval of an Updated Advance Metering Program (Docket No. U-35456);
- Review of Southwest Louisiana Electric Membership Corporation's application for approval of an Updated Advance Metering Program (Docket No. U-35707);
- Assistance with Southwestern Electric Power Company's (SWEPCO's) purchases of energy and capacity from wind energy projects (Docket Nos. U-32095 and U-32814);
- Investigation of Central Louisiana Electric Company's (Cleco's) fuel adjustment filings for the years 2003-2008;
- Investigation of Cleco's resource planning, procurement practices, and incurred fuel costs for the period January – October 2005 (initiated by the Commission as a result of the effect of Hurricanes Katrina and Rita on the fuel and purchased power cost of Louisiana electric utilities);
- Review of Cleco's application for Commission certification of the acquisition of the Coughlin Power Station from its affiliate, Cleco Evangeline, LLC;
- Investigation into whether Trans Louisiana Gas Company (TransLa) and Louisiana Intrastate Gas Company included inappropriate or imprudent costs in their purchased gas cost recovery mechanisms from 1981-1994;
- Review of the Rate Stabilization Pilot Program of TransLa for the 2004-05 through 2006-07 winter seasons; and
- Audit of the purchased gas cost adjustment (PGA) filings of TransLa and Louisiana Gas Services for the period April 2012 – March 2014 (Docket No. U-33480).

In addition to our extensive work with the LPSC Staff, the following projects offer Exeter's experience that is directly relevant to the prudency review and certification of PCME's smart meter system.

- Review of Duquesne Light Company's Smart Meter Technology Procurement and Installation Plans (2009, 2012, 2015);
- Review of PPL Electric Utilities' Initial Smart Meter Technology Procurement and Installation Plan in 2009 and PPL's Final Smart Meter Technology Procurement and Installation Plan (2014); and
- Review of PECO Energy Company's petition for Approval of its Smart Meter Universal Deployment Plan (2009).

### Proposed Team

We propose that this project be conducted under the direction of Jerome Mierzwa, a Principal at Exeter with over 30 years of public utility regulatory experience, including extensive regulatory experience within the State of Louisiana. Mr. Mierzwa has participated in developing utility class cost-of-service studies, and has presented testimony sponsoring electric, gas, water, and wastewater utility cost-of-service studies, least-cost gas procurement, and incentive regulation, in addition to presenting testimony addressing utility rate base and revenues. In addition to serving as the project manager, Mr. Mierzwa will be consulted to provide additional expertise with respect to utility issues and practices in Louisiana.

Stacy Sherwood, a Senior Analyst at Exeter, will serve as the primary sponsor of testimony for this docket. Ms. Sherwood will consult with Christina Mudd, also a Principal at Exeter, regarding findings and recommendations related to the AMS. Both Ms. Mudd and Ms. Sherwood have previously participated in the review of utility smart meter programs on behalf of state regulatory commission staffs or consumer advocates as is evident in the attached resumes, as well as two proceedings currently before the LPSC.

While at Exeter, Ms. Sherwood has testified regarding the smart meter installation plan in Pennsylvania Public Utility Commission (PUC) Docket No. P-2015-2497267, Petition of Duquesne Light Company for approval of its Smart Meter Procurement and Installation Plan. Prior to joining Exeter, Ms. Sherwood worked for six years with the Maryland Public Service Commission (PSC) reviewing advanced metering plans for Maryland's investor-owned utilities—Baltimore Gas & Electric Company and Potomac Electric Power Company—as well as reviewing the advanced metering plans of Southern Maryland Electric Cooperative. Ms. Sherwood has also filed testimony in the following cases before the Pennsylvania PUC: Docket No. M-2015-2515642, Petition of PPL Electric Utilities Corporation for approval of its Act 129 Phase III Energy Efficiency and Conservation Plan; Docket No. M-2015-2515375, Petition of Duquesne Light Company for approval of its Act 129 Phase III Energy Efficiency and Conservation Plan; and Docket No. M-2015-2477174, Petition of UGI Utilities, Inc. for approval of its Phase II Energy Efficiency and Conservation Plan. Ms. Sherwood provides ongoing assistance to the Pennsylvania Office of Consumer Advocate (OCA) and the Arkansas Office of Attorney General on their respective utility electric and natural gas energy efficiency plans and collaborative working groups. Most recently, Ms. Sherwood has been working with LPSC Staff on Concordia Electric Cooperative (Docket No. U-35456) and Southwest Louisiana Electric Membership Corporation's (Docket No. U-35707) applications for approval of their respective AMS.

Ms. Mudd has experience with electric utility matters in a number of jurisdictions, including work on advanced metering and energy efficiency dockets in Pennsylvania, Maine, and Arkansas. Specifically, Ms. Mudd led Exeter's work in Duquesne Light Company's Smart Meter Technology Procurement and Installation Plans in 2009 and 2012. Ms. Mudd also participated in the review of PPL's Initial Smart Meter Technology Procurement and Installation Plan in 2009 in PUC Docket No. M-2009-2123945; PPL's Final Smart Meter

Technology Procurement and Installation Plan in 2014 in PUC Docket No. M-2014-2430781; and the Petition of PECO Energy Company for Approval of its Smart Meter Universal Deployment Plan in PUC Docket No. M-2009-2123944. Ms. Mudd also evaluated the cost-effectiveness of proposed energy efficiency and conservation programs and provided testimony in PUC Docket No. M-2012-2333992, Petition of PECO Energy Company for approval of its Act 129 Phase II Energy Efficiency and Conservation Plan; PUC Docket No. M-2015-2515642, Petition of PPL Electric Utilities Corporation for approval of its Act 129 Phase III Energy Efficiency and Conservation Plan; and Docket No. M-2015-2515375, Petition of Duquesne Light Company for approval of its Act 129 Phase III Energy Efficiency and Conservation Plan.

Ms. Mudd and Ms. Sherwood will review the technical aspects and cost-effectiveness of PCMS' AMS program in accordance with the requirements outlined in the Commission's AMS/DR General Order dated September 22, 2009 in Docket No. R-29213. In addition, the proposed team members will ensure that any proposed cost recovery mechanism results in equitable recovery of prudently incurred AMS expenses across various rate classes. Other members of Exeter's staff will also be available to assist, if necessary.

Exeter's corporate qualifications are provided in Attachment A to the proposal. Detailed resumes for Exeter's key personnel are included as Attachment B to this proposal. Exeter would be pleased to provide additional copies of the complete resumes of our key project team members or any other additional information the Commission may find helpful.

#### Cost Proposal

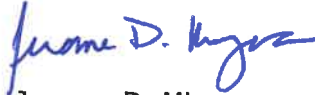
Exeter proposes to provide the assistance described above for a budget not to exceed \$19,000 for professional services, plus direct expenses not to exceed \$1,800. Exeter's budget estimate includes the costs associated with a one-person trip to Louisiana for two days of hearings/conferences. Exeter will bill for professional services at our standard hourly billing rates, which range from \$80 per hour for research assistants to \$195 per hour for principals. The billing rate for both Mr. Mierzwa and Ms. Mudd is \$195 per hour, and the rate for Ms. Sherwood is \$125 per hour. Direct expenses will be billed at State-authorized rates as specified in the Travel Policies and Procedures Memorandum issued by the State of Louisiana, Division of Administration in effect at the time such expenses are incurred.

#### Conflict of Interest

Please note that Exeter has no business relationship with PCME or any of its affiliates, nor have we ever had such a relationship. We also have no business relationship with any advanced meter providers, such as Honeywell. Thus, we have no conflict of interest that could impair or restrict our ability to provide assistance and objective advice to Staff.

If you have any questions of either a technical or contractual nature, please do not hesitate to call. We look forward to again being of service to the Commission and the ratepayers of Louisiana.

Very truly yours,



Jerome D. Mierzwa  
President

JDM/ccc  
Enclosure