

Electric Automated Metering Infrastructure (AMI) Budget 2008

Board of Commissioners Update



October 1, 2007

Purpose...



- Informational on moving forward
- How AMI addresses current needs
- Business case update
- Why move forward now
- Recommendation

History – Electric AMR/AMI



- Studied since the mid-90s
- Focused review over the past 2 years
- Technology choices have improved
- Well positioned to move forward now

Meeting Current Needs



- Optimize our aging and growing asset base
 - Puts in place a cost effective control system
 - Enables planning to make better informed decision
- Helps focus on efficiency -will result in real O&M reductions
 - Efficient meter reading & billing accuracy
 - Increases call-center effectiveness
 - Decrease outage length and expense
 - Reduce safety risk and potential incidents
 - Reduced vehicle and equipment replacements

Meeting Current Needs



- Customer expectations
 - Information / usage needs
 - Future rate design options
 - Property / privacy concerns
 - Credibility & image
- Leverages Technology
- Supports regulatory requirements and compliance
 - PURPA
 - Supports conservation efforts (1937?)

Other AMI Benefits



- Off cycle reads
- In field connects/disconnects
- Peak load & demand response
- Meter accuracy
- Damage claims
- Revenue protection

Other AMI Benefits (cont.)



- Improved reliability
- Reduction in vehicle emissions
- Cost of service information
- New service/revenue source potential
- Service monitoring/power on verification and quality assurance

Business Case Overview



Est. Life Cycle Costs: \$12.5 – \$15M

- Meter Equipment - \$8.5M
- Substation Equipment - \$1.2M
- Installation & Management - \$1.6M
- Ongoing Administration & Fees - \$1.2M

Business Case Overview



*Important Distinction

Final business case will be refined based on many factors such as:

- Technology selected
- Benefits leveraged
- Rate of implementation
- Funding mechanisms
- Other variables

Business Case Overview



Project Life Cycle Results & Sensitivity:

	NPV	IRR	Payback
Base Case (\$19M vs. \$12M) PV	\$7M	13%	13
W/Additional Meter Accuracy	\$13M	18%	10
W/Est. Intangible Benefits	\$19M	23%	8

Why now...



- Water has been installed...moving forward with electric AMI plan is the next logical step
- Customer expectation
- Benefits > Costs
- Catalyst for integration efforts
- Technology is more robust and proven
- Multi year implementation
- System growth will require more resources to meet demand
- Catalyst for future efficiency efforts

Recommendation



Move forward in 2008 with Phase 1

(\$1.5M capital budget item)

- ❑ Squilchuck substation is an ideal pilot, 2000+ meters, includes ~400 water meters
- ❑ Consider another rural substation

Moving Forward...



- ❑ Budget approval
- ❑ Finalize project management plan
- ❑ Develop RFP
- ❑ Late 2008 begin installation

Questions

