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Arizona Corporation Commission (ACC)
Docket Control Center
1200 West Washington Street
Phoenix, Arizona 85007

Re: Docket # E-00000C-11-0328

Commissioners;

Are you aware that Massachusetts' largest electric company, Northeast Utilities, recently echoed what I have been telling you for over 2 years?

In no uncertain terms, Northeast, which serves 1.3 million customers, declares that "... there is no rational basis for the implementation of AMI." [AMI is "Advanced Metering Infrastructure", the utility industry's euphemism for "smart" meters, which was the previous euphemism.]

Enclosed you will find Northeast's January 17, 2014 submission to the Massachusetts Department of Public Utilities. I urge you to read it.

Northeast exposes and debunks several major "smart" meter myths. Among Northeast's findings:

1.) There are no cost savings to be had from "smart" meters.
2.) "Smart" meters *do not* reduce outages.
3.) "Smart" meters are not "grid modernization".
4.) "Smart" meters are a cyber-security risk.
5.) Contrary to the bogus claims of "smart" meter boosters, given the choice, few ratepayers will "opt in" and ask for a "smart" meter. They have no use for one.

Salient quotes for 1) *There are no cost savings to be had from “smart” meters.* –

Page ii – “... there is ample evidence that this technology choice [“smart” meters] will be unduly costly for customers”

Pages 6 & 7 – “... the costs associated with AMI are currently astronomical, while the incremental benefits for customers are small in comparison.”

Page 7 – “The decision to implement AMI goes against the best business judgment of the Companies and cannot be rationally cost justified in terms of a net benefit for the overall customer base that will pay for the investment over the long term.”

This next is a rather lengthy quote but it makes a point I have made in the past: There is a great deal more expense involved in the “smart” grid than just replacing meters. It is very simplistic to think that there is a cost saving by getting rid of meter readers that way. Indeed, nowhere on earth has the “smart” grid resulted in lower rates for customers. I will remind you that Central Maine Power is now being audited because their \$363M in promised “smart” grid savings turned into a \$99M loss in short order, and that late last year Germany rejected “smart” meters based on a cost/benefit analysis done by Ernst & Young. Note also that the following list of “smart” meter related expenses does not include the immeasurable cost in damaged human and environment health that “smart” meters cause.

Pages 7 & 8 – “The implementation of AMI involves significantly more than the replacement of meters. An AMI roll-out would require either the significant enhancement or replacement of the following systems: Communications Infrastructure used to transmit communications from the meter to the Companies; Meter Data Management System used to collect, store and process interval data and enable ISO settlement; Meter Asset Systems used to store information about all meter assets; Customer Information System (“CIS”) used to calculate and present bills with time varying rates (“TVR”); ISO and Load Research Systems used to interface with internal metering, CIS and ISO processes; the Outage Management System used to utilize meter-level data to support restoration efforts; and any company-owned home technology systems, e.g., usage displays and thermostats. The Companies’ media and call center capabilities would also need to be enhanced to address any AMI implementation. Costs would also exist in relation to the meters, associated technologies and related systems that are currently in place and that would have to be retired before the end of their useful life.”

Page 12 – “Given that the grid modernization technology sphere is a dynamic,

rapidly evolving marketplace, it is also unclear whether the incremental benefits, if any, would begin accruing to customers prior to the implemented AMI platform being rendered obsolete. In any event, the cost remains unjustified by the benefits.”

Salient quotes for 2) ***“Smart” meters do not reduce outages.*** –

Page 4 – “Meters do not reduce the number of outages”

Page 11 – “Customers value price and reliability above all else and the implementation of AMI serves neither of these objectives.”

Salient quotes for 3) ***“Smart” meters are not “grid modernization”.*** –

Page ii – “Rather than furthering grid-modernization objectives, the Department’s mandate to implement AMI creates an intractable obstacle to grid modernization.”

Page ii – “... the objectives of grid modernization are achievable with technologies and strategies that rank substantially higher in terms of cost-effectiveness.”

Page 4 - *“An Advance Metering System is not a “basic technology platform” for grid modernization and is not needed to realize “all of the benefits of grid modernization.””* [italics in original]

Page 4 – “Meters do not reduce the number of outages; metering systems are not the only option for optimizing demand or reducing system and customer costs; and metering systems are not necessary to integrate distributed resources or to improve workforce and asset management. Therefore, it is not correct that advanced metering functionality is a “basic technology platform” that must be in place before all of the benefits of grid modernization can be fully realized”

In technical detail, pages 4 and 5 then go on to list numerous methods to truly modernize the grid, all without the financial fiasco of “smart” meters.

Salient quote for 4) ***“Smart” meters are a cyber-security risk.*** –

Page 9 – “AMI introduces a brand new portal into the Companies’ information systems, significantly increasing the cyber-security risk.”

Salient quotes for 5) ***Contrary to the bogus claims of “smart” meter boosters, given the choice, few ratepayers will “opt in” and ask for a “smart” meter. They have no use for one.***

Pages 10 & 11 – “... there is no evidence that customers are willing to pay for the limited incremental functionality gained through implementation of AMI. In fact, there is evidence to the contrary. For example, industry studies show that only 46 percent of customers are aware of the concept of “smart metering,” and of that percentage, 33 percent associate smart metering with complaints of meter inaccuracy, higher customer bills, invasion of privacy and health concerns. In the Companies’ experience, even very large customers with sophisticated energy-management capabilities prefer stabilized, fixed and/or predictable rates to assist in managing their business or personal interests rather than time varying rates. Certain customer segments, particularly the commercial and industrial sector, have significant reservations about AMI and TVR [Time Varying Rates]. Many customers have a deep aversion to technology that links them to the “grid” in a way that they perceive as an invasion of their privacy and/or detrimental to their health.”

Page 11 – “Smart metering pilot programs across the country have produced similar results in terms of showing a lack of customer interest. Even the most successful residential time-of-use pricing programs have no more than 50 percent participation by the residential customer base. For example, NSTAR's Smart Energy Pilot has seen significant participant degradation relative to the initial number of customers installed. As reported to the GMWG, NSTAR Electric made 53,000 customer contacts in an attempt to enroll customers in its smart grid program; only 3,600 customers enrolled; only 2,700 customers were installed and approximately 40 percent of those 2,700 initial participants were removed or dropped out of the pilot by May 2013. PSE&G's “myPower” pricing pilot saw similar results in which 27 percent of participants were either removed or dropped out (excluding the control group).”

Similarly, here in Arizona, I have heard that Tucson Electric Power's AMI/Home Area Network pilot program was such a dismal failure that no one talks about it.

Commissioners, when are you going to wake up to the monumental fraud which is occurring? Or are you sleeping with the fraudsters?

As Northeast says – and as I have been telling you for years – “For customers who will pay the price of this system, there is no rational basis for this technology choice.”

Sincerely,

Warren Woodward

Cc: Governor Jan Brewer, Attorney General Tom Horne