

Staff Briefing Papers

Meeting Date September 16, 2021

Agenda Item *2

Company Dakota Electric Association

Docket No. **E-111/M-21-203**

**In the Matter of the Petition to Clarify Special Fees and Charges for Meters
Removed without Authorization**

Issue 1. Should the Commission approve Dakota Electric Association to clarify language on the Special Fees and Charges tariff to recover costs where meters are removed without authorization?

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Relevant Documents

Date

Dakota Electric Association Initial Filing – Petition to Clarify Special Fees and Charges March 29, 2021

Minnesota Department of Commerce – Division of Energy Resources Comments July 27, 2021

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The attached materials are work papers of the Commission Staff. They are intended for use by the Public Utilities Commission and are based upon information already in the record unless noted otherwise.

I. Statement of the Issue

Should the Commission approve Dakota Electric Association's petition to clarify language on its Special Fees and Charges tariff to recover costs where meters are removed without DEA's authorization?

II. Dakota Electric Association Petition

Dakota Electric Association ("Dakota Electric," "DEA," or "Cooperative") filed a petition on March 29, 2021 to "allow the Cooperative to recover costs for responding to a situation where a meter is removed without authorization."¹ The proposed tariff language allows the Cooperative to recuperate costs for repairs when meters are removed without authorization. Dakota Electric says it has communicated to electricians and contractors that meters must not be removed, because it is a safety concern.² DEA is hoping that they never have to impose the charge by performing communication about it first. The proposed modification to the Special Fees and Charges is proposed to take effect upon Commission approval, but no sooner than June 28, 2021.

On May 8th, 2021 in Docket No. E-111/M-17-821, the Commission approved DEA's Advanced Grid Infrastructure ("AGi") Rider, which "allows Dakota Electric to recover certain net distribution grid modernization and load management investments that occur between Cooperative rate cases."³ AGi are new technologies that enhance the Cooperative's distribution system by allowing two-way communication with field equipment. AGi allows for remote meter reading, load control, and interface with the distribution operation and monitoring system. In 2019, DEA contracted with vendors. In 2020, the Cooperative began meter and load receiver installations and will continue throughout 2021.

At a physical installation during the meter installation project, Dakota Electric was made aware of a meter being removed without authorization. Dakota Electric has operating guidelines to prevent tampering or power diversion. Removing meters from meter sockets poses public safety concerns. Removing a meter without authorization has the following negative consequences, according to DEA:

- Is an illegal, extremely dangerous, and unsafe activity;
- Negatively impacts safety and service reliability;
- Can create an outage in the outage management systems;
- Causes loss of communication to the meters; and
- Can possibly cause a distribution system operator to falsely dispatch a crew to the outage location.

¹ DEA Initial Filing – Petition to Clarify Special Fees and Charges, p. 4.

² DEA did not file a communication plan, instead commenting that they have communicated the information to electricians and contractors.

³ DEA Initial Filing – Petition to Clarify Special Fees and Charges, p. 5.

Each of Dakota Electric’s meters have different features, operate at multiple voltage levels and amperage ratings without or without instrument transformation, and present different challenges to removal or installation when disconnecting or reconnecting. Therefore, only qualified, properly trained DEA employees and approved contractors with proper personal protective equipment (“PPE”) are allowed to remove a meter, and meter removal must be scheduled through the Cooperative’s Control Center.

Dakota Electric proposes the following changes to its Special Fees and Charges tariff sheet Section V, Sheet 45, Revision 9:

8. Member Contracted or Service Integrity Hourly Work

Dakota Electric is periodically asked to perform on-site service work. Such services will be provided at a pre-arranged hourly rate. Service Integrity includes repairs such as resealing a meter socket after an unauthorized removal of a meter, which will be billed at actual cost incurred.⁴

Dakota Electric says that this revised language will allow them to collect the costs of responding to improper meter removals.

III. Department of Commerce Comments

The Department of Commerce (“Department” or “DOC”) reviewed DEA’s petition for compliance with applicable orders, statutes, and rate design principles. Neither the AGi nor Advanced Meter Opt-Out (“AMO”) riders contain costs that overlap with the petition. The Department notes that the cost of fixing tampered meters may already be in base rates since this is not a new occurrence, but they do understand that the costs of fixing an AGi meter are higher than a traditional meter. Plus, the costs of repairing a meter should be borne by the cost-causers rather than distributed across all of the Cooperative’s members. As long as costs billed to the member are incremental to those in base rates, the Department supports the proposed tariff language.

The Department finds that the likeliest cause of meter tampering is from a contractor’s work, per the Cooperative’s petition. The Department has concerns that a member may not be aware that their contractor is planning to disconnect the meter. If so, it is unfair for the member to pay a cost that they were unaware of. Therefore, the Department supports Dakota Electric’s plan to communicate meter rules with contractors.

The Department makes two suggestions for notification. First, DEA should notify members that they may have to pay a fee if their contractor performs work on their meter when not authorized by DEA. Second, meters should have a weatherproof sticker that warns against unauthorized meter disconnection and provides contact information for DEA’s Control Center.

The Department supports the petition, along with their two additional suggestions.

⁴ DEA Initial Filing – Petition to Clarify Special Fees and Charges, p. 7.

IV. Staff Analysis

Dakota Electric is petitioning the Commission to change their Residential and Commercial tariffs to be able to charge members for making repairs to meters that have been improperly removed without the Cooperative's authorization.

The amended Special Fees and Charges tariff language would now read:

8. Member Contracted or Service Integrity Hourly Work

Dakota Electric is periodically asked to perform on-site service work. Such services will be provided at a pre-arranged hourly rate. Service Integrity includes repairs such as resealing a meter socket after an unauthorized removal of a meter, which will be billed at actual cost incurred.

The Department of Commerce supports DEA's petition as long as the costs incurred to members are not already included in base rates.

DEA's petition is not clear on the price that would be charged to the member for DEA's repair work if the meter has been removed or tampered with. According to the proposed revised tariff, the member will have to pay for work performed by technicians and that there will be a pre-arranged hourly rate. However, the amount of the pre-arranged hourly rate is not included in the petition.

Staff inquired with the Cooperative about the pre-arranged hourly rate. The Cooperative says that it is based on the prevailing wage rate for the service. For example, if the repairs required work by a lineman, the member would be quoted and charged the lineman's hourly labor rate. When a meter tampering situation occurs, the member would be charged the full cost for any work performed to remedy the situation, including labor, parts, materials, etc. Since the wage rates change frequently, the Cooperative does not include them in the tariff. Instead, the Cooperative provided the current wage rates to staff, which are included as an attachment at the end of the briefing papers.

The majority of Minnesota's rate-regulated utilities' tariffs state a specific meter tampering charge. The majority of which are approximately \$100, but some include additional charges for the full cost of labor or materials. Northwest Wisconsin Electric is the only rate-regulated utility that does not currently have a set meter tampering fee.

The Cooperative's petition states that many meter tampering situations happen after a contractor does work for a member without authorization, but many also occur when members themselves tamper with a meter after being disconnected in an effort to continue service. The reconnection charge after a disconnect is \$50.00 during working hours and \$130 when the work is done outside normal working hours.⁵ Presumably the charge proposed by the Cooperative will be on top of the reconnection charge. Other rate-regulated utilities have comparable reconnection fees after non-payment.

⁵ Dakota Electric Association tariff, Section V, Sheet 45, Revision 7.

The Department has two additional suggestions for the Cooperative: 1) Requiring outreach to members about meter tampering; and 2) Placing notification on meters that warn of tampering. The Department's two proposals are explained in greater detail here:

1. **Outreach to members.** The Department suggests doing member notification, which would serve as a reminder to members that they are responsible for costs resulting from unauthorized meter work performed by a contractor. The DOC says that it would be unfair to members to be charged a fee without notification when the contractor is at fault for the meter tampering situation. They say that this notification could be accomplished through a bill notification or by including the information in Dakota Electric's newsletter. The Cooperative has stated at various times that the latter option is an effective way to communicate information to members. *(This suggestion is represented in Decision Option #2.)*
2. **Notification on meters.** The Department also suggests notifying members and contractors that they are responsible for repair costs related to unauthorized work by placing notification directly on the meter. DOC specifically recommends placing a waterproof sticker on the meter warning against unauthorized meter work and providing contact information for DEA's Control Center. *(This suggestion is represented in Decision Option #3.)*

V. Decision Options

1. **Approve** Dakota Electric Association's proposed changes to the Special Fees and Charges tariff language to recover costs to respond to situations where meters are removed without authorization. *[Dakota Electric, Department]*

(If the Commission adopts Decision Option #1, the Commission may also want to adopt Decision Options #2 and/or #3.)
2. Require Dakota Electric Association to perform additional outreach and notification in newsletters to members concerning costs related to meter tampering. *[Department]*
3. Require Dakota Electric Association to place additional notification in the form of weatherproof stickers on meters that warn against unauthorized meter disconnection and provides Dakota Electric Association's contact information. *[Department]*
4. **Do not approve** Dakota Electric Association's proposed changes to the Special Fees and Charges tariff language to recover costs to respond to situations where meters are removed without authorization.

**Dakota Electric Association
Electrical, Construction, and Maintenance Rates
2021 Rate Schedule
Labor, Equipment, and Material
Effective 1/1/2021**

Standard Labor Charges (1)

| <i>DESCRIPTION</i> | <i>REGULAR TIME</i> | <i>1 ½ times OVERTIME (2)</i> |
|-------------------------------------|----------------------------|--|
| Senior Engineer | \$140.00/hour | ----- |
| Power Line Specialist – Crew Chief | \$109.00/Hour | \$163.50/Hour |
| Technician Electrician – Crew Chief | \$124.00/Hour | \$180.00/Hour |
| Power Line Specialist | \$98.14/Hour | \$147.21/Hour |
| Technician Electrician | \$117.00/Hour | \$169.00/Hour |
| Truck Driver & Equipment Operator | \$86.66/Hour | \$129.99/Hour |
| Tech Elec. Crew Chief – Non-DEA | \$137.00/Hour | \$184.00/Hour |
| Tech Elec. – Non – DEA | \$128.00/Hour | \$173.00/Hour |
| Tech Elec. Crew Chief - Travel | \$149.00/Hour | \$201.00/Hour |
| Tech Elec. Travel | \$140.00/Hour | \$189.00/Hour |
| Chief Meter Tech | \$115.00/Hour | \$166.00/Hour |
| Chief Meter Tech Non-DEA | \$125.00/Hour | \$173.00/Hour |
| Chief Meter Tech – Travel | \$135.00/Hour | \$182.00/Hour |
| Meter Tech | \$104.00/Hour | \$153.00/Hour |
| Meter Tech – Non – DEA | \$114.00/Hour | \$154.00/Hour |
| Meter Tech – Travel | \$124.00/Hour | \$167.00/Hour |

1. Rates in specific contracts for work may differ from the table above.
2. Wages are calculated at 2.25 times base rate and outside work is 1.1 times base rate.
3. Overtime is calculated on hours exceeding eight hours per day and as outlined in the current agreement between DEA and the IBEW Local 949.
4. Standard rate includes service vehicle.

Equipment Charges

| <i>EQUIPMENT</i> | <i>REGULAR AND OVERTIME</i> |
|---|------------------------------------|
| Bucket Truck | \$43.50/Hour |
| Digger/Derrick | \$47.00/Hour |
| All Backhoes (includes Kubota's and Backhoe Trucks) | \$52.50/Hour |
| Service Vehicles | \$32.00/Hour |
| Cable Plow | \$52.50/Hour |
| Small Trencher | \$52.50/Hour |
| Air Compressor | \$40.00/Hour |
| Skid Loader | \$52.50/Hour |

Material Charges

1. A warehouse charge of 30% will be applied to equipment and material that is processed or stored in DEA's warehouse or poleyard. This includes inventoried warehouse material that is issued out to the project, as well as non-inventoried material that is purchased specifically for the project.
2. A service charge of 15% will be applied to material that is drop-shipped directly to the job site or external services that are scheduled in relation to the project (e.g. crane services).