



Control Number: 35718



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August 26, 2008

The Honorable Sonya Batchelor
Administrative Law Judge
Public Utility Commission of Texas
1701 N. Congress Avenue
P.O. Box 13326
Austin, TX 78711-3326

The Honorable Irene Montelongo
Director, Docket Management
Public Utility Commission of Texas
1701 N. Congress Avenue
P.O. Box 13326
Austin, TX 78711-3326

Re: PUC Docket No. 35718; *Oncor Electric Delivery Company LLC's Request for Approval of Advanced Metering System (AMS) Deployment Plan and Request for AMS Surcharge*

Dear Judge Batchelor and Judge Montelongo:

Oncor has discovered a slight error in the nonbypassable AMS surcharges reflected in Rider AMCRF and included in Finding of Fact No. 26 of the Proposed Order. This error appears in the Stipulation and is the result of Oncor's incorrectly using the allocation factors included in its original May 28 filing instead of using the revised allocation factors resulting from Oncor's July 24 Supplemental Filing. This correction does not affect the leveled revenue requirement included in the Stipulation; that amount is correct. For your convenience, I have revised Finding of Fact No. 26 in the attached revised Proposed Order to reflect the revised surcharge amounts resulting from the use of the correct allocation factors. I have also included a revised Rider AMCRF that reflects the correct AMS Surcharge amounts.

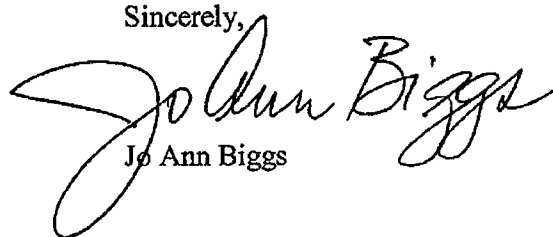
The Surcharge amounts included in the existing Proposed Order and those included in the attached revised Proposed Order are listed below:

		<u>Existing</u>	<u>Corrected</u>
a)	Residential	\$2.22	\$2.21
b)	Secondary < 10kW	\$2.41	\$2.42
c)	Secondary >= 10kW	\$4.01	\$4.03
d)	Primary <= 10kW	\$4.02	\$3.99
e)	Primary > 10kW	\$5.18	\$5.21
f)	Lighting (Metered)	\$3.27	\$3.29

We have discussed this correction with the Settling Parties, and they have all agreed with the filing of this letter and the revised Proposed Order and revised Rider AMCRF. On behalf of the Settling Parties, Oncor requests that the attached revised Proposed Order and revised Rider AMCRF be approved in this proceeding.

I apologize for any inconvenience this error may have caused, but appreciate Your Honors' time and attention to this matter.

Sincerely,



Jo Ann Biggs

Enclosures

cc: All Parties of Record
Chairman Barry Smitherman
Commissioner Julie Caruthers Parsley
Commissioner Donna L. Nelson

DOCKET NO. 35718

**ONCOR ELECTRIC DELIVERY § PUBLIC UTILITY COMMISSION
COMPANY LLC'S REQUEST FOR §
APPROVAL OF ADVANCED METERING § OF TEXAS
SYSTEM (AMS) DEPLOYMENT PLAN §
AND REQUEST FOR AMS SURCHARGE §**

PROPOSED ORDER

This Order addresses the request of Oncor Electric Delivery Company LLC (Oncon or Company) for approval of advanced metering system deployment plan and advanced metering system surcharge. Oncor proposes a plan for an advanced metering system (AMS) which provides for the full deployment of advanced meters by the end of 2012 to all residential and non-residential retail electric customers in Oncor's service area, except those customers who are required to have interval data recorder meters. Oncor requests approval of a surcharge to recover costs associated with the deployment of the AMS. This docket was processed in accordance with applicable statutes and Public Utility Commission of Texas (Commission) rules.

Oncor, Commission Staff, the Office of Public Utility Counsel (OPC), the Steering Committee of Cities Served by Oncor (Cities), the Alliance for Retail Markets (ARM), IBEW Local 69 (IBEW), Reliant Energy Retail Services LLC (Reliant), Texas Energy Association for Marketers (TEAM), and TXU Energy Retail Company LLC (TXU Retail), (collectively, Parties) have entered into a Stipulation in this docket. Intervenors Juanita Berry and Chris Herman and Judy Herman (the Herman's) did not sign the Stipulation and did not request a hearing. Consistent with the Stipulation, Oncor's request is approved.

The Commission adopts the following findings of fact and conclusions of law:

I. Findings of Fact

Procedural History

1. On May 28, 2008, Oncor filed a request for approval of AMS deployment plan and request for AMS surcharge. In the application, Oncor requested waivers for certain retail customers and service types to include: loads that may cause a safety or health issue if

disconnected; loads that do not require and will never require a Home Area Network (HAN) device; loads that currently have a poly-phase, class 200 (200 amp rating); and loads that have a poly-phase and instrument rated meters.¹

2. The following requested and were granted party status: Cities, IBEW, Reliant, ARM, OPC, TXU Retail, TEAM, Chris Herman, Judy Herman, and Juanita Berry.
3. On June 12, 2008, Order No. 5 was issued which approved Oncor's proposed notice, set an intervention deadline, adopted a procedural schedule, and cancelled the prehearing conference.
4. On July 24, 2008, Oncor filed a supplemental request for approval of AMS deployment plan and AMS surcharge. In the supplemental request, Oncor made minor changes to its AMS Surcharge Model which resulted in a lower net estimated cost of advanced metering system facilities, a lower total levelized revenue requirement, and a lower proposed AMS surcharge.²
5. On August 11, 2008, a Stipulation signed by all Parties except IBEW, the Herman's, and Ms. Berry was filed.
6. On August 12, 2008, the procedural schedule was abated and clarification was requested regarding IBEW, Ms. Berry, and the Herman's participation in settlement discussions.
7. On August 13, 2008, the Parties responded that IBEW did participate in settlement discussions and that Ms. Berry and the Herman's were given notice of settlement discussions and expressed no interest in participating.
8. On August 13, 2008, Order No. 14 was issued which set a deadline of August 18, 2008 for non-signatories to notify the presiding officers whether they intended to proceed to hearing as scheduled. No response was received.

¹ Oncor Electric Delivery Company LLC's Request for Approval of Advanced Metering System (AMS) Deployment Plan and Request for AMS Surcharge at 1-2, Attachment B (May 28, 2008).

² Oncor Electric Delivery Company LLC's Supplemental Request for Approval of AMS Deployment Plan and AMS Surcharge at 1-2 (Jul. 24, 2008).

9. On August 19, 2008, Oncor filed the affidavit attesting to the provision of notice.
10. On August 19, 2008, IBEW responded to Order No. 13 indicating their agreement with the terms of the Stipulation.

AMS Deployment Plan

11. Subject to the conditions established in this Order, Oncor's AMS Deployment Plan as revised on July 1, 2008, complies with the requirements of P.U.C. SUBST. R. 25.130.
12. Subject to the conditions established in this Stipulation, Oncor's Statement of AMS Functionality, which was revised and is attached as Exhibit B to the Stipulation filed in this proceeding, complies with the requirements of P.U.C. SUBST. R. 25.130.
13. Oncor's request for waivers pursuant to P.U.C. SUBST. R. 25.130(g)(3) is reasonable; thus, Oncor is not required to install an advanced meter with all functionalities required by P.U.C. SUBST. R. 25.130(g)(1) in the following circumstances:
 - a) An advanced meter with disconnect functionality will not be required for loads that may cause safety or health issues if disconnected, such as traffic lights, metered street lights, railroad crossings, police stations, service points providing cathodic protection, and Oncor's emergency facilities;
 - b) An advanced meter with the functionality to communicate with a HAN device will not be required for loads that do not require a HAN device, such as electric gates, communications power supplies, sprinkler controls, and cathodic protection power supplies;
 - c) An advanced meter with a remotely controlled disconnect/reconnect device will not be required for loads that currently have poly-phase, class 200 (200 amp rating) meters until a poly-phase advanced meter with the required functionalities becomes available from Oncor's meter vendors. Within 90 days of Oncor's becoming aware that those meters are available from its meter vendors, Oncor will notify retail electric providers (REPs) that such meters are available. When those meters become available from Oncor's meter vendors, REPs can request

that such a meter be installed at a particular premise in an area where AMS has already been installed, and Oncor will install the requested meter in a reasonable time at no additional cost. Oncor will report on the status of the availability of poly-phase, class 200 (200 amp rating) advanced meters with the functionalities required by P.U.C. SUBST. R. 25.130(g)(1) in its monthly progress reports to the Commission;

- d) An advanced meter with HAN communication functionality will not be required for loads that currently have poly-phase instrument rated meters until a poly-phase instrument rated advanced meter with HAN communication functionality becomes available from Oncor's meter vendors. Within 90 days of Oncor's becoming aware that those meters are available from its meter vendors, Oncor will notify REPs that such meters are available. When those meters become available from Oncor's meter vendors, REPs can request that such a meter be installed at a particular premise in an area where AMS has been installed, and Oncor will install the requested meter in a reasonable time at no additional cost. Oncor will report on the status of the availability of poly-phase, instrument rated advanced meters with the functionalities required by P.U.C. SUBST. R. 25.130(g)(1) in its monthly progress reports to the Commission.

14. Oncor's AMS Deployment Plan as described in the Stipulation, including technology, functionalities, services, deployment, operations, maintenance, and cost recovery is not unreasonably discriminatory, prejudicial, preferential, or anticompetitive. Parties have the right to address whether implementation of the AMS Deployment Plan was unreasonably discriminatory, prejudicial, preferential, or anticompetitive.
15. Under the design of the AMS Deployment Plan as described in the Stipulation, Oncor will not be providing any advanced metering equipment or service that is a competitive energy service under P.U.C. SUBST. R. 25.343.
16. In any proceeding referenced in this Stipulation, including but not limited to a waiver proceeding under Finding of Fact No. 38, all Parties may fully participate as parties.

AMS Surcharge

17. Oncor's AMS Surcharge Model is a reasonable method for calculating an appropriate AMS surcharge and reflects an appropriate methodology for calculating the AMS surcharge amount.
18. Oncor's adaptation of the McKinsey Model, whereby Oncor converted it from a cost-benefit model to a revenue requirement model and added a calculation to determine a levelized revenue requirement to calculate the AMS surcharge, is reasonable.
19. The estimated costs identified by Oncor in its AMS Surcharge Model are associated with the proposed AMS deployment to residential customers and nonresidential customers other than those required by ERCOT to have an interval data recorder meter and are reasonable estimates. Those costs include, but are not limited to, advanced meter costs, costs of communication technologies, costs of back-office systems, Oncor's share of the costs of common AMS Web Portal, operation and maintenance expenses, applicable taxes, customer education costs, costs of in-home monitors for low-income customers, Oncor's share of the fees for the participation of Solutions Cube Group LLC in the Advanced Metering Implementation PUC Project (Project No. 34610),³ travel-related expenses for Oncor's participation in PUC Project No. 34610, severance costs related to meter readers and installers, and rate case expenses. These costs should be recovered through Oncor's AMS Surcharge to the extent the actual costs are reasonable and necessary.
20. Oncor's total estimated capital investment for advanced metering facilities of \$686 million is a reasonable estimate of investment that is necessary for the provision of advanced metering to retail customers in Oncor's service area and is to be recovered through Oncor's AMS Surcharge to the extent the actual investment is reasonable and necessary. These costs are subject to review in a reconciliation proceeding pursuant to P.U.C. SUBST. R. 25.130(k)(6).

³ *Implementation Project Relating to Advanced Metering*, Project No. 34610 (pending).

21. Oncor's total estimated operating and maintenance expenses for the surcharge period of \$153 million is a reasonable estimate of expenses that are necessary for the provision of advanced metering to retail customers in Oncor's service area and are to be recovered through Oncor's AMS Surcharge to the extent the actual expenses are reasonable and necessary. These costs are subject to review in a reconciliation proceeding pursuant to P.U.C. SUBST. R. 25.130(k)(6).
22. Oncor's estimated savings for the surcharge period of \$176 million of meter reading savings and \$28 million of ad valorem tax savings are reasonable estimates and have been incorporated into the calculation of Oncor's AMS Surcharge. These savings are subject to reconciliation pursuant to P.U.C. SUBST. R. 25.130(k)(6).
23. Oncor's total estimated levelized revenue requirement of \$1,034,884,876 is reasonable and is to be recovered through the AMS Surcharge approved in this Order and is subject to reconciliation pursuant to P.U.C. SUBST. R. 25.130(k)(6).
24. The seven-year depreciation period utilized in Oncor's AMS Surcharge Model is reasonable.
25. The levelized surcharge methodology proposed by Oncor is reasonable and consistent with P.U.C. SUBST. R. 25.130(k)(3).

26. Oncor's proposed "Rider AMCRF - Advanced Metering Cost Recovery Factor," which is attached to this Order as Exhibit A, is reasonable. The nonbypassable AMS surcharges reflected on Rider AMCRF and listed below are based on the revenue requirement from Oncor's AMS Surcharge Model, are reasonable and necessary:
- | | |
|------------------------|--------|
| a) Residential | \$2.21 |
| b) Secondary < 10 kW | \$2.42 |
| c) Secondary > = 10 kW | \$4.03 |
| d) Primary < = 10 kW | \$3.99 |
| e) Primary > 10 kW | \$5.21 |
| f) Lighting (Metered) | \$3.29 |
27. Oncor estimates 329 meter reader and meter installer positions will be affected as a result of deployment of AMS.⁴ Oncor shall attempt to lower actual severance costs for meter readers and meter installers by allowing those employees to seek other positions within Oncor, and any such savings will be taken into account in the AMS surcharge during the reconciliation proceeding required by this Stipulation and P.U.C. SUBST. R. 25.130(k)(6).
28. Oncor shall increase the savings from the termination of meter readers based on amounts to be determined and provided by the Company's actuary in accordance with application of Statement of Financial Accounting Standards (SFAS) Nos. 87 and 106 and will include the results of that determination in the first reconciliation proceeding conducted concerning Oncor's AMS surcharge.
29. Oncor shall re-examine its historic meter-related removal costs and salvage amounts and reflect, if appropriate, an adjustment to its Docket No. 35717⁵ depreciation study to incorporate the estimated reduction in the estimated cost of removal of old meters based on

⁴ Response of Oncor Electric Delivery Company LLC to IBEW's First Request for Information at 5-12 (Aug. 13, 2008).

⁵ *Application of Oncor Electric Delivery Company LLC for Authority to Change Rates*, SOAH Docket No. 473-08-3681, PUC Docket No. 35717 (pending).

a total system-wide meter replacement program as opposed to actual experienced historic meter replacements and removals on which the study was previously based. Oncor agrees to provide the Parties the results of this re-examination, including the underlying assumptions, data, and computational support, no later than October 1, 2008.

30. If the Commission conducts a general base rate proceeding related to Oncor's base rates during the AMS deployment period (2008 - 2012), then Oncor will not seek to include the costs of the AMS in base rates. After the installation of advanced meters contemplated in the AMS Deployment Plan is complete, Oncor will seek recovery of the costs associated with additional advanced meters, additional communications network equipment, or additional back-office functions in its base rates. The Parties agree that for simplicity of on-going accounting and business processes during the deployment period and to better track the costs associated with AMS in preparation for the reconciliation proceedings contemplated by P.U.C. SUBST. R. 25.130(k)(6), the AMS costs should not be included in any Oncor base rate case that might occur prior to the completion of Oncor's AMS deployment. However, this provision does not preclude OPC from seeking inclusion of costs associated with advanced meters in Oncor's base rates in a base rate proceeding occurring after Docket No. 35717, which is Oncor's currently pending base rate case.
31. Oncor shall use the runout of the reduction in old meter ad valorem taxes after year 2008 to reduce the annual AMS levelized surcharge. Only those devices subject to replacement by AMS devices shall be considered in the calculation.
32. Oncor will begin charging its approved AMS surcharges on the first day of its January 2009 revenue month (December 29, 2008) and end on the last billing cycle day of the December 2019 revenue month, with the ending date subject to change based on the results of any proceeding to adjust the AMS surcharge or a reconciliation or inclusion of AMS costs in base rates.
33. Oncor will record AMS revenues and related AMS costs in a manner that will readily allow for the identification, tracking, and reporting of these amounts on a monthly or other periodic basis.

Meters, Communication Networks, and Back-Office Systems

34. Oncor conducted a reasonable process to select the vendors of advanced meters, communications networks, and back-office systems.⁶
35. The terms, including pricing, of the contract with Cellnet Technologies, relating to the deployment of advanced meters using an RF communication technology, are reasonable. Oncor will provide the executed contract with the Power Line Carrier (PLC) vendor within 30 days of its execution in a manner that is consistent with the terms of the Protective Order in this proceeding.
36. The RF and PLC advanced meters and communication networks are reasonable and prudent technology choices for use in Oncor's AMS Deployment Plan as modified by the terms of this Stipulation.
37. The RF and PLC advanced meters will have on-board meter storage of meter data that complies with the nationally recognized non-proprietary standards such as in American National Standards Institute (ANSI) C12.19 tables.
38. The RF technology and the PLC technology that Oncor intends to use will comply with ANSI Standard C12.22 as finally approved by the American National Standards Institute and accepted by the National Electrical Manufacturers Association. If compliance with C12.22 for the PLC technology is uneconomic or not technically feasible, Oncor will amend its AMS Deployment Plan to reflect a different technology or to request a waiver for the PLC advanced meters. Oncor also agrees to report on the status of its compliance with ANSI C12.22 in its Status Reports to the Commission.
39. Oncor's advanced meters satisfy the requirements of P.U.C. SUBST. R. 25.130(g), and no non-compliant AMS meters will be installed during the deployment period unless those meters are installed consistent with a Commission-approved waiver. The RF meters with the functionalities required by P.U.C. SUBST. R. 25.130 that are not compliant with ANSI

⁶ Direct Testimony of Terry L. Bates at 14-15, 17-18, and 23 (May 28, 2008).

C12.22 may be installed as long as those meters are made compliant with ANSI C12.22 within a reasonable time. No costs that are associated with making those meters compliant with ANSI C12.22 and that are in addition to costs included in the AMS Surcharge approved in this docket will be recoverable in Oncor's rates.

40. Oncor's plans for deploying the RF and PLC communication networks, as modified by the Stipulation, are reasonable.
41. Oncor, by January 31, 2009, shall identify in the monthly progress reports required under P.U.C. SUBST. R. 25.130(d)(9), the ESI IDs with advanced meters and whether that meter is RF or PLC. The requirements governing the information that Oncor may make available to all REPs will be determined in Commission Project No. 34610.
42. Oncor will only install: (a) single-phase meters with a disconnect device and HAN communication functionality; and (b) poly-phase instrument rated meters at non-residential premises without functional HAN communication devices until Oncor can provide to the REPs of record and to REPs that have letters of authorization (LOAs) from customers of the functionality associated with each meter. Oncor will provide to all REPs as much of this information as the Commission Project No. 34610 dictates is appropriate. Oncor will provide additional information concerning the meters attributes as adopted in Commission Project No. 34610 and on a timeline consistent with the deployment of the common AMS web portal.
43. With installation and overhead costs included, the estimated costs for the residential advanced meters are \$136.50 for RF and \$227.13 for PLC. With installation and overhead costs included, the average estimated costs for the non-residential advanced meters are \$207.55 for RF and \$274.42 for PLC.
44. Oncor shall provide records of advanced meter failure and repair rates and costs incurred as a result of those failures and repairs, net of warranty payments, if any, in the monthly progress reports required under P.U.C. SUBST. R. 25.130(d)(9).
45. Oncor's advanced meters, back-office systems, and work processes shall have the capability to support Time of Use functionality by May 1, 2009 for any ERCOT-

approved Time of Use Profiles existing on August 8, 2008. Time of Use functionality provided to a REP does not supersede or otherwise change Oncor's obligation to provide 15-minute interval data to ERCOT for settlement purposes. Oncor will include information related to the status of achieving this commitment in its monthly progress reports to the Commission.

46. Oncor will be able to support prepaid service (consistent with P.U.C. SUBST. R. 25.498) by June 1, 2009 through the use of interim solutions and processes. Oncor will include information related to the status of achieving this commitment in its monthly progress reports to the Commission.
47. Pursuant to P.U.C. SUBST. R. 25.498(h)(4), if REPs notify Oncor of which of their customers are prepay customers, then Oncor will reconnect power to such a customer after disconnection for non-payment within one hour of receiving notice from the customer's REP requesting that the customer's power be reconnected if the customer has an AMS provisioned meter with remote disconnect/reconnect capability. Consistent with the Commission's Substantive Rules, Oncor will treat the customer information provided by REPs as proprietary.
48. Oncor will support HAN functionality between one device in the home that is enabled with the ZigBee Smart Energy Profile and the advanced meter by March 31, 2009, through the use of interim solutions and processes. At that time, communications will occur only between the advanced meter and the in-home device. Until the back-office systems and the common AMS Web Portal are available, no communications will be possible between the REP and the in-home device through the advanced meter, and there will be no ability to send pricing signals through the advanced meter. This is addressed in Findings of Fact Nos. 71 and 72. Notwithstanding the preceding sentences in this paragraph, Oncor will use reasonable efforts to use back-office systems and work processes that will provide REPs with the ability to send messages through its communication network before HAN requirements and web portal requirements are fully implemented by Oncor.

Regulatory Asset/Liabilities

49. Oncor shall establish a reasonable regulatory asset or liability account in which the difference between the AMS surcharges billed and the net revenue requirements, based on actual expenses (net of the reductions specified in the preceding Findings of Fact Nos. 28 and 31) and net investment in AMS, are recorded.
50. Oncor shall recover in the surcharge its costs associated with this AMS proceeding, costs of the customer education program, employee severance costs, and costs of participation in the Commission's Project No. 34610, subject to reconciliation pursuant to P.U.C. SUBST. R. 25.130(k)(6).

Return on Equity and Cost of Debt

51. A return on equity (ROE) of 10.75% and a cost of debt of 7.08% shall be used in the calculation of the AMS Surcharge, with a subsequent adjustment to the AMS Surcharge factors at the time of the entry of a Commission final order reflecting Oncor's new Commission-authorized ROE and cost of debt.

Customer Education

52. Oncor shall honor Commission Staff's recommendation reflected in Exhibit D to the Stipulation regarding customer education related to advanced metering, and the costs associated with the customer education recommended by Commission Staff will be included in the AMS Surcharge.
53. A total of \$15.1 million has been included in the AMS Surcharge to pay for the costs associated with the customer education proposed by Oncor and the customer education recommended by Commission Staff in Exhibit D to the Stipulation. Exhibit D is representative of the types of activities and the estimated costs of those activities that will be undertaken in educating customers about advanced meters and does not specify the exact activities to be undertaken or to limit the amounts to be spent on each activity.

54. Oncor will report on its customer education efforts quarterly. Those reports will be filed at the Commission until the deployment is complete.

Discretionary Service Charges

55. The Parties agree that it is appropriate that all customers in the Oncor service area benefit from the cost savings impact of the deployment of advanced meters on Oncor's meter-related discretionary service charges. These meter-related discretionary service charges include what was identified in Docket No. 35717 as Standard Discretionary Service Charges SD1, SD2, SD5, SD6, SD8, and SD9 and Company Specific Discretionary Service Charges DD10 and DD12. Oncor's proposal in Docket No. 35717 to reduce Oncor's meter-related discretionary service charges annually over a period of five years to reflect the progressive reduction in costs resulting from AMS deployment is appropriate. For purposes of providing cost savings to all customers, a yearly update mechanism for the meter-related discretionary service charges is appropriate. Upon full deployment of AMS, each meter-related discretionary service charge established in the fifth year shall be no higher than the incremental cost of providing the discretionary service.
56. Oncor shall create new, separate discretionary services for disconnect and reconnect of a pre-pay customer who has an AMS provisioned meter with remote disconnect/reconnect capability. The costs associated with providing these interim services will be included as recoverable costs in a reconciliation under P.U.C. SUBST. R. 25.130(k)(6). Oncor and REPs will develop a process through which REPs will designate which of their customers are pre-pay customers. Oncor will memorialize the process agreement with REPs related to the designation of pre-pay customers in its tariff and the charges for these services will be \$0.
57. Oncor shall create a new, separate discretionary service in its tariff for setting up time of use metering (for time of use profiles existing on August 8, 2008) for premises with an AMS provisioned meter, and the costs associated with providing this interim service will be included as recoverable costs in a reconciliation under P.U.C. SUBST. R. 25.130(k)(6). The charge for this service will be \$0.

Web Portal

58. Oncor will directly, or through a consortium involved in the common Web Portal, hire an independent, third party to conduct a security audit of the common AMS Web Portal requirements as the development of the Web Portal begins and will provide the results of that audit to the Commission. In addition, Oncor will include information about the status of the audit in its monthly progress reports to the Commission.
59. Oncor shall provide 15 minute non-VEE interval data and daily register reads via a File Transfer Protocol (FTP) site by the end of 2008.
60. The Web Portal Assumptions determined in PUC Project No. 34610 and reflected in Exhibit E to the Stipulation are the assumptions that will form the basis of the common AMS web portal.
61. The Web Portal Business Requirements determined in PUC Project No. 34610 and reflected in Exhibit F to the Stipulation are the business requirements with which the common AMS Web Portal must comply.
62. Oncor will include historical monthly billing data related to non-AMS meters and premises in the common AMS Web Portal. To the extent that there are cost savings associated with including this data in the common AMS Web Portal, those savings will be captured and addressed in the reconciliation of the AMS Surcharge.
63. The estimated capital costs and estimated annual operation and maintenance costs included in Oncor's AMS Surcharge to develop, implement, operate, and maintain the common web portal are reasonable but are subject to reconciliation pursuant to P.U.C. SUBST. R. 25.130(k)(6).

Low-Income In-Home Monitors

64. Oncor shall include in the AMS Surcharge \$10 million to cover the costs of (a) providing in-home monitors to low-income customers, (b) the associated administrative costs, and

- (c) the costs of distribution, training, and customer education related to the in-home monitors.
65. Oncor agrees to include information about the implementation of this program in its monthly progress reports to the Commission.
66. For purposes of this commitment, the definition of “low-income customer” in P.U.C. SUBST. R. 25.5 shall apply.
67. All in-home monitors provided to eligible low-income customers pursuant to this low-income program will be compatible with Oncor’s meters. If in-home monitors are provided pursuant to this low-income program by any third-party entity other than Oncor, it is that entity’s responsibility to ensure that the monitor is compatible with the Zigbee communication module in Oncor’s meters.
68. The program will require the in-home monitors be provided equitably across the entire Oncor service area. Additionally, provision of in-home monitors to low-income customers will be initially distributed in a phased-in approach with the deployment of advanced meters in the low-income customer’s area.
69. Following approval of this Stipulation, a project will be established and a series of workshops will be held to reach a consensus to design and implement the low-income provisions of this Stipulation. Under Commission Staff leadership, the group will use its best efforts to finalize the plan within 120 days after the entry of a Final Order consistent with this Stipulation. The goal of the program is to maximize the comprehensive, cost-effective distribution of the in-home devices, including training and education, to the greatest number of eligible low-income customers. It is anticipated that a variety of distribution channels and methods may be used, including but not limited to, government agencies, community action agencies, and retail electric providers so long as any particular distribution channel or method achieves the goal. If a dispute cannot be resolved, the dispute will be brought to the Commission for resolution in the project that has been established.

Energy Independence and Security Act

70. Oncor shall pursue funding available under the Energy Independence & Security Act if Oncor is eligible for that funding under the Department of Energy's requirements, and the incremental cost of pursuing that funding will be included in the AMS Surcharge. If after the Department of Energy's requirements are known, it appears that the costs of seeking funding would be greater than the potential benefit to obtain such funding, then Oncor will not seek the funding. The incremental costs to pursue the funding must be reasonable. Oncor agrees to include information about the status of its efforts, pursuant to this commitment, in its monthly progress reports to the Commission.

Home Area Network (HAN)

71. Oncor shall adopt the HAN requirements (including the number of devices that the meter is required to directly connect with through the HAN) determined in PUC Project No. 34610. Oncor shall reflect those requirements in a compliance tariff.
72. If HAN requirements are determined in PUC Project No. 34610 by December 31, 2008, Oncor's system, relative to the HAN, will be operational in January 2010. If the HAN requirements are determined in PUC Project No. 34610 after December 31, 2008, Oncor's systems, relative to the HAN, will be operational within 12 months after the requirements are finalized in that project. If the costs to achieve the HAN capabilities determined in PUC Project No. 34610 are greater than \$10,000,000 in capital cost or \$2,000,000 of additional annual O&M expense not recovered in a discretionary service charge, then Oncor will amend its AMS deployment plan consistent with P.U.C. SUBST. R. 25.130(d)(10). In any event, if additional costs are required to provide additional functionality beyond what is presently planned, those costs will be considered in the Oncor AMS reconciliation process. Oncor will use reasonable efforts to use back-office systems and work processes that will provide REPs with the ability to send messages through its communication network before HAN requirements and web portal requirements are fully implemented by Oncor.

Reconciliation Proceeding

73. Oncor shall file a reconciliation proceeding two years after the implementation of Oncor's proposed AMS Surcharge in this proceeding unless Oncor wishes to update the AMS Surcharge before that time pursuant to P.U.C. SUBST. R. 25.130(k)(5). In addition, the reconciliation proceeding conducted pursuant to this provision will not be treated as a reconciliation proceeding initiated by Oncor for purposes of determining when Oncor can initiate another reconciliation proceeding under P.U.C. SUBST. R. 25.130(k)(6). In other words, Oncor can seek another reconciliation proceeding within three years after the initiation of the reconciliation proceeding required by this provision.

Settlement at ERCOT

74. As long as the requirements for settlement at ERCOT are not revised from what is currently anticipated in PUC Project No. 34610, Oncor will be able to support its AMS deployed for purposes of settlement at ERCOT no later than July 1, 2009.

Reporting

75. Oncor will file the reports identified on Exhibit G to the Stipulation in a compliance project, and those reports will be available to all parties in this proceeding. Oncor will follow the applicable rules governing the protection of confidential, Highly Sensitive, and customer proprietary information.
76. Pursuant to P.U.C. PROC. R. 22.5(b), there is good cause to waive the 20-day requirement of P.U.C. PROC. R. 22.35(b)(2), so that this proceeding may be considered at the Commission's next regularly scheduled Open Meeting of August 28, 2008.

II. Conclusions of Law

1. Oncor is an electric utility as that term is defined in § 31.002(6) of the Public Utility Regulatory Act, TEX. UTIL. CODE ANN. §§ 11.001-66.016 (Vernon 2007 & Supp. 2008) (PURA).

2. The Commission has jurisdiction over the parties and subject matter of the Stipulation by virtue of PURA § 39.107(h).
3. Oncor's provision of notice in this proceeding complies with P.U.C. PROC. R. 22.55.
4. Oncor's application was processed in accordance with the requirements of PURA and the Texas Administrative Procedure Act, TEX. GOV'T CODE ANN. 2001.001-.902 (Vernon 2000 & Supp. 2008).
5. The Commission's consideration of the Stipulation complies with PURA § 14.054 and P.U.C. PROC. R. 22.206.
6. The terms of the Stipulation are supported by a preponderance of the evidence and comply with the requirements of P.U.C. SUBST. R. 25.130.
7. The Stipulation is a reasonable resolution of all issues presented, is supported by the record, and is consistent with the relevant provisions of PURA.
8. The requirements for informal disposition pursuant to P.U.C. PROC. R. 22.35 have been met in this proceeding except for subsection (b)(2), which requires the proposed order to be served on all parties no less than 20 days before the Commission is scheduled to consider the application in an open meeting. Pursuant to P.U.C. PROC. R. 22.5(b), good cause exists to waive the 20-day requirement of P.U.C. PROC. R. 22.35(b)(2), so that this proceeding may be considered at the Commission's next regularly scheduled Open Meeting of August 28, 2008.

III. Ordering Paragraphs

Based on the foregoing Findings of Fact and Conclusions of Law, the Commission issues the following order:

1. Oncor's request for approval of AMS Deployment Plan and request for AMS Surcharge are granted to the extent that they are consistent with the Stipulation.
2. The Stipulation is approved and the relief sought by the Stipulation is granted.

3. Oncor shall hire an independent, third party to conduct a security audit of the common AMS Web Portal requirements as the development of the web portal begins, and Oncor shall provide the results of that audit to the Commission.
4. Consistent with the requirements of P.U.C. SUBST. R. 25.130(j)(3), Oncor shall have an independent security audit of the mechanism for customer and REP access to meter data conducted within one year of initiating such access and promptly report the results to the Commission.
5. Oncor shall file a reconciliation proceeding two years after the implementation of Oncor's proposed AMS Surcharge in this proceeding unless Oncor wishes to update the AMS Surcharge before that time pursuant to P.U.C. SUBST. R. 25.130(k)(5). In addition, the reconciliation proceeding conducted pursuant to this paragraph will not be treated as a reconciliation proceeding initiated by Oncor for purposes of determining when Oncor can initiate another reconciliation proceeding under P.U.C. SUBST. R. 25.130(k)(6). In other words, Oncor can seek another reconciliation proceeding within three years after the reconciliation proceeding required by this paragraph.
6. Oncor will reduce its meter-related discretionary service charges identified in Docket No. 35717 as Standard Discretionary Service Charges SD1, SD2, SD5, SD6, SD8, and SD9 and Company Specific Discretionary Service Charges DD10 and DD12 annually over a period of five years to reflect the progressive reduction in costs resulting from AMS deployment. Upon full deployment of AMS, each meter-related discretionary service charge established in the fifth year shall be no higher than the incremental cost of providing the discretionary service.
7. Oncor shall create new, separate discretionary services for disconnect and reconnect of a pre-pay customer who has an AMS provisioned meter with remote disconnect/reconnect capability. The costs associated with providing these interim services will be included as recoverable costs in a reconciliation under P.U.C. SUBST. R. 25.130(k)(6). Oncor and REPs will develop a process through which REPs will designate which of their customers are pre-pay customers. Oncor will memorialize the process agreement with REPs, related to the designation of pre-pay customers, in its

tariff, and the charges for these services will be \$0. Oncor shall file this tariff, and it will become effective simultaneously with Rider AMCRF.

8. Oncor shall create a new, separate discretionary service in its tariff for setting up time of use metering (for time of use profiles existing on August 8, 2008) for premises with an AMS provisioned meter, and the costs associated with providing this interim service will be included as recoverable costs in a reconciliation under P.U.C. SUBST. R. 25.130(k)(6). The charge for this service will be \$0. Oncor shall file this tariff, and it will become effective simultaneously with Rider AMCRF.
9. The entry of this Order does not indicate the Commission's endorsement or approval of any principle or methodology that may underlie the Stipulation. Entry of an Order consistent with the Stipulation shall not be regarded as a binding holding or precedent as to the appropriateness of any principle that may underlie the Stipulation.
10. All motions or requests for entry of specific findings of fact and conclusions of law and other requests for general or specific relief not expressly granted are denied.

SIGNED AT AUSTIN, TEXAS on the _____ day of August 2008.

PUBLIC UTILITY COMMISSION OF TEXAS

BARRY T. SMITHERMAN, CHAIRMAN

JULIE CARUTHERS PARSLEY, COMMISSIONER

DONNA L. NELSON, COMMISSIONER

**Tariff for Retail Delivery Service
Oncor Electric Delivery Company LLC**

6.1.1 Delivery System Charges
Applicable: Entire Certified Service Area
Effective Date: December 29, 2008

Sheet: 17
Page 1 of 1
Revision: Original

6.1.1.17 Rider AMCRF – Advanced Metering Cost Recovery Factor

AVAILABILITY

Applicable, pursuant to PURA §39.107(h) and PUCT Substantive Rule §25.130, to Retail Customers receiving metered service for which the Company will install an Advanced Metering System (“AMS”) at any time during the AMS cost recovery period approved by the Public Utility Commission of Texas.

Rider AMCRF is not applicable to Retail Customers whose: (1) load is required to be metered by an interval data recorder meter by the Independent System Operator (ERCOT), (2) load was metered by an interval data recorder meter prior to the effective date of PUCT Substantive Rule §25.130 (May 30, 2007), or (3) load is unmetered.

NET MONTHLY BILL AMOUNT

The AMCRF for each of the Company's applicable retail rate schedules is as follows:

<u>Rate Schedule</u>	<u>AMCRF</u>
Residential Service	\$2.21 per Month
Secondary Service Less than or Equal to 10 kW	\$2.42 per Month
Secondary Service Greater than 10 kW	\$4.03 per Month
Primary Service Less than or Equal to 10 kW	\$3.99 per Month
Primary Service Greater than 10 kW	\$5.21 per Month
Lighting Service (Metered Facilities)	\$3.29 per Month

NOTICE

This Rate Schedule is subject to the Company's Tariff and Applicable Legal Authorities.