

PRELIMINARY STATEMENTS

FF. Bear Valley Electric Service Smart Meter Opt-Out Balancing Account (BSOBA)

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1. **Purpose:** The purpose of Bear Valley Electric Service (BVES) Smart Meter Opt-Out Balancing Account (BSOBA) is to record the difference between revenues collected from opt-out customers through Commission-authorized fees and charges and costs incurred related to the opt-out option
2. **Applicability:** The BSOBA applies to residential customers who do not wish to have a wireless, communicating meter known as a Smart Meter installed at their premises (hereafter, "Opt-Out Customers").
3. **Operation of the BSOBA:**
Entries of the BSOBA shall be determined as follows:
 - a. A debit entry to record the incremental Operation and Maintenance (O&M) and capital-related revenue requirements, excluding associated "exit fee" or "turn-off" costs and Franchise Fees and Uncollectibles (FF&U) expense, incurred for all opt-out related activities. Opt-out-related revenue requirements recorded in the BSOBA shall be based on actual costs. The capital-related revenue requirements shall include depreciation expense, return on rate base, federal and state income taxes, and property taxes. These O&M and capital costs include implementation and on-going costs, and any other costs associated with activities related to the opt-out program (as authorized by the Commission in D.12-04-018 and D.14-12-078), associated with the following items:
 - (1) Acquisition and Installation of Meters
This category consists primarily of the costs testing and replacing BVES Smart Meters with electromechanical analog meters, or the customer's previous meter form (i.e., a non-communicating, non-smart meter).
 - (2) Acquisition and Installation of Communication Network Equipment
This category consists primarily of the capital costs of procuring and installing communication infrastructure equipment necessary to compensate for reduced connectivity of the BVES Smart Meter mesh network associated with the removal of BVES Smart Meter end-point meters for opt-out customers.
 - (3) Modification and Operation of Back-Office Systems
This category consists primarily of the capitalized software costs necessary to integrate additional meter forms into the BVES Smart Meter back office systems and for modifications to BVES' billing systems to incorporate new opt-out program fees.
 - (4) Operations
This category consists primarily of the operational expenses associated with manual meter reading, call center support, customer enrollments, billing, customer outreach and notifications, uncollectable expenses attributable to the opt-out program, training, development & assessments and program administration.
All recorded, incremental costs shall include provisions for overhead loadings on direct labor dollars to account for items such as benefits, results sharing and payroll taxes. The overhead loading factors shall be based on authorized GRC loading factor rates.

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Issued By
R. J. Sprowls
President

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- b. A credit entry equal to the revenues associated with the initial and/or monthly fees for the BVES Smart Meter Opt-Out Program, and
- c. An entry to record interest expense for over-collection or interest income for under-collection by applying the Interest Rate to the average monthly balance in the BSOBA
- 4. **Disposition:** The costs incurred and revenues collected associated with providing the opt-out option will be reviewed in BVES next available General Rate Case (GRC) proceeding. In addition, BVES may propose future adjustments to the Opt-Out fees or monthly charges to account for BSOBA over- or under-collections as part of its GRC application.

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