



January 22, 2014

Seattle City Council Energy Committee
Kshama Sawant, Chair
Sally Clark, Vice Chair
Mike O'Brien, Member
Bruce Harrell, Alternate

re: Proposed City Light rate policy changes

1. Seattle City Light's proposed 50% increase in the basic charge, decrease in 1st tier rates by 38%, and small decrease in 2nd tier rates appears to be 'revenue neutral' for City Light customers.
2. However, this change will have a detrimental effect on net-metered solar electricity producers, costing the average net-metered customer about \$900 over a seven year period.
3. The effect is even more pronounced for net-metered customers who heat their homes with electricity, getting credits all summer at the first tier rates, and then having to buy back that power at the second tier rates during the heating season.
4. My recommendation is that City Light comply with (RCW 80.60.030) and (SMC 21.49.082) by crediting net-metered customers in Kilowatt Hours, and not in dollars and cents.
5. City Light's accounting system will not accommodate compliance with the law, according to Chief Financial Officer Jeff Bishop.

Please see the attached pages for a more detailed explanation.



January 22, 2014

Seattle City Council, Energy Committee
Kshama Sawant, Chair
Sally Clark, Vice Chair
Mike O'Brien, Member
Bruce Harrell, Alternate
PO Box 34025
Seattle, WA 98124-4025

re: Seattle City Net Metering Program, SMC 21.49.082

Dear Council Member Sawant and Energy Committee Members,

Customer-generation of solar energy has been encouraged by policy measures in Seattle for 14 years, and has grown exponentially in the last couple of years. This is good news, and Seattle City Light (SCL) has been a willing partner in this effort thus far, with one glaring exception.

As we move into 2014 this exception needs to be addressed by SCL if the program is to continue to be a success:

SCL has some proposed changes in its rate structure for residential customers that will hurt net-metered solar customer-generators unless SCL brings its practice into compliance with RCW 80.60.030, and SMC 21.49.082(D)(2), which states that –

If electricity generated by a net metering program customer and fed back to the Department exceeds the electricity supplied by the Department during a billing period, that net metering program customer shall be billed for all charges (including any minimum charges) applicable to that customer's rate schedule, and shall be credited for the excess kilowatt-hours generated and fed back to the Department. A kilowatt-hour credit shall appear on the bill for the following billing period, shall be applied only to reduce the metered amount of kilowatt-hours billed by the Department to that customer, and any unused credit shall be carried forward to the next bill.

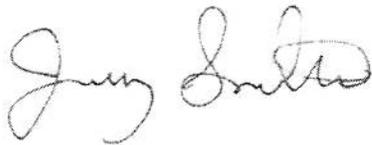
SCL's net metering practice has never been in compliance with this code section (mandated by RCW 80.60.030) and instead, credits net-metered customers in dollars as computed by the tiered rate structure. The problem is that overproduction by customers during the summer causes the credit to be computed in the first rate tier, and if those customers then draw on those credits later in the year,

they will typically be billed primarily at the second tier rate, essentially selling at a 'wholesale' rate and buying back at a 'retail' rate. This discrepancy was brought to the attention of SCL some time ago, but no change has been forthcoming. I attended the SCL Review Panel meeting on 11/22/13 as a citizen and customer-generator and brought this up again in the context of SCL's proposal to raise the basic charge by 50% and lower the first tier rate by 38% for residential customers. I saw some raised eyebrows and was approached after the meeting by Jeff Bishop, SCL's CFO. Jeff informed me that SCL's accounting system will not allow SMC 21.49.082 to be implemented as written, and that discussion of this problem was ongoing.

What needs to be done to address this problem and bring our net metering program into compliance with our own law? My concern, and that of other solar energy installers and their many Seattle customers, is that the rate structure will change but this fundamental problem will remain. Seattle residential solar generators have already lost thousands of dollars to this discrepancy. I hope to encourage a dialog between the Council and SCL, if that is needed, to the end that this accounting problem can be addressed once and for all.

Thank you for your attention to this matter; I am available to provide any additional information that the Council may need.

Sincerely Yours,

A handwritten signature in black ink, appearing to read "Jeremy Smithson". The signature is fluid and cursive, with the first name "Jeremy" written in a larger, more prominent script than the last name "Smithson".

Jeremy Smithson
CEO, Puget Sound Solar LLC
President, Solar Installers of Washington

cc: Jeff Bishop
Jack Brautigam
Solar Installers of Washington

the
Energy
Project

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Community Action

A Community Action Agency
serving Whatcom, Island and
San Juan counties since 1965

January 25, 2014

Sephir Hamilton, Chief of Staff
Maura Brueger, Director Government/Legislative Affairs
Seattle City Light
P.O. Box 34023
Seattle, WA 98124-4023

Dear Sephir and Maura,

On behalf of Centerstone, The Multi-Service Center, and The Energy Project we thank you again for your time discussing Seattle City Light low-income energy issues on January 7th. This letter is intended to reiterate our positions and concerns expressed in the meeting as they relate to our mutual low-income customers and clients. We recognize that the SCL staff are trying to align revenue collection with the cost to serve each customer. We believe we have an understanding of your goals, path, and rationale regarding the proposed rate design changes and also outreach strategies and goals for the SCL low-income discount rate. We emphasize again the desire to have Centerstone and MSC as strong partners in the planning and implementation phases of programs that impact low-income households.

To reiterate our key points and concerns:

THE SCL RATE DISCOUNT PROGRAM

- *SCL should enroll more customers at a faster rate.* According to the review panel materials presented that you provided to us, there are currently 13,500 low-income customers who participate in the SCL rate discount program. SCL has a proposed goal of serving up to 28,500 low-income customers within the next six years. Given that close to 100,000 customers might be eligible for the existing SCL guidelines (at 70% of State Median income) and that we feel there should be a goal of a much higher penetration rate, we would like to see a much more aggressive target for households enrolled.
- *SCL should be enrolling customers at lower income levels, especially those at 125% of the federal poverty level (FPL) or below.* The SCL program is open to customers with incomes up to 70% State Median Income, roughly twice the income threshold used by the federal Low Income Home Energy Assistance Program (LIHEAP). While the City Light intention is commendable, since not all eligible customers can be served, a much greater effort and concentration of funds should be focused on the customers at much lower income levels who are not getting help. We estimate there are about 50,000 households whose incomes are at or below 100% FPL.
- *We recommend applying the rate discount to those living in subsidized housing.* There are about 5-6,000 households in that category. This would be consistent with the federally-funded Low Income Home Energy Assistance Program administered in City Light's territory by Centerstone and MSC and would allow SCL to quickly

The Energy Project is a collaborative initiative between the Washington Community Action Partnership and the State of Washington Department of Commerce. Opportunity Council serves as lead administrative agency.

increase the numbers of households at lower income levels.

- *SCL should reconsider their intention to reduce the discount from 60% to 50%. We understand the attractiveness of having funds to reach more households. We suggested keeping the 60% rate discount for those customers at or below 125% FPL (roughly half SCL's existing standard) and a lower discount amount for those with the higher incomes. Snohomish PUD and Pacific Power are examples to two successful tiered discounts that operate in Washington. Such a structure would allow SCL dollars to go further in serving more of the lowest income households. We are very concerned that the great majority of those currently receiving a low-income discount are above the 125% federal poverty levels. A "one-size-fits-all" discount level, combined with serving many households above 125% FPL threshold, means there is far less funding to serve those most in need.*

THE SCL PROPOSED RATE DESIGN CHANGES

- We expressed concern about the small sample size used to come to the SCL conclusion that low-income households are overall high energy users when compared to other households. We do applaud a targeting outreach and weatherization effort for those low-income that really are high users.
- The April 30 materials supplied to the review panel suggests a decrease in payments from the highest energy users while increasing those at lower brackets. As we don't feel there is enough data to warrant the conclusion that most low-income households are high energy users we feel that a greater sample size is required. We find it disconcerting that SCL would forgo millions in revenues from thousands customers who are not low income in two highest usage brackets while increasing costs for many more low-income customers in lower usage brackets. High use low-income customers should be targeted with energy efficiency services, not a minimal percentage decrease in rates. We are concerned the proposed rate structure sends an anti-conservation message to those who are likely to have the most room to conserve.
- The SCL rate proposal looks like a doubling of the base charge from what is currently the case. We would like to keep the existing base charge for low-income households.

The Energy Project, MSC, and Centerstone look forward to continuing to work with you on this matter.

Respectfully submitted,


Chuck Eberdt

cc: Andrea Caupain, Chief Executive Officer, Centerstone
Robin Corak, Chief Executive Officer, Multi-Service Center
Kshama Sawant, Chair, Seattle City Council Energy Committee
Sally Clark, Vice-Chair, Seattle City Council Energy Committee
Mike O'Brien, Member, Seattle City Council Energy Committee
Bruce A. Harrell, Member, Seattle City Council Energy Committee

SCL_CLRPquestions

From: Grace Reamer <gvreamer@aol.com>
Sent: Monday, February 03, 2014 12:58 PM
To: SCL_CLRPquestions
Subject: Time of day pricing

To SCL rate review committee,

As you review the electrical rate structure, please keep in mind how rates can provide incentives for more efficient use of energy as well as increased green energy production.

1. Time-of-day pricing would provide a big incentive for the adoption of electric vehicles, if they can be charged at night for a lower cost when demand on the grid is low. This also could help even out grid demand throughout the day and night.
2. In addition, residential solar producers should get a higher production credit during the day when electric rates are higher. That would be a big incentive for more homeowners to install solar production equipment, which in turn would provide SCL with more green energy when it is needed during daytime hours.

As the owner of an electric vehicle as well as a 4.5kW solar array, I have experienced first-hand over the past two years how well the technologies work together. The most important thing we can do to improve and protect the environment and prevent climate change is to migrate to electric transportation and clean energy production. I expect SCL to remain an international leader of that mission.

Thanks, and please let me know if you have any questions.

Sincerely,

Grace Reamer
803 24th Ave. S.
Seattle
gvreamer@aol.com

SCL_CLRPquestions

From: Lynn Rowland <lynrow@gmail.com>
Sent: Monday, February 03, 2014 2:16 PM
To: SCL_CLRPquestions
Subject: Meter

I live in an apartment complex that have no individual water/sewer meters. I am a conservative water user but not rewarded by lower bills. Hence, I pay for others water and sewer. The new technology would be great if it were capable of changing this in a cost affective way. The owner would need something to entice them to upgrade the property without increasing my rent.
Is this possible?

SCL_CLRPquestions

From: Phil Email <humpfilm2010@gmail.com>
Sent: Tuesday, February 04, 2014 8:30 AM
To: SCL_CLRPquestions
Subject: rate structures suggestion

Hi Folks - Any energy assistance should be decided based not only on income, but also ASSETS. If grandma has only \$20,000 a year in income, but lives in a \$500,000 house, she should not get any income assistance. She can take out a 2nd mortgage on her home, get a reverse mortgage, etc.

If she does get help, pass legislation that imposes a lien on her house, so that when she dies/moves, we are repaid with interest. We have to stop all the goodies that are showered on folks - we can't afford it.

I further oppose pensions. I don't have one. Convert all employees to matching 401k plans - it's what all of us have in the private sector.

Sincerely,

Hal I. Tozis
Seattle (Madrona)

Seattle City Light Review Panel

c/o K. Kinney, Seattle City Light
P.O. Box 32023 Seattle, WA98124-4023
CLRPquestions@seattle.gov

March 7, 2014

Grace Reamer
803 24th Avenue S.
Seattle WA 98144-3030

Dear Ms. Reamer:

Thank you for your thoughtful email of February 3 suggesting a change in City Light rate structures to expand time-of-day pricing in order to encourage adoption of electric vehicles and to increase residential solar credits during daylight hours. The City Light Review Panel spent much of last year reviewing potential changes in electric rate policy. We discussed your email at our February 24 meeting.

We understand that SCL staff have followed up with you on this issue. The current SCL Strategic Plan anticipates implementation of Advance Metering Infrastructure (AMI) starting in 2016. This infrastructure is necessary to support time-of-day pricing for residential customers. The roll-out of this technology will, we expect, attract considerable public interest.

In terms of rate policy changes you suggest, we would expect to take up ideas such as these in a couple of years, after the AMI infrastructure is in place.

Thank you for sharing your ideas with us.

Sincerely,



Stan Price
Co-Chair



Eugene Wasserman
Co-Chair

cc: Councilmember Kshama Sawant, Chair, Energy Committee
Jorge Carrasco, City Light General Manager
Members, City Light Review Panel

You have zero privacy anyway. Get over it."
Scott McNealy, CEO, Sun Microsystems (1999)

"It's a future where you don't forget anything...
In this new future you're never lost...We will
know your position down to the foot and down
to the inch over time. Your car will drive itself...
you're never lonely...you're never bored...you're
never out of ideas."

*Google CEO Eric Schmidt,
TechCrunch Disrupt (2010)*

The bottom line...is that people around
the world - regardless of their nationality
- should know that the United States is not
spying on ordinary people who don't
threaten our national security."

President Barack Obama, January 17, 2014

"...they had come to a time when no one
dared speak his mind, when fierce, growling
dogs roamed everywhere, and when you had
to watch your comrades torn to pieces after
confessing to shocking crimes."

George Orwell, Animal Farm (1919)

"A lot of the privacy people, perhaps, don't
understand that we still occupy the role of
the Great Satan. New bombs are being devised.
New terrorists are emerging, new groups,
actually, a new level of viciousness. We need
to be prepared."

Senator Diane Feinstein, D-CA

Where can I learn more?



<https://eff.org/action>



<https://aclu-wa.org/issues/privacy>



<https://www.privacyinternational.org>
<http://privacy.org>



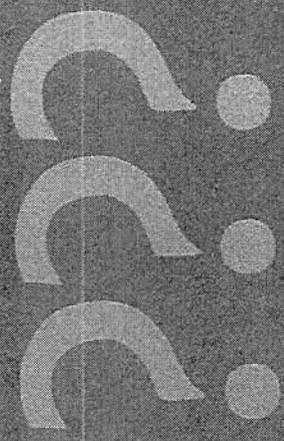
<https://www.wired.com/threatlevel>

How can I get involved?

Web: <https://www.seattleprivacy.org>

Contact: contact@seattleprivacy.org

Twitter: @SeattlePrivacy



Why should I
care about

PRIVACY?

SEATTLE PRIVACY COALITION

SEATTLE PRIVACY COALITION

"...Our whole constitutional heritage rebels at the thought of giving government the power to control men's minds."

Justice Thurgood Marshall, Stanley v. Georgia (1969)

"...it is a promise of the Constitution that there is a realm of personal liberty which the government may not enter."

Justice Andrew Kennedy, Lawrence v. Texas (2003)

"...the right to be left alone--the most comprehensive of rights and the right most valued by civilized men. The principle underlying the Fourth and Fifth Amendments is protection against invasions of the sanctities of a man's home and privacies of life."

Justice Louis Brandeis, Charistead v. U.S. (1928)

"Privacy protects us from abuses by those in power, even if we're doing nothing wrong at the time of surveillance...For if we are observed in all matters, we are constantly under threat of correction, judgment, criticism, even plagiarism of our own uniqueness.... We lose our individuality, because everything we do is observable and recordable."

Bruce Schneier, The Culture of Privacy (2006)

"They who can give up essential liberty to obtain a little temporary safety deserve neither liberty nor safety."

Benjamin Franklin (1775)

"He who controls the past controls the future.
He who controls the present controls the past."

George Orwell, 1984 (1949)

SEATTLE PRIVACY COALITION

Who are we?

Seattle Privacy Coalition formed in March 2013 in response to the proliferation of data gathering, sharing and storage programs in use by departments of the City of Seattle.

In January of 2014 we expanded our mission to include lobbying for legislation on the state and national level that protects privacy and preserves transparency in public institutions.

We seek the protection of privacy for all people, wherever they live, whatever their citizenship, against increasingly totalitarian government surveillance programs and intrusive and cynical corporate data collection.

We focus on policymaking, but we are happy to publicize and participate in other approaches, including direct action, protests, petitions, training, educational efforts, and more.

We work with existing institutions in an effort to restore the right to privacy to all persons.

Who are THEY?

Simply stated, 'they' can mean a government agency (the NSA, the FBI, the police) at the federal, state or local level that engages in broad data collection and surveillance, often with little to no public oversight.

It can also mean corporations and even private contractors, working to collect, retain and analyze data obtained from surveillance-related activities.

Note that not all activities potentially included in a definition of 'surveillance' are necessarily bad or beyond the pale. And some may even be inadvertent (e.g. smartphone apps that fail to protect user data but are otherwise benign).

However, we now live in an age where advancing technology is increasingly far ahead of policymaking, laws and our ability to set reasonable and effective limits on access to personal data.

We are also confronted with increasingly advanced military and surveillance technology being applied to our domestic lives in ways previously only seen in police states or totalitarian societies past and present.

The time to act is now. The person who can help is YOU.

Public comment period 3/19/14

Advanced Metering Devices and Customer Choice

Prepared for 3/19/14 Seattle City Light Review Panel

Please Adopt an "Opt-in" Policy

As Seattle City Light customers, we request that Seattle City Light create an **advanced metering infrastructure policy** that will mandate that SCL obtain **informed consumer consent** before installing advanced metering devices (AKA "smart meters").

The system should be opt-in, with no financial disincentives for those customers who decide not to opt-in.

In this paper:

- Threats to Privacy
- Potential Unintended Consequences
- Erosion of Public Trust
- Current Legal Landscape
- Gap Analysis of Federal and State Regulations
- Precedents that Support an Opt-in Model
- Conclusion

Threats to Privacy

Advanced metering technology poses a threat to individual privacy, as **federally funded research** shows. Government agencies including the Congressional Research Service¹, Department of Energy² and National Institute of Standards and Technology³, have written extensively about the specific threats to privacy generated by residential smart meters. Independent researchers have further documented the **level of intimate detail** that can be gathered from smart meter data, such as what customers are watching on television.^{4, 5}

Potential for Unintended Consequences

We are concerned that smart meters can now, or in the future, be misused to act as data collection devices which make previously private activities inside our dwellings subject to unauthorized official and criminal surveillance. We are concerned about such data being collected and stored in databases that may not be protected against warrantless searches, and may be managed by companies that have a history of profiting off of warrantless electronic surveillance.⁶ We are concerned about a lack of clarity

¹ Congressional Research Service, Smart meter data: privacy and cybersecurity, *CRS Report for Congress*, 2012. Available at: <http://www.fas.org/sgp/crs/misc/R42338.pdf>

² Department of Energy, "Data access and privacy issues related to smart grid technologies", 2010. Available at: http://energy.gov/sites/prod/files/gcprod/documents/Broadband_Report_Data_Privacy_10_5.pdf

³ National Institute of Standards and Technology, "Guidelines for smart grid cybersecurity: Vol. 2, privacy and the smart grid", *The Smart Grid Interoperability Panel - Cybersecurity Working Group*, vol. NISTR 7628, 2010. Available at: http://csrc.nist.gov/publications/nistir/ir7628/nistir-7628_vol2.pdf

⁴ Ulrich Greveler, Peter Glosekotter, Benjamin Justus and Dennis Loehr. Multimedia content identification through smart meter power usage profiles. In *Computers, Privacy and Data Protection*, 2012. Available at: <http://www.nds.rub.de/media/nds/veroeffentlichungen/2012/07/24/ike2012.pdf>

⁵ Miro Enev, Sidhant Gupta, Tadayoshi Kohno and Shwetak N. Patel. Televisions, video privacy, and powerline electromagnetic interference. In *ACM Conference on Computer and Communications Security*, pages 537-550, 2011. Available at: <http://homes.cs.washington.edu/~yoshi/papers/ccs2011-emi.pdf>

⁶ e.g. SAIC, who presented the Seattle City Light Business Case for AMI in 2012. SAIC has a long and troubling history of producing unconstitutional data collection programs for government entities, e.g. they developed the NSA Trailblazer program for warrantless electronic surveillance; it ended in failure, costing taxpayers billions of dollars. They also created PRISM, the NSA program which is currently being used for unconstitutional metadata collection. Note that SAIC offshoot Leidos is a vendor for Meter Data Management Systems used in advanced metering infrastructures.

regarding Constitutional protections for information collected by Seattle City Light that could be shared with city, state and federal law enforcement via the Seattle Shield Program⁷ and the Washington State Fusion Center.

Erosion of Public Trust

In the midst of the continuing Snowden revelations about government use of unregulated technology for warrantless electronic surveillance, public trust in the ability of elected officials and public institutions to adequately protect us is at a low point. We need laws and regulations to catch up with technology so that there are clearly defined privacy protections for smart meter data, and data collection and storage protocols that are based on established, relevant law, not just departmental policies.

Current Legal Landscape

Legal experts acknowledge that our current federal laws and regulations don't provide adequate smart meter data privacy protection. For example, the Federal Wiretap Act could allow a utility to give permission to law enforcement or a third party to **intercept smart meter data without a warrant**.⁸ The third party doctrine as it relates to utility records containing smart meter data has not yet been tested in the Supreme Court. The Stanford Technology Law review advises that "When confronted with a business record or other information held by a third party, the Court should ask whether the record, or the technology used to create the record, reveals information about activities taking place inside the home that otherwise would not be available absent a trespass into the home. The Court should further inquire as to whether the consumer has been able to exercise any real choice about whether to create such records...Under this test, information about in-home activities generated by advanced meters or sensors in a demand response system would be protected by the Fourth Amendment" and "law enforcement officials should be required to obtain a warrant before being given access to those records".⁹

At the September 26, 2013 Foreign Intelligence Surveillance Court Review, Senator Mark Udall asked Deputy Attorney General James Cole for clarification on whether section 215 of the Patriot Act (the "business records" provision of the Foreign Intelligence Surveillance Act which allows records to be collected via secret general warrants issued with a diluted standard of probable cause and placing the recipient under gag order) can be **used by the National Security Agency** to collect business records including "utility bills"; Mr. Cole was unable to rule it out.¹⁰

Gap Analysis of Federal and State Privacy Protections

The US Supreme Court has asserted that "at the very core [of the Fourth Amendment] stands the right of a man to retreat into his own home and there be **free from unreasonable government intrusion**".¹¹ Our Washington State Constitution provides even more rigorous protection of privacy rights than those guaranteed by the Fourth Amendment. Unlike the Fourth Amendment, WA State Const. Article I Section 7 "clearly recognizes an individual's right to privacy with no express limitations"¹² and states that "*No person shall be disturbed in his private affairs, or his home invaded, without authority of law.*" Washington State has historically recognized that an individual has some level of protected privacy interest in power usage, but existing regulations on how law enforcement can access utility records are **based on analog meter electrical consumption records collected monthly** which are not able to reveal discrete information about a customer's in-home activities.

⁷ <https://www.muckrock.com/foi/seattle-69/seattle-shield-membership-roster-2013-06-5897/>

⁸ Balough, Cheryl Dancey (2011) "Privacy Implications of Smart Meters," Chicago-Kent Law Review: Vol 86: Iss. 1, Article 8, page 18. Available at: <http://scholarship.kentlaw.iit.edu/cklawreview/vol86/iss1/8>

⁹ Jack I. Lerner, Deirdre K. Mulligan (2008) "Taking the "Long View" on the Fourth Amendment: Stored Records and the Sanctity of the Home", Stan. Tech. L. Rev. 3. Available at: <http://stlr.stanford.edu/pdf/lerner-mulligan-long-view.pdf>

¹⁰ <http://www.c-span.org/video/?315241-1/FISALe> starts at 1:28:17

¹¹ *Silverman v. United States*, 365 U.S. 505 (1961), discussed in section 512. Also see: *Kyllo v. United States*, 533 U.S. 27 (2001), (discussed *infra* part II)

¹² *State v. Simpson*, 95 Wash.2d 170, 622 P.2d 1199 (1980) (discussed *infra* part I, section (2))

http://www.leagle.com/decision/198026595Wn2d170_1249.xml/STATE%20v.%20SIMPSON

The current Revised Code of Washington (RCW 42.56.335) which regulates law enforcement access to utility records does not require a warrant, or a showing of probable cause, but instead only requires the weak standard of "reasonable belief" that the utility record will help establish that the customer committed a crime. Advanced meter electrical consumption records can reveal discrete information and intimate details about a customer's activities occurring within the confines of their home, including use of medical equipment, hours of occupancy, and more. These merit Constitutional protection requiring a warrant for law enforcement to access.

Our laws have not kept pace with changing technology, and **we are at risk of violating constitutionally protected privacy rights**. In 1994 *State v. Young* the WA Supreme Court recognized strict privacy protections regarding infrared as a device that discloses information about activities occurring within the confines of a home, and which a person is entitled to keep from disclosure absent a warrant. An apt quote from the ruling: "*However, in construing Const. art. 1, § 7, we have resisted the uncertain protection which results from tying our right to privacy to the constantly changing state of technology. We recognize as technology races ahead with ever increasing speed, our subjective expectations of privacy may be unconsciously altered. Our right to privacy may be eroded without our awareness, much less our consent. We believe our legal right to privacy should reflect thoughtful and purposeful choices rather than simply mirror the current state of the commercial technology industry.*"¹³

We need the City of Seattle to step in and model privacy policies that reflect thoughtful and purposeful choices.

Precedents that support an opt-in policy

Other jurisdictions have heard customer concerns about smart meters including privacy and data security issues and have responded by creating opt-in policies. The Eugene Water and Electric Board (Oregon's largest customer owned utility) voted unanimously on Oct. 1, 2013 to move forward with an advanced metering project that takes an opt-in approach that focuses on consumer choice.¹⁴ In 2012 the state of New Hampshire enacted a law which prohibits electric utilities from installing smart meter gateway devices without the property owner's consent.¹⁵ Vermont now requires written notice before installing a smart meter, and prohibits fees for those customers who choose not to opt-in.¹⁶ Section 1252 of the United States Energy Policy Act of 2005 acknowledges consumer choice and supports an opt-in approach. There is a current bill in the Washington state legislature that will give additional statutory protection to smart meter data by adding it to the public records disclosure exemptions.¹⁷

Conclusion

Given the privacy risks of smart meters, **consumers must be allowed to choose** whether to accept these risks or avoid them by not opting-in to a smart meter. **In the absence of adequate state and federal legislation**, we call upon the City of Seattle and Seattle City Light to enshrine the "Opt-in" model in law. The current plan for an opt-out presumes consent; which we argue is inadequate and potentially even unethical, because the technology of smart meters has gotten ahead of consumers as well as regulators. The opt-in model requires explicit, informed consent and encourages customers to be active participants in their utility decisions by allowing them to make an informed consumer choice after being educated about the benefits and risks of smart meters and the security of their information.

¹³ *State v. Young*, 123 Wash.2d 173, 867 P.2d 593, (1994), (discussed *infra* Section II, [7])

https://www.soc.umn.edu/~samaha/cases/st_v_young.htm

¹⁴ <http://www.eweb.org/cc/oct2013/optin>

¹⁵ <http://legiscan.com/NH/bill/SB266/2012>

¹⁶ <http://www.leg.state.vt.us/statutes/fullsection.cfm?Title=30&Chapter=077&Section=02811>

¹⁷ <http://apps.leg.wa.gov/billinfo/summary.aspx?bill=2114&year=2013>



March 24, 2014

Stan Price
Eugene Wasserman
Co-Chairs, Seattle City Light Review Panel
VIA EMAIL – kim.kinney@seattle.gov & CLRPquestions@seattle.gov

MIC
Executive
Committee

John Odland
MacMillan-Piper
Co Chair

Linda Styrk
Port of Seattle
Co-Chair

Warren Aakervik
Ballard Oil
Treasurer

Johnny Bianchi
B&G Machine

Marc Doan
GM Nameplate

Kathleen Goodman
AMEC Geomatrix

David Huchthausen
Somerset Properties

Mike Kelly
ASKO Processing

Matt Lyons
NUCOR Steel

Jordan Royer
Pacific Merchant
Shipping Association

Larry Ward
Pacific
Fishermen Shipyard

Elizabeth Warman
The Boeing Company

Dear Mr. Price and Mr. Wasserman:

Seattle City Light is working with the Review Panel to identify potential rate design changes that would allow the utility to recover a greater percentage of its fixed costs from ratepayers in an environment of flat energy demand.

Under proposals being considered large and high-demand customers would see a significant increase in the demand charge and nominal decrease in the energy charge. For large employers in the manufacturing sectors this means additional rate increases on top of the 4.7% average annual increases called for in the strategic plan, while others, such as data centers, hotel and hospitals would see rates decreases.

The MIC understands and supports a rate structure that more closely reflects the cost of energy delivery but is also concerned that the current proposal places a disproportionate share of the increases on the industrial sector.

Rather than the proposed increase in the demand charge to \$4.48 per peak kW from the current \$1.52, a more modest demand charge increase in-line with peer utilities in the area, along with a commensurate energy charge reduction, would move the utility toward a more stable fixed cost recovery in an incremental way that does not unreasonably burden city's manufacturing sector.

The MIC also supports incorporating an economic development component that considers the impact of rate design shifts on Seattle employers. Rate decreases for businesses that employ a comparatively small number of workers, such as data centers, while increasing the rate for large industrial employers, is not in the best interests of our economy.

Sincerely,

A handwritten signature in black ink that reads "Dave Gering". The signature is fluid and cursive.

Dave Gering, Executive Director
Manufacturing Industrial Council of Seattle

March 26, 2014

Seattle City Light Review Panel

Tom Lienesch
Julia M. Ryan
Stan Price
Eric Thomas
David Allen
Chris Roe
Sue Selman
Eugene Wasserman

Re: Proposed Seattle City Light rate design changes

Dear Panel Members:

We are writing on behalf of Seattle's hospitals, universities and colleges (designated by the City as "Major Institutions") to confirm our support of Seattle City Light's proposed rate design changes.

Seattle's Major Institutions provide more than 77,000 direct jobs. Annually, they pay more than \$4.9 billion in salaries and benefits, and generate more than \$55 million in state and local taxes. The city's health care institutions provide more than a \$100 million in community benefits including free or low-cost critical health care services each year. The City's universities and colleges enroll more than 106,500 students each year.

The Major Institutions are concerned about utility costs and their impact on our ability to deliver educational, health and other vital services.

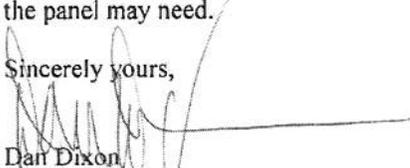
Traditionally, the Major Institutions have paid a high cost for power compared to other sectors of the economy. In the current rate structure, the Major Institutions, which use power consistently over a 24-hour period, pay more than the actual cost of power.

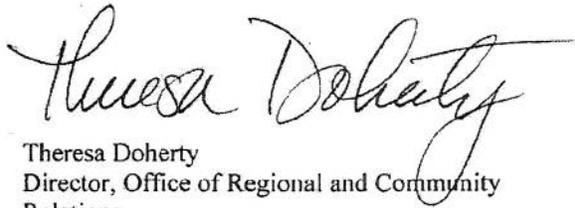
We believe Seattle City Light is correct to re-calibrate the rate design and provide a more equitable revenue structure.

We believe the plan fits well with Seattle City Light's priorities of fair and predictable rates, continued environmental leadership and continued improvement of Seattle City Light's financial condition.

Thank you for your attention to this matter. We remain available to provide any additional information the panel may need.

Sincerely yours,


Dan Dixon
Chief Community Engagement Officer
Providence Health & Services


Theresa Doherty
Director, Office of Regional and Community
Relations
University of Washington