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BILL NO: **Senate Bill 9— Gas and Electricity-Smart Meters-Customer Rights and Required Reports**

COMMITTEE: **Senate Finance**

HEARING DATE: **February 17, 2015**

SPONSORS: **Senator McFadden**

POSITION: **Informational**

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Senate Bill 9 requires a utility company to give written notice of the deployment of "smart meters" to each customer in the affected portion of its service territory. The notice must state that the customer has an opportunity to refuse the installation of a smart meter. A customer may request at any time that the utility company exchange a smart meter for an analog meter. A utility company may not charge a customer for refusing to have a smart meter installed or for requesting that the smart meter be removed in favor of an "analog" meter. The Bill also requires certain reporting from the Public Service Commission regarding savings realized through the use of smart meters and any breaches to a utility company's cybersecurity infrastructure. Additionally, the Bill requires a joint report from the Public Service Commission and the Department of Health and Mental Hygiene on the health effects of smart meters.

In Case Nos. 9207 and 9208, the Maryland Public Service Commission examined the need for and costs and benefits involved with installing smart meters. By orders issued in 2010 through 2012, the following utilities were authorized to deploy smart meters (advanced metering

infrastructure, or AMI): Baltimore Gas and Electric (for gas meters as well), Potomac Electric Power Company and Delmarva Power. Installation of the meters has been continuing throughout these service territories.   As part of this deployment process, the utilities must provide notices in writing or by telephone regarding the installation and multiple notices of the need to set up an appointment to change out an indoor meter.

Some customers have raised concerns about possible health effects and the privacy of data collected through smart meters. In response, the Commission has issued orders allowing customers to "opt-out" of meter installation for any reason. Pursuant to Commission order, customers who choose to opt-out pay a one-time installation fee (which is spread over a number of monthly bill cycles) and a pre-determined monthly charge. Attached to this testimony is a publication created by the Office of People's Counsel that explains the smart meter installation process and the financial consequences of opting out.

Based upon the evidence presented in various proceedings before the Commission, OPC is persuaded that there are additional costs that will be incurred by utilities as customers opt out. The additional costs result from the need for the utilities to maintain dual billing systems, to keep meter reading personnel on the payroll and the purchase or repair of "non-smart" meters. Since Maryland law allows utilities to be compensated for the reasonable costs of providing utility service, the choice was either to impose these additional costs on all customers or to have the customers who are causing the costs to bear them. The Commission ultimately decided that it was fairer to have the customers who caused the costs pay them, thereby avoiding one set of customers subsidizing another set. OPC concurs with that decision.

OPC does note that Senate Bill 9 refers to an "analog meter" as a substitute for a smart meter. Analog meters are not defined in the bill, but frequently are understood to be "non-

digital." This reference to analog meters may have an unintended consequence, as OPC understands that utility meters include both analog and digital meters that lack 2-way communication capability.

Finally, OPC notes that the two reports required from the Public Service Commission and the Department of Health and Mental Hygiene in conjunction with the Public Service Commission may provide valuable information for Maryland residents.