

**BEFORE THE BOARD OF DIRECTORS OF THE  
BROWNSVILLE PUBLIC UTILITIES BOARD**

<b>IN THE MATTER OF BROWNSVILLE</b>	<b>§</b>
<b>PUBLIC UTILITIES BOARD'S CONSIDERATION</b>	
<b>OF THE IMPLEMENTATION OF SMART METERING</b>	<b>§</b>
<b>AND DG INTERCONNECTION, PURSUANT TO THE</b>	
<b>ENERGY POLICY ACT OF 2005 ("EPACT") AND</b>	<b>§</b>
<b>ITS AMENDMENTS TO THE PUBLIC UTILITIES</b>	
<b>REGULATORY POLICIES ACT OF 1978 ("PURPA")</b>	<b>§</b>

**THE BOARD OF DIRECTORS' FINAL DETERMINATION ON THE  
IMPLEMENTATION OF SMART METERING AND DG INTERCONNECTION  
PURSUANT TO 16 U.S.C. §2621(d)(14) and §2621(d)(15)**

**WHEREAS**, the Public Utility Regulatory Policies Act of 1978, 16 U.S.C. §2601 et. Seq. ("PURPA"), as amended by the Energy Policy Act of 2005 ("EPAAct") requires that each state's regulatory authority, and certain non-regulated utilities, consider five new federal standards related to service and rates;

**WHEREAS**, Brownsville Public Utilities Board (hereinafter "BPUB"), a non regulated utility, as the term is defined by PURPA, 16 U.S.C. §2602, initiated the above caption proceeding to consider whether BPUB should implement two of the new PURPA standards, referred to as "smart metering" and "dg interconnection", 16 U.S.C. §2621(d)(14) and §2621(d)(15);

**WHEREAS**, "smart metering" allows members an option of selecting a time based rate schedule, under which the rate charged by BPUB would vary during different periods and reflect the variance, if any, in BPUB's cost of generating and purchasing electricity at the wholesale level;

**WHEREAS**, "dg interconnection" provides for an interconnection service to an electric consumer under which an on-site generating facility on the consumer's premises shall be connected to the local distribution facilities.

**WHEREAS**, the amendments to PURPA require BPUB to consider and make a final determination as to whether it is appropriate to implement smart metering and/or dg interconnection, to fulfill the purposes of PURPA, which are: (1) To encourage the conservation of energy supplied by electric utilities; (2) To optimize efficiency of electric utility facilities and resources, and (3) To facilitate equitable rates for electric consumers; and based on the evidence and comments submitted by parties and other interested persons;

**WHEREAS**, as part of its consideration, BPUB is required to hold a public hearing and issue a final determination, in writing, based upon the evidence presented at the hearing and upon findings specifically included in its written determination, and thereafter make the final determination available to the public;

**WHEREAS**, the BPUB issued public notice announcing that a public hearing on the matter would be held at the offices of BPUB on July 9, 2007 at 6:00 p.m.;

**WHEREAS**, the public notice advised of the right to participate as a party in the proceeding, advised of the right to file written comments in connection with the proceeding, or to appear at the public hearing to offer verbal comments;

**WHEREAS**, Chairman Robert Sanchez presided over the required public hearing, held on July 9, 2007;

**WHEREAS**, no person or entity requested Intervention, filed written comments, or made an appearance to offer comments in this proceeding;

**WHEREAS**, BPUB Staff submitted its presentation on smart metering by and through the BPUB Electrical Engineering Department;

**WHEREAS**, the Board reviewed the presentation by the BPUB Electrical Engineering Department on Smart Metering, considered the recommendation of BPUB staff, and hereby finds the following:

1. BPUB staff testified that PURPA requires BPUB to consider offering to each of its customer classes a time based rate schedule, and provide individual customers upon request, a time based rate meter under which the rate charged by BPUB would vary during different time periods and reflect the variance, if any, in BPUB's cost of generating and purchasing electricity at the wholesale level. Four types of time based rates that are required to be considered were identified: (1) Time of Use rates; (2) Critical peak pricing; (3) Real time pricing; and (4) Credits for consumers with large loads who enter into pre-established peak load reduction agreements which reduce a utility's planned capacity allocations.

2. BPUB staff recommended that Board should not adopt the new standard for smart metering for the following reasons: (a) Smart metering would provide a minimal savings of an estimated three to five cents to BPUB customers; (b) It is hard to quantify environmental impact; (c) Some customers' electrical bills may increase; (d) implementation may not be cost effective for BPUB as the estimated cost to implement a smart metering program is \$15 million dollars; (e) Onsite inspection will still be needed to insure proper use of a smart metering system; (f) Technology will make the system cheaper in the future; and (g) an increase of base service rates due to the infrastructure cost; (h) customers may not like the utility's control on their equipment; and (i) a reduction in peak demand is not critical in the State of Texas due to the current levels of generation and transmission.

3. BPUB staff further recommended that BPUB instruct staff to install solid state meters that are compatible with a future Automatic Meter Infrastructure system for meter replacements and new services, as BPUB replaces 3% of its electric meters per year. Solid state meters cost around \$75.00 each compared to \$30.00 each for the current electromechanical meter which would put BPUB in step for future implementation of a smart metering system.

4. Following the recommendations of the BPUB staff would provide BPUB time to develop and enact new smart metering rates (if practical) as part of the next overall rate study. Thus, BPUB staff believes that BPUB has met the intent of PURPA.

**WHEREAS**, the Board was further presented a workshop presentation by the BPUB Electrical Engineering Department on Distributed Generation Interconnection, considered the recommendation of BPUB staff, and hereby finds the following:

1. Over the past ten (10) years there have been no requests for interconnection to the BPUB electrical system. The few inquiries that have been received have been advised by BPUB staff that BPUB will follow general PURPA

guidelines which are: (a) upon application; (b) BPUB will investigate the plans provided by the customer and determine the out of pocket costs to BPUB for which the customer would be responsible; and (c) upon signing a contract and paying the fees, BPUB will connect the customer to the transmission system.

2. BPUB staff voiced concern over the massive amount of resources needed to develop rates; rates that may never be used; and that will obligate the utility to a specific set of rules/procedures.

3. BPUB staff recommended that the Board not adopt the new standards for interconnection at this time. Doing so will allow BPUB to develop and enact interconnection rates (if practical) as part of the next overall rate study. Until then, BPUB will work with any interconnections on a case-by-case basis.

**WHEREAS**, the Board of Directors has considered the testimony and evidence submitted in this proceeding; and

**NOW THEREFORE**, on this the 3<sup>rd</sup> of August, 2007, the Board of Directors hereby issues its final determination on the implementation of smart metering and dg interconnection, pursuant to 16 U.S.C. §2621(d)(14) and §2621(d)(15), as follows:

1. BPUB will not, in consideration of the testimony, presentations, lack of interest or demand by BPUB's customers and the disadvantages associated with smart metering, offer smart metering to its customers, at this time;

2. BPUB will not, in consideration of the testimony, presentations, lack of interest or demand by BPUB's customers and the disadvantages associated with dg interconnection, offer dg interconnection to its customers, at this time but will work with any interconnections on a case by case basis.

3. BPUB, shall in the future, and upon sufficient amount of member interest, reconsider the implementation of smart metering and/or dg interconnection;

4. BPUB shall cause this Final Determination be made available to the public, by posting it on BPUB's website for 180 days hereafter.

  
Chairman of the Board  
Robert Sanchez

  
Secretary of the Board  
Robert Guerra