PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Energy Division **Resolution E-3899**
October 28, 2004

R E S O L U T I O N

Resolution E- 3899. Pacific Gas and Electric Company (PG&E) requests approval of an Agreement for Unmetered Electrical Service between PG&E and MetroFi, Inc. (MetroFi). Approved as modified.

By Advice Letter 2551-E filed on September 9, 2003.

SUMMARY

PG&E's agreement with MetroFi for unmetered Service as filed in Advice Letter 2551-E is approved

- PG&E shall file a supplemental advice letter to update its list of contracts and deviations

BACKGROUND

PG&E and MetroFi agree that it would be most practical to serve radio transmitters via unmetered service

Pacific Gas and Electric Company (PG&E) hereby submits for approval, in accordance with Section X.A of General Order 96-A, an Agreement for Unmetered Electrical Service (Agreement) between PG&E and MetroFi, Inc. (MetroFi) dated September 7, 2004.

MetroFi, a provider of wireless, broadband internet service, uses radio transmitters attached to third-party-owned streetlights, to provide its services within PG&E's service territory. The Agreement provides for PG&E to charge MetroFi for unmetered electric service, through third-party-owned streetlight circuits, to MetroFi's radio transmitters.

Normally, a customer qualifying for and receiving unmetered service from PG&E must take service directly from PG&E's distribution system and pay a separate customer charge under electric Schedule A-1—*Small General Service*, for each unit receiving unmetered service. Because of the significant number of radio transmitter installations forecasted by MetroFi, both PG&E and MetroFi agree that it would be impractical to require each radio transmitter to take service directly from PG&E's distribution system. Additionally, both PG&E and MetroFi recognize it is a significant financial hindrance to assess a separate customer charge for each radio transmitter installed.

The agreement allows MetroFi to take energy from third-party-owned streetlight circuits instead of PG&E's distribution system

The Agreement provides for MetroFi to connect directly to, and to take energy from, third-party-owned streetlight circuits, instead of PG&E's distribution system. The Agreement also provides for PG&E to bill MetroFi a customer charge on a per city/county account basis, instead of a per-unit basis, to simplify billing procedures and reduce administrative costs.

Under the Agreement, MetroFi is responsible for obtaining any necessary rights or permission for the placement and use of the radio transmitters on third-party-owned streetlight circuits. As part of the transaction, MetroFi will sign PG&E's Absolving Service Agreement (Form 62-4501). MetroFi will also provide an irrevocable letter of credit in a form acceptable to PG&E to cover the faithful performance of MetroFi's obligations under the Agreement, including any costs associated with the disconnection or removal of the radio transmitters from the third-party-owned streetlight circuits.

PG&E will bill MetroFi under charges shown in Schedule A-1

MetroFi will be billed for its energy usage under charges shown in Schedule A-1 based on the kilowatt-hour demand shown in Attachment A to the Agreement. The billed amount and other non-tariff information may be subject to change. Attachment A may be revised due to changes in MetroFi's operating circumstances or changes in the current provisions or reporting requirements. The applicable customer charge in Schedule A-1, multiplied by a factor of thirteen (13), will replace the normal per unit customer charge. This customer charge is based on marginal cost calculations associated with the unique circumstances of MetroFi's radio transmitter installation.

PG&E believes that metering these installations would be impractical because of the size of the device and the method of attachment. Also, the electrical consumption by MetroFi's radio transmitters can be reasonably determined from manufacturer's specifications and test results, and operating characteristics of MetroFi's radio transmitters.

PG&E may audit MetroFi's inventory of transmitters

MetroFi will submit to PG&E a monthly inventory of all units installed, including GPS coordinates, to be entered into PG&E's billing system. PG&E has the right to hire an independent auditor, at the expense of MetroFi, to verify the accuracy of MetroFi's inventory reporting. PG&E may retroactively bill for any inaccuracies under existing tariffs.

The agreement mitigates concerns about potential electricity use without compensation

In a prior Resolution (E-3543; July 2, 1998), the Commission approved an Agreement between Metricom, Inc., a provider of wireless service, and PG&E for unmetered electric service. When Metricom went bankrupt, PG&E learned that Metricom had installed facilities without PG&E's knowledge and was using electricity without compensation. Further, PG&E was unable to disconnect these facilities from third-party fixtures, most often street lights belonging to municipalities because PG&E had not access to the fixtures.

In the proposed Agreement between PG&E and Metro-Fi, both parties have agreed to conditions (the audit, letter of credit, right-of-entry, and absolving service agreement) that would mitigate the problems that occurred with the Metrocom Agreement.

NOTICE

Notice of Advice Letter 2551-E was made by publication in the Commission's Daily Calendar. PG&E states that a copy of the Advice Letter was mailed and distributed in accordance with Section III-G of General Order 96-A.. In addition, telephone utilities were provided notice of availability of the Advice Letter.

PROTESTS

Advice Letter 2551-E was not protested.

DISCUSSION

The PG&E/MetroFi agreement will reduce costs

The Energy Division staff has reviewed Advice Letter 2551-E and its supporting documentation and finds that PG&E will recover its costs from MetroFi. Energy usage is billed at tariffed rates times the kilowatt-hour demand of the devices, thus MetyroFi pays no more nor less than a similarly situated A-1 customer. The cost of separately billing the accounts is recovered by the customer charge. PG&E and MetroFi have agreed to provide a bill for each municipality[1] rather than for each device. This aggregation reduces the costs of PG&E and consequently for MetroFi, and it allows MetroFi to introduce a high technology service at a lower cost to its customers.

Moreover, with the conditions imposed on MetroFi, the Agreement is structured such that unexpected events would not place an unnecessary burden on PG&E or its ratepayers.

PG&E shall file a supplemental advice letter to update its list of contracts and deviations

In its advice letter, PG&E asserts that the filing of the advice letter is authority to revise its tariffs (*List of Contracts and Deviations*). PG&E is reminded that it needs Commission authorization for the Agreement in accordance with General Order 96-A. PG&E needs to file a supplemental advice letter correcting its *List of Contracts and Deviations.* The authority for the Agreement is this Resolution.

The proposed Agreement is reasonable and should be approved.

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[1] A municipality is the largest aggregation that can be used since each municipality has a slightly different franchise factor.

COMMENTS

Parties to this resolution have stipulated to a waiver of the comment period pursuant to the Commission's Rule 77.7(g).

FINDINGS

1. PG&E filed Advice Letter 2551-E requesting the approval for an Agreement for unmetered electrical service between it and MetroFi, Inc.

2. PG&E will recover its costs from MetroFi.

3. The Agreement is structured such that unexpected events would not place an unnecessary burden on PG&E or its ratepayers.

4. The Agreement is reasonable and should be approved.

5. PG&E must add the MetroFi agreement to its list of contracts and deviations.

THEREFORE IT IS ORDERED THAT:

1. Pacific Gas and Electric Company's Advice Letter 2551-E is approved with modifications as described herein.

2. Within 7 days of today's date PG&E shall file a supplemental advice letter that adds this Agreement to the *List of Contracts and Deviations* under the authority of this Resolution. The supplemental advice letter shall be effective on today's date subject to Energy Division determining that it is in compliance with this order.

3. This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on October 28, 2004; the following Commissioners voting favorably thereon:

STEVE LARSON
Executive Director

MICHAEL R. PEEVEY
PRESIDENT
CARL W. WOOD
LORETTA M. LYNCH
GEOFFREY F. BROWN
SUSAN P. KENNEDY
Commissioners