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Decision 99-03-063

March 18, 1999

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the Commission's Proposed Policies Governing Restructuring California's Electric Services Industry and Reforming Regulation.

Rulemaking 94-04-031  
(Filed April 20, 1994)

Order Instituting Investigation on the Commission's Proposed Policies Governing Restructuring California's Electric Services Industry and Reforming Regulation.

Investigation 94-04-032  
(Filed April 20, 1994)

**ORDER MODIFYING DECISION 98-12-080  
AND DENYING REHEARING**

In Decision (D.) 98-12-080 (the Decision) the Commission adopted permanent standards for meters, meter reading, and meter installation under direct access. The Decision relies for record support on the work of the Permanent Standards Working Group (PSWG), which we established a year earlier in D.97-12-048 concerning Meter and Data Communication Standards (the "MDCS Decision"). The PSWG was charged with reviewing the interim metering standards adopted in D.97-12-048, and with recommending permanent standards. The PSWG completed its work in the first half of 1998, reaching virtually unanimous agreement on all of its recommendations. The work of the PSWG and its recommendations are memorialized in the July 1998 "Report of the Permanent Standards Working Group" (the PSWG Report") which was filed with the Commission and which constitutes the record basis for the Decision.

process between UDCs and MSPs will also change. Joint meetings will no longer be a requirement of MSP certification nor will they represent the UDCs' evaluation of the MSPs workers' technical qualifications." PSWG Report, Appendix D, Section I.B.1.

The Application for Rehearing is solely concerned with the provisions in the Decision relating to the certification of the MSPs who have the responsibility of installing and maintaining the electric meters. This issue is discussed at pp. 90-96 of the Decision. At page 90, the Commission states:

"As a result of the restructuring of the telecommunications and electricity market, and the unbundling of the products and related services, the Commission has increasingly found itself in a position of creating new advisory bodies, redefining the Commission's role, or experienced the creation of new entities eager to play a role in the restructured marketplace. The testing and certification process for the different meter worker classes is another challenge that we face. The Commission could redefine itself to take on this new challenge, or as the CEC suggests, other state agencies might be able to take on the testing and certification role.<sup>3</sup>

To solve this problem, we agree with the PSWG's recommendation that it is important that a permanent entity be responsible for the testing and certification of meter workers. We also agree with the CEC and SCE that the entity should receive input from both the UDCs and those MSPs that have already been permanently certified. These companies have the individuals with the kind of collective experiences that are needed to design the tests. Meter product manufacturers and organizations involved in electrical standards could provide assistance and expertise as well. In addition, the entity may need other resources to assist in the design and administration of the tests.

We agree with the PSWG that it will take some time before a permanent entity can design and administer the tests. That means an interim process is still needed. Although the

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<sup>3</sup> One agency that comes to mind is the Contractors' State License Board. However, its present licensing role would probably need to be expanded to accommodate the testing and certification of meter workers.

PSWG's recommendation calls for an interim process, we are not so confident that the group could complete all of the contemplated tasks in the time required. Additionally, much of the work that the interim group is expected to undertake would duplicate much of the same work that the permanent entity is expected to do. The advantage of having an interim process up and running within 90 days is that there will be a process to administer tests to meter workers who want to be certified to do Class 4a, 4b and 5 meter work.

Instead of rushing to form an interim group so as to begin the testing and certification process, we believe that the participants should focus their energies on determining what permanent entity should be responsible for testing and certifying activities and for designing proposed certification testing. By doing so, we eliminate having two groups perform substantially the same work.

Although it is desirable to implement the various meter classes, and the testing and certification process as soon as possible, we believe the same safeguards can be implemented in a much quicker fashion by utilizing the framework of our interim standards, adopting the first four subdivisions in each of the five meter worker classes,<sup>4</sup> and placing the burden on the ESP to prove to the UDC that the MSP that it is using is capable of performing meter work in the various classes.<sup>5</sup> Until the permanent entity is fully functional, i.e., accepting applications for testing, and administering the tests, the procedures for certifying MSPs that was adopted in D.97-12-048 shall continue. Should the UDC question the ability of an MSP to work on a particular meter type, the burden will be on the ESP to prove to the UDC that the MSP

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<sup>4</sup> The first four subdivisions in each of the meter worker classes are: (1) metering types and voltages; (2) work to be performed; (3) essential technical skills; and (4) worker safety and safety equipment.

<sup>5</sup> Proof that an MSP is capable of performing meter work for a particular meter type could come from utilizing some of the criteria that are found in the subdivisions for the meter classes which are entitled: "Worker Qualification: How Essential Technical and Safety Skills Are Determined" and from "Experience Requirements." Other criteria that demonstrate that the MSP has employees who are qualified or possess the experience necessary to work on a particular meter type are acceptable as well.

that it is using is qualified to work on that particular meter type.”

Applicants make the following allegations of error:

1. The Decision does not provide how, or at what time the permanent certification process will be established.
2. The interim certification process is flawed because it illegally delegates the Commission’s regulatory responsibilities to the UDCs, and requires them to police their potential competitors.

The Office of Ratepayer Advocates (ORA) has responded to the Application and argues that grounds for rehearing have not been demonstrated. However, the ORA expresses sympathy for the utilities’ claim that the interim certification process may have the result of the UDC’s policing and therefore controlling their competitors. (ORA Response, p. 2.) The ORA also has “no objection” should the Commission further clarify the permanent certification process (Response, p. 4.) The ORA suggests this should be accomplished by “A Petition to Modify the Decision by the UDCs.” In fact, the utilities asked that their Application be treated both as one for rehearing and/or modification. (Application, p. 1.)

Applicants are correct with respect to the first allegation, that the Commission has acknowledged the need for a permanent certification process but fails to establish one. The Decision should therefore be modified to order all parties to notify the Commission within 20 days what are their recommendations with regard to a permanent certification process for MSPs. Specifically, Respondents should address the question of what entity should administer the certification program. Possibilities include other state agencies, in particular the State Contractor’s Licensing Board. Parties should also address the issue of other market-based solutions for certification and whether it would be helpful to hold a workshop to consider the issues.

With regard to the second argument, as the ORA has pointed out in its Response and as noted above, the interim certification process does not represent a

significant change from that adopted in D.97-12-048. The sole exception is that under D.98-12-080 the UDCs have increased responsibility to monitor the performance of the MSPs. Therefore, since Applicants have not established legal error, we accordingly deny the application for rehearing.

However, the Applicants raise concerns that they may, in effect, be required to police their own competitors. The Decision should therefore be modified to allow Applicants to address how best to alleviate potential competitive problems.

Therefore, we will grant Applicants' request that we treat this application for rehearing as a petition for modification and will modify the Decision.

**IT IS ORDERED** that:

1. Decision 98-12-080 is modified by adding the following two ordering paragraphs:
  - "8. Within 20 days of the effective date of this order, all parties shall respond to the following questions:
    - A. What should be the composition of the entity to administer the permanent certification program?
    - B. How should the interim certification program be modified to alleviate potential competitive problems between the UDCs and MSPs?"
2. The interim certification procedures described in the first sentence of the first full paragraph at page 92 of Decision 98-12-080 are suspended until further notice.

3. Rehearing of Decision 98-12-080 is denied.

This order is effective today.

Dated March 18, 1999, at San Francisco, California.

RICHARD A. BILAS  
President  
HENRY M. DUQUE  
JOSIAH L. NEEPER  
Commissioner

## I. THE CERTIFICATION PROCESS ADOPTED IN THE MDCS DECISION

In the MDCS Decision, we adopted an interim process for certifying non-utility meter installation companies (i.e., meter service providers or MSPs) that install meters for direct access customers. In that decision, the Commission defined its regulatory role as follows:

“Due to the unbundling of metering services, the need arises for the Commission to ensure that the metering equipment “meet the same standards of reliability that we demand today from utility owned meters.” (D.97-05-039, p. 24). In addition to the reliability standards, the standards discussed above regarding accuracy and safety need to be met. Under the monopoly metering framework, it was relatively easy to make sure that the regulated utility adhered to these standards. However, as we move into the competitive environment, **we need to design new safeguards and controls to ensure that the new MSPs meet the same level of standards.**” (D.97-12-048, mimeo, p. 22.)

Until the Commission had a chance to adopt permanent standards, the Commission took the expedient step of adopting interim standards for meter installation and safety. These were simply described as “the local UDC’s standards.” *Id.* at 16 and 21. The Commission’s primary tool for ensuring safe installation of meters by MSPs was a certification program for MSPs. The Commission explained:

“Due to the safety hazards that electricity and electrical meters pose, the adoption of certification procedures for MSPs is necessary. Such procedures will ensure that only qualified persons may install, remove, repair, or maintain direct access meters.” (D.97-12-048, mimeo, p. 23.)

In the MDCS Decision, the Commission adopted a two-step certification process for meter installers. Initially, an MSP must obtain a provisional certification to commence meter installation by demonstrating to the Commission that it had an electrical contractor’s license and that it had posted a \$500,000 bond in favor of the State of

California.<sup>1</sup> D.97-12-048, mimeo, pp. 24-25. Once an MSP obtained a provisional certification, the MSP needed to complete 50 successful "joint meetings" with the utility.<sup>2</sup> The utility and the MSP are required to maintain a log of the 50 joint meetings indicating whether the installation observed by the utility passed or failed. D.97-12-048, mimeo, p. 27. Once the MSP completed 50 successful joint meetings, the MSP must submit a request to the Commission for permanent certification, including a log of the 50 joint meetings. The UDC must be provided with a copy of the application and has a 20-day opportunity to provide the Commission with any comments. D.97-12-048, mimeo, p. 27.

## **II. THE REPLACEMENT CERTIFICATION PROCESS RECOMMENDED BY THE PSWG**

The PSWG unanimously recommended to change the certification process adopted in the MDCS Decision. The PSWG proposed two types of certification: (i) individual worker certification and (ii) MSP certification (i.e., certification of the company or entity employing the workers). With respect to individual worker qualifications and certification, the PSWG stated:

"The PSWG unanimously recommends standards for five classes of meter work and meter workers. In addition, the PSWG developed and unanimously recommends a set of procedures that workers must follow when installing or removing a meter."

PSWG Report, Executive Summary, p. 5.

The PSWG described the five meter worker qualification classes as follows:

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<sup>1</sup> In D.98-05-044, the Commission modified the bond requirement by allowing an applicant to choose between submitting a \$100,000 bond or demonstrating that it had in place certain specified insurance coverages.

<sup>2</sup> This requirement is referred to herein as the "50 joint meets" requirement.



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| Class 1  | Installation of single phase self-contained meters.   |
| Class 2  | Class 1, plus installation of poly-phase self-contained meters below 600 V.   |
| Class 3  | Class 2, plus installation of transformer rated meters below 600 V and testing of meters with internal diagnostics. |
| Class 4a | Class 3, plus in field testing of single phase meters up to 300 V.  |
| Class 4b | Class 4a, plus in field testing of all meters that can be installed by meter worker classes 1-4.                    |
| Class 5  | Class 4b, plus installation and testing of metering transformers and equipment above 600 V                          |

PSWG Report, p. 36. For each class the PSWG recommended standards and procedures in the following areas: "Metering Types and Voltages"; "Work to be Performed"; "Essential Technical Skills"; "Worker Safety and Safety Equipment"; "Worker Qualification: How Essential Technical and Safety Skills are Determined"; and "Experience Requirements."

The PSWG recommended that "[a]ny worker performing direct access meter work must be certified for the class of work performed." PSWG Report, p. 36. Recommended certification would be as follows:

"[A]n MSP may issue certifications for meter worker classes 1-3. However, prior to issuing certifications, the MSP must have its training materials and program approved by the CPUC or a CPUC-designated entity. Certification for meter worker classes 4(A), 4(B), and 5 requires a practical exam administered by the CPUC-designated entity(ies)."

PSWG Report, pp. 5-6.

Finally, the PSWG recommended that the Commission modify the existing MSP entity (as opposed to individual worker) certification process adopted in the MDSCS Decision. These changes (primarily eliminating the need for the 50 joint meetings) were predicated on adoption of the individual worker qualification and certification recommendations: "[S]ince the worker certification process is changing, the joint meeting