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WAPA Selects Itron, Company Behind Failed AMI Metering Project, for $30 Million Replacement Contract

Despite its role in WAPA’s first failed AMI metering deployment, Itron has been awarded a $30 million contract to replace the malfunctioning system. Officials cited the company's improved technology, competitive pricing, and lower implementation risk.

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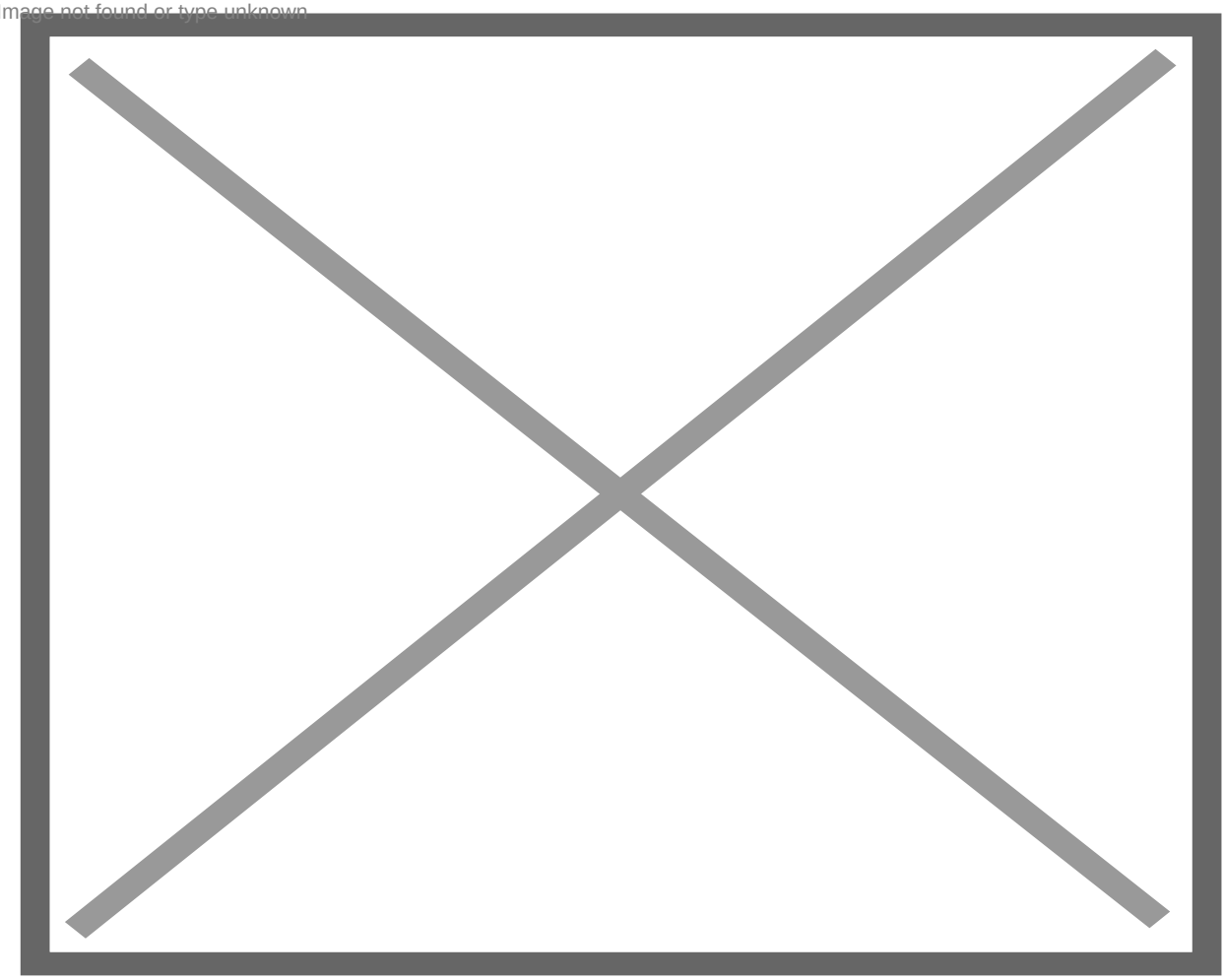

During Thursday's meeting of the V.I. Water and Power Authority's governing board, members voted to award Itron the contract to replace the territory's failing advanced metering infrastructure system.

Itron is one of the companies defending itself against claims of consumer fraud in a putative class action lawsuit over the supply of the original, malfunctioning meters installed during WAPA's

first attempt at deploying an AMI system. The company – along with WAPA – is accused of deceptive business practices in participating in the implementation of a system they knew from the beginning would not work.

Seven companies responded to the request for proposals issued by WAPA for the prudent replacement contract. One, Tantalus, was disqualified “due to the lack of a bid bond within their proposal,” said Belgrave Steadman, an electrical engineer within WAPA's design and construction department. Of the remaining six, four companies were shortlisted, Mr. Steadman noted; Itron, Honeywell, ACLARA, AND LANDIS & GEAR.

After the RFPs were evaluated according to the bid criteria, Itron was “found to have the most complete, compliant proposal with the best technology,” at the “second lowest price,” said Mr. Steadman. The company's $26.2 million bid was the “most complete solution and represented low risk to VIWAPA,” he said. The lowest cost proposal, a $24.5 million bid from ACLARA, “was deficient in some areas of the turnkey solution,” and thus was not selected, Mr. Steadman explained. The bids from Landis & Gear and Honeywell were significantly higher - $34.6 million and $36.7 million respectively.

The meters Itron will be providing, said Mr. Stedman, “are the most robust and compact solution” from among the bidders. Altogether, the company scored 91.81 in the bid evaluation, compared with the next-highest ACLARA which scored 83.11. In recommending that the board approve the bid from Itron, Mr. Stedman noted that “Itron has been providing AMI for more than 30 years…Itron has deployed 100,000 meters for [the] Jamaica public service, and is deploying in St. Kitts.”

“Itron has more than 10 million meters on this latest technology,” he continued.

Board member Maurice Muia wondered whether, as part of the evaluation process, contact was made with officials in Jamaica or St. Kitts to learn about how Itron's newest meter technology was faring. “I just wanted to make sure that we got a good understanding from them as to some of the challenges, the ease of installation or whatever it may be,” Mr. Muia explained.

“I don't know if we asked them specifically about the Gen 5,” Mr. Stedman responded. “We were inquiring into the experience with Itron.” A consultant on the project informed that St. Kitts was using a different type of meter. However, utility providers in both Jamaica and St. Kitts are very happy with the Itron solutions, VIPA board members were told.

Queries were raised about connectivity, especially on St. John, which will be used as a pilot for the project. Itron was responsible for ensuring that deployed meters could access the network, board members were told, under a “no meter left behind” arrangement. The meters, which would use SIM cards for network access, are provider-independent, meaning different mobile network providers could be used in different areas, depending on whose signal is the strongest.

Board member Kyle Fleming questioned whether thermal management, which he called “the Achilles heel of the prior communication system relative to the last AMI attempt,” was specifically a factor in the RFP evaluation process, “given the historic issues that we've experienced with that scenario.” It was, said an external project consultant. “We looked at everything from the outside of the meter – the color of the meter – all the way to the inside of the meter, and how the meter vendors were now protecting their devices [from] extreme temperature,” the consultant outlined.

The meters under consideration all had internal temperature sensors, and all were extensively tested and certified to function up to 85 degrees Celsius, or 185 degrees Fahrenheit. “Itron submits theirs to nearly a year of testing as part of their new meter certification process,” board members were told. On a day-to-day basis, the vendors were confident that their meters could operate “in these environments,” the consultant continued.

Mr. Fleming signaled his approval. “Kudos overall to the team for ensuring that a clear failure point was a priority topic of consideration as we move forward.”

At the end of the discussion, board members present voted unanimously to approve Itron's bid, with a four-year contract in an amount not to exceed $30,011,132,71. Maintenance costs in the fifth year were agreed at just over $885,000.