

**PUBLIC UTILITIES COMMISSION**505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298**FILED**11-22-11
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November 22, 2011

Agenda ID #10870
Ratesetting

TO PARTIES OF RECORD IN APPLICATION 11-03-014

This is the proposed decision of Commissioner Michael Peevey. It will not appear on the Commission's agenda sooner than January 12, 2012. The Commission may act then, or it may postpone action until later.

When the Commission acts on the proposed decision, it may adopt all or part of it as written, amend or modify it, or set it aside and prepare its own decision. Only when the Commission acts does the decision become binding on the parties.

Parties to the proceeding may file comments on the proposed decision as provided in Article 14 of the Commission's Rules of Practice and Procedure (Rules), accessible on the Commission's website at www.cpuc.ca.gov. Pursuant to Rule 14.3, opening comments shall not exceed 15 pages.

Comments must be filed pursuant to Rule 1.13 either electronically or in hard copy. Comments should be served on parties to this proceeding in accordance with Rules 1.9 and 1.10. Electronic and hard copies of comments should be sent to ALJ Yip-Kikugawa at ayk@cpuc.ca.gov and the assigned Commissioner. The current service list for this proceeding is available on the Commission's website at www.cpuc.ca.gov.

/s/ KAREN V. CLOPTONKaren V. Clopton, Chief
Administrative Law Judge

KVC:avs

Attachment

Decision PROPOSED DECISION OF COMMISSIONER PEEVEY
(Mailed 11/22/2011)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company
for Approval of Modifications to its
SmartMeter™ Program and Increased Revenue
Requirements to Recover the Costs of the
Modifications. (U39M)

Application 11-03-014
(Filed March 24, 2011)

**DECISION MODIFYING PACIFIC GAS AND ELECTRIC COMPANY'S
SMARTMETER PROGRAM TO INCLUDE AN OPT-OUT OPTION**

- be compatible with utility system applications that promote and enhance system operating efficiency and improve service reliability, such as remote meter reading, outage management, reduction of theft and diversion, improved forecasting, workforce management, etc.; and
- be capable of interfacing with load control communication technology.

Furthermore, in PG&E's most recent rate design decision we stated that "the Commission's dynamic pricing principles seek to increase customer involvement in (a) managing California's energy supply, (b) reducing greenhouse gas emissions, and (c) managing future power plant development costs, by providing real economic incentives to reduce electric demand during peak periods.⁴⁵ We remind parties that while we believe that residential customers should be offered an opportunity to opt-out of receiving a wireless SmartMeter, this does not mean that customers electing this option would not be subject to ongoing state energy objectives. As such, it is important that the selected opt-out option has the capability to take advantage of smart grid benefits in the future.

PG&E states that although the SmartMeter with its radio turned off is not currently able to provide interval energy consumption data, there may be future technologies that allow for the manual retrieval of this data.⁴⁶ Since the ability to collect interval energy consumption data is critical to our policies to implement a demand response program and TOU rates, we do not find it reasonable to adopt an electric SmartMeter opt-out option that would not be able

⁴⁵ D.10-02-032, at 4.

⁴⁶ PG&E Testimony at 1-6.

17. A discount should be provided to customers enrolled in the CARE and FERA programs.

18. PG&E should be authorized to establish two-way electric and gas Modified SmartMeter Memorandum Accounts to track revenues and costs associated with providing the opt-out option.

19. PG&E should provide information on the revenues collected and costs incurred to provide the opt-out option after the option has been in place for a couple of years.

20. The modifications to the SmartMeter Program should be implemented as quickly as possible.

21. The September 21, 2011 Assigned Commissioner's Ruling directing the utilities to allow residential customers to be placed on a delay list should no longer be applicable for PG&E.

22. All outstanding motions should be denied.

23. No hearings were necessary as there were no disputed factual issues material to the resolution of this application.

24. A.11-03-014 should be closed.

O R D E R

IT IS ORDERED that:

1. Pacific Gas and Electric Company's (PG&E) SmartMeter Program is modified to include an option for residential customers who do not wish to have a wireless SmartMeter installed at their location to have a non-communicating meter. This option must be capable of collecting interval energy consumption data to allow PG&E to use for billing purposes by January 1, 2014.

2. Within 15 days of the effective date of this order, Pacific Gas and Electric Company (PG&E) shall file a Tier 1 advice letter in compliance with General Order 96-B. The advice letter shall be served on the service list in Application 11-03-014. The advice letter shall include tariff sheets to modify PG&E's SmartMeter Program to include an opt-out option for customers who do not wish to have a wireless SmartMeter installed at their location and to implement a SmartMeter Opt-Out Tariff (SMOOT). The Advice Letter filing shall:

- a. Identify the non-communicating electric and gas meters (radio-off or radio out) to be offered as the opt-out option to residential customers. PG&E shall include affidavits by both the meter manufacturer selected to provide the opt-out option and the head of PG&E's SmartMeter Program that the selected non-communicating opt-out option for the electric SmartMeter will be capable of collecting interval energy consumption data and allowing PG&E to use it for billing purposes by January 1, 2014.
- b. Establish procedures for residential customers to select the option to have a non-communicating meter if they do not wish to have a wireless SmartMeter.
- c. Establish procedures to inform customers currently on the delay list that a SmartMeter opt-out option is available and that the customer will be scheduled to receive a wireless SmartMeter unless the customer elects to exercise the opt-out option.
- d. Adopt the following fees for residential customers selecting the opt-out option:

For Non-CARE and Non-FERA Customers:

Initial Fee	\$90.00
Monthly Charge	\$11.00/month

For CARE and FERA Customers:

Initial Fee	\$0
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Monthly Charge \$5.00/month

4. Establish new two-way electric and gas Modified SmartMeter Memorandum Accounts to track revenues and costs associated with providing the SmartMeter opt-out option. Recovery of the net costs shall be through PG&E's annual ERRA proceedings.
3. The September 21, 2011 Assigned Commissioner's Ruling directing the utilities to allow residential customers who had not yet received a wireless SmartMeter to retain their analog meter and to be placed on a delay list shall no longer be in effect for Pacific Gas and Electric Company.
4. Pacific Gas and Electric Company shall comply with the guidelines stated in Section 8 of this decision.
5. By March 31, 2014, Pacific Gas and Electric Company (PG&E) shall file a Tier 3 advice letter in compliance with General Order 96-B. The advice letter shall be served on the service list in Application 11-03-014. The advice letter filing shall provide information on the actual revenues collected and costs incurred to provide the opt-out option between January 1, 2012 and December 31, 2013 as compared to the estimated costs and revenue requirement contained in this application. The advice letter shall include:
 1. The costs associated with the initial costs to install a non-communicating meter, the monthly charges and other costs (e.g., network capital costs, information technology costs).
 2. The number of customers that have selected the opt-out option.
 3. Revenues collected from customers, separated by type of charge (i.e., initial fee, monthly charge or exit fee).
 4. A breakdown of what portion of revenues was collected from customers selecting the opt-out option and what

portion of revenues was collected from all residential ratepayers.

6. All motions not yet ruled on are denied.
7. No evidentiary hearings are necessary.
8. Application 11-03-014 is closed.

This order is effective today.

Dated _____, at San Francisco, California.