



**FILED**

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BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Authority, Among Other Things, to Increase Rates and Charges for Electric and Gas Service Effective on January 1, 2011 (U39M).

Application 09-12-020  
(Filed December 21, 2009)

Order Instituting Investigation on the Commission's Own Motion into the Rates, Operations, Practices, Service and Facilities of Pacific Gas and Electric Company.

Investigation 10-07-027  
(Filed July 29, 2010)

**OPENING BRIEF OF THE DIVISION OF RATEPAYER ADVOCATES  
ON THE ISSUE OF UNDEPRECIATED GAS AND ELECTRIC METERS  
REPLACED BY SMART METER DEVICES**

Pursuant to Rule 13.1 of the Commission's Rules of Practice and Procedure, and the schedule set by Administrative Law Judge (ALJ) David Fukutome, the Division of Ratepayer Advocates (DRA) submits this Opening Brief to address the one issue in the General Rate Case (GRC) Application of Pacific Gas and Electric Company (PG&E) for Test Year (TY) 2011 not resolved in the proposed Settlement Agreement for this proceeding. That issue is whether PG&E should be allowed to earn a rate of return on undepreciated gas and electric meters replaced by SmartMeter devices.

On December 21, 2009, PG&E filed Application (A.) 09-12-020 requesting authorization for revenue increases associated with its Electric Distribution, Gas

Distribution and Electric Generation operations which fall within the Commission's jurisdiction.

On May 5, 2010, DRA served its testimony in response to PG&E's Application. On May 19, 2010, The Utility Reform Network (TURN) and numerous other parties served testimony. On June 4, 2010, PG&E served its rebuttal testimony. After the close of evidentiary hearings, PG&E, DRA, TURN and 14 other parties to the proceeding submitted a Motion for Adoption of a Settlement Agreement. That Settlement Agreement, if adopted, resolves all disputed issues raised by the parties with the exception of one issue. That remaining issue was raised by TURN in its testimony and relates to PG&E's undepreciated investment in electric and gas meters replaced by SmartMeter devices.<sup>1</sup>

DRA did not submit rebuttal testimony on the issue of whether PG&E should earn its authorized rate of return on the undepreciated investment in electric and gas meters replaced by SmartMeter devices. DRA did not do so because PG&E's TY 2011 forecasts do not include full deployment of its SmartMeters. In subsequent cases where full deployment has taken place, DRA may specifically address the issue, and any decision regarding this issue in the PG&E case should not prejudice the right of DRA or other parties to propose another policy.

With respect to this case, DRA has no objection to the implementation of the TURN proposal. If, however, the Commission is not inclined to accept the TURN proposal, it should consider alternatives, such as that included in TURN's testimony regarding securitization.<sup>2</sup>

Whatever the Commission decides in connection with this issue as it relates to PG&E's undepreciated meters, it should take into account the unique facts and circumstances of PG&E's SmartMeter deployment. In future proceedings involving

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<sup>1</sup> Motion for Adoption of Settlement, p. 2.

<sup>2</sup> Ex. TURN-10, p. 10.

PG&E or other utilities, parties such as DRA should be afforded the opportunity to present evidence and offer alternative proposals regarding this issue.

Respectfully submitted,

/s/ LAURA TUDISCO

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October 29, 2010

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a copy of “**OPENING BRIEF OF THE DIVISION OF RATEPAYER ADVOCATES ON THE ISSUE OF UNDEPRECIATED GAS AND ELECTRIC METERS REPLACED BY SMART METER DEVICES**” to the official service list in **A.09-12-020 and I.10-07-027**, by using the following service:

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Executed on **October 29, 2010** at San Francisco, California.

/s/ REBECCA ROJO

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