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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)

(NOT CONSOLIDATED)

Application of Utility Consumers' Action Network for Modification of Decision 07-04-043 so as to Not Force Residential Customers to Use Smart Meters.

Application 11-03-015
(Filed March 24, 2011)

(NOT CONSOLIDATED)

Application of the County of Santa Barbara, the Consumers Power Alliance, et al For Modification Of D.08-09-039 And A Commission Order Requiring Southern California Edison Company (U338E) To File An Application For Approval Of A Smart Meter Opt-Out Plan.

Application 11-07-020
(Filed July 26, 2011)

(NOT CONSOLIDATED)

**ADMINISTRATIVE LAW JUDGE'S RULING REQUESTING
FURTHER DETAIL ON OPT-OUT PROPOSALS AND
SETTING JOINT WORKSHOP**

This Administrative Law Judge's (ALJ) Ruling schedules a workshop to consider options for customers of Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E) and Southern California Gas Company (SoCalGas) (collectively, the

investor owned utilities or IOUs) who wish to opt-out of the IOU's respective smart meter program.¹ Parties shall file more detailed opt-out proposals by August 19, 2011. A workshop to discuss these more detailed opt-out proposals shall be held on September 14, 2011 at the Commission Auditorium, State Office Building, 505 Van Ness Avenue, San Francisco, CA. Although SoCalGas is not a party to any of the proceedings at issue, it is directed to attend and actively participate at the workshop to ensure that the opt-out options for gas smart meters are fully discussed.

Background

During the Commission's March 10, 2011 Public Business Meeting, Commission President Michael R. Peevey directed PG&E to "prepare a proposal for Commission consideration that would allow some form of opt-out for customers who object to SmartMeters at reasonable cost, to be paid by the customers who choose to opt-out." This directive was in response to concerns expressed by some members of the public regarding the safety, accuracy and security associated with using wireless communications to transmit customer usage data from the SmartMeter to PG&E.

On March 24, 2011, PG&E filed Application (A.) 11-03-014 seeking Commission approval of modifications to its SmartMeter program, and an increase in revenue requirements to recover the costs of the modifications. PG&E proposed that the SmartMeter program be modified to provide customers the choice to request that PG&E "turn-off" / disable the radio inside their gas

¹ For purposes of these proceedings, the term "smart meter" means a digital electric or gas meter installed at a customer's property that transmits customer usage data from the meter to the utility through wireless communications.

and/or electric SmartMeters, thus eliminating the radio frequency (RF) communications from the SmartMeters.

On March 24, 2011, the Utility Consumers' Action Network (UCAN) filed A.11-03-015 seeking modification of Decision (D.) 07-04-043. That decision had approved a settlement between SDG&E, the Division of Ratepayer Advocates (DRA) and UCAN concerning SDG&E's proposed Advanced Metering Infrastructure Project. UCAN's application requests that D.07-04-043 be modified to order SDG&E to develop a proposal or proposals to allow residential SDG&E customers to opt-out of the mandatory use of smart meters.

On July 14, 2011, the assigned ALJ sent an email to the service lists in A.11-03-014 and A.11-03-015 informing them that a joint prehearing conference (PHC) would be held on July 27, 2011 to discuss scheduling a combined workshop to consider the options that could be offered to customers wishing to opt out of PG&E or SDG&E's smart meter programs.² The ALJ also requested that SCE and SoCalGas attend and participate in this workshop.

On July 26, 2011, the County of Santa Barbara, along with 17 other applicants, filed A.11-07-020 seeking modification of D.08-09-039 and an order requiring SCE to file an application for approval of a smart meter opt-out plan.

At the July 27, 2011 PHC, parties discussed various topics that should be considered at the combined workshop. These included not only the various opt-out options that could be considered, but also the costs associated with these options and whether certain customers should have priority in opting out. At the end of the PHC, the ALJ directed parties to submit, by July 28, 2011,

² The ALJ's email is included as Attachment A of this Ruling.

proposed opt-out options that they would like to have considered at the workshop.

Discussion

Based on parties' comments at the PHC and the proposals submitted to the ALJ, it appears there are three general opt-out options:

1. Turn off the wireless transmission capability (radio-off) in an installed smart meter.
2. Analog meters – retention where a smart meter has not been installed or installation of analog meters to replace a smart meter.
3. Digital meter with wired (e.g., copper wire, fiber optic) transmission capability.

The proposals that were submitted to the ALJ varied based on who should make the opt-out request and how the opt-out option would be structured. The submissions also indicated that there is need for parties to more fully develop their proposals. After conferring with the Assigned Commissioner's office, parties are asked to file more detailed proposals by August 19, 2011.³ This will ensure all the desired options are included for discussion the workshop.

Each detailed proposal shall identify:

1. The general opt-out option (radio off, analog meter, or wired meter).
2. The opt-out range:
 - a. Opt-out on an individual basis.

³ Although SDG&E, SCE and SoCalGas have not filed formal proposals for their customers to opt-out of their respective smart meter program, they may submit opt-out options for discussion at the workshop. Any options submitted by the IOUs for workshop discussion should not be considered a formal proposal by the IOU.

- b. Opt-out for multi-unit residences (e.g., apartment buildings and condominiums). If this is proposed, please discuss how the opt-out decision shall be made (e.g., majority of residents).
 - c. Any other appropriate opt-out range.
3. What happens if the opt-out range includes a ratepayer who wants a smart meter?
4. If a radio-off option is proposed, how the proposed option would be implemented (e.g., remote turn off or via field visit).
5. If a radio-off option or analog meter option is proposed, how data would be transmitted to the utility. Methods may include:
 - a. Allow wireless transmission (remote “wake up” of radio-off option) during a specific time each day.
 - b. Meter read by utility employee.
 - c. Meter read by utility employee at certain periods (specify frequency), with customer self-reading for the remaining periods.
 - d. Another proposed method (specify).
6. If a wired option is proposed, how the data would be transmitted to the utility (e.g., copper wire, fiber optic).

The filing of the detailed proposals will allow the IOUs to develop general estimates of costs for each proposed option. At the workshop IOUs should also be prepared to discuss the cost drivers associated with each of the various opt-out options, including:

1. Can each opt-out option be implemented in the same manner for a gas and an electric smart meter?
2. Do any of the general opt-out options result in certain categories of costs that should be paid by all ratepayers, and not just those ratepayers wishing to opt-out? If yes, which one(s) and what are those cost categories?

3. How would each of the general opt-out options be phased in?

Some parties have suggested that smart meters should be offered on an opt-in, rather than an opt-out, basis. These statements, however, overlook the various Commission decisions adopting advanced metering infrastructure (AMI) programs as the standard for the IOUs.⁴ Since the AMI programs are the standard, one cannot “opt-in” to them. Rather, the appropriate option is for customers to “opt-out” of the established standard. Several parties have also suggested that there be a moratorium on the further installation of smart meters. However, each IOU currently has provisions to delay the installation of smart meters, upon customer request. As such, customers have a means to postpone installment of smart meters until a decision on an opt-out program is issued.

A workshop to consider the detailed opt-out options shall be held on September 14, 2011 in the Commission Auditorium, from 9:30 a.m. – 4:00 p.m. The workshop shall be webcast and parties may participate via telephone. Further details concerning the workshop shall be provided after the detailed proposals are received.

In order for a comprehensive discussion of the proposed opt-out options, each IOU should have the individual(s) primarily responsible for its smart meter program attend the workshop. Although SoCalGas is not a party to A.11-03-014, A.11-03-015 or A.11-07-020, its attendance and active participation at the workshop is necessary to ensure that the opt-out options for gas smart meters are

⁴ See D.05-09-044, D.06-07-027 & D.09-03-062 [PG&E’s AMI program]; D.07-04-043 [SDG&E’s AMI program]; D.08-09-039 [SCE’s AMI program]; D.10-04-027 [SoCalGas’ AMI program].

fully discussed. Therefore, SoCalGas shall attend, prepare for and actively participate at the workshop.

IT IS RULED that:

1. Parties shall file more detailed opt-out proposals, as specified in this ruling, by August 19, 2011.
2. A workshop to consider the various options for customers to opt-out of Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company's smart meter program is scheduled for September 14, 2011, from 9:30 a.m. - 4:00 p.m. at the Commission Auditorium, State Office Building, 505 Van Ness Avenue, San Francisco, CA.
3. Southern California Gas Company shall attend, prepare for and actively participate at the workshop.

Dated August 3, 2011, at San Francisco, California.

/s/ AMY C. YIP-KIKUGAWA
Amy C. Yip-Kikugawa
Administrative Law Judge