

**DRA/TURN Petition for Modification re SoCalGas Advanced Metering Infrastructure**  
**Gas Pipeline Safety Should Take Priority Over Gas Smart Meters**

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**FILED**

**Background: Decision Approving Gas Smart Meters Was Highly Controversial**  
In Decision 10-04-027, by a narrow 3-2 vote, the CPUC approved the \$1 billion installation of SoCalGas gas-only smart meters, despite the vigorous dissents of Commissioners Ryan and Bohn, both smart meter supporters. The CPUC majority found that the project benefits exceeded costs by only 6% (\$56 million). A large portion of those benefits (\$148 million) was based on a speculative projection of “conservation benefits” – *i.e.*, that customers with smart meters would use less natural gas.

In dissent, Commissioners Ryan and Bohn recommended waiting a few years to obtain actual conservation data from the PG&E and SDG&E deployments of smart meters for gas service. They noted that, unlike electricity, peak load pricing is not needed for natural gas and that gas is used primarily for basic needs such as heating and cooking, with fewer discretionary uses than electricity. Commissioner Bohn also expressed concern about ratepayer burden and stated that this project was “not the place to use scarce resources.”

**Unanticipated Change: New SoCalGas Request to Spend up to \$5.5 Billion on Pipeline Safety**

In the wake of the San Bruno explosion, in R.11-02-019, the CPUC ordered the gas utilities to submit plans to ensure the safety of their transmission pipelines. SoCalGas’s August 26, 2011 request sought ratepayer funding for **\$2.5 billion** in “Phase 1” improvements and anticipated requesting an **additional \$1.5 to \$3 billion** in a later “Phase 2” filing. The CPUC was unaware that SoCalGas would request such major rate increases when it approved smart meters for SoCalGas.

**SoCalGas Ratepayers Cannot Afford Rate Increases for Smart Meters and Pipeline Safety**

If SoCalGas’s *Phase 1* pipeline safety request were approved (*i.e.*, not counting Phase 2), rates for the residential class would go up by 14%. SoCalGas is also seeking a 7.6% increase to residential rates in its pending GRC. Implementation of smart meters would add an up to 9.8% increase to residential rates. If any rate hikes are allowed, they should be for absolutely necessary programs to ensure gas pipeline safety, not smart meters of questionable benefit. Halting implementation of smart meters would have the additional benefit of allowing time to gain actual data about conservation impacts from the PG&E and SDG&E smart meters.

**The Commission Should Act Now to Stop SoCalGas from Spending More Money on Smart Meters**

On November 16, 2011, The Utility Reform Network (TURN) and the Division of Ratepayer Advocates (DRA) petitioned the CPUC to modify its April 2010 decision to formally halt SoCalGas’s deployment of smart meters. On that same day, TURN and DRA filed a motion for an immediate stay of that decision in order to keep SoCalGas from spending any more ratepayer money to deploy smart meters. Such a stay would prevent any further expense to ratepayers while the Commission considers the TURN/DRA petition.

**For more information, contact:**

- Tom Long (TURN) • [tlong@turn.org](mailto:tlong@turn.org) • 415-929-8876 x 303
- Karen Paull (DRA) • [Karen.paull@cpuc.ca.gov](mailto:Karen.paull@cpuc.ca.gov) • 415-703-2630

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