

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



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Application of San Diego Gas & Electric
Company (U902M) for Approval of Smart
Meter 2.0 Proposal.

Application 25-12-012
(Filed December 18, 2025)

PROTEST OF THE UTILITY REFORM NETWORK



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PROTEST OF THE UTILITY REFORM NETWORK

I. Introduction

On December 18, 2025, San Diego Gas & Electric Company (“SDG&E”) filed the instant application seeking approval of its Smart Meter 2.0 proposal, which SDG&E estimates will cost \$825 million between 2024-2031.¹ Pursuant to Rule 2.6 of the Commission’s Rules of Practice and Procedure, The Utility Reform Network (“TURN”) submits this protest to SDG&E’s application. Rule 2.6 requires that protests be filed within 30 days of the date the application first appeared on the Commission’s Daily Calendar. Notice of the instant consolidated application first appeared on December 22, 2025. TURN’s protest is thus timely filed.

II. Grounds of the Protest and Issues to Be Considered

SDG&E’s application only identifies three issues that should be considered in this proceeding.² Based upon its initial review of SDG&E’s application, TURN believes that the scope of issues identified by SDG&E is unreasonable. Notably, TURN believes that SDG&E’s application is both non-compliant with D.24-12-074 and incomplete. In no uncertain terms, D.24-12-074 noted that SDG&E’s application was denied for reasons including “insufficient evidence” and “inadequate information.”³ SDG&E’s application presents at least the following additional issues, all of which were identified in D.24-12-074:

¹ SDG&E Application, p. 1.

² SDG&E Application, p. 10.

³ D.24-12-074, p. 672.

- *Whether SDG&E's proposal is cost-effective:* When the Commission denied SDG&E's SM 2.0 application in D.24-12-074, it repeatedly stressed the importance of a cost-effective solution. It even specifically noted that a "comprehensive cost-benefit analysis comparing various replacement strategies is essential to ensure that ratepayers are not unduly burdened with unnecessary costs."⁴ Yet, a cost-benefit analysis is nowhere to be found in SDG&E's application or testimony, let alone a comprehensive analysis. The Commission should find it troubling that SDG&E did not conduct a cost-benefit analysis for a project of this size, especially after being directed by the Commission to do so. When SDG&E sought permission to install its smart meter 1.0 infrastructure, it assured the Commission and the public that there would be numerous benefits from the investment. Before the Commission considers whether the utility should engage in Smart Meter 2.0, the Commission needs to first consider whether SDG&E's Smart Meter 1.0 achieved the intended benefits to the public, and whether the earlier project turned out to be cost effective. In PG&E's GRC, PG&E included a SmartMeter Cost Effectiveness Update to provide the public with an update regarding the cost-effectiveness of PG&E's Smart Meter 1.0.⁵ SDG&E has not provided anything similar to show the Commission and the public the updated cost effectiveness of its original smart meter implementation. Based on PG&E's own analysis, its Smart Meter 1.0 is now projected to be woefully ineffective -- costing \$576.676 million but only resulting in \$286.381 million of benefits.⁶ Thus,

⁴ D.24-12-074, p. 674.

⁵ A.21-06-021, Ex. PG&E-6-E, Chapter 7, Attachment A.

⁶ *Id.*

ratepayers are projected to be far worse off than if the project never took place, but shareholders will walk away with hundreds of millions of profit. That is an unjust and unreasonable result that the Commission should not risk repeating here for SDG&E's Smart Meter 2.0, certainly not without careful analysis and consideration of the performance of SDG&E's Smart Meter 1.0 and a business case and cost-benefit analysis of the new proposal.

- *Whether SDG&E prudently managed ratepayer funds and attempted to hold the vendor accountable for smart meter failures:* SDG&E argues that one of the main reasons for its proposed \$825 million project is the increasing failure of its SM 1.0 meters. Yet, D.24-12-074 notes that “it came to light [during the GRC proceeding] that SDG&E has not attempted to hold the vendor accountable by asking for replacements, refunds, or credits for the modules or meters that have failed prematurely.”⁷ The Commission concluded that “[t]his raises concerns about SDG&E’s stewardship of ratepayer funds.”⁸ By not attempting to hold the vendor accountable, SDG&E is content with investing additional capital dollars in new meters, which generates profits for its shareholders. Thus, this issue must be addressed in this proceeding. If the Commission finds that SDG&E has not been prudent with ratepayer funds, then shareholders should either share in the costs of SM 2.0 or receive a reduced rate of return on the capital expenditures for the project.

⁷ D.24-12-074, p. 674.

⁸ D.24-12-074, p. 674.

- *Whether SDG&E has provided sufficient information and mitigation for cost reduction, including stranded assets:* D.24-12-074 states that “SDG&E provided no supporting evidence on mitigating stranded assets and resulting costs.”⁹ It further states that “a more comprehensive evaluation of SDG&E’s decision to procure and implement a Smart Meter 2.0 system is necessary” and that “[t]his analysis should assess SDG&E’s proposal for long-term viability, the potential for stranded assets, and whether a competitive procurement process would have yielded a better outcome.”¹⁰ Yet, it appears that SDG&E is intentionally leaving any information for stranded assets out of this application and states that “recovery of SM 1.0-related costs will be requested in a separate application.”¹¹ By choosing to exclude information regarding stranded assets from this application, SDG&E is asking the Commission to approve its \$825 million proposal without 1) knowing the full cost of the project, 2) knowing how SDG&E plans to mitigate the costs of the stranded SM 1.0 assets. The Commission and other parties cannot reasonably assess SDG&E’s application without this information that D.24-12-074 has already determined to be important and relevant.
- *The reasonableness of costs recorded in Smart Meter 2.0 Memorandum Account (“SM2MA”):* SDG&E filed a motion to continue its SM2MA. However, it failed to include costs recorded in the SM2MA for a cost-reasonableness review as part of this application, which was a clear order by D.24-12-074, which states that “SDG&E

⁹ D.24-12-074, p. 674.

¹⁰ D.24-12-074, p. 675.

¹¹ SDG&E Application, p. 3.

shall record its O&M and capital expenses (including depreciation, taxes, and return) in this memorandum account for a cost-reasonableness review when it files a separate Smart Meter 2.0 project application.”¹² The Commission clearly ordered SDG&E to include the costs recorded in the memorandum account for a reasonableness review in this application, presumably so that the Commission and the public could have a view of the complete costs for this project. By electing to exclude those costs from this application (as well as what SDG&E classifies as SM 1.0-related costs), the Commission and the public are in the dark about the full extent of the costs for this project. What is the full cost of this project? The Commission cannot reasonably approve a project without knowing the full cost. Not only is this problematic in itself, it also makes any determination of cost-benefit or cost-effectiveness impossible without this information. The Commission’s order in D.24-12-074 was not ambiguous – SDG&E “shall” include these costs for a reasonableness review as part of this application. There is no reasonable basis for SDG&E to disobey a clear order in a Commission decision.

TURN strongly believes that these issues need to be considered in this proceeding, and that SDG&E should be directed to provide supplemental testimony to address the incomplete and noncompliant nature of its application as required by D.24-12-074.

¹² D.24-12-074, p. 676. (emphasis added)

III. Effect of the Application on the Protestant

TURN is a non-profit consumer advocacy organization and has a long history of representing the interests of residential and small commercial customers of California's utility companies before this Commission. TURN's articles of incorporation specifically authorize our representation of the interests of residential customers. As noted above, the instant application seeks to recover \$825 million from its customers, including residential ratepayers in California, whose interests TURN represents. TURN has a keen interest in ensuring that the proposed costs for the project are reasonable and cost-effective.

IV. Proposed Categorization and Need for Hearing

SDG&E proposes that this proceeding should be categorized as ratesetting.¹³ TURN concurs that the ratesetting categorization is appropriate. However, TURN strongly disagrees with SDG&E's assertion that evidentiary hearings will not be necessary.¹⁴ As noted by D.24-12-074, SDG&E's previous application was deficient in numerous aspects. With the forecasted project cost having ballooned to \$825 million, there will almost certainly be disputed material issues of fact. Furthermore, it is worth noting that the Commission held not just one, but *two* evidentiary hearings for SDG&E's previous Smart Meter 2.0 application in A.22-05-015. Based on all of the above, it would be unreasonable to conclude that evidentiary hearings are not necessary for a project of this size that was heavily contested previously, and likely to be heavily contested again in this proceeding.

¹³ SDG&E Application, p. 9.

¹⁴ SDG&E Application, pp. 9-10.

V. Schedule

As part of its application, SDG&E requests an expedited schedule that would have intervenor testimony be due on March 20, 2026, *one month* after the issuance of the Scoping Memo.¹⁵ For a project costing \$825 million, this timeframe is clearly unreasonable and prejudicial to other parties. SDG&E claims that an expedited schedule is necessary to enable SDG&E to begin deployment of SM 2.0 electric meters and gas modules in 2027, and that the rate of failures for SM 1.0 has been accelerating.¹⁶ Yet, the Commission issued D.24-12-074 in December of 2024, and SDG&E decided to wait a full year before submitting the current application. Hence, SDG&E's justification for an expedited schedule is not credible and is also a result of its own making by choosing to file this application a year later, which was completely within its control. The public and other parties should not be harmed as a result of SDG&E's own choice. For an application of this size, the public and other parties need sufficient time to analyze the proposal, including the many issues discussed above that were noted by D.24-12-074. Furthermore, as discussed above, SDG&E's application is incomplete and noncompliant with D.24-12-074, and the Commission should require SDG&E to provide supplemental testimony to address those issues. Thus, TURN proposes a modified schedule as follows, which would still allow the Commission to resolve the proceeding within 18 months of the filing date:

¹⁵ SDG&E Application, p. 10.

¹⁶ SDG&E Application, p. A-3.

	SDG&E Proposed Schedule	TURN Proposed Schedule
Intervenor Testimony Served	March 20, 2026	July 20, 2026
Concurrent Rebuttal Testimony Served	April 20, 2026	September 8, 2026
Evidentiary Hearings	Week of June 15, 2026	Week of October 19, 2026
Opening Briefs Filed	July 10, 2026	December 11, 2026
Reply Briefs filed	July 24, 2026	January 8, 2027
Proposed Decision	October 30, 2026	April 2027
Final Decision	December 2026	June 2027

Date: January 21, 2026

Respectfully submitted,

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