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A2512012

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of San Diego Gas and
Electric Company (U-902M) for
Approval of Smart Meter 2.0 Proposal.

Application 25-12-012

ASSIGNED COMMISSIONER'S SCOPING MEMO AND RULING

This Scoping Memo and Ruling (Scoping Ruling) sets forth the issues, need for hearing, schedule, category, and other matters necessary to scope this proceeding pursuant to Public Utilities Code (Pub. Util. Code) § 1701.1 and Article 7 of the California Public Utilities Commission's (Commission) Rules of Practice and Procedure (Rules).

1. Procedural Background

On December 18, 2025, San Diego Gas and Electric Company (SDG&E or Applicant) filed Application (A.) 25-12-012 (Application) initiating this proceeding. SDG&E presently serves all its customers through its original smart meter (SM) 1.0 system. SM 1.0 is an electronic metering system that includes a communications module that records and transmits SDG&E customers' gas and electric usage data for billing and other authorized purposes.

The Application states that SDG&E's SM 1.0 system is near the end of its useful life and requires replacement. Through this Application, SDG&E requests that the Commission approve its 2.0 proposal to design, deploy and replace the

existing SM 1.0 system. SDG&E forecasts approximately \$825 million in expenditures during the 2024-2031 period for its SM 2.0 proposal.¹

SDG&E requests the Commission find the proposed SM 2.0 costs just and reasonable and authorize full recovery of those costs in rates, establish a new interest-bearing, two-way balancing account known as the Advanced Metering Infrastructure Balancing Account (AMIBA) to track and recover authorized revenues and incremental costs associated with SM 2.0 implementation, and grant other relief that is necessary and proper.² The requested relief is significant, and could affect SDG&E's customers and ratepayers for decades.

Nonetheless, SDG&E contends that evidentiary hearings are not necessary and, pursuant to Rule 2.9, requests an Expedited Schedule under which a final Commission decision would be issued by December 2027.³ SDG&E's request for an Expedited Schedule raises questions whether the Application and supporting testimony provide sufficient data to permit the parties and the Commission to conduct a thorough and meaningful review.⁴

On December 19, 2025, SDG&E filed a Motion to Continue Smart Meter 2.0 Memorandum Account (Motion to Continue Memo Account).

On January 13, 2026, the Utility Consumers' Action Network (UCAN) filed a Protest to the Application and a Motion to Request and 18-Month Schedule (Response to Request for Expedited Schedule).

¹ SDG&E Application at 1.

² Application at 5.

³ Application at 11 and Attachment A requests the Commission shorten the period from 18 months to one year.

⁴ The Commission notes that since SDG&E elected to file their Application on December 19, 2025, intervenors Protests and Responses were due by January 21, 2026.

On January 21, 2026, individual Protests to the Application were filed by the Public Advocates Office (Cal Advocates), the Utility Reform Network (TURN), Mission Data Coalition (Mission) and lastly a Joint Protest was filed by Clean Energy Alliance (CEA) and San Diego Community Power (SDCP).

On January 30, 2026, the Small Business Utilities Advocates (SBUA) filed a Motion for Party status that was granted on February 17, 2026. Collectively, SDG&E, Cal Advocates, TURN, Mission, UCAN, CEA and SDCP are the (Parties).

On February 2, 2026, SDG&E filed a Reply to the Protests.

On March 23, 2026, this proceeding was reassigned from President John Reynolds to Commissioner Christine Harada.

On April 1, 2026, the Notice of Virtual Prehearing Conference appeared on the docket to this proceeding.

On April 7, 2026, Mission filed a Motion to Dismiss the Application Without Prejudice (Motion to Dismiss).

On April 16, 2026, a Prehearing Conference (PHC) was held to address the issues of law and fact, determine the need for hearing, set the schedule for resolving the matter, and address other matters as necessary.

On April 22, 2026, SDG&E filed a Response to the Motion to Dismiss.

On May 18, 2026, SDG&E filed a Motion to File Supplemental Testimony (Motion for Supplemental Testimony) and Motion to Shorten Response Time.

On May 21, 2026, SDCP and CEA filed a Response to the Motion for Supplemental Testimony.

On June 4, 2026, the assigned Administrative Law Judge (ALJ) issued a ruling granting the Motion to File Supplemental Testimony and for the other Parties to file responsive testimony by September 15, 2026.

After consideration of the Application, the Protests, the Responses, and the discussion at the PHC, I determine that the issues and initial schedule for this proceeding are those set forth in this Scoping Ruling. I further determine that no environmental or social justice issues have been raised at this time.

2. Issues

The issues to be determined or otherwise considered are:

1. Whether SDG&E's Application for SM 2.0 complies with applicable statutory, regulatory, and Commission requirements including whether the Application contains sufficient information to permit meaningful review;
2. Whether SDG&E's proposed SM 2.0 project is just, reasonable, necessary, and should be approved. This includes, but is not limited to, the following issues:
 - a. Whether the overall spending and estimated level of costs (including contingencies and incremental benefits and specific technologies) are just and reasonable, and whether SDG&E has presented cost estimates with sufficient detail to permit meaningful review and testing by the parties;
 - b. Whether SDG&E's recorded and forecast labor costs are incremental and properly allocated, and whether SDG&E avoids double-counting costs already funded through rate base or other authorized programs;
 - c. Whether SDG&E demonstrates a retrospective use-case accounting of delivery of promised benefits of AMI 1.0 and lessons learned that can inform Commission review of SDG&E's AMI 2.0 application;
 - d. Whether SDG&E's procurement approach and contracting terms include ratepayer protections, including warranties, performance guarantees, and remedies that allocate non-performance risks to vendors rather than ratepayers;

- e. Whether SDG&E demonstrates that its proposed SM 2.0 replacement strategy, including timing, sequencing, network typology, and consideration of repair/remediation or life-extension alternatives, represents the least-cost, most reasonable approach for ratepayers;
- f. Whether SDG&E supports its failure forecasts and key assumptions that drive the proposed scope, timing, sequencing, and prioritization of replacement of AMI 1.0 units with AMI 2.0 units;
- g. Whether SDG&E's SM 2.0 project will provide near real-time access to energy consumption or demand response in a usable electronic format (to both bundled and unbundled customers and authorized third parties with customer consent) in compliance with applicable law and Commission directives;
- h. Whether SDG&E's SM 2.0 project adequately addresses privacy, cybersecurity, a reasonable engineering plan for maintaining network integrity during transition, a legacy decommissioning plan, and third-party risk issues;
- i. Whether SDG&E should consider a phased deployment approach for SM 2.0 meters with authorization of full mass deployment conditioned on subsequent Commission review of phased deployment results;
- j. Whether SDG&E demonstrates that its proposed SM 2.0 project sufficiently considers alternative ownership or financing structures for the AMI equipment, including ownership by entities other than SDG&E that may achieve lower costs;
- k. Whether SDG&E's SM 2.0 project includes an equitable cost allocation framework that apportions costs between gas and electric rate payers commensurate with the benefits each receives, ensuring that gas-only ratepayers are not disproportionately burdened with costs associated with electric customers benefits;

1. Whether SDG&E should file Gas AMI 2.0 data availability and transmission standards plan, and if so, what technical justification and implementation details should that plan include.
3. Whether SDG&E's proposed accounting and ratemaking framework, including the proposed AMIBA, is reasonable and provides sufficient safeguards for transparency and prudence review, including whether the AMIBA should be structured as a one-way balancing account.
4. Whether the Commission should establish clear boundaries among the proposed AMIBA, the existing Smart Meter 2.0 Memorandum Account (SM2MA), and any future Smart Meter 1.0 cost-recovery application, including what costs may be recorded where, what may be transferred, and what review standard applies.
5. If the Commission grants the Application, what follow-up measures should the Commission order, such as advice letters and customer outreach.

3. Need for Evidentiary Hearing

This proceeding presents multiple contested, material issues of fact. Accordingly, evidentiary hearings are necessary to develop the record and permit the Parties to present evidence on those disputed issues.

4. Schedule

The requested relief is substantial in scope and complexity. In establishing the schedule, I have considered the breadth of issues presented, the need to review supplemental testimony authorized by the Assigned ALJ, and the issues raised in the protests. A 21-month schedule is appropriate to permit the development of a complete evidentiary record while ensuring the fair and efficient resolution of this proceeding.

Event	Date
Intervenors' prepared direct testimony served to Applicants direct and supplemental testimony ⁵	September 25, 2026
Prepared rebuttal testimony served	October 16, 2026
Parties Meet and Confer (Rule 13.9)	October 26, 2026
Parties Joint Case Management Statement and motion for evidentiary hearing (if necessary)	November 12, 2026
Status Conference	November 17, 2026
Evidentiary hearing	December 7-9, 2026
Opening briefs	February 18, 2027
Reply briefs (matter submitted)	March 18, 2027
Commission proposed decision	Q3 2027

The purpose of the Status Conference is to ascertain whether, pursuant to Rule 13.8(c), the parties stipulate to the receipt of prepared testimony into evidence without direct or cross examination or other need to convene an evidentiary hearing or, in the alternative, the parties' resources, readiness and needs for the effective remote conduct of the evidentiary hearing, including estimates of time requested for cross-examination and identification of anticipated exhibits.

The proceeding will stand submitted upon the filing of reply briefs, unless the ALJ requires further evidence or argument. Based on the current schedule

⁵ In the June 4, 2026, *Administrative Law Judge's Ruling Granting Motion to File Supplemental Testimony*, the assigned ALJ established a deadline of September 15, 2026 for intervenors to submit responsive testimony to SDG&E's supplemental testimony. Given the issuance date of this Scoping Ruling, and to promote greater efficiency, the deadline for intervenors to serve their responsive testimony to SDG&E's supplemental testimony is extended to coincide with the deadline for intervenors' prepared direct testimony.

and the submission of supplemental testimony, the proceeding is expected to be resolved within 21 months.

5. Alternative Dispute Resolution (ADR) Program and Settlements

The Commission's Alternative Dispute Resolution (ADR) program offers mediation, early neutral evaluation, and facilitation services, and uses ALJs who have been trained as neutrals. At the parties' request, the assigned ALJ can refer this proceeding to the Commission's ADR Coordinator. Additional ADR information is available on the Commission's website.⁶

Any settlement between the Parties, whether regarding all or some of the issues, shall comply with Article 12 of the Rules and shall be served in writing. Such settlements shall include a complete explanation of the settlement and a complete explanation of why it is reasonable in light of the whole record, consistent with the law and in the public interest. The proposing parties bear the burden of proof as to whether the settlement should be adopted by the Commission.

6. Category of Proceeding and Ex Parte Restrictions

This Scoping Memo confirms the Commission's preliminary determination that this is a ratesetting proceeding.⁷ Accordingly, *ex parte* communications are restricted and must be reported pursuant to Article 8 of the Rules.

7. Public Outreach

Pursuant to Pub. Util. Code § 1711(a), where feasible and appropriate, before determining the scope of the proceeding, the Commission sought the participation of those likely to be affected, including those likely to derive benefit

⁶ <https://www.cpuc.ca.gov/PUC/adr/>

⁷ Resolution ALJ-176-3575 at 2.

from, and those potentially subject to, a decision in this proceeding. This matter was noticed on the Commission's daily calendar. Where feasible and appropriate, this matter was incorporated into engagements conducted by the Commission's External Affairs Division with local governments and other interested parties.

8. Intervenor Compensation

Pursuant to Pub. Util. Code § 1804(a)(1), a customer who intends to seek an award of compensation must file and serve a notice of intent to claim compensation by May 17, 2026, 30 days after the PHC.

9. Response to Public Comments

Parties may, but are not required to, respond to written comments received from the public. Parties may do so by posting such response using the "Add Public Comment" button on the "Public Comment" tab of the online docket card for the proceeding.

10. Public Advisor

Any person interested in participating in this proceeding who is unfamiliar with the Commission's procedures or has questions about the electronic filing procedures is encouraged to obtain more information at <https://www.cpuc.ca.gov/about-cpuc/divisions/news-and-public-information-office/public-advisors-office> or contact the Commission's Public Advisor at 866-849-8390 or 866-836-7825 (TTY), or send an e-mail to public.advisor@cpuc.ca.gov.

11. Filing, Service, and Service List

The official service list has been created and is on the Commission's website. Parties should confirm that their information on the service list is

correct and serve notice of any errors on the Commission's Process office, the service list, and the ALJ. Persons may become a party pursuant to Rule 1.4.⁸

When serving any document, each party must ensure that it is using the current official service list on the Commission's website.

This proceeding will follow the electronic service protocol set forth in Rule 1.10. All parties to this proceeding shall serve documents and pleadings using electronic mail, whenever possible, transmitted no later than 5:00 p.m., on the date scheduled for service to occur. Rule 1.10 requires service on the ALJ of both an electronic and a paper copy of filed or served documents. The Rule 1.10 requirement to provide paper copies to the ALJ is suspended for this proceeding unless specifically requested by the ALJ.

When serving documents on Commissioners or their personal advisors, whether or not they are on the official service list, parties must only provide electronic service. Parties must not send hard copies of documents to Commissioners or their personal advisors unless specifically instructed to do so.

Persons who are not parties but wish to receive electronic service of documents filed in the proceeding may contact the Process Office at process_office@cpuc.ca.gov to request addition to the "Information Only" category of the official service list pursuant to Rule 1.9(f).

The Commission encourages those who seek information-only status on the service list to consider the Commission's subscription service as an alternative. The subscription service sends individual notifications to each subscriber of formal e-filings accepted by the Commission. Notices sent through

⁸ The form to request additions and changes to the Service list may be found at <https://www.cpsc.ca.gov/-/media/cpsc-website/divisions/administrative-law-judge-division/documents/additiontoservicelisttranscriptordercompliant.pdf>

subscription service are less likely to be flagged by spam or other filters. Notifications can be for a specific proceeding, a range of documents and daily or weekly digests.

12. Receiving Electronic Service from the Commission

Parties and other persons on the service list are advised that it is the responsibility of each person or entity on the service list for Commission proceedings to ensure their ability to receive emails from the Commission. Please add “@cpuc.ca.gov” to your email safe sender list and update your email screening practices, settings and filters to ensure receipt of emails from the Commission.

13. Assignment of Proceeding

Christine Harada is the assigned Commissioner and Patrick Petersen is the assigned ALJ and Presiding Officer for the proceeding.

14. Order

IT IS RULED that:

1. The scope of this proceeding is described above and is adopted.
2. The schedule of this proceeding is set forth above and is adopted.
3. An evidentiary hearing is needed.
4. The Presiding Officer is Administrative Law Judge Patrick Petersen.
5. The category of the proceeding is ratesetting.

Dated August 18, 2026, at San Francisco, California.

/s/ CHRISTINE HARADA

Christine Harada
Assigned Commissioner