

**PACIFIC GAS AND ELECTRIC COMPANY**  
**General Rate Case 2011 Phase I**  
**Application 09-12-020**  
**Data Response**

PG&E Data Request No.:	DRA_200-01		
PG&E File Name:	GRC2011-Ph-I_DR_DRA_200-Q01		
Request Date:	March 11, 2010	Requester DR No.:	DRA-200-PMC
Date Sent:	March 31, 2010	Requesting Party:	DRA
PG&E Witness:	Redacted	Requester:	Paul Chan

**EXHIBIT REFERENCE: PG&E-2, WORKPAPERS SUPPORTING CHAPTER 11, DEPRECIATION STUDY, PAGE WP-11-529**

**SUBJECT: DEPRECIATION**

**QUESTION 1**

In reference to PG&E's conclusion paragraph on page WP-11-529, please provide the actual manufacturer average service lives for the new meters plus supporting documentation.

**ANSWER 1**

The AMI project received CPUC approval to move forward with SmartMeter technology which included an integrated meter and communications module. Data for actual average service lives for the meter and module combination is not available at this time due to the short period of time that the combined technology has been in service.

However, per the original CPUC decision (06-07-027 on July 20, 2006) authorizing PG&E to implement AMI, the adopted average service lives are 20 years.

Section 8.2. Depreciable Life, page 24

"...The PG&E witness testified there has not been a depreciation study for the AMI communications equipment – which is reasonable given the few deployments and the short service lives to-date. Any study now for PG&E would be highly speculative. PG&E was not persuasive that we should use the 15-year communications equipment depreciable life for the AMI project. TURN recommended a 20 year depreciable life, correctly based on the Federal Energy Regulatory Commission's uniform system of accounts requirements for depreciation. (TURN's Opening Brief, p. 57.)

Absent any persuasive contrary evidence, the depreciable life should match the useful life. We will direct PG&E to depreciate the AMI equipment over 20 years and we will set rates using a 20-year life depreciation schedule. Like all other depreciable property, PG&E can re-examine the depreciable life in its subsequent general rate cases when there is credible evidence that the life should be adjusted. PG&E currently files a general rate case triennially; therefore, there should be several opportunities for timely depreciation studies before the end of the useful life of the AMI system. “

Additionally, during the technology vendor selection process, under the Performance section in the RFP (Request for Proposal) lists the service life requirement. (Source: pg 6 in the pdf attachment to RFP# F-006-07-JS, Schedule C)

### “3. PERFORMANCE

#### 3.1. Service Life

The Meter, excluding replaceable battery, shall have a minimum service life of 21 years from the manufacturing date, or 20 years from the installation date, whichever is shorter. During the service life period, the Meter shall continue to operate in full compliance with the Electric Meter Specification.”