

DIVISION OF RATEPAYER ADVOCATES

DATA REQUEST

Pacific Gas and Electric Company Advanced Metering Infrastructure – Bakersfield Issues

Date: April 30, 2010

Due Date: May 14, 2010

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| To: | Redacted Rate Department Sidney Bob Dietz II, Regulatory Relations Pacific Gas and Electric Company 77 Beale Street, San Francisco, CA 94105 | E-mail: Redacted SBD4@pge.com |
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| From: | Chris Danforth Division of Ratepayer Advocates Bruce Kaneshiro Energy Division 505 Van Ness Avenue San Francisco, CA 94102 | Phone: (415) 703-1481 (415) 703-1187 E-mail: CTD@cpuc.ca.gov BSK@cpuc.ca.gov |
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Data Request No: DRA-012/ED-XX

Originated by: Chris Danforth/Bruce Kaneshiro

Subject: Cost of a Moratorium on the Smart Meter Deployment

Please provide the following information as it becomes available but no later than **May 14, 2010**. If you are unable to provide the information by this date, please provide a written explanation to us by **May 10, 2010** as to why the response date cannot be met and your best estimate of when the information can be provided. If you have any questions regarding this data request, please call one of us at the above listed phone numbers.

Attachment A contains excerpts from the rebuttal testimony of Stephen Lechner in PG&E's Smart Meter Upgrade proceeding. It discusses various costs and types of penalties associated with suspending the Smart Meter deployment. The following questions are based on that testimony.

1. Please separately quantify, as best as PG&E is able, all the costs associated with suspending the AMI deployment for each of the following scenarios: (a) Three-month moratorium, (b) Six-month moratorium, and (c) Nine-month moratorium.
2. For each scenario in Question #1, please separately itemize the following costs:
 - a. For each vendor contract, the suspension costs that PG&E is contractually obligated to pay for delaying the installation;

- b. The costs of suspending the PG&E project management office operations;
- c. Possible loss of personnel knowledgeable about the project;
- d. The costs related to suspending and re-starting the equipment supply chain;
- e. The costs for contractor re-mobilization and ramping up deployment;
- f. Vendor inefficiency costs resulting from starting and stopping work;
- g. Costs for renegotiating existing vendor contracts, if necessary;
- h. Costs for identifying new vendors and negotiating new contracts if existing vendors should choose to leave the project during an extended suspension; and
- i. Any other costs not listed above that PG&E believes should be included.

Provide a written explanation of each of the above costs and how they are calculated.
Provide the calculations in an Excel spreadsheet.

- 3. Please provide a list of all vendor contracts specifying: (a) The name of the contractor, (2) What the contract covers, and (3) Whether or not there are suspension or labor escalation costs built into the contract.
- 4. Provide excerpts from contract language specifying the costs incurred owing to suspending the project that are used in the calculations for Question #2 above.

Attachment A
Excerpts from Rebuttal Testimony of Stephen Lechner
Smart Meter Upgrade Proceeding (A.07-12-004)

A 1 ... suspending a project includes economic impacts that are readily quantifiable such as vendor suspension costs and labor escalation. In addition, by suspending a project an entity risks losing personnel knowledgeable about the project, contractors who have moved up the project “learning curve” and are very productive, and the efficiencies that come with the continual operation of a project management office and supply chain organization. While these items are often difficult to accurately quantify, they nonetheless present real and significant risks and economic impacts to an organization.

In the case of PG&E’s SmartMeter Program, there is also the economic consideration of lost benefits, including the operational benefits that accrue upon installed meter activation and the estimated demand response (DR) benefits quantified in PG&E’s original AMI Application.

A 2 ...The program suspension costs I quantified and included in my analysis are: the monthly suspension costs that PG&E is contractually obligated to pay for suspending the installation contract; the monthly costs for suspending the PG&E project management office operations; and the labor escalation costs PG&E would incur by installing the meters with HAN devices months later than originally planned.

A 3 ...I note that my analysis does not include and quantify all of the factors related to project suspension. There are several additional factors that may further adversely impact the suspension costs. Examples of these types of costs include:

- The costs related to suspending and re-starting the equipment supply chain;
- The costs for contractor re-mobilization and ramping up deployment;
- Vendor inefficiency costs resulting from starting and stopping work;
- Costs for renegotiating existing vendor contracts; and
- Costs for identifying new vendors and negotiating new contracts if existing vendors should choose to leave the project during an extended suspension.