

From: Fitch, Julie A.  
Sent: 9/10/2010 2:41:06 PM  
To: Cherry, Brian K (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=BKC7);  
Bottorff, Thomas E (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=TEB3)  
Cc:  
Bcc:  
Subject: Last week's Smart Meter report

Tom and Brian,

I just wanted to send you both a brief note for three reasons:

1) to apologize for my inability to be interactive about the Structure Group's report in the weeks leading up to it. Hopefully you understand why we had to be squeaky clean about the report. It was uncomfortable for all of us to have to do it this way, but we felt that to have the report have any credibility, we had to be able to say that it was completely independent. We are already getting public records act requests related to the lawsuit, etc. so we were trying to protect everybody.

2) to compliment PG&E's handling of the report itself and reaction to it. It seemed to be a constructive response in the press conference I listened to, owning some of the customer service issues and vowing to fix them. We appreciate that. There may be some follow up we want to work with you on, such as working on some metrics, possibly in teh smart grid proceeding or elsewhere.

3) to let you know that some Energy Division staff are going to be inquiring with PG&E technical staff about the feasibility of having some customers opt out of smart meters. I wanted to give you a heads up about this so you don't freak out. I don't see that there's any particular support for allowing

individuals to opt out among the commission, but we are getting media and legislator questions (you probably are too) and we want to be prepared to explain why this is a bad idea or why it won't work (if indeed it won't, as we suspect). Our OGA folks are already hearing about potential legislative ideas related to allowing certain individuals or communities to opt out, and we are worried this could get out of hand if we don't get our story straight about this. So, don't misinterpret any inquiries along these lines as PUC staff wanting to support opting out. We are actually trying to figure out how to prevent it, or at least figure out a way to have a consistent story about what the real costs would be.

Thanks.

Julie