

Budget Narrative and Mapping by Workstream (1/2)

July 2010

#	Workstream	D.06-07-027 Cost Category Line Item Number	Narrative Description of Workstream	Significant Changes in Actual and/or Anticipated Costs	\$ Thousands								
					a b c=a+b			d		e		f=d+e	g=e-c
					Inception to Date Spending			Original Budget	Net Approved Adjustments to Date	Current Approved Budget	Remaining Approved Budget		
Capital	Expense	Total											
1	FMD	1,6	Provides resources, processes and tools that support effective and efficient project management, including scope, costs, schedule, issues and risks. Manages reporting processes to ensure compliance with internal and external (regulatory) communication requirements. Manages third-party vendor planning, deliverables and contract administration.	N/A	\$ 43,828	\$ 21,040	\$ 64,868	\$ 69,342	\$ 1,114	\$ 70,457	\$ 5,588		
2	SM Operations	5, 8, 9, 10, 11, 12, 14	Manages interval data collection, validation and related business processes to ensure timely and accurate usage information.	Resources and associated costs to manage electric data collection systems and related validation processes have proven to be greater than originally estimated due to migration of technologies.	\$ 9,965	\$ 44,343	\$ 54,308	\$ 51,768	\$ 16,614	\$ 68,381	\$ 14,073		
3	Customer Communications & Outreach	13, 15, 16	Proactively engages customers, educating as to the benefits of the SmartMeter™ technology and supporting efficient deployment activities, including the timely resolution of customer inquiries.	The anticipated leverage of coordinated customer outreach and response activities supporting existing and planned SmartMeter-enabled programs, such as SmartRate, is expected to reduce originally estimated project costs.	\$ -	\$ 46,410	\$ 46,410	\$ 100,049	\$ (6,405)	\$ 93,644	\$ 47,234		
4	Change Management	1, 15	Proactively engages with all internal stakeholders, to ensure that employees are equipped with the information, training and processes to effectively leverage new tools and business processes that deliver SmartMeter™ benefits.	Wider change management activities, essential to the deployment of new IT functionalities and business processes supporting completion of system-wide deployment including urban areas, are in process of further assessment and estimation.	\$ -	\$ 8,582	\$ 8,582	\$ 920	\$ 11,715	\$ 12,635	\$ 4,053		
5	Field Delivery - Strategic Relationships	3, 4, 8, 9	Manages external labor resources that drive primary meter and module exchanges, maintains quality assurance and secure supply chain for all endpoint and network equipment.	Costs associated with the transition of electric meter technologies were not included in the original budget.	\$ 933,018	\$ 48,144	\$ 981,162	\$ 1,252,672	\$ 44,303	\$ 1,296,976	\$ 315,814		
6	Field Delivery - Endpoint Installation	8, 12	Manages internal meter and module installation resources.	Cost to install metering and communications equipment in difficult to access locations, primarily in urban areas such as San Francisco and Oakland, will likely produce significant cost increases per endpoint going forward. Offset by accounting treatment of cost of removal credits.	\$ 63,349	\$ 714	\$ 64,063	\$ 71,465	\$ (10,063)	\$ 61,402	\$ (2,661)		
7	Field Delivery - Field Delivery Office	1, 5, 8, 9, 11	Develops and maintains coordinated deployment planning covering all remaining SmartMeter™ installations, including timeline, resources and engineering solutions.	Resource costs to plan and manage an integrated deployment plan and deliver metering and communications equipment solutions have proven to be greater than originally estimated primarily due to migration of electric meter technologies.	\$ 40,367	\$ 15,566	\$ 55,934	\$ 43,789	\$ 7,014	\$ 50,803	\$ (5,131)		
8	Field Delivery - Network Installation	9, 10	Manages both internal and external resources that drive site preparation and installation of all SM network equipment.	Decision to switch to an RF mesh-based communications network for electric meters is anticipated to produce a significant overall cost savings at project completion.	\$ 24,928	\$ -	\$ 24,928	\$ 103,988	\$ (75,128)	\$ 28,860	\$ 3,932		
9				Deployment Subtotal:	\$ 1,061,662	\$ 64,425	\$ 1,126,087	\$ 1,471,915	\$ (33,874)	\$ 1,438,040	\$ 311,954		

Budget Narrative and Mapping by Workstream (2/2)

July 2010

#	Workstream	D.06-07-027 Cost Category Line Item Number	Narrative Description of Workstream	Significant Changes in Actual and/or Anticipated Costs	\$ Thousands							
					Inception to Date Spending			Original Budget d	Net Approved Adjustments to Date e	Current Approved Budget f=d+e	Remaining Approved Budget g=e-c	
					a Capital	b Expense	c=a+b Total					
10	Business Process	6	Supports the planning, development, and delivery of information technology systems and enabled business processes that support SmartMeter™ functionalities, with specific emphasis on business requirements.	Resources, time, and associated costs necessary to plan and carry out business capability assessment, delivery and process design have proven to be significantly greater than originally estimated.	\$ 14,272	\$ 81	\$ 14,353	\$ 4,065	\$ 10,734	\$ 14,799	\$ 446	
11	IT/CC&B	4, 5, 6, 7, 16	Manages planning, development, delivery and maintenance of information technology systems and enabled business processes that support SmartMeter™ functionalities, related benefits and operating systems for all PG&E customers.	Resources, time, and associated costs necessary to carry out IT systems integration work have proven to be significantly greater than initially estimated.	\$ 311,278	\$ 103,959	\$ 415,237	\$ 266,559	\$ 209,687	\$ 476,247	\$ 61,010	
12	Technology Monitoring	1, 18	Perform ongoing technology monitoring, including technology and product development that leverage the SmartMeter™ platform.	Required technology monitoring activities were conducted, and costs incurred, prior to the Upgrade decision and were not funded in the original AMI decision.	\$ 1,735	\$ 20,647	\$ 22,382	\$ 32,611	\$ (686)	\$ 31,924	\$ 9,542	
13	Unassigned Spending	2	Approved additional or unanticipated workstream costs. The assignment of these and other future costs against contingency is based upon the assessment of the SmartMeter™ Steering Committee.	Given the two plus years remaining to project completion and associated cost uncertainties which could arise during this time, both in terms of savings opportunities and overrun risks, a formal draw of only \$2.9 million of the \$177.8 million contingency has been made.	\$ -	\$ -	\$ -	\$ 208,899	\$ (208,899)	\$ -	\$ -	
14				Totals:	\$ 1,442,740	\$ 309,487	\$ 1,752,227	\$ 2,206,127	\$ (0)	\$ 2,206,127	\$ 453,900	