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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Authority, Among Other Things, to Increase Rates and Charges for Electric and Gas Service Effective on January 1, 2011. (U39 M)

Application 09-12-020
(Filed December 21, 2009)

**ASSIGNED COMMISSIONER'S RULING
REGARDING CONSULTANT COSTS RELATED TO
THE COMMISSION'S EVALUATION OF PG&E'S SMART METER PROGRAM**

This ruling directs Pacific Gas and Electric Company (PG&E) to pay the Commission's consultant expenses related to the testing of Smart Meter, testing of the software and billing systems that support the Smart Meters, and all other expenses involved in the consultant's evaluation of PG&E's management of its Smart Meter program. This ruling also allows PG&E to submit testimony in this proceeding regarding recovery of those costs.

PG&E currently is deploying Smart Meters, an upgrade authorized in Decision (D.) 09-03-026 in Application (A.) 07-12-009 to the Advanced Metering Infrastructure program authorized previously in D.06-07-027.

Due to public concerns raised about PG&E's deployment of Smart Meters in the San Joaquin Valley, the Commission determined at its November 20, 2009 business meeting that independent testing of PG&E's Smart Meters, and related software, should be undertaken. The Commission found, pursuant to Pub. Util. Code Section 632, that extraordinary circumstances justify expedited contracting by the Commission for the needed consulting services.

On December 7, 2009, the Commission issued a solicitation for a contracting opportunity to conduct independent meter testing and bill validation assessment for PG&E's Smart Meters in the San Joaquin Valley. The proposed scope of work for the consultant was subsequently expanded by the Commission to include an evaluation of PG&E's deployment of the Smart Meter program in Kern and Fresno counties. Responses have been received, and the Commission is completing the consultant selection process. It plans to finalize a contract to hire consultant(s) in the near future.

It is reasonable to require that PG&E pay the costs of the Smart Meter consultant(s) to be incurred as part of the Commission's independent evaluation of PG&E's Smart Meter system.

I anticipate that the Commission will send invoices to PG&E for reimbursement of contractor costs incurred by the Commission. PG&E is directed to pay these consultant costs. PG&E may make a Tier 2 advice letter filing to establish a memorandum account to record the expenses incurred pursuant to this ruling.

PG&E will be allowed to submit testimony in this general rate case proceeding to address revenue, ratemaking, and other issues related to these consultant costs, including but not limited to whether the funds should come from the previously authorized budget for the Smart Meter program, from shareholders, or from other sources.

Therefore, **IT IS RULED** that:

1. PG&E shall pay the Commission's consultant costs related to the evaluation of PG&E's Smart Meter system, as described in this ruling.
2. PG&E shall pay each invoice for consultant expenses related to the Smart Meter evaluation, within seven days of its receipt from the Commission.

3. PG&E is authorized to file a Tier 2 advice letter to establish a memorandum account for the purpose of recording the consultant costs when paid pursuant to this ruling, and shall meet and confer with Energy Division beforehand regarding appropriate tariff language.

4. PG&E may submit testimony in this proceeding to address revenue, ratemaking, and other issues related to the consultant costs paid pursuant to this ruling.

5. This ruling shall be served on the service list in A.07-12-009, in addition to the service list in A.09-12-020.

Dated February 16, 2010, at San Francisco, California.

/s/ MICHAEL R. PEEVEY

Michael R. Peevey
Assigned Commissioner

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Dated February 16, 2010, at San Francisco, California.

 /s/ CRISTINE FERNANDEZ
Cristine Fernandez

N O T I C E

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