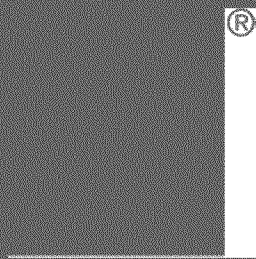


SmartMeter™ Program

Overview and Current Status

Nov 3, 2010



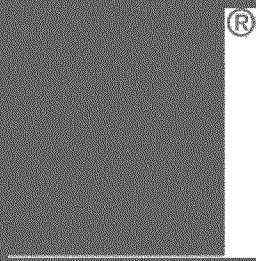


Agenda

1

- **SmartMeter™ Q3 highlights**
- **MeterDeployment**
- **MeterPerformance**
- **Communicating the SmartMeter™ Value Proposition**
- **Enhancingthe Customer Experience**
- **Appendix**

SmartMeter™ Q3 Highlights





Third Quarter Highlights

Installations:

As of October 26th, more than **7 million meters installed!**

- 3.58M Electric Meters
- 3.49M Gas Meters

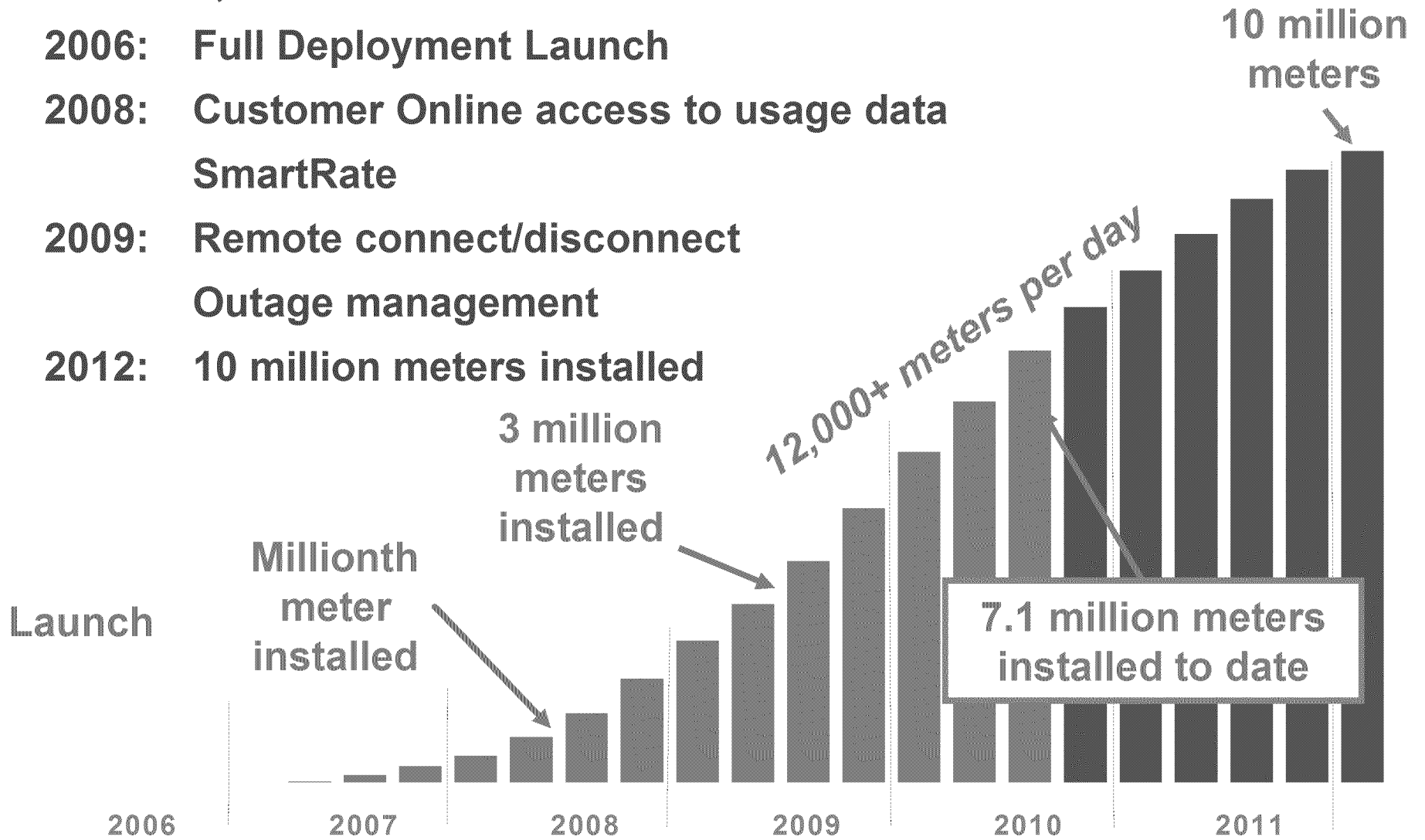
Billing Operations:

- Record low bill estimation %: 0.06% - September 2010
- 6.0M billing using SmartMeter™ systems as of Oct 26, 2010



PG&E's SmartMeter™ deployment

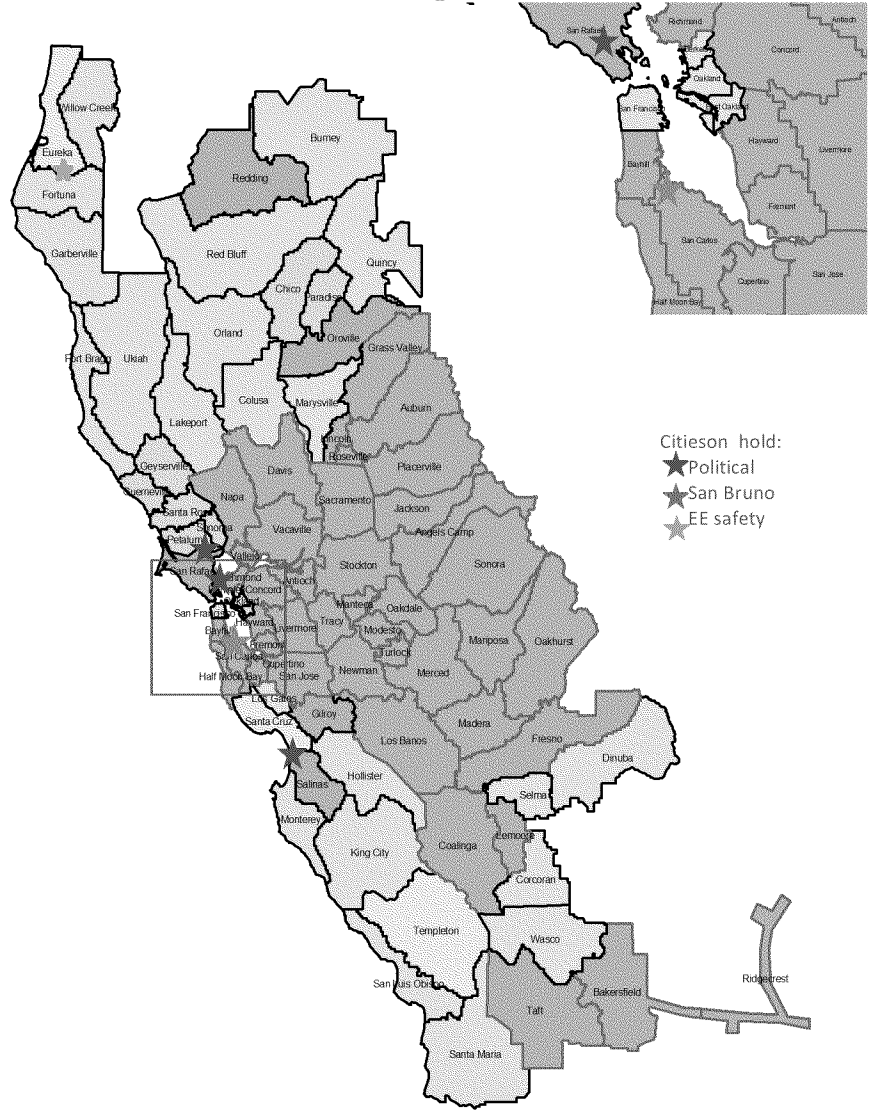
- 2005:** 5,000 Meter Pilot
- 2006:** Full Deployment Launch
- 2008:** Customer Online access to usage data
SmartRate
- 2009:** Remote connect/disconnect
Outage management
- 2012:** 10 million meters installed





PG&E's SmartMeter™ deployment

Installation Category	Completed	Remaining	Total	% Complete	# of Offices
Pending	67,965	1,216,492	1,284,458	5%	19
0-25%	28,085	238,824	266,909	11%	2
25-50%	163,010	369,116	532,127	31%	5
50-70%	294,027	218,368	512,395	57%	7
70-85%	687,657	161,258	848,914	81%	9
85+%	5,818,101	440,530	6,258,631	93%	42
Total	7,058,845	2,644,589	9,703,434	73%	84



Cities on hold:
 ★ Political
 ★ San Bruno
 ★ EE safety

Offices Currently in Deployment	Offices Starting Deployment in Next 3 Months
San Antonio	Colusa
San Bernardino	Contra Costa
San Diego	Del Norte
San Francisco	El Dorado
San Jose	Essex
Santa Clara	Glenn
Santa Cruz	Humboldt
Shasta	Inyo
Siskiyou	Kern
Sonoma	Los Angeles
Stanislaus	Maricopa
Trinity	Monterey
Yuba	Orange
	Riverside
	San Bernardino
	San Diego
	San Francisco
	San Jose
	Santa Clara
	Santa Cruz
	Shasta
	Siskiyou
	Sonoma
	Stanislaus
	Trinity
	Yuba

Areas On Hold	Installs Remaining
Santa Cruz	162,645
San Rafael	31,059
Santa Rosa	22,018
Peninsula	1,548
Humboldt	12,005
Total	229,275

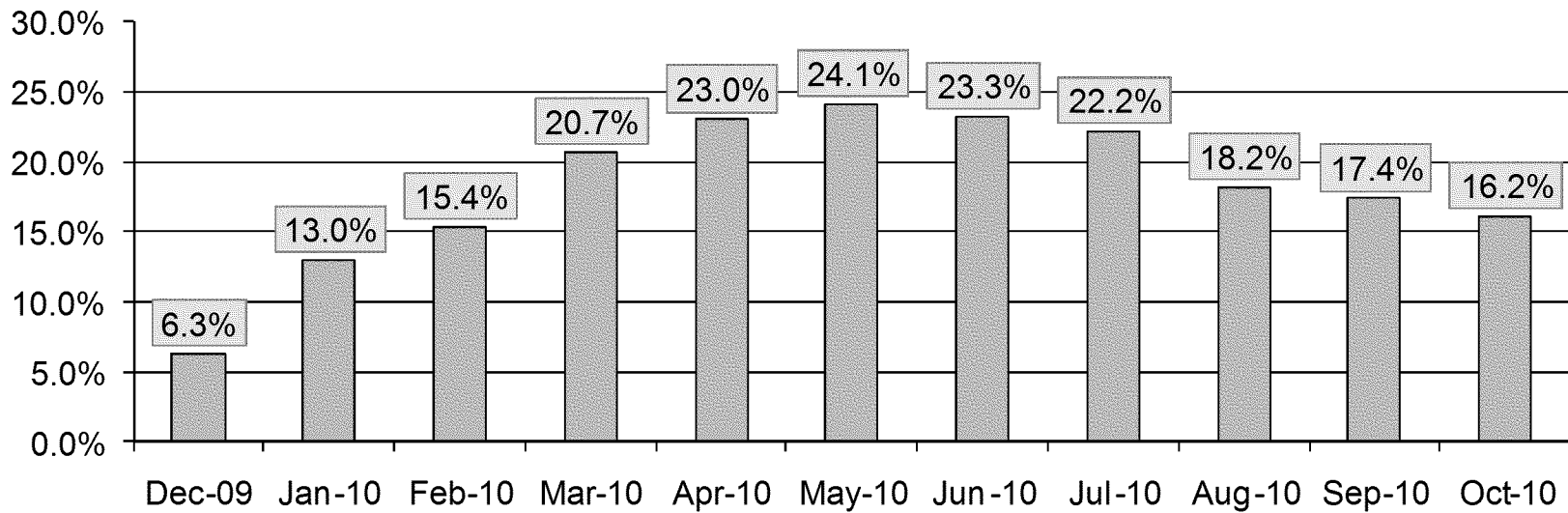


Transition to SmartMeter™ Billing

Number of cumulative transitioned meters: 5.81M

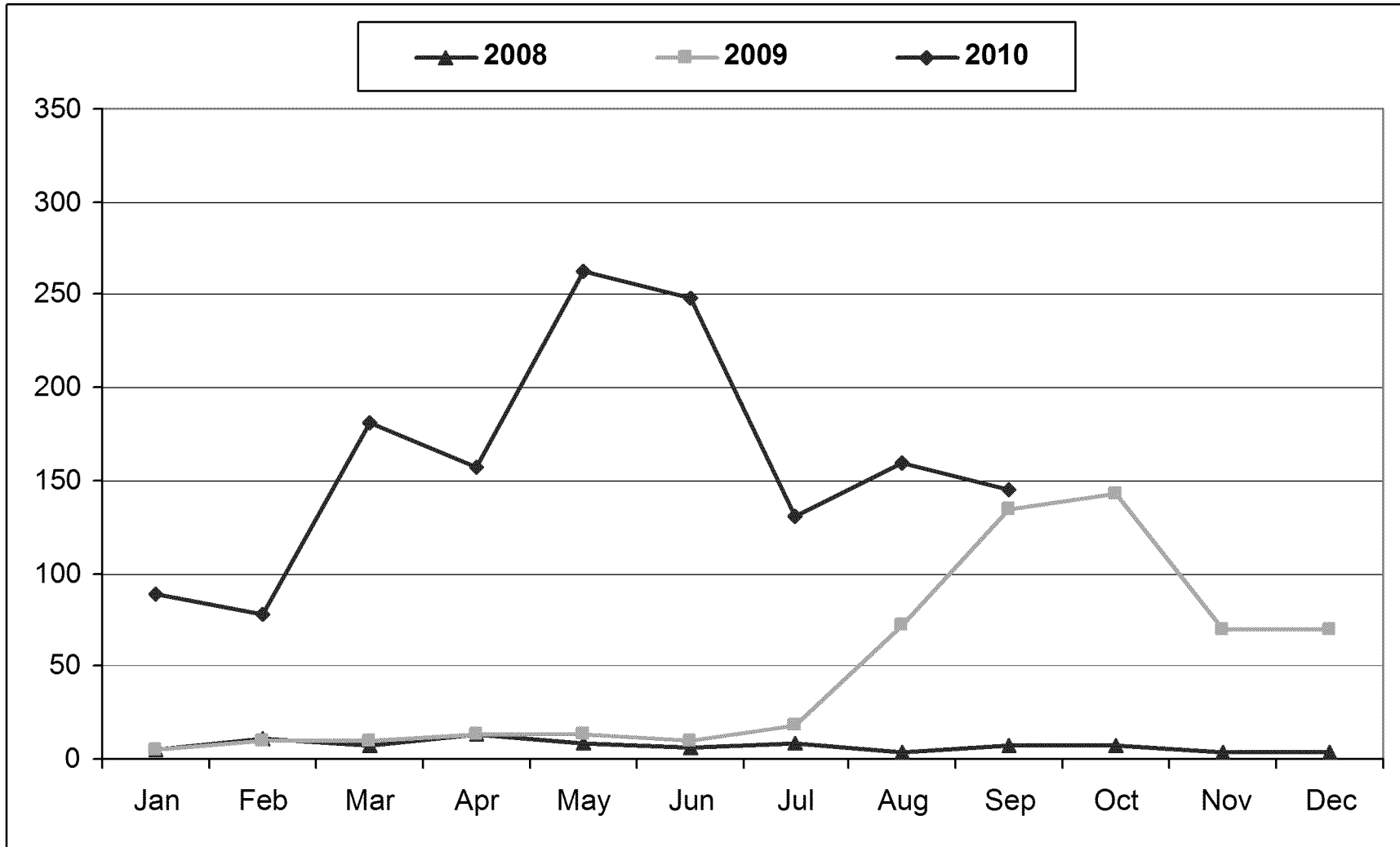
Number of meters transitioned since Jan. 2010: 2.06M

% Untransitioned Meter Volume against Total Installed Meters





SmartMeter™ Customer Complaints





Compounding factors and response

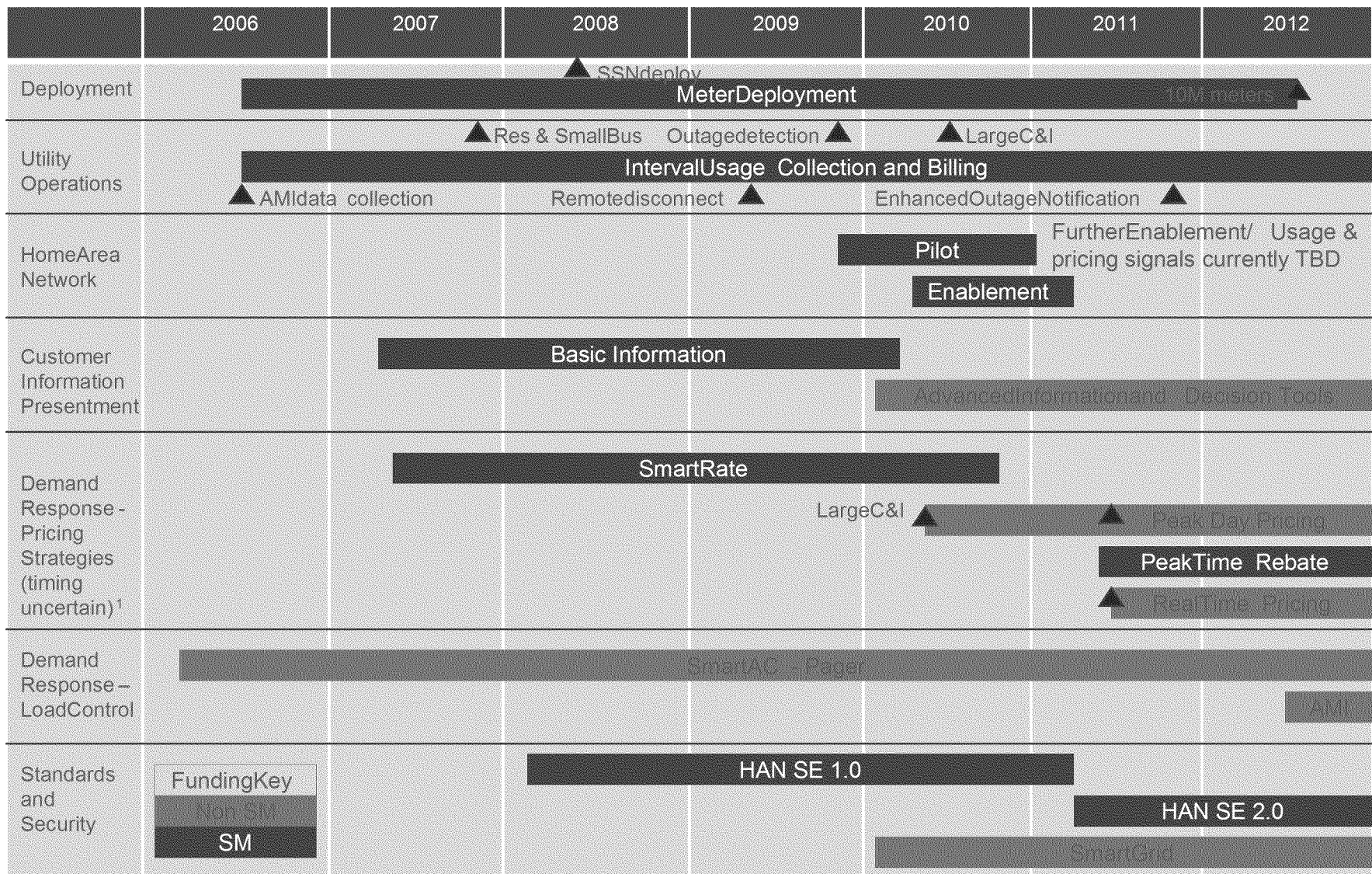
Compounding Factors

- Heat wave and rate increases coincided with early SmartMeter™ installations
- Media focusing on interesting, rather than balanced, stories
- Political backlash
- Low-key, low-touch approach to customer outreach
- Gaps in customer service

Public Response

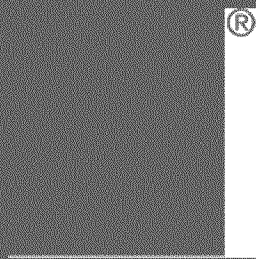
- Class action lawsuit
- Legislative action
- CPUC independent assessment
- Requests for moratoriums
- Customer satisfaction impact

PG&E[®] Capability Timeline



¹ NOTE: Significant Regulatory uncertainty currently exists around previously depicted timelines in this area

Meter deployment





Meter deployment

Description

Modify meter deployment schedule and approach to increase employee awareness, customersatisfactionand address local communities'concerns prior to deployment. Develop deployment strategies to address unique deployment situations.

PastActivities

- Gathered installationinformationon a meter-by-meter basis to understand the range of installationchallenges and developed strategies to address each circumstance

Current and FutureActivities

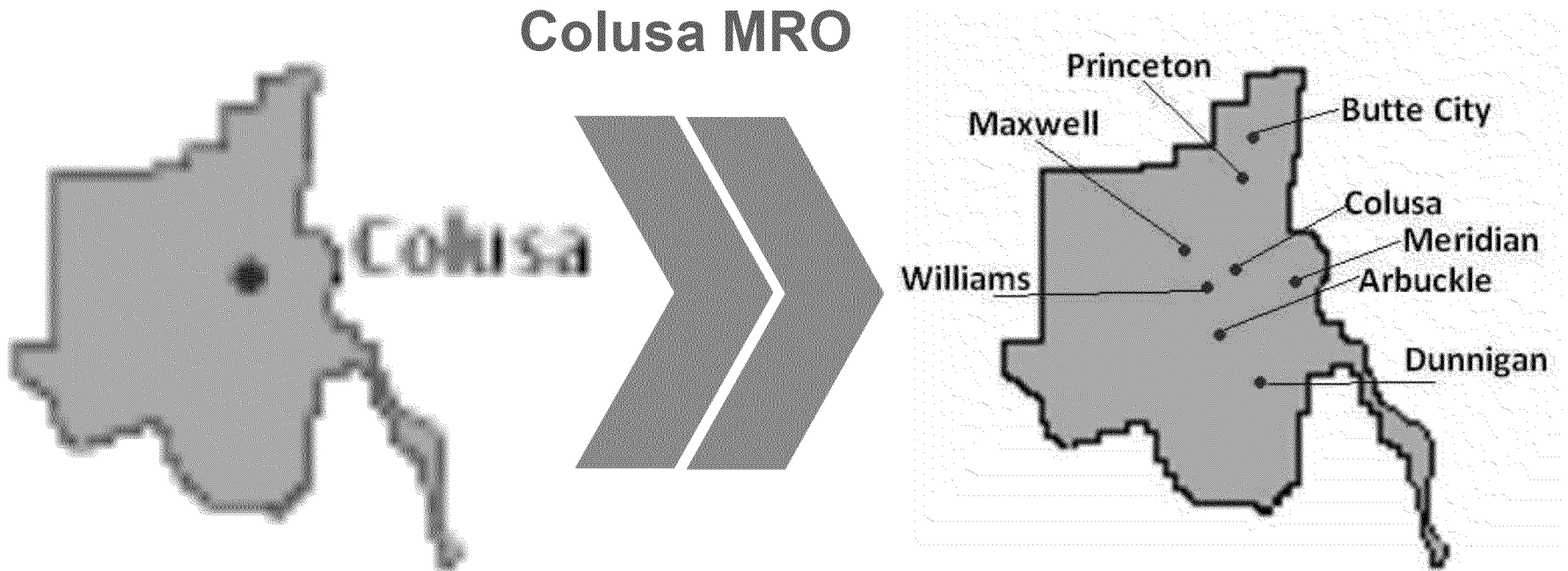
Timing

- | | |
|--|-----------|
| • ImplementedCity by City DeploymentApproach | Completed |
| • Plan deployments to avoid coincidingwith peaks in seasonal energy use | Completed |
| • Educateemployees on the benefits of SmartMeter™ prior to deployment in their communities | Ongoing |
| • Meet with local elected officialsand opinion leaders prior to deployment | Ongoing |



Meter deployment – ‘City by City’

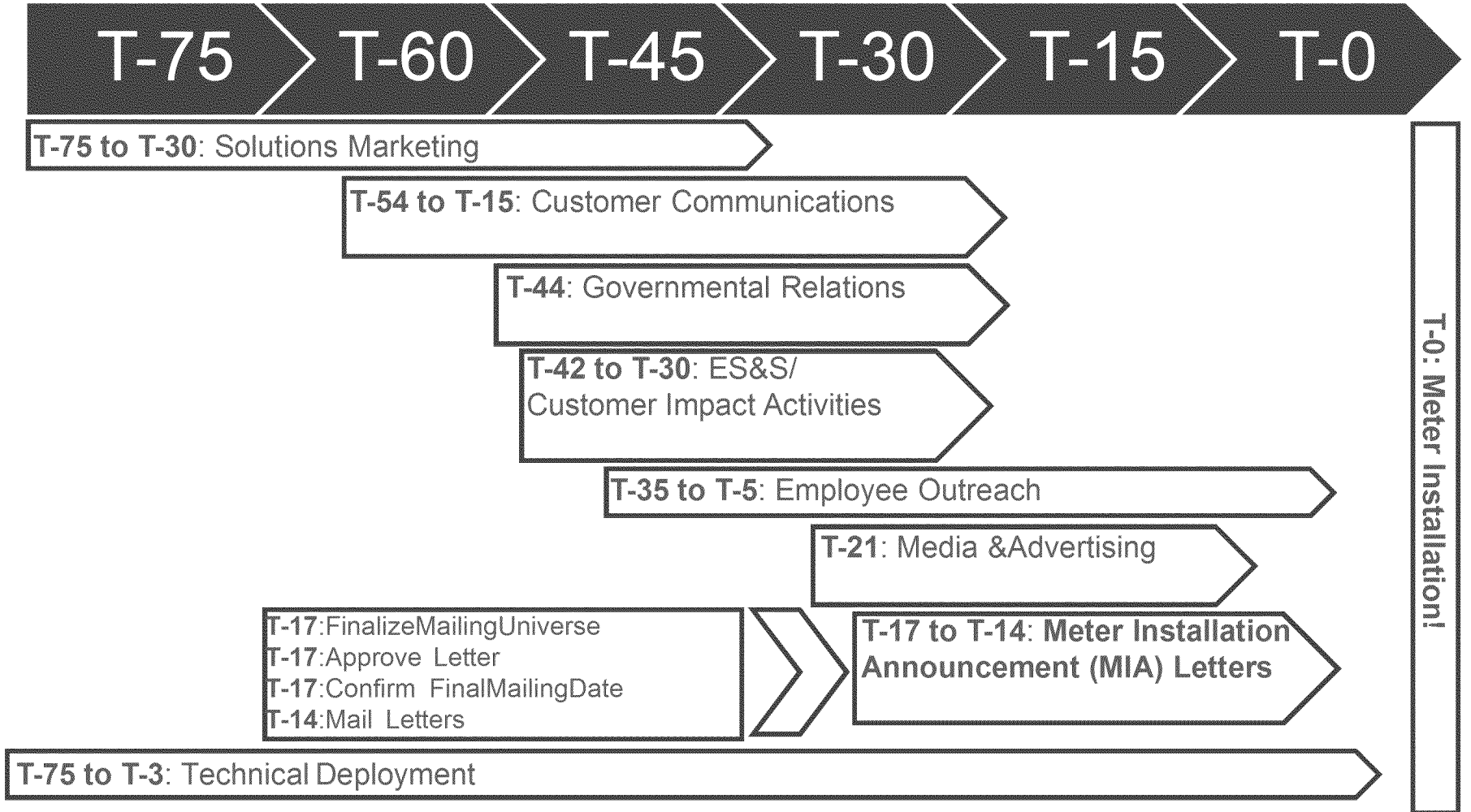
- Deployment is evolving from a Meter Reading Office (MRO)-based approach to a City by City approach





Meter deployment – T-75 schedule

- Prior to deployment, key stakeholders have a list of tasks that must be completed

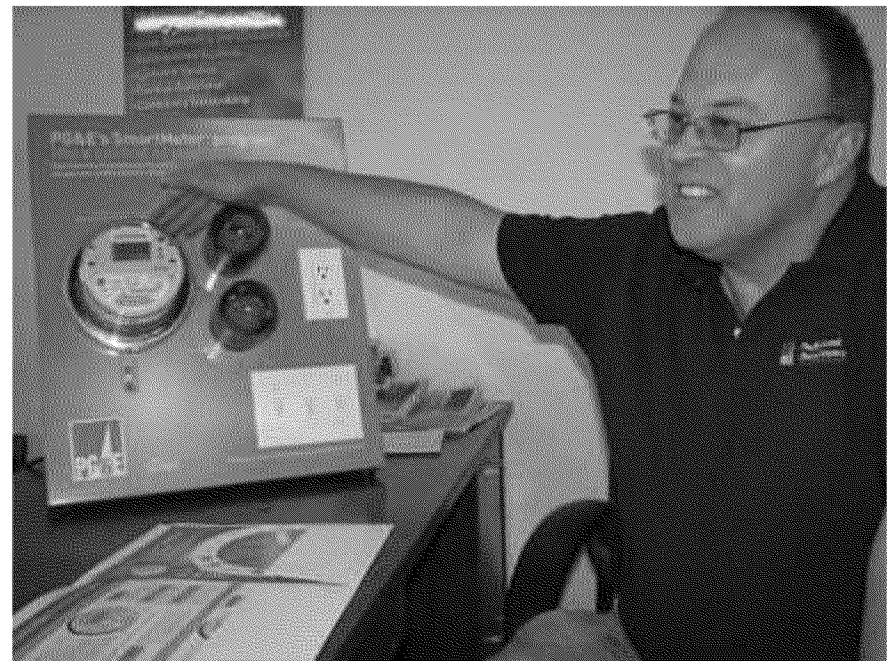


Meter deployment – success story

- *Colusa Sun Herald, October 15, 2010, “Smart Meters Coming”*
- This positive news article highlighted PG&E’s proactive approach to educating customers prior to deployment

“The new system will allow PG&E customers to see how and when they are using energy without having to wait for a monthly bill”

“In the long run, the utility expects the program to benefit the environment by decreasing demand on the power grid”





Meter deployment – unique deployments

Kern Deployment

•Major Objectives:

- Help Kern customers, PG&E employees and other stakeholders *understand* and *embrace* the value of SmartMeter™ technology and why we're returning to Kern to upgrade meters
- Rebuild *trust* in the SmartMeter™ program and enhance PG&E's *reputation* with Kern customers, communities, employees, and other stakeholders
- Redeployment of approximately 130,000 upgraded SmartMeter™ devices in Kern County

•Strategies:

- Partnering with internal PG&E teams
- Proactively communicate SmartMeter™ issues and benefits
- Utilize the Structure Group results, PG&E research, and internal and external experts
- Work with local officials and other community leaders



Meter deployment – unique deployments

Kern Deployment Schedule (Tentative)

- **11/1/2010:** Employee Outreach and Internal Communications Begin
- **11/1/2010:** External Communications and Government Relations Begin
- **11/8/2010:** Customer Media Outreach Begins
- **12/15/2010:** MIA letters mailed to Customers
- **1/3/2011:** Meter Deployment Begins
- **4/30/2011:** Meter Deployment Complete





Meter deployment – unique deployments

San Francisco Deployment

•Major Objectives:

- San Francisco introduces new operational and engineering challenges, as well as non-technical challenges for Field Deployment and requires a well thought-out strategic plan encompassing Communication, Field and Network Deployment
- Alignment of the meter characteristics to the right resource and solution to complete installation on the first visit while realizing CPI targets will be critical to deployment
- Help SF customers, PG&E employees and other stakeholders *understand* and *embrace* the value of SmartMeter™ technology and lessons learned from other Meter Reading Offices
- Deployment of approximately 625,000 SmartMeter™ devices in difficult meter locations (peepholes, basements, curbside, metal/wood cabinets, vaults, etc.)

•Strategies:

- Develop 11 new processes to reduce anticipated CGI and UTC's (i.e. Customer Response Team, Appt. Scheduling, etc.)
- Partnering with internal PG&E teams and Wellington to field test processes
- Proactively communicate SmartMeter™ issues and benefits
- Work with internal stakeholders, local officials and other community leaders



Meter deployment – unique deployments

San Francisco Deployment Schedule (Tentative)

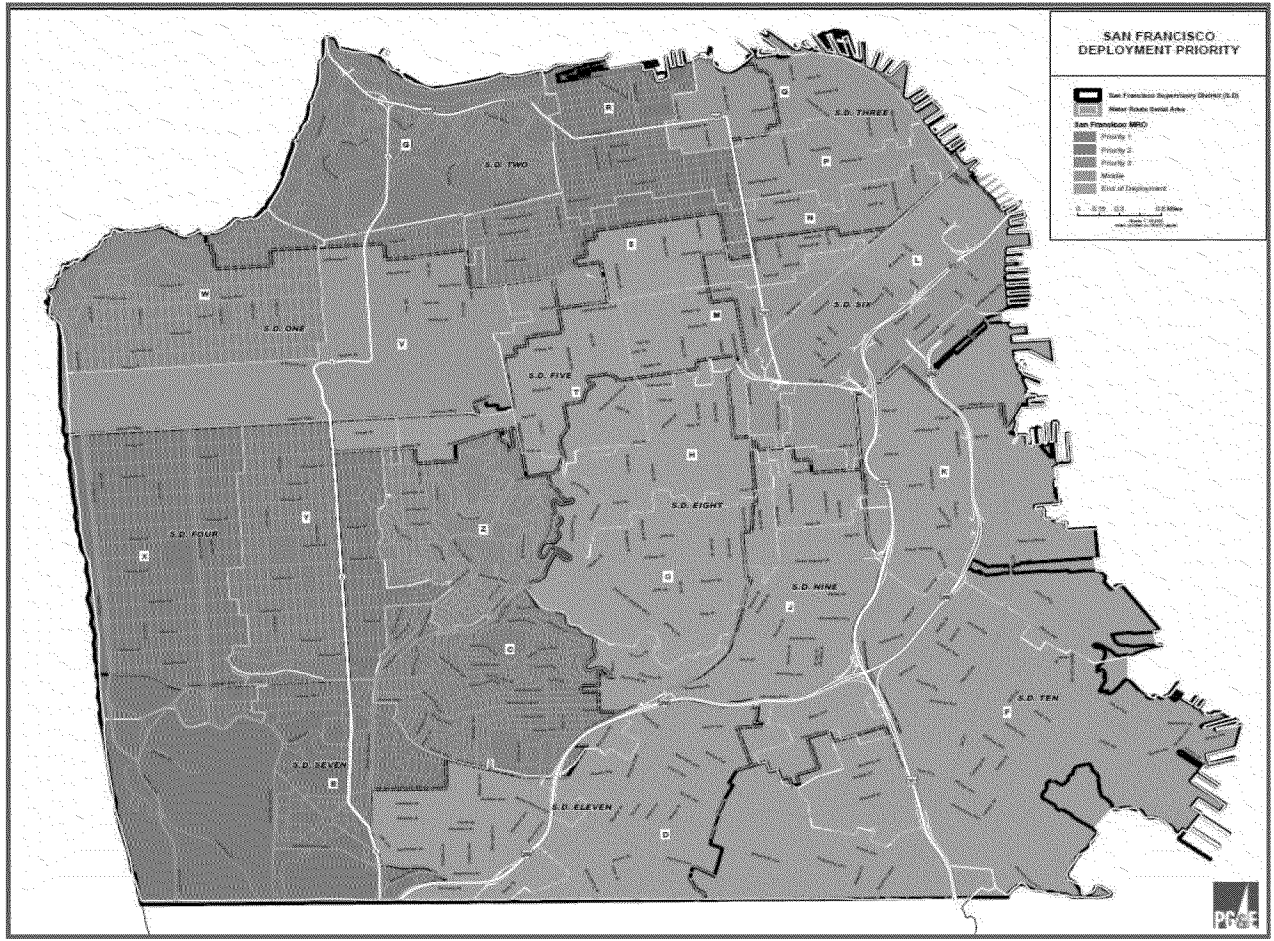
- 12/1/2010:** Employee Outreach and Internal Communications Begin
- 1/3/2011:** External Communications and Government Relations Begin
- 1/3/2011:** Customer Media Outreach Begins
- 1/15/2011:** MIA letters mailed to Customers
- 2/1/2011:** Meter Deployment Begins
- 3/31/2012:** Meter Deployment Complete





Meter deployment – unique deployments

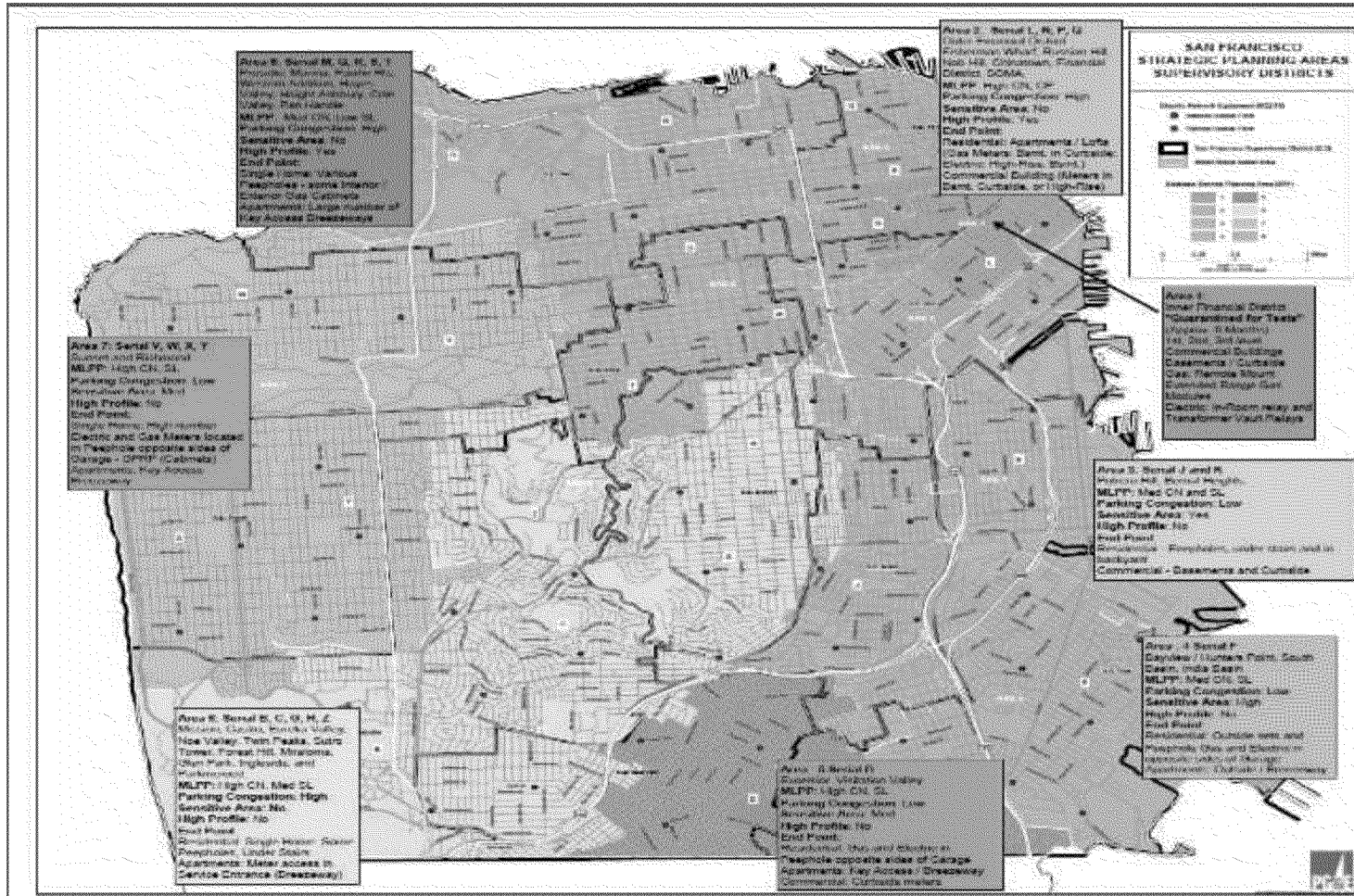
San Francisco: 5 Deployment Priorities



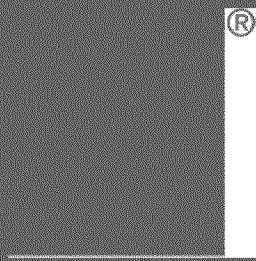


Meter deployment – unique deployments

San Francisco: 8 Unique Deployment Areas



Meter performance





Meter performance

Description

Maintain quality control over deployed meters, continue to proactively validate and publicize the accuracy of SmartMeter™ devices, become the expert in SmartMeter™ technology

Past activities

- Conducted an exhaustive systemic data analysis to confirm there is no fundamental technology problem with meter accuracy or billing
- Testified before a Senate committee on meter accuracy and sources of program error

Current and future activities

Timing

- | Current and future activities | Timing |
|--|-----------|
| • Complete all vendor product deliverables for meter & network deployment | Dec 2010 |
| • Create a Red Team and conduct further stress testing to surface potential risks from meter manipulation or malfunction | May 2011 |
| • Drive solutions to any identified hardware & software potential risks | June 2011 |
| • Keep customer-facing teams updated so they can address customer concerns with knowledge and facts | ongoing |



Meter performance

<http://www.pge.com/myhome/customerservice/meter/smartmeter/programdata/>

The screenshot shows the 'SmartMeter™ Program Data' page on the PGE website. The page features a navigation menu at the top with options like 'MANAGE MY ACCOUNT', 'CUSTOMER SERVICE', 'GIVE ENERGY A VOICE', 'ENVIRONMENT', and 'EDUCATION & SAFETY'. A left sidebar lists various services. The main content area is divided into several sections:

- SmartMeter™ Program Data:** A introductory text block.
- SmartMeter™ Deployment Statistics:** This section contains two pie charts:
 - Electric:** A pie chart showing 3,418,454 SmartMeters™ and 1,830,485 Non-SmartMeters™.
 - Gas:** A pie chart showing 2,387,003 SmartMeters™ and 1,006,345 Non-SmartMeters™.
- Weekly Program Updates:** A section with a heading and a list of updates:
 - Download Current Updates
 - 11/06/10 Update (87% Total)
 - 09/10/10 Update (90% Total)
 - 07/14/10 Update (90% Total)
- SmartMeter™ Testing:** A section with a heading and a list of results.
- SmartMeter™ Billing Statistics:** A section with a heading and a bar chart for '% of Bills Estimated' for Electric and Gas.

An arrow points to the '11/06/10 Update (87% Total)' link in the 'Weekly Program Updates' section, with the text 'Click on "Current Updates"' next to it.



SmartMeter™ Program Data

Page 1: Deployment, Billing and System Performance

SM Deployment	Updated ⁽¹⁾	Combined			Electric			Gas		
		Non-SM	SM ⁽³⁾	Total	Non-SM	SM	Total	Non-SM	SM	Total
Total Meters/Modules In Service		2,886,714	6,805,487	9,692,201	1,830,465	3,418,454	5,248,919	1,056,249	3,387,033	4,443,282
Meters/Modules Installed ⁽²⁾	Weekly		64,088			37,315			26,773	

Notes:

⁽¹⁾ Data for week ending 9/17/2010.

⁽²⁾ "Meters/Modules Installed" includes the installation of second generation SM devices and the removal and replacement of first generation SM devices.

⁽³⁾ "SM" includes meters and modules that utilize SM technology.

Billing	Updated ⁽¹⁾	Combined			Electric			Gas		
		Non-SM	SM	Total	Non-SM	SM	Total	Non-SM	SM	Total
Bill Segments Produced ⁽²⁾		4,291,169	5,166,797	9,457,966	2,619,949	2,509,905	5,129,854	1,671,220	2,656,892	4,328,112
% Estimated ⁽³⁾	Monthly	1.22%	0.10%	0.61%	1.50%	0.16%	0.85%	0.78%	0.05%	0.33%
% Timely ⁽⁴⁾		99.60%	99.81%	99.71%						

Notes:

⁽¹⁾ Data for month ending 08/31/2010.

⁽²⁾ A "Bill Segment" reflects either gas or electric service. A PG&E customer receiving gas and electric service receives one bill containing two bill segments.

⁽³⁾ "% Estimated" expresses total bill segment calculations based upon estimated usage (gas and /or electric segments) as a percentage of all completed bill segments.

⁽⁴⁾ "% Timely" expresses meters (service agreements) billed within 35 days of last billing date as a percentage of all active meters (service agreements).

SM System Performance	Updated ⁽¹⁾	Combined	Electric	Gas
% Total Intervals Received ⁽²⁾		99.78%	99.76%	99.81%
Non-Communicating Meters Outstanding ⁽³⁾	Weekly	6,596	3,276	3,320
% Non-Communicating Meters Outstanding ⁽⁴⁾		0.10%	0.10%	0.10%
Data Storage Issues Outstanding ⁽⁵⁾		6,012		

Notes:

⁽¹⁾ Data for week ending 09/17/2010.

11.00 x 8.50 in

Done

Start

SmartMeter™ Progra...

Inbox - Microsoft Out...

FW: FINAL DOCS - ...

RFFast FactsFINALN...

SmartMeterQ3_ALL...

http://www.pge...

Unknown Zone

9:05 AM



SmartMeter™ Program Data

Page 2: Accuracy Testing and Customer Data Usage

Accuracy Testing	Updated ⁽¹⁾	Combined		
		Non-SM	SM	Total
Meter Tests Completed ⁽²⁾		122	868	990
Meter Tests Passed ⁽³⁾	Weekly	118	868	986
Meter Tests Failed ⁽⁴⁾		4	0	4
Total Meter Tests Completed, Cumulative ⁽⁵⁾		30,824	29,546	
Total Failed Meters Confirmed, Cumulative ⁽⁶⁾		377	10	
% Total Failed Meters Confirmed, Cumulative ⁽⁷⁾		0.0131%	0.0001%	

Notes:

- ⁽¹⁾ Data for week ending 09/17/2010.
- ⁽²⁾ "Meter Tests Completed" includes meter tests performed at customer locations, vendor facilities and PG&E's meter warehouse and testing facility. This excludes initial testing by manufacturer (100% testing).
- ⁽³⁾ "Meter Tests Passed" includes meter test results within CPUC-authorized limits (+/- 2%).
- ⁽⁴⁾ "Meter Tests Failed" includes meter test results outside CPUC-authorized limits (+/- 2%).
- ⁽⁵⁾ Meters that have had meter accuracy tests performed since January 2007. This includes meter tests performed at customer locations, vendor facilities and PG&E's meter warehouse and testing facility. This excludes initial testing by manufacturer (100% testing).
- ⁽⁶⁾ Meters having confirmed meter accuracy failures since January 2007.
- ⁽⁷⁾ "% Total Failed Meters Confirmed, Cumulative" expresses "Total Failed Meters, Confirmed, Cumulative" as a percentage of the installed meter population.

Customer Data Usage	Updated	Combined
		Total
pge.com "My Account" Customers ⁽²⁾		1,554,040
SmartMeter™ Online Usage Inquiries ⁽³⁾		296,075
SmartRate participants ⁽⁴⁾	Monthly ⁽¹⁾	24,885
"Energy Alert" participants ⁽⁵⁾		19,365
EBill Customers ⁽⁶⁾		1,544,083
SmartRate SmartDays, Cumulative ⁽⁷⁾	Weekly ⁽⁸⁾	10

Notes:

- ⁽¹⁾ Data for month ending 08/31/2010.
- ⁽²⁾ Customers who have accessed their accounts via pge.com "My Account" in the last 12 months.
- ⁽³⁾ Monthly web views of Total Load and Rate Analysis Chart pages by pge.com account users with SmartMeter™ devices.
- ⁽⁴⁾ SmartMeter™ customers enrolled in the SmartRate™ program receive a discounted rate during the program period May 1 and October 31 in exchange for managing their energy usage during 2 p.m. to 7 p.m. on up to 15 SmartDays when a surcharge applies. SmartDays are called on especially hot days between May 1 and October 31, when demand for electricity can reach an extreme level.
- ⁽⁵⁾ SmartMeter™ customers enrolled in the "Energy Alert" program receive a text message, e-mail or automated phone call when their electric use is moving toward a higher-priced tier. The program began on June 10, 2010.



Meter performance

Financial District/Urban Canyon demographic poses unique challenges in RF communication

- Electric Meters are located in deep basements, and below grade meter rooms
- Electric utilities are underground no distribution poles above grade (i.e. Rule 20A)
- SSN did not have an available solution for covering these areas

The In-vault relay (and AP) project was named **Subterranean Urban Network Deployment System (SUNDS)**.

- A joint hardware design project was started with SSN with PG&E taking the lead with product and network design guidelines.
- Solution solved multiple issues
 - Provided RF communication path between meter rooms and street level
 - Provided RF backbone path at neighborhood level
 - Eliminated need for third party attachment agreements



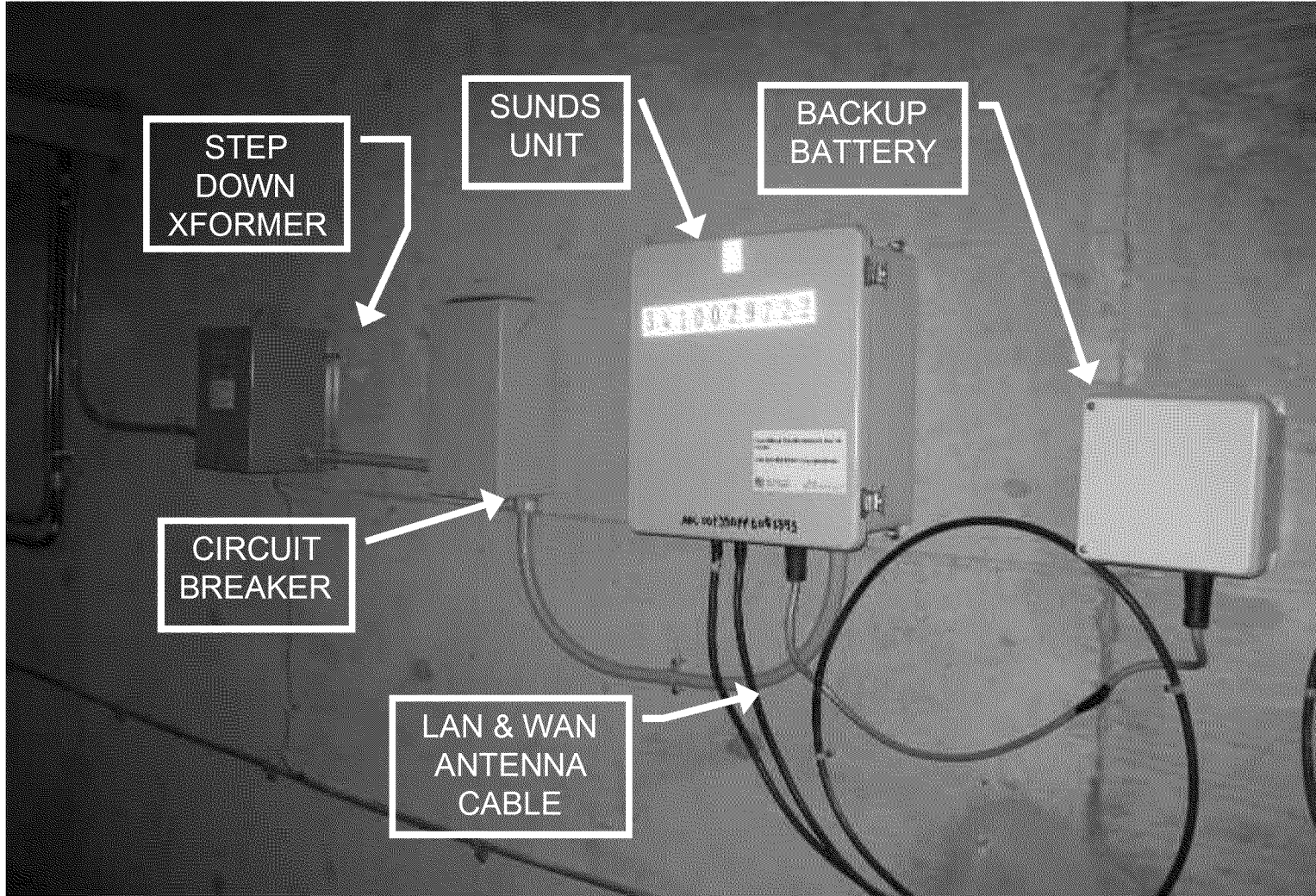
Meter performance



Meter performance

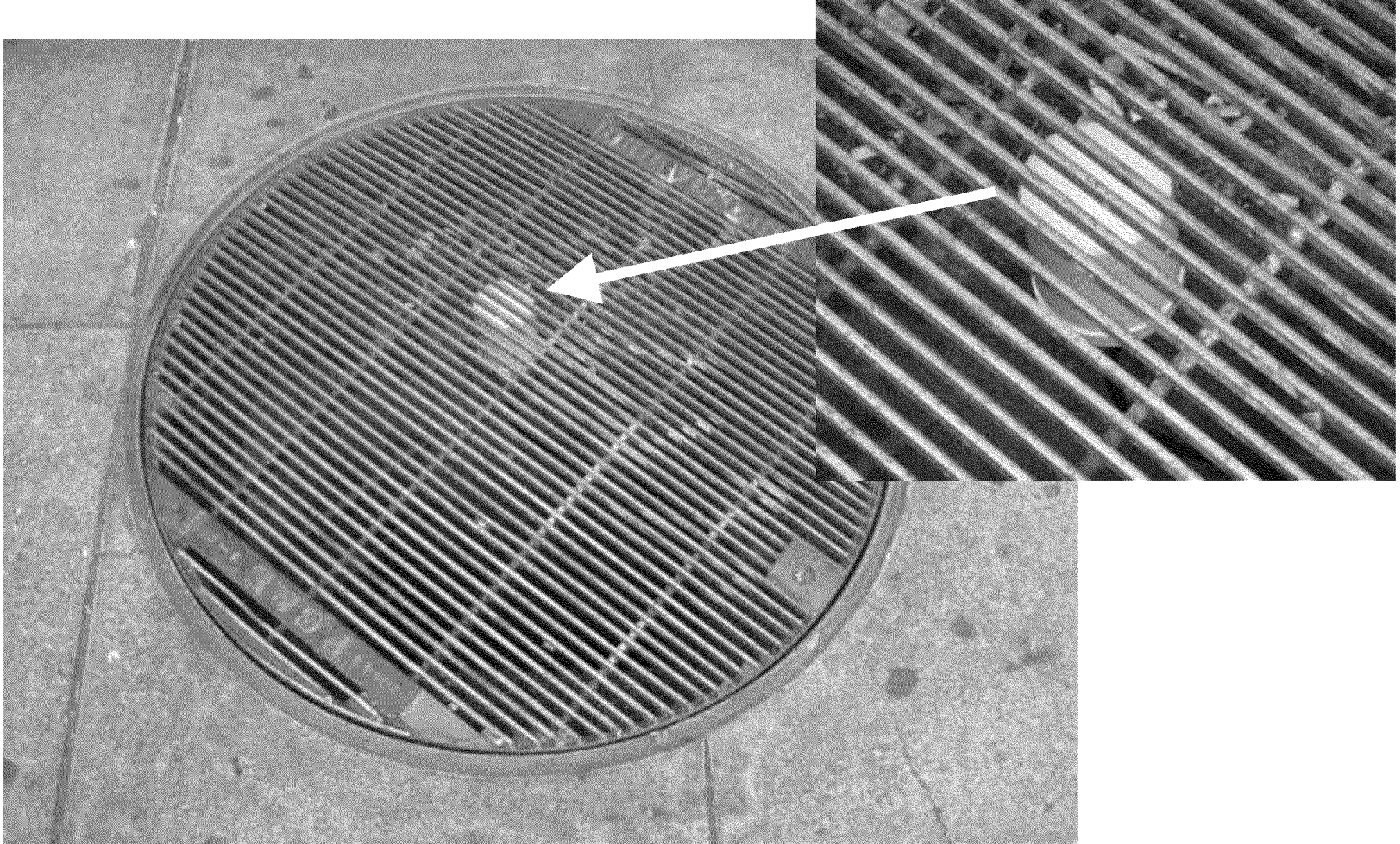
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PG&E[®] SUNDS AP Installation

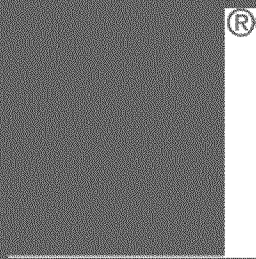




Antenna Installation Below Vault Vent Grate



Communicating the SmartMeter™ value proposition





Communicating the SmartMeter™ value proposition

Description

Proactively communicate on SmartMeter™ issues and benefits to raise customer awareness and appreciation of the program

Past activities

- Community events and meetings to date, directly reaching approximately 6,000 customers

Current and future activities

- | | |
|---|--------------------------|
| • Engagement Plan communication schedule | Ongoing |
| • Continue to conduct face-to-face community events and engage regulators and state and local elected officials | Ongoing |
| • “Information is Power” campaign (ads and online) | SF (July) CV & Sac (9/1) |
| • “See Your Power” campaign (ads and online) | On hold |
| • “See Your Power” mobile tour | Launched in August |

PG&E Customer Engagement Strategy

- Initial outreach strategy: SmartMeter deployment equivalent to a standard meter change.

- Significantly expanded and improved customer communication and outreach based on customer learning and feedback.

Initial Outreach Strategy (2007)



Learning From Our Customers

- Benefits Unclear to Some Customers
- Awareness
- Satisfaction
- Inconsistent Customer Experience

Current Holistic Outreach Strategy*

Responding to Our Customers

- Improved Communication Messages & Channel
- Multiple Contacts Through Sustained Media
- Responsive & Proactive Outreach
- Employee Education
- Readiness and Response Team

- Online tools in My Account
- Energy Alert via e-mail or text message
- Digital "Information is Power" ads on news sites
- See Your Power Blog
- PG&E's PGE4METwitter Feed or Facebook
- Customer and third-party testimonial videos on www.pge.com/smartmeter and YouTube

- Pre-installation letter
- Door hanger
- Welcome booklet
- Energy Alerts postcard or e-mail



- "Information is Power," TV commercials (July '10)
- "See Your Power," TV Commercials (Fall '10)
- Retail Partnerships

- PG&E employee experience zone training and tool kits
- Additional Contact Center resources and support
- SmartMeter Response team for complex issue resolution
- Home energy audit

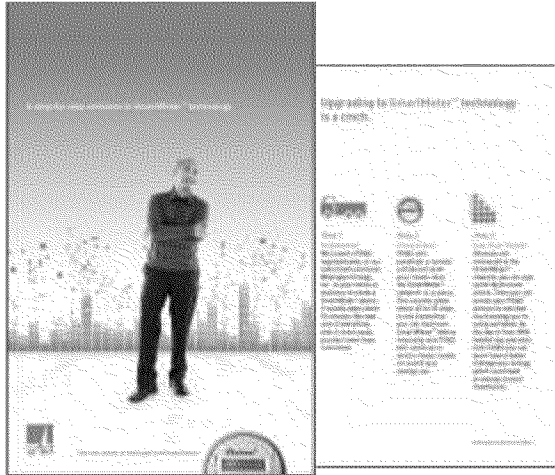
- Customer Advisory Groups
- City Council presentations
- Homeowner's association and civic group meetings
- CPUC workshops
- PG&E Answer Centers
- "Mobile tour" events

*Strategy will continue to evolve and adapt as customer needs change

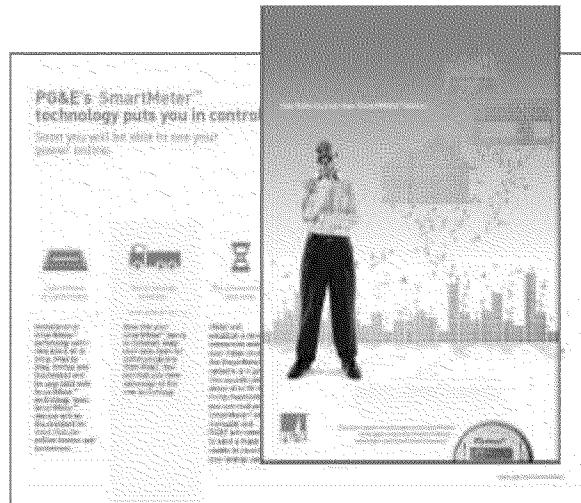


Direct mail

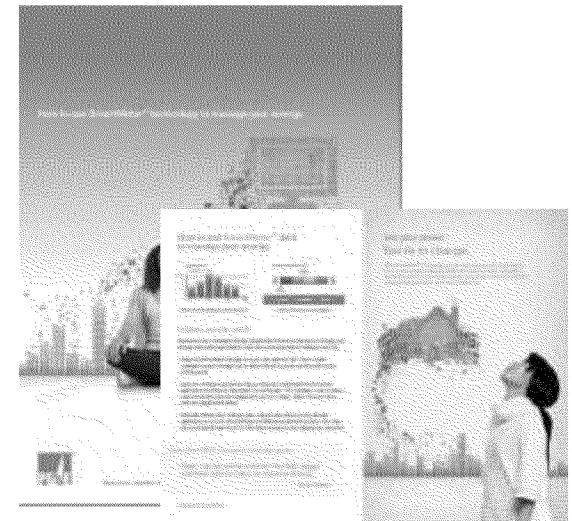
Touch 1 Pre-Install



Touch 2 At Meter Install



Touch 3 When connected to the SmartMeter™ network



When customers receive their SmartMeter™ devices, they receive a series of communications to help them prepare for the arrival of the new meter and how to read and leverage the benefits of the new meters once they are connected to the network.

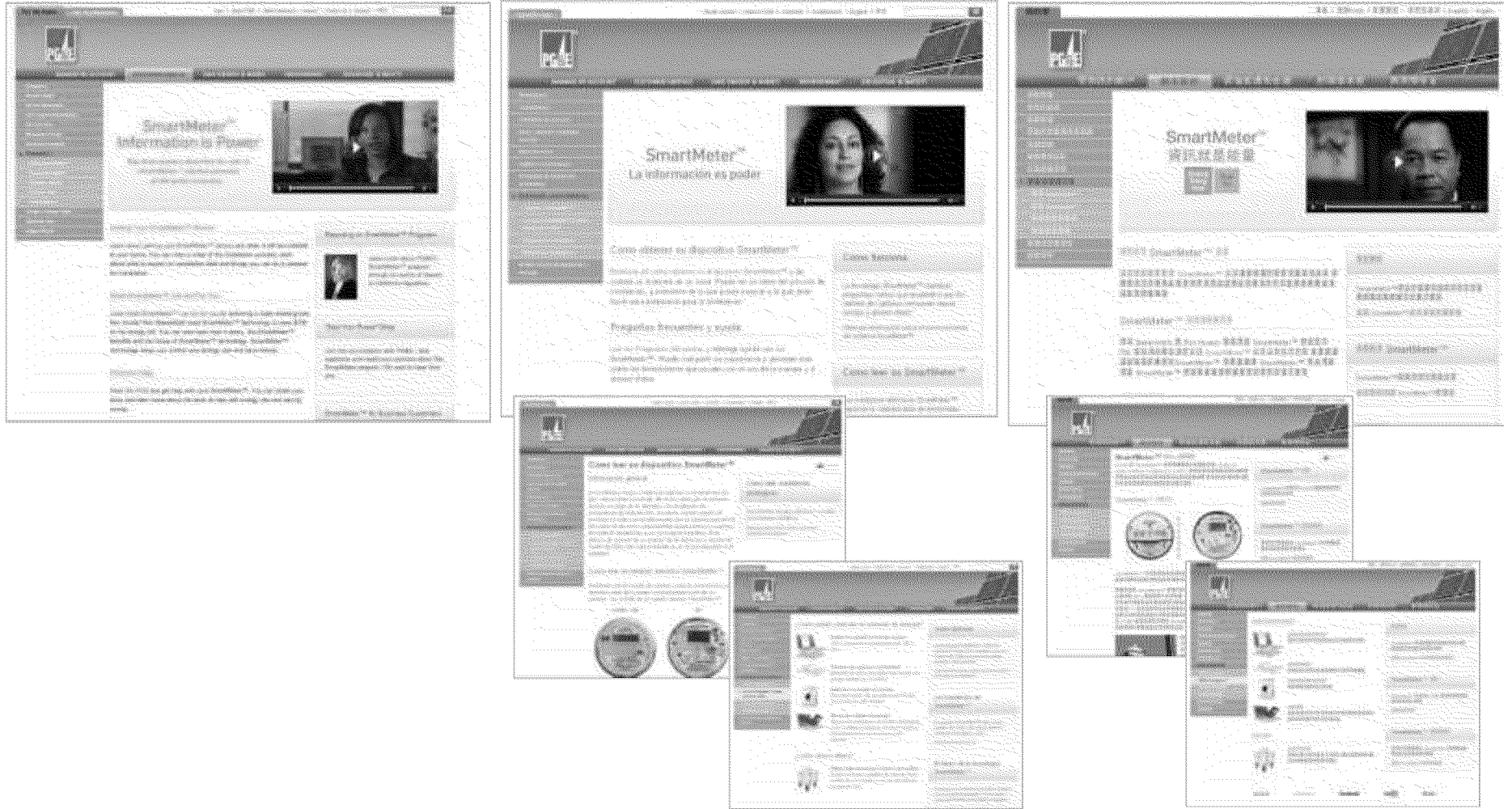
Touch 1 Before installation: Letter & Brochure

Touch 2 Meters are installed: Door hanger announcing meter change & brochure - how to read new meters.

Touch 3 Meter is connected to the SmartMeter™ network : How to go online and “see their power” & manage energy use.

PG&E® Web content

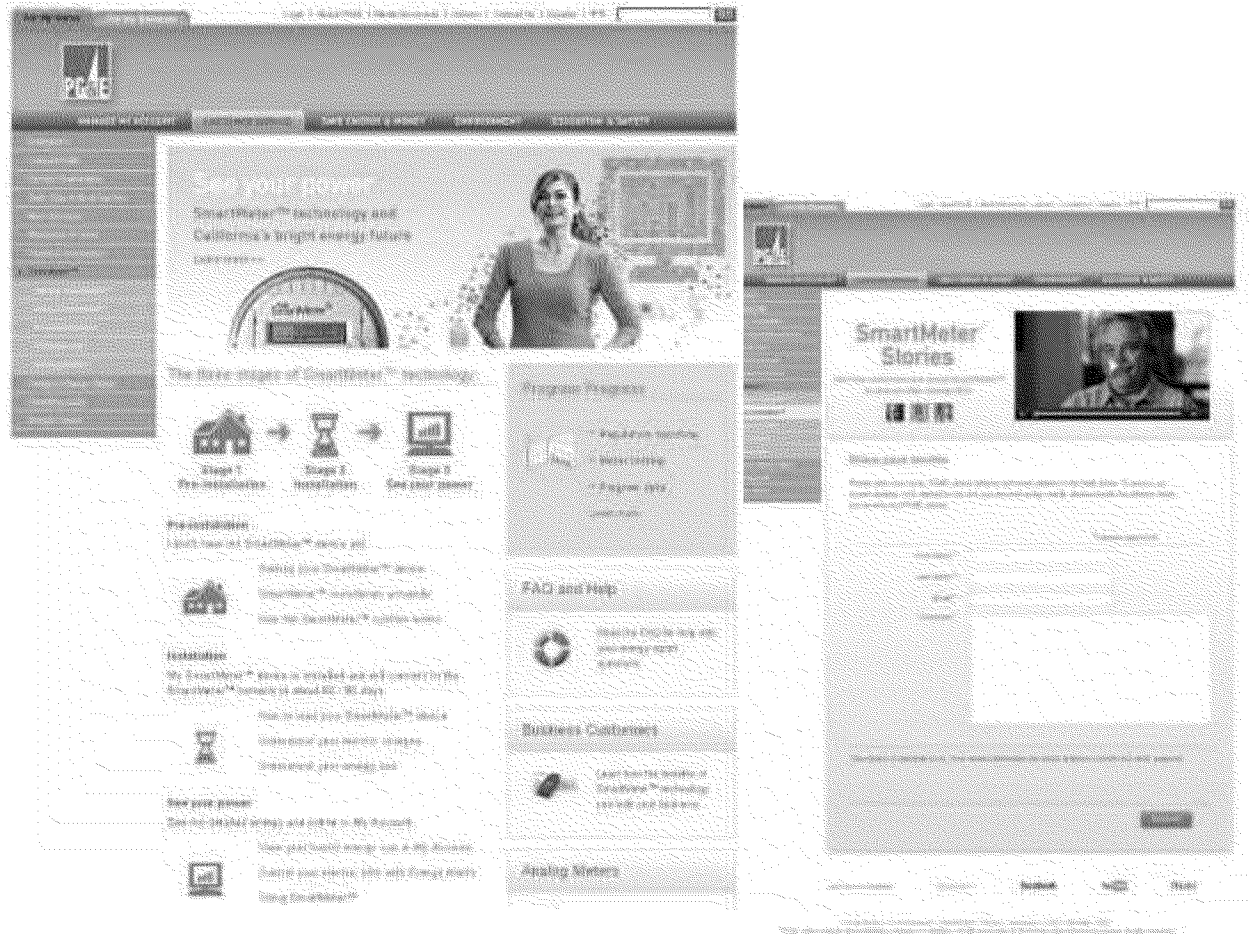
SmartMeter content on pge.com leverages third-parties and customers to share benefits of SmartMeter. Content currently available in English, Spanish and Chinese.



PG&E® SmartMeter™ Online

See your Power Re-skin

- Communicates benefits of SmartMeter Technology
- Outlines each stage in the SmartMeter program from pre to post-installation
- Will include videos of customer testimonials on how they use SmartMeter to control their energy use





SmartMeter™ Online

Social Media



- Twitter, Facebook YouTube, and blogs (including PG&E's See Your Power Blog) to address customer questions, concerns and service requests

- See Your Power and Information Is Power Commercial on YouTube

- PG&E's See Your Power Blog to engage in a two-way dialogue with customers and stakeholders on the SmartMeter program and other energy management issues



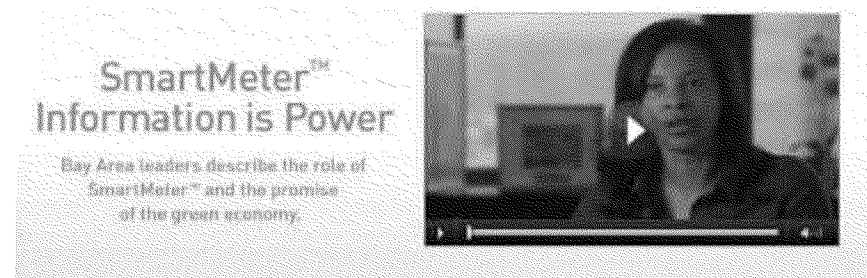
Traditional media (Information is Power campaign)

Objective:

- Present business and community thought leaders as an impartial and positive voice in support of SmartMeter™ technology and the potential benefits associated with the smart grid
- Reach English, Spanish, Mandarin and Cantonese-speaking customer groups

Details:

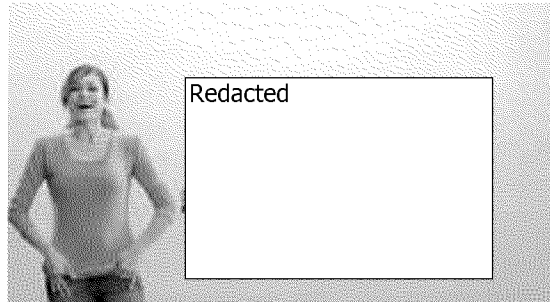
- Campaign began in advance of deployment in many parts of the Bay Area (San Francisco, North Bay) and was distributed via TV and online
- Features third-parties speaking positively about smart grid and the SmartMeter™ program
- Additional spots have been developed for Central Valley and Sacramento areas





Traditional media (See Your Power TV campaign)

39



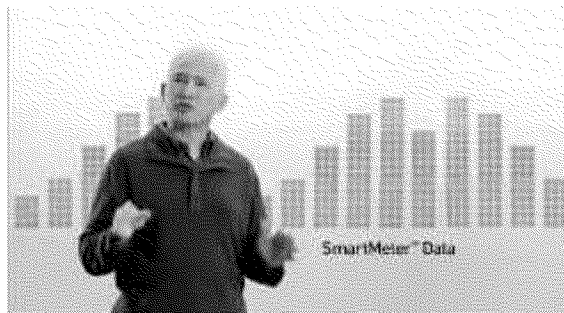
Objective:

- Share that customers across the service territory are using their SmartMeters to make smarter energy choices and save on their energy costs.



Details:

- Features real stories of customers from diverse backgrounds across the service territory speaking to how the SmartMeter changed their energy use and costs
- Campaign will be run throughout the service territory on TV and online



PG&E SmartMeter™ Online

Online Advertising Campaign – See Your Power



Digital graph animates as text slides in from left.



Type fades. Vampire grows out of graph.



Type slides in from left. Vampire dissolves into graph.



SmartMeter slides in. Digital graph evens out as remaining line and button fade left.

ONLINE AD CAMPAIGN

Creative:

- :30 Video (Bob and Anja)
- Banner Ad

Message and target aligned with TV campaign

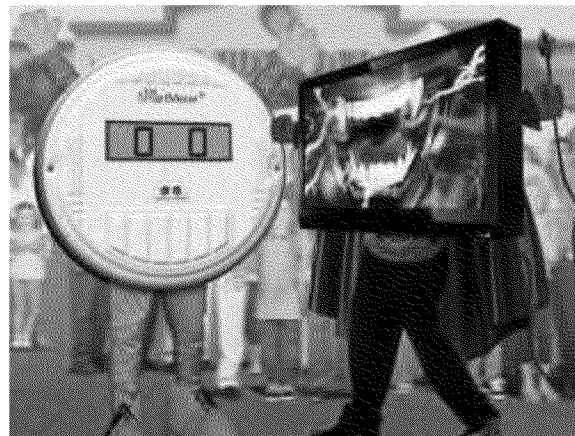
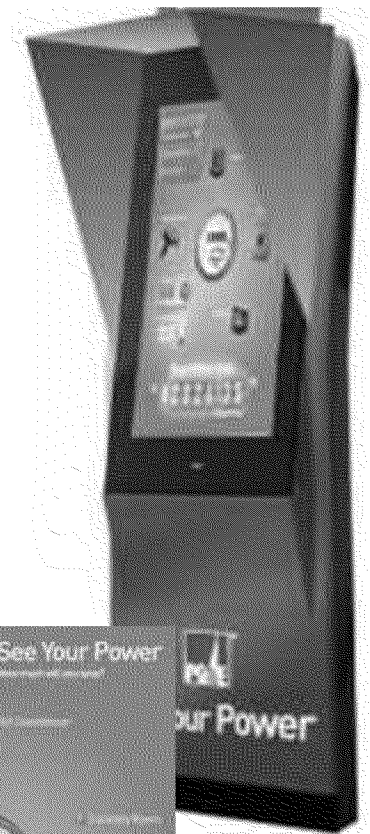
Online Ads in the same markets as TV



Events/Community Outreach: See Your Power Tour

Mobile Tour

- Educate customers in a fun and engaging way about SmartMeter™ technology
- English, Spanish and Chinese content and materials at all events
- Provides program benefits, hands-on experience, demonstrates ways the SmartMeter™ program empowers customers to manage their energy use and costs
- Over 40 events scheduled between August and November.
- New events being planned beyond November



PG&E® See Your Power Tour

Estimated reach of 2.1 million in event attendance with 200,000 deep engagements

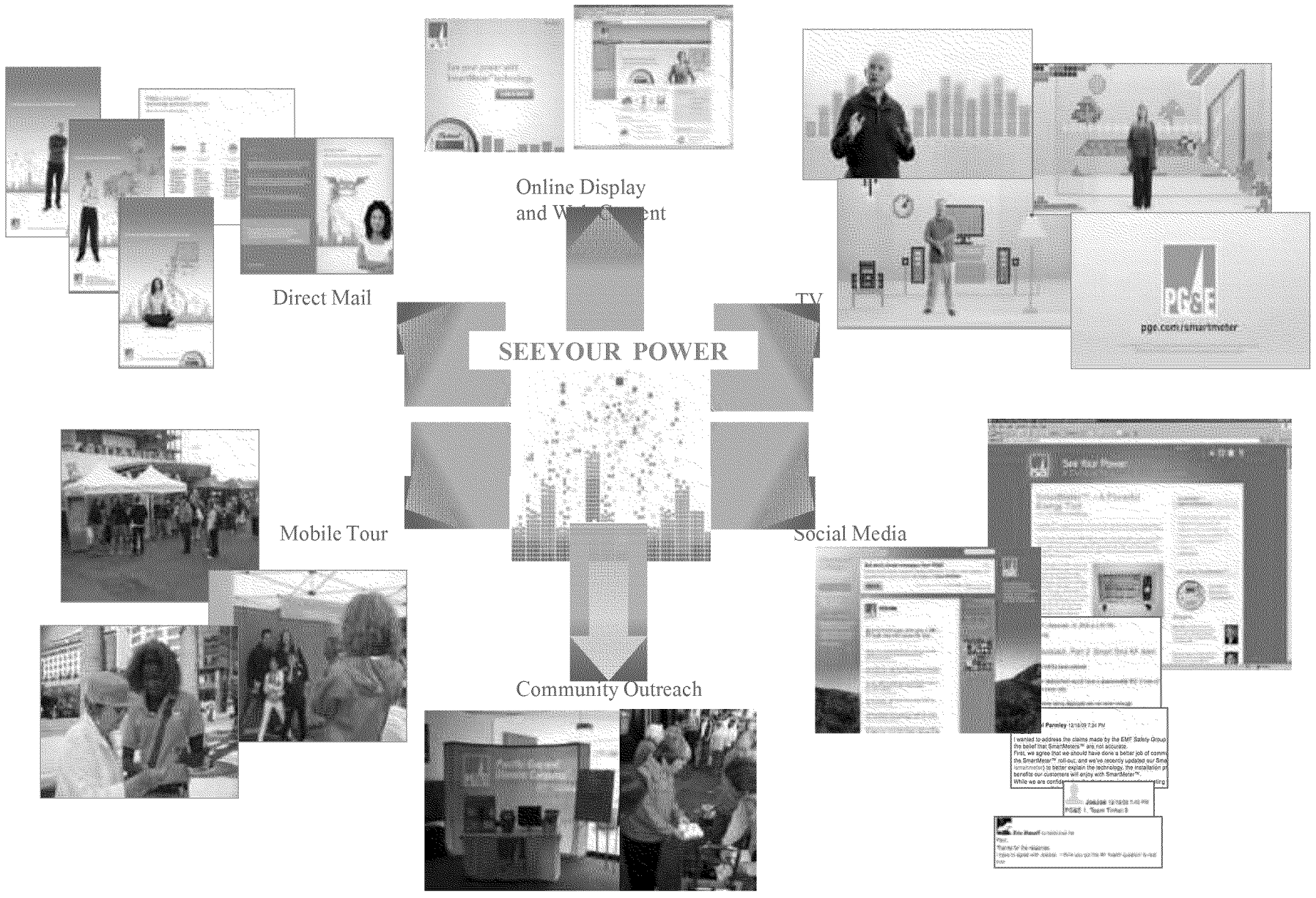
Multiple Mobile Tour Components:

- TouchScreen Kiosks show ways to see energy savings, TV commercials and My Account demos
- TouchScreen Game to show ways to see energy savings
- Photo Booth with static electric orb to drive online engagement
- English, Spanish and Chinese





Multiple touches; variety of platforms



Enhancing the customer experience

®



Enhancing the customer experience

Description

Improve experience around SmartMeter™ by being more responsive to customer needs and issues

Past activities

- Created a dedicated team of SmartMeter™ call center reps, a Customer Impact Outreach Specialist team and added 165 additional customer service representatives

Current and future activities

- | | |
|---|--------------------------------------|
| • Call SmartMeter™ customers who have received an estimated bill for two billing cycles and all customers with delayed bills greater than 60 days | Timing
Ongoing
By 10/31 |
| • Rollout Customer Intervention process – enabling reps to intervene on behalf of a customer | |
| • Implement follow up Customer Experience training in the contact centers | By 11/30
By 12/31 |
| • Reduce escalated complaints by 50% | |
| • Increase the number of Answer Centers, Customer Advisory Groups and proactive community engagement. | Ongoing |

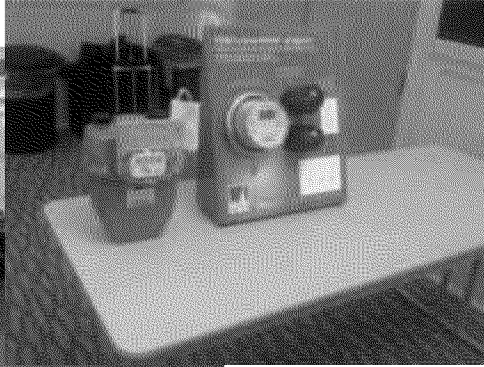


SmartMeter™ Answer Centers

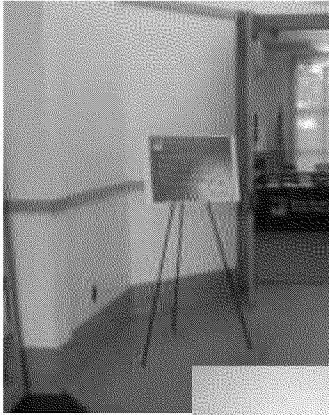
Week of 10-15-10

Other Presentations:

Lincoln



Marina



Fleet Week



San Jose City Hall



Santa Cruz



Lorna Homeowner's Assoc.

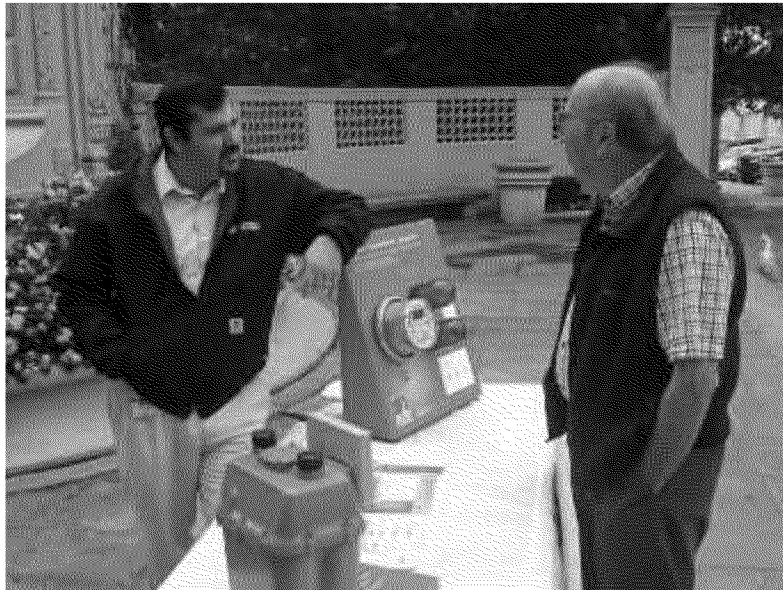




SmartMeter™ Answer Centers

Week of 10-18-10

Piedmont



Salinas



Appendix

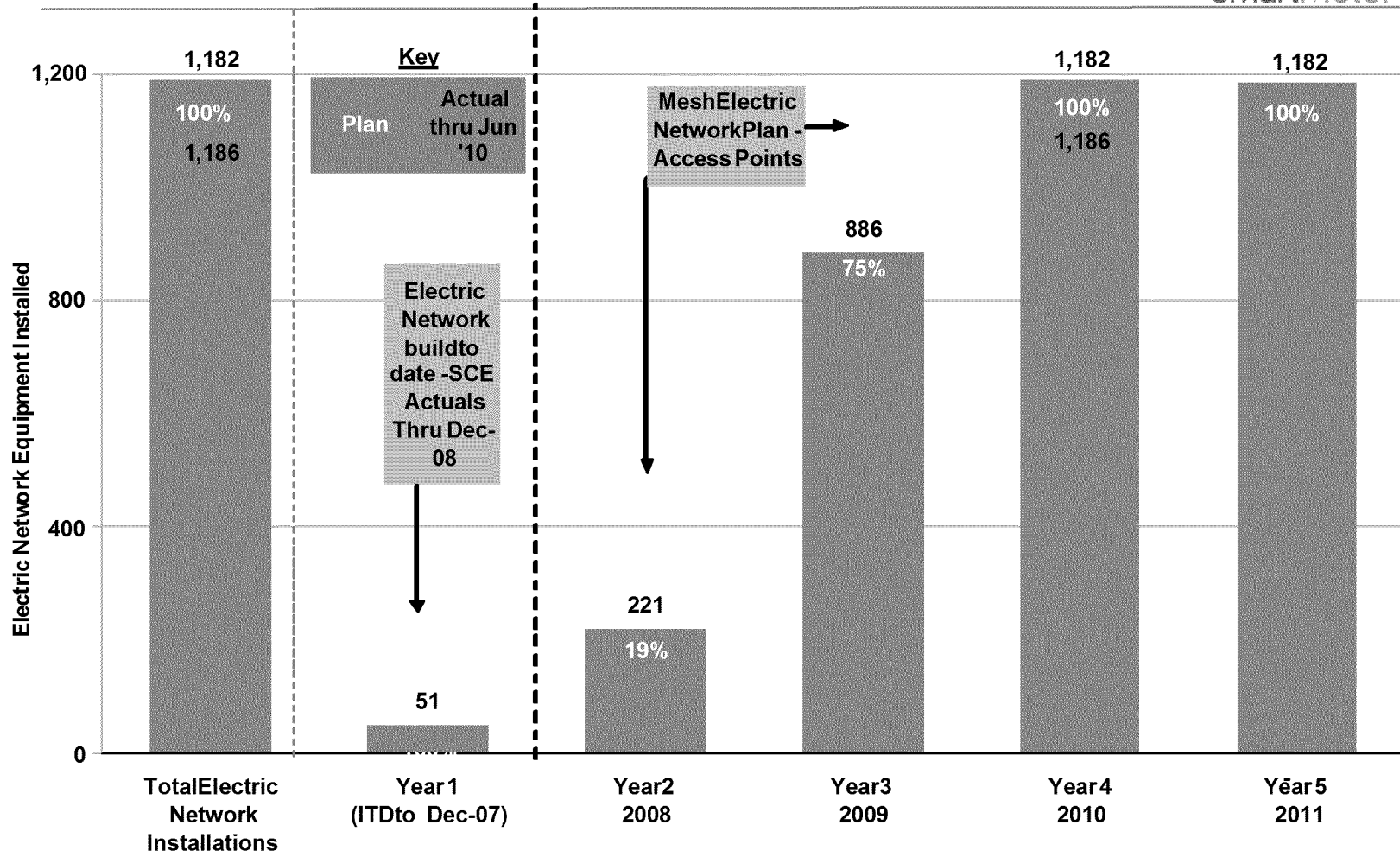
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From Semi-Annual July 31, 2010

Electric Network Installations

Cumulative Electric Network Installations: Substation Communication Equipment (SCE) & RF Mesh Access Points

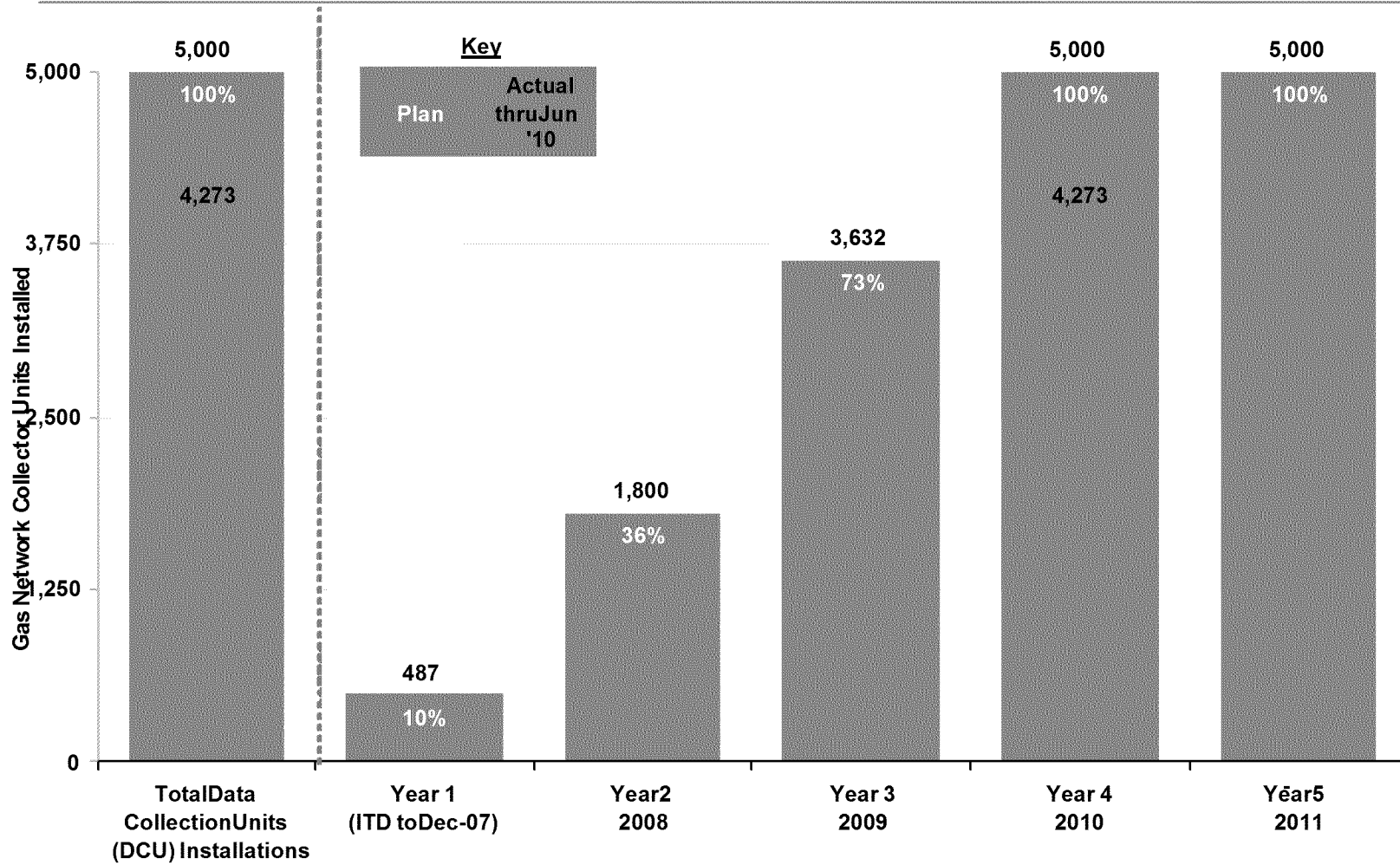




From Semi-Annual July 31, 2010

Gas Network Installations

Cumulative DCU Network Installations





From Semi-Annual July 31, 2010

Endpoint Installations

Cumulative Network Enabled Locations (in 000s)

