

From: Hughes, John (Reg Rel)  
Sent: 12/15/2010 8:43:42 AM  
To: 'mjd@cpuc.ca.gov' (mjd@cpuc.ca.gov)  
Cc:  
Bcc:  
Subject: FW: Smart grid

Matt

Here you go. Let me know when you want to get drink.

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**From:** Fraser, Bruce  
**Sent:** Tuesday, December 14, 2010 4:55 PM  
**To:** Hughes, John (Reg Rel)  
**Subject:** FW: Smart grid  
**Sensitivity:** Private

John:

The simple answer is that the only Smart Grid related work requested within the 2011 GRC is for foundational IT (\$66m capital and \$500k expense). Below is an excerpt from Kevin Dasso's testimony (Ex. 3, Ch 1., p. 1-30)"

As noted earlier in this chapter, the forecasts in this GRC essentially maintain spending on historical activities that are now viewed as Smart Grid-related. However, in the Information Technology (IT) and communications area, PG&E believes some limited incremental investment in technology is needed in all scenarios for Smart Grid deployment during the GRC period. PG&E believes that key technology infrastructure upgrades are needed to lay the foundation for increased information exchange, data management and data storage. PG&E has included forecasts for what it considers low risk, necessary IT and communication system upgrades in its GRC forecasts.

In addition, below are responses to two data requests that summarize our 2011 GRC showing with respect to the Smart Grid.

Please let me know if you need any other information.

Bruce F.

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**From:** Redacted  
**Sent:** Tuesday, December 14, 2010 2:24 PM  
**To:** Fraser, Bruce  
**Subject:** Smart grid  
**Sensitivity:** Private

Bruce,

I did a search on "smart" and "grid" and only found these 2 data responses which in some way discussed the cost of smart grid. Please let me know if you require further research.

Lisa

PG&E Data Request No.: CFC\_009-13  
PG&E File Name: GRC2011-Ph-I\_DR\_CFC\_009-Q13  
Request Date: April 28, 2010 Requester DR No.: 009  
Date Sent: May 11, 2010 Requesting Party: CFC  
PG&E Witness: Kevin Dasso Requester: Alexis K. Wodtke

### **Question 13**

At page 1-29:1 of Exhibit 3 you state, "The potential benefits [of the Smart Grid] come in terms of improved cost efficiency, reduced carbon footprint, increased customer service options, enhanced system reliability and stability, and integration of renewable resources, Plug-in Electric Vehicles and distributed energy resources. Please state which of these benefits will affect costs of service in 2011, and estimate the dollar amount by which costs will be reduced.

### **Answer 13**

None of these potential benefits are reflected in PG&E's 2011 GRC showing. As described in the testimony, the CPUC opened a separate Smart Grid rulemaking proceeding that will establish CPUC policy in this area. With the exception of limited expenditures for foundational investments in the telecommunications and information technology infrastructure to support future applications, PG&E did not include any funds to advance the Smart Grid. The benefits of the Smart Grid are a function of future investment levels that will be proposed and considered in future general rate cases or separate Smart Grid ratemaking proceedings.

PG&E Data Request No.: CFC\_007-19  
PG&E File Name: GRC2011-Ph-I\_DR\_CFC\_007-Q19  
Request Date: April 15, 2010 Requester DR No.: 007  
Date Sent: April 29, 2010 Requesting Party: CFC  
PG&E Witness: Kevin Dasso Requester: Alexis K. Wodtke

### **Question 19**

At page 1-29 of Exhibit 3, the witness states, "The potential benefits [of the Smart Grid] come in terms of improved cost efficiency, reduced carbon footprint, increased customer service options, enhanced system reliability and stability, and integration of renewable resources, Plug-in Electric Vehicles and distributed energy resources."

Please identify and quantify each of these benefits, and state where in PG&E's 2011 forecast each such benefit has been taken into account.

### **Answer 19**

As noted in the Exhibit (PG&E-3), Chapter 1 testimony, there are many potential benefits associated with a Smart Grid subject to demonstration of tangible benefits and

adequate implementation investment. Also as noted, because the CPUC had not established its policies for Smart Grid investments at the time PG&E filed its GRC Application, PG&E did not include forecasts to achieve these potential investments. PG&E did include in the Information Technology (IT) and communications area, some limited incremental investment in technology to support all scenarios for Smart Grid deployment during the GRC period. PG&E believes that key technology infrastructure upgrades are needed to lay the foundation for increased information exchange, data management and data storage. PG&E has included forecasts for what it considers low risk, necessary IT and communication system upgrades in its GRC forecasts. These investments are described further in Exhibit (PG&E-7), Chapter 2. These investments are foundational to support other future investments to capture some of the potential benefits should the CPUC deem the additional investments to capture specific benefits appropriate. The benefits of the investments included in the GRC are to form a foundation for future Smart Grid investments by enhancing information exchange, data management and data storage to enable future features. Therefore, no additional specific benefits are associated with these investments.