

**PACIFIC GAS AND ELECTRIC COMPANY
SmartMeter™ CPUC Staff Inquiry
Data Response**

PG&E Data Request No.:	DRA_003		
PG&E File Name:	SM CSI_DR_DRA_003-Q14		
Request Date:	December 22, 2010	Requester DR No.:	DRA_3
Date Sent:	February 18, 2011	Requesting Party:	DRA
PG&E Witness:	N/A	Requester:	Tom Roberts

QUESTION 14

Prior to July 2010, PG&E appropriated funds from the \$177.7 million contingency account on a monthly basis as issues arose. As of July 2010, the entire \$177.7 million was appropriated. How is PG&E accounting for the estimated costs of risks, issues, and problems with the SmartMeter program? How is the potential for program cost overruns quantified in PG&E monthly and quarterly reports?

ANSWER 14

PG&E accounts for the estimated costs, risks and issues relating to the SmartMeter™ program through the corporate governance process applicable to all utility operating plans, budgets, and contingency-planning, and through its periodic public financial statements. PG&E reports its financial results and earnings on a quarterly basis, and the accounting for the SmartMeter™ program is reflected in those results.

Under the governance process for the SmartMeter™ program, PG&E monitors the estimated costs of program risks and issues by including a contingency reconciliation in each monthly SmartMeter™ Program Steering Committee report. From inception through December 31, 2010, the Project has spent a total of \$2.0 billion, and assigned all of its original \$177.7 million in contingency through the Project Decision Request (PDR) process, as reflected in the Steering Committee reports. No further PDRs have been issued. The Project will continue to revise its forecasted costs on an ongoing basis.