

## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



March 1, 2013

By Facsimile to: 707-823-1135

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Larry McLaughlin, City Manager and City Attorney  
Mary Gourley, City Clerk  
City of Sebastopol  
7120 Bodega Avenue  
P.O. Box 1776  
Sebastopol, CA 95473-1776

RE: Sebastopol City Council Resolution No. 1057 (adopted February 21, 2013)  
"Establishing a Temporary Moratorium on the Installation of Smart Meters and  
Related Equipment within the City of Sebastopol, etc."

Dear Mr. McLaughlin and Ms. Gourley:

Pacific Gas and Electric Company (PG&E) has brought to our attention the fact that the Sebastopol City Council, on February 21, 2013, by means of the above-referenced Resolution, adopted an urgency ordinance purporting to impose a temporary moratorium on PG&E's installation of SmartMeters and related equipment within the City of Sebastopol.

We are writing to inform you of our view that the City's ordinance constitutes an unlawful interference with the exclusive jurisdiction of the California Public Utilities Commission (CPUC or Commission) over the regulation of public utilities.

Section 8 of Article 12 of the California Constitution states that "[a] city, county, or other public body may not regulate matters over which the Legislature grants regulatory power to the Commission." The Legislature has granted the Commission authority over a public utility's infrastructure, including the installation of meters. (See Public Utilities Code section 761, granting the Commission authority (i) to regulate the practices, equipment, appliances, facilities, service and the methods of supply and distribution of public utilities and (ii) to determine whether any of those are unjust, unreasonable, unsafe, improper, inadequate, or insufficient; *see also* Public Utilities Code section 701, granting the Commission jurisdiction to regulate every public utility in the State and do all things, whether specifically designated in the Public Utilities Act or in addition thereto, which are necessary and convenient in the exercise of such power and jurisdiction.)

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Pursuant to CPUC Decision No. 06-07-027, issued July 20, 2006, PG&E is authorized by our Commission to deploy "Smart Meters" throughout its service territory. The other major electric and natural gas utilities in California have been granted similar authority in their respective service territories. The installation of advanced metering technology is an important component of the CPUC's long term goals to develop a more sophisticated, state-wide demand response capability, which would, in turn, enhance electric system reliability, reduce power purchase and individual consumer costs, and reduce the emission of greenhouse gases. Natural gas Smart Meters are designed to achieve similar goals in the natural gas industry in California.

Under well-settled principles of California law, the City of Sebastopol has no authority to issue a "moratorium" on this Commission-approved public utility infrastructure program. It is our opinion, therefore, that the City's ordinance is unlawful and unenforceable.

We will be happy to discuss this matter further with you and other representatives of the City.

Thank you for your attention to this matter.

Sincerely,



Frank R. Lindh  
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State of California  
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Paul Clanon, Executive Director, CPUC