

1 [PG&E SmartMeter Upgrade Proposal.]

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3 **Ordinance directing the Department of the Environment to conduct a Cost and Climate**
4 **Review of PG&E's request to the California Public Utilities Commission to spend \$877**
5 **million on a SmartMeter upgrade program; and directing the City Attorney, in**
6 **consultation with the Department of the Environment and Public Utilities Commission,**
7 **to participate in the CPUC review of PG&E's request; and establishing the City's policy**
8 **to oppose PG&E's request if the Cost and Climate Review concludes that PG&E's**
9 **SmartMeter upgrade proposal is not cost effective or that alternative technologies that**
10 **offer greater benefits should be investigated.**

11 Note: Additions are *single-underline italics Times New Roman*;
12 deletions are *strikethrough italics Times New Roman*.
13 Board amendment additions are double underlined.
14 Board amendment deletions are ~~strikethrough normal~~.

14 Be it ordained by the People of the City and County of San Francisco:

15 Section 1. Findings. The Board of Supervisors of the City and County of San
16 Francisco hereby finds and declares as follows:

17 (a) Pacific Gas and Electric Company (PG&E) is proposing to upgrade its
18 "SmartMeter" program at a total cost of \$877 million to ratepayers, resulting in an average
19 cost of \$190 to each San Francisco residential electric customer.

20 (b) The California Public Utilities Commission is currently reviewing PG&E's
21 SmartMeter upgrade proposal. The CPUC has scheduled evidentiary hearings on the
22 proposal in early August and has established a briefing schedule following those hearings.
23 According to the testimony of consumer advocates before the California Public Utilities
24 Commission (CPUC), the upgrade proposed by PG&E will not provide PG&E's customers with
25 commensurate value.

1 (c) The Division of Ratepayer Advocates (DRA) of the CPUC has stated that
2 the CPUC should disapprove PG&E's proposal. DRA states that the proposal is not cost
3 effective and that the costs are inflated. DRA states that " a large percentage of the costs that
4 PG&E has identified for this project appear to be related to poor technological choices that it
5 made" in its earlier metering proposal. DRA Testimony in A.07-12-009, June 30, 2008.

6 (d) The Utility Reform Network (TURN) opposes PG&E's proposal, stating
7 that the benefits of the upgrade do not justify the increased costs. TURN also states that the
8 energy conservation benefits of the proposal are overstated by PG&E and do not justify the
9 project costs. TURN Testimony in A.07-12-009, June 30, 2008.

10 (e) The PG&E meters have not been proven to enable electricity subscribers
11 to adjust their electricity use or to reduce their electric bills. Because they inadequately
12 influence and enable subscribers' demand responses, the PG&E meters have not been
13 proven to reduce peak demand for electricity. And because they are not able to reduce peak
14 demand, the PG&E meters have not been proven to reduce carbon and other green house
15 gas emissions that are damaging to the environment.

16 Section 2. Department of the Environment Review.

17 (a) The Department of the Environment shall conduct a Cost and Climate
18 Review of the PG&E proposal. The review shall consider, without limitation, the testimony
19 submitted to the California Public Utilities Commission relative to the costs and effectiveness
20 of PG&E's proposal. The review may also consider "smart grid" alternatives that (a) permit
21 subscribers to manage their electric usage and bills, (b) enable PG&E and government
22 authorities to improve the reliability of electricity distribution, (c) contribute to reduction in peak
23 electricity generation, and (d) reduce the extent of carbon and other green house gas

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1 emissions that produce undesirable changes in climate and other environmental
2 degradations.

3 (b) The Department of the Environment shall coordinate its review with staff
4 at the San Francisco Public Utilities Commission (PUC) and seek the input of PUC staff.

5 (c) The Department of the Environment shall provide the findings of its Cost
6 and Climate Review to the Mayor and the Board of Supervisors not later than August 15,
7 2008.

8 Section 3. Action Before the California Public Utilities Commission.

9 (a) The Board of Supervisors finds that the City Attorney, working with the
10 Department of the Environment and in consultation with the PUC, should participate in the
11 CPUC proceeding on PG&E's upgrade proposal. Such participation shall include monitoring
12 and may include other actions as deemed appropriate by the City Attorney, Department of the
13 Environment, and PUC.

14 (b) In the event that the Cost and Climate Review concludes that PG&E's
15 SmartMeter upgrade proposal is not cost effective or that alternative technologies that offer
16 greater benefits should be investigated, then it shall be the policy of the City to oppose
17 PG&E's proposal.

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19 APPROVED AS TO FORM:
20 DENNIS J. HERRERA, City Attorney

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22 By: _____
23 THERESA L. MUELLER
24 Deputy City Attorney

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