



PUBLIC UTILITIES COMMISSION

STATE OF CALIFORNIA
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MICHAEL R. PEEVEY
PRESIDENT

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October 14, 2009

Senator Dean Florez
State Capitol Room 313
Sacramento, CA 95814

RE: Concerns about PG&E's Smart Meter Deployment in Bakersfield

Dear Senator Florez:

This is to respond to your letters dated October 7, 2009 and October 12, 2009, about PG&E's deployment of Smart Meters in Kern County. Like you, we are very concerned that the meters perform as intended and that consumers receive the best available information about the impacts of meter installation on their energy bills. The CPUC is committed to ensuring that consumers have safe, reliable utility service at reasonable rates, protecting against fraud, and promoting the health of California's economy.

In response to the October 5, 2009, town hall meeting in Bakersfield, your letter, and the complaints received thus far, the CPUC intends to take the following measures:

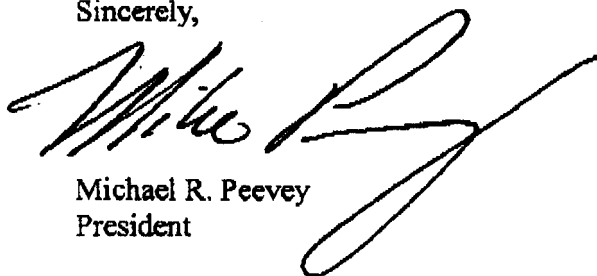
1. Independent testing of Smart Meters - Require independent testing of PG&E's Smart Meters, and related software, by a third-party technical expert; the third-party expert will be chosen by CPUC Energy Division staff, in consultation with the Division of Ratepayer Advocates (DRA).
2. Response to customer complaints - The CPUC will require PG&E to make all efforts to respond to customer complaints from Kern County on Smart Meters within 48 hours and to test all meters where there has been a customer complaint.
3. Answer Centers - PG&E is to keep Smart Meter Answer Centers open and available as long as customer complaints demonstrate the need.
4. Detail Smart Meter expenditures: PG&E already provides a cost/operational monthly report to DRA. The CPUC will require PG&E to include a narrative explanation of each budget item related to Smart Meters and send these reports to the CPUC and DRA.
5. Reporting - PG&E will report status of complaints related to Smart Meters on a weekly basis to the CPUC and DRA. PG&E will also report on the location of future Smart Meter installations and the consumer education and outreach being conducted in those areas.
6. Task Force: The CPUC will create an internal task force on Smart Meter deployment in order to keep abreast of developments in the PG&E service territory and statewide.

Complaints from consumers are not taken lightly. The CPUC is working diligently to determine the extent of the problem with meters in Bakersfield. The CPUC will take all necessary and appropriate actions to cure discovered problems. Additionally, the CPUC will work with PG&E, as well as Southern California Edison and San Diego Gas and Electric Company, to take proactive measures to raise awareness and inform customers prior to further deployment.

In addition to the concerns about metering, as we discussed last week, it is likely that consumers are being impacted by the structural requirements in law regarding baseline quantities and tiered rate designs.

I hope we can work together on these issues where a legislative solution is required in order to realize the ultimate goals of smart meters and rational energy pricing.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike R. Peevey". The signature is fluid and cursive, with a large, sweeping flourish at the end.

Michael R. Peevey
President

Cc: Senator Padilla
Senator Ashburn