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Sent: 1/5/2012 4:40:03 PM  
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Subject: SmartMeter

Marzia - I just came out of a meeting on SmartMeter. We want to eliminate the upfront fee. Here's the thinking. Many of the people opposed to a SmartMeter have been put on the delay list. They never received a SmartMeter and therefore, we can't really charge them an upfront removal fee since we haven't removed anything yet. However, the delay list didn't go into effect prior to 2010. For those people 'forced' to take a SmartMeter before the list was created, will have to pay for removal because of a timing issue. If the delay list had been created originally, they would not have a SmartMeter yet. We feel that this disparate treatment is going to cause problems and it would be simpler to socialize the cost over all ratepayers. If we agree to take this approach, we would need language in the final decision that allows us to recover on a forecast basis in ERRA, our upfront costs in those circumstances where we do have to roll a truck and replace a meter. Perhaps something in the decision that says, "we decline to authorize an upfront charge because of the disparate impacts on those who were never given the opportunity to be put on a delay list. PG&E estimates that 2% of its customers will opt out to an analog meter and estimates it will cost \$120/customer to replace such meters. PG&E can use this estimate in its ERRA forecast, subject to true-up if it under-collects or over-collects".

Another consideration is the monthly fee. Peevey wants to drop it from \$15 to \$10. Perhaps we keep the monthly fee at \$15.00 to recognize the elimination of the upfront fee.

Let's chat if you'd like about this.