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1 Chapter 18
2 Prepared Rebuttal Testimony
3 of
4 TED M. REGULY
5 SAN DIEGO GAS & ELECTRIC COMPANY
6
7

8 **I. Introduction**
9

10 The purpose of this testimony is to respond to several claims and assertions made by the
11 Utility Consumers Action Network (UCAN) and the Division of Ratepayer Advocates (DRA)
12 witnesses in their prepared testimony submitted on August 14, 2006, specifically with regard to
13 SDG&E's AMI Technology selection strategy. I will be sponsoring my own rebuttal as well as
14 identifying and summarizing key rebuttal testimony of other SDG&E witnesses. Attached is a
15 letter from Mr. Steve Pullins of SAIC (Author of EPIC study) to Mr. Scott Anders of EPIC
16 which addresses several of UCAN's misrepresentations of a preliminary draft of the EPIC San
17 Diego Smart Grid Study.
18

19 **II. SDG&E's AMI Technology and Installation costs are ~~21%~~8% lower than PG&E's**
20 **Commission approved costs and incorporate solid state meter technology**

21 Both DRA and UCAN compare SDG&E's AMI business case to Pacific Gas and Electric
22 Company's (PG&E's) as filed in A.05-06-028 and approved by the Commission in D. 06-07-
23 027. This is logical since PG&E is the first utility in California to undergo a full Commission
24 review of an AMI proposal. However, it is important to note the major differences between the
25 two proposals in order to effectively evaluate the two business cases side by side. The most
26 important difference is that PG&E is retrofitting its electromechanical meters to accept an AMI
27 communication module whereas SDG&E is proposing to install a new solid state meters with the
28 communication module embedded in the meter. SDG&E calculates that the installed cost per
29 meter in SDG&E's case is actually ~~21.8%~~8% lower than the costs for PG&E to retrofit it meters.
30

31 Table TMR 18-1 (Attachment A) compares SDG&E's AMI Technology and Installation
32 costs to those approved by the Commission for PG&E. It is a direct comparison of PG&E's
33 approved AMI Technology and Installation costs to those SDG&E provided to DRA in response
to DRA Data Request No. 43 with modifications as noted.

1 As stated in DRA witness Geilen’s prepared direct testimony (DRA, Chapter 1), DRA
2 compares SDG&E’s and PG&E’s cost and benefits. For the reasons described in Mr. Kyle’s
3 testimony, SDG&E does not support using this approach for modeling SDG&E’s business case
4 cost effectiveness for reasons noted in his rebuttal testimony. SDG&E believes, however, that
5 this method is appropriate for the purpose of comparing SDG&E to PG&E AMI system costs.

6 As shown in table TMR 18-1, SDG&E’s estimated costs for its AMI system (including
7 installation) is ~~21.8%~~8% lower than PG&E’s costs for its AMI system (plus installation) on a
8 PVRP basis utilizing DRA’s recommended analytical approach. In an *ex parte* notice dated July
9 14, 2006, DRA criticized PG&E’s intent to utilize retrofitted electro-mechanical as being ‘old
10 fashioned’.

11
12 “DRA also explained that the PD errs in allowing Pacific Gas and Electric Company
13 (“PG&E”) to use old fashioned electro-mechanical meters and should instead require PG&E
14 to use solid state, electronic meters in those instances where it plans to replace meters as part
15 of its Advanced Metering Infrastructure project”. With Attachment 1 specifically stating,
16 “Solid state meters have more benefits and features than old mechanical types, are a proven,
17 reliable technology, and are not significantly more expensive than the old fashioned meters”.

18
19 Given that SDG&E’s AMI system and installation costs are ~~21.8%~~8% lower than
20 PG&E’s on a per meter basis, and its system provides as much or more functionality via a solid
21 state electric meter, the Commission should find SDG&E’s AMI System and Installation costs
22 reasonable. Further, as specifically stated in Mr. Abbott’s January 18, 2006 testimony in the
23 matter of PG&E’s A.05-06-028 at page 2-25 lines 20 -23, AMI System and installation costs in
24 this range are reasonable:

25
26 “The costs of the meter and its communication module appear to be generally in line with
27 other recent AMI system procurements I am familiar with. The installed cost per meter point
28 of the overall system also appears to be in the middle of the expected range.”

29
30 The Commission’s final decision adopts that conclusion (PG&E’s AMI Proceeding dated
31 July 20, 2006 at page 63).

32
33 “The project costs, as stipulated (see Table 1), are reasonable and within the range of a likely
34 litigated outcome”.

Table TMR 18-1

Comparison of PG&E & SDG&E's Technology and Installation Costs PVRP per Meter																																																																					
PG&E's AMI Costs					SDG&E's AMI Costs																																																																
Cost Source:	Total*		Technology & Install		Cost Source:	Total*		Technology & Install																																																													
	(\$ Millions)		(\$ Millions)			(\$ Millions)		(\$ Millions)																																																													
Vahlstrom	1,016.8		1,016.8		Carranza	147.0		147.0																																																													
Lau**	394.4		394.4		Charles	96.0		96.0																																																													
Nguyen	129.3		129.3		Lee	4.0		4.0																																																													
All others	647.9		-		Pruschki	212.5		198.9																																																													
					All others	130.6		-																																																													
Total	\$ 2,188.4	\$	1,540.5		Total	\$ 590.1	\$	361.3																																																													
<table border="1"> <tr> <td>Total Elec. & Gas Meters (Millions)</td> <td>9.1</td> <td></td> <td></td> <td></td> <td>Total Elec. & Gas Meters (Millions)</td> <td>2.3</td> <td></td> <td></td> <td></td> </tr> <tr> <td>PVRP per E&G meter (\$/meter)</td> <td>\$ 240</td> <td>\$</td> <td>191</td> <td></td> <td>PVRP per E&G meter (\$/meter)</td> <td>\$ 257</td> <td>\$</td> <td>157</td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td>Percent higher/(lower) than PG&E</td> <td>6.3%</td> <td></td> <td>-21.8%</td> <td></td> </tr> <tr> <td>Total Electric Meters (Millions)</td> <td>5</td> <td></td> <td></td> <td></td> <td>Total Electric Meters (Millions)</td> <td>1.3</td> <td></td> <td></td> <td></td> </tr> <tr> <td>PVRP per Elec meter (\$/meter)</td> <td>\$ 438</td> <td>\$</td> <td>348</td> <td></td> <td>PVRP per Elec meter (\$/meter)</td> <td>\$ 454</td> <td>\$</td> <td>278</td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td>Percent higher/(lower) than PG&E</td> <td>3.6%</td> <td></td> <td>-25.3%</td> <td></td> </tr> </table>										Total Elec. & Gas Meters (Millions)	9.1				Total Elec. & Gas Meters (Millions)	2.3				PVRP per E&G meter (\$/meter)	\$ 240	\$	191		PVRP per E&G meter (\$/meter)	\$ 257	\$	157							Percent higher/(lower) than PG&E	6.3%		-21.8%		Total Electric Meters (Millions)	5				Total Electric Meters (Millions)	1.3				PVRP per Elec meter (\$/meter)	\$ 438	\$	348		PVRP per Elec meter (\$/meter)	\$ 454	\$	278							Percent higher/(lower) than PG&E	3.6%		-25.3%	
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*From PG&E Oct. 13, 2005 Application Update page 3																																																																					
**Excludes PG&E's Remote Turn on/off switches (\$76.4 M).																																																																					
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