

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of San Diego Gas & Electric Company
(U 902 M) to for Approval of Smart Meter 2.0
Proposal

Application 25-12-____

**MOTION OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902 M) TO CONTINUE
SMART METER 2.0 MEMORANDUM ACCOUNT**

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December 18, 2025

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I. INTRODUCTION

Pursuant to Rule 11.1 of Rules of Practice and Procedure of the California Public Utilities Commission (Commission), San Diego Gas & Electric Company (SDG&E) requests authorization to continue its currently-effective Smart Meter 2.0 Memorandum Account (SM2MA) in order to (1) track costs related to Smart Meter (SM) 1.0 maintenance for a subsequent reasonableness review in a future application; and (2) track costs related to SM 2.0 implementation that SDG&E has sought authority to recover through the concurrently-filed application for approval of SM 2.0 replacement program (Application).

As discussed below, an inconsistency in the language of the decision authorizing SDG&E to establish the SM2MA could lead to the incorrect conclusion that SDG&E's authorization to track costs through the SM2MA terminates on the filing date of the Application. However, SDG&E will continue to incur SM 1.0 costs maintenance after the date the Application is filed (and, indeed, even after a Commission decision on the Application) and will also continue to incur SM 2.0-related costs through the date of a Commission decision on the Application. Thus, continuation of the SM2MA is necessary to ensure SDG&E's ability to recover reasonably incurred costs related to SM 1.0 maintenance and SM 2.0 deployment.

II. DISCUSSION

In its 2024 General Rate Case (GRC) application,¹ SDG&E requested approval of costs related to maintenance of its existing SM 1.0 infrastructure, as well as costs related to transition to SM 2.0. The Commission denied SDG&E’s request in Decision (D.) 24-12-074 (the Decision) and directed SDG&E to file a separate application for recovery of costs related to its SM 2.0 implementation.² The Decision authorizes SDG&E to “maintain a Memorandum (Memo) Account as an interim means to record costs to deploy meter and module replacement or to service existing equipment from January 1, 2024, *to the date of its Smart Meter 2.0 replacement project application.*”³ Elsewhere in the Decision, however, the Commission states that “[t]he account shall remain open and the balance in the account shall be reviewed in subsequent GRC proceedings *until a Commission decision closes the account.*”⁴

On February 18, 2025, pursuant to OP 51 of D.24-12-074, SDG&E submitted advice letter (AL) 4605-E/3401-G to establish the SM2MA. In the AL, SDG&E indicated that it would file an application for cost recovery for the SM2MA, noting that “the balance recorded in the SM2MA is subject to reasonableness review in an application or GRC proceeding.”⁵ The AL was approved on May 27, 2025. After approval of the advice letter, SDG&E began recording costs, effective beginning January 1, 2024.

¹ Application (A.) 22-05-016, Application of San Diego Gas & Electric Company for Authority, Among Other Things, to Update its Electric and Gas Revenue Requirement and Base Rates Effective on January 1, 2024 (May 16, 2022).

² D.24-12-074 at Ordering Paragraph (OP) 51.

³ *Id.* (emphasis added).

⁴ *Id.* at 676 (emphasis added).

⁵ SDG&E AL 4605-E/3401-G at Attachment A, Preliminary Statement.

The Commission has a long history of using memorandum accounts to avoid retroactive ratemaking concerns.⁶ It has observed that “interim relief that leaves ratepayers and shareholders indifferent to the actual date of the Commission’s revenue requirement decision is fair from the perspective of both ratepayers and shareholders.”⁷ It is plain that SDG&E must continue its SM 1.0 maintenance activity for the foreseeable future to ensure its ability to perform basic utility business functions such as billing and measuring customer usage; SDG&E will seek recovery of these SM 1.0 costs through a separate application. Likewise, SDG&E will continue to incur costs related to its proposed SM 2.0 implementation during the time its concurrently-filed Application is pending before the Commission.

SDG&E continues to incur costs to prudently manage its SM 1.0 system and cannot delay work related to development of its SM 2.0 program. Clarifying that the SM2MA will remain in place to enable continued tracking of SM 1.0 costs will preserve the future ability of the Commission and stakeholders to review SM 1.0 costs, while protecting SDG&E’s opportunity to recover costs that the Commission finds reasonable. Similarly, confirming that SDG&E may continue to track SM 2.0 costs in the SM2MA until the Commission issues a decision regarding the Application will prevent the negative effects of a delay in the implementation of the associated revenue requirement in rates (since the period between the date the Application is filed and the date a decision is issued by the Commission will likely be at least one year). Thus, continuation of the SM2MA is reasonable, and is also consistent with the language in D.24-12-074 directing that the SM2MA remain open “. . . until a Commission decision closes the account,” rather than automatically terminating upon the filing of SDG&E’s SM 2.0 Application.

⁶ See, e.g., D.01-05-064; D.03-05-032; D.03-05-076.

⁷ D.03-05-032 at 6.

III. CONCLUSION

For the reasons discussed herein, the Commission should clarify that SDG&E may continue tracking SM 1.0 costs and SM 2.0 costs in SDG&E's SM2MA.

Respectfully submitted,

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