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Witness: Sabrina Butler

REBUTTAL TESTIMONY OF

SABRINA BUTLER

ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY

CHAPTER 8

(SMART METER 1.0 FAILURE FORECAST)



BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

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REBUTTAL TESTIMONY OF SABRINA BUTLER CHAPTER 8 (SMART METER 1.0 FAILURE FORECAST)

I. INTRODUCTION

This rebuttal testimony addresses arguments regarding the Smart Meter (SM) 1.0 failure forecast developed by San Diego Gas & Electric Company (SDG&E) offered by intervenors in the following testimony:

- Prepared Testimony of the Public Advocates Office of the California Public Utilities Commission (Cal Advocates) dated September 25, 2026
- Prepared Testimony of Matt Sheriff on behalf of The Utility Reform Network and Small Business Utility Advocates (TURN/SBUA) dated September 25, 2026
- Prepared Direct Testimony of Samuel Golding on behalf of Utility Consumers Action Network (UCAN) dated September 25, 2026

SDG&E notes as a threshold matter that the absence of a response in this rebuttal testimony to any particular issue raised or statement or proposal made by any party to this proceeding does not imply or constitute agreement by SDG&E with the proposal or contention made by such part(ies).

To provide context for the discussion that follows, SDG&E uses terminology in this rebuttal testimony that distinguishes between devices identified through the forecasting criteria and *actual* failure-related replacement activity. A "forecast-identified device" is one that meets the operating criteria used in SDG&E's historical failure forecast data. For both electric meters and gas modules, this includes devices meeting the 30-day sustained non-communication criterion. Identification under these forecast criteria does not establish that the device experienced a hardware failure or requires replacement. Rather, it identifies a device exhibiting an operating condition warranting further operational review.

For purposes of comparing the Application forecast with actual operating experience, "actual failure-related replacement activity" includes two components: (1) actual meter and gas module replacements completed in the field; and (2) the replacement-equivalent portion of the backlog of outstanding failure-related work orders that had been created but had not yet been completed. The backlog represents existing failure-related work that remains pending due to available field capacity. Based on historical field experience, SDG&E applies the observed rate

at which outstanding failure-related work orders result in replacement to estimate the replacement-equivalent portion of that backlog.

Cal Advocates, UCAN, and TURN/SBUA question whether SDG&E's electric meter and gas module failure forecasts provide a sufficiently reliable basis for the proposed SM 2.0 deployment.[1] Their criticisms generally focus on four areas: (1) the use of sustained non-communication as an indicator of failure rather than confirmed root-cause hardware failure; (2) the methodologies and assumptions used to forecast future failures; (3) the absence of formal statistical validation metrics such as confidence intervals, sensitivity analyses, and back-testing; and (4) actual failure experience that, to date, has been below forecast.[2]

Intervenors' criticisms largely depend on treating SDG&E's failure forecasts as though they were intended to predict the precise number and timing of actual failures and replacements. They were not. As SDG&E explained in its direct testimony, the failure forecast "is not intended to prove that failures will occur and is not a perfect mechanism for predicting when failures will occur," but instead, "offers a means of anticipating the pace and distribution of those failures in order to support operational readiness and minimize customer disruption."[3] The forecasts are planning tools developed from observed operating conditions to estimate potential failure-related activity within the aging SM 1.0 population and the associated operational requirements during the transition to SM 2.0. TURN/SBUA expressly agree with that characterization.[4]

Actual operating experience provides an important additional source of information for evaluating those forecasts. Table 8-1 below compares the cumulative Application forecast with actual failure-related replacement activity from January 2024 through July 2026.

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1 Exhibit (Ex.) CA-01, Prepared Testimony on the Application of SDG&E for Approval of SM 2.0 Proposal (September 25, 2026) (Ex. CA-01 Direct) at 3-16; *see also* UCAN, Prepared Direct Testimony of Samuel Golding before the Public Utilities Commission of the State of California (September 25, 2026) (Golding Direct) at 6; *see also* Ex. TURN-SBUA-01, Prepared Testimony of Matt Sheriff Addressing the SM 2.0 Alternatives Evaluation, Failure Forecast, Cost Estimate, and Contingency (September 25, 2026) (Ex. TURN-SBUA-01 (Sheriff Direct)) at 52.

2 Ex. CA-01 Direct at 3-2 – 3-6; *see also* Ex. TURN-SBUA-01 (Sheriff Direct) at 48 – 50; *see also* Golding Direct at 32 – 37.

3 Ex. SDG&E-02, Prepared Direct Testimony of Sabrina Butler on behalf of SDG&E, Chapter 2 (December 18, 2025) (Ex. SDG&E-02 (Butler Direct)) at 7.

4 Ex. TURN-SBUA-01 (Sheriff Direct) at 51 (stating, "SDG&E characterizes its own forecast correctly…TURN and SBUA agree.").

TABLE 8-1
Application Forecast Compared with Actual Failure-Related Replacement Activity, January 2024–July 2026

	Electric Meters	**Gas Modules**
Application Forecast (Jan 24-July 26)	**105,196**	**22,778**
Actual Failure-Related Replacement Activity	**84,892**	**15,299**
Actual Replacements Completed	75,604	14,992
Replacement-equivalent Backlog	9,288	307
Actual Failure-Related Replacement Activity as % of Application Forecast	**81%**	**67%**

From January 2024 through July 2026, actual failure-related replacement activity was approximately 81 percent of the Application forecast for electric meters and 67 percent for gas modules.

This comparison does not change the historical data or methodology underlying the Application forecasts. Rather, it provides additional information regarding the extent to which conditions identified by the forecasting methodology have translated into actual failure-related replacement activity.

Accordingly, the relevant question is not whether the Application forecasts predict the timing and number of actual failures with perfect precision. The relevant question is whether the forecasts, considered together with actual operating experience, provide useful information regarding the deterioration of the SM 1.0 population and the operational requirements associated with maintaining that population during the transition to SM 2.0.

Importantly, no intervenor contests SDG&E's showing that SM 1.0 must be replaced. TURN/SBUA state that they "do not dispute that SM 1.0 will require replacement" and accept that the incumbent vendor will not support the RFLAN network beyond 2035, that the Master Services Agreement expires in 2028, and that the Field Area Routers rely on 4G technology purchased in 2018 with a ten-year expected life.[5] UCAN likewise acknowledges that the SM 2.0 platform is "needed under every scenario," that the capacitor cohort "is a demonstrated defect,"

[5] Ex. SBUA-TURN-01 (Sheriff Direct) at 6 and 43 – 44.

and that "the failures are real."[6] The San Diego Community Choice Aggregators (SD CCAs), who serve approximately 80% of retail load in SDG&E's service territory, answer "Yes" when asked whether they support replacing SM 1.0 with SM 2.0, seeking mainly data-access conditions on approval.[7] As such, even parties that urge conditions or reject on data-access grounds do not dispute the need to replace SM 1.0. The dispute is therefore not whether SM 1.0 will require replacement, but the appropriate timing and manner of SDG&E's transition. On that question, the forecasts, informed by actual experience, continue to provide relevant planning information.

II. SDG&E'S ELECTRIC METER FAILURE FORECAST PROVIDES A REASONABLE BASIS FOR ASSESSING FUTURE FAILURE-RELATED ACTIVITY

A. The 30-Day Non-Communication Criterion Provides a Reasonable Basis for Identifying Meters Requiring Further Operational Review

Cal Advocates, TURN/SBUA, and UCAN question SDG&E's use of sustained non-communication in developing the electric meter failure forecast. They generally contend that a meter's failure to communicate for a specified period does not establish that the meter has experienced a hardware failure, and that sustained non-communication may result from network, communications, or other conditions unrelated to failure of the meter itself.[8]

SDG&E agrees that sustained non-communication does not, by itself, establish that a meter has experienced a particular hardware failure or will require replacement. The distinction is important and is reflected in the terminology SDG&E now uses to describe the stages of failure-related activity. Consistent with the terminology defined above, a meter meeting the applicable 30-day non-communication criterion is considered a forecast-identified device.

The 30-day non-communication criterion serves as an operational screening criterion. When a meter meets that criterion, additional review may be required to determine the cause and appropriate disposition. As part of that review, SDG&E evaluates whether known network

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[6] Golding Direct at 77.

[7] SD CCAs, Prepared Direct Testimony of Lucas Utouh and Kaitlin McGee on behalf of San Diego Community Power (SDCP) and Clean Energy Alliance (CEA) (September 25, 2026) (Utouh/McGee Direct) at 2 and 12.

[8] Ex. CA-01 Direct at 3-2 – 3-3; *see also* Ex. TURN-SBUA-01 (Sheriff Direct) at 48 – 49; *see also* Golding Direct at 35.

outages, network conditions, or other identified circumstances may explain the non-communication. If the condition remains unresolved, SDG&E may create a field order for further investigation. Field personnel then determine the cause and whether replacement or another corrective action is warranted.

Intervenors' arguments conflate two different concepts: the operating criterion used to identify potential failure-related activity and the subsequent determination of the cause and disposition of an individual meter. SDG&E does not rely on 30 days of sustained non-communication as a root-cause diagnosis. It uses sustained non-communication as an operational indicator identifying meters that may require additional review or corrective action. Cal Advocates itself recognizes that a meter that has not communicated for 30 or more consecutive days "presents an operational problem that SDG&E must address."[9] The fact that subsequent investigation may identify a network condition, restore communication, or determine that replacement is unnecessary does not make the initial operating condition irrelevant. Those activities themselves represent part of the operational workload associated with maintaining the SM 1.0 environment. From the customer's perspective, moreover, a meter that cannot communicate may produce similar consequences regardless of root cause: including the absence of an actual read, a potential estimated bill, and loss of the remote-service and outage-visibility functions described in direct testimony.[10]

B. SDG&E'S Forecast Appropriately Accounts for Differences in Failure Experience Across Capacitor Populations and Geographic Districts

Cal Advocates, TURN/SBUA and UCAN contend that the electric meter failure experience is concentrated among particular meter populations, including meters associated with identified capacitor populations and certain geographic districts, and suggest that this concentration supports a more targeted replacement approach rather than broader SM 2.0 deployment.[11]

SDG&E agrees that failure experience has been higher within the identified capacitor population. This concentration demonstrates why SDG&E segments the forecast rather than

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[9] Ex. CA-01 Direct at 3-3.

[10] Ex. SDG&E-02 (Butler Direct) at 11 – 17.

[11] Ex. CA-01 Direct at 3-6 – 3-8 and 3-15; *see also* Ex. TURN-SBUA-01 (Sheriff Direct) at 46 – 48; *see also* Golding Direct at 37 – 39 and 59 – 60.

applying a single fleet-wide failure rate. The forecast separately evaluates meters within and outside the identified capacitor population and further segments those populations geographically. Cal Advocates acknowledges that this segmentation "improves the forecast by recognizing that failure risk is not uniform across the electric meter population."[12] Accordingly, higher observed failure experience within the identified capacitor population does not mechanically increase the forecast for meters outside that population. Each segment's forecast is informed by its own observed experience.

Failure-related activity is also not limited to the identified capacitor population. Meters outside that population have experienced failures and are evaluated based on their own historical experience. Geographic segmentation likewise reflects differences in historical results across SDG&E's service territory.

The capacitor designation also should not be interpreted as establishing the root cause of an individual meter's failure. The identified population is based on incumbent-vendor date-code and serial-number information associated with the capacitor issue. The designation identifies a population with different observed failure experience but does not establish that a capacitor issue caused the failure of each forecast-identified device within that population.

Whether the concentration of observed failures supports prioritizing particular populations during deployment is a separate deployment question, discussed further in Attachment B. It does not demonstrate that deterioration elsewhere in the SM 1.0 population should be disregarded or that the failure forecast incorrectly attributes capacitor-related experience to other meter populations.

C. SDG&E'S CAGR Methodology Provides a Reasonable Basis for Extrapolating Observed Failure Trends While Limiting Forecast-Identified Devices to the Remaining Meter Population

TURN/SBUA contend that SDG&E's selection of 2021 as the starting year for calculating the compound annual growth rate (CAGR) calibrates the electric meter failure forecast to a period of elevated failures associated with the identified capacitor population rather than reflecting a broader aging trend. TURN/SBUA and UCAN also point to CAGR

[12] Ex. CA-01 Direct at 3-4.

calculations that exceed 100 percent in later forecast years and question the reasonableness of those results.[13]

SDG&E recognizes that the selected historical period affects the calculated growth rate. The 2021 starting point was selected because it was the first year in which the number of electric meters meeting the forecasting criteria represented a measurable portion of the electric meter population and avoids calculating growth from a small base. Through 2020, approximately 900 devices had reached the 30-day non-communication criterion, compared with approximately 13,500 in 2021. In 2021, devices meeting the forecasting criteria exceeded approximately one percent of the electric meter population. Using an earlier year with relatively few such devices as the starting point would produce a substantially higher calculated growth rate because the CAGR would be measured from a very small base. SDG&E's selection of 2021 therefore reflects the point at which failure-related activity had become sufficiently measurable to provide a more meaningful basis for evaluating subsequent trends.

The CAGR methodology also does not assume that all electric meters experience the same rate of failure. The forecast divides the electric meter population into 12 groups based on six geographic districts and whether a meter is within the identified capacitor population. The CAGR for each group is calculated using the historical experience of devices meeting the forecasting criteria within that group. The calculated CAGR reflects an extrapolation of observed growth in failure-related activity; it is not an individual-device failure probability.

SDG&E acknowledges that the CAGR methodology can produce calculated rates exceeding 100 percent in later forecast years. A calculated CAGR greater than 100 percent does not mean that an individual meter has a probability of failure greater than 100 percent. When the extrapolation produces a calculated rate that reaches or exceeds 100 percent for a defined population, the forecast limits the number of forecast-identified devices to the number of meters remaining in that population. Thus, a calculated rate above 100 percent does not result in the forecast identifying more devices than remain in the population.

As the forecast horizon extends, the extrapolated results become more uncertain. For that reason, SDG&E does not rely on later-year CAGR values in isolation but considers them together with updated operating experience in ongoing transition planning rather than treating

[13] Ex. TURN-SBUA-01 (Sheriff Direct) at 45 – 47; *see also* Golding Direct at 32 – 33.

them as standalone predictions of individual meter failures. TURN/SBUA acknowledge that the terminal-year projections "lie beyond the deployment window and produce few forecast failures."[14] Those years therefore have little bearing on the deployment decision before the Commission.

III. SDG&E'S GAS MODULE FAILURE FORECAST PROVIDES RELEVANT INFORMATION FOR ASSESSING FUTURE FAILURE-RELATED ACTIVITY

A. SDG&E'S Gas Module Forecast Provides a Planning Estimate of Potential Failure-Related Activity Based on Observed Battery and Operating Information

UCAN questions the gas module failure forecast's treatment of modules where recent voltage readings are flat, increasing, or declining more slowly than the model's minimum-decline assumption. UCAN contends that these assumptions may result in modules being forecasted to reach the modeled end-of-life condition even where recent voltage readings do not indicate a sufficient rate of decline.[15]

The gas module failure forecast uses observed module-level battery-voltage information, historical operating experience, manufacturer-specific voltage thresholds, and aging assumptions to provide a planning estimate of when modules may reach the modeled end-of-life condition. The model does not predict the precise date on which an individual module will require replacement. Where recent voltage readings do not show a sufficient decline, the model applies minimum-decline and aging assumptions rather than treating a limited observation period as evidence of indefinite battery life.

Importantly, the minimum-decline and aging assumptions do not treat a temporary period of stable or increasing voltage as evidence that a module has failed. Rather, those assumptions provide a consistent method for estimating when a module may reach the modeled end-of-life condition when the observed data do not provide a sufficient rate of decline.

Operating experience to date provides important additional information regarding the timing of future gas module replacement activity, but does not, by itself, establish that the aging and battery-related conditions underlying the forecast no longer exist.

SDG&E's handling of the gas forecast also demonstrates that SDG&E updates its methodology in response to field experience. As explained in direct testimony, the gas forecast

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[14] Ex. TURN-SBUA-01 (Sheriff Direct) at 46.

[15] Golding Direct at 34 – 35.

presented in the 2024 GRC relied on accelerated battery-degradation assumptions that did not align with actual field performance; SDG&E replaced that approach with one integrating manufacturer-specific voltage thresholds and battery-degradation data.[16] SDG&E has updated its forecasting methodology in response to observed field performance rather than a static forecast.

B. Communication-Path Conditions May Affect Gas Module Communication And Should Be Considered In Evaluating Failure-Related Activity

TURN/SBUA and UCAN also question whether sustained gas-module non-communication may result from the loss of a communications path through a nearby electric meter or other network condition rather than from the gas module's battery condition.[17]

SDG&E agrees that sustained non-communication, by itself, does not establish the cause of an individual gas module's condition. A gas module may stop communicating because of a condition involving the module itself or because of the communications path through which the module transmits its information. As with electric meters, sustained non-communication therefore should not be interpreted as a definitive root-cause diagnosis.

The distinction does not mean, however, that a sustained non-communication condition is operationally irrelevant. When a gas module stops communicating, SDG&E may need to evaluate the communications path, determine whether an electric-meter or network condition is contributing to the loss of communication, monitor whether communication resumes, and investigate the gas module if the condition persists. The ultimate cause and appropriate resolution are determined through SDG&E's operational review.

Accordingly, the gas module failure forecast should not be interpreted as establishing that every forecast-identified gas module represents a battery failure or will ultimately require replacement. Rather, the forecast provides a planning estimate of potential failure-related activity based on the operating characteristics and assumptions incorporated into the model. The disposition of an individual gas module depends on the conditions identified through subsequent operational review.

The communication-path dependency intervenors identify is, moreover, itself a reason to transition away from SM 1.0, not a reason to discount the forecast. As explained in direct

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[16] Ex. SDG&E-02 (Butler) at 10.

[17] Ex. SBUA-TURN-01 (Sheriff Direct) at 50 – 51; *see also* Golding Direct at 35.

testimony, as many as ten gas modules may connect through a single electric meter, so that a single electric meter failure can leave multiple gas customers without data and with estimated bills.[18] That architectural dependency grows more consequential as electric meter failures increase, and it is eliminated by SM 2.0 devices that communicate independently.

IV. ACTUAL OPERATING EXPERIENCE PROVIDES AN IMPORTANT UPDATE TO, RATHER THAN A BASIS FOR DISREGARDING, SDG&E' S FAILURE FORECASTS

Cal Advocates, TURN/SBUA, and UCAN point to actual failure-related activity below forecasted levels and contend that the variance between actual and forecasted results calls into question the reliability of SDG&E's electric meter and gas module failure forecasts and their use in SM 2.0 planning.[19]

As shown in the cumulative comparison presented in the Introduction, while actual operating experience has been below the levels reflected in the Application forecasts, the electric results indicate that replacement activity has developed generally consistent with the forecast. The gas results show a larger difference and therefore provide important information regarding the timing at which forecast-identified gas module conditions are translating into replacements. SDG&E is incorporating that operating experience into its assessment of the SM 1.0 population.

These results do not establish that failure-related activity has ceased or that the conditions underlying the forecasts are no longer relevant. To the contrary, the annual failure counts cited by intervenors show electric meter failures increasing from approximately 34,856 in 2024 to approximately 38,750 in 2025, and gas module failures increasing from approximately 7,618 to approximately 8,811 over the same period.[20] Rather, these results demonstrate why the forecasts should be considered together with operating experience and periodically reassessed as additional information becomes available.

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[18] Ex. SDG&E-02 (Butler Direct) at 9 – 10 and 19.

[19] Ex. CA-01 Direct at 3-6; *see also* Ex. TURN-SBUA-01 (Sheriff Direct) at 49; *see also* Golding Direct at 36 – 37.

[20] Golding Direct at 36, n.111.

V. CUSTOMER-IMPACT MEASURES PROVIDE RELEVANT OPERATIONAL CONTEXT BUT ARE NOT USED AS DEVICE-LEVEL MEASURES OF FAILURE

Cal Advocates questions whether customer-impact measures, including estimated bills and customer complaints, establish the number of SM 1.0 devices that have failed or support the scope of the proposed replacement program.[21]

SDG&E does not rely on estimated bills or customer complaints as measures of device failure and does not use those measures to calculate the failure forecasts. Customer-impact information serves a different purpose. It provides additional information regarding the operational and customer consequences that may arise when devices cease communicating or otherwise require investigation and corrective action. Those measures therefore provide relevant context regarding operation of the aging SM 1.0 system, but they are not substitutes for device-level operating information.

Those consequences are nonetheless real and growing. The annual estimated-bill series cited by UCAN shows estimated bills rising from approximately 125,517 in 2021 (0.6% of bills) to approximately 388,363 in 2024 (1.9%).[22] As explained in direct testimony, these impacts fall particularly hard on time-of-use customers and on SDG&E's approximately 350,000 net energy metering customers, who depend on accurate measurement of both consumption and export.[23]

VI. ACTUAL OPERATING EXPERIENCE PROVIDES AN ONGOING PERFORMANCE CHECK AND INFORMS SDG&E'S FAILURE FORECASTS AND PLANNING

Cal Advocates, TURN/SBUA, and UCAN observe that SDG&E did not present formal confidence intervals, sensitivity analyses, or back-testing results for the electric meter and gas module failure forecasts. They contend that the absence of these measures limits the ability to evaluate the forecasts' reliability.[24]

SDG&E acknowledges that the Application forecasts were not presented with formal confidence intervals, sensitivity analyses, or back-testing metrics. The forecasts were developed

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[21] Ex. CA-01 Direct at 3-8 – 3-10.

[22] Golding Direct at 65, n.217.

[23] Ex. SDG&E-02 (Butler Direct) at 12-13.

[24] Ex. CA-01 Direct at 3-6; Ex. TURN-SBUA-01 (Sheriff Direct) at 49-50; Golding Direct at 6 and 32–40.

as planning tools using observed operating data and the information and assumptions available at the time, rather than as probabilistic models intended to predict the precise timing or outcome of individual device failures.

SDG&E nevertheless evaluates forecast performance by monitoring actual operating experience and comparing it with forecasted activity. That comparison is not equivalent to formal statistical validation, but it provides an observable performance check and informs SDG&E's operational and deployment planning as additional information becomes available.

VII. WORKFORCE CAPACITY SHOULD BE CONSIDERED TOGETHER WITH FAILURE-RELATED WORKLOAD AND OTHER OPERATIONAL REQUIREMENTS

With regard to workforce capacity, TURN/SBUA compare observed failure volumes with SDG&E's estimated annual workforce capacity and contend that current failure levels can be addressed through continued replacement on failure rather than the proposed SM 2.0 deployment.[25]

SDG&E's approximately 60,000 device capacity estimate should not be interpreted as workforce capacity dedicated exclusively to replacing failed SM 1.0 devices. Rather, the estimate reflects the assumed volume of failure-related meter and module work that SDG&E could accommodate annually while also supporting other operational priorities, including emergency response, compliance work, and other required field activities.

Maintaining SM 1.0 requires field and back-office activities beyond the physical replacement of a meter or gas module, including investigation, dispatch, troubleshooting, communications restoration, testing, data synchronization, verification, and related customer-service activities.[26] Accordingly, the number of completed replacements does not capture the full operational effort associated with identifying, investigating, and resolving failure-related conditions. The existing backlog also shows that identified failure-related work cannot always be completed as it arises, as available field capacity affects how quickly that work can be investigated and resolved. A replace-on-failure strategy also means, by definition, that replacement generally occurs only after the device has ceased providing actual reads.

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[25] Ex. TURN-SBUA-01 (Sheriff Direct) at 49 – 50.

[26] Ex. SDG&E-02 (Butler Direct) at 14 – 15.

SDG&E therefore considers failure experience, available workforce capacity, and the broader operational requirements associated with maintaining SM 1.0 as part of its transition planning. Assumptions regarding a failure-led approach and its operational and cost implications are addressed separately in Attachment B.

VIII. THE SM 1.0 PLANNING HORIZON PROVIDES RELEVANT LIFECYCLE CONTEXT BUT DOES NOT REPRESENT AN INDIVIDUAL DEVICE FAILURE DATE

TURN/SBUA and UCAN contend that the 17-year useful life associated with SM 1.0 does not establish that an individual electric meter or gas module will fail when it reaches 17 years of age.[27]

Some devices will remain operational longer and others will require replacement earlier. The 17-year period is therefore not used as an individual-device failure date and is not offered here as a regulatory depreciation determination.

It nevertheless provides relevant lifecycle context. In approving SM 1.0, the Commission adopted a 17-year useful life and found that "the SDG&E AMI system will be substantially (if not wholly) replaced after 17 years," predicting that "[b]y 2026 (the last year of the expected system lifetime of the current project), the AMI system as a whole would likely be overtaken by a faster, cheaper and higher functioning AMI system that uses a different communications system."[28] SDG&E appropriately considers that lifecycle context together with observed operating experience and forecasted failure-related activity when evaluating the transition from SM 1.0 to SM 2.0.

IX. CONCLUSION

Taken together, the electric meter and gas module failure forecasts offered in support of the Application provide useful information for SM 2.0 planning. The forecasts are forward-looking planning estimates based on the information available when they are developed and should be considered together with actual operating experience, which SDG&E continues to monitor as additional information becomes available. Differences between forecasted and actual results do not, by themselves, establish that the forecasts are unreliable or have no planning

[27] Ex. TURN-SBUA-01 (Sheriff Direct) at 45 – 46; *see also* Golding Direct at 28.

[28] Decision (D.) 07-04-043 at 29 – 31.

value. The forecasts and SDG&E's actual operating experience continue to provide relevant information for planning and prioritizing the transition from SM 1.0 to SM 2.0.

This concludes my rebuttal testimony.