

## WHY PG&E REALLY IS PUSHING SMART METERS (hint: PROFITS, PROFITS, PROFITS)

Why is PG&E so insistent on installing their wireless meters at *every* address throughout much of California? PG&E claims that Smart Meters are needed to promote energy conservation, but it has never tested their theory with a pilot project and studies of similar smart meter programs elsewhere show little or no additional energy conservation.

PG&E's actual motivation is obvious to anyone who has observed its corporate behavior over the past 60 years: It has consistently created opportunities (legally or illegally) to increase its profits, often at the cost of public safety. The emerging scandal about PG&E's gas pipeline negligence in San Bruno is only the latest example. (Others are listed on the reverse side of this sheet.)

These accelerated corporate profits allow top executives' salaries, bonuses and other compensation, along with shareholder dividends, to be increased. PG&E's customers need to understand that its compulsory Smart Meters program is yet another example of its corporate greed trumping safety considerations. Here's how the profit machine works:\*

First, by requiring that everyone has a Smart Meter, PG&E will be able to eliminate all of its many meter-reader positions. The enormous amount of money saved directly increases the corporate bottom line.

Second, if a customer is struggling economically and is behind in paying the utility bill, PG&E uses the wireless 2-way meter to remotely shut off that customer's electric power—and then charges a hefty fee when service is restored. Where its Smart Meters are already fully operational, PG&E's own statistics show a significant increase in the number of customer shut-offs compared with prior periods. For those customers requiring constant electric power for medical reasons, and for the elderly on the coldest winter days, being without electricity even temporarily can be dangerous. But easier shut-offs, without needing to send out a technician, equals *more profit for PG&E*.

In addition, the public needs to learn about another, very direct, way that the Smart Meters program gives a tremendous boost to the company's profits. (PG&E prefers it that way!) The main profit source for PG&E (and other investor-owned utilities) comes from a unique regulatory process that the company has become expert at "gaming". The utility receives a risk-free guaranteed annual income, determined as a fixed percentage (this year, it's 11.35%) multiplied against the financial value of all the Corporations infrastructure assets (pipelines, transformers, trucks, power poles, etc.). For example, if PG&E owned, say, a trillion dollars worth of infrastructure assets the company would earn \$113.5 billion of profit this year as a result. So, the more replaced equipment and other infrastructure assets, the more profit each year. That's why PG&E just proposed replacing--rather than repairing--billions of dollars of its gas pipelines; the customers paying most of the cost but the new pipelines then become the PG&E's property and increase its profits by \$250,000,000 annually.

And it's the *same* story with Smart Meters—billions of dollars of new company infrastructure assets, all financed by the customers, that increase corporate profits by yet another \$1/4 billion annually. (In fact, the very-compliant California Public Utilities Commission [CPUC] is even allowing PG&E to "double-dip", by simultaneously counting both the new meters and the already-replaced analog ones as part of the corporation's infrastructure assets—a fabulous deal for PG&E!

This regulatory revenue source is another reason why PG&E demanded that Smart Meters be compulsory at every address in its huge service area. If it had instead been optional from the start, and--for example--70% of concerned customers had said no, PG&E would lose the extra 70% of annual profits that it gets by having the full \$2.2 billion program implemented.

PG&E's new "opt-out" proposal would force customers to pay prohibitively-high fees in order to refuse Smart Meters at their home or business. This, of course, provides the Corporation with extra profits *directly*. But it also makes it nearly-impossible for customers to convince friends and neighbors to *themselves* opt out--thus preserving a high percentage of Smart Meter installations and a high level of infrastructure-based corporate profits (as explained above).

**For PG&E's corporate policies—whether about Smart Meters or anything else—to truly make sense, it's necessary to "follow the money".**

\*All of the information on PG&E profits has been confirmed by the nonprofit consumer utility watchdog organization TURN.