



0000162530

ORIGINAL

Re Docket # E-00000C-11-0328

"Emails between utility giant PG&E and the California Public Utilities Commission (CPUC) expose conflict of interest and cover up of skyrocketing smart meter bills."

RECEIVED

Submitted by Warren Woodward, Sedona Arizona

2015 MAR 16 P 1:08

Structure Report: Smart meter conflict of interest and cover up

AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

MAR 16 2015

DOCKETED BY



Let me do the talking. I'll explain he's not in our car right now.

Posted on March 14, 2015 by Sandi Maurer

Emails between utility giant PG&E and the California Public Utilities Commission (CPUC)[1] expose conflict of interest and cover up of skyrocketing smart meter bills.[2] The consultant the CPUC hired in 2010 to investigate the complaints, Structure, had worked for PG&E for the previous five years, and was not "independent" (as claimed in CPUC and PG&E's misrepresentations). CPUC President Peevey knew the results of Structure's investigation long before it was complete, and shared that information with PG&E. CPUC's Peevey was aware smart meters were overcharging through personal experience.

The coordinated propaganda campaign between the CPUC, PG&E and marketing firms that resulted in the smart meter deployment couldn't tolerate news such as the fact that 500,000 smart meters were at risk for overcharging in hot weather. Peevey's own bill doubled when a smart meter was installed on his vacation home, causing him to joke about making The Sea Ranch a smart meter free zone.

The CPUC and PG&E used the Structure report to cover up smart meter problems, and to defend the deployment at the customers' expense. These emails suggest that returning to the tried and true analog meters is a viable remedy to avoid future skyrocketing utility costs, and that observant meter readers are a cost-effective way to ensure public and environmental safety.

Inaccurate "Accuracy Report" authors had PG&E ties

March 30, 2010: The same day the CPUC announced they selected an "independent" evaluator, Structure, to test smart meters, PG&E's Brian Cherry sent an email to the CPUC's Energy Division Director Julie Fitch, and President Peevey's advisor Carol Brown. He writes, "*Julie-we have a small hiccup... I hope you know that we have done some work with them [Structure], and continue to do work with them.*" He tells her they are concerned about media inquiries, and wants to avoid any hint of favoritism.[3]

PG&E lawyer, Chonda Nwamu, confirms Structure worked for the company over the last five years, including an ongoing license to use software they purchased, but that the contract was transferred to another company called Ventex. She writes, "We don't currently have work with Structure."

Cherry writes: "Then we tell the media that we do not currently work with them."

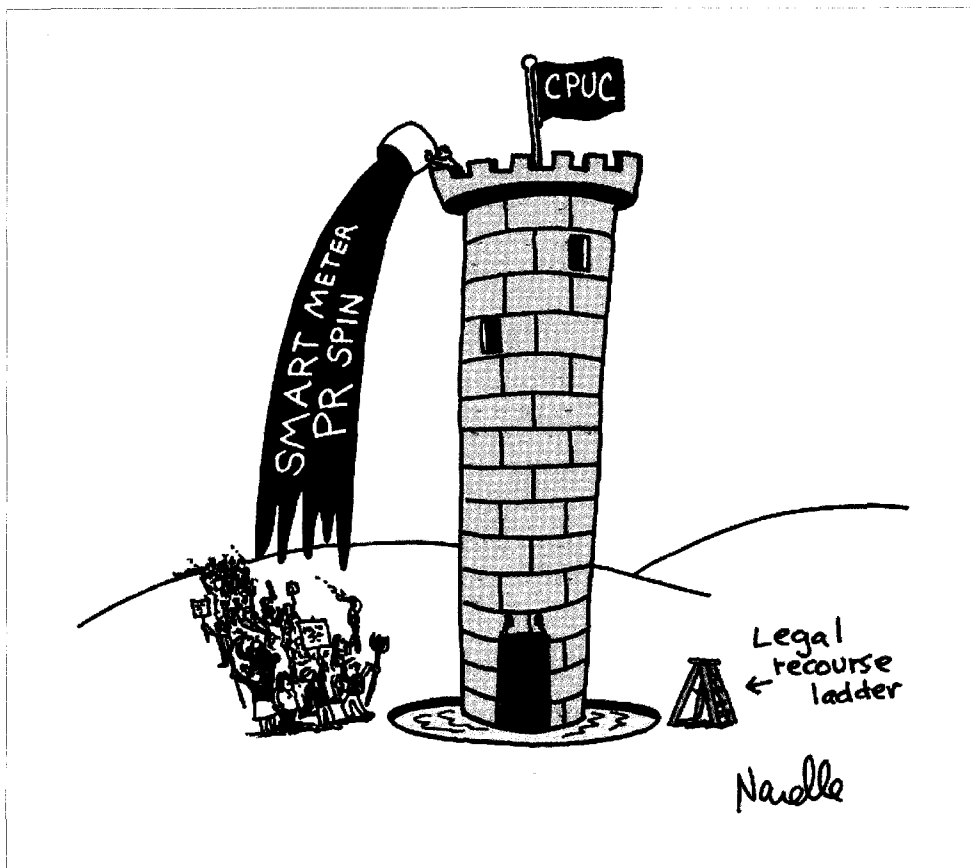
Fitch responds: "Yes. And we will say the same thing. We asked for disclosure. There is no current relationship between PG&E and Structure." [4]

Meanwhile the CPUC still claims Structure was an "independent" investigation.[5]

Peevey told PG&E the Structure Report results two months before it was complete

On July 2, 2010 PG&E's Brian Cherry writes: "*He [Peevey] said he could not go into details, but that we would like their [Structure] conclusions on the viability of the technology and infrastructure that supports it. He did say the Structure Audit report would be very critical of the way we handled the problem and communicated with our customers.*" [6]

According to the Structure Report, they were still field testing meters in July and did not complete their investigation until August 25, 2010.[7]



Smart meter propaganda campaign

On July 14, 2010 PG&E's Felecia Lokey writes to Marzia Zafar, CPUC's Program and Project Supervisor, *"I'd like to take advantage of your offer to follow up and brainstorm a strategy around the Structure Report and how we think about messaging."* [8] Zafar worked with PG&E to promote smart meters to residential and business customers.

Commissioner Nancy Ryan initiated the "Consumer Education and Outreach Task Force" and their smart meter efforts were coordinated with PG&E, and marketing firm Targetbase. [9] How can they "message" a report that is reputedly not completed for another six weeks?

PG&E wants access to the report before it's public

On August 19, 2010 PG&E's Cherry asks for the report before it's released to the public. Paul Clanon tells him he can't have it because *"for obvious reasons there must be no hint of anything but a fully independent assessment"*. [10]

PG&E told the CPUC President smart meters were overcharging

On August 31, 2010 PG&E's Brian Cherry sent an email to President Peevey warning PG&E found smart meters were overcharging, and there were 4800 commercial smart meters at risk for the problem. [11]

Cherry explained the mechanism of how the meters were failing: *"There are two chips in the meter, a meter card chip to record usage and a Nic communication card. The Nic card is a Silver Springs Network chip that communicates with the network every 15 minutes. When the meter chip is recording load and the Nic chip is at the 15 minutes mark, the meter chip may be in an operating mode that precludes communicating with the Nic chips and sends a busy signal. The Nic chip will then try to communicate with the meter chip again in 140 seconds and will do so up to 4 times. While it is waiting*

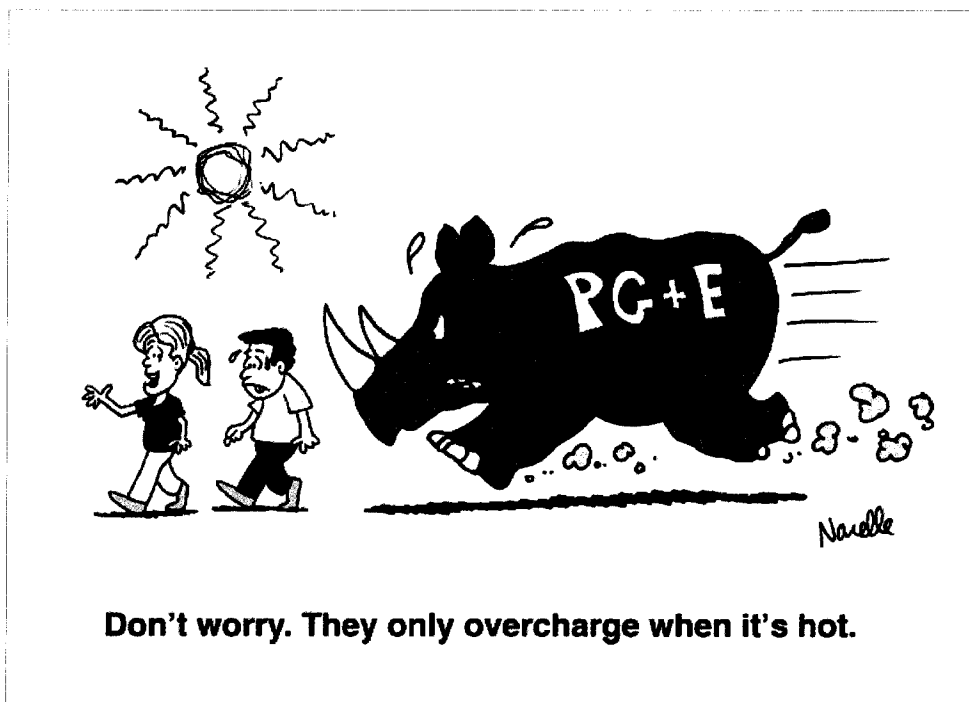
it is recording the 140 seconds as time usage.”

Two days later the CPUC announces the “independent” Structure’s investigation found smart meters were accurate.

Despite proof that the smart meters were producing readings that led to excessive charges, Peevey is quoted in the CPUC press release: *“I am happy to hear that PG&E’s Smart Meters are functioning properly, but disturbed by PG&E’s lack of customer service and responsiveness. We will ensure that PG&E improves their customer service, and we will also continue to improve our own complaint handling processes,”* said CPUC President Michael R. Peevey. *“I hope these findings help ease minds about the accuracy of Smart Meters...”*

Commissioner Nancy E. Ryan is also quoted, *“Consumers won’t fully realize the many potential benefits of Smart Meters and other grid upgrades unless utilities and regulators place more emphasis on the human side of the equation,”* she added. *“Better communication and customer service will help ensure that consumers see Smart Meters as something that is done for them, not to them.”* [12]

The CPUC used the Structure findings to justify continuing the deployment of inaccurate, overcharging meters. Utility customers were forced into paying inflated bills. The emails between Brian Cherry and President Peevey violated both the public trust and exparte rules.



500,000 smart meters at risk for billing errors in hot weather

In April 2011 CPUC’s Alope Gupta wrote to Commissioner Ryan, Peevey’s advisors, and other CPUC staff: *“PG&E has just alerted me to a new problem recently discovered with their smart meters. The bad news is this is the worst case scenario in terms of the location and circumstances. Problem: Apparently, a particular batch of SMs [smart meters] show a sensitivity to temperature, which can ultimately lead to inaccurate usage readings. The faulty reading occurs only in a narrow band of temperature (approx 100-115 estimated)”*[13]

PG&E’s Sid Dietz responds, *“500,000 have the same electronics as the ones with a problem, but only 3000 have thrown an error code and only 1500 have the problem. So the real number is 1500.”* And that’s how PG&E spins a problem to avert a major media crisis.[14]

Peevey's own bill doubled!

A little over a year later Peevey got his first smart meter bill, which more than doubled the cost. He writes to PG&E, "*something is screwy.... I would like an explanation.*" [15] PG&E investigates his bill and they don't find a problem. Peevey concedes it's no big thing, and that they did a recent remodel, with a "super-duper new bathroom with electric towel warmers and warm floor". However he still thinks the bill is "way out of line" because it's a vacation home and they were not there for most of the month. [16]

6 months after his first high bill Brian Cherry sends him a PG&E press release about having installed their nine millionth meter, Peevey's responds, "Great. However, I am considering supporting creation of a Smart Meter Free Zone at The Sea Ranch. In fact I want to go further to have no electricity, period, for everyone there. Back to the land, I say." [17]

Restore analog metering and meter readers

The CPUC is a 300 million dollar state funded organization that has betrayed the public trust by negotiating critical problems outside of its formal public process in order to prevent public participation. Emails prove the Structure Report has been misrepresented as a reliable source to determine smart meter accuracy.

The public is entitled to evidentiary hearings on smart meter costs, health and safety, privacy and security risks. Customers seeking relief from faulty utility equipment should not have to pay in order to avoid the risks of faulty smart meters. Those coerced into paying to "opt-out" of smart meters are due refunds.

* * * * *

Sandi Maurer is the Director of the EMF Safety Network and has been working as an intervenor in smart meters proceedings at the California Public Utilities Commission since April 2010. Cartoons by Brian Narelle (www.briannarelle.com)

[1] A CPUC law judge in the San Bruno gas explosion case ordered emails between PG&E and the CPUC, which are part of state and federal investigations, to be public.
<http://ftp2.cpuc.ca.gov/PG&E20150130ResponseToA1312012Ruling/>

[2] Video footage of Bakersfield customers smart meter billing complaints
<http://www.bakersfieldnow.com/news/63581287.html?tab=video>

[3] <http://emfsafetynetwork.org/wp-content/uploads/2015/02/Julile-we-have-a-small-hiccup.pdf>

[4] <http://emfsafetynetwork.org/wp-content/uploads/2015/02/agree-to-say.pdf>

[5] <http://www.cpuc.ca.gov/PUC/energy/Demand+Response/solicit.htm>

[6] http://emfsafetynetwork.org/wp-content/uploads/2014/12/PGE-Letter-to-Mr.-Sullivan-Exhibits-1-17_-12-22-14.pdf (exhibit 2 pg. 9)

[7] Summary of key findings: <http://www.cpuc.ca.gov/NR/rdonlyres/2B0BA24E-E601-4739-AC8D-DA9216591913/0/StructureExecutiveSummary.pdf>

[8] <http://emfsafetynetwork.org/wp-content/uploads/2015/03/Lokey-to-Zafar-smart-meter-messaging.pdf>

[9] <http://emfsafetynetwork.org/wp-content/uploads/2015/03/Propganda-Targetbase.pdf> ,
<http://emfsafetynetwork.org/wp-content/uploads/2015/03/Ryan-PGE-Targetbase.pdf> ,

http://emfsafetynetwork.org/wp-content/uploads/2015/03/Ryans-smart-meter-taskforce_-PR.pdf

[10] <http://emfsafetynetwork.org/wp-content/uploads/2015/02/No-hint-of-anything.pdf>

[11] <http://emfsafetynetwork.org/wp-content/uploads/2015/02/Peevey-knew-4800-smart-meters-over-charged.pdf> (see last paragraph)

[12] http://docs.cpuc.ca.gov/PUBLISHED/NEWS_RELEASE/122937.htm

[13] <http://emfsafetynetwork.org/wp-content/uploads/2015/02/500000-smart-meters-problem.pdf>

[14] <http://emfsafetynetwork.org/wp-content/uploads/2015/03/Real-number-is-1500.pdf>

[15] <http://emfsafetynetwork.org/wp-content/uploads/2015/03/Peeveys-own-bill-doubles.pdf>

[16] <http://emfsafetynetwork.org/wp-content/uploads/2015/02/Peevey-says-bill-is-way-out-of-line.pdf>

[17] <http://emfsafetynetwork.org/wp-content/uploads/2015/03/Peevey-wants-The-Sea-Ranch-to-be-a-Smart-Meter-Free-Zone.pdf>