

# Stop the Cap!



*Promoting Better Broadband, Fighting Usage Caps, Usage-Based Billing, & Other Internet Overcharging Schemes*

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## Another "Metered Service" Ripoff: Pacific Gas & Electric's 'Smart Meters' Are 'Cunning Little Thieves,' Critics Allege

Phillip Dampier November 5, 2009 Editorial & Site News, Internet Overcharging, Public Policy & Gov't, Video 9 Comments

When utilities want to "charge you for what you use," it would be nice to trust the meter is accurately measuring your usage, California consumer advocates say.



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In a growing controversy, Pacific Gas & Electric (PG&E) is now being accused of installing so-called "smart meters" that were smart for PG&E profits, but financially devastating for California consumers who face higher bills and growing questions about just how accurate those "smart meters" really are.

Customers across California who have had new meters installed, which are supposed to help consumers save energy by charging lower prices at off-peak usage times of day, report enormously higher bills from PG&E after installation.

State Sen. Dean Florez, D-Shafter (Kern County), **reports he has seen bills from customers that don't begin to make sense.**

"One farmer was charged \$11,857 for running a piece of equipment that was never turned on. A local attorney at the hearing clutched a \$500 bill from July, a month in which she was visiting family out of state and almost every appliance in her house was shut off," he reports.

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RECENT COMMENTS:

Matt: TPG already has unlimited and for less. . . apt it far from leading the cause here. . . Please get informed with the link ^...

Cyberxion: "Unlike so many Net Neutrality foes in the not-for-profit community, Stop the Cap! doesn't take industry money and is 100 percent supported by individ..."

Tim: Uverse did offer online tv shows and wanted to charge you \$10/month for the service. Looks like that was a dud. Pay an already high bill for TV and th...

Phillip Dampier: Wait for it PreventCAPS. I am preparing a little story on that travesty that is forthcoming... :-)...

PreventCAPS: Just like Frontier's MyFiTV.com which is essentially HULU + Amazon.com Paywall....

Jason: My 3mbit unlimited cable with 60 basic channel bundle is \$90/mo before fees/taxes, the 2nd lvl is \$130/mo.. oh and if I want to cut service to say jus...

Michael Chaney: So unbundle the service, reclassify under Title II, and allow open access to last-mile infrastructure. That will definitely increase competition and ...

Tim: "...City of Charlotte's recent plans to build a multi-million dollar municipal network to provide broadband service to its public safety, educational,..."

Matt Drew: "Those who support open hand-to-



California Senator  
Dean Florez (D-  
Shafter/Kern  
County)

Florez quotes the woman — “My smart meter keeps reading these spikes in usage at noon. But no one was in the house,” she said. “It’s obvious to me that this technology is not ready for prime time.”

Customers across the state with smart meters have reported similar stories, and are angry with PG&E’s response to their concerns, which can be boiled down to, “the meter is right, you are wrong, now pay us.”

PG&E claims that during its own internal reviews, it found nobody being overcharged. Spokesman Jeff Smith **says** “in all 1700 of those cases we have not found an instance thus far of the smart meter transmitting inaccurate information or incorrect usage information.”

The California Public Utilities Commission doesn’t think that’s enough and has begun ordering an independent review of the “smart meter” program and accuracy of meter readings.

Liz Keogh spent 14 years collecting and analyzing data at the Institute for Social Research in Ann Arbor, Michigan, and now lives in Bakersfield, California. She has been pulling out her old PG&E bills and records showing her utility use all the way back to 1983. What she found since the “smart meter” was installed on her home was disturbing.

Her analysis **was printed** in the *San Francisco Chronicle*:

My July, August and September 2009 bills showed the highest usage and cost in 26-plus years, even though I rarely go over “baseline usage.” The dollar difference from 2008 to 2009 was \$20 to \$30 each month. Billing costs are a product of usage multiplied by kilowatt-hour rates, which, like the federal income tax structure, is “tiered,” so that the more you use, the more you pay – and at higher and higher rates. Analysis of usage is the first step toward understanding fluctuations in cost. According to the smart meter installed on Sept. 12, 2007, the increase in my 2008-09 usage over 2007 was:

	2008	2009
May	+5.6%	+28.6%
June	+7.5%	+32.6%
July	+10%	+50.2%
Aug.	+3.1%	+41.1%
Sept.	-4.8%	+67.9%
Oct.	+4.9%	NA

PG&E’s own data show there was not a significant difference in temperatures for each comparable month. Why, then, did my “usage” increase range from 30 percent to 70 percent in 2009, while the 2008 increases were no more than 10 percent?

hand competitive combat in a free market understand that healthy competition cannot exist when a handful of players ge...

J: Boost is IDEN on the Sprint network. Cricket should now have same coverage area as Sprint regular phones...

Phillip Dampier: The fact you are in Pennsylvania explains why they aren't after you... yet. But if they get away with Mound, communities like yours will be next. ...

Phillip Dampier: Yes, the contradictory and unprofessional way Frontier is handling this is just another PR bungle for the little phone company that can't. They pull ...

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Simple answer: Meter malfunctioning, whether accidental and idiosyncratic, or, as some claim, intentional.

The suspicion that funny business is going on might be justified when considering Bakersfield residents have been through this all before.

"[Several years ago] Bakersfield is where PG&E first realized it had made a \$500 million mistake, installing tens of thousands of inferior meters that would never live up to the promise. So the utility purchased a new generation of meters from Silver Spring Networks Inc. of Redwood City. PG&E insists that these new meters are glitch-free, though it concedes that it has tested only 50 out of 250,000 meters in Kern County," Florez said.

At a time when some broadband providers want to install their own meters to overcharge customers for their Internet service, the PG&E experience is telling. Independent oversight of any meter comes down to the enforcement mechanism available to guarantee accuracy. But broadband service in the United States is unregulated, and no such enforcement mechanism exists.

And just when you thought you could believe the rhetoric that utility customers who conserve their usage will save more money, another electric and gas utility in San Diego **filed a rate increase request** that will charge customers who have managed to cut their usage even higher prices than those who have not.

***KGET-TV Bakersfield talked with Senator Florez on September 23 about the SmartMeter controversy (4 minutes)***

**More video coverage below the jump.**

***KSEE-TV Fresno talks about that evening’s public hearing with Senator Florez and how customers feel about PG&E. (10/21/2009 2 minutes)***

***KMPH-TV Fresno has coverage from inside and outside of the hearing room. (10/21/2009 – 3 minutes)***

***KGET-TV in Bakersfield reports PG&E has had some other ‘accuracy problems,’ now handing out major refunds for overbilling customers. (10/21/2009 – 3 minutes)***

***In southeast Bakersfield, one woman has repeatedly refused to allow PG&E to install a SmartMeter on her home, as KGET reports. (11/4/2009 – 2 minutes)***

***Meanwhile, XETV-TV in Tijuana, which serves San Diego, reports that city’s utility wants to raise its rates on customers who use less power. (11/4/2009 – 2 minutes)***

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Shell says:

November 5, 2009 at 3:56 pm



Here in MI, Consumers Energy wanted federal dollars to begin the installation of these "smart" meters from the "stimulus" funds. They didn't get it but are insisting that these meters will do what PG&E is claiming. Once again we'll hit the cycle of using less but being charged more because profits will be down...unless they can fudge the numbers. Can someone tell me how these meters communicate with the power company? Do they use a landline or does a meter reader need to come out? Unless they've got their own system they're SOL at my house. We've never had a landline and cable doesn't reach.

 Reply

**Jim says:**

November 5, 2009 at 4:34 pm



I just watched the last video about SDG&E. All I can think of is...what? How does that make sense? How is it the "lower tier" user's problem is someone else is using more energy than they are? And why does the company care if it's "fair"? Seems fair to me to pay for what you're using. I hope that idea gets shot down. It just seems very strange to me, especially since it is a monopoly. Those customers have no choice but to stay with SDG&E. If it were me, I'd just start leaving lights on to bring my electricity usage up so I wouldn't start getting charged more for using the same amount of electricity.

As far as those Smart Meters go...they'd better stay out of Ohio. I don't trust my data to be "transmitted" over radio waves when I have no recourse when it's obviously wrong. You're right, this is along the same lines as Internet Providers. They say their meter is right, so even when you know for a fact that it's not right, you have no recourse. It's completely unfair.

 Reply

**JMH says:**

December 20, 2009 at 12:30 pm



I just watched the SDG&E video segment – then I went to the SDG&E web site to see if I could make sense of it. My opinion is that it's a piece of irresponsible (or perhaps just poor) journalism.

Say you're running a gas station and gasoline currently costs you \$2.70/gallon to purchase (including taxes). You add a few cents to your costs to cover your lease, employees, etc. and (hopefully) make a little profit. So perhaps you end up selling it for \$2.80/gallon.

Now imagine the government steps in and writes law saying you can charge your customers no more than \$2.75 for the first 10 gallons of gasoline they wish purchase.

OK, not that big of a deal right now – perhaps you charge customers a little more for gallons 11-20, but what happens as the price of oil rises over the next 10 years? Say gasoline costs you \$3.50/gallon to purchase in 2015. What about \$4.50/gallon?

If you're only selling gasoline, you have no other choice but to keep raising the price on gallons 11 and over, because the government is forcing you to sell those first 10 gallons at a loss. So perhaps you have to charge \$5.50 for gallons 11, 12, 13, etc.

– just to break even.

Is this the best way to have to run your business? Don't get me wrong – I'm all for conserving energy. I own an energy efficiency business. Charging higher rates to customers that use more encourages conservation and is good environmental policy.

SDG&E isn't trying to eliminate the tiered pricing system – they're just asking for permission to sell the first 10 gallons at a little bit less of a loss, because the economics of maintaining this artificially low price have drifted so far out of whack.

It's a 5% adjustment. How many things can you think of that only cost 5% more than they did 10 years ago? I can't come up with very many.

 Reply

JMH says:

December 20, 2009 at 1:04 pm




What I don't know, however, is how many other times a rate adjustment was requested (and approved) over the last 10 years – or for that matter what SDG&E's generation, transmission, and distribution costs actually are. \$0.13/kWh seems rather low for CA.

It's complicated stuff, which is why the California Public Utilities Commission is supposed to help sort it out.

If you're interested in some examples of how they do the bill calculation...look here:

<http://www.sdge.com/customer/rates/baselineTierExamples.shtml>

 Reply

wiating and watching says:

November 5, 2009 at 6:24 pm

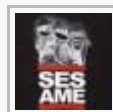


Duke Energy does the same thing...now with the RF meters they just read them from the road, and never even check to see if the things are working, but heck water meters are never read anyway, they just charge you what they feel like around here, without knowing how much you really use. The sad thing is TV companies DO correctly one thing, monitor pay-per-view/on-demand things so know what to charge you for, but anything else metered seems like is just a guess with no actual number that I have ever seen including for a while my Verizon phone bill. But paying my \$1 per month I get the privilege of having it itemized to prove where they are messing up.

 Reply

jr says:

November 5, 2009 at 7:23 pm



These meters are like a shot clock in an NBA game that only helps one team

 Reply

Uncle Ken says:

November 6, 2009 at 7:27 am



Very clever that there are no little dials on those meters to prove anything.  
Smart meters MUST be required to have both.

 Reply

TM says:

November 6, 2009 at 2:15 pm



If anyone thinks that these so-called "Smart Meters" are for anything other than increasing profits is a fool. The meter currently on the house is working just fine. The investment was made and recouped long ago. The electric company is not going to spend hundreds of dollars per living unit (house, apartment, condo or otherwise) to buy and install these meters so you and I can pay less money.

They can sit back and continue to collect on what's out there right now or they can put in new meters and charge more money under the cloak of "it's green" or "it'll only charge you for what you use".


Electric, water and sewer should be required to be non-profit. These are the most basic of utilities.

 Reply

Killing the Golden Goose « The Michigan Telephone blog says:

December 3, 2009 at 3:46 pm

[...] totally unnecessary and it leaves customers open to possible fraud by the provider (this is sometimes even a problem with utilities where you can physically see the meter, so how much more of a problem will it be when the meter exists only in software, and customers [...])

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