

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



May 12, 2010

Brian Cherry
Vice President, Regulatory Relations
Pacific Gas and Electric Company
77 Beale Street
San Francisco, CA 94105

Dear Mr. Cherry:

On May 3, 2010, I sent you a letter to notify Pacific Gas and Electric Company (PG&E) that certain recent actions by the utility in Marin County related to Community Choice Aggregation (CCA) have violated Commission tariffs and rules, and I directed PG&E to cease such actions immediately. Specifically, I informed you that PG&E may not send mailers that have the appearance of an official opt-out notice to its customers in Marin County for the purpose of encouraging these customers to opt out of the CCA program established by MEA. As I explained in my letter, these mailers are likely to create unnecessary customer confusion and therefore violate the statutory requirement that PG&E cooperate fully with community choice aggregators.

You responded to me by letter on May 6, saying "we are prepared to take the course of action you outline".

I have since learned that beginning on May 4, PG&E mailed a letter to every customer that had not opted out of MEA's service, formatted in a manner that directly conflicts with the direction I provided to PG&E just one day earlier (see attached example, postmarked May 5, 2010).

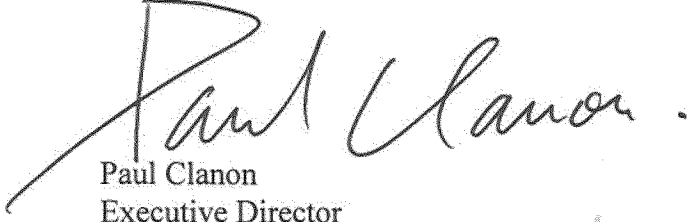
PG&E's immediate violation of my direction suggests that PG&E may be, in fact, acting in a deliberate manner to subvert the plain meaning of AB 117, the law that created Community Choice Aggregation. As the Commission noted in one of its Decisions implementing that law, "*if we find that a utility has failed to comply with Section 366.2(c)(9) [of AB 117] or relevant Commission orders, we retain authority to impose substantial penalties on the utility and cooperate in any law suit that seeks material damages.*"

PG&E's violation of my direction places PG&E in danger of the Commission's imposing significant and continuing fines and other penalties.

You must act immediately to (1) render ineffective every opt-out received since May 3, 2010, subject to later disposition by the Commission, (2) agree to provide a communication piece, to be prepared by Commission staff, to all customers who received any version of the attached letter, and (3) take effective steps internally at PG&E to prevent any further violation of the direction in my May 3 letter. All of this must be done at no cost to PG&E's ratepayers.

Please inform me within 24 hours that PG&E agrees to the above actions.

Sincerely,



Paul Clanon
Executive Director

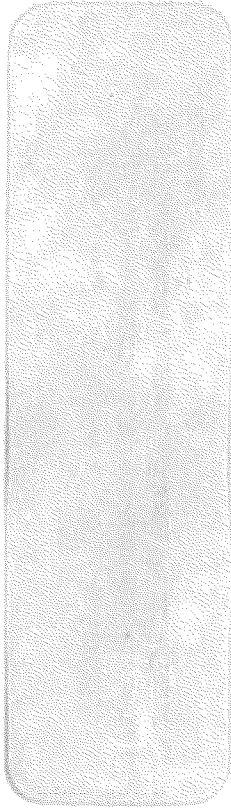
Attachments:

cc: Attorney General (Clifford Rechtschaffen)
Sanford L. Hartman
Gregory W. Stepanicich
Dawn Weisz
Frank Lindh
Julie Fitch



**Pacific Gas and
Electric Company**

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**Pacific Gas and
Electric Company®**

May 04, 2010



Re: Notification of New Electricity Supplier - Community Choice Aggregation Program

Dear 

This letter confirms that you have been automatically switched to the Community Choice Aggregation (CCA) program in your area. Your electric generation and supply services will now be provided by the CCA, and not Pacific Gas and Electric Company (PG&E), unless you elect to opt out as described below. The rates for these services will be set by the CCA, not PG&E, and will no longer be subject to direct regulation by the California Public Utilities Commission. This will affect the Service ID referenced above.

During the initial 60-day period after starting CCA service, you are allowed to opt out of the CCA program without paying an exit fee. You will receive two notices from the CCA program informing you of your continuing right to opt out. After this 60-day period, PG&E rules allow you to return to PG&E at any time. However, the CCA program may charge you an exit fee to return to PG&E and/or may limit the periods of time during which you would be allowed to exit the program. Additionally, you may be subject to higher rates than your existing PG&E service, as well as certain rules and notice requirements upon returning to PG&E.

If you elect to opt out, you can do this online at www.pge.com/cca or by calling 1-866-743-0335.

If you do not opt out, your new electricity supplier will be MARIN ENERGY AUTHORITY, effective on May 18, 2010. As a new electricity supplier, MARIN ENERGY AUTHORITY has not previously engaged in buying and selling electricity and PG&E provides no guarantee of the CCA's financial or operational capability.

Your new electricity supplier will be solely responsible for purchasing and/or generating electricity for you and will not have access to PG&E's existing sources of electricity. PG&E will continue to be responsible for delivering the CCA's electricity to your home or business and should still be your first point of contact for safety and outage information only. You will receive and pay one bill from PG&E that includes both PG&E and CCA charges. Once automatically switched, questions concerning the amount you are paying for your electricity as well as other CCA program-related questions will be answered by the CCA.

If you have questions about CCA or require additional information, please contact PG&E at 1-866-743-0335. Thank you.

Sincerely,



Thomas Varghese
Manager, ESP Services
Pacific Gas and Electric Company

CCA-15.5

Both PG&E and MARIN ENERGY AUTHORITY are interested in selling electric energy to you. You do not need to buy your electric energy from PG&E in order to receive other regulated services and programs from PG&E, except for those programs we are not allowed by law to provide if you buy your electric energy from someone other than PG&E. Our shareholders are paying for this communication and it reflects their views, not necessarily those of our customers.