

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of Pacific Gas and Electric Company for Authority to Increase Revenue Requirements to Recover the Costs to Implement a Program to Improve the Reliability of Its Electric Distribution System (U39E).

Application 08-05-023
(Filed May 15, 2008)

NOTICE OF EX PARTE COMMUNICATION

Pursuant to Rule 8.3(a) of the Commission's Rules of Practice and Procedure, Pacific Gas and Electric Company (PG&E) hereby gives notice of the following ex parte communication. The communication occurred on Wednesday, May 5, 2010 at approximately 3:30 p.m., which lasted approximately 20 minutes, at the offices of the California Public Utilities Commission (CPUC) at 505 Van Ness Avenue in San Francisco, California. The communication was oral and written handouts were provided, which are attached to this notice. [Rule 8.3(a)(c)]

John P. Hughes, Director-Regulatory Relations, PG&E, initiated the communications with Commission President Michael R. Peevey. Also attending the meeting from PG&E were Brian Cherry, Vice President-Regulatory Relations, Sanford Hartman, Vice President and Managing Director-Law and Kevin Dasso, Senior Director-Asset Strategy and Planning; and from CPUC were Paul Clannon, Executive Director, Carol Brown, Chief of Staff to President Peevey, Karl Meeusen, Energy Advisor to President Peevey, and Matthew Deal, Director of Policy and Planning. [Rule 8.3(b)]

Mr. Cherry started the meeting by discussing the Cornerstone program. He stated that the purpose of the program was to change design practices to achieve a new standard of reliability that is above the "adequate service" standard contained in the General Rate Case (GRC). He pointed out that there is no overlap or "double dipping" between the Cornerstone program and the GRC.

Mr. Cherry next addressed the reliability performance of the three major Investor Owned Utilities in California. He presented a chart (attached) which shows that PG&E consistently ranks third in reliability performance.

Mr. Dasso discussed the major components of the Cornerstone program - Substation Emergency Capacity, Feeder Interconnectivity, Distribution Automation and Rural Reliability. He presented three different funding levels as examples that showed the type of work that could be performed at each of these funding levels.

Mr. Hughes followed Mr. Dasso's discussion on funding levels and discussed the revenue requirement that would be associated with each of the levels. He pointed out the, for example, rates would increase less than one-tenth of a cent through 2012 on a \$600 million funding level from 2010 through 2013. He also added that PG&E is proposing a balancing account for project costs. Mr. Hughes stated that PG&E would provide an annual project progress report to the CPUC. [Rule 8.3(c)]

To obtain a copy of this notice, please notify Sally Cuaresma at (415) 973-5012 or via email at a2c7@pge.com.

Respectfully submitted,

/s/ BRIAN K. CHERRY
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Attachments

Dated: May 10, 2010

CERTIFICATE OF SERVICE BY ELECTRONIC MAIL OR U.S. MAIL

I, the undersigned, state that I am a citizen of the United States and am employed in the City and County of San Francisco; that I am over the age of eighteen (18) years and not a party to the within cause; and that my business address is Pacific Gas and Electric Company, Regulatory Relations Department B10C, 77 Beale Street, San Francisco, California 94105.

I am readily familiar with the business practice of Pacific Gas and Electric Company for collection and processing of correspondence for mailing with the United States Postal Service. In the ordinary course of business, correspondence is deposited with the United States Postal Service the same day it is submitted for mailing.

On May 10, 2010, I caused to be served a true copy of:

NOTICE OF EX PARTE COMMUNICATION

[XX] By Electronic Mail – serving the enclosed via e-mail transmission to each of the parties listed on the official service list for A.08-05-023 with an e-mail address.

[XX] By U.S. Mail – by placing it for collection and mailing, in the course of ordinary business practice, with other correspondence of Pacific Gas and Electric Company, enclosed in a sealed envelope, with postage fully prepaid, addressed to all parties of record on the service list for A.08-05-023 who do not have an email address.

I certify and declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on May 10, 2010 at San Francisco, California.

/s/ Sally Cuaresma
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CALIFORNIA PUBLIC UTILITIES COMMISSION
Service Lists: A.08-05-023 – Last Changed: April 23, 2010

SERVED VIA ELECTRONIC MAIL:

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