

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

Application of Southern California Edison Company (U338E) for Applying the Market Index Formula and As-Available Capacity Prices adopted in D.07-09-040 to Calculate Short-Run Avoided Cost for Payments to Qualifying Facilities beginning July 2003 and Associated Relief.

Application 08-11-001
(Filed November 4, 2008)

And Related Matters.

Rulemaking 06-02-013
Rulemaking 04-04-003
Rulemaking 04-04-025
Rulemaking 99-11-022

JOINT NOTICE OF *EX PARTE* COMMUNICATION

Pursuant to Rule 8.3(a) of the Commission's Rules of Practice and Procedure of the California Public Utilities Commission, Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and Sempra Utilities (Sempra) hereby give notice of the following joint ex parte communication. The communication occurred on Friday, December 3, 2010, at approximately 10:30 a.m. at the offices of the California Public Utilities Commission. The communication was oral, and no handouts were used. [Rule 8.3(a)]

Erik Jacobson, Director-Regulatory Relations, PG&E, initiated the communication with Carol Brown (Chief of Staff to Commission President Michael Peevey) and Karl Meeusen (Advisor to Commission President Michael Peevey). Also present were Bill Blattner, Manager-Regulatory Relations, Sempra; and Michael Hoover, Director-Regulatory Affairs, SCE. [Rule 8.3(b)]

Mr. Jacobson stated that the utilities strongly support the proposed decision approving the combined heat and power (CHP) Settlement Agreement, but that the proposed decision should be clarified with respect to cost allocation. Mr. Hoover emphasized that a core principle of the Settlement Agreement and long-standing Commission policy was to require all load serving entities including investor owned utilities (IOUs), Community Choice Aggregators (CCAs) and Direct Access (DA) providers, to pay their equitable share of procurement costs for programs that benefit their customers. Mr. Jacobson explained that Section 13 of the Settlement Agreement provides the Commission a choice of selecting between two cost allocation options. Option A provides that CCA and DA providers procure their own CHP and Option B provides that the IOUs procure CHP on their behalf. He stated that the proposed decision should be clarified with respect to which of the two options, or mix of options, the Commission is adopting. Mr. Hoover and Mr. Blattner explained the pros and cons of the alternative approaches. Mr. Blattner described the method for allocating costs based on the load serving entities' retail sales. [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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Dated: December 8, 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 December 8, 2010, I caused to be served a true copy of:

JOINT 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 lists for A.08-11-001, R.06-02-013, R.04-04-003, R.04-04-025, R.99-11-022, 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 lists for A.08-11-001, R.06-02-013, R.04-04-003, R.04-04-025, R.99-11-022, 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 December 8, 2010, at San Francisco, California.

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