

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

Rulemaking Regarding Whether, or Subject
to What Conditions, the Suspension of Direct
Access May Be Lifted Consistent with
Assembly Bill 1X and Decision 01-09-060.

Rulemaking 07-05-025
(Filed May 24, 2007)

**NOTICE OF EX PARTE COMMUNICATION THE ALLIANCE FOR
RETAIL ENERGY MARKETS AND THE MARIN ENERGY
AUTHORITY**

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December 22, 2010

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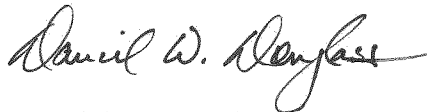
Pursuant to Rule 8.3 of the Commission's Rules of Practice and Procedure, the Alliance for Retail Energy Markets (AReM) and the Marin Energy Authority (MEA) respectfully file this notice of ex parte communications. This notice reports on an ex parte meeting held on Friday, December 17, 2010, at 11:00 a.m. with Paul Phillips, advisor to Commissioner Simon, at the CPUC offices at 505 Van Ness Avenue, in San Francisco, CA. The meeting lasted approximately thirty minutes, involved oral communications and a subsequent email communication (included as Attachment A) and was scheduled at the request of the parties who attended. The meeting was attended by Mary Lynch, of Constellation Energy for AReM, Elizabeth Rasmussen for MEA, Greg Bass of Noble Americas Energy Solutions for AReM and Dan Douglass, counsel to AReM and MEA.

In this meeting, the attendees explained the progress being made with regards to a review of the exit fee methodologies including the Power Charge Indifference Adjustment (PCIA). The parties also expressed concern regarding the implementation of the current methodology in 2011, and noted the significant increases in the PCIA in the Pacific Gas & Electric Company, Southern

California Edison and San Diego Gas & Electric service territories as noted in each utility's individual Energy Resource Recovery Account (ERRA) proceeding.¹

The participants requested procedural assistance in determining how the current PCIA could be stayed at its current level, with the 2011 PCIA implementation delayed until the methodology for calculating the exit fees is revised, in order to avoid significant fluctuations being imposed on electricity customers. Dan Douglass delivered a subsequent email to Mr. Phillips that included an earlier December 15, 2010, email to Karl Meeusen of President Peevey's office setting forth various procedural options that could be considered to achieve that goal.

Respectfully submitted,



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December 22, 2010

¹ A copy of this ex parte notice is also being filed in each utility's respective ERRA proceeding.

Attachment A
December 17, 2010 Email from Dan Douglass to Paul Phillips

From: Dan Douglass [<mailto:douglass@energyattorney.com>]
Sent: Wednesday, December 17, 2010 4:55 PM
To: 'psp@cpuc.ca.gov'
Subject: Ex Parte Communication

Hi Paul, thanks very much for getting together with us this morning. As promised, below is the email sent to Karl Meeusen that discusses some of the procedural options that could be considered. Your input on these options and any other ideas you may have would be very valuable to learn.

Have a great weekend!

Dan

From: Dan Douglass [<mailto:douglass@energyattorney.com>]
Sent: Wednesday, December 15, 2010 6:39 PM
To: 'kkm@cpuc.ca.gov'
Subject: Ex Parte Communication

Karl,

Thanks very much for getting together today with representatives of AReM, MEA and DACC to discuss the looming PCIA problem. There are various procedural options that could be considered to address this issue. Your thoughts as to an effective and efficient approach would be very much appreciated. For example:

- petitions for modification could be filed of the recent PG&E ERRA decision and the soon to be issued SCE ERRA decision (this, however, may not particularly effective as a solution due to the time it would take for consideration and resolution of the requests);
- a motion for stay could be filed in each of the ERRA dockets explaining the issue and asking that any PCIA increases be stayed until the conclusion of the PCIA examination in R.07-05-025;
- the Commission could issue a ruling in R.07-05-025 noting that any revision to the PCIA will be made retroactive to the most recent change date for each utility for which a new PCIA went into effect in 2011;
- a ruling could be issued in the SDG&E proceeding noting that the significant PCIA increases may cause customer rate volatility issues and directing PG&E and SCE to participate in a limited phase of the SDG&E ERRA that would address, on a statewide basis, the issue of whether the PCIA should be frozen for all three IOUs until the conclusion of the PCIA examination in R.07-05-025. The same ruling would specify that, for the interim, the PCIA will be frozen at current levels for all three IOUs.

Or, there could be some sort of combination of these options. Your thoughts and feedback will be very much appreciated, Karl. Thanks again for meeting with us today and have a great time back east and a happy holiday season!

Best regards,

Dan

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of *Notice of Ex Party Communication by the Alliance for Retail Energy Markets and the Marin Energy Authority* on all parties of record in proceedings **R.07-05-025** by serving an electronic copy on their email addresses of record and by mailing a properly addressed copy by first-class mail with postage prepaid to each party for whom an email address is not available.

Executed on December 22, 2010, at Woodland Hills, California.



Michelle Dangett

SERVICE LIST – R.07-05-025

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