BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Authority, Among Other Things, to Increase Rates and Charges for Electric and Gas Service Effective on January 1, 2011. (U39M).	Application 09-12-020 (Filed December 21, 2009)
Order Instituting Investigation on the Commission's Own Motion into the Rates, Operations, Practices, Services and Facilities of Pacific Gas and Electric Company	I.10-07-027 (Filed July 29, 2010)

NOTICE OF *EX PARTE* COMMUNICATION OF PACIFIC GAS AND ELECTRIC COMPANY

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 Friday, March 11, 2011, at approximately 2:00 p.m. at the offices of the California Public Utilities Commission. The communication was oral, and there were no handouts. [(Rule 8.3(a)]

John Hughes, Director-Regulatory Relations, PG&E, initiated the communication with Paul Phillips, Advisor to Commissioner Timothy Simon. [Rule 8.3(b)]

Mr. Hughes started the meeting by stating that both the Proposed Decision (PD) and the Alternate Proposed Decision (APD) are contrary to precedent since both effectively reverse PG&E's ratemaking proposal that was adopted in the Automated Meter Initiative (AMI) proceeding. He said that PG&E's proposal in this General Rate Case (GRC) is consistent with the ratemaking treatment of the electromechanical meters in the AMI decision.

Mr. Hughes stated that reducing the rate of return on PG&E's retired meters will have a chilling effect on exploring new technologies. He pointed out that the Commission encouraged the utilities to take advantage of the new technology. As a result the utility should not receive an earnings penalty for effectively following Commission direction.

Mr. Hughes also stated that if the Commission declines to adopt PG&E's proposal, it should at least adopt the APD. The APD at least adopts a more equitable result that the PD especially considering that the company was following the Commission's intent to encourage investment that benefits customers. The PD adopts an equity return that is fixed at 90% of the utility's cost of debt analogizing the current circumstances to industry restructuring that took place years ago. Industry restructuring was a one-time event and is not comparable to the present meter case. There well could be technology improvements in the future and the utilities should not be discouraged to pursue those (improvements).

Mr. Hughes stated that PG&E does not object to the new reporting requirements on the reprioritization and deferrals that both the PD and APD contain. These reporting requirement which were not part of the settlement would require PG&E to submit annual reports for each year, 2011 to 2013, comparing budget information to recorded spending amounts. Furthermore, PG&E does not object to the proposed reporting requirements concerning gas distribution pipeline safety. [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

Brian K. Cherry
Vice President, Regulatory Relations
Pacific Gas and Electric Company
P.O. Box 770000, Mail Code B10C
San Francisco, CA 94177
Phone: 415-973-4977
Fax: 415-973-7226
E-mail: BKC7@pge.com

Dated: March 16, 2011