

**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* COMMUNICATIONS
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 25, 2011, at approximately 11:00 a.m. at the offices of the California Public Utilities Commission. The communication was oral and no handouts were provided. [(Rule 8.3(a))]

John Hughes, Director-Regulatory Relations, PG&E, initiated the communication with Scott Murtishaw, Advisor to Commission President Michael Peevey. Dennis Keane (Manager-Gas and Electric Rates, PG&E), was also in attendance. [Rule 8.3(b)]

Mr. Hughes and Mr. Keane had just finished up an ex parte discussion with Mr. Murtishaw on phase 2 of the General Rate Case (GRC), Application Number 10-03-014 when Mr. Hughes started a brief discussion of PG&E's opening comments on the Proposed Decision (PD) and Alternate Proposed Decision (APD). He mentioned part of the comments PG&E stated

that the final decision should include some computational adjustments that would adjust the final revenue requirement up by approximately \$5 million to \$7 million per year. Mr. Hughes stated that the most significant adjustments would be in additional state franchise and federal income taxes. He added that the shortened amortization period would create more taxable income for both state and federal tax purposes and that should be reflected in the final decision. He also mentioned that California income tax is calculated on a pure "flow through" basis and that the change from an 18 year to a six year amortization creates additional taxable income that was not reflected in PG&E's GRC application. [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

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