

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, Service and Facilities of Pacific Gas and Electric Company.

Investigation 10-07-027
(Filed July 29, 2010)

NOTICE OF EX PARTE COMMUNICATIONS

In accordance with Rules 8.2, 8.3, and 8.5 of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission), the Division of Ratepayer Advocates (DRA) submits this notice of the following ex parte communications.

The communication involved the proposed decision (PD) and alternative proposed decisions (ALT-PD) that the Commission issued for Application (A.) 09-12-010 filed by Pacific Gas and Electric Company (PG&E) for approval to increase base revenues associated with its test year (Phase I) 2011 General Rate Case (GRC). DRA representatives Cheryl Cox, Policy Advisor and Clayton Tang, Project Supervisor met with Mark Wetzell, advisor for Commissioner Ferron for 15 minutes on April 4, 2011 at 11:05 AM. The communication took place on the 5th Floor of the Commission headquarters in San Francisco. DRA initiated all the communications and did not use any handouts.

DRA communicated the fact that it supported the PD of Administrative Law Judge (ALJ) Fukutome, which allows PG&E to earn a rate of return on the remaining net plant amounts for the old undepreciated electromechanical meters based on the interest rate for

long-term debt. DRA stated that while both the PD and ALT PD found the old electromechanical meters to be no longer used or useful, DRA agreed with the PD that PG&E should earn a rate of return on them¹.

DRA indicated that the PD's interest rate equal to 90% of PG&E's long-term debt is generous enough for PG&E, relative to those instances where the Commission provided no return to comparable intermediate term interest rates. Therefore, Mr. Tang stated that the Commission should adopt the PD because there would be rate of return benefits for both PG&E's 1) electromechanical meters (which is of no further use to ratepayers or PG&E) and 2) for PG&E's current SmartMeters. The ALT-PD provides an interest rate equaling to 90% of PG&E's full rate of return for the old electromechanical meters, which is excessive in light of the fact that PG&E has replaced them with SmartMeters, for which the interest rate will also be based on the rate of return. DRA respectfully asked that the Commission adopt the PD for PG&E's Phase I GRC.

Copies of this Notice may be obtained by contacting Sue Muniz at (415) 703-1858 or sam@cpuc.ca.gov.

Respectfully submitted,

/s/ NOEL A. OBIORA

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¹ DRA discussed the there are various Commission precedents for amortizing utility assets that are "not longer used or useful." The Commission did not allow the utility to earn any rate of returns on these assets. While DRA is not advocating this approach, it would be the most viable and reasonable ratemaking mechanism in the case of PG&E's undepreciated electromechanical meters