

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. In accordance with Rule 8.3, which allows parties to report multiple ex parte communications on the same notice, this document addresses multiple ex parte communications. This notice further complies with Rule 8.3 because the multiple communications were regarding the same proceeding and DRA's filing is timely.

There were three separate communications that occurred in reference to 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; Mark Pocta, Program Manager; and Clayton Tang, Project Supervisor met with the advisors for President Peevey, Commissioner Simon, and Commissioner Sandoval.

The advisors, respectively, were Mr. Scott Murtishaw, Mr. Paul Phillips, and Ms. Colette Kersten. The meetings with Mr. Murtishaw and Mr. Phillips took place on March 29, 2011. The meeting with Mr. Murtishaw took place at 4:00 PM and lasted for 30 minutes, and the meeting with Mr. Phillips was at 2:00 PM, and lasted for 30 minutes. The meeting with Ms. Kersten occurred the following day on March 30, 2011 at 11:00 AM and lasted for 30 minutes. DRA initiated all the communications. The communications were oral, took place on the 5th Floor of the Commission headquarters in San Francisco, and DRA did not provide 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 them.¹

Mr. Pocta 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. Pocta 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 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.

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.

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

Respectfully submitted,

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