

**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
OF PACIFIC GAS AND ELECTRIC COMPANY**

Pursuant to Rule 8.4(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, October 7, 2011 at approximately 10:00 a.m. at the offices of the California Public Utilities Commission. The communication was oral and included a handout, which is attached to this notice. [(Rule 8.4(a)(c))]

Erik Jacobson, Director-Regulatory Relations, PG&E, initiated the communication with Steve St. Marie, Advisor to Commissioner Catherine Sandoval. [Rule 8.4(b)]

Mr. Jacobson stated that PG&E strongly supports the Proposed Decision of ALJ Pulsifer with modifications in some areas. He explained the need for financial security requirements to protect customers, particularly during stressed market conditions. Mr. Jacobson stated that re-entry fees should not be limited to administrative costs. Public Utilities Code Section 394.25(e) is intended to protect both bundled and direct access customers who may be involuntarily returned to utility service. He also pointed out that ALJ Pulsifer correctly relies on evidence from Southern California Edison Company that

estimates the cost of this financial security for a creditworthy Energy Service Provider (ESP) at about 1% of the face value of the bond. This is a cost of doing business to protect both bundled and ESP customers from ESP defaults. [Rule 8.4(c)]

Respectfully submitted,

/s/ Brian K. Cherry
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Attachment

Dated: October 12, 2011