

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Application of Pacific Gas and Electric Company (U39M) San Diego Gas & Electric Company (U902M), Southern California Edison Company (U338M), and Southern California Gas Company (U904G) for Authority to Increase Electric and Natural Gas Rates and Charges to Recover California Air Resources Board Assembly Bill 32 Cost of Implementation Fee.

Application 10-08-002  
(Filed August 2, 2010)

Application of Southwest Gas Corporation (U905G) to Establish Memorandum Account to Track and Record California Air Resources Board Assembly Bill 32 Cost of Implementation Fees.

Application 11-03-010  
(Filed March 17, 2011)

**JOINT NOTICE OF EX PARTE COMMUNICATION**

Pursuant to Rule 8.4(a) of the Commission's Rules of Practice and Procedure, Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), San Diego Gas & Electric (SDG&E), and Southern California Gas Company (SoCal Gas) hereby give notice of the following ex parte communication. The communication occurred on Friday, October 7, 2011 at approximately 2:00 p.m. at the offices of the California Public Utilities Commission. The communication was oral.

[(Rule 8.4(a)]

David Poster, Manager-Regulatory Relations, PG&E, initiated the communication with Michael Colvin, Advisor to Commissioner Mark Ferron. Also present were John Hughes (Director-Regulatory Relations, PG&E); Brian Prusnek (Director-Regulatory

Affairs, SDG&E and SoCal Gas); and Gary Schoonyan (Director-Regulatory Affairs, SCE) participated by telephone. [Rule 8.4(b)]

Mr. Hughes started the meeting by addressing the language in the Assigned Commissioner Ruling regarding Resolution L-411 and L-411A on bonus depreciation. He stated that the purpose of bonus depreciation was to encourage additional capital investment, thereby stimulating employment and the economy. As a result, the Commission should not analogize the Air Resources Board cost of implementation fee to bonus depreciation since the fee is not intended to stimulate capital investment.

Mr. Prusnek stated that the utilities need a decision by year end in this proceeding. Mr Prusnek added that AB32 is a high priority for the state and that the program will begin before the utilities receive cost recovery for administrative fees they have paid on behalf of end users.

Mr. Poster added that AB32 provides that the Air Resources Board can collect fees from "sources of emissions," and thus cost recovery is essential to ensure that the fee complies with AB32.

Finally, Mr. Schoonyan stated that the CPUC regularly permits the recovery of fees, including any increases in these fees, outside of rate cases, such as franchises fees and the CPUC's administrative fees. [Rule 8.4(c)]

Respectfully submitted,

/s/ Brian K. Cherry

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