BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Approval to Revise its Electric Marginal Costs, Revenue Allocation, and Rate Design, including Real Time Pricing, to Revise its Customer Energy Statements, and to Seek Recovery of Incremental Expenditures. (U39M).	Application 10-03-014 (Filed March 22, 2010)

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 Tuesday, October 25, 2011, at approximately 2:00 p.m. at the offices of the California Public Utilities Commission. The communication was oral and the attached handout was provided. [(Rule 8.4(a)(c)]

John Hughes, Director-Regulatory Relations, PG&E, initiated the communication with Scott Murtishaw (Advisor to Commission President Michael Peevey). Also in attendance from PG&E were Dennis Keane (Senior Manager-Analysis & Rates/Rate Design & Quantitative Analysis), Randy Litteneker (Attorney-Law) and Andrew Bell (Principal Regulatory Specialist-Analysis & Rates ER Pricing/Design Cases. [Rule 8.4(b)]

Mr. Bell provided copies of the Total Rates and Unbundled Rates pages of PG&E's Schedule E-19 tariff (attached) and used them to describe how the various demand charges applicable under both Schedules E-19 and E-20 (on-peak, part-peak and maximum) and energy charges (by time-of-use period) have been designed to collect particular cost components, namely generation capacity and energy, transmission capacity and distribution capacity. He noted that nearly 100 percent of transmission related charges are assigned to the maximum demand charge rates under rate Schedules A-10, E-19 and E-20. This is required by long-established FERC ratemaking practice for customers served on demand metered rate schedules. Mr. Litteneker added that all parties submitting testimony on rate design for E-19 and E-20 customers, other than Solar Parties joined the settlement which rejected the Solar Alliance's proposals for further subsidized rates for a select group of very large customers.

Mr. Bell also explained that the recently implemented default Peak Day Pricing rages for Schedules E-19 and E-20 customers assign a large portion of the generation capacity costs that are collected through "every day" summer on-peak demand and energy charges under the standard tariffs to much higher per-kWH charges that apply only to during a very limited number of peak period hours. Those hours are expected to be the very highest load days each summer. He noted that customers with on-site generation have not historically been eligible for service under default PDP and its predecessor rates.

Mr. Keane explained that the Lamont Public Utility District's proposal to expand schedule E-37 to new customers was not supported by the facts in the record. He added that the filed settlement of the agricultural rate design issues should be approved. [Rule 8.4(c)]

Respectfully submitted,

/s/ *Brian K. Cherry*

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Attachment

Dated: October 28, 2011