

**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 COMMUNICATIONS
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 communications. The communications occurred on Thursday, October 27, 2011 at approximately 3:00 p.m., and 4:00 p.m. (collectively) at the offices of the California Public Utilities Commission. The communications were oral. [(Rule 8.4(a)]

Erik Jacobson, Director-Regulatory Relations, PG&E, initiated two separate communications with Bishu Chatterjee (Advisor to Commissioner Timothy Simon), and Sarah Thomas (Advisor to Commissioner Mark Ferron), respectively. [Rule 8.4(b)]

Mr. Jacobson stated that the recent revisions to the Proposed Decision that reduce the financial security requirements for large commercial and industrial customers are bad public policy and inconsistent with the intent of Public Utilities Code § 394.25(e). He explained why the financial security requirement should be designed to protect both bundled customers and involuntarily returned direct access customers during stressed market conditions. The model sponsored by PG&E and SCE provides a reasonable estimate of the Energy Service Provider (ESP) bond amount that should be adopted by

the Commission. Mr. Jacobson noted that the Proposed Decision should be clarified to ensure that Energy Division relies on the updated capacity value adder when calculating the average cost of power from IOU resources. He also recommended that the levelized projected cost of utility-owned resources be used for calculating the Renewable Portfolio Standard (RPS) adder to avoid overestimating the average cost of front-loaded generation facilities. Finally, Mr. Jacobson said that it is inappropriate and incorrect for the Commission to conclude that procurement costs are statutorily excluded from the definition of re-entry fees applicable to CCAs under § 366.2 (c)(11). Bond obligations for CCAs are under consideration in a separate docket and this decision should not prejudge the outcome of that consideration. [Rule 8.4(c)]

Respectfully submitted,

/s/ Brian K. Cherry

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