

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

Application of Pacific Gas and Electric
Company for Approval of the GWF Transaction
and Associated Cost Recovery (U39E).

Application 11-07-010
(Filed July 21, 2011)

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) hereby gives notice of the following ex parte communication. The communication occurred on Tuesday, December 20, 2011, at approximately 1:30 p.m., at the offices of the California Public Utilities Commission. The communication was oral and handouts were provided, which are attached to this notice. [(Rule 8.4(a)(c)]

Erik Jacobson, Senior Director, Regulatory Relations, PG&E, initiated the communication with Matthew Tisdale (Advisor to Commissioner Michel Florio). Also in attendance for PG&E were Marino Monardi (Director Portfolio Management, Energy Procurement) and Charles Middlekauf (Attorney, Law); attendees for GWF were William Kissinger (Partner, Bingham McCutchen LLP), Duane Nelsen (President & Chief Executive Officer, GWF Energy LLC), Jeremiah Hallisey (Partner, Hallisey & Johnson), and Dan Richard (Principal, Dan Richard Advisors). [Rule 8.4(b)]

Mr. Kissinger questioned the need for a hearing in light of the fact that no party has opposed the GWF Transaction. He also suggested that if a hearing was necessary, the Commission should make every effort to decide the matter at its February 1, 2012 business meeting. Mr. Hallisey and Mr. Richard expressed concern over this unusual process, where the nature of the contested issues and scope of questioning is unknown in advance of the hearing. Mr. Nelson explained the importance to GWF of having some certainty over the timing of a

Commission decision. He described the commercial challenges facing GWF regarding its fuel supply and the importance to GWF employees in knowing whether or not the QF (Qualifying Facility) power plants will be shut down.

Mr. Monardi explained the structure of the GWF Transaction that involves two key components: first, the shutdown of five petroleum coke facilities and termination of the associated QF contracts; second, the execution of two new 10-year Power Purchase Agreements for the Hanford and Henrietta combustion turbines. Mr. Jacobson, Mr. Monardi and Mr. Middlekauff described the net benefits that will be realized by customers if the transaction is approved, principally the avoidance of above-market capacity payments from the shutdown of the 5 QF facilities.

Mr. Richard stated that while the GWF transaction provides economic benefits, it should be viewed principally as an environmental transaction. Shutting down the five petroleum coke facilities will reduce local air pollution and provide GHG emission reduction benefits. Mr. Jacobson and Mr. Middlekauff also stressed the importance of getting a Commission decision soon after the one-day hearing to maximize the GWF Transaction's economic and environmental benefits. [Rule 8.4(c)]

Respectfully submitted,

/s/ Brian K. Cherry
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Attachment

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