

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

Order Instituting Rulemaking to Integrate and Refine Procurement Policies and Consider Long-Term Procurement Plans.

Rulemaking 10-05-006
(Filed May 6, 2010)

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) and San Diego Gas & Electric Company (SDG&E) hereby give notice of the following joint ex parte communication. The communication occurred on Tuesday, November 29, 2011, at approximately 3:00 p.m. at the offices of California Public Utilities Commission. The communication was oral and no written material was used. [Rule 8.4(a)]

Erik Jacobson, Senior Director-Regulatory Relations, PG&E, initiated the communication with Carol Brown (Chief of Staff to Commission President Michael Peevey). Also in attendance for PG&E was Todd Strauss (Senior Director-Energy Policy, Planning, and Analysis); and for SDG&E, were Billy Blattner (Manager-Regulatory Affairs), and Robert Anderson (Director-Resource Planning). [Rule 8.4(b)]

Mr. Jacobson stated that the Track II Proposed Decision should be revised to eliminate the procurement cost cap imposed on PG&E and SDG&E. He said that a cost cap would be inconsistent with PU Code §454.5 and the Commission's goal of avoiding after-the-fact reasonableness reviews.

Mr. Strauss and Mr. Anderson described some of the mechanisms and policies in

PG&E's and SDG&E's existing procurement plans that protect customers from over-procurement. They stated that if the Commission adopts procurement caps for all utilities, those caps should be quantity caps not cost caps. Such quantity limits should be similar to those proposed by Southern California Edison Company (SCE). Mr. Anderson and Mr. Strauss explained the methodology for developing quantity limits for SDG&E and PG&E similar to the approach used by SCE. Mr. Blattner and Mr. Anderson also explained how utilities already follow the loading order and described some of the practical problems associated with integrating preferred resources into solicitations conducted in compliance with utility procurement plans to meet short- and medium-term requirements.

Finally, Mr. Jacobson indicated that it was premature to consider MW targets for PG&E under the Qualifying Facility and Combined Heat and Power Settlement for the Second Program Period and that those targets should be established in the next long-term procurement plan proceeding. [Rule 8.4(c)]

Respectfully submitted,

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