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* 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 Tuesday, December 6, 2011, at approximately 10:30 a.m., and 11:00 a.m., respectively, at the offices of the California Public Utilities Commission. The communications were oral and the attached handout was provided. [(Rule 8.4(a)(c)]

John Hughes, Director-Regulatory Relations, PG&E, initiated the communication with Matthew Tisdale (Advisor to Commissioner Michel Florio); and Michael Colvin (Advisor to Commissioner Mark Ferron), collectively. Also in attendance from PG&E were Dennis Keane (Senior Manager, Analysis & Rates), Randall Litteneker (Attorney-Law), and Andrew Bell (Principal Regulatory Specialist, Analysis & Rates ER Pricing/Design Cases). [Rule 8.4(b)]

Mr. Hughes started the meetings by stating that the Proposed Decision (PD) was well thought out with one exception that is discussed below. He stated that the Division of Ratepayer Advocates (DRA) and The Utility Reform Network (TURN) either supported or were not opposed to the six separate settlements that the PD adopted.

Mr. Keane then proceeded to summarize the settlements. He pointed out that the Marginal Cost and Revenue Allocation settlement was signed by 15 different parties. This settlement moves each customer class closer to its cost of service.

Mr. Keane said that the PD rightfully concluded that the rate design settlement regarding Medium Large Light and Power (MLLP) be approved. He stated that the PD correctly rejected the Solar Alliance arguments to expand the Schedule A-6 Solar Pilot and to add a new Option R to Schedules E-19 and E-20, both of which would result in additional load shifting from other customers beyond the amount already present due to the A-6 Pilot.

Mr. Bell described the standard demand charges under Schedules E-19 and E-20 and explained that service under these two rate schedules is provided to a relatively small number of PG&E's very largest electric customers. He said that the great majority of customers served under Schedule A-6 have much smaller loads than those of the customers for whom the Schedule E-19 and E-20 rates are designed. He pointed out that the PD correctly cites the record from the hearings, where it notes that many of the large customers who might be eligible for service under the A-6 Pilot or Option R are better served by continuing to pay the standard E-19 or E-20 demand and energy charges, and that even the Solar Alliance has acknowledged that those few customers who might benefit from A-6 Pilot or Option R service would largely do so by realizing larger net energy credits during periods when they are exporting power to the grid, not because of differences in the amounts charged during periods when they are net consumers of electricity.

Mr. Litteneker discussed the one proposed modification to the PD that PG&E was requesting, that the PD's recommended future study of actual distribution costs for directly served Mobilehome Parks be eliminated due to a concern that there is not enough data available

to conduct a statistically significant study. However, he added that it was more important that the PD be approved by the CPUC at its December 15, 2011 business meeting so that the final decision can become effective January 1, 2012. [Rule 8.4(c)]

Respectfully submitted,

/s/ *Brian K. Cherry*

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Attachment

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