



**Pacific Gas and
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April 13, 2012

President Michael R. Peevey
Commissioner Mark J. Ferron
Commissioner Michel Peter Florio
Commissioner Catherine J.K. Sandoval
Commissioner Timothy Alan Simon

California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Re: Item Number 11 on the April 19, 2012 Business Agenda

Dear Commissioners:

The Commission's upcoming business agenda includes a proposed decision on PG&E's request for authority to issue up to \$4.75 billion in debt and preferred stock. PG&E filed the 2011 Debt Financing Application, A. 11-11-001 on November 1, 2011, and requested that the Commission provide its final authorization on this and other related matters by March 2012. Currently, PG&E has approximately \$100 million of approved long-term debt authority remaining. This amount is significantly insufficient to meet PG&E's 2012 financing needs, which include supporting approximately \$4.8 billion of capital expenditures. In light of these facts, it is imperative that a decision be issued.

In approving this and other applications, PG&E recognizes and supports the desire of the Commission to include and, where possible, increase inclusion and participation of diverse businesses enterprises. PG&E has and continues to be committed to pursuing all avenues aimed at increasing diverse business participation in all aspects of PG&E's operations, not just in financing issues. This commitment to diversity and inclusion is highlighted in the Company's 2011 Supplier Diversity results, where PG&E reported that in the financial year 2011, PG&E's total spend with diverse business amounted to \$1.6 billion, or 36.6% of total product and service spend. This represented an increase of \$477 million or 42.1% from 2010.

Furthermore, in Rulemaking 11-03-007 on issues related to the Competitive Bidding Rule, PG&E presented past efforts undertaken to include diverse businesses in debt financings, and reiterated its commitment to continue seeking inclusion of diverse enterprises in any debt financing transactions. This commitment to diverse business inclusion was most recently shown on April 11, 2012 when PG&E retained the services of minority-owned firm Loop Capital as one of four joint leads on its \$400 million senior notes offering. PG&E also included woman-owned MFR Securities and service disabled veteran-owned Mischler Financial as co-managers on the transaction.

Given the need to secure sufficient levels of long-term debt authority that are necessary to meet all financial and service obligations through 2014, and PG&E's commitment to work with diverse business enterprises, PG&E requests that the Commission move forward and approve the proposed decision in its April 19, 2012 Business Meeting. As PG&E looks to secure financing in 2012 and beyond, PG&E will make every effort to include diverse business enterprises at levels that would provide value not only to diverse business in California, but value to all PG&E customers.

Sincerely,

Nicholas Bijur BY MARI BECKER

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Vice President and Treasurer

cc: Sean Wilson, Administrative Law Judge
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