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BY EMAIL

Administrative Law Judge Myra Prestidge
California Public Utilities Commission
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San Francisco, CA 94102
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Re: Comments of Pacific Gas and Electric Company on Draft Resolution ALJ-268

Dear ALJ Prestidge:

Pacific Gas and Electric Company (PG&E) hereby submits its opening comments on Draft ALJ-268, which proposes to make permanent (with minor technical amendments) the pilot program established in Resolution ALJ-186, as subsequently modified and/or extended by Resolutions ALJ-202, ALJ-244, and ALJ-272.

As a general matter, PG&E supports the Draft Resolution ALJ-268 and appreciates the Commission's decision to make permanent the pilot program for processing and approving certain transfers of interests in utility property through advice letters rather than formal applications under Section 851. PG&E believes that the pilot program has been successful in reducing the workload for both the Commission and regulated utilities without compromising the Commission's regulatory review of these relatively minor transactions. In these comments, PG&E requests three modest changes to the Draft Resolution.

First, proposed Rule 2.5 of the proposed General Order (Appendix A to the Draft Resolution) provides that "no advice letter filed pursuant to this GO shall be deemed approved due to the passage of time or unless the Commission, the Executive Director, or the appropriate Industry Division Director takes express action by approving, denying, or modifying the advice letter." PG&E requests that this proposed rule be deleted. It is not only inconsistent with proposed Rule 2.4 (which proposed Rule 2.5 expressly acknowledges), but also with proposed Rule 7.a(2) (which states "Industry Division staff *shall* notify the utility that the advice letter has been automatically suspended pursuant to General Rule 7.5.2 of GO 96-B") (emphasis added) and Public Utilities Code Section 455

(which sets statutory deadlines for the Commission's advice letter process).

Second, proposed Rule 3.c provides two options for how financial proceeds from the transactions should be recorded. PG&E requests that this rule be modified. The two options do not adequately reflect the types of transactions that PG&E has typically used the pilot program for. Specifically, many of the transactions that fall under the pilot program are easements, encroachments, or leases for which there are no "proceeds" to be divided between shareholders and ratepayers, but rather involve fees that typically recorded to Other Operating Revenues. Rather than specifically identifying the ratemaking and accounting treatment applicable to transactions under the advice letter process, PG&E recommends that proposed Rule 3.c be modified to apply broadly:

- c. Any financial proceeds or revenues from the transaction must comply with applicable Commission directives and may be reviewed during the next general rate case or other applicable proceeding for that utility.

Third, proposed Rule 10 requires each utility to submit an annual list of advice letters filed to the appropriate Industry Division no later than April 1 of each year, commencing on April 1, 2010. PG&E requests that the Commission delete this reporting requirement. While such an annual report may have served some purpose when the Section 851 advice letter process was in its pilot stage, PG&E does not believe there is any benefit to be gained from an annual report, and that any modest benefit does not justify the additional administrative burden.

Once again, PG&E appreciates the Commission's work in Draft Resolution ALJ-268 and looks forward to participating in the ordered workshops.

Sincerely,



Brian K. Cherry
Vice President
On Behalf of Pacific Gas and Electric Company