

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company (U39E) for Approval of Amended Purchase and Sale Agreement between Pacific Gas and Electric Company and Contra Costa Generating Station LLC and for Adoption of Cost Recovery and Ratemaking Mechanisms. Application 12-03-026 (Filed March 30, 2012)

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 Friday, October 19, 2012, at approximately 11:00 a.m., at the offices of California Public Utilities Commission. The communication was oral and no handout was provided. (Rule 8.4(a))

Erik Jacobson, Senior Director, Regulatory Relations, PG&E, initiated the communication with Damon Franz, Advisor to Commission President Michael R. Peevey. [Rule 8.4(b)]

Mr. Jacobson stated that the Oakley Project is a fully-permitted, state-of-the-art new generation resource that will facilitate the integration of renewable resources and contribute to the reliable operation of the CAISO grid. There is a clear need for flexible resources like the Oakley Project. Resources with capabilities like the Oakley Project will enable the retirement of once-through cooling facilities. Mr. Jacobson described the procedural history of the Oakley Project. The Oakley Project was originally proposed in

PG&E's 2008 Long-Term Request for Offers and had a better market valuation than other projects approved by the Commission. Mr. Jacobson explained that PG&E has met the conditions established by the Commission in D.10-07-045 for reconsideration of the Oakley Project prior to the next Long-Term Procurement Plan (LTPP) proceeding. In particular, the CAISO's renewable integration studies show that there are significant negative reliability risks from integrating the 33% Renewable Portfolio Standard. The Oakley Project should be approved now. Given the 6-8 year lead time required for development of new resources, the Commission does not have the luxury to wait to address the reliability risks identified by the CAISO until after a decision in Track 2 of the 2012 LTPP proceeding. [Rule 8.4(c)]

Respectfully submitted,

/s/ Brian K. Cherry

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