

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

Order Instituting Rulemaking on the
Commission's Own Motion to Adopt New Safety
and Reliability Regulations for Natural Gas
Transmission and Distribution Pipelines and
Related Ratemaking Mechanisms.

Rulemaking 11-02-019
(Filed February 24, 2011)

NOTICE OF EX PARTE COMMUNICATION

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December 19, 2012

Pursuant to Rule 8.4 of the Commission's Rules of Practice and Procedure, The Utility Reform Network (TURN) gives notice of the following ex parte communication.

On December 14, 2012, Thomas Long, TURN's Legal Director, and Marcel Hawiger, TURN Energy Attorney, met with Commissioner Ferron, Charlotte TerKeurst, his Chief of Staff, and Charlyn Hook, his Legal Advisor. The meeting took place at the Commission's office in San Francisco from approximately 1:00 p.m. to 1:30 p.m. The communication consisted of an oral presentation accompanied by a written handout, a copy of which is attached.

In the meeting, Mr. Long and Mr. Hawiger discussed the points in TURN's handout regarding the proposed decision (PD) on the Phase 1 Pipeline Safety Enhancement Plan (PSEP) proposed by Pacific Gas & Electric Company (PG&E), namely: (1) the PD erroneously requires ratepayers to pay for pipeline replacement costs that result from PG&E's failure to maintain the required records to document safe operating pressure; (2) the PD's approved scope of Phase 1 is excessive and needs to be corrected to remove projects that PG&E will not perform in Phase 1; (3) the PD provides ratepayer funding for replacement projects under Decision Tree Box M2 that PG&E's expert witnesses admit are unnecessary, as supported by the document attached to the handout; (4) the five-year ROE reduction is entirely justified and, in fact, should be longer to avoid rewarding PG&E for its mismanagement of its pipeline system and to avoid giving PG&E an incentive to undertake unnecessary pipeline replacement projects; (5) the PD properly denies contingency costs; and (6) the PD's denial of recovery for 2012 costs is compelled by the rule against retroactive ratemaking and the implicit denial of PG&E's request for a memorandum account was a sound exercise of the

Commission's discretion, which the Commission has previously exercised to the benefit of utilities and the detriment of consumers.

December 19, 2012

Respectfully submitted,

_____/s/_____
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