

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

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| Application of PACIFIC GAS AND ELECTRIC COMPANY, for Authority, Among Other things, to Increase Rates and Charges for Electric and Gas Service Effective on January 1, 2014. (U39M) | Application 12-11-009 (Filed November 15, 2012) |
| And Related Matter. | Investigation 13-03-007 |

NOTICE OF EX PARTE COMMUNICATION

Evelyn Kahl
Nora Sheriff
Katy Morsony
Alcantar & Kahl LLP
33 New Montgomery Street
Suite 1850
San Francisco, CA 94105
415.421.4143 office
415.989.1263 fax
nes@a-klaw.com
klr@a-klaw.com

Counsel to the
Energy Producers and Users Coalition

July 31, 2014

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Pursuant to Rule 8.4 of the California Public Utilities Commission's Rules of Practice and Procedure, the Energy Producers and Users Coalition (EPUC) hereby gives notice of the following oral ex parte communications.

On July 28, 2014, Nora Sheriff and Katy Morsony, counsel to EPUC, met with Carol Brown, advisor to President Peevey, from approximately 11:00 a.m. to 11:35 a.m. The meeting was held at the Commission's office in San Francisco and initiated by EPUC. No written materials were used.

Ms. Sheriff and Ms. Morsony expressed general support for Administrative Law Judge Pulsifer's well-reasoned and thorough Proposed Decision (PD); they stated specific support for the PD's determinations on the ratemaking treatment on nuclear fuel inventory but sought further reductions to PG&E's proposed hydro capital expenditures for reliability.

In particular, they noted that EPUC agrees with the PD's continuation of the existing ratemaking treatment for PG&E's nuclear fuel inventory. It was explained that the ratepayer impacts of PG&E's proposed change to the ratemaking treatment would be significant: a 2,856% increase in the associated annual revenue requirement, raising it from \$1.6 million to \$47 million. Moreover, as the PD determines, parties can raise this issue in the next cost-of-capital case. They stated strong support for this aspect of the PD and urged that it be adopted with no change.

Ms. Sheriff and Ms. Morsony also discussed the PD's treatment of PG&E's proposed hydro capital expenditures for reliability (Major Work Categories 2M/2N/2P). They noted the cuts recommended by the PD, but encouraged further reductions to Major Work Categories 2M/2N/2P as supported by the record and PG&E's recorded costs. Ms. Sheriff and Ms. Morsony explained that the increases requested by PG&E are not necessary for reliability since PG&E's facilities already operate more reliably than the industry average. Additionally, the proposed further reductions in the Major Work Categories 2M/2N/2P make no reductions to safety major work categories or projects with a safety or compliance driver. Based on these points and the impact of increased spending on rates, Ms. Sheriff and Ms. Morsony urged adoption of the additional cuts.

Ms. Sheriff further noted that rate cases are of critical importance to ratepayers, and recommended expeditious adoption of the PD, with EPUC's proposed revision.

Respectfully submitted,

A handwritten signature in cursive script that reads "Katy Morsony".

Katy Morsony

Counsel to the
Energy Producers and Users Coalition

July 31, 2014