BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

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
OF THE OFFICE OF RATEPAYER ADVOCATES**

Pursuant to Rule 8.4 of the Commission's Rules of Practice and Procedure, the Office of Ratepayer Advocates (ORA) submits this Notice of Ex Parte Communication in connection with the Proposed Decision issued in the above-captioned General Rate Case (GRC) Application of Pacific Gas & Electric Company (PG&E).

On Tuesday, August 5, 2014, at approximately 2:30 PM, Mark Pocta, Program Manager for ORA, Clayton Tang, Program and Project Supervisor for ORA, and Laura Tudisco, Staff Counsel for ORA, met with Nicholas Chaset, Advisor to Commissioner Michael Picker. The communication took place at the Commission's offices in San Francisco, and was initiated by ORA. The communication was oral, and lasted approximately 15 minutes. No written materials were used.

Mr. Tang described ORA's concerns with the treatment of the Short Term Incentive Plan in the Proposed Decision and recommended that the Commission adopt ratepayer funding of no more than 50% of PG&E's Plan costs. Mr. Tang also recommended that, for the Rewards and Recognition Programs, the Commission order no ratepayer funding, consistent with its holding in the Test Year (TY) GRC for a similar program of Southern California Edison Company (SCE).

Ms. Tudisco noted that the PD would order 100% ratepayer funding of PG&E's Supplemental Executive Retirement Plan which provides additional benefits only to PG&E's already highly compensated executives. This is contrary to the 50/50% ratepayer/ shareholder split the Commission found reasonable in the 2013 GRC decision for the Sempra Utilities, and in the 2009 and 2012 TY GRCs for SCE, and is not warranted here particularly in light of the evidence in the original Total Compensation Report in this case that PG&E's executives' benefits are 74% above market.[1]

Finally, Ms. Tudisco noted that in a recent ex parte notice filed by the California Coalition of Utility Employees (CUE), CUE had reported saying that the PD's adoption of a 5% market variance "will set bad precedent for future General Rate Cases."[2] Ms. Tudisco and Mr. Pocta pointed out that the original Total Compensation Study found PG&E's salaries and benefits to be almost 10% above market, and that ORA's recommended adjustments took that into account. Ms. Tudisco said that, since 2000, the Commission has consistently held a 5% market variance to be reasonable, and in its most recent GRC decision for the Sempra utilities, the Commission affirmed the 5% range.[3] The Commission should continue that policy here.

Respectfully submitted,

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/s/ LAURA TUDISCO

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[1] Ex. 82 (DRA-14), p. 25 citing Ex. 35 (PG&E-8), p. 4-11.

[2] CUE notice, p. 2.

[3] D.13-05-010, p. 880.