

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



FILED

11-10-10
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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, 2011. (U39M).

Application 09-12-020
(Filed December 21, 2009)

Order Instituting Investigation on the Commission's Own Motion into the Rates, Operations, Practices, Services and Facilities of Pacific Gas and Electric Company

I.10-07-027
(Filed July 29, 2010)

NOTICE OF *EX PARTE* COMMUNICATION

Pursuant to Rule 8.3(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, November 5, 2010 at approximately 10:30 a.m. at the offices of the California Public Utilities Commission in San Francisco. The communication was oral and handout was provided, which is attached to this notice. [Rule 8.3(a)(c)]

John Hughes, Director- Regulatory Relations, PG&E, initiated the communication with Scott Murtishaw (Advisor to Commission President Michael R. Peevey). [Rule 8.3(b)]

The purpose of the meeting was to discuss the ratemaking treatment of PG&E's retired electromechanical meters. This was the one issue that was not part of the seventeen party settlement and motion filed on October 15, 2010.

The Utility Reform Network (TURN) claims that the unrecovered cost of the retired meters should be removed from rate base and not earn a return. Mr. Hughes stated that the issue has been addressed in prior Advanced Metering Infrastructure (AMI) decisions regarding PG&E, Southern California Edison Company, and San Diego Gas and Electric Company. In those decisions the Commission supported standard utility accounting keeping the ratepayer indifferent

thereby allowing the smart meter program to be evaluated on an incremental basis.

Mr. Hughes stated that TURN's "used and useful" argument typically applies to a large single asset such as a generation facility and not mass assets like meters. He pointed out that the old meters were removed to further the Commission's AMI policies and not because the meters did not work.

He gave Mr. Murtishaw an example of a group asset retirement. He showed how the depreciation reserve is debited and the mass asset account is credited for the same amount assuming no removal costs or salvage. As a result, rate base does not change because of the retirement.

As a separate matter, Mr. Hughes gave Mr. Murtishaw the one page attachment. This attachment compares current rates with: 1) rates at the original 2011 GRC request, 2) those with the proposed settlement, and 3) rates with the proposed rate stabilization plan. [Rule 8.3(c)]

To obtain a copy of this notice, please notify Sally Cuaresma at (415) 973-5012 or via email at a2c7@pge.com.

Respectfully submitted,

/s/ Brian K. Cherry

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Attachment

Dated: November 10, 2010

CERTIFICATE OF SERVICE BY ELECTRONIC MAIL OR U.S. MAIL

I, the undersigned, state that I am a citizen of the United States and am employed in the City and County of San Francisco; that I am over the age of eighteen (18) years and not a party to the within cause; and that my business address is Pacific Gas and Electric Company, Regulatory Relations Department B10C, 77 Beale Street, San Francisco, California 94105.

I am readily familiar with the business practice of Pacific Gas and Electric Company for collection and processing of correspondence for mailing with the United States Postal Service. In the ordinary course of business, correspondence is deposited with the United States Postal Service the same day it is submitted for mailing.

On November 10, 2010, I caused to be served a true copy of:

NOTICE OF EX PARTE COMMUNICATION

[XX] By Electronic Mail – serving the enclosed via e-mail transmission to each of the parties listed on the official service list for A.09-12-020/I.10-07-027 with an e-mail address.

[XX] By U.S. Mail – by placing it for collection and mailing, in the course of ordinary business practice, with other correspondence of Pacific Gas and Electric Company, enclosed in a sealed envelope, with postage fully prepaid, addressed to all parties of record on the service list for A.09-12-020/I.10-07-027 who do not have an email address.

I certify and declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on November 10, 2010, at San Francisco, California.

/s/ Sally Cuaresma

Sally Cuaresma
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CALIFORNIA PUBLIC UTILITIES COMMISSION

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