

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



FILED

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Application of Pacific Gas and Electric Company for Approval to Revise its Electric Marginal Costs, Revenue Allocation, and Rate Design, including Real Time Pricing, to Revise its Customer Energy Statements, and to Seek Recovery of Incremental Expenditures. (U39M).

Application 10-03-014
(Filed March 22, 2010)

**NOTICE OF *EX PARTE* COMMUNICATION
OF PACIFIC GAS AND ELECTRIC COMPANY**

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, April 29, 2011, at approximately 1:30 p.m. at the offices of the California Public Utilities Commission. The communication was oral and handouts were provided, which are attached to this notice. [(Rule 8.3(a)(c))]

John Hughes, Director-Regulatory Relations, PG&E, initiated the communication with Colette Kersten, Interim Advisor to Commissioner Catherine Sandoval. Dennis Keane (Manager-Gas and Electric Rates, PG&E), was also in attendance. [Rule 8.3(b)]

Mr. Hughes started the discussion by stating that this application did not address the cost drivers such as infrastructure replacement. He said that issue is addressed in Phase 1 of the General Rate Case (GRC), Application (A.) 09-12-020.

Mr. Keane then referred to residential rate trend chart that is the first page of the handouts. The chart illustrates that the Tier 3 through 5 have absorbed the vast majority of the rate increases over the last 10 years. Through a settlement with DRA and TURN, PG&E was able to lower the Tiers 4 and 5 rates in June, 2010. Tier 3 was increased slightly to offset the decrease in the upper tiers.

Mr. Keane gave an overall explanation of PG&E's residential rate request in this proceeding, specifically to implement a customer charge and to collapse the rates into 3 tiers. The customer charge would be \$3.00 a month for non-CARE customers and \$2.40 a month for CARE customers. Mr. Hughes pointed out that many of the municipal utilities in California have a customer charge in place. Mr. Keane added that the Sacramento Municipal Utilities District is planning on increasing the customer charge from \$7.00 a month to over \$10.00.

Mr. Keane then addressed CARE rates. He presented a handout that illustrates that CARE rates are actually lower than what they were 20 years ago. He compared PG&E's request for Tier 3 CARE rates and showed that the proposed Tier 3 rates are 5 cents lower than what SCE and SDG&E have currently authorized.

Mr. Hughes then discussed the Proposed Decision (PD) and the Alternate Proposed Decision (APD). He said that PG&E prefers the APD since it adopts the proposed customer charge. However, neither the PD nor APD adopts the company's request to collapse the rate tiers from four to three. [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,

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Attachments

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