



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

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Application of Pacific Gas and Electric Company for
Compliance Review of Utility Owned Generation
Operations, Electric Energy Resource Recovery
Account Entries, Contract Administration, Economic
Dispatch of Electric Resources, Utility Retained
Generation Fuel Procurement, and Other Activities for
the Period January 1 through December 31, 2012.
(U 39 E)

Application 13-02-023
(Filed February 28, 2013)

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

Pursuant to Rule 8.4 of the Commission's Rules of Practice and Procedure, Pacific Gas & Electric (PG&E) hereby gives notice of the following ex parte communication. The communication occurred on Tuesday, March 29, 2016 at 1:30 pm at the offices of the California Public Utilities Commission (CPUC) and lasted approximately 20 minutes. A copy of PG&E's comments on the 2012 ERRRA Proposed Decision was handed out at the meeting, which was filed and served to all parties in the proceeding on March 24, 2016. [(Rule 8.4(a)]

Erik Jacobson, Director, Regulatory Relations, PG&E, initiated the communication with Sepideh Khosrowjahi, Chief of Staff to Commissioner Michel Florio. Also present at the meeting were Cary Harbor, Director, Compliance Alliance & Risk, PG&E, and Charles Middlekauff, Chief Counsel, Energy Supply, PG&E. [Rule 8.4(b)]

Mr. Jacobson expressed PG&E's concerns with the disallowance recommendations in the Proposed Decision, particularly the disallowance associated with the 2012 flashover event at the Diablo Canyon Power Plant (DCPP). He stated that PG&E acted as a reasonable manager with regard to this outage. Mr. Harbor explained that the Unit 2 DCPP Coupling Capacity Voltage Transformer (CCVT) was replaced in 2011 as a result of a prior failure

experienced in 2008. To address the safety issues surrounding that 2008 CCVT failure, the previous porcelain CCVT was replaced with a silicon polymer insulator. The fact that the polymer insulator material did not behave as expected does not mean that PG&E was an unreasonable manager. Mr. Harbor stated that Root Cause Evaluations conducted by PG&E do not rely on the reasonable manager standard. They rely on hindsight and identify the correct actions to be taken to meet the industry's goal of excellence. He said that PG&E did consider industry standards and conducted an extensive evaluation of a wide variety of factors during its design process. He explained that PG&E did rely on faulty creepage distance information provided by the vendor, but that it is reasonable and standard industry practice to rely on vendors for information about their products. Mr. Middlekauff indicated that there were challenges to pursue cost recovery from the vendor for this error. Mr. Harbor also stated that there were no CCVT's on the market that could meet all of the design criteria PG&E was trying to balance in its evaluation process. Seismic safety was the most important factor to consider in the design of the CCVT. [Rule 8.4(c)]

Respectfully submitted,

/s/ Erik B. Jacobson

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