

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

Order Instituting Rulemaking on the Commission's
Own Motion to Adopt New Safety and Reliability
Regulations for Natural Gas Transmission and
Distribution Pipelines and Related Ratemaking
Mechanisms.

Rulemaking 11-02-019
(Filed February 24, 2011)

**PACIFIC GAS AND ELECTRIC COMPANY'S LATE NOTICE OF EX PARTE
COMMUNICATIONS**

EDWARD J. SHAPIRO
LATHAM & WATKINS LLP
555 Eleventh Street NW, Suite 1000
Washington, D.C. 20004-1304
Telephone: (202) 637-2273
Facsimile: (202) 637-2201
E-Mail: Edward.Shapiro@lw.com

Attorneys for
PACIFIC GAS AND ELECTRIC COMPANY

Dated: December 22, 2014

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

Order Instituting Rulemaking on the Commission's
Own Motion to Adopt New Safety and Reliability
Regulations for Natural Gas Transmission and
Distribution Pipelines and Related Ratemaking
Mechanisms.

Rulemaking 11-02-019
(Filed February 24, 2011)

**PACIFIC GAS AND ELECTRIC COMPANY'S LATE NOTICE OF EX PARTE
COMMUNICATIONS**

Pacific Gas and Electric Company (PG&E) has identified three additional emails describing oral communications that may represent ex parte communications concerning this proceeding that PG&E did not previously disclose pursuant to Commission Rule 8.4.

PG&E now provides late disclosure of these communications. The communications are:

1) oral communications between PG&E's then Vice President of Regulatory Relations, Brian Cherry and Commissioner Michel Florio which occurred on November 21, 2011; 2) oral communications between PG&E consultant Jerry Hallisey and Commissioner Mark Ferron which occurred on September 20, 2011; and 3) oral communications between Brian Cherry and President Michael Peevey which occurred on December 31, 2012 at Sea Ranch, California.

A description of the communications is contained in e-mails, copies of which are provided as Attachment 1.

The undersigned is counsel in this proceeding only for purposes of representing PG&E on issues related to these ex parte communications.

Respectfully submitted,

EDWARD J. SHAPIRO

By: /s/ Edward J. Shapiro
Edward J. Shapiro

Latham & Watkins LLP
555 Eleventh Street NW, Suite 1000
Washington, D.C. 20004-1304
Telephone: (202) 637-2273
Facsimile: (202) 637-2201
E-Mail: Edward.Shapiro@lw.com

Attorneys for
PACIFIC GAS AND ELECTRIC COMPANY

Dated: December 22, 2014

ATTACHMENT 1

From: Jerry Hallisey
Sent: 11/22/2011 4:22:23 PM
To: Marc Joseph (mdjoseph@adamsbroadwell.com); Bob Balgenorth (bob@sbctc.org)
Cc: Cherry, Brian K (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=BKC7);
Bottorff, Thomas E (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=TEB3)
Bcc:
Subject: Cost Recovery/Pipelines

Brian Cherry of PG&E talked directly with Florio yesterday. Florio plans on issuing a memorandum account at the end of the OIR which will be August or September. Florio said he wasn't fixated on that date. Florio told Cherry that Sempra was likely to get there sooner because Sempra was on a different schedule but he said he could change that too. Florio said nothing was written in stone. Cherry was left with the conclusion that he could be "persuaded" to act sooner.

Please keep in mind that prior to this time the request to create a memorandum account has been in some of the earlier pleadings but Florio has deftly not dealt with the issue.

I think a meeting in the very near future by organized labor with Florio to emphasize the importance of the immediate creation of the memo account for PG&E would be extremely helpful in light of Florio's confirmation hearing in January.

All the best for Thanksgiving. Talk to you soon.

Jerry

Jeremiah F. Hallisey, Esq.
Hallisey and Johnson
300 Montgomery Street, Suite 538
San Francisco, CA 94104
Telephone: (415) 433-5300
Fax: (415) 433-5342

From: Jerry Hallisey
Sent: 9/20/2011 5:12:12 PM
To: Cherry, Brian K (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=BKC7);
Bottorff, Thomas E (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=TEB3)
Cc:
Bcc:
Subject: Commissioner Ferron

Brian and Tom:

I met with Commissioner Ferron this afternoon where we discussed a number of issues. I told him that the gas pipeline project will be vigorously supported by the Building and Construction Trades unions particularly the IBEW, the United Association and the Laborers Union – that this project is viewed as the largest public works project in California and a great opportunity for the employment of their members on a badly needed project that is not fluff. The unions think that if a long dispute ensues about a split between shareholders and ratepayers that it will cause a delay. As a consequence, they would prefer to have the ratepayers pay for the upgrade of the gas system and deal with the other issues on record keeping, etc. as a separate issue to be resolved by the company and regulations

He said he did not realize the position of the unions. He said he probably should have in retrospect and seemed supportive of their view.

Jerry

Jeremiah F. Hallisey, Esq.
Hallisey and Johnson
300 Montgomery Street, Suite 538
San Francisco, CA 94104
Telephone: (415) 433-5300
Fax: (415) 433-5342

From: Cherry, Brian K
Sent: 1/1/2013 4:08:03 PM
To: Bottorff, Thomas E (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=TEB3)
Cc:
Bcc:
Subject: Update

Tom - I saw Mike up at Sea Ranch yesterday. He talked about a number of things that we can chat about when I see you next week.

More important for immediate consumption is the Gas Settlement. He talked about the discussions he had with the City of San Bruno and how angry he was at the TURN for leaking the conversation to the Chronicle. He told San Bruno they could expect nothing from the Commission if the outcome is litigated and not settled. He characterized the Mayor as emotional and the City Manager as nuts. As for the other parties, he believes they have been and continue to be unreasonable and he stated many of them were also unethical.

Mike was very clear in stating that given the passage of time, we should just let the Commission decide the outcome. He doesn't believe a settlement is possible and he doesn't believe ALJ Wetzel will act imprudently, although he had doubts (as I do) about ALJ Yip-Kipigawa. Mike thinks the insistence by the parties and staff at the Commission that we plead to facts that will make us legally responsible is crazy. He is also skeptical of all the remedies that are being proposed that shareholders will likely be on the hook for. He thinks we are giving them a roadmap to our ruin.

Mike is also still sore over the rejection of Bennett as a mediator. He believes Bennett was the key to any settlement and that without someone of his stature, no settlements is possible. He also said several times that there isn't much he can do going forward to help us.

He was complimentary of Florio and Ferron for the ROE changes to the PSEP despite withering opposition to it in the press. Mike said we should be very thankful for the gift we received and that both Commissioners (and Peevey himself) we persuaded by our arguments.

Mike believes that all the OIIs can be wrapped up by October if we litigate.

Changing subjects, Mike will be reaching out to you in a few weeks over HECA. He strongly believes in this project and its importance to the state of California. Mike wants us to sign a PPA for the entire load (270 MW) because he has doubts we can get Edison on board. Mike claims the power we will pay for HECA will be at the peak, so it will be a good (but not great) deal. He is very serious about PG&E playing a major role here.

After the HECA asks, he reminded me how he and Governor Brown used every ounce of persuasion to get Ferron to change his mind and vote for Oakley. He said he told Ferron this was not the decision to fall on his sword over and defy the Governor. The Governor wanted this project approved and was frustrated that Sandoval opposed it on some obscure legal grounds. The Governor finally decided not to meet with Sandoval a second time because Jerry felt he couldn't get a word in with her. Jerry's direct plea to Ferron was decisive. Mike suggested that Tony call the Governor personally and thank him.

Mike then told me PG&E had a great day at the last meeting, reminding me of the positive vote on EE incentives, and said HECA was important to him. I told him I got the message and would forward it on.

We ended the conversation with a dram or two of Johnny Walker Blue Label.

Brian K. Cherry
PG&E Company

VP, Regulatory Relations
77 Beale Street
San Francisco, CA. 94105
(415) 973-4977