

**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 (U 39 M)

Application 12-11-009
(Filed November 15, 2012)

And Related Matter

Investigation 13-03-007

**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

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Pacific Gas and Electric Company (PG&E) has identified two 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 Michael Colvin, an advisor to Commissioner Mark Ferron, which occurred on April 3, 2013, and 2) oral communications between PG&E Director in Regulatory Relations, John Hughes, and Audrey Lee, an advisor to President Michael Peevey, which occurred on April 29, 2014. 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

Dated: December 22, 2014

Attorneys for
PACIFIC GAS AND ELECTRIC COMPANY

ATTACHMENT 1

From: Cherry, Brian K
Sent: 4/3/2013 2:18:11 PM
To: Bottorff, Thomas E (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=TEB3); Allen, Meredith (/O=PG&E/OU=Corporate/cn=Recipients/cn=MEAc); Doll, Laura (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=LRDD); Jacobson, Erik B (RegRel) (/O=PG&E/OU=Corporate/cn=Recipients/cn=EBJ1); Dietz, Sidney (/O=PG&E/OU=Corporate/cn=Recipients/cn=SBD4); Hughes, John (Reg Rel) (/O=PG&E/OU=Corporate/cn=Recipients/cn=J8HS)
Cc:
Bcc:
Subject: Commission Update - Please Do Not Forward

Tom, et al – I met with Colvin for lunch today and he shared with me a few thoughts I'd like to pass on:

1) Los Mendanos – no one has a problem with signing a RA contract with Los Mendanos – they just don't believe it should count as CHP. Colvin thinks he has the votes to strike down the Resolution approving the Los Mendanos CHP RA contract. He believes the Energy Division looked too narrowly at the definition of CHP and not at the broader policy goals. With the exception of Peevey, all of the other Commissioner's offices believe that Los Mendanos isn't a CHP 'in spirit'. Calpine has a tough slog on this one. We have been told Peevey will hold it but Colvin believes Peevey may release the hold and vote with the majority.

2) EE Incentive Ruling – we should see ACR or ALJ Ruling this week on EE Incentives. The ruling will seek additional comment on EE Incentives and will set a comment period to be followed by a proposed decision. Colvin tells me the ruling will increase the incentives available to the utilities marginally, will focus on straight-forward and consistent measurement and should be something the utilities like and embrace.

3) EE Programs and Administration – consistent with what Sid heard from Michael recently, Ferron wants to lay out plans for a 10 year EE planning process. He wants the utilities to have certainty on what they are committed to spend along for EE and DR with along with certainty regarding MW reductions. He hopes to align EE and DR on the same track as the LTPP so that the CEC and the ISO can use the same planning criteria. He believes it is time to rationalize the whole EE process and that Ferron is shopping the concept around the Commission and with other state agencies.

He also said there is no stomach (except with certain staff members) for turning over the utility programs to third parties. He believes third party and local governments will play an increasingly important role but that the utilities will retain administration.

4) Attrition – Michael was surprised by Sempra’s escalator request for attrition. The PDs approval of an escalator (although less than Sempra’s request) does not represent a policy shift on the calculation of attrition. Michael understands that our needs and Edison’s needs for attrition are very different from that of Sempra. With regards to the GRC in total, Colvin said that ALJ Wong did a bottoms up assessment without a budget in mind. When Ferron saw the recommendation, he expressed dismay that the amount ‘disallowed’ was de minimus. Ferron told the ALJ what the acceptable maximum limit was and asked Judge Wong and his staff to reduce the amount granted. It is a dangerous precedent for us. Ferron was also concerned about the rate impact on SDG&E when he decided how much Sempra should be allowed to recover.

5) Reappointment – Ferron would like to be reappointed if the Governor asks him.

6) SmartMeter Settlement – Ferron’s office asked that the SmartMeter Settlement (\$390,000) be placed on the consent agenda. Florio’s office insisted that it be put on the regular calendar. Colvin expects to see a large number of demonstrators at the Commission meeting tomorrow.

From: Hughes, John (Reg Rel)
Sent: 4/29/2014 5:15:28 PM
To: Cherry, Brian K (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=BKC7);
Ramaiya, Shilpa R (/o=PG&E/ou=Corporate/cn=Recipients/cn=SRRd)
Cc: Bottorff, Thomas E (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=TEB3);
Horner, Trina (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=TNHC);
Sharp, Shelly (/O=PG&E/OU=Corporate/cn=Recipients/cn=SSM3); Allen, Meredith
(/O=PG&E/OU=Corporate/cn=Recipients/cn=MEAe); Doll, Laura
(/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=LRDD); Frank, Steven
(Law) (/O=PG&E/OU=Corporate/cn=Recipients/cn=SWF5)
Bcc:
Subject: RE: SW Gas GRC

I spoke with Audrey Lee about the downward attrition adjustment. Her logic is as follows: SWG asked for a continuation of the 2.91 per cent escalation from it's last (2008)GRC and the PD gave it to them. Audrey said correctly that escalation and the CPI are lower now and 2.71 is good enough and productivity can take care of the difference.

I then pointed out that a CPI type of attrition is inappropriate for utilities such as SCE and PGE because the size of our capital additions and basically gave her the reasons why our requested ask should be approved. For example, that is what SCE got in it's last GRC I will file an Ex Parte since I got pretty substantive.

From: Ramaiya, Shilpa R
Sent: Tuesday, April 29, 2014 04:47 PM Pacific Standard Time
To: Cherry, Brian K; Hughes, John (Reg Rel)
Cc: Allen, Meredith; Bottorff, Thomas E; Sharp, Shelly; Horner, Trina; Doll, Laura
Subject: RE: SW Gas GRC

Brian,

Peevey denies the accelerated Aldyl-A replacement program on the grounds that SWG admitted it is not "due to safety concerns." And SWG has failed to provide any justification. The APD states that AA replacement needs to be taken in context with an overall safety plan.

ORA was an opponent of the acceleration and SWG's quote above is a key reasoning for the denial in the APD. The APD cites PHMSA and CPUC staff recommendations on replacing Aldyl-A more quickly, but then oddly concludes because of the quote from SWG and consistency with an overall safety plan, that acceleration should be denied.

Shilpa

Link to APD: <http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M090/K098/90098955.PDF>

From: Cherry, Brian K
Sent: Tuesday, April 29, 2014 4:05 PM
To: Hughes, John (Reg Rel)
Cc: Allen, Meredith; Bottorff, Thomas E; Sharp, Shelly; Ramaiya, Shilpa R; Horner, Trina
Subject: SW Gas GRC

John – can you find out what Peevey’s modification mean from a revenue perspective ?

Shilpa – can you tell us what rationale Peevey is using to deny adyl A replacement ?

Southwest Gas GRC 2014 (HELD TO 6/12/14) – The PD adopts Southwest Gas test year 2014 general rate increases: approximately \$2,179,718 or 2.1 percent from currently authorized revenue in its Southern California rate jurisdiction; approximately \$2,560,066 or 8.6 percent from currently authorized revenues in its Northern California rate jurisdiction; and approximately \$2,746,247 or 13.8 percent currently authorized revenues in its South Lake Tahoe rate jurisdiction. The PD also authorizes the post-test year changes to rates and charges for years 2015 through 2018 to become effective on January 1 of each year, in each of the company’s three California rate jurisdictions; and approves the Southwest Gas proposed Post Test Year Mechanism, proposed Infrastructure Reliability and Replacement Adjustment Mechanism and a Conservation and Energy Efficiency Plan. **Alternatively**, Comr Peevey’s alternate decision adopts an attrition of 2.75 percent; denies Southwest Gas’ request for the Customer Owned Yard Line (COYL) program, related revenue adjustment mechanism; and denies the Company’s request to accelerate AA pipe replacement in South Lake Tahoe jurisdiction. Aside from the noted differences, APD does not differ from PD. The PD closes the proceeding. (A.12-12-024) [Agenda Item 3/3a]