

Pacific Ethanol, Inc.
Form 4
May 16, 2008

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
CASCADE INVESTMENT LLC

2. Issuer Name and Ticker or Trading Symbol
Pacific Ethanol, Inc. [PEIX]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
2365 CARILLON POINT
(Street)

3. Date of Earliest Transaction (Month/Day/Year)
05/14/2008

___ Director ___X___ 10% Owner
___ Officer (give title below) ___ Other (specify below)

KIRKLAND, WA 98033
(City) (State) (Zip)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
___ Form filed by One Reporting Person
X Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
| | | | Code | V | Amount | (A) or (D) | Price |
| Common Stock | 05/14/2008 | | S | | 5,000 | D | \$ 3.25 |
| Common Stock | 05/14/2008 | | S | | 1,200 | D | \$ 3.23 |
| Common Stock | 05/14/2008 | | S | | 500 | D | \$ 3.21 |
| Common Stock | 05/14/2008 | | S | | 500 | D | \$ 3.205 |
| Common Stock | 05/14/2008 | | S | | 34,421 | D | \$ 3.2 |
| Common Stock | 05/14/2008 | | S | | 20,000 | D | \$ 3.19 |

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| | | | | | | | |
|--------------|------------|---|-------|---|----------|-----------|---|
| Common Stock | | | | | | | |
| Common Stock | 05/14/2008 | S | 100 | D | \$ 3.185 | 1,400,803 | D |
| Common Stock | 05/14/2008 | S | 4,500 | D | \$ 3.18 | 1,396,303 | D |
| Common Stock | 05/14/2008 | S | 1,079 | D | \$ 3.17 | 1,395,224 | D |
| Common Stock | 05/14/2008 | S | 4,400 | D | \$ 3.16 | 1,390,824 | D |
| Common Stock | 05/14/2008 | S | 8,075 | D | \$ 3.15 | 1,382,749 | D |
| Common Stock | 05/14/2008 | S | 225 | D | \$ 3.14 | 1,382,524 | D |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

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(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | 8. Price of Derivative Security (Instr. 5) | 9. Nu Deriv Secur Bene Own Follo Repo Trans (Instr |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--|--|
| | | | | | | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |
| | | | | | | Code | V | (A) | (D) |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| CASCADE INVESTMENT LLC 2365 CARILLON POINT KIRKLAND, WA 98033 | | X | | |

GATES WILLIAM H III
ONE MICROSOFT WAY
REDMOND, WA 98052

X

Signatures

Cascade Investment, L.L.C. By: /s/ Michael Larson, Business
Manager

05/16/2008

__Signature of Reporting Person

Date

William H. Gates III By: /s/ Michael Larson*, Attorney-In-Fact

05/16/2008

__Signature of Reporting Person

Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Remarks:

* Duly authorized under Special Power of Attorney appointing Michael Larson attorney-in-fact, dated February 3, 2006, by an

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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