

From: Warner, Christopher (Law)
Sent: 1/14/2010 3:08:04 PM
To: 'Roscow, Steve' (scr@cpuc.ca.gov)
Cc: Cherry, Brian K (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=BKC7);
Horner, Trina (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=TNHC)
Bcc:
Subject: RE: Marin CCA/Ross Town Council meeting/Complaint about Redacted

Steve, as a followup to Brian's suggestion that I respond by email to your questions as well, here are my thoughts, subject to any further informal discussion you would like to have:

Question 1: No, I don't think you have misinformed anyone in the public discussions. I do think that all interested parties (meaning the Commission, CCAs, the IOUs and customers) are in some new territory here, regarding how to evaluate CCAs that seek to startup and serve customers without being creditworthy or having any assets, cashflow or access to credit. This is where the Commission's oversight of what is necessary to protect both bundled existing customers as well as CCA customers is a useful discussion for us to have. We have spent alot of time on the bond settlement, and that bond settlement provides for an ongoing adjustment to a CCA's creditworthiness showing if forward prices and other factors in the formula change. However, the bond settlement primarily protects remaining IOU customers from a CCA default, not the CCA's customers in the event of a "Texas"-scale meltdown in the market, where non-creditworthy or minimally creditworthy CCAs go bellyup or are beholden to sophisticated wholesale suppliers who can pull the plug at any time. As I have agreed in many of PG&E's pleadings in this new area, the CPUC's jurisdiction to protect CCA customers and the CCAs themselves is limited, but I do not believe the CPUC is powerless, either upfront or on an ongoing basis. This is a good discussion to have, because the 10th anniversary of the California energy crisis is coming up, and my memories of that awful period are coming back.

Question 2: I never think it is appropriate for anyone at PG&E or retained by PG&E to call a CPUC staffer a "liar" in a public place. From my perspective, I prefer that we have our "debates" over energy and regulatory policies AT the Commission and IN Commission proceedings, informally or formally. However, on occasion, we may find ourselves in a public forum debating a controversial energy policy issue in front of others, but we should always be civil and reasonable to each other, even if we disagree. (My most difficult example of a "public forum" on this type of issue was when the Commission's attorneys and I had to debate various issues in public during the energy crisis, in front of legislators or the Bankruptcy Court. Not something I enjoyed, but I think we all respected each other and were civil to each other, even in the heat of the debate.)

Hope this puts some context on these issues, and always glad to talk informally if you want to followup....

Chris

From: Cherry, Brian K
Sent: Thursday, January 14, 2010 2:06 PM
To: 'Roscow, Steve'; Warner, Christopher (Law)
Cc: Horner, Trina
Subject: RE: Marin CCA/Ross Town Council meeting/Complaint about Redacted

Steve - I've only heard bits and pieces of what transpired, but I do want to apologize on behalf of PG&E if our employees or their representatives offended you in any way. I understand that we will not always be on the same side of an issue, but it is my desire and our Company's position that we always engage people in a respectful manner. If we have done otherwise, then I apologize for that occurrence and mean so very sincerely. I've asked Chris to have [Redacted] reflect on his behavior and address you personally on the matter. I also will direct Chris through this email to respond to you in writing regarding your questions below.

From: Roscow, Steve [mailto:scr@cpuc.ca.gov]

Sent: Thursday, January 14, 2010 1:25 PM

To: Warner, Christopher (Law)

Cc: Cherry, Brian K; Horner, Trina

Subject: RE: Marin CCA/Ross Town Council meeting/Complaint about [Redacted]

Chris,

Responding to your 2 voicemails yesterday:

I'd like a written response to my note, because I requested proof of any misleading statements that [Redacted] claims that I made to the council meetings in Marin. So I won't be calling you to discuss those matters—my note is clear. More to the point, Julie and [Redacted] have suggested that I am likely wasting my time if I'm waiting for an apology, so I will do us both a favor and drop that request. Back to work, in other words.

On the substantive questions about shareholder funding, we can do formal discovery as we decide whether/how to pursue this further. In that event, I'll route those through Brian and Trina.

All the best to you—

Steve

Steve Roscow

CPUC Energy Division

415-703-1189

From: Warner, Christopher (Law) [mailto:CJW5@pge.com]

Sent: Wednesday, January 13, 2010 10:19 AM

To: Roscow, Steve

Cc: Fitch, Julie A.; [Redacted] Clanon, Paul; Cherry, Brian K; Horner, Trina

Subject: RE: Marin CCA/Ross Town Council meeting/Complaint about [Redacted]

Thanks I'll call you to discuss.

From: Roscow, Steve [mailto:SCR@cpuc.ca.gov]

Sent: Wednesday, January 13, 2010 10:13 AM

To: Warner, Christopher (Law)

Cc: Fitch, Julie A.; [Redacted] Clanon, Paul; Cherry, Brian K; Horner, Trina

Subject: RE: Marin CCA/Ross Town Council meeting/Complaint about [Redacted]

Chris,

Thanks for the call, but my note did not identify any misunderstanding that needs to be cleared up. I asked some questions in my note below, so I'd appreciate a response to those questions. Then we can see where to go from there.

Steve Roscow

CPUC Energy Division

415-703-1189

From: Warner, Christopher (Law) [mailto:CJW5@PGE.COM]

Sent: Wednesday, January 13, 2010 9:40 AM

To: Roscow, Steve

Cc: Fitch, Julie A.; [Redacted] Clanon, Paul; Cherry, Brian K; Horner, Trina

Subject: RE: Marin CCA/Ross Town Council meeting/Complaint about [Redacted]

Thanks Steve. I left you a voicemail and would be happy to clear up any misunderstanding. Feel free to give me a call, 415-973-6695.

Chris

From: Roscow, Steve [mailto:SCR@cpuc.ca.gov]
Sent: Wednesday, January 13, 2010 12:32 AM
To: Warner, Christopher (Law)
Cc: Fitch, Julie A.; [Redacted] Clanon, Paul
Subject: Marin CCA/Ross Town Council meeting/Complaint about [Redacted]

Chris,

As you know, I've been attending the recent series of town meetings in Marin, where each town council has been voting on whether or not to continue its membership in the Marin CCA joint powers authority.

At most of those meetings, [Redacted] has identified himself as a consultant speaking on behalf of PG&E, though today he specified that he was speaking for a newly formed group called "Common Sense Coalition of Marin", a group he stated was funded by PG&E.

Near the end of his presentation tonight to the Ross Town Council, where he provided a number of reasons that Ross should withdraw from the JPA, Joe equated the "opt-out" structure of the CCA statute to customers being "slammed" onto CCA service.

In fact, as you know, the opt-out structure was adopted as part of AB 117—it is not in any way, shape or form "slamming". It is required as part of the Public Utilities Code.

After the meeting, I told Joe that I was concerned that he equated "opt-out" with slamming, because that is a practice that greatly concerns the CPUC, so we would not want that term inaccurately associated with CCA formation. I told Joe that I would be contacting you, in order to ask you to ask him to stop using that term.

In response, Joe immediately became angry and said that he objected to my repeatedly misinforming the councils about the role of the CPUC in implementing CCAs, whereupon I told him that if he had any specific complaints, he should contact my bosses. He said he would do so, then said he didn't need to waste his time talking to me, brushed past me and walked away. [Redacted] was standing right there, if you want to check any of this with him. [Redacted] remarks to the council were fine.

Based on the above, I have several requests to make of you, Chris:

First, if you can cite a single instance where I "misinformed" any council meeting about the CPUC's role in all of this, I would like you to provide a copy of the council meeting transcript, with any such statements clearly indicated. I will say right now that I do not think you can provide a single example. What you do not know is that Julie and [Redacted] made it very clear to me before I attended any meetings that I was to remain completely neutral in my remarks at these meetings, and I am 100% certain that I have done so. I know this because I really am neutral on whether CCAs are formed or not. Furthermore, I have been thanked for attending—and providing helpful clarifying information about the Commission's role in implementing the CCA statute—a number of times, for example by the mayor of San Anselmo, the city attorney of San Anselmo, and I'd say by the entire County Board of Supervisors this morning, and the Ross Council tonight. None of the council members has raised any objection at all to anything that I said.

Second, I would like to know from you if PG&E shareholders have been paying for Joe's services, and if so, whether you believe that PG&E shareholders are somehow entitled to pay a lobbyist (who is being managed by PG&E staffers funded by ratepayers) to call a Commission staffer a liar in a public place, as Joe did tonight. Accusing me of "misinforming" the councils is no different.

If your answer to the 2 questions above is "no", I would like to request an apology from you, or whoever at PG&E is "managing" Joe's work, and I would like PG&E to have Joe apologize to me as well. You and I have interacted a fair amount in the last few years, and I hope you have gotten to know me well enough to understand that I will not sit by and have anyone associated with PG&E speak to me in that manner, whether they are paid by "ratepayers" or "shareholders". I also will not sit by and have the Commission's actions misrepresented, as Joe has been doing consistently at every meeting I have attended, even after I corrected his description of the Commission's role at the first meeting that he and I attended together (in Mill Valley, January 4th).

Steve