

From: Roscow, Steve
Sent: 5/20/2010 4:38:15 PM
To: Horner, Trina (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=TNHC);
Clanon, Paul (paul.clanon@cpuc.ca.gov)
Cc: Cherry, Brian K (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=BKC7)
Bcc:
Subject: RE: Latest Markup MEA/PUC/PG&E Letter

Trina, thanks. Generally, I see your point and I've told Paul that I have no problems deleting that sentence, though I'm checking with MEA to see if there is something we are all missing. More broadly, I've observed that MEA seems to have a business model based on simply matching PG&E's rates, then using the revenue to pay Shell and run their operation. Based on their public filings, PG&E's recent spate of rate changes (CIA, summer rate relief, GRC phase 2 tier changes) have caught them unawares, and their public process prevents them from instantly changing their rates to match PG&E's new rates. So I don't think it is fair, or on point, actually, to fault them for that. PG&E can't change its rates overnight, either. They have been upfront in the public meetings I have attended as to what their business model is doing.

I thought y'all committed to Paul to back off and give them some breathing space, no?

Steve

From: Horner, Trina [mailto:TNHc@pge.com]
Sent: Thursday, May 20, 2010 3:59 PM
To: Clanon, Paul; Roscow, Steve
Cc: Cherry, Brian K
Subject: RE: Latest Markup MEA/PUC/PG&E Letter

Hi Paul and Steve, thanks again for taking the time to talk this morning. Some folks here are less impressed with our work than we were. Brian has beat them back on pretty much everything, except there is strong disagreement -- even on a factual level -- with the sentence "Indeed, MCE believes that its current rates are the same as or lower than those charged by PG&E".

Factually, I've since confirmed that MEA customers will indeed be billed the CRS by PG&E regardless of whether they are a MCE or PG&E procurement customer. It may be that MEA is going to reduce their rates by that same amount anyway, which is maybe what you were referring to Steve when you said they are going to eat it. In any case, certain rates - like PG&E's Tier 5 rate approved by the CPUC today - are in fact going to be lower than MCE's. So it depends on which rate(s) you are talking about as being lower, and we are already splitting hairs since we're getting down to the PCIA. So PG&E doesn't agree this is factually true. Even saying the "MCE believes" its rates are lower is different from

what MCE has said previously -- MCE's official Notification to customers (which we found posted on their web site) says their rates are "the same rates you currently pay" to PG&E.

With that sentence out, PG&E is ready to sign. The attached has one last edit, marked, replacing "correct" with "clarify", for your consideration.

In terms of timing, I am still confirming but my preliminary understanding is that the letter with three logos and a standard envelope should be 2, maybe 3 days max. With changes to the envelope, it is 5-7 days. Will confirm.

Let me know your thoughts and what you've heard from MEA. Thanks again.

Trina

From: Clanon, Paul [mailto:paul.clanon@cpuc.ca.gov]
Sent: Thursday, May 20, 2010 12:11 PM
To: Roscow, Steve; Horner, Trina
Subject: Latest Markup MEA/PUC/PG&E Letter