

From: Clanon, Paul  
Sent: 8/26/2010 11:42:20 AM  
To: Cherry, Brian K (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=BKC7)  
Cc:  
Bcc:  
Subject: Re: Bernstein investor group feedback

Fair summary, but left out that every time I said "PG&E" I followed it with "those bastards".

On Aug 26, 2010, at 11:02 AM, "Cherry, Brian K" <BKC7@PGE.COM> wrote:

FYI.

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**From:** Togneri, Gabriel  
**Sent:** Thursday, August 26, 2010 10:55 AM  
**To:** Darbee, Peter; Harvey, Kent M; Bottorff, Thomas E; Burt, Helen; Wan, Fong  
**Cc:** Johns, Christopher; Cherry, Brian K; Cherry, Sara A; Mistry, Dinyar; Investor Relations (list)  
**Subject:** Bernstein investor group feedback

All,

We will be circulating a report issued today by Bernstein that reports on their trip to California and their meetings with us and EIX, as well as perspectives from their meetings with the CPUC and TURN. I'll tell you that it is on the whole a positive, yet balanced report.

I was able to also speak to Hugh off-line to get his perspectives on their various meetings and here's what he told me:

- Paul Clanon's remarks were viewed favorably by the investors. He said he saw the CPUC's role as implementing strong policy and also keeping the utilities financially strong. He was also confident that the CA regulatory framework wasn't going to change. Politicians have bought into the need for regulatory stability. He did mention that rates are coming under some scrutiny, even while there is the current low gas environment, and is cognizant of the potential rate impacts from renewables. He mentioned that Prop. 16 was extremely unpopular among politicians and the CPUC, as well as PG&E's customers, but he also indicated his understanding as to why we did it. He said SmartMeter issues resulted from a small group of customers who were not happy with their bills, and that he has also reviewed studies about the issue of radio waves and did not see an issue there.

- Commissioner Simon spoke favorably about PG&E. He especially liked Peter's recent talk to the CPUC and cited our "state of the art" gas hedging practices. He did say we could have done a better job politically and in public relations on Prop 16 and SmartMeter issues.
- In their meeting with Mark Toney and Bob Finkelstein of TURN, Hugh said there was quite a "cultural gap" between the TURN representatives and the investors. Mark and Bob would prefer historical test years, lower ROEs, and tighter controls on the utilities that move away from many of the regulatory practices that have been established in CA for some time. They did show a strong commitment to renewables, but Hugh sees this as in conflict with their disproportionate concern over rates. They are also not convinced that SmartMeters and dynamic pricing will lead to benefits.
- Hugh did mention that one difference he sensed between their PG&E and EIX meetings was that Edison seemed more focused on operations and project/program implementation than came through in their meeting with us. This is something for us to be more focused on as we develop our messaging with investors going forward.

## Gabe

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