

From: Togneri, Gabriel  
Sent: 12/16/2010 8:26:41 PM  
To: Togneri, Gabriel (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=GBT1)  
Cc:  
Bcc:  
Subject: FW: Analyst Reports - NTSB Update

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From: Redacted  
Sent: Thursday, December 16, 2010 3:28 PM  
To: Officers of PG&E Corporation; Officers of Pacific Gas and Electric  
Cc: Investor Relations (list)  
Subject: Analyst Reports - NTSB Update

Following the Tuesday release of the NTSB update on its investigation to the San Bruno incident, two analysts issued reports summarizing their reaction.

Redacted of Sanford Bernstein noted that the update was positive in that the NTSB found no evidence of damage or a pre-existing leak. Wynne mentioned two possible downsides 1) possible penalties resulting from the NTSB finding PG&E used incorrect pipe during installation in 1956; and 2) the CPUC could require additional inspection of the gas transmission network for various welding practices. Redacted also discussed avenues for potential financial penalties to PG&E, either in the Safety Phase of the Gas Transmission and Storage rate case, or in the outcome of the investigation by the CPUC's independent panel.

Redacted of Wells Fargo stated that the discrepancy in PG&E's records on the type of pipe installed was of modest concern. However, Redacted viewed the update as a net positive due to the lack of evidence of corrosion or a pre-existing leak, suggesting poor maintenance procedures did not cause the explosion.

For your reference, I have attached the two reports:

In trading today, PCG closed up 1.5% at \$47.88, ahead of the comparator group, which closed

up 0.8%. The S&P 500 was up 0.6%, and the Dow Jones Utility Average 1.0%. Please note that today's outperformance may be a combination of a number of factors including these analyst reports, the fact that this morning S&P removed us from their watch list and reaffirmed our debt ratings at BBB+ with a stable outlook, and that with the recent rise in interest rates, the market now may view utilities with growth prospects more positively as compared to those with high payout ratios but lower growth.

-Madeline

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