

From: Cherry, Brian K  
Sent: 1/14/2011 1:28:00 PM  
To: mpl@cpuc.ca.gov (mpl@cpuc.ca.gov); Nancy Ryan (ner@cpuc.ca.gov)  
(ner@cpuc.ca.gov)  
Cc:  
Bcc:  
Subject: FW: Cap & Trade S&P Report

FYI

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**From:** Bijur, Nicholas M.

**Sent:** Thursday, January 13, 2011 5:04 PM

**To:** Darbee, Peter; Harvey, Kent M; Wan, Fong; Togneri, Gabriel; Bottorff, Thomas E; Pruett, Greg S.; Krausse, Mark; Strauss, Todd

**Cc:** Kapil, Vivek; Dore, Jay; Patterson, Dick

**Subject:** Cap & Trade S&P Report

We thought you might be interested in the attached S&P report on Cap and Trade. As you will read, although S&P agrees that utilities should be able to pass along the increased costs to customers, they still see the potential credit implications as modestly negative. S&P believes that cap and trade could become the "tipping point in the manageability of rates". They also worry about the unintended consequences and compare the complexity of cap and trade to that of deregulation, and see potential pressure on the state economy if businesses relocate.

Please feel to forward on to anyone on your team who might be interested.

**Nicholas Bijur**

Treasurer

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