

From: Cherry, Brian K
Sent: 3/18/2011 9:47:37 AM
To: mpl@cpuc.ca.gov (mpl@cpuc.ca.gov)
Cc:
Bcc:
Subject: FW: Analyst Report - Bernstein on CPUC Pipeline Records

FYI

From: Lam, Lisa
Sent: Friday, March 18, 2011 8:57 AM
To: Officers of PG&E Corporation; Officers of Pacific Gas and Electric
Cc: Investor Relations (list)
Subject: Analyst Report - Bernstein on CPUC Pipeline Records

Yesterday, Hugh Wynne from Bernstein Research issued the attached report with respect to the letter delivered to PG&E from CPUC Executive Director Paul Clanon and associated CPUC press release. The letter and CPUC press release were in reaction to the report that the company filed with the CPUC earlier this week for pipelines in high consequence areas (HCA). Wynne concludes that PCG's credibility with the CPUC has taken a "significant blow", and will likely result in a less constructive relationship with the Commission, not just relating to the gas system, but also PG&E's other lines of business.

Wynne now considers it likely that the CPUC will impose a substantial fine, possibly hundreds of millions of dollars, which is not included in the company's \$200-\$300 million range of estimates and charges related to the San Bruno accident. Wynne also observes that the recent changes of the make-up of the CPUC points to a more adversarial reception for PCG at the CPUC in the future.

For your reference, the full report is attached.

Lisa

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