

From: Lindh, Frank
Sent: 3/18/2011 12:27:53 PM
To: Cherry, Brian K (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=BKC7)
Cc: frank.lindh@cpuc.ca.gov (frank.lindh@cpuc.ca.gov); paul.clanon@cpuc.ca.gov (paul.clanon@cpuc.ca.gov)
Bcc:
Subject: Re: Analyst Report - Bernstein on CPUC Pipeline Records

At least we now know, thanks to Bernstein, that the real weakness at PG&E is not pipeline safety, but regulatory relations.

On Mar 18, 2011, at 10:06 AM, "Cherry, Brian K" <BKC7@pge.com> wrote:

If only Tom and I were to get credit for that.

From: Clanon, Paul [mailto:paul.clanon@cpuc.ca.gov]
Sent: Friday, March 18, 2011 09:54 AM
To: Cherry, Brian K; Lindh, Frank <frank.lindh@cpuc.ca.gov>
Subject: RE: Analyst Report - Bernstein on CPUC Pipeline Records

"PG&E's handling of the public and regulatory scrutiny in the aftermath of the San Bruno pipeline explosion,

had been marked by a relatively adroit and adept series of actions"

I just wanted to read that part again.

From: Cherry, Brian K [mailto:BKC7@pge.com]
Sent: Friday, March 18, 2011 9:48 AM
To: Clanon, Paul; Lindh, Frank
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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Lisa Lam

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