

From: Peevey, Michael R.  
Sent: 7/1/2011 10:51:47 AM  
To: Cherry, Brian K (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=BKC7)  
Cc:  
Bcc:  
Subject: RE: LLNL Partnership Application: Management Review Draft

Finally. Thanks for your persistence.

**From:** Cherry, Brian K [mailto:BKC7@pge.com]  
**Sent:** Thu 6/30/2011 5:29 PM  
**To:** Peevey, Michael R.  
**Subject:** FW: LLNL Partnership Application: Management Review Draft

FYI. Draft application on the LLNL project by the three IOUs to be filed on the 11th. Thought you might want to read the draft over the holiday if you get bored. It's been a long slog herding cats from Edison and Sempra. Some areas you might want to focus on making changes include the governance board and inter-utility allocations (once we file the application) I had to make concession on those issues to get the other two utilities on board for the application.

Hope you and Carol have a great 4th. Sara and I are heading to Sea Ranch for some R&R. If you make it up there, you are welcome to join us for dinner or drinks.

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**From:** Redacted  
**Sent:** Thursday, June 30, 2011 5:19 PM  
**To:** Stavropoulos, Nickolas; Williams, Geisha; Austin, Karen; Bottorff, Thomas E; Burt, Helen; Conway, John; Harvey, Kent M; Park, Hyun; Pruett, Greg S.; Simon, John; Wan, Fong; Bedwell, Ed; Cherry, Brian K; Cherry, Sara A; Hapner, Dede; Hartman, Sanford (Law); Kline, Steven L.; Livingston, Randy; Kuga, Roy M; Malnight, Steven; Mistry, Dinyar; Yura, Jane; Dasso, Kevin; Strauss, Todd; Thalman, Jon Eric; Eisenman, Eric; Zambrano, Saul; Berman, Janice S; Corey, Jana; Redacted Tyson, Redacted Berkovitz, Trista (GE&O); Wells, Jason; Redacted Dore, Jav; Johnson, Aaron; Singh, Amrit P  
**Cc:** Marre, Charles; Jacobson, Erik B (RegRel); Warner, Christopher (Law); Redacted  
**Subject:** LLNL Partnership Application: Management Review Draft

All:

As discussed in the Regulatory Officers meeting this week, we recommend PG&E join with SCE and SDG&E in filing a CPUC application on July 11 requesting authority to enter into a master agreement with the Lawrence Livermore National Laboratory (LLNL) for services over a 5 year period the use and leverage the Lab's unique resources and staff, including LLNL's supercomputing capability. This agreement has been under consideration over the last 12 months by a joint team within PG&E consisting of representatives of Electric T&D; Energy Procurement; ISTS; Gas; Regulatory Relations; and Law.

The joint PG&E/SCE/SDG&E application, a copy of which is attached to this email, will request a 5 year revenue requirement of \$150 million for potential services to be provided by LLNL. The \$150 million

would be allocated 55%, 35% and 10% among PG&E, SCE and SDG&E, respectively. PG&E's annual revenue requirements would be a total of \$83.44 million in expense over the 5 years, or \$16.7M per year. PG&E proposes to split its revenue requirements 75% to electric and 25% to gas, reflecting the potential for some gas-related projects and benefits under the agreement.

The agreement with LLNL would be governed by a Board of Directors, consisting of one member from each of the three IOUs, plus a member appointed and representing the CPUC and a member appointed and representing the CAISO. Notably, the agreement would not obligate the IOUs to approve any minimum spending or number of projects under the agreement; the decision to spend funds on LLNL services and projects would be solely within the discretion of the Board of Directors as part of their strategic planning and budget setting role.

The CPUC application includes illustrative examples of the categories and types of projects that might be undertaken under the agreement ("use cases"), under four broad categories (Planning; Operations; Cyber Security; and Workforce Preparedness). However, the application makes clear that the "use cases" are just illustrative examples and not committed projects, and that the Board of Directors will determine in its discretion what projects, if any, merit funding under the agreement. Further details on these potential "use cases" are provided in the attachment to the CPUC application.

The three IOUs and LLNL would like to file the CPUC application by July 11 so that there is an opportunity for the CPUC to review and approve it before the end of 2011.

Please provide your comments, questions, or suggestions on this draft application by no later than COB Wednesday, July 6 if possible, so we can keep on track for a July 11 filing date. In addition, if you would like to meet individually to discuss the application and the scope of the Joint IOU/LLNL agreement that we would enter after CPUC approval, please let us know.

Thanks for your consideration.

CHUCK MARRE  
Redacted  
ERIK JACOBSON

CHRIS WARNER

Regulatory Relations

Law

Redacted regulation and rates

pacific gas and electric company

Redacted