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Sent: 10/12/2011 6:47:02 PM
To: 'fer@cpuc.ca.gov' (fer@cpuc.ca.gov)
Cc: Cherry, Brian K (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=BKC7);
Bottorff, Thomas E (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=TEB3)
Bcc:
Subject: follow-up

Commissioner Ferron:

I enjoyed speaking with you and your team today. Thanks for making the time.

I have asked Gabe Togneri to provide any assistance you need prior to your trip at the end of the month. He knows your areas of interest based on our discussion today and is available to meet when you wish.

I also wanted to provide some more info on our bank group and recent credit facilities since you were interested in them. In May, the utility entered into a 5-year \$3 billion revolver which is used to support energy procurement hedging activities, as well as for general purposes, including serving as a liquidity backstop for the Utility's commercial paper program. In addition, the utility also entered into 5-year \$933 million letter of credit facilities that are used to support the Utility's tax-exempt pollution control bonds.

Although we don't intend to borrow funds under the revolver (we generally use it to backstop our commercial paper program), the pricing was significantly less than what could have been obtained in the market only six months earlier (albeit greater than the previous credit facility which was put in place in 2007). Pricing based on the Utility's current credit rating is 15 bps undrawn and Libor + 112.5 bps drawn. The total upfront fee was approximately 50 bps. As I mentioned, up until six months prior to closing the transaction it would have been very difficult or impossible to lock in a 5-year credit facility.

A total of 19 banks provided credit commitments ranging from \$23 million to \$254 million. Below is a list of the banks and their credit commitments.

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Thanks for your interest in our banking arrangements and for the discussion today. I look forward to many more. Best,

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