

From: Bottorff, Thomas E  
Sent: 10/18/2011 9:43:33 AM  
To: 'Clanon, Paul' (paul.clanon@cpuc.ca.gov)  
Cc: Cherry, Brian K (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=BKC7)  
Bcc:  
Subject: Re: Physical Asset Management Practices and Cost Recovery

Paul,

Tony and Chris both wanted to move forward in light of a commitment made to Boxer. So I called Mike and asked him what he would like to include in the public announcement.

Mike asked us to work with Terrie Prosper on the wording, but wanted something like: "Jim Hall will also report to the CPUC."

The plan now is to have Nick describe Jim Hall's role in his testimony later today and have the CPUC issue a press release at about the same time. PG&E will issue a press release as well.

Our media team should have made contact with Terrie this morning.

Tom

**From:** Clanon, Paul [mailto:paul.clanon@cpuc.ca.gov]  
**Sent:** Monday, October 17, 2011 8:06 PM  
**To:** Bottorff, Thomas E  
**Cc:** Cherry, Brian K  
**Subject:** Re: Physical Asset Management Practices and Cost Recovery

Can you hold off until Mike and Tony talk about it tomorrow night? Mike has some ideas about how he wants it made public. I'm not sure we have it all nailed down yet anyway.

On Oct 17, 2011, at 7:57 PM, "Bottorff, Thomas E" <[TEB3@pge.com](mailto:TEB3@pge.com)> wrote:

I just learned that we may announce the arrangement with Jim Hall tomorrow, after all. It depends on whether we can get a signed contract by tomorrow morning. I'll keep you posted.

Tom

**From:** Clanon, Paul [<mailto:paul.clanon@cpuc.ca.gov>]  
**Sent:** Monday, October 17, 2011 7:48 PM  
**To:** Cherry, Brian K  
**Cc:** Bottorff, Thomas E  
**Subject:** Re: Physical Asset Management Practices and Cost Recovery

Interesting.

I'm at Pit River 1 by the way. Erik J. is playing hearts with Commissioner Sandoval.

On Oct 17, 2011, at 10:27 AM, "Cherry, Brian K" <[BKC7@pge.com](mailto:BKC7@pge.com)> wrote:

FYI. Interesting discussion of where we may need to go here in CA rate cases.

**From:** OLoughlin, Matthew [<mailto:Matthew.OLoughlin@brattle.com>]  
**Sent:** Monday, October 17, 2011 9:34 AM  
**To:** Cherry, Brian K  
**Cc:** [Redacted]  
**Subject:** Physical Asset Management Practices and Cost Recovery

Brian:

Paul and I enjoyed our breakfast conversation in SF, it was good to catch up. We understand from Ahmad that the two of you also had a nice lunch recently.

This email follows up on our discussion about natural gas infrastructure investment and cost recovery. The attached paper provides a brief summary of the British regulator's ("Ofgem") approach to asset investment plans, asset performance, and incentive cost recovery schemes. It

stems from an Ofgem concern back in 2000 that the network companies may not be managing their assets as carefully as they should – blindly replacing them at standard engineering end of life, not doing any condition monitoring, not targeting high risk assets. Ultimately, a technical management standard was developed and implemented by the British Standards Institute while Ofgem developed its asset risk management survey.

We are interested in meeting with you and your colleagues to continue our conversation of these topics. It so happens that one of our SF colleagues, Toby Brown, previously worked for Ofgem and has some familiarity with its approach to these issues. We will follow up with you in the near future to see if a meeting can be arranged the next time we are in San Francisco.

-Matt

**Matthew O'Loughlin**

Principal

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