

From: Clanon, Paul  
Sent: 11/9/2011 9:07:23 AM  
To: Cherry, Brian K (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=BKC7)  
Cc:  
Bcc:  
Subject: Re: Earnings Season and Company Coverage

We talked about this too. You're in a different position altogether, and will be until the enforcement proceedings are done. That's the way the world is, and you know it. You guys are doing good things now all across the board and have a lot to be proud of. Corporate reputation (and government agency reputation) doesn't come back as quickly as change on the ground.

On Nov 8, 2011, at 3:52 PM, "Cherry, Brian K" <[BKC7@pge.com](mailto:BKC7@pge.com)> wrote:

Does this mean to say that you guys have agreed to give Sempra a memo account separate and on different time periods than us ?

**From:** Redacted  
**Sent:** Tuesday, November 08, 2011 1:05 PM  
**To:** Bottorff, Thomas E  
**Cc:** Togneri, Gabriel  
**Subject:** RE: Earnings Season and Company Coverage

Hi Tom,

We thought it might be helpful to provide you with the full transcript of the questions and answers related to the Pipeline Safety Plan expenditures that came up during the Sempra call, for your reference:

**Paul Patterson - Analyst:** Okay. Great. And then the gas pipeline plan? As I'm sure you guys know PG&E had quite an announcement this morning. And I was wondering whether or not you could just sort of comment on how -- obviously, it's a different situation different -- if you could just maybe comment a little bit about the pipeline safety enhancement plan and how that differs. I mean, it sounds like you're planning on getting full recovery. Just if you could elaborate a little more on that?

**Debra L. Reed:** Sure, very much so. I think we are in a different situation clearly in that regard. As I told you the filing that we made is really for new activities that the CPUC is

requiring of the utilities as a result of the PG&E situation. And so they are requiring us to test all lines that haven't been tested, and that was not previously required under the regulation. So we made a filing consistent with the CPUC's request. **We would anticipate that they would authorize a memorandum account for us so that we can begin recovering costs or begin booking the costs to the memorandum account within the first quarter of next year.** And as I mentioned, our total filing over 10 years is \$3.1 billion, \$2.8 million of that is capital. And then our 5-year request for funding, which we have requested to occur prior to the next rate case, is about \$1.4 billion in capital, and **we fully expect to recover that.**

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**Mark Barnett - Morningstar Inc., Research Division:** Quick question. You may have already gone over this briefly, but I think I might have missed. The timeline on the review process for your submitted PSEP program. When you might [indiscernible] first year back...

**Debra L. Reed:** Yes. The timeline for the review, **we're anticipating that a memorandum account will be established in the first quarter of next year. And the memorandum account would allow us to book costs for future recovery.** And then the proceeding is unclear to us exactly what the timing of the full proceeding would be for the approval of the entire filing. But once we have a memorandum account then we can begin implementation.

**Mark Barnett - Morningstar Inc., Research Division:** And with the final, I guess, proposal or accepted proposal, are you expecting it to just take the form of a writer or...

**Debra L. Reed:** I'm not sure I quite understood.

**Mark Barnett - Morningstar Inc., Research Division:** Like an ongoing writer mechanism?

**Debra L. Reed:** Okay. What we filed for is a surcharge, and that, that surcharge would stay in place until our next rate case. And then on our next rate case, they would look at the future periods and put into our next rate case an amount to continue with us -- through \$3.1 billion over the next 10 years that we've requested. So we broke it into 2 pieces. **The first piece is \$1.7 billion and \$1.4 billion of that is capital, and we would look at that, getting the memo account to begin that in the first quarter of next year.** And then the second piece would occur after the rate case period.

Thanks,

Dave

**From:** Bottorff, Thomas E

**Sent:** Tuesday, November 08, 2011 12:09 PM

**To:** [Redacted]; Togneri, Gabriel; Cherry, Brian K; Harvey, Kent M

**Cc:** Murphy, Margaret; Lam, Lisa

**Subject:** RE: Earnings Season and Company Coverage

Dave,

Thanks.

Tom

**From** [Redacted]  
**Sent:** Tuesday, November 08, 2011 10:24 AM  
**To:** Bortorff, Thomas E; Togneri, Gabriel; Cherry, Brian K; Harvey, Kent M  
**Cc:** Murphy, Margaret; Lam, Lisa  
**Subject:** RE: Earnings Season and Company Coverage

Hi Tom,

I am assuming you are referring to the question where it was stated that Sempra had room in their gas bills for additional spend (please correct me if this is not what you are looking for). The response came from Debra Reed (CEO) and I have attached the transcript of her answer below. For other questions related to gas, Debra took the lead with the majority of the answers while Mark Snell (President) answered a few questions related to the gas operations:

Debra: Let me address that because I think that the thing that is fortunate for us is that SoCalGas has some of the lowest bills in the country. Our average gas bills are \$40 to \$50 on an annual average basis. So we have very, very low gas bills. And so I think that because of the focus on safety and because of the need to make these kinds of investments in the system, I think there is room in those bills to accommodate this kind of a expenditures and because we start with very low bills.

Please let me know if you would like to know any other information from the call.

Thanks,

Dave

[Redacted] CPA  
Sr. Analyst, Energy Accounting  
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San Francisco, CA 94105

Redacted

**From:** Bottorff, Thomas E  
**Sent:** Tuesday, November 08, 2011 9:00 AM  
**To:** Togneri, Gabriel; Cherry, Brian K; Harvey, Kent M  
**Cc:** Redacted Murphy, Margaret; Lam, Lisa  
**Subject:** RE: Earnings Season and Company Coverage

Gabe and David,

Thanks for sharing this. Sempra is full of optimism, but I think a memo account in early 2012 may be a stretch (especially in light of the scoping memo). Do you know who provided the response to the gas questions?

Tom

**From:** Togneri, Gabriel  
**Sent:** Monday, November 07, 2011 5:41 PM  
**To:** Bottorff, Thomas E; Cherry, Brian K; Harvey, Kent M  
**Cc:** Redacted Murphy, Margaret; Lam, Lisa  
**Subject:** FW: Earnings Season and Company Coverage

Tom/Brian/Kent,

Please see the attached one-page summary of the Sempra earnings call put together by Redacted in our Accounting organization. David covers Sempra for the IR team and noted some comments and questions relative to their Pipeline Safety Plan and SmartMeter roll-out that came up on their recent earnings call that I thought would be of interest.

Gabe

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*Gabe Togneri | VP Investor Relations | PG&E Corporation | 415.267.7100*

**From:** [Redacted]  
**Sent:** Friday, November 04, 2011 8:44 AM  
**To:** Togneri, Gabriel  
**Cc:** Murphy, Margaret; Lam, Lisa  
**Subject:** RE: Earnings Season and Company Coverage

Hi Gabe,

Please find attached to this e-mail the summary of the Q3 Earnings call for Sempra Energy.

Since this is my first time providing a summary to you, please let me know if you prefer a different format or would like me to add/subtract any items.

Thanks,

Dave

[Redacted] CPA  
Sr. Analyst, Energy Accounting  
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San Francisco, CA 94105

[Redacted]

**From:** Lam, Lisa  
**Sent:** Thursday, October 20, 2011 3:50 PM  
**To:** MBA\_10; Lee, Alina; Shields, Corbin; Narasimhan, Mani; Whorton, Matthew; Siu, Melvin; Ney, Michael; Silicani, Monica; Leis, Nathan R.; Luo, Perry; Martinez, Sofia; Britanik, Travis; Tarasova, Yekaterina; Tews, Stephanie; [Redacted]  
**Cc:** Togneri, Gabriel; Murphy, Margaret  
**Subject:** Earnings Season and Company Coverage

Team,

Earnings season is upon us.

PCG's third quarter earnings call is scheduled for **Thursday, November 3 at 6:00am**.

As the companies you are tracking report earnings, please listen to the call and review all information they've published with their earnings report. We want you to note the key areas of focus for the investors.

We would appreciate receiving your short, bullet point style summaries within a few days of your company's earnings report, so that we can gather that knowledge as we prepare for our own earnings call. This will help us finalize our prepared remarks on the quarter and also prepare for questions.

As you cover your company's calls and summarize them, along with analyst reports and reactions, please listen for the following:

- Significant events that the companies are highlighting on the call, including implications for guidance or any forward looking directions for the company (whether in prepared remarks or during the Q&A portion of the call)
- Any information or topics referenced on the call that apply to the utility sector as a whole
- Companies that talk about topics that are relevant to PCG (i.e. gas pipeline operations, nuclear issues, environmental liability, etc.)

Please send the summaries to Gabe with a cc to Margaret Murphy and myself. Please do not hesitate to call if you have any questions.

Lisa

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Lisa Lam

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