

From: Pocta, Robert M.  
Sent: 12/1/2011 10:42:18 AM  
To: Cherry, Brian K (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=BKC7)  
Cc:  
Bcc:  
Subject: RE: Cost of Capital

Brian - Thanks for the note. I think that the utilities should file their respective applications, and at the PHC the parties try to establish a schedule that provides time after DRA and the intervenors file their reports for negotiation. I don't think settling before an application is filed would be viable in this case, especially given the current circumstances with the recent COC settlements on the water side.

If you want to discuss further, give me a call sometime or if you are at the Commission conference today and get this maybe we can find time to chat for a few minutes. My schedule is open until 1:30.

**From:** Cherry, Brian K [mailto:BKC7@pge.com]  
**Sent:** Tuesday, November 29, 2011 11:16 AM  
**To:** Pocta, Robert M.  
**Subject:** Cost of Capital

Mark - the energy utilities have had some internal discussions on settling the Cost of Capital proceeding prior to our applications. As you can imagine, working with the four energy utilities is akin to herding cats. We are to meet again to discuss this issue in the first week of January. My question to you is quite simple. Would you prefer the three of us to come in and negotiate a proposed settlement or would you prefer to negotiate settlements individually? Given that the utilities will all be proposing different ROEs anyway, I'm not so sure. I've tried to keep the utilities together on the same page but I'm starting to feel like we should go our separate ways. Your comment would be appreciated.