

From: Peevey, Michael R.
Sent: 2/27/2012 1:22:59 PM
To: Bottorff, Thomas E (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=TEB3)
Cc:
Bcc:
Subject: RE: Legislature

As you know, a week from today CFEE, at my instigation, is having a small conference on rate structure and related matters. It may be the kick off for an OIR. Then we can straighten things out, at least in concept, and proceed with a legislative fix. Without some ground work your effort in Sac will go no where (and we know your Sac team does not read the tea leaves well). I urge you to just sit tight, participate next week at CFEE and take it a step at a time. I seek a more rational rate structure, but it is very complicated and the status quo will be fervently protected, which is why we need to build towards change, not just take a small part of the overall need and triumph it.

From: Bottorff, Thomas E [mailto:TEB3@pge.com]
Sent: Monday, February 27, 2012 12:32 PM
To: Peevey, Michael R.
Subject: RE: Legislature

Mike,

Ever since the rate revolt in Bakersfield, tier reform has been a regular topic at senior management meetings and Board meetings. The pressure has been on to bring the upper tiers to a more reasonable level.

The CPUC has done a huge amount to address the issue, but everyone understands that SB 695 limits further progress. So, the Sacramento team was directed to see if additional reforms could be achieved. The introduction of a customer charge was something the team thought they could deliver

If, instead, the proposed charge will be viewed as counter-productive and ultimately a failure, I'll talk to Tony and Chris about dropping it or letting it sit. But I'd like to be able to add that we have an alternative that will lead to a better result.

Once the assessment is complete, what's the next move?

Tom

From: Peevey, Michael R. [mailto:michael.peevey@cpuc.ca.gov]
Sent: Monday, February 27, 2012 10:20 AM
To: Bottorff, Thomas E
Subject: Legislature

I don't know why the company chose this moment to cause the introduction of a fixed charge bill. I think it is counter-productive to what we are trying to do---a clear assessment of tiered rates and costs. Instead, PG&E picks a part of the overall issue. I urge you to drop the bill (or to just let it sit). Otherwise, it will become the rallying point for groups who have no sympathy for all rate structure changes and, boy, it will be fun for them to thump PG&E over and over.