

From: Simon, Timothy A.
Sent: 3/1/2012 10:18:17 AM
To: Cherry, Brian K (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=BKC7)
Cc:
Bcc:
Subject: RE: Jordan Cove LNG FERC Filing - Pacific Connector Pipeline Project
Withdrawal

Understood!
Commissioner Timothy Alan Simon
California Public Utilities Commission
Chairman, NARUC Committee on Gas

From: Cherry, Brian K [mailto:BKC7@pge.com]
Sent: Thursday, March 01, 2012 10:03 AM
To: Simon, Timothy A.
Subject: FW: Jordan Cove LNG FERC Filing - Pacific Connector Pipeline Project Withdrawal

Timothy:

Several years ago, PG&E Corporation entered into a joint partnership with private equity partners to support development of the Pacific Connector Pipeline, a natural gas pipeline that would transport LNG from Jordan Cove, Oregon to a terminus at Malin, Oregon, a major interconnection point for natural gas supplies that flow into California. PG&E has made a decision to withdraw from the Pacific Connector project because it no longer makes sense for our customers and our core business.

PG&E joined the Pacific Connector project because it would increase gas supplies in Northern California and lower prices, which would benefit both our gas and electric customers. However, reconfigured as a line for exporting gas, the project no longer fit with PG&E's mission, which is delivering safe, reliable and affordable gas to our customers here in California. The project was conceived and proposed at a time when forecasts universally predicted that domestic gas reserves were declining and America would need to import natural gas to ensure customers had reliable, affordable supplies. Thanks to the boom in domestic shale gas supplies over the past several years, America now has ample access to affordable natural gas without having to import it from overseas. PG&E Corporation's investment in the project was solely in the pipeline. It was not an investor in the proposed Jordan Cove LNG terminal, and as

such, we have no involvement in decisions that will be made with respect to building an export facility.