

From: [Redacted]  
Sent: 4/9/2012 3:27:42 PM  
To: 'Cheng, Franz' (franz.cheng@cpuc.ca.gov)  
Cc:  
Bcc:  
Subject: RE: Urgent Request to Confer on Pipeline Capacity Contract Renewals

Thanks, Franz,

Sorry you're not feeling well.

Since Pearlie has indicated support for Option three (12 month duration for both), I don't think PG&E needs to touch base with DRA again before we send them a draft MOU and AL, unless the situation changes (if, for instance, Kern River capacity is no longer available). Regarding Option One, I think it is also viable, and would provide economic value as well. But after talking it over a little more at PG&E, we see the potential for even greater savings if we keep our options open and strategize with DRA and TURN on how to re-shape our core capacity portfolio to provide better value going forward.

We still have to get TURN's input. Are you interested in participating in a call with Marcel?

Thanks,

[Redacted]

**From:** Cheng, Franz [mailto:franz.cheng@cpuc.ca.gov]  
**Sent:** Monday, April 09, 2012 2:18 PM  
**To:** [Redacted]  
**Subject:** RE: Urgent Request to Confer on Pipeline Capacity Contract Renewals

I'm sick but may be available for a call-in anyway, so please cc me the time. Thanks for the revised recommendation. Not sure why Option 1 isn't being pushed harder since you could simply file two ALs, one for KR, one for EPNG, and it possibly improves your bargaining position next year. I don't think the KR 2-yr would draw as much CTA flak. But we can talk more on the call.

**From:** [Redacted]

**Sent:** Fri 4/6/2012 3:35 PM

**To:** Sabino, Pearlie Z.; Pocta, Robert M.; Peck, David B.; Myers, Richard A.; Gatti, Belinda; 'Marcel@turn.org'; Cheng, Franz; Bromson, Jonathan

**Cc:** Clare, David; [Redacted]

[Redacted] Doll, Laura

**Subject:** Urgent Request to Confer on Pipeline Capacity Contract Renewals

All,

Attached please find an updated Pipeline Capacity Renewal presentation, describing the additional options, and the advantages and disadvantages of each. Also included is a revised recommendation. We would like to discuss this with you next week. Please let me know your availability for a one hour call Monday, Tuesday, or Wednesday next week.

Thank You,

[Redacted]

Manager, Regulatory and Contract Services  
Core Gas Supply  
Pacific Gas and Electric Company

[Redacted]

**From:** [Redacted]

**Sent:** Thursday, April 05, 2012 2:11 PM

**To:** 'Sabino, Pearlie Z.'; Pocta, Robert M.; Peck, David B.; Myers, Richard A.; Gatti, Belinda; [Marcel@turn.org](mailto:Marcel@turn.org); Cheng, Franz; Bromson, Jonathan

**Cc:** Clare, David; [Redacted]

[Redacted] Doll, Laura

**Subject:** RE: Urgent Request to Confer on Pipeline Capacity Contract Renewals

Hi, Pearlie,

Thank you for stating DRA's position. We appreciate your prompt response which will help us move forward. However, we ask for clarification of a few additional points:

1) Can DRA also support a one year Kern River contract?

That option, although slightly more expensive, provides additional flexibility in the near term enabling PG&E, DRA and other stakeholders to consider realignment of core capacity holdings. During our conference call, Dave Peck expressed an interest in evaluating our pipeline portfolio. We are also interested in potential re-alignment, if reasonable, and of course, subject to approval by the Commission. Allowing the entire PG&E SW portfolio to expire by next summer could provide a unique opportunity to address potential changes.

2) Your email only addressed the Kern River offer. Will DRA recommend the 66,000 Dth/d, one year renewal of El Paso capacity at this time?

If not, PG&E will be short by 66,000/d, and by next winter we will be out of compliance with D.04-09-022. Additionally, by not renewing now, we will be waiving our FERC Right-of-First-Refusal on the El Paso capacity contract.

3) In light of the issues identified in Q.2, is DRA recommending that we not renew any El Paso capacity?

4) Does DRA agree with the CPIM benchmark modifications to accommodate Kern River as outlined in our presentation?

5) In addition, does DRA accept the modifications to the MOU on the CPIM sequence to incorporate Ruby Pipeline and Rocky Mountain supplies as we discussed last Monday?

We believe that final agreement on the benchmark is a necessary precursor to moving forward with the Kern River offer.

Thanks again for your prompt email response. Your answers to these additional questions will help us finalize our recommendation, which we hope to be able to share with you tomorrow.

[Redacted]

Manager, Regulatory and Contract Services  
Core Gas Supply  
Pacific Gas and Electric Company

[Redacted]

**From:** Sabino, Pearlie Z. [mailto:pearlie.sabino@cpuc.ca.gov]

**Sent:** Thursday, April 05, 2012 10:52 AM

**To:** [Redacted] Pocta, Robert M.; Peck, David B.; Myers, Richard A.; Gatti, Belinda; [Marcel@turn.org](mailto:Marcel@turn.org); Cheng, Franz; Bromson, Jonathan

**Cc:** Clare, David; [Redacted]

[Redacted] Doll, Laura

**Subject:** RE: Urgent Request to Confer on Pipeline Capacity Contract Renewals

Hi [Redacted]

At this time DRA can only express support for the 33-month deal on the Kern River capacity as described to us.

DRA looks forward to your updated proposal per discussion in yesterday's meeting.

Thanks,

Pearlie Sabino

**From:** [Redacted]

**Sent:** Wednesday, April 04, 2012 2:00 PM

**To:** Sabino, Pearlie Z.; Pocta, Robert M.; Peck, David B.; Myers, Richard A.; Gatti, Belinda; [Marcel@turn.org](mailto:Marcel@turn.org); Cheng, Franz; Bromson, Jonathan

**Cc:** Clare, David; [Redacted]

[Redacted] Doll, Laura

**Subject:** RE: Urgent Request to Confer on Pipeline Capacity Contract Renewals

Pearlie and others,

Attached is additional information for our 3:30 conference call today.

The call-in information is:

Redacted

Redacted

Thanks,

Redacted

Manager, Regulatory and Contract Services  
Core Gas Supply  
Pacific Gas and Electric Company

Redacted

**From:** Sabino, Pearlie Z. [mailto:[pearlie.sabino@cpuc.ca.gov](mailto:pearlie.sabino@cpuc.ca.gov)]

**Sent:** Wednesday, April 04, 2012 12:39 PM

**To:** Redacted Pocta, Robert M.; Peck, David B.; Myers, Richard A.; Gatti, Belinda; [Marcel@turn.org](mailto:Marcel@turn.org); Cheng, Franz; Bromson, Jonathan

**Cc:** Clare, David; Redacted

Redacted Doll, Laura

**Subject:** RE: Urgent Request to Confer on Pipeline Capacity Contract Renewals

Hi John,

Do you have any additional information regarding these offers and also any thoughts on how the CPIM benchmark might be modified to reflect the possibility of Kern capacity?

Thanks,

Pearlie

**From:** [Redacted]

**Sent:** Thursday, March 29, 2012 4:41 PM

**To:** Pocta, Robert M.; Peck, David B.; Sabino, Pearlie Z.; Myers, Richard A.; Gatti, Belinda; Marcel Hawiger (Marcel@turn.org); Cheng, Franz; Bromson, Jonathan

**Cc:** Clare, David [Redacted]

[Redacted] Doll, Laura

**Subject:** Urgent Request to Confer on Pipeline Capacity Contract Renewals

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Manager, Regulatory and Contract Services

Core Gas Supply

Pacific Gas and Electric Company

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