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Sent: 12/13/2012 8:14:01 AM  
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Subject: Concept Response

Tom and Joe- the parties met yesterday to discuss the concept of working towards an agreement that encompasses remedies, financials, and facts, but leaves the findings on violations of law and other conclusions to the Commission through the briefing process. All of the parties have expressed willingness to work towards this type of agreement, with the following assumptions:

- 1) PG&E will respond to the remedy package by Friday, and ideally earlier.
- 2) PG&E will not wordsmith large numbers of the proposed facts but will instead focus only on counter proposals to those that PG&E believes are: a) wrong, b) conclusions rather than facts, or c) combined facts and conclusions where PG&E believes a conclusion should be dropped. This response would also come on Friday.

The parties believe that working towards an agreement will be productive if PG&E is able to identify a fairly narrow set of disputed facts to work through, but if PG&E believes that we will need to discuss all 656 facts presented (or substantially all of them), then we aren't likely to be able to reach a mutually agreeable outcome. The smaller the number, the higher the likelihood of success.

We would also like to tee up an issue that we believe is potentially problematic- how we would justify presenting (in the agreement or any motion to adopt an agreement) an agreement that resolves fines and related monetary issues without admissions of violations to the Commission. This doesn't need to be resolved now, but it is an issue that we are concerned about.

We look forward to seeing your responses on both the remedies and facts on Friday, if not before.

Michelle Cooke