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Sent: 12/21/2012 10:04:33 AM
To: Michel Peter Florio (MichelPeter.Florio@cpuc.ca.gov)
Cc:
Bcc:
Subject: Fwd: Analyst reports on CPUC decisions

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Begin forwarded message:

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Date: December 21, 2012, 9:04:01 AM PST
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Subject: Analyst reports on CPUC decisions

All,

Several analyst reports/emails were issued after yesterday's CPUC meeting. While most of them do not cover all four primary decisions that impact the company, they collectively represent the reaction of the investment community to yesterday's actions.

- [REDACTED] The Cost of Capital decision was expected and the 10.4% ROE is viewed as at or slightly above the national average depending on

the analyst.

- The PSEP decision in which the commissioners overruled the ALJ's recommendation for a sub-standard ROE on PSEP capital investment is viewed as a marginal positive and more consistent with the message that the Commissioners had been communicating to the Street about ratemaking policy as it relates to San Bruno-related penalties.
- I only saw one report (UBS) that mentioned Oakley and it incorrectly states that the plant was denied. (We have pointed out this inaccuracy to Jim VonRieseemann). We had a number of conversations with investors yesterday where we mentioned this approval and today's 8K will include it as well.
- Most analysts were not even aware of the CEE incentive award. We're downplaying this in conversations as our past experience has shown that it's unpredictable. I would expect that this will not get much importance placed with it.

Now the focus will shift to the OIIs, the resolution of which will remove the remaining immediate and significant regulatory overhang.

Gabe