From: Cherry, Brian K
Sent: 2/21/2013 9:19:35 AM
To: Florio, Michel Peter (MichelPeter.Florio@cpuc.ca.gov) (MichelPeter.Florio@cpuc.ca.gov)
Cc:
Bcc:
Subject: FW: RTT News, DJ, AP - PG&E Slips to Loss in Q4, Sees 2013 Earnings Below View

Share price is down $1.60 at this writing.

From: owner-Newsflash-Real-Time@pge.com [mailto:owner-Newsflash-Real-Time@pge.com] **On Behalf Of** News Flash
Sent: Thursday, February 21, 2013 9:16 AM
To: Newsflash-Real-Time
Subject: RTT News, DJ, AP - PG&E Slips to Loss in Q4, Sees 2013 Earnings Below View

RTT News, Dow Jones Newswires and *Associated Press* report on PG&E's fourth-quarter 2012 earnings.

PG&E Slips to Loss in Q4, Sees 2013 Earnings Below View

RTT News, February 21, 2013

http://www.rttnews.com/2061951/pg-e-slips-to-loss-in-q4-sees-2013-earnings-below-view.aspx?type=ts

Public utility company **PG&E Corp.** (PCG: Quote) on Thursday reported a loss for the fourth quarter, hurt by natural gas matters and environmental costs associated with historic operations at the company's natural gas compressor station in Hinkley, California. However, adjusted earnings per share matched analysts' expectations.

Looking ahead, the company forecast adjusted earnings for fiscal 2013 below analysts' estimates.

The San Francisco, California-based energy holding company, which conducts business through Pacific Gas and Electric Co., reported consolidated net loss for the fourth quarter of $13 million or $0.03 per share, compared to earnings of $83 million or $0.20 per share in the prior-year quarter.

The latest quarter's results include net costs of $0.62 per share in connection with natural gas matters and environmental costs associated with historic operations at the company's natural gas compressor station in Hinkley, California.

Excluding special items, earnings from operations were $253 million or $0.59 per share compared to $366 million or $0.89 per share in the year-ago quarter. On average, thirteen analysts polled by Thomson Reuters expected earnings of $0.59 per share for the quarter. Analysts' estimates typically exclude special items.

PG&E noted that $0.11 per share of the decrease in adjusted earnings was due to planned incremental spending on operational improvements being made across the utility, while employee compensation accounted for $0.09 of the decrease. An additional $0.05 per share of the decrease was due to a greater number of common shares outstanding, while storm costs, litigation, and other items accounted for a combined $0.10 decrease.

The company has incurred total costs of about $1.4 billion on a pre-tax basis for natural gas pipeline-related actions since the September 2010 San Bruno pipeline accident, all of which have been incurred at shareholders' expense.

For fiscal 2012, PG&E's net income declined to $816 million or $1.92 per share from $844 million or $2.10 per share in the previous year. Excluding items, earnings from operations were $1.37 billion or $3.22 per share, compared with earnings from operations of $1.44 billion or $3.58 per share in the prior year.

Operating revenues for the year rose 4 percent to $12.09 billion from $11.61 billion last year.

Analysts expected the company to earn $3.20 per share for the year on revenues of $15.29 billion.

Looking ahead to fiscal 2013, PG&E forecasts reported earnings in a range of $1.66 to $2.22 per share and adjusted earnings from operations in a range of $2.55 to $2.75 per share. Street expects the company to earn $2.78 per share for the year.

The company noted that the guidance is based on various assumptions, including a lower authorized return on equity and additional equity issuances of $1.0 billion to $1.2 billion.

PG&E is targeting 2014 to significantly recover from the uncertainties of the past several years, pending resolution of the San Bruno investigations and the company's 2014 general rate case. Its future gas pipeline work is expected to be addressed in the company's 2015 gas transmission rate case.

In Thursday's regular session, PCG is trading at $42.22, down $0.90 or 2.09 percent on a volume of 95,192 shares.

PG&E Swings to 4th-Quarter Loss on Natural Gas-Related Costs

By Ben Fox Rubin

Dow Jones Newswires, February 21, 2013

PG&E Corp. (PCG) swung to a fourth-quarter loss, with the results being dragged down by a series of natural gas and environmental costs.

For the new year, the gas-and-electricity utility predicted adjusted earnings of $2.55 to

$2.75 a share, compared with estimates of $2.78 from analysts polled by Thomson Reuters.

PG&E, which serves central and northern California, has had its profits hampered by charges related to a fatal 2010 natural gas pipeline explosion in San Bruno, Calif.

After a yearlong probe, federal investigators blamed PG&E for the blast and concluded that pipeline defects that went unnoticed for decades caused the rupture. The investigators also found that the utility's poor record-keeping and inadequate attention to pipeline safety were contributing factors. The violations could result in billions of dollars in fines. In addition, more than 100 victims of the disaster have filed lawsuits against the company.

Company executives said late last year they want to settle allegations over the pipeline explosion, although they declined to estimate the size of potential fines.

PG&E reported a loss of $13 million, or three cents a share, compared with a year-earlier profit of $83 million, or 20 cents. The latest period includes a handful of one-time items related to pipeline-related costs, penalties, third-party claims, and insurance recoveries, as well as environmental costs associated with historic operations at the natural gas compressor station in Hinkley, California. Excluding these items, earnings from operations fell to 59 cents from 89 cents.

Analysts most recently forecast earnings of 59 cents.

Shares closed Wednesday at $43.12 and were inactive premarket. The stock is up 7.6% over the past three months.

PG&E Reports 4th-Quarter Loss, 2013 Adjusted Profit Outlook Below Analysts' Expectations

Associated Press, February 21, 2013

Power utility **PG&E Corp.** on Thursday posted a fourth-quarter loss, weighed down in part by the costs of environmental issues related to historic operations and pipeline-related expenses.

For the three months ended Dec. 31, the San Francisco-based company lost $13 million, or 3 cents per share. That compares with a profit of $83 million, or 20 per share, a year earlier.

Taking out the environmental costs, natural gas matters and other items, earnings were 59 cents per share.

Analysts, on average, forecast slightly higher earnings of 60 cents per share, according to a FactSet poll.

The environmental costs are related to groundwater contamination in Hinkley, Calif., an issue that dates back to operations there in the 1950s and 1960s. The issue was first publicized during a 1996 court case and inspired the movie "Erin Brockovich." During the quarter, about 200 homeowners agreed to sell their homes in Hinkley to PG&E. Earlier in 2012, the company was ordered to provide permanent, in-home source of clean water to residents.

Full-year net income declined 3 percent to $816 million, or $1.92 per share, from $844 million, or $2.10 per share, in 2011.

Adjusted earnings were $3.22 per share.

Annual operating revenue was flat at about $15 billion.

For 2013, PG&E foresees adjusted earnings in a range of $2.55 to $2.75 per share.

Analysts expect earnings of $2.77 per share, on average, with estimates ranging from $2.55 to $2.90 per share.

PG&E said that it plans infrastructure investments of $4.5 billion to $6 billion a year between 2014 and 2016 so that it can maintain safe and reliable electric and gas service. The company said it anticipates needing "substantial amounts of equity" to fund part of the investments.

It expects up to $30 million in costs related to the issues in Hinkley.

PG&E's stock dropped 99 cents, or 2.3 percent, to $42.13 in Thursday morning trading.