

From: Florio, Michel Peter  
Sent: 2/22/2013 7:58:35 PM  
To: Cherry, Brian K (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=BKC7)  
Cc:  
Bcc:  
Subject: RE: Transcript

Worse than the questions I get from them!

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From: Cherry, Brian K [BKC7@pge.com]  
Sent: Friday, February 22, 2013 12:38 PM  
To: Florio, Michel Peter  
Subject: FW: Transcript

I love this question during yesterday's earnings call:

Hugh Wynne - Sanford C. Bernstein & Co. - Analyst

Hi. Tony, as you know, the normal utility business model is you provide safe and reliable service; you get to invest a lot of capital doing it; you earn

a nice return on that; and then you pass through the operating cost to the customer. On the gas side, PG&E seems to be running kind of an anti-utility,

where the service isn't safe and reliable; you spend a lot of capital trying to catch up on the safety and incur a lot of integrity management costs;

and then you just write it off. It is kind of like burning \$100 bills.

How confident are you that this is over now? Or do you fear that there could be other items like the right-of-way clearance that are still looming

ahead and might limit your ability to recover capital and operating costs in future?

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