

From: Cherry, Brian K  
Sent: 2/22/2013 8:11:55 PM  
To: Florio, Michel Peter (MichelPeter.Florio@cpuc.ca.gov)  
Cc:  
Bcc:  
Subject: RE: Transcript

Indeed. Tony handled it fine but I bet it stung !

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On Feb 22, 2013, at 7:58 PM, "Florio, Michel Peter" <MichelPeter.Florio@cpuc.ca.gov> wrote:

> 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

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> 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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