

From: [Redacted]  
Sent: 5/1/2013 3:57:10 PM  
To: 'Clanon, Paul' (paul.clanon@cpuc.ca.gov)  
Cc: Cherry, Brian K (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=BKC7)  
Bcc:  
Subject: RE: LCC Tax Neutrality

Thanks, Paul.

Allene brought up an interesting thought about this. The SC has earned about \$7M interest on investments related to the \$70M endowment. She wondered whether using this \$7M to pay for tax neutrality would be viewed as a potential solution to concerns expressed by Joel and Frank? It's a derivative but technically not part of the \$70M provided by PG&E. What do you think?

[Redacted]

**From:** Clanon, Paul [mailto:paul.clanon@cpuc.ca.gov]  
**Sent:** ~~Tuesday, April 30~~, 2013 10:37 AM  
**To:** [Redacted]  
**Cc:** Cherry, Brian K  
**Subject:** RE: LCC Tax Neutrality

Sorry I've been out of touch [Redacted] I haven't connected with him yet on the issue, but will keep trying.

**From:** [Redacted]  
**Sent:** Wednesday, April 24, 2013 1:04 PM  
**To:** Clanon, Paul  
**Cc:** Cherry, Brian K  
**Subject:** RE: LCC Tax Neutrality

Hi, Paul...just checking in. Any luck catching up with President Peevey? [Redacted]

**From:** Clanon, Paul [mailto:paul.clanon@cpuc.ca.gov]  
**Sent:** Thursday, April 18, 2013 4:26 PM  
**To:** Redacted  
**Cc:** Cherry, Brian K  
**Subject:** RE: LCC Tax Neutrality

I didn't, but I'll try again tomorrow.

**From:** Redacted  
**Sent:** Thursday, April 18, 2013 3:46 PM  
**To:** Clanon, Paul  
**Cc:** Cherry, Brian K  
**Subject:** LCC Tax Neutrality

Hi, Paul.

Just wanted to follow up from our conversation yesterday about your intent to talk with President Peevey about the LCC tax neutrality provision and whether a meeting with the negotiators of this term of the Stip was even necessary.

In particular, I understood you to say you would be talking with him about where we are in the process and whether Mike would be able to give Frank the cover he needed to accept the risks around whether our (PG&E and SC) current interpretation that the intent of the Stipulation language and our current implementation approach around tax neutrality is satisfactorily within the four corners of the Stipulation or whether Mike simply deferred to Frank and Joel's interpretation.

Did you get the chance to discuss this with him?

Thanks,

Redacted

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