

From: Cherry, Brian K  
Sent: 7/10/2013 5:29:17 PM  
To: Zafar, Marzia (marzia.zafar@cpuc.ca.gov) (marzia.zafar@cpuc.ca.gov)  
Cc:  
Bcc:  
Subject: FW: Analyst Reports – CPSD’s Motion to Amend Reply Briefs

The Wolfe report wasn’t included in the last email.

**From:** [Redacted]  
**Sent:** Wednesday, July 10, 2013 5:25 PM  
**To:** Officers - All  
**Cc:** Investor Relations (list)  
**Subject:** RE: Analyst Reports – CPSD’s Motion to Amend Reply Briefs

All,

Attached are the Wolfe and Moody’s reports.

Thanks,

[Redacted]

**From:** [Redacted]  
**Sent:** Wednesday, July 10, 2013 5:20 PM  
**To:** Officers - All  
**Cc:** Investor Relations (list)  
**Subject:** Analyst Reports – CPSD’s Motion to Amend Reply Briefs

As you may have heard, late on Monday the Consumer Protection and Safety Division (CPSD) filed a request to amend its reply brief on the recommended fines and penalties in the San Bruno investigations. As a reminder, the CPSD had filed its final reply brief on June 5, 2013. The filing of all the parties’ reply briefs closed the record in the San Bruno investigative

proceedings and the presiding officers' decision was expected later this summer.

Yesterday, we received a number of calls about this development and have now also received a few analyst reports discussing the CPSD's request. Analysts' questions and reactions focused on near term uncertainty, and concerns about the ultimate penalty and the proceeding schedule. The attached report from Wolfe Research and credit opinion from Moody's Investor Service are representative of the investment community's perspective.

Steve Fleishman of Wolfe Research writes "we find the recent development concerning and are watchful to see how it impacts recommendations and the schedule." The investment community is concerned that, if allowed, the CPSD's revised approach may not allow (as much) credit for pipeline spending. He adds "we believe PCG should be allowed to count safety improvements towards the penalty, and note that in the hearings on the Overland report, the penalty number recommended (\$2.25B) was supposed to be all-inclusive."

Moody's provides ratings on corporate debt, and writes "Moody's views this request to have negative credit implications for PG&E since it could lead to a higher penalty amount than previously thought and does not bode well for the regulatory environment in California..." and "we may take a rating action or change our outlook should we believe that the political developments over the next several weeks indicates a worsening of the California regulatory environment."

In trading yesterday, PCG closed up 0.4%, while the average comparator company was up 0.9%. The S&P 500 and Dow Jones Industrials closed up 0.7% and 0.5%, respectively. In trading today, PCG closed down 0.5%, while the average comparator company closed up 0.6%. The S&P 500 remained flat while the Dow Jones Industrials closed down 0.1%.

The full reports are attached for your reference.

Thanks,

Redacted

*The contents of this email are provided solely for your information and are not intended as investment advice. We do not intend to endorse the opinions expressed in any externally prepared reports and you should not rely on them for investment advice.*

Redacted

Pacific Gas and Electric Company  
Investor Relations

Redacted