

From: Cherry, Brian K
Sent: 8/27/2013 3:51:03 PM
To: Lindh, Frank (frank.lindh@cpuc.ca.gov) (frank.lindh@cpuc.ca.gov)
Cc:
Bcc:
Subject: FW: S&P Revising Outlook to Negative

The shoes are dropping...

From: Bijur, Nicholas M.
Sent: Tuesday, August 27, 2013 11:37 AM
To: Harvey, Kent M; Bottorff, Thomas E; Cherry, Brian K; Earley Jr., Anthony; Fitzpatrick, Tim; Pruett, Greg S.; Park, Hyun; Hartman, Sanford (Law)
Cc: Togneri, Gabriel; Cherry, Sara; Mistry, Dinyar; Wilson, Michelle (Law); swestrich@orrick.com; [Redacted]
Subject: S&P Revising Outlook to Negative

S&P took us to committee today and are revising our outlook to Negative (which means there is a greater than 33% chance of a downgrade). Attached is a draft of their report they plan to publish today. We will let you know how the bond market responds to this news.

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One interesting comment from S&P to highlight regarding the most recent CPSD recommendation:

...indicates a possible weakening of our assessment of the California regulatory jurisdiction and could have ratings implications for all of the utilities regulated by the CPUC. While in the ordinary course of businesses, the California regulatory jurisdiction has demonstrated a "more credit supportive" environment, political pressure subject to items outside the normal course of business, would necessitate our re-evaluation of the California regulatory jurisdiction.

From: Grosberg, Gabe [mailto:gabe.grosberg@standardandpoors.com]

Sent: Tuesday, August 27, 2013 11:16 AM
To: Bijur, Nicholas M.
Subject: DRAFT

We plan to issue the attached release in connection with your company's business developments. We are sending this to give you an opportunity to bring to our attention any factual errors or inadvertent inclusion of confidential information in the report. If you have any questions or comments on our analysis that are not factual in nature, we ask that you discuss these matters with us. We will use our sole discretion in making editorial changes to the document, which represents our independent opinion. The information in the release is confidential and must not be disclosed or released to anyone prior to its official release by Standard & Poor's.

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