

From: Cherry, Brian K
Sent: 3/3/2014 7:29:26 PM
To: Randolph, Edward F. (edward.randolph@cpuc.ca.gov)
Cc: Kahlon, Gurbux (gurbux.kahlon@cpuc.ca.gov)
Bcc:
Subject: Re: Who pays lobbying costs shareholders or ratepayers?

Ed - all of my salary is above the line. I am a utility officer that deals with utility related matters. In the event that I am engaged in non-utility matters, I charge my time and expenses below the line - which is paid for by shareholders. It works that way with all my people in the organization.

As for Kent and our Gov Rel people I'm not so sure. Let me check.

Brian K. Cherry
PG&E Company
VP, Regulatory Relations
77 Beale Street
San Francisco, CA. 94105
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> On Mar 3, 2014, at 6:44 PM, "Randolph, Edward F." <edward.randolph@cpuc.ca.gov> wrote:

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> Brian,

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> To help me clarify this a few questions:

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> 1) Is your salary above the line or below the line? Or do you track time so it is split? How does it work for the other regulatory affairs folks I deal with?

> 2) Is Kent Kauss' salary above or below the line?

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> FYI: I have no concerns or hidden agenda's with this question. I just want to make sure this is clear.

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> Edward Randolph | Phone: 415-703-2083 | Cell: 916-601-9635

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> -----Original Message-----

> From: Cherry, Brian K [mailto:BKC7@pge.com]

> Sent: Monday, January 27, 2014 1:42 PM

> To: Kahlon, Gurbux; [Redacted]

> Cc: Warner, Christopher (Law); Sharp, Shelly; Litteneker, Randall (Law); [Redacted] Horner, Trina; Bottorff, Thomas E

> Subject: Fwd: A question re shareholder vs ratepayer funded personnel costs

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> Gurbux - here is PG&E's response to your question regarding the question of who funds utility lobbying

expenses.

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> 1. Regulatory Affairs' costs relating to communicating PG&E's position in CPUC regulatory proceedings, including DA or CCA orders, decisions, tariffs and regulatory compliance matters, is "above the line," funded in GRC revenue requirements along with other similar Regulatory Affairs' costs.

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> 2. Regulatory Affairs' costs relating to DA or CCA legislation or participation in education or advocacy before other state and local governmental agencies could be booked either "above the line" or "below the line" in accordance with PG&E's "below the line" ratemaking accounting standard. As required by the standard, below the line costs are booked to shareholders for ratemaking purposes. (These costs are likely to be minimal, given that Regulatory Affairs does not traditionally participate in State Governmental Relations' or Community Relations' lobbying or other government relations activities.)

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> 3. Regulatory Affairs' costs relating to Regulatory Affairs participation in marketing or advertising against CCAs is not permitted under the CCA Code of Conduct, which requires PG&E to separate CCA marketing and advertising from other utility functions and operations. Most PG&E advertising and much of PG&E's marketing costs not related to a CPUC approved program are also booked "below the line" and charged to shareholders, consistent with the PU Code restrictions on recovery of advertising costs from ratepayers.

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