

From: Cherry, Brian K
Sent: 3/27/2014 1:55:33 PM
To: Denise Tyrrell (denise.tyrrell@cpuc.ca.gov); Liza Malashenko (elizaveta.malashenko@cpuc.ca.gov)
Cc:
Bcc:
Subject: Fwd: San Bruno Update

FYI.

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Begin forwarded message:

From: "Doll, Laura" <LRDD@pge.com>
Date: March 27, 2014 at 1:52:54 PM PDT
To: "pac@cpuc.ca.gov" <pac@cpuc.ca.gov>, "terrie.prosper@cpuc.ca.gov" <terrie.prosper@cpuc.ca.gov>
Cc: "Cherry, Brian K" <BKC7@pge.com>
Subject: Fw: San Bruno Update

Fyi

From: A Message from Tony Earley and Chris Johns
Sent: Thursday, March 27, 2014 01:44 PM
To: All PG&E Mail Recipients; All PGE Corp Employees
Subject: San Bruno Update

Fellow Employees:

Our company has been in discussions with the U.S. Attorney's Office in an effort to resolve the federal investigation related to San Bruno. Throughout these talks, our goal has been to reach a fair resolution. Although that is still our hope and preference, we have to acknowledge that this now appears unlikely.

Today we filed with the Securities and Exchange Commission a Form 8-K disclosing that we expect that the U.S. Attorney will file criminal charges against PG&E. Specifically, we expect allegations that PG&E's past operating practices intentionally violated the federal Pipeline Safety Act in areas such as recordkeeping, pipeline integrity management and identification of pipeline threats.

Our strong belief is that these allegations are not supported by the evidence. Nothing that we have seen indicates that people at PG&E intentionally broke the law. While no one looks forward to a long legal process, we believe that, even where mistakes were made, our employees were acting in good faith to provide customers with safe, reliable, affordable and clean energy.

San Bruno was a tragic accident that caused a great deal of pain for many people. We have striven to do the right thing for victims, their families and the community, and we will continue to do so. We've also taken accountability for what happened, apologizing and making no excuses where our past operations fell short.

Most importantly, we've learned the lesson that safety must always come first. While there is more to do, we see examples of this lesson in action every day at PG&E, and we can be proud of all the ways we are building a stronger, safer company.

It is important to emphasize that the focus on improving safety will not change. We are committed to having the safest and most reliable gas system in the country. We've committed \$2.7 billion of shareholders' money in this effort to date and, thanks to your efforts, we've made exceptional progress with more to come.

We will continue to be proactive about telling the story of the good work underway throughout PG&E. The good news is we can all do things to help with that. More than anything else, continue to put safety first in everything you do. But also, share with your friends and family the work we are doing to improve safety. If you are asked about the potential charges, we've included a brief summary of points you can feel free to use. You can also point your family and

neighbors to information at www.PGEresponds.com, which discusses the issues and facts involved.

As part of our commitment to keep you informed, all employees are invited to join a conference call at 3 p.m. today during which we will answer questions. Details for the call will be sent out in a separate note shortly.

Thank you for your continued hard work and dedication.

Tony and Chris

A Summary of Important Points:

- San Bruno was a tragic accident that caused a great deal of pain for many people. We're accountable for that and make no excuses. Most of all, we are deeply sorry. We have worked hard to do the right thing for victims, their families and the community, and we will continue to do so.
- We've learned the tragic lesson of San Bruno that safety must always come first. Toward this end, we've implemented enormous change here at PG&E. We're working to transform this 100-plus-year-old natural gas system into the safest and most reliable in America. In support of this, we've committed \$2.7 billion of shareholders' money to date and we're making excellent operational progress. We have more work to do, and we intend to do it right.
- PG&E believes that criminal charges are not merited and that PG&E employees did not intentionally violate the federal Pipeline Safety Act. The company believes that, even where mistakes were made, employees were acting in good faith to provide customers with safe, reliable, affordable and clean energy. We pledge to maintain our strong focus on safety during what is

expected to be a lengthy legal process.

- For additional information and ongoing updates on this issue, you can visit www.PGEresponds.com.

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