

From: Dietz, Sidney
Sent: 5/30/2014 11:49:23 AM
To: Campbell, Michael (Michael.Campbell@cpuc.ca.gov)
Cc:
Bcc:
Subject: FW: Update on Federal Charges

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From: A Message from Tony Earley and Chris Johns
Sent: Friday, May 30, 2014 7:52 AM
To: All PGE Corp Employees; All PG&E Mail Recipients
Subject: Update on Federal Charges

Team,

We're writing to keep you up to date on issues involving the criminal charges that were recently filed against PG&E by the U.S. Attorney's Office (USAO) in San Francisco alleging violations of the federal Pipeline Safety Act.

On June 2, the company's lawyers will participate in a status conference with the judge assigned to the case. At this session, Judge Henderson and legal counsel for PG&E and for the USAO will probably discuss a series of dates associated with moving forward on the case over time. These dates may involve various procedural activities such as dates for hearings of various motions that our outside attorneys may want to make.

While the status conference isn't particularly exciting in and of itself, we would not be surprised to see news coverage of it since the case is still a new topic with intense media interest. Accordingly, we wanted to make you aware of it ahead of time. At the arraignment, which was held on April 21, 2014, a representative of the U.S. Attorney's Office indicated that the maximum penalties could exceed the \$6 million specified in the indictment that is currently before the court. Contrary to media coverage at the time, the government did not and could not make a motion in that court proceeding to increase the requested fine. The USAO simply made a verbal reference to the potentially higher maximum penalties. To change the current indictment, the USAO must go back to the grand jury and seek a new indictment. Should the USAO do that, it is also conceivable

they would seek to revise or add to the charges previously filed. This is not particularly uncommon.

Obviously, we don't know what the USAO intends to do but did want to make you aware of these possibilities if you were not already aware.

None of this changes our position with respect to the government's case. San Bruno was a tragic accident. We've taken accountability and 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 want all of our customers and their families to know that nothing will distract us from our mission of transforming this 100-plus-year-old system into the safest and most reliable natural gas system in the country. However, based on all of the evidence we have seen to date, we do not believe that PG&E employees intentionally violated the federal Pipeline Safety Act, and that, even where mistakes were made, employees were acting in good faith to provide customers with safe, reliable and affordable energy.

You have our commitment that we will continue to keep you informed as this process proceeds.

Sincerely,

Tony and Chris