

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



June 15, 2012

**Advice Letter 4019-E/4019-E-A**

Brian K. Cherry  
Vice President, Regulation and Rates  
Pacific Gas and Electric Company  
77 Beale Street, Mail Code B10C  
P.O. Box 770000  
San Francisco, CA 94177

**Subject: Delicato Winery Sole Customer Facility Sale – Request for  
Approval under Section 851**

Dear Mr. Cherry:

Advice Letters 4019-E/4019-E-A are effective June 13, 2012.

Sincerely,

A handwritten signature in cursive script that reads "Edward F. Randolph".

Edward F. Randolph, Director  
Energy Division



**Brian K. Cherry**  
Vice President  
Regulation and Rates

*Mailing Address*  
Mail Code B10C  
Pacific Gas and Electric Company  
P.O. Box 770000  
San Francisco, CA 94177

Fax: 415.973.6520

March 29, 2012

**Advice 4019-E**

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: Delicato Winery Sole Customer Facility Sale – Request for Approval  
Under Section 851**

**Purpose**

Pacific Gas and Electric Company (“PG&E”) respectfully requests an order from the California Public Utilities Commission (“CPUC”) authorizing PG&E under Public Utilities Code § 851 (“Section 851”) to sell certain electric facilities and associated appurtenances (“Facilities”) to Delicato Winery Corporation (“Delicato”) on the terms and conditions specified in the Purchase and Sale Agreement (“Agreement”) that is provided in Attachment 1.

**Background**

Pursuant to the authority granted in Decision (D.) 99-12-030 and D.04-08-031, PG&E hereby requests final Commission approval of a proposed sale of limited sole-customer public utility facilities.

PG&E and Delicato seek approval from the Commission for Delicato to purchase certain PG&E Primary and Secondary Over Head and Underground electric facilities that currently provide service to Delicato’s winery operation located at 12001 S. Hwy 99 in Manteca, California. Delicato owns and operates the Delicato Winery and bottling facility at this site. The facilities being sold to Delicato include 17kV primary service facilities and 277/480 voltage secondary service facilities at 12001 S. Hwy 99 in Manteca California.

By owning and operating its own internal distribution facilities, Delicato will be able to purchase power from PG&E at the Primary Rate, which will result in significant savings for Delicato.

In accordance with Resolution ALJ-244, Appendix A, Section IV, PG&E provides the following information related to the proposed transaction:

**(1) Identity and Addresses of All Parties to the Proposed Transaction:**

Pacific Gas and Electric Company	Delicato Winery Corporation
Ann H. Kim	Attention: Jay Indelicato
Law Department	12001 S. Hwy 99
P.O. Box 7442	Manteca, CA 95336
San Francisco, CA 94120	Telephone: (209) 824-3600
Telephone: (415) 973-7467	E-mail: <a href="mailto:jay.indelicato@delicato.com">jay.indelicato@delicato.com</a>
Facsimile: (415) 973-5520	
Email: <a href="mailto:AHK4@pge.com">AHK4@pge.com</a>	

**(2) Complete Description of the Property Including Present Location, Condition and Use:**

The facilities subject to this transaction consist of Primary and Secondary overhead and underground electric facilities and associated appurtenances owned by PG&E. These facilities are located on the Delicato property at 12001 S. Hwy 99, Manteca, California. A complete description of the Facilities to be sold to Delicato is provided as Exhibit A of the Agreement (Attachment 1).

**(3) Intended Use of the Property:**

PG&E is not aware of any anticipated change in the use of the Facilities. The Facilities currently are used for the distribution of electric service to Delicato and upon completion of the sale Delicato plans to operate the Facilities and associated appurtenances to serve their winery and bottling facility in Manteca, California.

**(4) Complete Description of Financial Terms of the Proposed Transaction:**

Delicato has agreed to purchase the facilities and associated appurtenances subject to this advice letter for the price of \$123,361, which is the same value as the Replacement Cost New Less Depreciation (RCNLD).

**(5) Description of How Financial Proceeds of the Transaction Will Be Distributed:**

The facilities for sale consist of electric distribution assets. Disposition of the proceeds from the sale of the facilities will be made in accordance with the policy for the allocation of the gains and losses on the sale of electric distribution assets adopted in the Commission's Gain on Sale Rulemaking, in D.06-05-041 as modified in D.06-12-043. Pursuant to the forgoing authority, PG&E will credit the gain on sale to the Depreciation Reserve, consistent with CFR Title 18, Electric Plant Instruction 10, Paragraph F. accounting and

consistent with CPUC treatment of sole customer facility sales since D.04-08-031.

**(6) Statement on the Impact of the Transaction on Ratebase and Any Effect on the Ability of the Utility to Serve Customers and the Public:**

Pursuant to the authority granted in D.99-12-030 and D.04-08-031, the purchase price is greater than or equal to RCNLD. As a result of the sale, PG&E's rate base will be reduced by the net-of-tax proceeds, which will be credited to the depreciation reserve as a net benefit to PG&E ratepayers. This filing will not increase any other rate or charge, cause the withdrawal of service, or conflict with any rate schedule or rule.

**(7) The Original Cost, Present Book Value, and Present Fair Market Value for Sales of Real Property and Depreciable Assets, and a Detailed Description of How the Fair Market Value Was Determined (e.g., Appraisal):**

The original cost of the facilities was \$88,649 and the net book value of the facilities is \$69,666 (Attachment 2).

**(8) The Fair Market Rental Value for Leases of Real Property, and a Detailed Description of How the Fair Market Rental Value Was Determined:**

Not Applicable

**(9) For Fair Market Rental Value of the Easement or Right-of-Way and a Detailed Description of How the Fair Market Rental Value Was Determined:**

Not Applicable

**(10) A Complete Description of any Recent Past (Within the Prior Two Years) or Anticipated Future Transactions that May Appear To Be Related to the Present Transaction<sup>1</sup>:**

Not Applicable. There are no other related transactions between PG&E and Delicato that are related to this sale transaction.

**(11) Sufficient Information and Documentation (Including Environmental Review Information) to Indicate that All Criteria Set Forth in Section II of Resolution ALJ-244 Are Satisfied:**

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<sup>1</sup> During adoption of the Advice Letter pilot program in ALJ-186 (later followed by ALJ-202 and ALJ-244), this category of information was included to enable the CPUC to ensure that utilities were not seeking to circumvent the \$5 million Advice Letter threshold by dividing what is a single asset with a value of more than \$5 million into component parts each valued at less than \$5 million, which is clearly not the case here. (See CPUC Resolution ALJ-186, issued August 25, 2005, mimeo, p.5.)

PG&E has provided information in this Advice Letter to satisfy the eligibility criteria under Resolution ALJ-244 in that:

- The activity proposed in the transaction will not require environmental review by the CPUC as a Lead Agency;
- The transaction will not have an adverse effect on the public interest or the ability of PG&E to provide safe and reliable service to customers at reasonable rates;
- The Facilities have a fair market value less than \$5 million; and
- The transaction will not materially impact the ratebase of PG&E.

**(12) Additional Information to Assist in the Review of the Advice Letter:**

PG&E is not aware of any additional relevant information other than what is included with this advice letter.

**(13) Environmental Information**

Pursuant to ALJ-244, the Advice Letter program applies to proposed transactions that: (a) will not require environmental review by the CPUC as a lead agency or responsible agency under CEQA either because a statutory or categorical exemption applies, or (b) because the transaction is not a project under CEQA.

The proposed facilities sale constitutes a change in ownership only and no direct or indirect environmental impacts will occur as a result of the sale of these specific facilities. Accordingly, as stated in D.99-12-030 (pp. 7, 9), this advice letter process is exempt from further action under the California Environmental Quality Act ("CEQA").

a. Exemption

i. Has the proposed transaction been found exempt from CEQA by a government agency?

1. If yes, please attach notice of exemption. Please provide name of agency, date of Notice of Exemption, and State Clearinghouse number.

Not Applicable

2. If no, does the applicant contend that the project is exempt from CEQA? If yes, please identify the specific CEQA exemption or exemptions that apply to the transaction, citing to the applicable State CEQA Guideline(s) and/or Statute(s).

Not Applicable

b. Not a "Project" Under CEQA

- i. If the transaction is not a "project" under CEQA, please explain why.

The proposed transaction is not a "project" under CEQA as it constitutes a change in ownership only.

**Protests**

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, by facsimile or electronically, any of which must be received no later than **April 18, 2012**, which is 20 after the date of this filing. The protest must state the grounds upon which it is based, including such items and financial and service impact, and should be submitted expeditiously. Protests should be mailed to:

CPUC Energy Division  
Attention: Tariff Unit, 4th Floor  
505 Van Ness Avenue  
San Francisco, CA 94102

Facsimile: (415) 703-2200  
E-mail: EDTariffUnit@cpuc.ca.gov

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

The protest also should be sent via U.S. mail (and by facsimile and electronically, if possible) to PG&E at the address shown below on the same date it is mailed or delivered to the Commission:

Pacific Gas and Electric Company  
Attention: Brian K. Cherry  
Vice President, Regulation and Rates  
77 Beale Street, Mail Code B10C  
P.O. Box 770000  
San Francisco, CA 94177

Facsimile: (415) 973-6520  
E-mail: PGETariffs@pge.com

**Effective Date**

Pursuant to the review process outlined in Resolution ALJ-244, PG&E requests that this advice filing become effective **April 30, 2012**, which is 32 days from the date of filing. Pursuant to Provision VII.A.5 of the Section 851 Pilot program Regulations (Resolution ALJ-244, Appendix A), PG&E submits this filing as a Tier 2 (meaning that it may be approved by the Executive Director or Energy Division Director) if unopposed, or as Tier 3 (if opposed).

**Notice**

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list, Appendix A. Address change requests and electronic approvals should be directed to e-mail [PGETariffs@pge.com](mailto:PGETariffs@pge.com). Advice letter filings can also be accessed electronically at <http://www.pge.com/tariffs>.

A handwritten signature in blue ink that reads "Brian Cherry" followed by a circular stamp containing the number "528".

Vice President - Regulation and Rates

Attachments

\*\*\*\*\* SERVICE LIST Advice 4019-E \*\*\*\*\*  
APPENDIX A

Karen Clopton  
Administrative Law Judge Division  
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San Francisco, CA 94102  
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San Francisco, CA 94102  
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\*\*\*\*\* 3<sup>rd</sup> Party \*\*\*\*\*  
Jay Indelicato  
Delicato Winery Corporation  
12001 S. Hwy 99  
Manteca, CA 95336  
Telephone: (209) 824-3600  
E-mail: jay.indelicato@delicato.com

# CALIFORNIA PUBLIC UTILITIES COMMISSION

## ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **Pacific Gas and Electric Company (ID U39 E)**

Utility type:

ELC       GAS  
 PLC       HEAT       WATER

Contact Person: Britta Brown

Phone #: (415) 973-8584

E-mail: B2Bn@pge.com

EXPLANATION OF UTILITY TYPE

ELC = Electric      GAS = Gas  
PLC = Pipeline      HEAT = Heat      WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: **4019-E**

Tier: **2**

Subject of AL: **Delicato Winery Sole Customer Facility Sale – Request for Approval Under Section 851**

Keywords (choose from CPUC listing): **Compliance, Agreements**

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other \_\_\_\_\_

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL:

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for: No

Confidential information will be made available to those who have executed a nondisclosure agreement: N/A

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information: \_\_\_\_\_

Resolution Required?  Yes  No

Requested effective date: **April 30, 2012**

No. of tariff sheets: **0**

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed: N/A

Protests, dispositions, and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

**CPUC, Energy Division**

**Tariff Files, Room 4005**

**DMS Branch**

**505 Van Ness Ave., San Francisco, CA 94102**

**EDTariffUnit@cpuc.ca.gov**

**Pacific Gas and Electric Company**

**Attn: Brian K. Cherry, Vice President, Regulation and Rates**

**77 Beale Street, Mail Code B10C**

**P.O. Box 770000**

**San Francisco, CA 94177**

**E-mail: PGETariffs@pge.com**

**Attachment 1**  
**Purchase and Sale Agreement**

**PURCHASE AND SALE AGREEMENT  
(Customer Specific Sales)**

**By and between**

**PACIFIC GAS AND ELECTRIC COMPANY**

**and**

**Delicato Vineyards**

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**PURCHASE AND SALE AGREEMENT**  
(Customer Specific Sales)

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## PURCHASE AND SALE AGREEMENT

### DISTRIBUTION:

Original      Svc PIng  
Copy          Division  
Copy          PG&E

### REFERENCE:

ORDER NO. 30889989  
SBE NO.  
D&C NO.

**THIS PURCHASE AND SALE AGREEMENT** (this "**Agreement**") is made and entered into as of this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, the ("**Effective Date**") by and between **PACIFIC GAS AND ELECTRIC COMPANY**, a California corporation ("**PG&E**"), and \_\_\_Delicato Vineyards\_\_a California Corporation ("**Buyer**").

### RECITALS:

A. PG&E currently owns the facilities (the "**Facilities**") described on **Exhibit A** attached hereto. The Facilities are located on the real property (the "**Land**") described on **Exhibit B** attached hereto, which real property is either owned by Buyer or Buyer has adequate land rights.

B. The Facilities are no longer necessary to PG&E in the performance of its duties to the public.

C. Buyer has expressed a desire to purchase the Facilities, and PG&E is willing to sell the Facilities to Buyer on the terms and conditions set forth in this Agreement.

**NOW, THEREFORE**, in consideration of the respective covenants and agreements contained in this Agreement, PG&E and Buyer each agree as follows:

1. **DEFINITIONS.** The following terms shall have the meanings ascribed to them below for purposes of this Agreement:

1.1 **Agreement.** "**Agreement**" has the meaning given in the preamble paragraph.

1.2 **Bill of Sale.** "**Bill of Sale**" means a document transferring title to the Facilities to Buyer, which document shall be substantially in the form of **Exhibit C** attached hereto.

1.3 **Business Day.** "**Business Day**" means a day other than Saturday, Sunday or a day on which (i) banks are legally closed for business in the State of California; or (ii) PG&E is closed for business.

1.4 **Buyer.** "**Buyer**" has the meaning given in the preamble paragraph.

1.5 **CEQA.** "**CEQA**" has the meaning given in Section 5.2.

1.6 **Claims.** "**Claims**" has the meaning given in Section 7.1.

1.7 **Closing.** "Closing" has the meaning given in Section 6.1.

1.8 **Closing Date.** "Closing Date" means the date PG&E delivers the Bill of Sale to Buyer.

1.9 **CPUC.** "CPUC" means the California Public Utilities Commission, or its regulatory successor, as applicable.

1.10 **CPUC Approval.** "CPUC Approval" means final, unconditional approval (including exhaustion of all administrative and judicial remedies or the running of time periods and statutes of limitation for rehearing and judicial review without rehearing or judicial review being sought) of this Agreement and the transactions contemplated hereby on terms and conditions acceptable to PG&E in its good faith discretion, including approval of PG&E's proposed accounting and ratemaking treatment of the sale.

1.11 **CPUC Approval Date.** "CPUC Approval Date" means the date on which CPUC approval of this Agreement and the transactions contemplated hereby on terms and conditions acceptable to PG&E in its good faith discretion, including approval of PG&E's proposed accounting and ratemaking treatment of the sale, becomes final, unconditional and unappealable (including exhaustion of all administrative and judicial remedies or the running of time periods and statutes of limitation for rehearing and judicial review without rehearing or judicial review being sought).

1.12 **Effective Date.** "Effective Date" has the meaning given in the preamble paragraph.

1.13 **Environmental Requirements.** "Environmental Requirements" means any applicable statutes, regulations or ordinances now in force or that may later be in force relating to the protection of human health or safety, or regulating or relating to industrial hygiene or environmental conditions, or the protection of the environment, or pollution or contamination of the air, soil, surface water or groundwater, including laws, requirements and regulations pertaining to reporting, licensing, permitting, investigating and remediating emissions, discharges, releases or threatened releases of such substances into the air, surface water, or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of such substances. Environmental Requirements include: the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. § 9601 et seq.) ("CERCLA"); the Hazardous Materials Transportation Act (49 U.S.C. § 5101 et seq.); the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.); the Federal Water Pollution Control Act (33 U.S.C. § 1251 et seq.); the Clean Air Act (42 U.S.C. § 7401 et seq.); the Clean Water Act (33 U.S.C. §§1251 et seq.); the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.); the Oil Pollution Act (33 U.S.C. § 2701 et seq.); the Federal Insecticide, Fungicide, and Rodenticide Act, (7 U.S.C. §§136 et seq.); the Emergency Planning and Community Right-to-Know Act (42 U.S.C. § 11001 et seq.); the Porter-Cologne Water Quality Control Act (Cal. Wat. Code § 13020 et seq.); the Safe Drinking Water and Toxic Enforcement Act of 1986 (Cal. Health & Safety Code § 25249.5 et seq.); the Carpenter-Presley-Tanner Hazardous Substance Account Act (Health and Safety Code §§25300 et seq.); and the Hazardous Waste Control Act (Cal. Health & Safety Code § 25100 et seq.).

1.14 **Excluded Taxes.** "Excluded Taxes" means (a) Taxes (other than any sales, use, gross receipts, transfer or property Taxes, or any Taxes in the nature of sales, use, gross receipts, transfer or property Taxes) imposed on PG&E that are capital gains Taxes,

minimum or alternative minimum Taxes, accumulated earnings Taxes, franchise Taxes or Taxes on or measured by gross or net income, capital or net worth of PG&E; and (b) property Taxes to the extent the payment is addressed in Section 3.4(b), and is not required to be reimbursed to PG&E by Buyer.

**1.15 Estimated Closing Date.** "**Estimated Closing Date**" has the meaning given in Section 6.1.

**1.16 Facilities.** "**Facilities**" has the meaning given in Recital Paragraph A.

**1.17 Governmental Authority.** "**Governmental Authority**" means any federal, state, local or other governmental, regulatory or administrative agency, commission, department, board, subdivision, court, tribunal, or other governmental arbitrator, arbitral body or other authority.

**1.18 Hazardous Substances.** "**Hazardous Substances**" means any hazardous or toxic material or waste, which is or becomes regulated by Environmental Requirements. Without limiting the generality of the foregoing, Hazardous Substances include any material or substance: (a) now or hereafter defined as a "hazardous substance," "hazardous waste," "hazardous material," "extremely hazardous waste," "restricted hazardous waste" or "toxic substance" or words of similar import under any applicable Environmental Requirements; or (b) which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise hazardous, and is now or hereafter regulated as a Hazardous Substance by the United States, the State of California, any local governmental authority or any political subdivision thereof, or which cause, or are listed by the State of California as being known to the State of California to cause, cancer or reproductive toxicity; or (c) the presence of which poses or threatens to pose a hazard to the health or safety of persons or to the environment; or (d) which contains gasoline, diesel fuel or other petroleum hydrocarbons; or (e) which contains lead-based paint or other lead contamination, polychlorinated biphenyls ("**PCBs**") or asbestos or asbestos-containing materials or urea formaldehyde foam insulation; or (f) which contains radon gas; (g) fuel or chemical storage tanks, energized electrical conductors or equipment, or natural gas transmission or distribution pipelines; and (h) other potentially hazardous substances, materials, products or conditions.

**1.19 Land.** "**Land**" means the real property described on Exhibit B attached hereto.

**1.20 Legal Requirements.** "**Legal Requirements**" means all laws, statutes, ordinances, rules, regulations, requirements or orders of any Governmental Authority now in force or that may later be in force, and the conditions of any permit, certificate, license or other approval issued by public officers relating to the Facilities, including Environmental Requirements.

**1.21 PG&E Parties.** "**PG&E Parties**" means PG&E and/or each and all of its past, present and future officers, directors, partners, employees, agents, representatives, shareholders, attorneys, affiliates, parent and subsidiary corporations, divisions, insurance carriers, heirs, legal representatives, beneficiaries, executors, administrators, predecessors, transferees, successors and assigns.

**1.22 Potential Environmental Hazards.** "**Potential Environmental Hazards**" means electric fields, magnetic fields, electromagnetic fields, electromagnetic

radiation, power frequency fields, and extremely low frequency fields, however designated, and whether emitted by electric transmission lines, other distribution equipment or otherwise.

**1.23 Purchase Price.** "Purchase Price" has the meaning given in Section 3.1.

**1.24 Severance Costs.** "Severance Costs" has the meaning given in Section 3.2.

**1.25 Tax Claim.** "Tax Claim" has the meaning given in Section 3.3(e).

**1.26 Taxes.** "Taxes" mean all federal, state, local or foreign income, ad valorem, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property (including assessments, special assessments, special district assessments, escape assessments, benefit assessments and maintenance assessments, fees or other charges or surcharges of any nature based on the use or ownership of real property), personal property, sales, use, documentary transfer, registration, value added, alternative and add-on minimum, estimated taxes, and all other taxes of any kind whatsoever, including all interest, penalties, fines and additions thereto, whether disputed or not, including all items for which liability arises as a transferee or successor-in-interest.

## **2. PURCHASE AND SALE OF FACILITIES.**

Subject to the terms and conditions of this Agreement, PG&E agrees to sell, convey, assign, transfer and deliver to Buyer, and Buyer agrees to purchase and acquire from PG&E, all of PG&E's right, title and interest in the Facilities.

## **3. PURCHASE PRICE AND OTHER COSTS.**

**3.1 Purchase Price.** Subject to adjustment as provided in this Section 3.1, the purchase price ("**Purchase Price**") for the Facilities is One Hundred Twenty Three Thousand Three Hundred Sixty One and 00/100 Dollars (**\$123,361.00**). The Purchase Price is based upon the Facilities existing on the Effective Date. If any additions to or retirements from the Facilities are made after the Effective Date and prior to the Closing Date, the Purchase Price shall be adjusted upward or downward, as the case may be, in accordance with the Reproduction Cost New Less Depreciation method of valuing assets, using five percent (5%) present worth depreciation. PG&E shall provide Buyer with written notice of the adjusted Purchase Price no later than the ten (10) Business Days after the CPUC Approval Date. If the Purchase Price is adjusted upward by more than ten percent (10%), Buyer may terminate this Agreement without further liability by providing written notice to PG&E within ten (10) Business Days of Buyer's receipt of notice of the adjusted Purchase Price.

**3.2 Severance Costs.** In addition to the Purchase Price, Buyer shall pay to PG&E the sum of Ninety Two Thousand One Hundred Sixty Four and 45/100 Dollars (**\$92,164.45**) to reimburse PG&E for the cost of physically separating the Facilities from the balance of PG&E's distribution facilities ("**Severance Costs**").

### 3.3 Taxes.

(a) Except for any Excluded Taxes for which Buyer will have no liability, Buyer shall pay all Taxes arising in connection with the sale and transfer of the Facilities (or any part thereof), this Agreement or the transactions contemplated herein, or the receipt of the Purchase Price or other amounts hereunder, regardless of whether levied or imposed on or with respect to PG&E, Buyer or all or any part of the Facilities or any use thereof, and regardless of when such Taxes are levied or imposed. Without limiting the generality of the foregoing, Buyer shall pay PG&E a charge to cover PG&E's estimated liability for federal and state income tax on the severance work, calculated at the tax factor approved by the CPUC for the Income Tax Component of Contributions, if applicable.

(b) State and local personal property Taxes relating to the Facilities for the tax year (ending June 30) will be prorated between Buyer and PG&E on the following basis: PG&E is to be responsible for all such Taxes for the period up to the Closing Date; and Buyer is responsible for all such Taxes for the period on and after the Closing Date. All Taxes assessed on an annual basis will be prorated on the assumption that an equal amount of Taxes applies to each day of the year, regardless of how any installment payments are billed or made, except that Buyer will bear all supplemental or other state and local personal property Taxes which arise out of a change in ownership of the Facilities. In addition, Buyer acknowledges that the Facilities are assessed by the California State Board of Equalization as of January 1 of each year, and, if the Closing occurs between January 1 and June 30, PG&E must pay personal property taxes arising out of the ownership of the Facilities for the subsequent fiscal year. If the Closing occurs between January 1 and June 30, Buyer will deposit with PG&E the full amount to pay personal property taxes for the tax year beginning on July 1, in addition to the prorated amount of personal property taxes for the current tax year (ending June 30), and PG&E will pay the personal property taxes for these tax years before they become delinquent; provided however, that PG&E may pay such taxes in installments as permitted by law. If the personal property taxes for the tax year beginning on July 1 are not available as of the Closing, then the amount due from Buyer to PG&E for such tax year will be estimated on the basis of the prior year's personal property taxes and such amount will be subject to adjustment after the Closing. If the Closing occurs between July 1 and December 31, Buyer will deposit with PG&E the prorated amount of personal property taxes for the tax year in which the Closing occurs and PG&E will pay the personal property taxes for such tax year before they become delinquent; provided however, PG&E may pay such taxes in installments as permitted by law.

(c) PG&E will be entitled to any refunds or credits of Taxes relating to the Facilities that are allocable to the period prior to the Closing Date. Buyer will promptly notify and forward to PG&E the amounts of any such refunds or credits to PG&E within five (5) Business Days after receipt thereof. Buyer will be entitled to a refund of Taxes relating to the Facilities that are allocable to the period on and after the Closing Date. PG&E agrees to reasonably cooperate with Buyer's efforts to obtain such refund.

(d) After the Closing Date, Buyer will notify PG&E in writing, within five (5) Business Days after Buyer's receipt of any correspondence, notice or other communication from a taxing authority or any representative thereof, of any pending or threatened tax audit, or any pending or threatened judicial or administrative proceeding that involves Taxes relating to the Facilities for the period prior to the Closing Date, and furnish PG&E with copies of all correspondence received from any taxing authority in connection with any audit or information request with respect to any such Taxes relating to the Facilities for the period prior to the Closing Date.

(e) Notwithstanding any provision of this Agreement to the contrary, with respect to any claim for refund, audit, examination, notice of deficiency or assessment or any judicial or administrative proceeding that involves Taxes relating to the Facilities for the period either entirely prior to the Closing Date or both prior to and after the Closing Date (collectively, "**Tax Claim**"), the parties will reasonably cooperate with each other in contesting any Tax Claim, including making available original books, records, documents and information for inspection, copying and, if necessary, introduction as evidence at any such Tax Claim contest and making employees available on a mutually convenient basis to provide additional information or explanation of any material provided hereunder with respect to such Tax Claim or to testify at proceedings relating to such Tax Claim. PG&E will control all proceedings taken in connection with any Tax Claim that pertains entirely to the period prior to the Closing Date, and PG&E and Buyer will jointly control all proceedings taken in connection with any Tax Claim pertaining to the period both prior to and after the Closing Date. Buyer has no right to settle or otherwise compromise any Tax Claim which pertains entirely to the period prior to the Closing Date; and neither party has the right to settle or otherwise compromise any Tax Claim which pertains to the period both prior to and after the Closing Date without the other party's prior written consent.

(f) The obligations of the parties pursuant to this Section 3.3 shall survive the Closing.

#### **4. CONDITIONS PRECEDENT.**

**4.1 Conditions to Buyer's Obligations.** Buyer's obligation under this Agreement to purchase the Facilities is subject to the fulfillment or waiver of each of the following conditions precedent:

(a) PG&E shall have performed or complied in all material respects with all covenants, agreements and conditions contained in this Agreement to be performed or complied with by PG&E at or prior to the Closing.

(b) No suit, action or other proceeding shall be pending before any court or Governmental Authority which seeks to restrain or prohibit any of the transactions contemplated by this Agreement or to obtain material damages or other material relief in connection with this Agreement or the transactions contemplated hereby.

**4.2 Conditions to PG&E's Obligations.** PG&E's obligation under this Agreement to sell the Facilities to Buyer is subject to the fulfillment or waiver of each of the following conditions precedent:

(a) Buyer shall have performed or complied in all material respects with all covenants, agreements and conditions contained in this Agreement to be performed by Buyer at or prior to the Closing.

(b) No suit, action or other proceeding shall be pending before any court or Governmental Authority which seeks to restrain or prohibit any of the transactions contemplated by this Agreement or to obtain material damages or other material relief in connection with this Agreement or the transactions contemplated hereby.

**4.3 CPUC Approval.** The obligation of each party to close the sale of the Facilities is conditioned upon obtaining CPUC Approval on or prior to the Closing Date. PG&E

shall have the right (but not the obligation) to extend the Estimated Closing Date to obtain CPUC Approval as set forth in Section 6.1. PG&E shall use good faith efforts to obtain CPUC Approval, and Buyer agrees to cooperate with PG&E's efforts to obtain CPUC Approval, including by promptly reviewing and signing the application for CPUC Approval. Buyer acknowledges and agrees that PG&E makes no representation or warranty with respect to the likelihood of obtaining CPUC Approval, and Buyer hereby waives all Claims against PG&E that may arise as a result of the need for CPUC Approval or PG&E's failure to obtain CPUC Approval, unless PG&E did not make a good faith effort to obtain CPUC Approval. If CPUC Approval has not been obtained on or prior to the Estimated Closing Date, as the same may be extended, the provisions of Section 4.4 below shall apply. Nothing in this Section in any way imposes upon PG&E an obligation to accept any term or condition imposed by the CPUC as a condition of its approval which term or condition is not acceptable to PG&E in its sole discretion.

**4.4 Satisfaction or Waiver of Conditions.** Buyer may waive any of the conditions precedent set forth in Section 4.1, and PG&E may waive any of the conditions precedent set forth in Section 4.2. Neither party shall have the right to waive the condition precedent set forth in Section 4.3. Subject to the foregoing, in the event that any of the conditions precedent set forth in this Section 4 shall not be satisfied or waived on or before the Estimated Closing Date (as the same may be extended), then the party whose obligations are subject to such condition precedent shall have the right to terminate this Agreement upon written notice to the other party, and PG&E and Buyer shall thereupon each be released from all obligations under this Agreement, except those which expressly survive termination.

## **5. CONDITION OF FACILITIES.**

**5.1 Prior Inspection.** Buyer acknowledges that prior to the execution of this Agreement, Buyer has had ample opportunity to inspect the Facilities and has inspected the Facilities to its satisfaction. Based on Buyer's independent investigation of the Facilities, Buyer has decided to execute this Agreement.

**5.2 Compliance with Legal Requirements and Governmental Approvals.** Except for (a) CPUC Approval; and (b) PG&E's obligations under Section 6.4; Buyer, at Buyer's sole expense, is responsible for complying with all Legal Requirements and obtaining all authorizations, consents, licenses, permits and approvals of Governmental Authorities and third persons required by applicable Legal Requirements or required by any such third persons in connection with the consummation of the transactions contemplated by this Agreement and with Buyer's operation of the Facilities, whether as a result of the PCB content or otherwise, including all consents to the assignment from PG&E to Buyer of the Facilities (or any portion thereof). Notwithstanding the foregoing, Buyer is responsible for complying with the California Environmental Quality Act ("**CEQA**") to the extent applicable, and satisfying, at Buyer's sole expense, any and all mitigation measures under CEQA that may apply to Buyer's acquisition or operation of the Facilities. Buyer shall promptly notify PG&E of any and all mitigation measures that may affect PG&E. If PG&E determines in good faith that any such mitigation measures may adversely affect PG&E, PG&E shall have the right, without liability to Buyer, to terminate this Agreement upon written notice to Buyer. In the event of such termination, PG&E and Buyer shall each be released from all obligations under this Agreement, except those that expressly survive termination. Buyer's obligations under this Section 5.2 shall survive the termination of this Agreement or the Closing.

**5.3 Disclosure Regarding Hazardous Substances.** PG&E hereby discloses to Buyer that Potential Environmental Hazards and Hazardous Substances, including

PCBs, may be present at, in, on, under, about, contained in, or incorporated in the Facilities or the Land, or portions thereof. Buyer represents that it is purchasing the Facilities for Buyer's own use, and not for resale. Buyer will continue to use the Facilities substantially in the manner in which they are currently being used for distribution purposes. If Buyer sells the Facilities or the Land, or any part thereof, it shall disclose, in writing, to all potential buyers, prior to the sale, that Potential Environmental Hazards and Hazardous Substances, including PCBs, may be present at, in, on, under, about, contained in, or incorporated in the Facilities or the Land, or portions thereof. Further, in the event the Facilities or the Land (or any portion thereof) are sold, conveyed or transferred in any manner to a person other than PG&E, Buyer shall incorporate in the agreement effectuating such transfer, language substantially in the same form as this paragraph. Buyer's obligations under this Section 5.3 shall survive the Closing.

**5.4 Disclaimers Regarding the Facilities.** BUYER ACKNOWLEDGES THAT IT IS RELYING UPON ITS OWN INDEPENDENT INVESTIGATION IN DECIDING TO PURCHASE THE FACILITIES. BUYER EXPRESSLY DISCLAIMS RELIANCE ON ANY REPRESENTATIONS, WARRANTIES OR GUARANTIES, EITHER EXPRESS OR IMPLIED, BY PG&E, ITS OFFICERS, DIRECTORS, COUNSEL, REPRESENTATIVES OR AGENTS. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, PG&E EXPRESSLY DISCLAIMS ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE, EXPRESS OR IMPLIED, AS TO THE CONDITION, VALUE OR QUALITY OF THE FACILITIES, THE PROSPECTS (FINANCIAL AND OTHERWISE) OF THE FACILITIES, THE QUALITY OF WORKMANSHIP OF THE FACILITIES, OR THE ABSENCE OF ANY DEFECTS THEREIN, WHETHER LATENT OR PATENT. PG&E FURTHER SPECIFICALLY DISCLAIMS ANY REPRESENTATION OR WARRANTY REGARDING POTENTIAL ENVIRONMENTAL HAZARDS, THE PRESENCE OF HAZARDOUS SUBSTANCES, COMPLIANCE OF THE FACILITIES WITH ENVIRONMENTAL REQUIREMENTS, OR LIABILITY OR POTENTIAL LIABILITY ARISING UNDER ENVIRONMENTAL REQUIREMENTS. NO SCHEDULE OR EXHIBIT TO THIS AGREEMENT, NOR ANY OTHER MATERIAL OR INFORMATION PROVIDED BY OR COMMUNICATIONS MADE BY PG&E, WILL CAUSE OR CREATE ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED.

**5.5 "AS IS" SALE.** THE FACILITIES ARE BEING TRANSFERRED "AS IS, WHERE IS, AND WITH ALL FAULTS" IN THEIR EXISTING CONDITION ON THE CLOSING DATE, WITHOUT ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND BY PG&E, EXPRESS, IMPLIED OR STATUTORY, AND WITHOUT RECOURSE AGAINST PG&E, EXCEPT AS SET FORTH IN THIS AGREEMENT. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, PG&E EXPRESSLY DISCLAIMS: (A) ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY; (B) ANY IMPLIED OR EXPRESS WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE; AND (C) ANY IMPLIED OR EXPRESS WARRANTY OF CONFORMITY TO MODELS OR MATERIALS.

**5.6 Maintenance of Facilities Pending Closing.** From the Effective Date through the Closing Date, PG&E will, at its expense, operate and maintain the Facilities in a manner consistent with PG&E practices.

## **6. CLOSING.**

**6.1 Closing Date.** The parties estimate that the closing of this transaction (the "**Closing**") will take place on **June 30, 2012** (the "**Estimated Closing Date**"); provided, however, that if the CPUC Approval Date has not occurred prior to the Estimated Closing Date, PG&E shall have the right (but not the obligation) to extend the Estimated Closing Date for up to

an additional one (1) year to obtain CPUC Approval, in which case the Closing Date shall occur on the date specified by PG&E, which date shall be no later than one hundred eighty (180) days following the CPUC Approval Date. If PG&E fails to obtain CPUC Approval prior to the Estimated Closing Date (as the same may be extended), this Agreement shall automatically terminate and except for agreements that expressly survive the termination of this Agreement, all obligations and liabilities of the parties under this Agreement shall terminate. If the conditions set forth in Section 4 have been satisfied (or waived by the party for whose benefit such condition precedent exists) prior to the Estimated Closing Date, the parties may mutually agree to accelerate the Closing Date. In addition, the parties may mutually agree to extend the Closing Date to take into account the scheduling of the final reading of electrical meters, weather conditions that may delay severance work, and other similar matters. The parties shall reasonably cooperate in modifying the Closing Date to accommodate the requirements of the other party, provided that in the event of any emergency situation or for other good cause, PG&E may unilaterally delay the Closing Date for a maximum of forty-five (45) days by written notice to Buyer. Upon request by PG&E, Buyer shall acknowledge the Closing Date in writing; provided, however, that Buyer's failure to execute such acknowledgement shall not affect the Closing Date.

**6.2 Delivery of Funds and Documents.** The parties shall take the following actions on the respective dates specified below:

(a) Within ten (10) Business Days after written request, Buyer shall pay to PG&E in U.S. dollars the Purchase Price, the Severance Costs, and the Taxes (to the extent the amount owing by Buyer to PG&E is determined as of the date of the request), provided that PG&E shall not request such payment until approximately thirty (30) Business Days prior to the Closing Date.

(b) On the Closing Date, PG&E shall deliver to Buyer an original Bill of Sale duly executed by PG&E. The parties agree that delivery of the Bill of Sale shall be effective upon the earlier of (i) delivery to Buyer by hand of an original Bill of Sale; or (ii) Buyer's receipt of a facsimile transmission of the Bill of Sale as evidenced by electronic confirmation of receipt. If delivery is made by facsimile transmission, PG&E shall concurrently send the original document(s) to Buyer by registered or certified mail or overnight courier.

(c) On the Closing Date, PG&E shall sever the Facilities from the balance of PG&E's distribution system. Buyer hereby acknowledges receipt of the severance engineering drawings, a copy of which is attached hereto as **Exhibit D.**

**6.3 Assumption of Liabilities.** Upon the Closing Date, Buyer will assume all obligations and liabilities of any kind or nature whatsoever related to, arising from, or associated with ownership or possession of the Facilities.

**6.4 Warranty of Title.** PG&E warrants that upon CPUC Approval and execution and delivery of the Bill of Sale, Buyer shall have good title to the Facilities, free and clear of all liens and encumbrances.

**6.5 Survival.** The covenants, agreements, and obligations of PG&E and Buyer contained in Section 6.3 and Section 6.4 shall survive the Closing.

## 7. RELEASE.

**7.1 Release.** Buyer, for itself, and for any future owners or holders of all or a part of the Facilities and/or the Land, and each of their respective predecessors, successors, assigns, licensees, officers, directors, employees, agents, partners, shareholders, transferees, parent and subsidiary corporations, legal representatives, heirs, beneficiaries, executors and administrators hereby fully and forever releases, exonerates, discharges and covenants not to sue PG&E Parties of, from and for any and all losses (including diminution in the value of the Land and other consequential damages), costs, claims, demands, actions, suits, orders, causes of action, obligations, controversies, debts, expenses, accounts, damages, judgments and liabilities of whatever kind or nature (including fines and civil penalties), and by whomsoever asserted, in law, equity or otherwise, whether known or unknown, (each a "**Claim**" and, collectively, "**Claims**") arising from or in any way connected with the Facilities, including Claims relating to PG&E's maintenance of the Facilities prior to the Closing, Claims relating to Potential Environmental Hazards, and Claims relating to the presence of PCBs or any other Hazardous Substances in the Facilities and/or in, on or about the Land.

**7.2 Statutory Waiver.** Buyer acknowledges that it may hereinafter discover facts different from or in addition to those, which it now knows or believes to be true with respect to the matters that are the subject of this Agreement, and agrees that this Agreement shall remain in effect in all respects, notwithstanding the discovery of such different or additional facts. In addition, Buyer understands and agrees that its agreements and covenants contained in this Agreement extend to all Claims of any nature and kind, known or unknown, suspected or unsuspected, based in whole or in part on facts existing in the past or as of the date hereof, and in that regard, Buyer acknowledges that it has read, considered and understands the provisions of Section 1542 of the California Civil Code which reads as follows:

Section 1542. General Release

A general release does not extend to claims which a creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

Based upon the advice of its counsel, Buyer knowingly and voluntarily waives and relinquishes any and all rights that it may have under Section 1542 as well as under the provisions of all comparable, equivalent, or similar statutes and principles of common law or other decisional law of any and all states of the United States or of the United States. Buyer understands and acknowledges the significance and consequences of this waiver and hereby assumes the risk of any injuries, losses or damages which may arise from such waiver.

**7.3 Survival.** The releases, covenants, agreements, and obligations of Buyer contained in Section 7.1 and Section 7.2 shall survive the termination of this Agreement or the Closing.

**8. INDEMNITY.** Buyer agrees and covenants, at its sole cost and expense, to indemnify, protect, defend and hold the PG&E Parties harmless, to the fullest extent permitted by law, from and against any and all Claims (including the payment of damages, both actual and consequential, the payment of penalties and fines, the payment of the actual fees and expenses of experts, attorneys and others, and the payment of the cost of environmental investigations, monitoring, containment, abatement, removal, repair, cleanup, restoration, remedial work and

other "response costs" under CERCLA or any other Environmental Requirements) arising from or in any way connected with: (a) any inspection of the Facilities, or activities conducted in connection therewith by Buyer, its employees, agents, or contractors prior to the Closing, including Claims arising from the passive or active negligence of PG&E Parties; or (b) the ownership, possession, use or operation of the Facilities from and after the Closing; or (c) Potential Environmental Hazards relating to the Facilities or (d) the presence, disposal, dumping, escape, seepage, leakage, spillage, discharge, emission, pumping, emptying, injecting, leaching, pouring, release or threatened release of PCBs or any other Hazardous Substances which occur on or after the Closing Date in connection with the Facilities; or (e) violation of any Legal Requirements which occur on or after the Closing Date. Notwithstanding anything to the contrary in this Section 8, Buyer shall not be required to indemnify, protect, defend or hold PG&E Parties harmless from or against any Claims that are brought by current or former employees of PG&E, their heirs, beneficiaries, executors or administrators, and which relate to such employees' activities in connection with the Facilities within the scope of their employment by PG&E. If any action or proceeding is brought against any one or more PG&E Parties for any Claim against which Buyer is obligated to indemnify or provide a defense hereunder, Buyer, upon written notice from PG&E, shall defend such action or proceeding at Buyer's sole expense by counsel approved by PG&E, which approval shall not be unreasonably withheld, conditioned or delayed. Buyer's obligation to defend the PG&E Parties includes the obligation to defend claims and participate in administrative proceedings, even if they are false or fraudulent. The covenants, agreements and obligations of Buyer contained in this Section 8 shall survive the termination of this Agreement or the Closing.

## **9. MISCELLANEOUS.**

**9.1 Time of Essence.** Time is of the essence of this Agreement and each and every provision hereof.

**9.2 Further Assurances.** Each party hereto agrees to execute and deliver to the other party such further documents or instruments as may be necessary or appropriate in order to carry out the intentions of the parties as contained in this Agreement.

**9.3 Binding Effect; Assignment.** This Agreement shall be binding upon, and shall inure to the benefit of, the heirs, successors and assigns of the parties hereto.

**9.4 Severability.** If any provision of this Agreement shall be unenforceable or invalid, the same shall not affect the remaining provisions of this Agreement and the provisions of this Agreement are intended to be and shall be severable; provided, however, if such unenforceability or invalidity alters the substance of this Agreement (taken as a whole) so as to deny either party, in a material way, the realization of the intended benefit of its bargain, such party may terminate this Agreement by notice to the other within thirty (30) Business Days after the final determination. If such party so elects to terminate this Agreement, PG&E and Buyer shall thereupon each be released from any obligations under this Agreement, except those that expressly survive termination.

**9.5 Governing Laws.** This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of California.

**9.6 Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

**9.7 Notices.** Any notice or other communication required or permitted under this Agreement shall be in writing and shall be either personally delivered or transmitted by registered or certified mail, return receipt requested, postage prepaid, or by a nationally recognized overnight courier, such as FedEx or Airborne Express, addressed to the parties as follows:

If to PG&E:

\_\_\_\_\_  
Pacific Gas and Electric Company  
P.O. Box 770000, Mail Code N10A  
San Francisco, CA 94177

With a copy to:

Law Department  
Pacific Gas and Electric Company  
P.O. Box 7442, Mail Code B30A  
San Francisco, CA 94120

If to Buyer:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The date of any notice or communication shall be deemed to be the date of receipt if delivered personally, or the date of the receipt or refusal of delivery if transmitted by mail or overnight courier. Any party may change its address for notice by giving notice to the other party in accordance with this Section 9.7.

**9.8 Attorneys' Fees.** In the event that either party shall bring an action to enforce its rights under this Agreement, the prevailing party in any such proceeding shall be entitled to recover its reasonable attorneys' fees, costs and expenses (including accountants', consultants' or other professionals' fees, investigation expenses and any and all other out-of-pocket expenses), including in connection with any appeal thereof. Any such attorneys' fees and expenses incurred by either party in enforcing a judgment in its favor under this Agreement shall be recoverable separately from and in addition to any other amount included in such judgment, and such attorneys' fees obligation is intended to be severable from the other provisions of this Agreement and to survive and not be merged into any such judgment. For purposes hereof, the reasonable fees of in-house attorneys who perform services in connection with any such enforcement action are recoverable. The covenants of PG&E and Buyer contained in this Section 9.8 shall survive the termination of this Agreement or the Closing.

**9.9 Limitation on Liability.** Buyer expressly agrees that the obligations and liabilities of PG&E under this Agreement and any document referenced herein shall not constitute personal obligations of the officers, directors, employees, agents, affiliates, members, representatives, stockholders or other principals or representatives of PG&E. The limitations contained in this Section 9.9 shall survive the termination of this Agreement or the Closing.

**9.10 Statute of Limitations.** Any action by Buyer arising out of or in any way connected with the sale contemplated by this Agreement, whether sounding in tort, contract, strict liability or otherwise, must be commenced within two (2) years after the cause of action therefor has accrued.

**9.11 Exhibits.** The following Exhibits are attached hereto and incorporated by reference into this Agreement:

<b>Exhibit A</b>	Description of the Facilities
<b>Exhibit B</b>	Description of the Land
<b>Exhibit C</b>	Form of Bill of Sale
<b>Exhibit D</b>	Severance Engineering Drawings

**9.12 Arbitration.** Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled by binding arbitration in accordance with the Commercial Arbitration rules of the American Arbitration Association, and judgment upon the award rendered by the Arbitrator(s) may be entered in any court having jurisdiction. All arbitration proceedings shall be conducted in San Francisco, California. Each party in any proceeding shall bear its own costs. The substantive law applied in the arbitration shall be the laws of the State of California without regard to its conflict of law principles, unless the claims or defenses raise issues of federal law in which case federal substantive law shall apply to those particular claims or defenses. The arbitrator shall be bound to apply the substantive law, and shall also be empowered to hear and determine dispositive motions, including motions to dismiss and motions for summary judgment. The arbitrator shall not be authorized to award any damages not permitted under Section 9.12.

**9.13 Interpretation.** The language in all parts of this Agreement shall be construed according to its normal and usual meaning and not strictly for or against either PG&E or Buyer. The headings of the paragraphs of this Agreement are inserted solely for convenience of reference and are not a part of and are not intended to govern, limit or aid in the construction of any terms or provisions hereof. The words "include," "includes," and "including" shall be deemed to be followed by the phrase "without limitation."

**9.14 Survival.** The attorneys' fees provision, the limitation on liability, the waivers of the right of jury trial, the other waivers of claims or rights, the releases and the obligations of Buyer under this Agreement to indemnify, protect, defend and hold harmless PG&E Parties shall survive the termination of this Agreement or the Closing, and so shall all other obligations or agreements of PG&E or Buyer which by their terms survive the termination of this Agreement or the Closing or which by their nature arise or occur following the termination of this Agreement or the Closing.

**9.15 Authority.** Each party represents and warrants that the execution, delivery and performance of this Agreement has been duly authorized by such party and each person signing this Agreement on its behalf is duly and validly authorized to do so.

**9.16 Prior Agreements.** This Agreement and the exhibits hereto contain the entire understanding of the parties relating to the subject matter hereto and shall supersede any prior written or oral agreements or communications between the parties pertaining to such subject matter.

**IN WITNESS WHEREOF**, the parties hereto have duly executed and delivered this Agreement as of the day and year first above written.

**PG&E:**

PACIFIC GAS AND ELECTRIC COMPANY,  
a California corporation

APPROVED AS TO FORM:

\_\_\_\_\_  
Attorney

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
  
Date: \_\_\_\_\_

**BUYER:**

Delicato Vineyards  
Jay Indelicato  
A California Corporation

\_\_\_\_\_,  
\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
  
Date: \_\_\_\_\_

**EXHIBIT A**

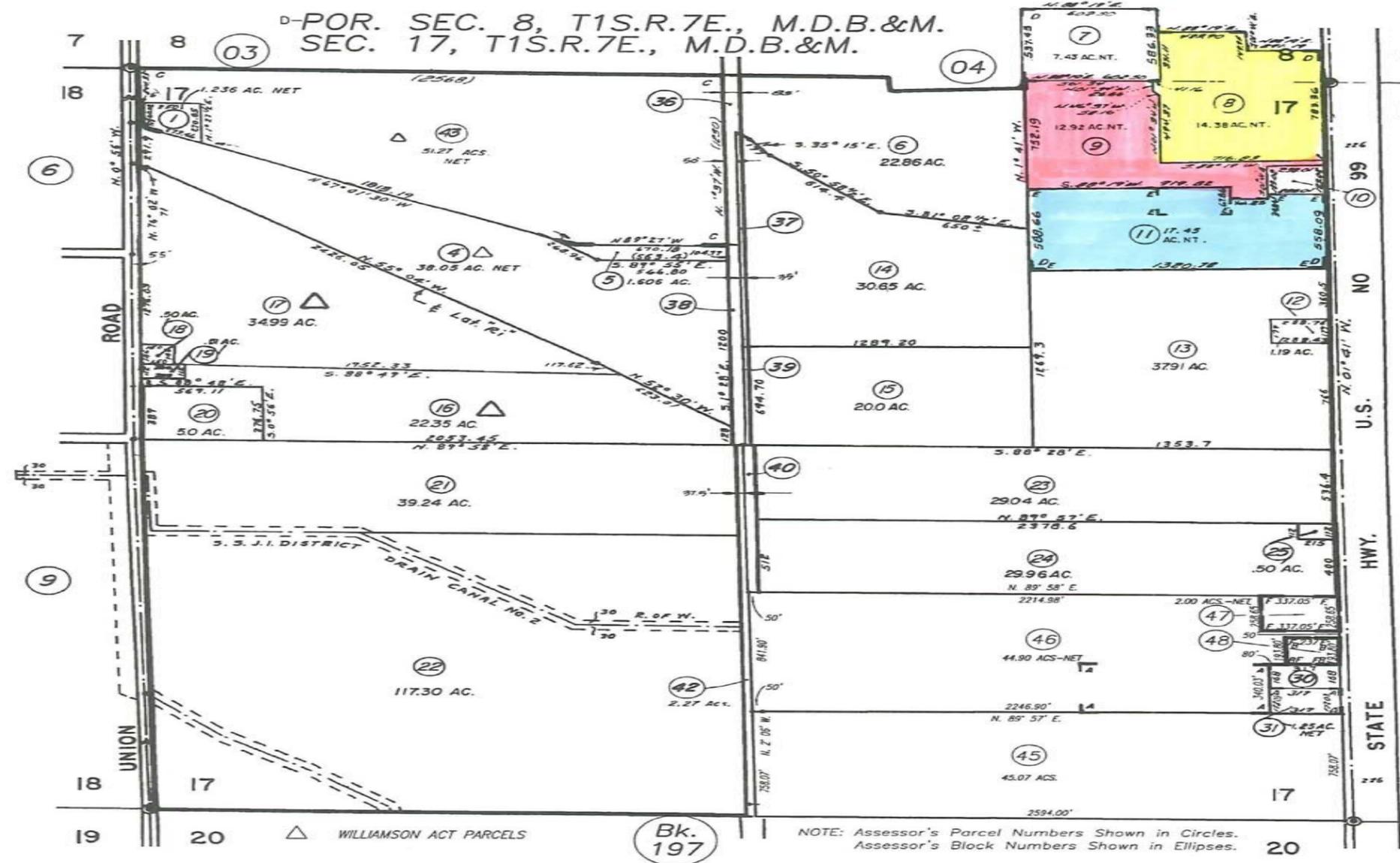
**DESCRIPTION OF THE FACILITIES**

**DELICATO WINERY PRIMARY SERVICE - SALE OF FACILITIES  
PM30889989**

QUANTITY	DESCRIPTION	PG&E CODE	YEAR INSTALLED
1	1500KVA STYLE IIE PM TX 17KV	261433	2008
3	BUSHING WELL PLUG	300486	2008
1	BUS DUCT ENTRANCE TERM BOX	019645	2008
250'	1000 CU CABLE	294490	2008
50	1000 COMP CONNECTOR	303461	2008
2	45' POLES	140445	2008
1	50' POLE	140450	2008
1	CROSS ARMS 8' LIGHT	146013	2008
1	CROSS ARMS 8' HEAVY	146124	2008
2	CUTOUT BRACKET	180134	2008
6	PT 8 PIN INSUL	310034	2008
6	DE INSUL PT2	310055	2008
3	LIGHTNING ARRESTERS	330001	2008
6	PT 44HSB DISCONNECTS	330185	2008
2	GRD ASSY	187012	2008
1	POTENTIAL TRANSFORMER	250051	2008
1	VVE RECLOSER PKG 17KV	342000	2008
1	US AIR SWITCH -UNDERARM SIDEBREAK	341575	2008
6	DE COMPOSITE INSULATORS	310055	2008
4	NON COMPOSITE PIN	310010	2008
3	PT 1 POST TIE TOP	311064	2008
1	1500KVA STYLE IIE PM TX 17KV	261433	2000
30'	1000 CU CABLE	294490	2000
18	1000 COMP CONNECTOR	303461	2000
3	BUSHING WELL PLUG	300486	2000
1	BUS DUCT ENTRANCE TERM BOX	019645	2000
2	2500KVA STYLE IIC PM TX 17KV	260178	1988
6	1/0AL STRESS CONES	384168	1988
420	700AL PVC 600V CABLE	294340	1988
42	700 COMP CONNECTOR	303833	1988
3	1/0AL STRAIGHT SPLICE	300487	1988
570	1/C 1/0AL XLP-CONC-PVC (22KV)	294422	1988

**EXHIBIT B**

**DESCRIPTION OF THE LAND**



THIS MAP IS FOR ASSESSMENT USE ONLY 204-

- 2011-06889
- 2011-97497
- 2000-89181

Bk. 206

- A - P.M. Bk. 10 Pg. 11
- B - P.M. Bk. 13 Pg. 11
- C - R.S. Bk. 26 Pg. 11
- D - R.S. Bk. 29 Pg. 12
- E - R.S. Bk. 29 Pg. 15
- F - P.M. Bk. 23 Pg. 15

HIGHEST A.P.N. USED			
YEAR	PAR. #	PAR. #	PAR. #
89-89	35		
94-95	43		
04-05	45		
06-07	46		

Assessor's Map Bk.204 Pg. 16  
County of San Joaquin, CA

00089181

ORDER NO. 161089/VQ

LEGAL DESCRIPTION

THAT CERTAIN REAL PROPERTY SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF SAN JOAQUIN, DESCRIBED AS FOLLOWS:

PARCEL ONE:

A PORTION OF THAT CERTAIN TRACT OF LAND DESCRIBED IN DEED TO SEBASTIANO LUPPINO AND GASPARE INDELICATO DATED JANUARY 20, 1925, RECORDED IN BOOK OF OFFICIAL RECORDS, BOOK 128, PAGE 31, SAN JOAQUIN COUNTY RECORDS BEING LOCATED IN THE NORTHEAST 1/4 OF SECTION 17 AND THE SOUTHEAST 1/4 OF SECTION 8, TOWNSHIP 1 SOUTH, RANGE 7 EAST, MOUNT DIABLO BASE AND MERIDIAN, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE EAST QUARTER CORNER OF SAID SECTION 17; THENCE ALONG THE EAST LINE OF SAID SECTION 17 NORTH 01° 34' 37" WEST A DISTANCE OF 1863.65 FEET; THENCE LEAVING SAID SECTION LINE SOUTH 88° 19' WEST A DISTANCE OF 33.46 FEET TO THE WEST RIGHT OF WAY OF THE WEST FRONTAGE ROAD [60 FEET WIDE] OF STATE HIGHWAY U. S. NO. 99 THENCE ALONG SAID WEST RIGHT OF WAY NORTH 01° 41' WEST A DISTANCE OF 183.02 FEET TO THE NORTH LINE OF THAT PARCEL OF LAND DESCRIBED IN DEED TO ANTHONY INDELICATO AND MARY LOUISE INDELICATO DATED APRIL 20, 1961, RECORDED IN BOOK OF OFFICIAL RECORDS BOOK 2406 PAGE 9, SAN JOAQUIN COUNTY RECORDS BEING THE TRUE POINT OF BEGINNING; THENCE ALONG SAID NORTH LINE SOUTH 88° 19' WEST A DISTANCE OF 238.01 FEET; THENCE LEAVING SAID NORTH LINE SOUTH 01° 41' EAST A DISTANCE OF 217.86 FEET; THENCE SOUTH 88° 19' WEST A DISTANCE OF 161.85 FEET; THENCE NORTH 01° 41' WEST A DISTANCE OF 67.86 FEET TO THE NORTH LINE OF THAT CERTAIN TRACT OF LAND DESCRIBED IN GRANT DEED TO FRANK INDELICATO AND ALICE INDELICATO, ANTHONY INDELICATO AND MARY LOUISE INDELICATO, VINCENT INDELICATO AND DOROTHY L. INDELICATO DATED APRIL 5, 1974, RECORDED IN BOOK OF OFFICIAL RECORDS, BOOK 3860, PAGE 670, SAN JOAQUIN COUNTY RECORDS; THENCE ALONG SAID NORTH LINE SOUTH 88° 19' WEST A DISTANCE OF 919.82 FEET TO THE WEST LINE OF SAID TRACT OF LAND DESCRIBED IN BOOK OF OFFICIAL RECORDS, BOOK 128, PAGE 31, SAN JOAQUIN COUNTY RECORDS; THENCE ALONG SAID WEST LINE PARALLEL WITH SAID EAST LINE OF SECTIONS 8 AND 17, NORTH 01° 34' 37" WEST A DISTANCE OF 752.19 FEET TO THE SOUTH LINE OF THAT CERTAIN TRACT OF LAND DESCRIBED IN GRANT DEED TO INDELICATO BROTHERS DATED APRIL 4, 1977 AND RECORDED IN BOOK OF OFFICIAL RECORDS, BOOK 4243, PAGE 177, SAN JOAQUIN COUNTY RECORDS; THENCE ALONG SAID SOUTH LINE NORTH 88° 19' EAST A DISTANCE OF 561.34 FEET; THENCE LEAVING SAID SOUTH LINE SOUTH 01° 34' 37" EAST A DISTANCE OF 26.66 FEET; THENCE SOUTH 46° 37' 53" EAST A DISTANCE OF 58.16 FEET; THENCE SOUTH

EXHIBIT 'A'

25 x 10

00089181

ORDER NO. 161089/VQ

01° 34' 37" EAST A DISTANCE OF 494.37 FEET; THENCE NORTH 88° 19' EAST A DISTANCE OF 716.83 FEET TO SAID WEST RIGHT OF WAY LINE; THENCE ALONG SAID WEST RIGHT OF WAY SOUTH 01° 41' EAST A DISTANCE OF 40.00 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL TWO:

A PORTION OF THAT CERTAIN TRACT OF LAND DESCRIBED IN DEED TO SEBASTIANO LUPPINO AND GASPARE INDELICATO DATED JANUARY 20, 1925, RECORDED IN BOOK OF OFFICIAL RECORDS, BOOK 128, PAGE 31, SAN JOAQUIN COUNTY RECORDS BEING LOCATED IN THE NORTHEAST 1/4 OF SECTION 17, TOWNSHIP 1 SOUTH, RANGE 7 EAST, MOUNT DIABLO BASE AND MERIDIAN, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE EAST QUARTER CORNER OF SAID SECTION 17; THENCE ALONG THE EAST LINE OF SAID SECTION 17 NORTH 01° 34' 37" WEST A DISTANCE OF 1305.5 FEET TO THE NORTHEAST CORNER OF THAT CERTAIN TRACT OF LAND DESCRIBED IN DEED TO WALTER I. CLAPP AND EUDORA E. CLAPP DATED APRIL 30, 1914 IN BOOK A OF DEEDS, BOOK 236, PAGE 509, SAN JOAQUIN COUNTY RECORDS; THENCE ALONG THE NORTH LINE OF AFORESAID PARCEL SOUTH 88° 25' 23" WEST A DISTANCE OF 32.42 FEET TO THE WEST RIGHT OF WAY OF THE WEST FRONTAGE ROAD [60 FEET WIDE] OF STATE HIGHWAY U. S. NO. 99 BEING THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID NORTH LINE SOUTH 88° 25' 23" WEST A DISTANCE OF 1320.78 FEET TO THE NORTHWEST CORNER OF SAID TRACT OF LAND DESCRIBED IN BOOK OF OFFICIAL RECORD, BOOK 128, PAGE 31, SAN JOAQUIN COUNTY RECORDS; THENCE ALONG THE WEST LINE OF SAID TRACT PARALLEL WITH SAID EAST SECTION LINE OF SECTION 17 NORTH 01° 34' 37" WEST A DISTANCE OF 588.66 FEET TO THE NORTH LINE OF THAT CERTAIN TRACT OF LAND DESCRIBED IN GRANT DEED TO FRANK INDELICATO AND ALICE INDELICATO, ANTHONY INDELICATO AND MARY LOUISE INDELICATO, VINCENT AND DOROTHY L. INDELICATO DATED APRIL 5, 1974, RECORDED IN BOOK OF OFFICIAL RECORDS, BOOK 3860, PAGE 670, SAN JOAQUIN COUNTY RECORDS; THENCE ALONG THE NORTH LINE OF SAID TRACT NORTH 88° 19' EAST A DISTANCE OF 919.82 FEET; THENCE SOUTH 01° 41' EAST A DISTANCE OF 67.86 FEET; THENCE NORTH 88° 19' EAST A DISTANCE OF 161.85 FEET; THENCE NORTH 01° 41' WEST A DISTANCE OF 34.84 FEET; THENCE NORTH 88° 19' EAST A DISTANCE OF 238.01 FEET TO THE SAID WEST RIGHT OF WAY SOUTH 01° 41' EAST A DISTANCE OF 558.09 FEET TO THE TRUE POINT OF BEGINNING.

FIRST AMERICAN TITLE

EXHIBIT 'A'

25 x 17

Escrow No.: Accommodation 53218493A-CM  
Locate No.: CACTI7739-7739-4532-0053218493  
Title No.: ACC-53218493-TTO Deed 2

**Legal Description  
Of Parcel "2"  
Per PA-1100069**

A portion of that certain tract of land described in Deed to Sebastiano Luppino and Gaspare Indelicato dated January 20, 1925, recorded in book of Official Records, Book 128, Page 31, San Joaquin County Records being located in the Northeast Quarter of Section 17 and the Southeast Quarter of Section 8, Township 1 South, Range 7 East Mount Diablo Base and Meridian, County of San Joaquin, State of California and more particularly described as follows:

**Commencing** at the East Quarter corner of said Section 17; thence along the Easterly line of said Section 17, North 01°34'37" West, a distance of 1863.65 feet; thence leaving said Section line, South 88°19'00" West, a distance of 33.46 feet to the Westerly right-of-way of the West Frontage Road (60 feet wide) of State Highway U.S. No. 99; thence along said Westerly right-of-way, North 01°41'00" West, a distance of 183.02 feet to the Northerly line of that parcel of land described in Deed to Anthony Indelicato and Mary Louise Indelicato dated April 20, 1961, Recorded in Book of Official Records Book 2406, Page 9, San Joaquin County Records being the **True Point of Beginning**; thence along said Northerly line, South 88°19'00" West, a distance of 238.01 feet; thence leaving said Northerly line, South 01°41'00" East, a distance of 217.86 feet; thence South 88°19'00" West, a distance of 161.85 feet to the Easterly line of that certain 1.48 acre area shown on the Record of Survey filed on the 29<sup>th</sup> day of October, 1987, in Book 29 of Surveys at Page 158, San Joaquin County Records; thence along said Easterly line and along the Southerly and Westerly boundary of said 1.48 acre area on the following three (3) course:

1. South 01°41'00" East, a distance of 116.86 feet;
2. Thence South 88°19'00" West, a distance of 349.69 feet;
3. Thence North 01°52'00" West, a distance of 184.72 feet to the Northerly line of that certain tract of land described in Grant Deed to Frank Indelicato and Alice Indelicato, Anthony Indelicato and Mary Louise Indelicato, Vincent Indelicato and Dorothy L. Indelicato dated April 5, 1974, recorded in Book of Official Records, Book 3860, Page 670, San Joaquin County Records; thence along said Northerly line, South 88°19'00" West, a distance of 569.53 feet to the Westerly line of said tract of land described in Book of Official Records, Book 128, Page 31, San Joaquin County Records; thence along said Westerly line parallel with said Easterly line of Sections 8 and 17, North 01°34'37" West, a distance of 752.20 feet to the Southerly line of that certain tract of land described in Grant Deed to Indelicato Brothers dated April 4, 1977 and recorded in Book of Official Records, Book 4243, Page 177, San Joaquin County Records; thence along said Southerly line, North 88°19'00" East, a distance of 561.34 feet to the Northeastly corner of Parcel One described in Deed to San Bernabe Vineyards, LLC dated August 7, 2000, recorded as Instrument No. 00089181,

Escrow No.: Accommodation 53218493A-CM  
Locate No.: CACTI7739-7739-4532-0053218493  
Title No.: ACC-53218493-TTO Deed 2

San Joaquin County Records; thence leaving said Southerly line parallel with the Easterly line of said San Bernabe Vineyards, LLC, Parcel One, South 01°34'37" East, a distance of 562.20 feet to the Westerly prolongation of the Southerly line of that certain parcel of land described in Deed to Delicato Vineyards dated April 4, 1986, recorded as Instrument No. 86022559, San Joaquin County Records; thence along said Westerly prolongation and the Southerly line of said Delicato Vineyards Parcel, North 88°19'00" East, a distance of 757.98 feet to said Westerly right-of-way of the West Frontage Road; thence along said Westerly right-of-way, South 01°41'00" East, a distance of 40.00 feet to the **True Point of Beginning**.

This legal description was prepared from record information to comply with the condition of approval for a "Notice of Lot Line Adjustment" as per San Joaquin County Community Development Department and the State Subdivision Map Act requirements and may or may not represent net sellable acreage. This property or portions of this property may also be subject to recorded and unrecorded easements, restrictions, conditions, etc. not stated in the above description, which may or may not be shown in a Title Report. A record of survey of this property may reflect different bearings, dimensions or area. No warranty or guarantee is being stated, expressed or implied by the preparation of this description.



*Michael L. Quarteroni*  
5.9.11

APN: Portion of 204-050-09 & portion of 204-050-11

Escrow No.: Accommodation 53218493B-CM  
Locate No.: CACTI7739-7739-4532-0053218493B  
Title No.: ACC-53218493-TTO

**Legal Description  
Of Parcel "2"  
Per PA-1100091**

A portion of that parcel described in Deed to Sebastiano Luppino and Gaspare Indelicato recorded the 20<sup>th</sup> day of January, 1926, recorded in Book 128 of Official Records at Page 31, San Joaquin County Records being located in the Northeast Quarter of Section 17 and the Southeast Quarter of Section 8, Township 1 South, Range 7 East Mount Diablo Base and Meridian, County of San Joaquin, State of California and more particularly described as follows:

**Commencing** at the East Quarter corner of said Section 17; thence along the Easterly line of said Section 17, North 01°34'37" West, a distance of 1863.65 feet; thence leaving said Section line, South 88°19'00" West, a distance of 33.46 feet to the Westerly right-of-way of the West Frontage Road (60 feet wide) of State Highway U.S. No. 99; thence along said Westerly right-of-way, North 01°41'00" West, a distance of 223.02 feet to the Southeasterly corner of that certain parcel described in Deed to Delicato Vineyards recorded the 4<sup>th</sup> day of April, 1986, recorded as Instrument No. 86022559, San Joaquin County Records being the **True Point of Beginning**; thence along the Southerly line and the Westerly prolongation of said Southerly line of said Delicato Vineyards Parcel, South 88°19'00" West, a distance of 757.98 feet; thence parallel with the Westerly line of said Delicato Vineyards Parcel, North 01°34'37" West, a distance of 562.20 feet to the Southerly line of that certain parcel described in Grant Deed to Indelicato Brothers recorded the 4<sup>th</sup> day of April, 1977, recorded in Book 4243 of Official Records at Page 177, San Joaquin County Records and being also the Northeasterly corner of Parcel One described in Deed to San Bernabe Vineyards, LLC recorded the 7<sup>th</sup> day of August, 2000, recorded as Instrument No. 00089181, San Joaquin County Records; thence along the Northerly line of said Parcel One, South 88°19'00" West, a distance of 33.85 feet to a point being 75.00 feet Westerly measured at right angles from the Easterly line of Parcel One as described in Grant Deed to San Bernabe Vineyards, LLC recorded the 7<sup>th</sup> day of August, 2001 as Instrument No. 00089182, San Joaquin County Records; thence parallel with said Easterly line, North 01°34'37" West, a distance of 1117.43 feet to the Westerly prolongation of the Northerly line of that certain Parcel "2" as described in Quitclaim Deed to Frank Indelicato, Anthony Indelicato, and Vincent Indelicato, recorded the 13<sup>th</sup> day of January, 1967, in Book 3098, of Official Records, at Page 8, San Joaquin County Records; thence along said Westerly prolongation, North 88°25'23" East, a distance of 75.01 feet to the Northwesterly corner of Parcel "2" of said Indelicato Parcel, thence along the Northerly line of said Indelicato parcel, North 88°25'23" East, a distance of 674.15 feet to the Westerly right-of-way line of the State Highway U.S. 99 Frontage Road, as described in Grant Deed to the State of California, recorded the 18<sup>th</sup> day of February, 1955, in Book 1718, of Official Records, at Page 460, San Joaquin County Records; thence along said Westerly right-of-way line,

Escrow No.: Accommodation 53218493B-CM  
Locate No.: CACTI7739-7739-4532-0053218493B  
Title No.: ACC-53218493-TTO

South 05°13'15" West, a distance of 188.30 feet; thence North 48°23'56" West, a distance of 58.34 feet to a point being 148.00 feet Southerly measured at right angles to said Northerly line; thence parallel with said Northerly line, South 88°25'23" West, a distance of 623.57 feet; thence South 43°25'23" West, a distance of 28.28 feet to the Westerly line of said Indelicato Parcel; thence along said Westerly line, South 01°34'37" East a distance of 578.18 feet to the Southwesterly corner of said Indelicato Parcel; thence along the Southerly line of said Parcel; thence North 88°19'00" East, a distance of 423.90 feet to the Northwest corner of that certain parcel described in Affidavit Terminating Life Estate recorded the 16<sup>th</sup> day of June, 1978, in Book 4412 of Official Records, Page 12, San Joaquin County Records, thence along the Westerly line of said Parcel, South 01°41'00" East, a distance of 149.95 feet to the Southwest corner of said Parcel, thence along the Southerly line of said Parcel, North 88°19'00" East, a distance of 291.19 feet to the said Westerly right-of-way of the West Frontage Road, thence along said Westerly right-of-way, South 01°41'00" East, a distance of 783.36 feet to the **True Point of Beginning**, containing 19.12 acres more or less.

This legal description was prepared from record information to comply with the condition of approval for a "Notice of Lot Line Adjustment" as per San Joaquin County Community Development Department and the State Subdivision Map Act requirements and may or may not represent net sellable acreage. This property or portions of this property may also be subject to recorded and unrecorded easements, restrictions, conditions, etc. not stated in the above description, which may or may not be shown in a Title Report. A record of survey of this property may reflect different bearings, dimensions or area. No warranty or guarantee is being stated, expressed or implied by the preparation of this description.



*Michael L. Quaranta*  
7.20.11

**EXHIBIT C**

**FORM OF BILL OF SALE**

<b>DISTRIBUTION</b>		<b>REFERENCE</b>
Original	Buyer	ORDER NO.
Copy	Division	AP NO.
Copy	Svc. PIng.	SAP BD NO.
		Wire Transfer No.

**BILL OF SALE**

Pursuant to that certain Purchase and Sale Agreement dated \_\_\_\_\_, 20\_\_ (the "**Purchase Agreement**"), by and between **PACIFIC GAS AND ELECTRIC COMPANY**, a California corporation ("**PG&E**"), and Delicato Vineyards A California Corporation ("**Buyer**"), effective on the Closing Date (as defined in the Purchase Agreement), PG&E hereby sells, assigns, transfers, and delivers to Buyer all of PG&E's right, title and interest in and to the property described on **Exhibit A to the Purchase Agreement**, in the locations described in **Exhibit D** within the site described in **Exhibit B** attached to the Purchase Agreement, and incorporated herein by this reference (collectively, the "**Facilities**").

As stated in Section 5.5 of the Purchase Agreement: THE FACILITIES ARE BEING TRANSFERRED "AS IS, WHERE IS, AND WITH ALL FAULTS" IN THEIR EXISTING CONDITION ON THE CLOSING DATE, WITHOUT ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND BY PG&E, EXPRESS, IMPLIED OR STATUTORY, AND WITHOUT RECOURSE AGAINST PG&E. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, PG&E EXPRESSLY DISCLAIMS: (A) ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY; (B) ANY IMPLIED OR EXPRESS WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE; AND (C) ANY IMPLIED OR EXPRESS WARRANTY OF CONFORMITY TO MODELS OR MATERIALS.

Notwithstanding the above paragraph, PG&E warrants that, upon CPUC Approval and execution and delivery of the Bill of Sale, Buyer shall have good title to the Facilities, free and clear of all liens and encumbrances.

This Bill of Sale is executed pursuant to authorization contained in \_\_\_\_\_, dated \_\_\_\_\_, and is subject to all the terms and conditions of the Purchase Agreement.

IN WITNESS WHEREOF, PG&E has executed this Bill of Sale as of the date set forth below.

**PACIFIC GAS AND ELECTRIC COMPANY,**  
a California corporation

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

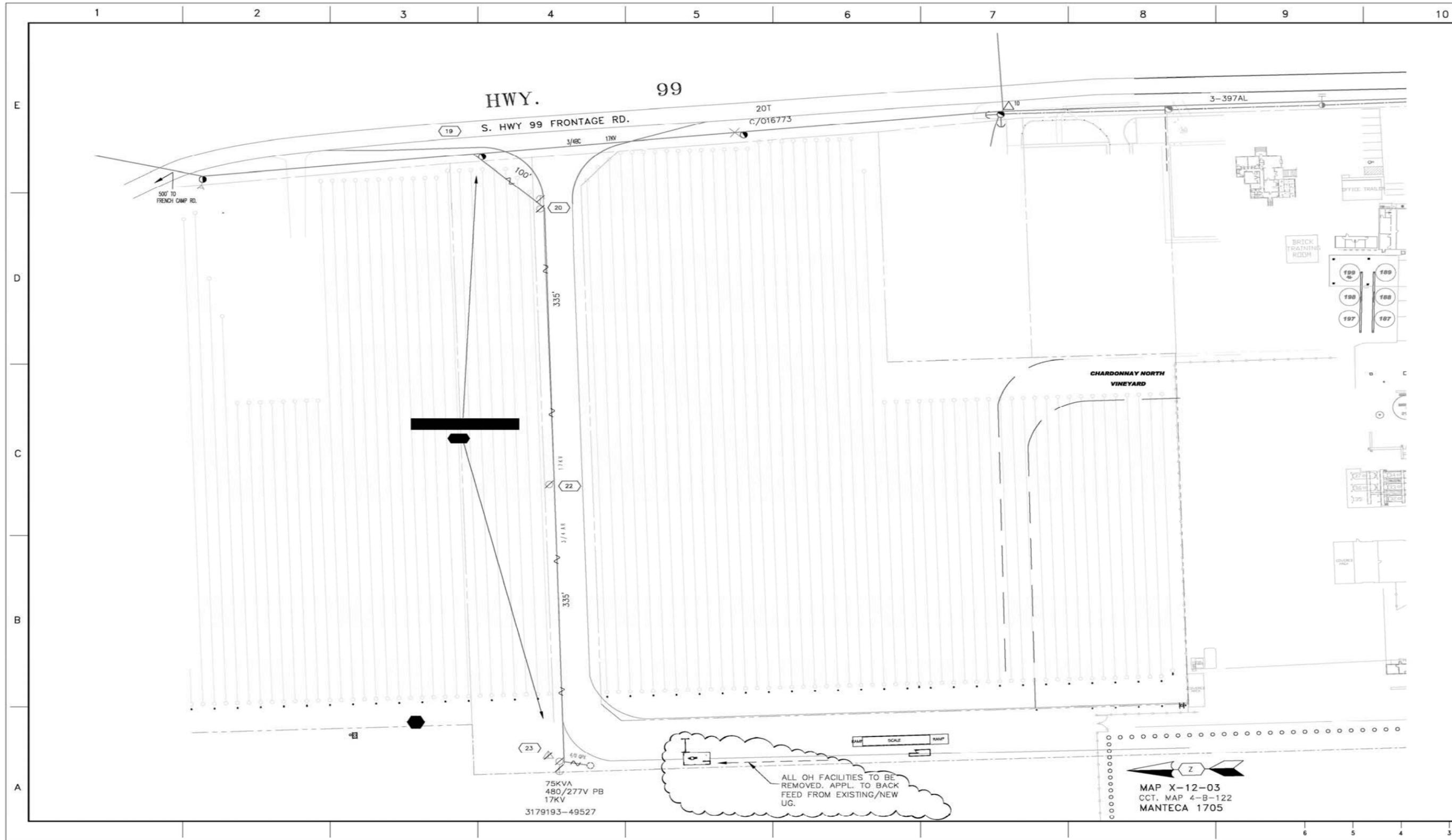
**EXHIBIT A TO BILL OF SALE**  
**DESCRIPTION OF THE FACILITIES**

**DELICATO WINERY PRIMARY SERVICE - SALE OF FACILITIES**  
**PM30889989**

QUANTITY	DESCRIPTION	PG&E CODE	YEAR INSTALLED
1	1500KVA STYLE IIE PM TX 17KV	261433	2008
3	BUSHING WELL PLUG	300486	2008
1	BUS DUCT ENTRANCE TERM BOX	019645	2008
250'	1000 CU CABLE	294490	2008
50	1000 COMP CONNECTOR	303461	2008
2	45' POLES	140445	2008
1	50' POLE	140450	2008
1	CROSS ARMS 8' LIGHT	146013	2008
1	CROSS ARMS 8' HEAVY	146124	2008
2	CUTOUT BRACKET	180134	2008
6	PT 8 PIN INSUL.	310034	2008
6	DE INSUL PT2	310055	2008
3	LIGHTNING ARRESTERS	330001	2008
6	PT 44HSB DISCONNECTS	330185	2008
2	GRD ASSY	187012	2008
1	POTENTIAL TRANSFORMER	250051	2008
1	WVE RECLOSER PKG 17KV	342000	2008
1	US AIR SWITCH -UNDERARM SIDEBREAK	341575	2008
6	DE COMPOSITE INSULATORS	310055	2008
4	NON COMPOSITE PIN	310010	2008
3	PT 1 POST TIE TOP	311064	2008
1	1500KVA STYLE IIE PM TX 17KV	261433	2000
30'	1000 CU CABLE	294490	2000
18	1000 COMP CONNECTOR	303461	2000
3	BUSHING WELL PLUG	300486	2000
1	BUS DUCT ENTRANCE TERM BOX	019645	2000
2	2500KVA STYLE IIC PM TX 17KV	260178	1988
6	1/0AL STRESS CONES	384168	1988
420	700AL PVC 600V CABLE	294340	1988
42	700 COMP CONNECTOR	303833	1988
3	1/0AL STRAIGHT SPLICE	300487	1988
570	1/C 1/0AL XLP-CONC-PVC (22KV)	294422	1988

**EXHIBIT D**

**SEVERANCE ENGINEERING DRAWINGS**



**Attachment 2**

appraisal_ number	description	account_ number	inventory_ quantity	year_ installed	historical_ cost (Original Cost)	sl_ depreciation	hist_cost_less_d ep (Present Book Value)	rcn
7419	EA. CROSSARM LIGHT SINGLE 8'	0204	1	2008	\$235	\$29	\$206	\$252
7419	EA. CROSSARM LIGHT SINGLE 8'	0204	1	2008	\$235	\$29	\$206	\$252
7419	EA. POLE SOLELY OWNED 45 FT	0204	2	2008	\$2,196	\$267	\$1,929	\$2,357
7419	EA. POLE SOLELY OWNED 50 FT	0204	1	2008	\$1,304	\$158	\$1,146	\$1,399
7419	OVERHEAD EQUIPMENT (205)	0205	3	2000	\$56	\$25	\$31	\$100
7419	OVERHEAD EQUIPMENT (205)	0205	6	2008	\$560	\$69	\$491	\$586
7419	OVERHEAD EQUIPMENT (205)	0205	18	2000	\$169	\$76	\$93	\$301
7419	OVERHEAD EQUIPMENT (205)	0205	2	2008	\$238	\$29	\$209	\$249
7419	OVERHEAD EQUIPMENT (205)	0205	3	1988	\$51	\$45	\$6	\$121
7419	OVERHEAD EQUIPMENT (205)	0205	50	2008	\$800	\$99	\$701	\$837
7419	OVERHEAD EQUIPMENT (205)	0205	6	2008	\$69	\$9	\$60	\$72
7419	OVERHEAD EQUIPMENT (205)	0205	420	1988	\$253	\$223	\$30	\$596
7419	OVERHEAD EQUIPMENT (205)	0205	6	1988	\$93	\$82	\$11	\$220
7419	OVERHEAD EQUIPMENT (205)	0205	2	2008	\$2	\$0	\$2	\$2
7419	OVERHEAD EQUIPMENT (205)	0205	6	2008	\$33	\$4	\$29	\$35
7419	OVERHEAD EQUIPMENT (205)	0205	250	2008	\$7,731	\$958	\$6,773	\$8,085
7419	OVERHEAD EQUIPMENT (205)	0205	42	1988	\$161	\$142	\$19	\$380
7419	OVERHEAD EQUIPMENT (205)	0205	3	2008	\$185	\$23	\$162	\$194
7419	OVERHEAD EQUIPMENT (205)	0205	4	2008	\$56	\$7	\$49	\$59
7419	OVERHEAD EQUIPMENT (205)	0205	3	2008	\$34	\$4	\$30	\$36
7419	OVERHEAD EQUIPMENT (205)	0205	6	2008	\$33	\$4	\$29	\$35
7419	OVERHEAD EQUIPMENT (205)	0205	30	2000	\$517	\$231	\$286	\$920
7419	UNDERGROUND CONDUIT (206)	0206	1	2000	\$2,827	\$691	\$2,136	\$4,288
7419	UNDERGROUND CONDUIT (206)	0206	1	2008	\$3,994	\$266	\$3,728	\$4,288
7419	UNDERGROUND CONDUIT (206)	0206	1	2008	\$2,682	\$179	\$2,503	\$2,879
7419	UNDERGROUND CONDUIT (206)	0206	1	2008	\$19,548	\$1,303	\$18,245	\$20,986
7419	/FT CBL PE-CONC-CIC #1/0 AL 22KV	0207	570	1988	\$1,808	\$1,434	\$374	\$4,904
7419	EA. TRANSFORMER	0220	1	2008	\$20,947	\$1,943	\$19,004	\$26,513
7419	EA. TRANSFORMER	0220	1	2000	\$9,525	\$3,155	\$6,370	\$26,513
7419	EA. TRANSFORMER	0220	1	2008	\$525	\$49	\$476	\$664
7419	EA. TRANSFORMER	0220	3	2008	\$79	\$7	\$72	\$100
7419	EA. XFMR 3PHPMSP12KV-480Y/277 300KVA	0220	2	1988	\$11,703	\$7,443	\$4,260	\$31,048
				Total	\$88,649	\$18,983	\$69,666	#####

**PG&E Gas and Electric  
Advice Filing List  
General Order 96-B, Section IV**

AT&T	Dept of General Services	Northern California Power Association
Alcantar & Kahl LLP	Douglass & Liddell	Occidental Energy Marketing, Inc.
Ameresco	Downey & Brand	OnGrid Solar
Anderson & Poole	Duke Energy	Praxair
BART	Economic Sciences Corporation	R. W. Beck & Associates
Barkovich & Yap, Inc.	Ellison Schneider & Harris LLP	RCS, Inc.
Bartle Wells Associates	Foster Farms	Recurrent Energy
Bloomberg	G. A. Krause & Assoc.	SCD Energy Solutions
Bloomberg New Energy Finance	GLJ Publications	SCE
Boston Properties	GenOn Energy, Inc.	SMUD
Braun Blaising McLaughlin, P.C.	Goodin, MacBride, Squeri, Schlotz & Ritchie	SPURR
Brookfield Renewable Power	Green Power Institute	San Francisco Public Utilities Commission
CA Bldg Industry Association	Hanna & Morton	Seattle City Light
CLECA Law Office	Hitachi	Sempra Utilities
CSC Energy Services	In House Energy	Sierra Pacific Power Company
California Cotton Ginners & Growers Assn	International Power Technology	Silicon Valley Power
California Energy Commission	Intestate Gas Services, Inc.	Silo Energy LLC
California League of Food Processors	Lawrence Berkeley National Lab	Southern California Edison Company
California Public Utilities Commission	Los Angeles Dept of Water & Power	Spark Energy, L.P.
Calpine	Luce, Forward, Hamilton & Scripps LLP	Sun Light & Power
Cardinal Cogen	MAC Lighting Consulting	Sunrun Inc.
Casner, Steve	MBMC, Inc.	Sunshine Design
Center for Biological Diversity	MRW & Associates	Sutherland, Asbill & Brennan
Chris, King	Manatt Phelps Phillips	Tabors Caramanis & Associates
City of Palo Alto	McKenzie & Associates	Tecogen, Inc.
City of Palo Alto Utilities	Merced Irrigation District	Tiger Natural Gas, Inc.
City of San Jose	Modesto Irrigation District	TransCanada
City of Santa Rosa	Morgan Stanley	Turlock Irrigation District
Clean Energy Fuels	Morrison & Foerster	United Cogen
Coast Economic Consulting	Morrison & Foerster LLP	Utility Cost Management
Commercial Energy	NLine Energy, Inc.	Utility Specialists
Consumer Federation of California	NRG West	Verizon
Crossborder Energy	NaturEner	Wellhead Electric Company
Davis Wright Tremaine LLP	Navigant Consulting	Western Manufactured Housing Communities Association (WMA)
Day Carter Murphy	Norris & Wong Associates	eMeter Corporation
Defense Energy Support Center	North America Power Partners	
Department of Water Resources	North Coast SolarResources	