

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



REVISED

November 6, 2013

Advice Letter 4287-E

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: Sale and Conveyance of a Certain Parcel of Land in Fresno County -
Request for Approval Under Section 851.**

Dear Mr. Cherry:

Advice Letter 4287-E is effective October 28, 2013.

Sincerely,

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

Edward F. Randolph, Director
Energy Division



Brian K. Cherry
Vice President
Regulatory Relations

Pacific Gas and Electric Company
77 Beale St., Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177

Fax: 415.973.7226

September 26, 2013

Advice 4287-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Sale and Conveyance of a Certain Parcel of Land in Fresno County – Request for Approval Under Section 851

Purpose

Pursuant to Section 851 of the California Public Utilities Code (“Section 851”), Pacific Gas and Electric Company (“PG&E” or “the Company”) hereby respectfully requests authority for the Company to sell and convey unimproved real property (“Property”) located in the County of Fresno, as set forth in the Purchase and Sale Agreement between the Company and James B. Walker Family II Limited Partnership (“Buyer”) dated July 22, 2013 (“Agreement”). The Agreement is attached hereto as Attachment 1.

Background

By this advice letter, the Company seeks California Public Utilities Commission (“CPUC” or “Commission”) approval under Section 851 to sell and convey approximately 113.39 acres of unimproved real property located in the County of Fresno to the Buyer pursuant to the Agreement for a purchase price of Eight Hundred Sixty-One Thousand Two Hundred Dollars (\$861,200). The Company acquired the Property in 2011 for the Giffen Solar Photovoltaic (“PV”) Generation Facility as part of an approximately 200-acre land purchase. The Company has determined that fee ownership of the Property is no longer necessary or useful for the Company’s utility operations.

In accordance with General Order (“G.O.”) 173, PG&E provides the following information related to the proposed transaction:

(a) Identity of All Parties to the Proposed Transaction:

Pacific Gas and Electric Company	James B. Walker
Darren P. Roach	James B. Walker Family II
Law Department	Limited Partnership
P.O. Box 7442	2679 W. Lake Van Ness Circle
San Francisco, CA 94120	Fresno, California 93711
Telephone: (415) 973-6345	Telephone: (559) 313-5500
Facsimile: (415) 973-5520	E-mail:
Email: DPRC@pge.com	jameswalkerfarms@aol.com

(b) Complete Description of the Facilities and Property Including Present Location, Condition and Use:

The unimproved real property is located in the Cantua Creek area of Fresno County at the southwest intersection of Kamm Avenue and Tuolumne Avenue near California Interstate Highway 5 (Assessor's Parcel Numbers 038-160-50s). The 113.39-acre portion of the parcel to be sold holds no PG&E facilities and currently lies unused. A map showing the location of the Property to be sold is attached hereto as Exhibit A-2.

(c) Intended Use of the Property and Facilities:

PG&E is informed that the Buyer does not plan any physical changes to the Property and no changes have been made to the Property. PG&E will be retaining an easement for the existing drainage ditch and retention basin under the Agreement to protect its generation facility.

The Buyer and PG&E have also signed a "Water Agreement" (see Exhibit E) agreeing the Buyer will provide water to the PG&E property pursuant to the terms described within Exhibit E.

(d) Complete Description of Financial Terms of the Proposed Transaction:

The buyer as agreed to purchase the Property for Eight Hundred Sixty-One Thousand Two Hundred (861,200) Dollars. The terms and conditions for the proposed sale are contained in the Purchase and Sale Agreement (Attachment 1).

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

Proceeds from the sale of the property will be made in accordance with the

policy for the allocation of the gains and losses on the sale of land (non-depreciable asset) 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.

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

The Property to be sold is included in rate base, and, pending Commission approval, PG&E's rate base will be reduced in accordance with D.06-05-041 as modified in D.06-12-043 by the net-of-tax proceeds, which will be credited to the Depreciation Reserve as a net benefit to PG&E ratepayers.

The sale of the Property does not adversely affect existing ratepayers. It is expected that customers will see neither a decline in service, nor an increase in cost due to the sale.

(g) 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):

A table showing sales price, expenses, and tax effects is attached as Attachment 2. The pre-tax gain-on-sale is estimated to be \$101,971, and the after-tax gain-on-sale is estimated to be \$31,918.

The net book value and the original cost of the Property is \$759,229. Rate base will decrease (reduction to rate base) by \$577,004 upon Commission approval and close of the sale.

The market valuation (sale price) was based upon a Broker's Opinion of Value.

(h) 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.

(i) 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.

(j) 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:¹

Not Applicable.

(k) Sufficient Information and Documentation (Including Environmental Review Information) to Indicate that All Criteria Set Forth in Rule 3 of General Order (“GO”) 173 are Satisfied:

PG&E has provided information in this Advice Letter to satisfy the eligibility criteria under GO 173 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 on the ability of PG&E to provide safe and reliable service to its customers at reasonable rates;
- The transaction will not materially impact the rate base of PG&E; and
- The transaction does not warrant a more comprehensive review that would be provided through a formal Section 851 application.

(l) 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.

(m) Environmental Information

Pursuant to GO 173, the Advice Letter program applies to proposed transactions that will not require environmental review by the CPUC as a lead agency under the California Environmental Quality Act (“CEQA”) either because: (a) a statutory or categorical exemption applies (the applicant must provide a notice of exemption from the Lead Agency or explain by an exemption applies), or (b) because the transaction is not a project under CEQA (the applicant must explain the reasons why it believes that the transaction is not a project), or (c) because another public agency, acting as the Lead Agency under CEQA, has completed environmental review of the project, and the Commission is required to

¹ 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.)

perform environmental review of the project only as a Responsible Agency under CEQA.

Per (b) above, the proposed transaction is not a "project" under CEQA as it only constitutes a change in ownership; therefore, the proposed transaction will not require environmental review.

Protests

Anyone wishing to protest this filing may do so by sending a letter by October 16, 2013, which is 20 days from the date of this filing. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. Protests should be mailed to:

CPUC Energy Division
ED Tariff Unit
505 Van Ness Avenue, 4th Floor
San Francisco, California 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 shall also be sent to PG&E either via E-mail or U.S. mail (and by facsimile, if possible) at the address shown below on the same date it is mailed or delivered to the Commission:

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

Facsimile: (415) 973-7226
E-mail: PGETariffs@pge.com

Any person (including individuals, groups, or organizations) may protest or respond to an advice letter. (General Order 96-B, Section 7.4.) The protest shall contain the following information: specification of the advice letter protested; grounds for the protest; supporting factual information or legal argument; name, telephone number, postal address, and (where appropriate) e-mail address of the protestant; and statement that the protest was sent to the utility no later than the

day on which the protest was submitted to the reviewing Industry Division (General Order 96-B, Section 3.11).

Effective Date

Pursuant to the review process outlined in General Order 173, PG&E requests that this Tier 2 advice filing become effective on **October 26, 2013**, which is 30 days from the date of filing.

Notice

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically and/or via U.S. mail to parties shown on the attached list and parties listed in Appendix A. Address changes to the General Order 96-B service list should be directed to PG&E at email address PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process_Office@cpuc.ca.gov. Send all electronic approvals to PGETariffs@pge.com. Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs>.

A handwritten signature in black ink that reads "Brian Cherry / IG". The signature is written in a cursive, flowing style.

Vice President – Regulatory Relations

Attachments

***** SERVICE LIST Advice 4287-E *****
APPENDIX A

***** 3rd Party *****

Karen Clopton
Administrative Law Judge Division
505 Van Ness Avenue
San Francisco, CA 94102
(415) 703-2008
kvc@cpuc.ca.gov

James B. Walker
James B. Walker Family II Limited Partnership
2679 W. Lake Van Ness Circle
Fresno, California 93711
Telephone: (559) 313-5500
E-mail: jameswalkerfarms@aol.com

Myra J. Prestidge
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Edward Randolph
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Brewster Fong
Division of Ratepayer Advocates
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San Francisco, CA 94102
(415) 703-3221
bca@cpuc.ca.gov

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: Igor Grinberg

Phone #: (415) 973-8580

E-mail: ixg8@pge.com and PGETariffs@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) #: **4287-E**

Tier: **2**

Subject of AL: **Sale and Conveyance of a Certain Parcel of Land in Fresno County – Request for Approval Under Section 851**

Keywords (choose from CPUC listing): Agreements

AL filing type: Monthly Quarterly Annual One-Time Other _____

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

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: Yes No

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: **October 26, 2013**

No. of tariff sheets: N/A

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

Pending advice letters that revise the same tariff sheets: 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:

California Public Utilities Commission
Energy Division
EDTariffUnit
505 Van Ness Ave., 4th Flr.
San Francisco, CA 94102
E-mail: EDTariffUnit@cpuc.ca.gov

Pacific Gas and Electric Company
Attn: Brian Cherry
Vice President, Regulatory Relations
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

Between

Pacific Gas and Electric Company, as Selier

and

James B. Walker Family II Limited Partnership, as Buyer

Fresno County, California

July 22, 2013

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**PACIFIC GAS AND ELECTRIC COMPANY
STANDARD PURCHASE AND SALE AGREEMENT**

(Unimproved Property)

THIS PURCHASE AND SALE AGREEMENT ("Agreement"), dated for reference purposes only as of July 22, 2013, is made by and between **PACIFIC GAS AND ELECTRIC COMPANY**, a California corporation ("Seller"), and **JAMES B. WALKER FAMILY II LIMITED PARTNERSHIP**, a California limited partnership ("Buyer"). Unless otherwise specifically provided herein, all provisions of this Agreement shall be effective as of the date Seller executes this Agreement ("Effective Date"), as set forth below Seller's signature.

RECITALS:

A. Seller purchased from Buyer, and is presently the owner of, that certain parcel of unimproved real property located in the area of Cantua Creek, County of Fresno ("County") and State of California, identified by the County Assessor as Assessor's Parcel No. 038-160-50s, the State Board of Equalization as SBE No. 135-10-120, and more particularly described in Exhibit A-1 ("Seller's Property").

B. Seller desires to sell to Buyer, and Buyer desires to purchase from Seller, a portion of Seller's Property comprising approximately 113.39 acres, as depicted and more particularly described in Exhibit A-2 to this Agreement (such real property, together with all easements, rights and privileges appurtenant thereto, is hereinafter referred to collectively as the "Property"), on the terms and conditions contained in this Agreement.

NOW THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Buyer hereby agree as follows:

1. PURCHASE AND SALE.

Subject to the terms and conditions contained in this Agreement, Seller shall sell and convey the Property to Buyer, and Buyer shall purchase the Property from Seller, for a purchase price of Eight Hundred Sixty-One Thousand Two Hundred and 00/100 Dollars (\$861,200.00) ("Purchase Price"), at Close of Escrow (as defined in Section 3.3).

2. PAYMENT OF PURCHASE PRICE.

Buyer shall pay the Purchase Price for the Property to Seller as follows:

2.1 Deposit. Within five (5) business days after the Effective Date of this Agreement, Buyer shall deposit an amount equal to Eighty-Nine Thousand and 00/100 Dollars (\$89,000.00) ("Initial Deposit") in escrow with First American Title Insurance Company, 100 Spear Street, Suite 1600, San Francisco, CA 94105. Attention: Ted Bigornia ("Title Company"). The Initial Deposit shall be considered to have been deposited only if it is made by bank wire transfer, certified check or cashier's check payable to the Title Company and drawn by a commercial bank or savings and loan association having a branch in and licensed to do business in the State of California. Buyer's failure to deliver the Initial Deposit as required shall entitle Seller, by written notice to Buyer, to terminate this Agreement as of the date of the notice. The Initial Deposit plus any additional deposits and accrued interest thereon shall hereinafter be referred as the "Deposit." The Deposit shall earn interest for the benefit of the party entitled to the Deposit under this Agreement. Subject to the provisions of Sections 7 and 9 of this Agreement, the Deposit shall be delivered to Seller at Close of Escrow, and shall be applied to the Purchase Price at Close of Escrow. If this Agreement terminates prior to the Close of Escrow for any reason other than a breach or default by Buyer, the Deposit (less the Independent Consideration (defined below)) shall be returned by the Title Company to Buyer without the need for further instruction to do so, this Agreement shall be deemed terminated, and Buyer shall have no further obligation to purchase the Property. Notwithstanding any

provision to the contrary contained in this Agreement, Seller and Buyer agree that Five Hundred and 00/100 Dollars (\$500.00) of the Deposit shall be paid to Seller in all events as consideration for Buyer's right to inspect the Property and for Seller's execution, delivery and performance of this Agreement, the sufficiency of which is acknowledged by Seller ("Independent Consideration"). The Independent Consideration is in addition to and independent of any other consideration or payment provided in this Agreement, is nonrefundable, applicable to the Purchase Price, and, notwithstanding any other provision of this Agreement, shall be retained by Seller if this Agreement terminates for any reason.

2.2 Balance of Purchase Price. At least one (1) business day prior to Close of Escrow, Buyer shall deposit in escrow with the Title Company an additional sum equal to the balance of the Purchase Price in immediately available funds for delivery to Seller at Close of Escrow.

3. ESCROW.

3.1 Establishment and Close of Escrow. Within five (5) business days after the Effective Date of this Agreement, Buyer shall open an escrow ("Escrow") with the Title Company by delivering to the Title Company, the Initial Deposit, a fully-executed copy of this Agreement and the Escrow Opening Instructions attached hereto as Exhibit B. The Deposit shall be held in Escrow in a federally insured, interest-bearing account. The Close of Escrow shall occur on a date ("Closing Date") designated by Seller upon at least thirty (30) days' prior written notice to Buyer, which date shall be no later than 8:00 a.m. California time on the date that is sixty (60) days after the date that Seller notifies Buyer in writing of receipt of the approval of the California Public Utilities Commission ("CPUC") as more specifically set forth in Section 7.3, provided that all conditions precedent set forth in Section 7 have been satisfied or waived, as more specifically set forth in Section 7; and provided further that such CPUC Approval is received by Seller within six (6) months following the expiration of the Inspection Period. If Seller has not received CPUC Approval within such six (6) month period following the expiration of the Inspection Period, Seller shall have the right (but not the obligation) to extend the Closing Date for up to an additional six (6) months to obtain CPUC Approval. If Close of Escrow has not occurred on or prior to the Closing Date, as the same may be extended herein, then either Buyer or Seller may terminate this Agreement and the Escrow by giving written notice of such termination to the other party, in which event Buyer shall be entitled to return of the Deposit (less the Independent Consideration), and this Agreement, the Escrow and the rights and obligations of the parties hereunder shall terminate as of the date of such notice, except for obligations that expressly survive the termination of this Agreement.

3.2 Deposits into Escrow.

(a) At or prior to Close of Escrow, Buyer shall deposit or cause to be deposited with the Title Company the following:

- (i) The balance of the Purchase Price to be deposited by Buyer pursuant to Section 2.2;
- (ii) The Water Agreement (as defined in Section 4.2), duly executed by Buyer in recordable form;
- (iii) Buyer's share of the fees and charges described in Section 3.4;
- (iv) The amount, if any, payable to Seller pursuant to Section 3.5;
- (v) Buyer's counterpart of the joint escrow instructions to the Title Company in the form attached hereto as Exhibit C ("Joint Escrow Closing Instructions"), and any other instructions Buyer may deem necessary which are not inconsistent with the terms of this Agreement;
- (vi) The Release and Indemnity Agreement, duly executed by Buyer in the form attached hereto as Exhibit D ("Release Agreement"); and

(vii) Such other instruments and documents as are reasonably required by the terms of this Agreement or by the Title Company.

(b) At or prior to Close of Escrow, Seller shall deposit or cause to be deposited with the Title Company the following:

(i) A grant deed, prepared and duly executed by Seller in recordable form, conveying fee title to the Property to Buyer ("Grant Deed");

(ii) The Water Agreement, duly executed by Seller in recordable form;

(iii) Affidavits certifying that Seller is not a "foreign person" within the meaning of Section 1445(f)(3) of the Internal Revenue Code of 1986, as amended, and California Revenue and Taxation Code Section 18662(e) ("Affidavits");

(iv) Seller's counterpart of the Joint Escrow Closing Instructions and any other instructions Seller may deem necessary which are not inconsistent with the terms of this Agreement; and

(v) Such other instruments and documents as are reasonably required by the terms of this Agreement or by the Title Company, including an Owner's Affidavit in a form approved by Seller, in Seller's sole and absolute discretion, if required by the Title Company to issue the Title Policy (as defined in Section 4.4) to Buyer.

3.3 Closing. The "Close of Escrow" shall be defined herein as the time that the Grant Deed is recorded in the official records of the County. After all the requirements of Section 3.2 have been satisfied and all conditions precedent set forth in Section 7 have been satisfied or waived, the parties shall instruct the Title Company to close escrow by, among other actions:

(a) Recording the Grant Deed and instructing the County Recorder to deliver the Grant Deed to Buyer after recording;

(b) Recording the Release Agreement and instructing the County Recorder to deliver the original Release Agreement to Seller after recording;

(c) Recording the Water Agreement and instructing the County Recorder to deliver the original Water Agreement to Seller after recording.

(d) Delivering to or for the account of Seller, the Purchase Price paid by Buyer pursuant to Sections 2.1 and 2.2, and the amount, if any, payable to Seller pursuant to Section 3.5;

(e) Delivering to Seller, "as-recorded" conformed copies of the Grant Deed, the Release Agreement and the Water Agreement; and

(f) Delivering to Buyer, the Affidavits and "as-recorded" conformed copies of the Grant Deed, the Release Agreement and the Water Agreement, and issuing and delivering to Buyer the Title Policy described in Section 4.4.

3.4 Costs. Seller and Buyer shall pay all transfer taxes and closing costs as follows:

(a) All escrow fees charged by the Title Company shall be allocated equally between Seller and Buyer;

(b) All recording fees for recordation of the Grant Deed, the Release Agreement and the Water Agreement shall be allocated between Seller and Buyer in accordance with the customary practices of the County;

(c) Seller shall pay any real property conveyance or documentary transfer taxes charged by the County and by the City, if any; and

(d) Buyer shall pay the premium and endorsement charges for the Title Policy described in Section 4.4. Buyer shall also pay the cost of any ALTA or other survey required by the Title Company in order to issue the Title Policy described in Section 4.4.

3.5 Prorations.

(a) Rents and other charges under any leases, utility charges, payments under any maintenance agreements or service contracts (provided such maintenance agreements and/or service contracts are assumed by Buyer), and all other income and expense items related to the Property shall be prorated as of Close of Escrow. The net amount due Seller from Buyer under this Section 3.5(a), if any, shall be delivered by Buyer to the Title Company prior to Close of Escrow. The net amount due Buyer from Seller under this Section 3.5(a), if any, shall be charged to Seller by the Title Company at Close of Escrow. To the extent that the amount of any of the foregoing income and expense items shall not have been determined as of the Close of Escrow, such income and expense items shall be prorated as soon after the Close of Escrow as such amount can be determined, and Seller shall promptly pay to Buyer, and/or Buyer shall promptly pay to Seller, any amounts required by such prorations.

(b) In addition, all current general and special real estate taxes, bond interest (if applicable), assessments, improvement district assessments and similar items ("Taxes") owed at the time of the Close of Escrow shall be prorated and adjusted between Buyer and Seller as of the Close of Escrow. Taxes shall be taken "subject to" by Buyer with no adjustment to the Purchase Price or escrow retention, provided that the current installment of any Taxes shall be prorated as of Closing. If the amount of any proration cannot be determined at Close of Escrow or if any "escape" assessments are assessed against the Property after the Close of Escrow that relate to the period prior to the Close of Escrow, the adjustments will be made between the parties as soon after Close of Escrow as possible. Any supplemental assessments assessed for any time period after the Close of Escrow (including supplemental City assessments based on the increased value of the Property above the state-assessed value) are Buyer's sole responsibility. **Buyer expressly acknowledges and agrees that Seller, as a regulated public utility, pays Taxes on the Property as assessed by the California State Board of Equalization ("SBE") as of January 1 of each year. Once property is so assessed, Seller automatically is obligated to pay Taxes thereon for the subsequent fiscal year commencing the following July 1. If Close of Escrow occurs between January 1 and June 30, Buyer shall deposit into Escrow, the full amount to pay Taxes for the tax year beginning on the July 1 immediately following the Close of Escrow, in addition to the prorated amount of Taxes for the current tax year (ending June 30). At Closing, Taxes shall be prorated between Seller and Buyer in light of the foregoing, with Seller responsible for all Taxes allocable to the period before Close of Escrow, and Buyer responsible for all Taxes allocable to the period on and after the Close of Escrow.** The Taxes, for proration purposes, shall be based on the actual figures for the applicable fiscal year as provided by Seller, unless Escrow is to close before these figures are available, in which case the proration shall be based on the immediately preceding year's figures. The 365-day year shall be used for proration purposes. If applicable, Seller shall pay the Taxes for the subsequent tax year (and paid by Buyer through Escrow) before they become delinquent; provided, however, that Seller shall have the right to pay such Taxes in installments as permitted by law. Buyer shall cooperate with Seller and the SBE to complete any documentation necessary to transfer the assessment process out of SBE jurisdiction and terminate the assessment of Taxes by the SBE. The obligations of the parties under this Section 3.5 shall survive the Close of Escrow.

3.6 Possession of Property. Seller shall deliver possession of the Property to Buyer upon Close of Escrow.

4. TITLE; TITLE INSURANCE.

4.1 Title. It shall be a condition precedent to Buyer's obligation to purchase the Property that Seller convey title to the Property to Buyer subject only to the following exceptions ("Permitted Encumbrances"):

- (a) The lien of Taxes, not delinquent;
- (b) All matters and exceptions of record approved or deemed approved by Buyer pursuant to Section 4.3 below, and the standard printed exceptions to the form of Title Policy described in Section 4.4;
- (c) Any matters affecting title to the Property created by or with the consent of Buyer;
- (d) All matters which would be disclosed by an inspection or survey of the Property;
- (e) Easements and other rights reserved by Seller pursuant to Section 4.2;
- (f) The Water Agreement; and
- (g) All "Permitted Exceptions" under Section 5.1 of that certain Purchase and Sale Agreement (Unimproved Property) dated as of March 30, 2011 (the "Previous Purchase Agreement"), by and between Buyer, as seller, and Seller, as buyer.

At Close of Escrow, Buyer shall take title to the Property subject to the Permitted Encumbrances, and shall not be entitled to any credit against the Purchase Price with respect to any of the Permitted Encumbrances.

4.2 Reserved Easements and Other Third Party Rights; Water.

(a) Seller shall be entitled to (i) reserve easements for all existing or proposed utility facilities located, or to be located, on or under the Property, including an easement for the existing drainage ditch and retention basin, which easement shall total approximately 5.74 acres and is more particularly depicted on Exhibit A-2, and (ii) transfer the Property to Buyer subject to any unrecorded easements, leases, licenses, permits or rights granted to others by Seller (collectively, "Reserved Easements and Rights"). Buyer shall maintain the easement areas for all Reserved Easements and Rights at Buyer's sole cost and expense, including installing and maintaining secure fencing around the existing retention basin at all times. Seller shall also reserve in the Grant Deed the right to enter onto the Property and take such other reasonable action as may be necessary to enforce the Reserved Easements and Rights. Within thirty (30) days following the Effective Date, or as soon thereafter as is reasonably practicable, Seller shall provide information concerning any Reserved Easements and Rights to Buyer. If Buyer objects to any of the Reserved Easements and Rights, Buyer shall provide written notice to Seller specifying the reasons therefor within ten (10) days following Buyer's receipt of such information. The failure of Buyer to object to the Reserved Easements and Rights within such period shall be deemed to be an approval by Buyer of the Reserved Easements and Rights. Seller may, at its sole discretion, elect to remove such objection or otherwise satisfy Buyer with respect thereto prior to Close of Escrow. If Seller elects not to cure such objection, Seller shall so notify Buyer prior to the Close of Escrow, and Buyer shall have the right, upon written notice to Seller given within five (5) days after Seller's notice, to terminate this Agreement, in which event Buyer shall be entitled to return of the Deposit (less the Independent Consideration), and this Agreement, the

Escrow and the rights and obligations of the parties hereunder shall terminate as of the date of such notice, except for obligations that expressly survive the termination of this Agreement.

(b) Following the Close of Escrow, Buyer shall provide water to the remainder of Seller's Property in the amount of three (3) acre-feet annually in perpetuity until such date as no portion of the remainder of Seller's Property is used for any utility-related purpose pursuant to the Water Agreement attached hereto as Exhibit E (the "Water Agreement"), which will be executed and delivered by both parties at the Close of Escrow.

4.3 Title Objections. Buyer shall use diligence to obtain from the Title Company a preliminary report for the Property ("Title Report"), together with copies of the instruments underlying any exceptions referred to in the Title Report, within ten (10) days following the Effective Date. If Buyer objects to any of the exceptions to title ("Title Objections"), Buyer shall provide written notice to Seller specifying the reasons therefor within thirty (30) days following Buyer's receipt of the Title Report. The failure of Buyer to object within said period shall be deemed to be an approval by Buyer of the condition of title to the Property. Buyer shall not have the right to object to any Permitted Exceptions. Seller may, in its sole discretion, elect to remove the Title Objections, including by the issuance of affirmative endorsements to the Title Policy, or otherwise satisfy Buyer with respect thereto prior to Close of Escrow. If Seller elects not to so cure the Title Objections, Seller shall so notify Buyer prior to the Close of Escrow, and Buyer shall have the right, upon written notice to Seller given within five (5) days after Seller's notice, to terminate this Agreement, in which event Buyer shall be entitled to return of the Deposit (less the Independent Consideration), and this Agreement, the Escrow and the rights and obligations of the parties hereunder shall terminate as of the date of such notice, except for obligations that expressly survive the termination of this Agreement.

4.4 Title Insurance. Upon the Close of Escrow, Buyer shall cause the Title Company to issue to Buyer either an ALTA or CLTA title insurance policy (the "Title Policy") with total liability not to exceed the amount of the Purchase Price insuring that fee simple title to the Property is vested in Buyer.

5. CONDITION OF PROPERTY.

5.1 AS IS CONDITION. BUYER HAS BEEN STRONGLY ADVISED TO INVESTIGATE THE CONDITION AND SUITABILITY OF ALL ASPECTS OF THE PROPERTY AND ALL MATTERS AFFECTING THE VALUE OR DESIRABILITY OF THE PROPERTY, INCLUDING THE PRESENCE OF ANY TRANSMISSION LINES AND/OR TRANSMISSION LINE FACILITIES ON THE PROPERTY AND ELECTRIC AND MAGNETIC FIELDS (AS DEFINED IN THE RELEASE AGREEMENT) ASSOCIATED THEREWITH, AND POTENTIAL ENVIRONMENTAL HAZARDS ARISING FROM THE PRESENCE IN, ON, UNDER, AROUND OR ABOUT THE PROPERTY OF HAZARDOUS SUBSTANCES. EXCEPT AS EXPRESSLY HEREINAFTER PROVIDED IN SECTION 6.1, NEITHER SELLER, NOR ITS OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS MAKES OR HAS MADE ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, WRITTEN OR ORAL, AS TO THE PHYSICAL CONDITION OF THE PROPERTY, THE USES OF THE PROPERTY OR ANY LIMITATIONS THEREON, INCLUDING ANY REPRESENTATION OR WARRANTY PERTAINING TO ZONING, ENVIRONMENTAL OR OTHER LAWS, REGULATIONS OR GOVERNMENTAL REQUIREMENTS; THE UTILITIES ON THE PROPERTY, THE COSTS OF OPERATING THE PROPERTY OR ANY OTHER ASPECT OF THE ECONOMIC OPERATIONS OF THE PROPERTY; THE CONDITION OF THE SOILS OR GROUNDWATER OF THE PROPERTY; THE PRESENCE OR ABSENCE OF ELECTRIC AND MAGNETIC FIELDS (AS DEFINED IN THE RELEASE AGREEMENT), TOXIC MATERIALS OR HAZARDOUS SUBSTANCES IN, ON, UNDER, AROUND OR ABOUT THE PROPERTY; OR ANY OTHER MATTER BEARING ON THE USE, VALUE OR CONDITION OF THE PROPERTY. SELLER MAKES AND HAS MADE NO REPRESENTATIONS OR WARRANTIES WITH RESPECT TO THE CONDITION OF TITLE TO THE PROPERTY, AND BUYER AGREES THAT IT WILL RELY SOLELY ON ITS TITLE POLICY ISSUED PURSUANT TO SECTION 4.4.

5.2 Right of Inspection.

(a) For a period of thirty (30) days following the Effective Date of this Agreement ("Inspection Period"), subject to the terms and conditions of this Section 5.2, Buyer and Buyer's authorized representatives, may enter onto the Property at any reasonable time and from time to time to survey and inspect the Property. No non-invasive or invasive testing, including soil or groundwater sampling, may be conducted on the Property unless and until the testing plans and procedures are approved in writing by Seller, which approval may be withheld, or granted upon such conditions as Seller may determine, in Seller's sole and absolute discretion. If Seller approves of such testing, Buyer shall execute whatever additional agreement concerning such testing as Seller shall require, and Buyer shall prepare, at Buyer's sole cost and expense, a work plan that describes in detail the nature, scope, location and purpose of all of Buyer's activities to be performed on the Property, including methods and procedures for restoration of any alteration to Property, and a health and safety plan. In addition, at Buyer's sole cost and expense, Buyer shall comply with all laws, statutes, ordinances, rules, regulations, requirements or orders of municipal, state, and federal authorities now in force or that may later be in force. In the event that Buyer conducts any such testing, Buyer shall return the Property as nearly as possible to the same condition the Property was in prior to any entry or testing activities.

(b) Buyer shall notify Bill Somerville, Seller's representative for the Property, ("Seller's Representative"), by telephone at (415) 973-2765 not less than seventy-two (72) hours prior to Buyer or Buyer's representatives entering the Property in each instance. No such entry shall interfere with Seller's use of the Property or the use of the Property by any tenants, easement holders, licensees, permittees or other third parties occupying the Property. Seller shall have the right to have a representative accompany Buyer on each such entry.

(c) At Buyer's sole expense, Buyer shall provide Seller with copies of the results of all analytical tests, photos, geological logs, studies and drafts of any and all reports generated as the result of Buyer's activities as soon as they are available. Seller shall have ten (10) business days to comment thereon. Thereafter, Buyer shall incorporate any and all of Seller's reasonable comments into such reports before such reports are prepared in final form. Buyer shall provide Seller with copies of any and all final reports as soon as they are available. Buyer shall keep such reports confidential as more specifically set forth in Section 5.7.

5.3 Indemnification; Release; Insurance. Buyer shall indemnify, defend (with counsel approved by Seller), protect and hold Seller, its officers, directors, employees, agents and contractors (collectively, "Indemnitees") harmless from and against any and all losses (including diminution in the value of the Property and other consequential damages), costs, claims, demands, actions, suits, orders, causes of action (including attorneys' fees and costs), obligations, controversies, debts, expenses, accounts, damages, judgments, and liabilities of whatever kind or nature, and by whomsoever asserted, in law, equity, or otherwise (collectively, "Claims") arising out of or in any way connected with the Property and occurring as a result of any entry upon the Property, or activities conducted thereon by Buyer, its agents, contractors or employees, including Claims arising from the passive or active negligence of the Indemnitees. Buyer's entry upon the Property and activities conducted thereon by or on behalf of Buyer shall be at Buyer's sole risk and expense. **Seller shall not be liable to Buyer for, and Buyer hereby waives and releases Seller and the other Indemnitees from, any and all Claims arising out of or in any way connected with the Property and occurring as a result of any entry upon the Property, or activities conducted thereon by Buyer, its agents, contractors or employees, including Claims arising from the passive or active negligence of any of the Indemnitees.** Buyer shall, and shall cause Buyer's consultants, contractors and subcontractors to, procure, carry and maintain in effect prior to and throughout the period of time that Buyer shall be entering the Property, insurance covering Buyer's activities acceptable to Seller's insurance department, in a form and with deductibles acceptable to Seller and with such insurance companies as are acceptable to Seller. The provisions of this Section 5.3 shall survive the expiration or earlier termination of this Agreement or the Close of Escrow.

5.4 Right to Terminate. If, for any reason, Buyer is not satisfied with the results of its inspection of the Property, Buyer shall have the right to terminate this Agreement by written notice to Seller given prior to the expiration of the Inspection Period. Buyer's notice of termination shall specify in detail the basis for Buyer's termination of this Agreement. Buyer's failure to terminate this Agreement prior to the expiration of the Inspection Period shall be deemed Buyer's approval of all matters relating to the Property, including the physical condition of the Property, the possible uses of the Property and any limitations thereon. If Buyer elects not to terminate this Agreement as permitted above, (a) Buyer shall have no further right to terminate this Agreement, except in accordance with the provisions of Section 8 or Section 9.2 below (regardless of any changes in the condition of the Property or any facts or circumstances of which Buyer may become aware following the Inspection Period); and (b) in addition to all other claims waived by Buyer hereunder, Buyer shall be deemed to have waived any and all rights or claims against Seller with respect to matters discovered prior to the expiration of the Inspection Period. If Buyer elects to terminate this Agreement as permitted above, Buyer shall be entitled to return of the Deposit (less the Independent Consideration), and this Agreement, the Escrow and the rights and obligations of the parties hereunder shall terminate as of the date of such notice, except for the obligations that expressly survive the termination of this Agreement.

5.5 Hazardous Substances Disclosure; Electric and Magnetic Fields Disclosure; Buyer's Release and Indemnity. If the Property will be used for the operation of any transmission lines or transmission line facilities which transmit electrical current, such lines or facilities may produce Electric and Magnetic Fields (as defined in the Release Agreement and referred to as "Electric and Magnetic Fields" in this Agreement). Seller, at some time during its ownership or use of the Property, may have handled, treated, stored and/or released Hazardous Substances (as defined in the Release Agreement and referred to herein as "Hazardous Substances") on the Property. Some of these Hazardous Substances may contain chemicals known to the State of California to cause cancer or reproductive toxicity. Seller agrees to provide Buyer with copies of the environmental reports relating to the Property described on Exhibit F attached hereto ("Environmental Reports"), and Buyer may utilize the Environmental Reports in its due diligence review; provided, however, Buyer acknowledges and agrees that (a) Seller makes absolutely no representations or warranties as to the accuracy or completeness of any information contained in the Environmental Reports or the methods upon which said information was obtained by the issuers of the Environmental Reports, (b) Buyer will not rely in any manner upon the information contained in the Environmental Reports and (c) neither Seller nor the issuer of any of the Environmental Reports shall have liability whatsoever to Buyer for any false, inaccurate or misleading matters or information, if any, contained in the Environmental Reports. Buyer has been strongly advised to investigate the existence of (i) Hazardous Substances, and (ii) Electric and Magnetic Fields, on, under, about or otherwise affecting the Property. Buyer further acknowledges that Seller shall not in any manner be responsible to Buyer for the presence of any Electric and Magnetic Fields or Hazardous Substances on, under, about or otherwise affecting the Property, and further, as a material inducement to Seller for the sale of the Property to Buyer, Buyer agrees to execute and deliver the Release Agreement to Seller at or prior to Close of Escrow. The Release Agreement sets forth the agreement of the parties with regard to Buyer's release and indemnification of Seller with regard to both Hazardous Substances and Electric and Magnetic Fields.

5.6 Natural Hazard Disclosures. Seller is, or may be, required under California law to disclose if the Property lies within the following natural hazard areas or zones: (a) a special flood hazard area designated by the Federal Emergency Management Agency (Government Code Section 8589.3); (b) an area of potential flooding shown on a dam failure inundation map (Government Code Section 8589.4); (c) a very high fire hazard severity zone ("Fire Hazard Severity Zone") (Government Code Section 51183.5); (d) a wildland area that may contain substantial forest fire risks and hazards ("Wildland Fire Zone") (Public Resources Code Section 4136); (e) an earthquake fault zone (Public Resources Code Section 2621.9); or (f) a seismic hazard zone (Public Resources Code Section 2694). Buyer acknowledges and understands that: (i) if the Property is located in a Fire Hazard Severity Zone, the owner is subject to the maintenance requirements of Government Code Section 51182; and (ii) if the Property is located in a Wildland Fire Zone, it is subject to the maintenance requirements of Public Resources Code Section 4291, and it is not the State of California's responsibility to provide fire protection services to any building or structure located within a Wildland Fire Zone unless the Department of Forestry

and Fire Protection has entered into a cooperative agreement with a local agency for those purposes pursuant to Public Resources Code Section 4142. In addition, if the Property is situated in one or more of the hazard zones described above, Buyer's ability to develop the Property, obtain insurance, or receive assistance after a disaster may be limited. Buyer further acknowledges that the maps on which the natural hazard disclosures are based only estimate where natural hazards exist, and are not definitive indicators of whether or not a property will be affected by a natural disaster. Seller has employed the services of JCP-LGS (which, in such capacity is herein called "Natural Hazards Expert") to examine the maps and other information specifically made available to the public by government agencies for the purpose of enabling Seller to fulfill the foregoing disclosure obligations. Buyer has received a copy of the Natural Hazards Disclosure Report ("Natural Hazards Report") prepared by the Natural Hazards Expert. Buyer acknowledges that the Natural Hazards Report deals with matters within the scope of the Natural Hazards Expert's professional license or expertise, and neither Seller nor Seller's Broker shall be liable for any error, inaccuracy or omission of any information relating to natural hazards disclosures not within its personal knowledge. Except as expressly provided herein, Seller is making and has made no representations regarding the seismic, geologic or other natural hazards affecting the Property, or the effect thereof on the future use or development of the Property, and Buyer should make its own inquiry and investigation of such hazards. Further, Buyer hereby waives, to the fullest extent permitted by law, any other disclosure requirements relating to natural hazards imposed on Seller by California law.

5.7 Confidentiality. Until Close of Escrow, unless disclosure is otherwise required under this Agreement or under applicable law, Buyer shall keep and shall cause Buyer's agents, consultants and employees to keep confidential all tests, reports, documents, analyses, and opinions obtained by Buyer with respect to the Property, including any information provided by Seller or received or prepared by Buyer in Buyer's independent factual, physical and legal examinations and inquiries respecting the Property (collectively, "Confidential Information"), except that Buyer may disclose the same to its legal counsel and consultants, provided that Buyer obtains the agreement in writing of such legal counsel and consultants to keep the Confidential Information confidential. Until Close of Escrow, neither the contents nor the results of any Confidential Information shall be disclosed by Buyer, its agents, consultants and employees without Seller's prior written approval, which Seller may grant or withhold at Seller's sole and absolute discretion, unless and until Buyer is legally compelled to make such disclosure.

5.8 Buyer's Release of Seller. Buyer hereby waives, releases and forever discharges Seller and the other Indemnitees from any and all Claims that Buyer may have at the Close of Escrow or that may arise in the future on account of or in any way arising out of or connected with the Property, including, but not limited to, the physical condition, nature or quality of the Property or the ownership, management or operation of the Property, except as set forth in Section 6.1 below. Buyer hereby waives the protection of California Civil Code Section 1542, which reads as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

Buyer's Initials: JBW

5.9 Survival. The covenants, agreements and obligations of Buyer contained in this Section 5 shall survive the expiration or earlier termination of this Agreement or the Close of Escrow.

6. REPRESENTATIONS AND WARRANTIES.

6.1 Seller's Representations. Seller hereby represents and warrants to Buyer to Seller's actual knowledge, as defined below in this Section 6.1, as follows:

(a) Seller has full right, power and authority to enter into this Agreement and to sell, convey and transfer the Property and all rights appurtenant thereto to Buyer; provided,

however, that the foregoing representation and warranty is subject to Seller's receipt of any required CPUC Approval (as more particularly described in Section 7.3 below). All corporate action on the part of Seller necessary for the valid authorization, execution, and delivery of this Agreement, and the consummation of the transactions contemplated hereby has been taken, or at or prior to Close of Escrow will have been taken.

(b) The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not conflict with or constitute a default under any of the terms, conditions or provisions of any other agreement to which Seller is a party or by which Seller is bound, and will not violate any provision of, or require any consent, authorization or approval under, any applicable law, regulation, or order; provided, however, that the foregoing representation and warranty is subject to Seller's receipt of any required CPUC Approval (as more particularly described in Section 7.3 below).

(c) Except as set forth in the Disclosure Exhibit attached hereto as Exhibit G, Seller has received no written notice from any governmental agency or private person during the six (6) month period preceding the Effective Date that the condition, use or operation of the Property violates any law or any order or requirement of any governmental agency that could materially and adversely affect the operation or value of the Property (other than violations which have been cured).

(d) Except as set forth in the Disclosure Exhibit attached hereto as Exhibit G, Seller has received no written notice of any pending or threatened lawsuits of any kind against Seller during the six (6) month period preceding the Effective Date that could materially and adversely affect the operation or value of the Property or prohibit the sale thereof.

(e) Except as set forth in the Disclosure Exhibit attached hereto as Exhibit G, Seller has received no written notice of any pending, threatened or contemplated condemnation proceedings during the six (6) month period preceding the Effective Date affecting the Property or any part thereof.

Seller's "actual knowledge" as used in this Section 6.1 or elsewhere in this Agreement shall mean the actual knowledge of, or receipt of written notice by, Seller's Representative, as of the Effective Date, without any duty of inquiry. Buyer acknowledges and agrees that Seller may have records or files not in the possession of Seller's Representative, which may include information concerning the Property. Buyer understands that Seller will not undertake to determine whether any of such other files and/or records contain information concerning the Property, and Seller will not make such other files and records available to Buyer for its review. Buyer further acknowledges and agrees that Seller and its affiliates have gone through numerous management changes and personnel changes over the years, and the employees who currently manage the Property may have little or no knowledge of the location or contents of the files and records relating to the Property. In light of the voluminous files and records of Seller, and the uncertainty of the location or content of such files, Buyer acknowledges and agrees that Buyer will, except for the limited representations and warranties contained in this Section 6.1, rely solely on its own investigations in making its decision to acquire the Property.

6.2 Buyer's Representations. In consideration of Seller entering into this Agreement and as an inducement to Seller to sell the Property to Buyer, Buyer makes the following representations and warranties, each of which is material, is being relied upon by Seller (the continued truth and accuracy of which shall constitute a condition precedent to Seller's obligations hereunder) and shall fully survive the Close of Escrow:

(a) If Buyer is an entity, Buyer is duly organized, validly existing and in good standing under the laws of the state of its organization and is qualified to do business in the state in which the Property is located and the persons executing this Agreement on behalf of Buyer have the full right and authority to execute this Agreement on behalf of Buyer and to bind Buyer without the consent or approval of any other person or entity. This Agreement and all documents executed by

Buyer which are to be delivered to Seller upon Close of Escrow are, or at the time of Close of Escrow will be, (i) duly authorized, properly executed and delivered by Buyer, (ii) legal, valid and binding obligations of Buyer enforceable in accordance with their terms at the time of Close of Escrow, and (iii) not in violation of any agreement or judicial order to which Buyer is a party or to which it is subject.

(b) Buyer is an experienced real property operator and investor, and is represented or has had an opportunity to be represented by counsel in connection with this transaction. Except for the express representations and warranties of Seller contained in Section 6.1 above, Buyer specifically acknowledges that it is acquiring the Property "AS IS, WHERE IS, WITH ALL FAULTS", without any representations or warranties of Seller, express or implied, written or oral, as to the nature or condition of title to the Property, the physical condition of the Property, the uses of the Property or any limitations thereon. Buyer is relying solely upon, and, as of the expiration of the Inspection Period will have conducted, its own analysis of the Property as it deems necessary or appropriate in acquiring the Property from Seller (including an analysis of any and all matters concerning the physical or environmental condition, condition of title, use, development or suitability for development of the Property). Buyer is not relying in any way upon any representations, statements, agreements, warranties, studies, plans, reports, descriptions, guidelines or other information or material furnished by Seller or its representatives, whether oral or written, express or implied, of any nature whatsoever regarding any of the foregoing matters.

(c) Buyer was the owner of Seller's Property immediately prior to Seller and sold and conveyed Seller's Property to Seller pursuant to the Previous Purchase Agreement. Buyer acknowledges and agrees that Buyer is familiar with the Property and its condition. Among other things, Buyer is aware that the Property has been used for active farming for many years and that one or more releases of fertilizers, herbicides and pesticides commonly used in farming, some of which may be considered to be hazardous or toxic, may have been used, stored, mixed and applied to the Property in the course of the farming activities conducted on the Property or on adjacent property.

(d) Buyer is not, and at no time during the term of this Agreement will be: (a) in violation of any Anti-Terrorism Law (defined below); (b) conducting any business or engaging in any transaction or dealing with any Prohibited Person (defined below), including the making or receiving of any contribution of funds, goods or services to or for the benefit of any Prohibited Person; (c) dealing in, or otherwise engaging in any transaction relating to, any property or interests in property blocked pursuant to Executive Order No. 13224 (defined below); or (d) engaging in or conspiring to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate any of the prohibitions set forth in, any Anti-Terrorism Law. Neither Buyer nor any of its Affiliates, officers, directors, shareholders, partners or members is, or at any time during the term of this Agreement will be, a Prohibited Person. As used herein, "Anti-Terrorism Law" means any law or regulation relating to terrorism, anti-terrorism, money-laundering or anti-money laundering activities, including the United States Bank Secrecy Act, the United States Money Laundering Control Act of 1986, Executive Order No. 13224, and Title 3 of the USA Patriot Act (defined below), and any regulations promulgated under any of them, each as may be amended from time to time. As used herein, "Executive Order No. 13224" means Executive Order No. 13224 on Terrorist Financing effective September 24, 2001, and relating to "Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism," as may be amended from time to time. As used herein, "Prohibited Person" means (1) a person or entity that is listed in, or owned or controlled by a person or entity that is listed in, the Annex to Executive Order No. 13224; (2) a person or entity with whom Seller is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law; or (3) a person or entity that is named as a "specially designated national and blocked person" on the most current list published by the U.S. Treasury Department Office of Foreign Assets Control at its official website, <http://www.treas.gov/ofac/t11sdn.pdf>, or at any replacement website or other official publication of such list. As used herein, "USA Patriot Act" means the "Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001" (Public Law 107-56). As used herein, "Affiliate" means, with respect to any party, a person or entity that controls, is under common control with, or is controlled by such party.

(e) The representations and warranties of Buyer set forth in this Agreement shall be true on and as of the Close of Escrow as if those representations and warranties were made on and as of such time.

7. CONDITIONS PRECEDENT.

7.1 Conditions to Buyer's Obligations. Buyer's obligation to purchase the Property is subject to the fulfillment or waiver of each of the following conditions precedent:

(a) The Title Company shall be prepared to issue at Close of Escrow the Title Policy described in Section 4.4 upon payment of its regularly scheduled premium therefor; and

(b) Seller shall have performed each and every covenant contained in this Agreement to be performed by Seller at or prior to Close of Escrow.

7.2 Conditions to Seller's Obligations. Seller's obligation under this Agreement to sell the Property to Buyer is subject Buyer's timely performance of each and every covenant contained in this Agreement to be performed by Buyer.

7.3 CPUC Approval. Seller has determined that approval of the CPUC ("CPUC Approval") will be required as a condition precedent to Seller's sale of the Property to Buyer, and therefore, the obligation of each party to close the sale of the Property shall be conditioned upon obtaining such CPUC Approval at or prior to the Close of Escrow. Buyer acknowledges and agrees that CPUC Approval shall not be deemed to have occurred for purposes of this Agreement unless and until the CPUC approves the sale of the Property to Buyer in a form that is final, unconditional and unappealable, including exhaustion of all administrative appeals or remedies before the CPUC, and such CPUC Approval is approved by Seller in its sole and absolute discretion, including Seller's approval of the proposed accounting and ratemaking treatment of the sale. Buyer further acknowledges and agrees that Seller makes no representation or warranty with respect to the likelihood of, or timing of, CPUC Approval, and Buyer hereby waives all claims against Seller for losses, expenses or damages suffered or incurred by Buyer as a result of the need for CPUC Approval, any delay in receipt of CPUC approval or the failure of the CPUC to approve the sale of the Property to Buyer.

7.4 Subdivision Map Act Compliance. At Close of Escrow, the Property must comply with the California Subdivision Map Act ("Map Act") (Government Code Section 66410, et seq.) ("Map Act Compliance"). During the period that Seller has owned the Property, certain exemptions to the Map Act may apply due to Seller's status as a public utility. Said exemptions will not apply to Buyer, unless Buyer is also a public utility. The obligation of each party to close the sale of the Property shall be conditioned upon confirming Map Act Compliance or obtaining such Map Act Compliance prior to the Close of Escrow, which compliance shall be determined by Seller, in Seller's sole and absolute discretion. The parties shall use commercially reasonable efforts to coordinate with one another regarding Map Act Compliance and to take all actions necessary to obtain Map Act Compliance to Seller's satisfaction, including obtaining a Certificate of Compliance, or obtaining the approval of and filing of a lot line adjustment, final subdivision map or parcel map, as applicable; provided, however, that Seller may at any time either discontinue or suspend such action and terminate this Agreement if any municipality or regulatory agency imposes as a condition of approval of Map Act Compliance or related plans or documents one or more conditions, burdens, dedication requirements, exactions, fees or restrictions on development or use of the remainder of Seller's Property that are inconsistent with Seller's intended use thereof or otherwise unacceptable to Seller, or any substantial or extraordinary costs, expenses, exactions or obligations that Buyer has not agreed in writing to assume. In no event shall Seller be required to assume any condition, burden, dedication, requirement or restriction on any development or use of the remainder of Seller's Property or the obligation to pay any exaction, fee, cost, expense or other monetary obligation not approved in writing by Seller prior to the Close of Escrow. Each party shall pay its own costs and expenses of obtaining Map Act Compliance, except that all fees and charges imposed by the City or County for processing and issuing Map Act Compliance (other than as described above) shall be allocated and paid equally between Seller and Buyer. Buyer acknowledges and agrees that Seller makes no representation or warranty with

respect to Map Act Compliance, and Buyer hereby waives all claims against Seller that may arise out of losses, expenses or damages suffered or incurred by Buyer as a result of the need for Map Act Compliance, or the failure to obtain Map Act Compliance.

7.5 Termination of Agreement for Failure of Conditions.

(a) Failure of Buyer's Conditions. If any one or more of the conditions to Buyer's obligations, as set forth in Section 7.1 or elsewhere in this Agreement, is not either fully performed, satisfied or waived in writing on or before the Closing Date, then Buyer may elect, by written notice to Seller, to terminate this Agreement and the Escrow, in which event Buyer shall be entitled to return of the Deposit (less the Independent Consideration), and this Agreement, the Escrow and the rights and obligations of the parties hereunder shall terminate.

(b) Failure of Seller's Conditions. If any one or more of the conditions to Seller's obligations, as set forth in Section 7.2 or elsewhere in this Agreement, is not either fully performed, satisfied or waived in writing on or before the Closing Date, then Seller may elect, by written notice to Buyer, to terminate this Agreement and the Escrow, in which event Buyer shall be entitled to return of the Deposit (less the Independent Consideration), and this Agreement, the Escrow and the rights and obligations of the parties hereunder shall terminate. Nothing in this paragraph shall be construed to limit Seller's rights under Section 9.1 in the event of a default by Buyer.

(c) CPUC Approval. The condition set forth in Section 7.3 may not be waived by either party. If Seller notifies Buyer prior to the Closing Date that Seller has not obtained CPUC Approval in a form satisfactory to Seller, in its sole and absolute discretion, then this Agreement and the Escrow shall automatically terminate as of the date of such notice, in which event Buyer shall be entitled to return of the Deposit (less the Independent Consideration), and this Agreement, the Escrow and the rights and obligations of the parties hereunder shall terminate, except for obligations that expressly survive the termination of this Agreement.

(d) Subdivision Map Act Compliance. The condition set forth in Section 7.4 may not be waived by either party. If Seller notifies Buyer prior to the Closing Date that Seller has not confirmed Map Act Compliance or determined that conveyance of the Property to Buyer as contemplated in this Agreement is exempt from the Map Act, then this Agreement and the Escrow shall automatically terminate as of the date of such notice, in which event Buyer shall be entitled to return of the Deposit (less the Independent Consideration), and this Agreement, the Escrow and the rights and obligations of the parties hereunder shall terminate, except for obligations that expressly survive the termination of this Agreement.

8. CONDEMNATION.

In the event of any taking of more than fifty percent (50%) of the land area of the Property in eminent domain proceedings or under threat of condemnation prior to the Close of Escrow, Buyer shall have the right to terminate this Agreement by giving to Seller written notice of termination within five (5) days following the date of such taking, in which event Buyer shall be entitled to return of the Deposit (less the Independent Consideration), and this Agreement, the Escrow and the rights and obligations of the parties hereunder shall terminate as of the date of such notice, except for obligations that expressly survive the termination of this Agreement. In the event of a taking of fifty percent (50%) or less of the land area of the Property prior to the Close of Escrow or in the event that Buyer shall not elect to terminate this Agreement as provided above, Buyer shall remain obligated to perform its obligations under this Agreement, and Seller shall assign to Buyer, at Close of Escrow, the portion of any condemnation award attributable to Seller's interest in the Property. For the purposes of this Agreement, a taking in condemnation shall mean the taking of possession or the vesting of fee title to the Property in a governmental entity pursuant to the exercise of the power of eminent domain or pursuant to a deed given in lieu or in contemplation thereof.

9. DEFAULT.

9.1 Buyer's Default.

(a) IF THE SALE OF THE PROPERTY TO BUYER UNDER THIS AGREEMENT DOES NOT CLOSE BECAUSE OF A DEFAULT BY BUYER, SELLER MAY UNILATERALLY TERMINATE THIS AGREEMENT AND THE ESCROW BY GIVING WRITTEN NOTICE TO BUYER AND THE TITLE COMPANY. THEREUPON, SELLER SHALL BE RELEASED FROM ALL OBLIGATIONS UNDER THIS AGREEMENT, AND THE TITLE COMPANY IS HEREBY IRREVOCABLY INSTRUCTED BY BUYER AND SELLER TO DISBURSE THE DEPOSIT TO SELLER AS LIQUIDATED DAMAGES. IN ADDITION, THE TITLE COMPANY SHALL RETURN ALL DOCUMENTS AND INSTRUMENTS TO THE PARTIES WHO DEPOSITED SAME, AND ALL TITLE AND ESCROW CANCELLATION CHARGES SHALL BE CHARGED TO BUYER. SELLER'S RETENTION OF THE DEPOSIT IS NOT INTENDED AS A FORFEITURE OR A PENALTY, BUT IS INTENDED TO COMPENSATE SELLER FOR DAMAGES IT WILL SUSTAIN BY REASON OF SUCH DEFAULT BY BUYER, INCLUDING DAMAGES RESULTING FROM THE REMOVAL OF THE PROPERTY FROM THE MARKET, THE LOSS OF BUSINESS AND DEVELOPMENT OPPORTUNITIES AND THE LOSS OF PROSPECTIVE INVESTMENT IN OTHER PROPERTY. THE PARTIES AGREE AND ACKNOWLEDGE THAT THE AMOUNT OF SELLER'S ACTUAL DAMAGES AS A RESULT OF BUYER'S DEFAULT WOULD BE EXTREMELY DIFFICULT OR IMPRACTICABLE TO ASCERTAIN, AND THE AMOUNT PROVIDED FOR HEREIN IS A REASONABLE ESTIMATE OF SUCH DAMAGES. BY THEIR SIGNATURES BELOW, SELLER AND BUYER SPECIFICALLY ACKNOWLEDGE THEIR ACCEPTANCE AND APPROVAL OF THE FOREGOING LIQUIDATED DAMAGES PROVISION.

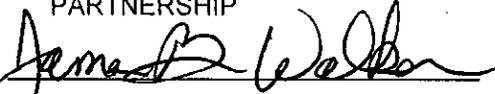
(b) NOTHING CONTAINED IN THIS SECTION 9.1 SHALL SERVE TO WAIVE OR OTHERWISE LIMIT (1) SELLER'S REMEDIES OR DAMAGES FOR CLAIMS WITH RESPECT TO ANY OBLIGATIONS OF BUYER THAT, BY THE TERMS OF THIS AGREEMENT, SURVIVE THE CLOSE OF ESCROW OR ANY TERMINATION OF THIS AGREEMENT BEFORE THE CLOSE OF ESCROW, INCLUDING BUYER'S CONFIDENTIALITY OBLIGATIONS UNDER SECTIONS 5.7 AND 11.1 AND INDEMNIFICATION OBLIGATIONS UNDER SECTION 5.3 AND SECTION 10.2, OR (2) SELLER'S RIGHTS TO OBTAIN FROM BUYER ALL COSTS AND EXPENSES OF ENFORCING THE LIQUIDATED DAMAGE PROVISION CONTAINED IN SECTION 9.1(a) ABOVE, INCLUDING ATTORNEYS' FEES AND COSTS PURSUANT TO SECTION 11.10 BELOW.

(c) THE PARTIES AGREE THAT SELLER WOULD SUFFER MATERIAL INJURY OR DAMAGE NOT COMPENSABLE BY THE PAYMENT OF MONEY IF BUYER WERE TO BREACH OR VIOLATE ITS CONFIDENTIALITY OBLIGATIONS UNDER SECTIONS 5.7 AND 11.11 OF THIS AGREEMENT. ACCORDINGLY, NOTWITHSTANDING THE PROVISIONS OF SECTION 9.1(a) ABOVE, IN ADDITION TO ALL OTHER REMEDIES THAT SELLER MAY HAVE, SELLER MAY BRING AN ACTION IN EQUITY OR OTHERWISE FOR SPECIFIC PERFORMANCE TO ENFORCE COMPLIANCE WITH SUCH SECTIONS, OR AN INJUNCTION TO ENJOIN THE CONTINUANCE OF ANY SUCH BREACH OR VIOLATION THEREOF. BUYER AGREES TO WAIVE ANY REQUIREMENT FOR A BOND IN CONNECTION WITH ANY SUCH INJUNCTIVE OR OTHER EQUITABLE RELIEF.

ACKNOWLEDGMENT AS TO ACCEPTANCE OF THE IMMEDIATELY PRECEDING LIQUIDATED DAMAGES PROVISION:

Buyer: JAMES B. WALKER FAMILY II LIMITED PARTNERSHIP

Seller: PACIFIC GAS AND ELECTRIC COMPANY

By: 
Print Name: JAMES B. WALKER

By: _____
Desmond A. Bell
Senior Vice President, Safety and Shared Services

9.2 Seller's Default. If the sale of the Property under this Agreement does not close because of a default by Seller, Buyer shall have, at its option and as its sole remedies, the following:

(a) The right to pursue specific performance of this Agreement, provided that Buyer waives in writing any right it may have to bring an action for, or assert, any damages against Seller for such default of Seller. In no event shall Buyer be entitled to any damages as a result of a default by Seller under this Agreement.

(b) As an alternative to the remedy provided in Section 9.2(a), the right to terminate this Agreement, in which event Buyer shall be entitled to return of the Deposit (less the Independent Consideration), and this Agreement, the Escrow and the rights and obligations of the parties hereunder shall terminate as of the date of such notice, except for obligations that expressly survive the termination of this Agreement.

9.3 Failure of Conditions. If, prior to the Close of Escrow, Seller discloses to Buyer or Buyer otherwise discovers that (a) title to the Property is subject to defects, limitations or encumbrances other than as shown on the Title Report, or (b) Seller failed to make any material disclosures to Buyer regarding the Property, or (c) any representation or warranty of Seller contained in this Agreement is, or as of the Closing Date will be, untrue, (collectively, "Disclosure Defects") then Seller shall bear no liability for such Disclosure Defects, and Buyer shall, within three (3) days following Buyer's awareness of the existence of a Disclosure Defect, give Seller written notice of its objection thereto, which objection shall be in writing and shall specifically delineate the reasons therefor. If Buyer fails to furnish Seller with such an objection notice within said three (3) day period, Buyer shall be deemed to have irrevocably waived any right to object to the Disclosure Defect, and this Agreement shall continue in full force and effect. However, if Buyer furnishes Seller with such an objection notice within said three (3) day period, Seller may elect by notice to Buyer either (i) to attempt to cure or otherwise remedy Buyer's objection (in which event, Seller may postpone the Close of Escrow for up to thirty (30) days to effect said cure) or (ii) not to cure or otherwise remedy Buyer's objection. Buyer acknowledges and agrees that Seller shall have no obligation to cure any objection. If Seller is unable or unwilling to cure Buyer's objection within ten (10) days after notice thereof from Seller ("Seller's Cure Period"), then Buyer, as Buyer's sole remedy, shall elect to either (x) waive the Disclosure Defect and complete the purchase of the Property in accordance with the terms of this Agreement or (y) terminate this Agreement by giving written notice to Seller within ten (10) days after Seller's Cure Period, and, provided that Buyer shall not be in default hereunder, Buyer shall be entitled to return of the Deposit (less the Independent Consideration), and this Agreement, the Escrow and the rights and obligations of the parties hereunder shall terminate as of the date of such notice, except for obligations that expressly survive the termination of this Agreement. If Buyer fails to give Seller Buyer's written notice to terminate within ten (10) days after Seller's Cure Period, then Buyer shall be deemed to have elected to waive such Disclosure Defect and Buyer's right to terminate this Agreement pursuant to this Section 9.3. Notwithstanding anything to the contrary in this Agreement, Buyer's consent to the Close of Escrow in this transaction shall conclusively demonstrate Buyer's waiver of any Disclosure Defects known to Buyer prior to the Close of Escrow, and Buyer shall not be entitled to make any claim or bring any action for damages against Seller arising out of any Disclosure Defects.

ACKNOWLEDGMENT AS TO ACCEPTANCE OF THE IMMEDIATELY PRECEDING LIQUIDATED DAMAGES PROVISION:

Buyer: JAMES B. WALKER FAMILY II LIMITED PARTNERSHIP

Seller: PACIFIC GAS AND ELECTRIC COMPANY

By: _____

By: Desmond A. Bell

Print Name: _____

Desmond A. Bell
Senior Vice President, Safety and Shared Services

9.2 Seller's Default. If the sale of the Property under this Agreement does not close because of a default by Seller, Buyer shall have, at its option and as its sole remedies, the following:

(a) The right to pursue specific performance of this Agreement, provided that Buyer waives in writing any right it may have to bring an action for, or assert, any damages against Seller for such default of Seller. In no event shall Buyer be entitled to any damages as a result of a default by Seller under this Agreement.

(b) As an alternative to the remedy provided in Section 9.2(a), the right to terminate this Agreement, in which event Buyer shall be entitled to return of the Deposit (less the Independent Consideration), and this Agreement, the Escrow and the rights and obligations of the parties hereunder shall terminate as of the date of such notice, except for obligations that expressly survive the termination of this Agreement.

9.3 Failure of Conditions. If, prior to the Close of Escrow, Seller discloses to Buyer or Buyer otherwise discovers that (a) title to the Property is subject to defects, limitations or encumbrances other than as shown on the Title Report, or (b) Seller failed to make any material disclosures to Buyer regarding the Property, or (c) any representation or warranty of Seller contained in this Agreement is, or as of the Closing Date will be, untrue, (collectively, "Disclosure Defects") then Seller shall bear no liability for such Disclosure Defects, and Buyer shall, within three (3) days following Buyer's awareness of the existence of a Disclosure Defect, give Seller written notice of its objection thereto, which objection shall be in writing and shall specifically delineate the reasons therefor. If Buyer fails to furnish Seller with such an objection notice within said three (3) day period, Buyer shall be deemed to have irrevocably waived any right to object to the Disclosure Defect, and this Agreement shall continue in full force and effect. However, if Buyer furnishes Seller with such an objection notice within said three (3) day period, Seller may elect by notice to Buyer either (i) to attempt to cure or otherwise remedy Buyer's objection (in which event, Seller may postpone the Close of Escrow for up to thirty (30) days to effect said cure) or (ii) not to cure or otherwise remedy Buyer's objection. Buyer acknowledges and agrees that Seller shall have no obligation to cure any objection. If Seller is unable or unwilling to cure Buyer's objection within ten (10) days after notice thereof from Seller ("Seller's Cure Period"), then Buyer, as Buyer's sole remedy, shall elect to either (x) waive the Disclosure Defect and complete the purchase of the Property in accordance with the terms of this Agreement or (y) terminate this Agreement by giving written notice to Seller within ten (10) days after Seller's Cure Period, and, provided that Buyer shall not be in default hereunder, Buyer shall be entitled to return of the Deposit (less the Independent Consideration), and this Agreement, the Escrow and the rights and obligations of the parties hereunder shall terminate as of the date of such notice, except for obligations that expressly survive the termination of this Agreement. If Buyer fails to give Seller Buyer's written notice to terminate within ten (10) days after Seller's Cure Period, then Buyer shall be deemed to have elected to waive such Disclosure Defect and Buyer's right to terminate this Agreement pursuant to this Section 9.3. Notwithstanding anything to the contrary in this Agreement, Buyer's consent to the Close of Escrow in this transaction shall conclusively demonstrate Buyer's waiver of any Disclosure Defects known to Buyer prior to the Close of Escrow, and Buyer shall not be entitled to make any claim or bring any action for damages against Seller arising out of any Disclosure Defects.

10. BROKERSSeller. Seller hereby represents and warrants to Buyer that Seller has incurred no obligation to any finder or real estate broker or salesperson with respect to this transaction other than to Pearson Realty and Cushman & Wakefield of California, Inc. (collectively, "Seller's Broker"), and in the event that any contrary claim is made, Seller shall indemnify, defend and hold Buyer harmless from and against any and all losses, costs, claims, damages, liabilities or causes of action (including attorneys' fees and costs) with respect to any such additional finder, broker or salesperson. Seller shall pay any commissions owed to Seller's Broker pursuant to a separate agreement. Buyer acknowledges and agrees that Seller's Broker represents the interests of Seller and not Buyer in the transaction contemplated hereunder. In the event that this transaction does not close for any reason, including a default by Seller or Buyer, no finder's fee or real estate brokerage commission shall be payable to Seller's Broker. The representations, warranties and covenants of Seller contained in this Section 10.1 shall the expiration or earlier termination of this Agreement or the Close of Escrow.

10.2 Buyer. Buyer hereby represents and warrants to Seller that Buyer has not incurred any obligation to any finder or real estate broker or salesperson with respect to this transaction, and in the event that any contrary claim is made, Buyer shall indemnify, defend and hold Seller harmless from and against any and all losses, costs, claims, damages, liabilities or causes of action (including attorneys' fees and costs) with respect to any such finder, broker or salesperson. The representations, warranties and covenants of Buyer contained in this Section 10.2 shall the expiration or earlier termination of this Agreement or the Close of Escrow.

11. MISCELLANEOUS.

11.1 Operation of the Property Prior to the Close of Escrow. During the period from the date of Seller's execution of this Agreement to the Close of Escrow, Seller shall maintain the Property in the condition in which it exists as of the Effective Date, normal wear and tear excepted, and otherwise act with respect to the Property in accordance with its pre-existing practices, as if the Property were not to be sold to Buyer. In addition, Seller agrees during such interim period not to enter into any lease, management agreement or maintenance or service contract, or to alter or amend any of the material terms of any such existing agreements that will be binding on Buyer, without the prior written consent of Buyer, which consent shall not be unreasonably withheld or delayed.

11.2 Survival. The representations and warranties of Seller contained in this Agreement shall survive the Close of Escrow and continue for a period of six (6) months thereafter and shall thereupon expire and be of no further force and effect. Any claim for breach of any such representations and warranties must be made in writing within such six (6) month period or shall be waived. Notwithstanding the foregoing two sentences, discovery by Buyer of any Disclosure Defects prior to the Close of Escrow shall be exclusively governed by Section 9.3 above. The waivers of claims or rights, the releases and the obligations of Buyer under this Agreement to indemnify, protect, defend and hold harmless Seller and other Indemnitees shall survive the expiration or earlier termination of this Agreement or the Close of Escrow, and so shall all other obligations or agreements of Seller and Buyer which by their nature or by their terms survive.

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

11.4 Submission of Agreement. Submission of this document for examination or signature by Buyer does not constitute an option or offer to sell the Property to Buyer. This document is not effective as a purchase and sale agreement or otherwise until executed and delivered by both Seller and Buyer.

11.5 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. Notwithstanding the foregoing, Buyer shall have no right to assign its rights and obligations under this Agreement unless (a) Buyer shall obtain the prior written consent of Seller to such assignment, which consent shall not be unreasonably withheld, (b) Buyer shall not then be in default of any of its obligations under this Agreement,

(c) Seller shall have approved the form of assignment, (d) the assignee shall have expressly assumed all of the obligations of Buyer under this Agreement, (e) Buyer shall furnish Seller with evidence acceptable to Seller that the proposed assignee possesses the financial ability to perform Buyer's obligations contemplated by this Agreement, and (f) Buyer shall continue to be primarily liable under this Agreement; provided, however, that Buyer may freely assign its rights and obligations under this Agreement to any parent company, subsidiary or affiliate of Buyer, or to any partnership or other entity to be formed by Buyer for the purpose of acquiring the Property, provided that Buyer shall not be released of its obligations under this Agreement. Buyer agrees to reimburse Seller, within thirty (30) days after demand, for all costs and expenses (including attorneys' fees and costs) incurred by Seller in connection with any assignment of Buyer's interest in this Agreement, whether or not Seller's consent to such assignment is required or obtained, including all costs and expenses (including attorneys' fees and costs) incurred to amend any pending application for approval(s) described in Section 7 above as a result of such assignment. Buyer acknowledges that fees attributable to the work of Seller's in-house attorneys are reimbursable under the preceding sentence, and that such fees shall be calculated as provided in Section 11.10 below. Buyer acknowledges and agrees that Seller shall have the right to assign or otherwise convey its rights and/or obligations under this Agreement and/or with respect to the Property without the consent of Buyer, provided that Seller provides written notice of such assignment or conveyance, and the assignee assumes the remaining obligations of Seller under this Agreement. Said assignee shall be substituted as Seller hereunder and shall be entitled to the benefit of and may enforce Buyer's covenants, representations and warranties hereunder as if such assignee were the original Seller hereunder.

11.6 Severability. If any provision of this Agreement shall be unenforceable or invalid, the same shall not affect the remaining provisions of this Agreement and to this end 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 party within thirty (30) days after the final determination. If such party so elects to terminate this Agreement, Buyer shall be entitled to return of the Deposit (less the Independent Consideration), and this Agreement, the Escrow and the rights and obligations of the parties hereunder shall terminate as of the date of such notice, except for obligations that expressly survive the termination of this Agreement.

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

11.8 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.

11.9 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 Seller:

If by registered or certified mail, return receipt requested:

Corporate Real Estate Transactions Department
Pacific Gas and Electric Company
P.O. Box 770000, Mail Code N13U
San Francisco, CA 94177

With a copy to:

Law Department
Pacific Gas and Electric Company
P.O. Box 7442

San Francisco, CA 94120
Attn: Senior Director and Lead Counsel,
Corporate and Commercial Group (Real Estate)

If by personal delivery or overnight courier:

Corporate Real Estate Transactions Department
Pacific Gas and Electric Company
245 Market Street, Room 1377
San Francisco, CA 94105

With a copy to:

Law Department
Pacific Gas and Electric Company
77 Beale Street, Mail Code B30A
San Francisco, CA 94105
Attn: Senior Director and Lead Counsel,
Corporate and Commercial Group (Real Estate)

If to Buyer:

James B. Walker Family II Limited Partnership
2679 W. Lake Van Ness Circle
Fresno, CA 93711

With a copy to:

Ted R. Frame
Frame & Matsumoto
201 Washington Street
P.O. Box 895
Coalinga, CA 93210

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 the address for notice by giving notice to the other party in accordance with this Section.

11.10 Attorneys' Fees. In the event that any party shall bring an action to enforce its rights under this Agreement, or relating to the interpretation hereof, whether for declaratory or other relief, the prevailing party in any such proceeding shall be entitled to recover from the other party reasonable attorneys' fees and all costs, expenses and disbursements that the prevailing party incurred in connection with such proceeding and any appeal thereof (including the reasonable costs of discovery, investigation, preparation for trial, professional or expert consultation and testimony). Buyer shall also pay all attorneys' fees and costs Seller incurs in defending this Agreement or otherwise protecting Seller's rights in any voluntary or involuntary bankruptcy case, assignment for the benefit of creditors, or other insolvency, liquidation or reorganization proceeding involving Buyer or this Agreement, including all motions and proceedings related to relief from an automatic stay, use of cash collateral, claim objections, disclosure statements and plans of reorganization. A party shall be deemed to have prevailed in any such action (without limiting the generality of the foregoing) if such action is dismissed upon the payment by the other party of the sums allegedly due or the performance of obligations allegedly not complied with, or if such party obtains substantially the relief sought by it in the action, irrespective of whether such action is prosecuted to judgment. The non-prevailing party shall also pay the attorneys' fees and costs incurred by the prevailing party in any post-judgment proceedings to collect and enforce the judgment. For purposes hereof, the reasonable fees of Seller's in-house attorneys who perform services in connection with any

such action are recoverable, and shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the relevant subject matter area of the law, in law firms in the city of San Francisco with approximately the same number of attorneys as are employed by Seller's Law Department. Any such fees and costs incurred prior to judgment, award, or decree may be included in any judgment, award or decree entered in such proceeding in favor of the prevailing party. Any such fees, costs and expenses incurred by the prevailing party in enforcing a judgment, award or decree in its favor shall be recoverable separately from and in addition to any other amount included in such judgment, award or decree. This provision is separate and several and shall survive the merger of this Agreement into any judgment on this Agreement.

11.11 Confidentiality; No Recorded Memorandum; No Publicity.

(a) Except to the extent required by law, and except to the extent requested by any governmental or quasi-governmental authority (including the CPUC and the Federal Energy Regulatory Commission), Buyer shall not disclose the terms of this Agreement to any third party without the prior written consent of Seller. It is understood that the confidentiality of the terms hereof is critical to preserve the financial integrity of the Property. Buyer shall not record this Agreement or any short form memorandum of this Agreement.

(b) The parties agree to coordinate all communication relating to this transaction. Seller shall not issue any news releases, respond to any media inquiries, or otherwise make any statements, even in an "off the record" conversation, regarding this transaction. This prohibition includes making posts on internet and intranet site(s). All communication about this transaction, both verbal and in writing, must be approved in advance in writing by Buyer or be presented in a manner that is consistent with communications prepared by Buyer.

11.12 Limitation on Liability. Buyer expressly agrees that the obligations and liabilities of Seller 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 and representatives of Seller. Seller's liability, if any, arising in connection with this Agreement or with the Property shall be limited to Seller's interest in the Property, or to the sales proceeds from the Property subsequent to the Close of Escrow, for the recovery of any judgment against Seller, and Seller's liability shall not extend to any other property or assets of Seller. The limitations of liability contained in this Section shall apply equally and inure to the benefit of Seller's present and future officers, directors, employees, agents, affiliates, members, representatives, stockholders or other principals and representatives, and their respective heirs, successors and assigns.

11.13 Required Actions of Buyer and Seller. Buyer and Seller agree to take such reasonable actions, including acknowledging, delivering or executing instruments and documents, as may be required to effectuate the purposes of this Agreement or to close the purchase and sale of the Property as contemplated herein, except that Seller shall be obligated to provide an Owner's Affidavit only in a form acceptable to Seller, in Seller's sole and absolute discretion.

11.14 Back-Up Offers. Seller shall have the right to solicit, receive, consider and accept so-called "back-up" offers to purchase the Property.

11.15 Joint and Several Liability. If two or more individuals, corporations, partnerships or other business associations (or any combination of two or more thereof) shall sign this Agreement as Buyer, the liability of each such individual, corporation, partnership or other business association to perform Buyer's obligations hereunder shall be deemed to be joint and several, and all notices, payments and agreements given or made by, with or to any one of such individuals, corporations, partnerships or other business associations shall be deemed to have been given or made by, with or to all of them. In like manner, if Buyer shall be a partnership or other business association, the members of which are, by virtue of statute or federal law, subject to personal liability, then the liability of each such member shall be joint and several.

11.16 Captions. Captions to the paragraphs and sections in this Agreement are included for convenience only and do not modify any of the terms of this Agreement.

11.17 Interpretation. This Agreement shall be construed according to the fair meaning of its language. The rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in interpreting this Agreement. The captions in this Agreement are for convenience of reference only and shall not be used to define or interpret any provision hereof. Unless the context clearly requires otherwise, (i) the plural and singular shall each be deemed to include the other; (ii) the masculine, feminine, and neuter genders shall each be deemed to include the others; (iii) "shall," "will," or "agrees" are mandatory, and "may" is permissive; (iv) "or" is not exclusive; (v) "include," "includes," and "including" are not intended to be restrictive, and lists following such words shall not be interpreted to be exhaustive or limited to items of the same type as those enumerated; and (vi) "days" means calendar days, except if the last day for performance occurs on a Saturday, Sunday, or any legal holiday, then the next succeeding business day shall be the last day for performance.

11.18 Mandatory Negotiation and Mediation.

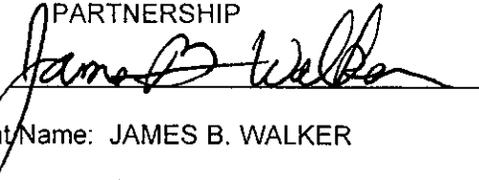
(a) Except as provided in this Section, Seller and Buyer agree to first negotiate and then mediate with respect to any claim or dispute arising out of or relating to this Agreement, before resorting to court action. Either party may initiate settlement negotiations by providing written notice to the other party, setting forth the subject of the claim or dispute. Buyer and Seller agree to cooperate in scheduling negotiations and to participate in the settlement negotiations in good faith. If Buyer and Seller fail to settle such claim or dispute within thirty (30) days after the date of mailing of the notice initiating settlement negotiations or within such additional time period as the parties may agree in writing, the parties agree to submit the matter to JAMS for mediation within thirty (30) days thereafter. Either party may commence mediation by providing to JAMS and the other party a written request for mediation, setting forth the subject of the claim or dispute and the relief requested (the "Mediation Notice"). Except as provided herein or by written agreement of the parties, the mediation shall be conducted in San Francisco pursuant to the JAMS rules. The parties will cooperate in selecting a mediator from the JAMS panel of neutrals, and in scheduling the mediation proceedings. If the parties do not select a mediator within thirty (30) days after the Mediation Notice, the parties agree that either party may request that JAMS in San Francisco, California, facilitate the choice of mediator by applying the "strike and rank" process used for appointment of arbitrators in arbitration proceedings, or to appoint a mediator, if necessary, and both parties agree to the appointment of such mediator as so selected. The parties agree to participate in the mediation in good faith, and to share equally in its costs. All offers, promises, conduct and statements, whether oral or written, made in the course of the mediation by either of the parties, their employees, agents, experts and attorneys, and by the mediator and any other JAMS employees, are confidential, privileged and inadmissible for any purpose, including impeachment, in any litigation or other proceeding involving the parties, but evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the mediation. If JAMS should no longer exist at the time the claim or dispute arises, the matter shall be submitted to its successor entity, or if there is no such successor entity, to the American Arbitration Association or other similar organization mutually agreed upon by the parties, and except as provided herein or by mutual agreement of the parties, the mediation rules of such successor or alternate organization shall apply. Except as may be expressly set forth in any written settlement agreement, should the matter be settled by negotiation or mediation prior to commencing court action, each party shall pay its own attorneys' fees and costs. Except as provided in Section 11.18(b), neither party may commence an action arising out of or relating to this Agreement until expiration of the negotiation period and completion of the initial mediation session in accordance with this Section. If either party commences an action with respect to a claim or dispute covered by this Section without first attempting to resolve the matter through negotiation and mediation, or refuses to negotiate or mediate after a request has been made, then that party shall not be entitled to recover attorneys' fees and costs, even if such fees and costs would otherwise be available to that party in such action.

(b) Either party may seek equitable relief to preserve the status quo prior to participating in the negotiation and mediation proceedings required pursuant to Section 11.18(a). In addition, matters that are within the jurisdiction of probate, small claims, or bankruptcy court are excluded from mandatory negotiation and mediation hereunder.

(c) The provisions of this Section 11.18 may be enforced by any court of competent jurisdiction, and the party seeking enforcement shall be entitled to an award of all fees and costs, including reasonable attorneys' fees, to be paid by the party against which enforcement is ordered. The covenants of Seller and Buyer contained in this Section 11.18 shall survive the expiration or earlier termination of this Agreement or the Close of Escrow.

Buyer: JAMES B. WALKER FAMILY II LIMITED
PARTNERSHIP

Seller: PACIFIC GAS AND ELECTRIC COMPANY

By: 
Print Name: JAMES B. WALKER

By: _____
Desmond A. Bell
Senior Vice President, Safety and Shared
Services

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

- Exhibit A-1 - Legal Description of Seller's Property
- Exhibit A-2 -- Depiction of the Property
- Exhibit B - Escrow Opening Instructions
- Exhibit C - Joint Escrow Closing Instructions
- Exhibit D - Release and Indemnity Agreement
- Exhibit E - Water Agreement
- Exhibit F - Environmental Reports
- Exhibit G - Disclosure Exhibit

11.20 Entire Agreement; Amendment. This Agreement and the exhibits attached hereto contain the entire understanding of the parties relating to the subject matter hereof and shall supersede any prior written or oral agreements or communications between the parties pertaining to such subject matter. Seller's or Buyer's obligations under this Agreement may not be altered or amended in any respect except by a writing executed by both Buyer and Seller.

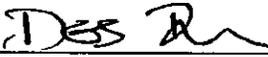
(b) Either party may seek equitable relief to preserve the status quo prior to participating in the negotiation and mediation proceedings required pursuant to Section 11.18(a). In addition, matters that are within the jurisdiction of probate, small claims, or bankruptcy court are excluded from mandatory negotiation and mediation hereunder.

(c) The provisions of this Section 11.18 may be enforced by any court of competent jurisdiction, and the party seeking enforcement shall be entitled to an award of all fees and costs, including reasonable attorneys' fees, to be paid by the party against which enforcement is ordered. The covenants of Seller and Buyer contained in this Section 11.18 shall survive the expiration or earlier termination of this Agreement or the Close of Escrow.

Buyer: JAMES B. WALKER FAMILY II LIMITED
PARTNERSHIP

Seller: PACIFIC GAS AND ELECTRIC COMPANY

By: _____

By:  _____

Print Name: _____

Desmond A. Bell
Senior Vice President, Safety and Shared
Services

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

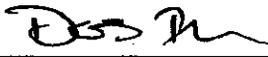
- Exhibit A-1 - Legal Description of Seller's Property
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- Exhibit D - Release and Indemnity Agreement
- Exhibit E - Water Agreement
- Exhibit F - Environmental Reports
- Exhibit G - Disclosure Exhibit

11.20 Entire Agreement; Amendment. This Agreement and the exhibits attached hereto contain the entire understanding of the parties relating to the subject matter hereof and shall supersede any prior written or oral agreements or communications between the parties pertaining to such subject matter. Seller's or Buyer's obligations under this Agreement may not be altered or amended in any respect except by a writing executed by both Buyer and Seller.

IN WITNESS WHEREOF, the parties have duly executed this Agreement.

SELLER:

PACIFIC GAS AND ELECTRIC COMPANY,
a California corporation

By: 
Desmond A. Bell
Senior Vice President, Safety and Shared Services

Date: 7/22/2013

BUYER:

JAMES B. WALKER FAMILY II LIMITED
PARTNERSHIP, a California limited partnership

By: _____

Print Name: _____

Its: _____

Date: _____

NOTE: BUYER AND SELLER ARE TO SPECIFICALLY ACKNOWLEDGE THEIR AGREEMENT WITH SECTION 9.1 AND 11.19 HEREOF BY PLACING THEIR SIGNATURES WHERE INDICATED BELOW SUCH SECTION.

IN WITNESS WHEREOF, the parties have duly executed this Agreement.

SELLER:

PACIFIC GAS AND ELECTRIC COMPANY,
a California corporation

By: _____
Desmond A. Bell
Senior Vice President, Safety and Shared Services

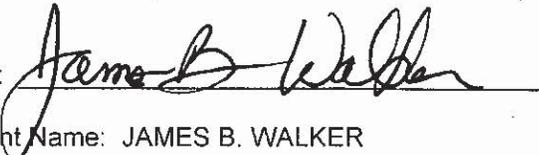
Date: _____

APPROVED AS TO FORM:


Attorney

BUYER:

JAMES B. WALKER FAMILY II LIMITED
PARTNERSHIP, a California limited partnership

By: 
Print Name: JAMES B. WALKER

Its: GENERAL PARTNER

Date: JULY 3 2013

NOTE: BUYER AND SELLER ARE TO SPECIFICALLY ACKNOWLEDGE THEIR AGREEMENT WITH SECTION 9.1 AND 11.19 HEREOF BY PLACING THEIR SIGNATURES WHERE INDICATED BELOW SUCH SECTION.

EXHIBIT A-1

LEGAL DESCRIPTION OF SELLER'S PROPERTY

[See Attached]

All that certain real property situated, lying and being in the County of Fresno, State of California, described as follows:

The north 200 acres of the north half of Section 23, Township 16 South, Range 15 East, Mount Diablo Base and Meridian, according to the Official Plat thereof, situated in the Unincorporated Area of the County of Fresno, State of California and being a portion of PARCEL 1 and PARCEL 2, designated and described in the deed from the JAMES B. WALKER FAMILY LIMITED PARTNERSHIP, et.al. to the JAMES B. WALKER FAMILY II LIMITED PARTNERSHIP, recorded July 21, 1999 as Document Number 1999-0107691, Official Records Fresno County, more particular described as follows:

BEGINNING at the northwest corner of said Section 23; thence along the northerly line of said section, South $89^{\circ}45'27''$ East, a distance of 5312.87 feet to the northeast corner of said section; thence South $01^{\circ}10'34''$ West along the easterly line of said Section 23, a distance of 1640.52 feet to a point on a line that is parallel with the northerly line of said Section 23; thence leaving said easterly line, North $89^{\circ}45'27''$ West along said parallel line, a distance of 5309.57 feet to the a point on the westerly line of said Section 23; thence leaving said parallel line, North $01^{\circ}03'40''$ East along the westerly line of said Section 23, a distance of 1640.47 feet to the **POINT OF BEGINNING**.

Area contains 200 acres.

EXCEPTING THEREFROM: All oil, gas, petroleum and minerals and other hydrocarbon substances as reserved in the deed from Erminia C. Floto, dated May 13, 1947, and filed for record June 5, 1947, Book 2531 Page 228 of Official Records, Document No. 30248, lying within previously mentioned PARCEL 1;

ALSO EXCEPTING THEREFROM: All oil, petroleum, coal, oil, naphtha, gas, asphaltum, and all other hydrocarbon substances and all other minerals of every kind and description within or underlying said land, as reserved in the deed from William Shiella Company, a corporation, dated February 21, 1940, recorded March 22, 1940, in Book 1821 Page 429 of Official Records, Document No. 10217, lying within previously mentioned PARCEL 2.

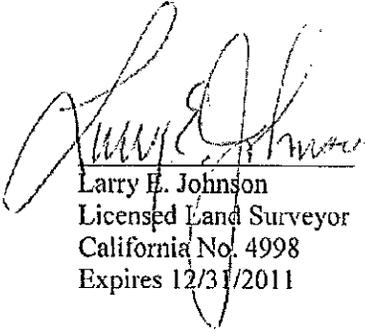
RESERVING THEREFROM:

A 25' wide Water Conveyance Easement lying within the previously described north 200 acres of the north half of said Section 23, more particularly described as follows:

A strip of land of the uniform width of 25 feet lying contiguous to and westerly of the easterly line of the westerly 65 feet of said north 200 acres, extending from the northerly line of said section 23 to the southerly boundary line of said north 200 acres.

Bearings and distances used in the above description are based on California Coordinate System of 1983, Zone 4. Multiply distances shown by 1.00006455 to obtain ground level distances.

This property description has been prepared by me, or under my direction, in conformance with the Professional Land Surveyor's Act.


Larry E. Johnson
Licensed Land Surveyor
California No. 4998
Expires 12/31/2011

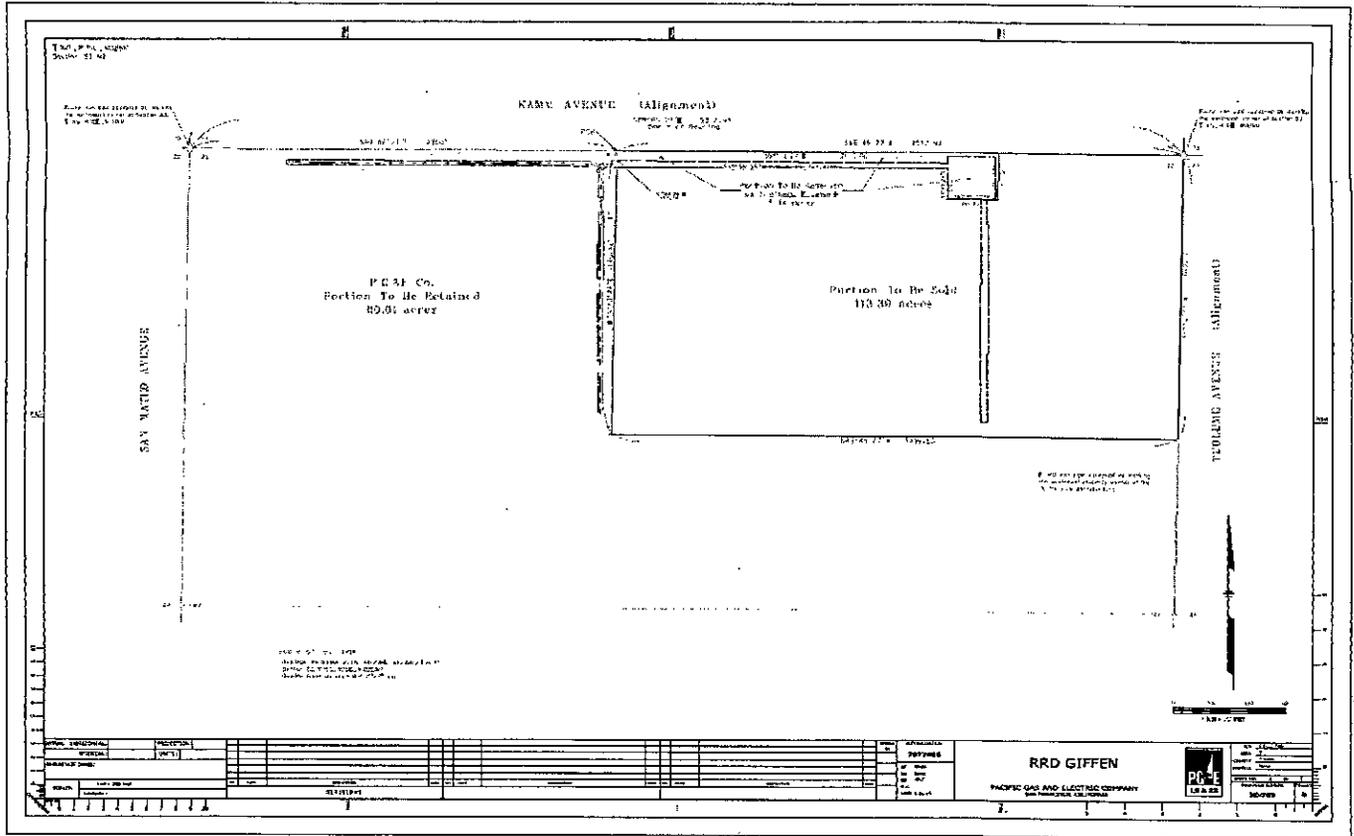


2/23/2011
Date

The foregoing legal description of the Property may be subject to errors and omissions. The legal description of the Property shall be confirmed by the title insurer prior to conveyance of the Property to buyer. Any prospective buyer should make its own independent investigation to verify the accuracy of the legal description.

EXHIBIT A-2

DEPICTION AND LEGAL DESCRIPTION OF PROPERTY



(APN 038-160-50S Portion)

A portion of the parcel of land conveyed from JAMES B WALKER FAMILY II LIMITED PARTNERSHIP to PACIFIC GAS AND ELECTRIC COMPANY dated June 13, 2011 and recorded as Document Number 2011-0084870, Official Records of Fresno County, situate in the north half of Section 23, Township 16 South, Range 15 East, Mount Diablo Base and Meridian, more particularly described as follows:

Commencing at the northwest corner of Section 23, Township 16 South, Range 15 East, Mount Diablo Base and Meridian; thence running along the northerly boundary line of said Section 23,

(a) south $89^{\circ}45'27''$ east, a distance of 2300.00 feet to the TRUE POINT OF BEGINNING, also called Point "A" for the purposes of this description; thence continuing

(1) south $89^{\circ}45'27''$ east, 3012.93 feet to the northeast corner of said Section 23, thence along the easterly boundary line of said Section 23,

(2) south $01^{\circ}10'37''$ west, 1640.52 feet to the southeast corner of the parcel of land conveyed in said deed dated June 13, 2011, thence along the southerly boundary line of said deed dated June 13, 2011,

(3) north $89^{\circ}45'27''$ west, 3009.50 feet, thence leaving said southerly boundary line,

(4) north $1^{\circ}03'26''$ east, 1640.46 feet, more or less, to the POINT OF BEGINNING

Area contains 113.39 acres

RESERVING THEREFROM:

An easement for a drainage channel and ponding basin for the purposes of controlling water runoff from the existing Pacific Gas and Electric Company parcel of land (lying westerly of the above described parcel of land), more particularly described as follows:

WATER DRAINAGE EASEMENT

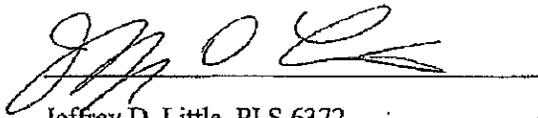
BEGINNING at the previously described Point "A" and running along the northerly boundary line of said Section 23,

LD 2216-15-0104

(1) south 89°45'27" east, 2032.02 feet, thence leaving said northerly boundary line
(2) south 0°09'45" west, 272.75 feet, thence
(3) north 89°45'27" west 267.03 feet, thence
(4) north 0°35'24" east, 176.11 feet, thence
(5) south 89°59'55" west 1767.93 feet, to the westerly property line of said previously described parcel of land, thence running along said westerly boundary line
(6) north 1°03'26" east 104.18 feet, more or less,
to the POINT OF BEGINNING.

Area contains 5.740 acres

This property description has been prepared by me, or under my direction, in conformance with the Professional Land Surveyor's Act.



Jeffrey D. Little, PLS 6372

Dated: 6-5-13



EXHIBIT B

ESCROW OPENING INSTRUCTIONS

Date: _____

Re: Escrow No. _____
PG&E's Giffen Solar Excess Land Property,
Fresno County, California

Ladies and Gentlemen:

James B. Walker Family II Limited Partnership, as Buyer under that certain Pacific Gas and Electric Company Standard Purchase and Sale Agreement ("Purchase Agreement") dated as of July ____, 2013 by and between James B. Walker Family II Limited Partnership, as Buyer, and Pacific Gas and Electric Company, as Seller, delivers to you herewith (a) three (3) fully executed originals of these Escrow Opening Instructions, (b) a copy of the fully executed Purchase Agreement and (c) a wire transfer/its certified/cashier's check in the amount of Eighty-Nine Thousand Dollars (\$89,000.00) ("Initial Deposit") to open escrow for the purchase of the following property: PG&E's Giffen Solar Excess Land Property, Fresno County, California ("Property"). Please note the following information regarding the proposed sale of the Property:

1. The Assessor's Parcel No. is 038-160-50s (portion) and the SBE Number is 135-10-120.
2. Seller is Pacific Gas and Electric Company, P.O. Box 770000, Mail Code N13U, San Francisco, California 94177, Attention: Bill Somerville.
3. Buyer is James B. Walker Family II Limited Partnership, 2679 W. Lake Van Ness Circle, Fresno, California 93711, Attention: James Walker.
4. The purchase price of the Property is Eight Hundred Sixty-One Thousand Two Hundred and 00/100 Dollars (\$861,200.00).
5. All notices with regard to this escrow should be sent to Seller and Buyer at the respective addresses above.
6. Closing is scheduled to occur on or before 60 days after CPUC Approval.
7. You are hereby instructed to place the Initial Deposit in a federally insured, interest-bearing account to earn interest for the benefit of the party entitled to the Initial Deposit under the Purchase Agreement.
8. You are hereby authorized, without further instruction by Buyer or Seller, except as expressly provided in Section 9.1(a) of the Purchase Agreement, to comply with the terms of said Section 9.1(a) in the event that the sale of the Property shall not be closed by reason of a default by Buyer under the Purchase Agreement. A copy of the relevant provisions of Section 9.1(a) of the Purchase Agreement is set forth on Attachment 1 attached hereto.

9. These Instructions 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.

10. We wish to bring to your attention that the Purchase Agreement contains the following provision regarding confidentiality, and you are hereby directed to take all necessary steps to maintain in strict confidence the existence of the Purchase Agreement (except as may be required by law or to perform your duties as escrow agent):

11.11 Confidentiality; No Recorded Memorandum. Except to the extent required by law, and except to the extent requested by any governmental or quasi-governmental authority (including the CPUC and the Federal Energy Regulatory Commission), Buyer shall not disclose the terms of this Agreement to any third party without the prior written consent of Seller. It is understood that the confidentiality of the terms hereof is critical to preserve the financial integrity of the Property. Buyer shall not record this Agreement or any short form memorandum of this Agreement.

Please acknowledge your receipt of the Initial Deposit and opening of escrow by executing each copy of these instructions where indicated below, and returning one (1) original of the same to Seller and Buyer at the addresses set forth above.

Very truly yours,

SELLER:

PACIFIC GAS AND ELECTRIC COMPANY,
a California corporation

By: _____

Print Name: _____

Its: _____

BUYER:

JAMES B. WALKER FAMILY II LIMITED
PARTNERSHIP, a California limited partnership

By: _____

Print Name: _____

Its: _____

RECEIPT AND ACKNOWLEDGMENT

In accordance with the Purchase Agreement between Pacific Gas and Electric Company, as Seller, and James B. Walker Family II Limited Partnership, as Buyer, respecting PG&E's Giffen Solar Excess Land Property, Fresno County, California, escrow has been opened on July _____, 2013, with a deposit in the amount of Eighty-Nine Thousand and 00/100 Dollars (\$89,000.00) in immediately available funds.

TITLE COMPANY:

FIRST AMERICAN TITLE INSURANCE COMPANY

By: _____

Print Name: _____

Its: _____

ATTACHMENT 1

9. DEFAULT.

9.1 Buyer's Default.

(a) IF THE SALE OF THE PROPERTY TO BUYER UNDER THIS AGREEMENT DOES NOT CLOSE BECAUSE OF A DEFAULT BY BUYER, SELLER MAY UNILATERALLY TERMINATE THIS AGREEMENT AND THE ESCROW BY GIVING WRITTEN NOTICE TO BUYER AND THE TITLE COMPANY. THEREUPON, SELLER SHALL BE RELEASED FROM ALL OBLIGATIONS UNDER THIS AGREEMENT, AND THE TITLE COMPANY IS HEREBY IRREVOCABLY INSTRUCTED BY BUYER AND SELLER TO DISBURSE THE DEPOSIT TO SELLER AS LIQUIDATED DAMAGES. IN ADDITION, THE TITLE COMPANY SHALL RETURN ALL DOCUMENTS AND INSTRUMENTS TO THE PARTIES WHO DEPOSITED SAME, AND ALL TITLE AND ESCROW CANCELLATION CHARGES SHALL BE CHARGED TO BUYER. SELLER'S RETENTION OF THE DEPOSIT IS NOT INTENDED AS A FORFEITURE OR A PENALTY, BUT IS INTENDED TO COMPENSATE SELLER FOR DAMAGES IT WILL SUSTAIN BY REASON OF SUCH DEFAULT BY BUYER, INCLUDING DAMAGES RESULTING FROM THE REMOVAL OF THE PROPERTY FROM THE MARKET, THE LOSS OF BUSINESS AND DEVELOPMENT OPPORTUNITIES AND THE LOSS OF PROSPECTIVE INVESTMENT IN OTHER PROPERTY. THE PARTIES AGREE AND ACKNOWLEDGE THAT THE AMOUNT OF SELLER'S ACTUAL DAMAGES AS A RESULT OF BUYER'S DEFAULT WOULD BE EXTREMELY DIFFICULT OR IMPRACTICABLE TO ASCERTAIN, AND THE AMOUNT PROVIDED FOR HEREIN IS A REASONABLE ESTIMATE OF SUCH DAMAGES. BY THEIR SIGNATURES BELOW, SELLER AND BUYER SPECIFICALLY ACKNOWLEDGE THEIR ACCEPTANCE AND APPROVAL OF THE FOREGOING LIQUIDATED DAMAGES PROVISION.

EXHIBIT C

JOINT ESCROW CLOSING INSTRUCTIONS

Date: _____

Re: Escrow No. _____
PG&E's Giffen Solar Excess Land Property
Fresno County, California

Ladies and Gentlemen:

These shall constitute the Joint Escrow Closing Instructions of Pacific Gas and Electric Company ("PG&E" or "Seller") and James B. Walker Family II Limited Partnership ("Buyer") under that certain Pacific Gas and Electric Company Standard Purchase and Sale Agreement dated as of July _____, 2013 ("Purchase Agreement") with regard to the following property: PG&E's Giffen Solar Excess Land Property, Fresno County, California ("Property"). The purchase price for the Property is Eight Hundred Sixty-One Thousand Two Hundred and 00/100 Dollars (\$861,200.00) ("Purchase Price"). First American Title Insurance ("Title Company") has received a copy of the Purchase Agreement and California Public Utilities Commission's Decision _____ dated _____ 2013 approving the sale of the Property by Seller. Unless otherwise defined herein, all capitalized words or terms used in these Joint Escrow Closing Instructions shall have the meanings ascribed to them in the Purchase Agreement.

1. DOCUMENTS AND FUNDS.

You shall be in a position to close escrow upon fulfillment of all of the conditions set forth below:

1.1. When you have received from Seller and Buyer, as indicated below, the following funds and documents:

(a) From Seller:

(i) A Grant Deed duly executed and acknowledged by Seller conveying the Property to Buyer; and

(ii) Both California and U.S. non-foreign person affidavits ("Affidavits") executed by Seller.

(b) From Buyer:

(i) The Deposit in the amount of Eighty-Nine Thousand and 00/100 Dollars (\$89,000.00);

(ii) The balance of the Purchase Price in the amount of Seven Hundred Seventy-Two Thousand Two Hundred and 00/100 Dollars (\$772,200.00);

(iii) The Release and Indemnity Agreement in the form attached as Exhibit D to the Purchase Agreement ("Release Agreement"), duly executed and acknowledged by Buyer; and

(iv) Any additional funds required to pay Buyer's share of closing costs and prorations.

1.2. The Title Company shall be prepared to issue to Buyer the Title Policy in accordance with Section 4.4 of the Purchase Agreement.

1.3. You have received telephonic confirmation from Buyer and Seller, or their respective counsel, that all of the conditions to the Close of Escrow to be fulfilled outside of this escrow have been fulfilled to the satisfaction of Buyer and Seller.

1.4. Upon satisfaction of the foregoing conditions, you are to inform Buyer and Seller by telephone that all such conditions have been satisfied.

2. SPECIAL NOTE: REAL PROPERTY TAXES.

Real property owned by PG&E is assessed by the California State Board of Equalization and not by the County Assessor. Property is assessed as of January 1 in each year and the tax becomes a lien on the property as of January 1 for the subsequent July 1 - June 30 tax year. Property will not be removed from the state tax rolls to the county tax rolls until the tax year following the one in which title to the property is transferred. **Therefore, if this escrow closes between January 1 and June 30, you are instructed to collect from Buyer its pro rata share of taxes for the current tax year AND the entire amount of the tax for the tax year beginning on the July 1 immediately following the Close of Escrow. If escrow closes between July 1 and December 31, you are instructed to collect from Buyer its pro rata share of the taxes for the current tax year only.** PG&E has undertaken directly with Buyer to pay property taxes due and payable for the tax years for which PG&E has collected funds from Buyer.

3. STEPS TO CLOSE ESCROW.

When you are in a position to close escrow, assemble all documents that have been submitted to escrow in counterpart by attaching the signature page received from Buyer to the document received from Seller, date all documents that are undated as of the closing date, and proceed as follows, and record documents exactly in the order set forth below:

3.1. Record the Grant Deed and instruct the County Recorder to deliver the original Grant Deed to Buyer after recording;

3.2. Record the Release Agreement and instruct the County Recorder to deliver the original Release Agreement to Seller after recording;

3.3. Charge the respective accounts of Buyer and Seller for recording fees, filing fees, real property conveyance or documentary transfer taxes, title insurance premiums, notary fees, escrow fees and other costs and prorations in accordance with Sections 3.4 and 3.5 of the Purchase Agreement;

3.4. Pay to or for the account of Seller the amount of the Purchase Price, plus the prorated real property taxes for the current tax year and, if applicable, all of the real property taxes for the following tax year, and less any closing costs and prorations agreed to by Seller and in the manner directed by Seller;

3.5. Deliver conformed copies of the Grant Deed and Release Agreement with the recording information thereon, to each of Buyer and Seller;

- 3.6. Deliver the Affidavits to Buyer;
- 3.7. Deliver final escrow settlement statements, as approved by Buyer and Seller, to Buyer and Seller; and
- 3.8. Comply with any additional supplemental instructions submitted by Buyer or Seller, which are not inconsistent with these instructions.

4. MISCELLANEOUS.

4.1. These instructions may not be modified except in writing executed by the undersigned or the party to be charged. If this escrow is not in a position to close by 8:00 o'clock a.m. on _____, then you are to hold all documents and funds until further instructed by the undersigned.

4.2. These instructions may be executed in counterparts, and when taken together, the counterparts shall constitute one set of escrow instructions.

4.3. If you have any questions regarding these instructions, please contact the undersigned

4.4. All funds due to Seller are to be wire transferred to [Mellon GCM (Boston Safe Deposit and Trust Co.), Boston, MA, ABA Routing Number: _____], for credit to: PG&E Depository Account, Account Number _____. Please include the following information with the wire transfer: Contact Person: _____, Company Number _____, SAP Order Number _____.

4.5. All documents to be forwarded to Seller, and any extra originals of any documents held by the Title Company after disbursement of documents as directed herein, should be sent to:

Pacific Gas and Electric Company
Corporate Real Estate
Attention: Bill Somerville
Mail Code N13U
P.O. Box 770000
San Francisco, Ca 94177

If you agree to be bound by these instructions, please acknowledge the enclosed two copies of these instructions and return one copy each to Buyer and Seller.

Very truly yours,

SELLER:

PACIFIC GAS AND ELECTRIC COMPANY,
a California corporation

By: _____

Print Name: _____

Its: _____

BUYER:

JAMES B. WALKER FAMILY II LIMITED
PARTNERSHIP,
a California limited partnership

By: _____

Print Name: _____

Its: _____

Date: _____, _____

Date: _____, _____

RECEIPT AND ACKNOWLEDGMENT:

By: _____

Its: _____

EXHIBIT D

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

Bill Somerville
PACIFIC GAS AND ELECTRIC COMPANY
P.O. Box 770000, Mail Code N13U
San Francisco, CA 94177

RELEASE AND INDEMNITY AGREEMENT

THIS RELEASE AND INDEMNITY AGREEMENT ("Agreement"), dated for reference purposes only as of _____, 2013, is made by and between Pacific Gas and Electric Company, a California corporation ("Seller"), and James B. Walker Family II Limited Partnership, a California limited partnership ("Buyer"), in connection with that certain Standard Purchase and Sale Agreement dated as of July _____, 2013, by and between Buyer and Seller ("Purchase Agreement"), pursuant to which Buyer is acquiring from Seller that certain real property described on Attachment A hereto and made a part hereof, and other Property more particularly described in the Purchase Agreement. Unless otherwise stated herein, all capitalized words herein shall have the meaning ascribed to them in the Purchase Agreement. Unless otherwise specifically provided herein, all provisions of this Agreement shall be effective as of the date of recordation of this Agreement.

In consideration of, and as a material inducement to, Seller's sale of the Property to Buyer and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Buyer hereby agree as follows:

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

1.1. "Electric and Magnetic Fields" means electric and magnetic fields, electromagnetic fields, power frequency fields and extremely low frequency fields, howsoever designated, whether emitted by electric transmission lines, other electrical distribution equipment or by any other means.

1.2. "Environmental Requirements" means all applicable present and future laws, statutes, regulations, rules, ordinances, codes, licenses, permits, orders, approvals, plans, authorizations, judicial, administrative and regulatory decrees, directives and judgments of all governmental agencies, departments, commissions and boards, 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 all requirements and regulations pertaining to reporting, licensing, permitting, investigating and remediating emissions, discharges, releases or threatened releases of Hazardous Substances, whether solid, liquid or gaseous in nature, into the air, surface water, or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Substances, whether solid, liquid or gaseous in nature.

1.3. "Hazardous Substances" means any hazardous or toxic material or waste that is or becomes regulated by any local governmental authority, the State of California or the United States Government under any Environmental Requirements. For purposes of this Agreement, 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 local, state or federal law or under the regulations adopted or promulgated pursuant thereto, including, without limitation, 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. § 1151 et seq.); the Clean Air Act (42 U.S.C. § 7401 et seq.); the Safe Drinking Water Act (42 U.S.C. § 300f et seq.); the River and Harbor Act of 1899 (33 U.S.C. § 401 et seq.); the National Emission Standard for Asbestos (40 C.F.R. § 61.140 et seq.), the OSHA Construction Standards (29 C.F.R. § 1926.1001 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 Atomic Energy Act of 1954, (42 U.S.C. § 2011 et seq.); the Nuclear Waste Policy Act of 1982 (42 U.S.C. § 10101 et seq.); the Medical Waste Management Act (Cal. Health & Safety Code § 25015 et seq.); the Porter-Cologne Water Quality Control Act (Cal. Water Code § 13000 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 (Cal. Health and Safety Code § 25300 et seq.); the Hazardous Waste Act (Cal. Health & Safety Code § 25100 et seq.); and all rules and regulations of the United States or California Environmental Protection Agency or any successor agency, or any other state or federal department, board or agency, or any other agency or governmental board or entity having jurisdiction, as any of the foregoing have been, or are hereafter amended from time to time; or

(b) that is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise hazardous, and is now or hereafter regulated as a Hazardous Substance by any governmental authority, agency, department, commission, board, agency or instrumentality of the United States, any State of the United States 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 on the Property poses or threatens to pose a hazard to the health or safety of persons or to the environment; or

(d) that contains gasoline, diesel fuel or other petroleum hydrocarbons; or

(e) that contains lead-based paint or other lead contamination, polychlorinated biphenyls or asbestos or asbestos-containing materials or urea formaldehyde foam insulation; or

(f) that contains radon gas.

1.4. "Remediation" refers to the process of, and all work and planning performed in connection with, the investigation, testing for, monitoring, remediation, containment, transportation, removal and disposal or recycling of Hazardous Substances and containers of Hazardous Substances from the Property and any other property to which Hazardous Substances originating on the Property have migrated or may migrate in the future ("Other Property"), and the repair and restoration of the Property and Other Property, and restoration and mitigation of affected natural resources, regardless of whether such actions are required by Environmental Requirements.

2. Generally. It is the intent of the parties that Buyer shall (as between Seller and Buyer) bear all responsibility, cost and risk of (i) Hazardous Substances, and (ii) Electric and Magnetic Fields, existing on the Property or Other Property, whether prior to and/or after the Close of Escrow. The parties have taken the obligations of Buyer set forth in this Agreement into account in establishing the Purchase Price for the Property. To ensure that Buyer understands the risks inherent in Buyer's execution of this Agreement, Seller has strongly advised Buyer to investigate the condition and suitability of all aspects of the Property and all matters affecting the value or desirability of the Property, or that may be perceived to

affect the value or desirability of the Property, including the presence of any Electric and Magnetic Fields and the potential environmental hazards arising from the presence of Hazardous Substances on, under, about, adjacent to or affecting the Property. Buyer hereby acknowledges and confirms that it has been afforded the opportunity to, and has, as of the date hereof, performed all environmental inspections, tests and studies, including invasive testing and/or groundwater sampling on, under, about or adjacent to the Property, which Buyer and its environmental consultants and engineers have deemed necessary to assess the condition of the Property and to assume the risk of the release and indemnity provided for in this Agreement.

3. Release.

3.1. Buyer, for itself, and for any future owners of all or a part of the Property, 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 (together with Buyer, "Releasing Parties") hereby fully and forever releases, exonerates, discharges and covenants not to sue Seller 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 (including lenders who become successors-in-title) and assigns (hereinafter "Released Parties") of, from and for any and all losses (including diminution in the value of the Property 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, and by whomsoever asserted, in law, equity or otherwise (each a "Claim" and, collectively, "Claims") that the Releasing Parties or the Property may suffer or claim to suffer, based in whole or in part on the presence, or threatened or suspected presence, generation, processing, use, management, treatment, storage, disposal, Remediation, transportation, recycling, emission or release or threatened emission or release, whether in the past, present or future, of any Hazardous Substances or Electric and Magnetic Fields on, about, from, adjacent to or affecting the Property, including Claims arising from the passive or active negligence of the Releasing Parties.

3.2. Buyer represents and warrants to Seller that it is the sole and lawful owner of all right, title and interest in and to every Claim that Buyer purports to release herein, and that it has not heretofore assigned or transferred, or purported to assign or transfer, to any person, firm, association, corporation or other entity, any right, title or interest in any such Claim. In the event that such representation is false, and any such Claim is asserted against any of the Released Parties, by any party or entity who is the assignee or transferee of such Claim, then Buyer shall fully indemnify, defend and hold harmless the Released Party against whom such Claim is asserted from and against such Claim and from all actual costs, fees, expenses, liabilities and damages that that party incurs as a result of the assertion of such Claim.

4. Indemnity.

4.1. Buyer agrees and covenants, at its sole cost and expense, to indemnify, protect, defend by counsel approved by Seller, and hold the Released Parties harmless, from and against any and all Claims (including the payment of damages, both actual and consequential, the payment of the actual fees and expenses of experts, attorneys and others and the payment of "response costs" under CERCLA or any other Environmental Requirements) arising from or relating, in whole or in part, to (a) any violation of the Environmental Requirements including attorneys' fees and consultants' fees, investigation and laboratory fees, court costs and other litigation expenses with respect to the Property; (b) any lawsuit brought or threatened, settlement reached, or government order relating to any Hazardous Substances on, about, adjacent to or affecting the Property; (c) the use, generation, refining, manufacture, transportation, transfer, production, processing, storage, handling or treatment of any Hazardous Substances or Electric and Magnetic Fields on, under, from, or affecting the Property or Other Property; (d) the presence, disposal, dumping, escape, seepage, leakage, spillage, discharge, emission, pumping, emptying, injecting, leaching, pouring, release or threatened release of any Hazardous Substances or

Electric and Magnetic Fields on, under, from or affecting the Property or any Other Property; (e) any Remediation of any Hazardous Substances or Electric and Magnetic Fields on, under, about or affecting the Property or any Other Property to the extent required by any Environmental Requirements; or (f) any personal injury (including wrongful death) or property damage (real or personal) resulting from any Hazardous Substances or Electric and Magnetic Fields on, under, from or affecting the Property or any Other Property. The foregoing indemnity includes Claims arising from the passive or active negligence of the Released Parties.

4.2. The purpose of the foregoing indemnity is to protect Seller and the other Released Parties from expenses and obligations related to (i) Hazardous Substances, and (ii) Electric and Magnetic Fields. Buyer's obligation to defend includes the obligation to defend claims and participate in administrative proceedings, even if they are false or fraudulent. Buyer understands and agrees that its liability to Seller shall arise upon the earlier to occur of (a) the discovery of, or the threat or suspected presence of, any Hazardous Substances on, under, about or adjacent to or affecting the Property, whether or not the United States Environmental Protection Agency, any other federal agency or any state or local environmental or other agency or political subdivision or any court, administrative panel or tribunal has taken or threatened any action in connection with the presence, or threatened or suspected presence, of any Hazardous Substances or (b) the institution of any Claims, and not upon the realization of loss or damage.

5. Statutory Waiver. Buyer acknowledges that it may hereinafter discover facts different from or in addition to those that it now knows or believes to be true with respect to the matters which 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 THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER 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 that may arise from such waiver.

Buyer: JAMES B. WALKER FAMILY II LIMITED
PARTNERSHIP

By: _____

Print Name: _____

6. Notice by Buyer. Buyer shall promptly notify Seller of any notice of potential liability for costs of Remediation, and following such notification (or the determination by Seller of its potential liability for such costs) provide such information and reports with respect to such potential liability and the status

of Hazardous Substances or Electric and Magnetic Fields on the Property or Other Property as Seller shall reasonably request.

7. Buyer's Representations and Warranties. Buyer represents and warrants to Seller as follows:

7.1. Buyer has in all respects voluntarily and knowingly executed this Agreement.

7.2. Buyer has had an opportunity to seek and has sought independent legal advice from attorneys of his or its choice with respect to the advisability of executing this Agreement.

7.3. Buyer has made such investigation of the facts pertaining to this Agreement as it deems necessary.

7.4. The terms of this Agreement are contractual and are the result of negotiation between Buyer and Seller.

7.5. This Agreement has been carefully read by Buyer and the contents hereof are known and understood by Buyer.

7.6. If Buyer is an entity, Buyer is duly organized, validly existing and in good standing under the laws of the state of its organization and is qualified to do business in the state in which the Property is located and the persons executing this Agreement on behalf of Buyer have the full right and authority to execute this Agreement on behalf of Buyer and to bind Buyer without the consent or approval of any other person or entity. This Agreement is (i) duly authorized, properly executed and delivered by Buyer, (ii) legal, valid and binding obligations of Buyer enforceable in accordance with its terms at the time of Close of Escrow, and (iii) not in violation of any agreement or judicial order to which Buyer is a party or to which it is subject.

8. Mandatory Negotiation and Mediation.

8.1. Except as provided in Section 8.2, Seller and Buyer agree to first negotiate and then mediate with respect to any claim or dispute arising out of or relating to this Agreement, before resorting to court action. Either party may initiate settlement negotiations by providing written notice to the other party, setting forth the subject of the claim or dispute. Buyer and Seller agree to cooperate in scheduling negotiations and to participate in the settlement negotiations in good faith. If Buyer and Seller fail to settle such claim or dispute within thirty (30) days after the date of mailing of the notice initiating settlement negotiations or within such additional time period as the parties may agree in writing, the parties agree to submit the matter to JAMS for mediation within thirty (30) days thereafter. Either party may commence mediation by providing to JAMS and the other party a written request for mediation, setting forth the subject of the claim or dispute and the relief requested (the "Mediation Notice"). Except as provided herein or by written agreement of the parties, the mediation shall be conducted in San Francisco pursuant to the JAMS rules. The parties will cooperate in selecting a mediator from the JAMS panel of neutrals, and in scheduling the mediation proceedings. If the parties do not select a mediator within thirty (30) days after the Mediation Notice, the parties agree that either party may request that JAMS in San Francisco, California, facilitate the choice of mediator by applying the "strike and rank" process used for appointment of arbitrators in arbitration proceedings, or to appoint a mediator, if necessary, and both parties agree to the appointment of such mediator as so selected. The parties agree to participate in the mediation in good faith, and to share equally in its costs. All offers, promises, conduct and statements, whether oral or written, made in the course of the mediation by either of the parties, their employees, agents, experts and attorneys, and by the mediator and any other JAMS employees, are confidential, privileged and inadmissible for any purpose, including impeachment, in any litigation or other proceeding involving the parties, but evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the mediation. If JAMS should no longer exist at the time the claim or dispute arises, the matter shall be submitted to its successor entity, or if there is no such successor entity, to the American Arbitration Association or other similar organization

mutually agreed upon by the parties, and except as provided herein or by mutual agreement of the parties, the mediation rules of such successor or alternate organization shall apply. Except as may be expressly set forth in any written settlement agreement, should the matter be settled by negotiation or mediation prior to commencing court action, each party shall pay its own attorneys' fees and costs. Except as provided in Section 8.2, neither party may commence an action arising out of or relating to this Agreement until expiration of the negotiation period and completion of the initial mediation session in accordance with this Section 8.2. If either party commences an action with respect to a claim or dispute covered by this Section 8.2 without first attempting to resolve the matter through negotiation and mediation, or refuses to negotiate or mediate after a request has been made, then that party shall not be entitled to recover attorneys' fees and costs, even if such fees and costs would otherwise be available to that party in such action.

8.2. Either party may seek equitable relief to preserve the status quo prior to participating in the negotiation and mediation proceedings required pursuant to Section 8.1. In addition, matters that are within the jurisdiction of probate, small claims, or bankruptcy court are excluded from mandatory negotiation and mediation hereunder.

8.3. The provisions of this Section 8 may be enforced by any court of competent jurisdiction, and the party seeking enforcement shall be entitled to an award of all fees and costs, including reasonable attorneys' fees, to be paid by the party against which enforcement is ordered. The covenants of Seller and Buyer contained in this Section 8 shall the expiration or earlier termination of this Agreement or the Close of Escrow.

9. Miscellaneous.

9.1. Buyer acknowledges (a) this Agreement is the result of extensive good faith negotiations between Buyer and Seller through their respective counsel, (b) Buyer's counsel has carefully reviewed and examined this Agreement before execution by Buyer, and (c) any statute or rule of construction that ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.

9.2. In the event that any party shall bring an action to enforce its rights under this Agreement, or relating to the interpretation hereof, whether for declaratory or other relief, the prevailing party in any such proceeding shall be entitled to recover from the other party reasonable attorneys' fees and all costs, expenses and disbursements that the prevailing party incurred in connection with such proceeding and any appeal thereof (including the reasonable costs of discovery, investigation, preparation for trial, professional or expert consultation and testimony). Buyer shall also pay all attorneys' fees and costs Seller incurs in defending this Agreement or otherwise protecting Seller's rights in any voluntary or involuntary bankruptcy case, assignment for the benefit of creditors, or other insolvency, liquidation or reorganization proceeding involving Buyer or this Agreement, including all motions and proceedings related to relief from an automatic stay, lease assumption or rejection, use of cash collateral, claim objections, disclosure statements and plans of reorganization. A party shall be deemed to have prevailed in any such action (without limiting the generality of the foregoing) if such action is dismissed upon the payment by the other party of the sums allegedly due or the performance of obligations allegedly not complied with, or if such party obtains substantially the relief sought by it in the action, irrespective of whether such action is prosecuted to judgment. The non-prevailing party shall also pay the attorneys' fees and costs incurred by the prevailing party in any post-judgment proceedings to collect and enforce the judgment. For purposes hereof, the reasonable fees of Seller's in-house attorneys who perform services in connection with any such action are recoverable, and shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the relevant subject matter area of the law, in law firms in the City of San Francisco with approximately the same number of attorneys as are employed by Seller's Law Department. Any such fees and costs incurred prior to judgment, award, or decree may be included in any judgment, award or decree entered in such proceeding in favor of the prevailing party. Any such fees, costs and expenses incurred by the prevailing party in enforcing a judgment, award or decree in its favor shall be recoverable separately from and in addition to any other

amount included in such judgment, award or decree. This provision is separate and several and shall survive the merger of this Agreement into any judgment on this Agreement.

9.3. This Agreement shall be binding upon and inure to the benefit of the heirs, successors and assigns of Buyer and Seller. No transfer of an interest in the Property or this Agreement by Buyer or its assignees shall operate to relieve Buyer of its obligations hereunder.

9.4. The failure of Seller to insist upon strict compliance with any of the terms hereof shall not be considered to be a waiver of any of such terms, nor shall it militate against the right of Seller to insist upon strict compliance herewith at any later time.

9.5. This Agreement shall not constitute or be construed as an admission of liability or fact by Seller for any purpose whatsoever.

9.6. Buyer shall execute, acknowledge and deliver to Seller all documents, and shall take all actions reasonably required by Seller from time to time to confirm or effect the matters set forth herein, or otherwise to carry out the purposes of this Agreement.

9.7. The representations, warranties, covenants, and agreements of Buyer contained in this Agreement shall survive the Close of Escrow.

9.8. Time is of the essence of this Agreement.

9.9. The words "include," "includes," and "including" are not intended to be restrictive, and lists following such words shall not be interpreted to be exhaustive or limited to items of the same type as those enumerated.

9.10. This Agreement shall be governed by the laws of the State of California.

9.11. Should any portion, word, clause, phrase, sentence or paragraph of this Agreement be declared void or unenforceable, such portion shall be considered independent and severable from the remainder, and the validity of the remainder shall remain unaffected.

9.12. This Agreement sets forth the entire understanding of Buyer and Seller in connection with the subject matter hereof, and Buyer acknowledges that Seller has made no statement, representation or warranty relating to the Property or any Other Property upon which Buyer has relied or that acted as an inducement for Buyer to enter into this Agreement. Buyer's obligations under this Agreement may not be altered or amended in any respect except by a writing executed by both Buyer and Seller.

[Signature Page to Follow]

IN WITNESS WHEREOF, Seller and Buyer have duly executed this Agreement.

PACIFIC GAS AND ELECTRIC COMPANY,
a California corporation

By: _____

Print Name: _____

Its: _____

JAMES B. WALKER FAMILY II LIMITED
PARTNERSHIP,
a California limited partnership

By: _____

Print Name: _____

Its: _____

ATTACHMENT A
LEGAL DESCRIPTION

**CERTIFICATE OF ACKNOWLEDGMENT
OF NOTARY PUBLIC**

STATE OF CALIFORNIA)
) ss
COUNTY OF _____)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public (Seal)

STATE OF CALIFORNIA)
) ss
COUNTY OF _____)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public (Seal)

EXHIBIT E

WATER AGREEMENT

RECORDING REQUESTED BY
AND WHEN RECORDED, MAIL TO:

APNs:

WATER AGREEMENT

THIS WATER AGREEMENT (this "Agreement") is made and entered into as of _____, 2013 (the "Effective Date"), by and between **PACIFIC GAS AND ELECTRIC COMPANY**, a California corporation ("PG&E"), and **JAMES B. WALKER FAMILY II LIMITED PARTNERSHIP**, a California limited partnership ("Walker"). PG&E and Walker are sometimes individually referred to as a "Party" and are collectively referred to in this Agreement as the "Parties."

RECITALS

A. PG&E is the owner of that certain real property located in the area of Cantua Creek, County of Fresno, and State of California and more particularly described in Exhibit A attached to and made a part of this Agreement (the "PG&E Property").

B. Pursuant to that certain Purchase and Sale Agreement between PG&E and Walker dated as of July _____, 2013 (the "Purchase Agreement"), PG&E conveyed to Walker certain real property, comprised of approximately 113.39 acres, and more particularly described in Exhibit B attached to and made a part of this Agreement (the "Sale Property"). In addition to the Sale Property, Walker is the owner of certain real property adjacent to the Sale Property more particularly described in Exhibit C attached to and made a part of this Agreement (together with the Sale Property, the "Walker Property").

C. Pursuant to the Purchase Agreement, Walker agreed to provide water to the PG&E Property in the amount of three (3) acre-feet annually in perpetuity for so long as any portion of the PG&E Property is used for a utility-related purpose.

D. The Parties have agreed that Walker will provide such water to the PG&E Property pursuant to the terms and conditions of this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **Water Supply.** Walker agrees to provide to PG&E water in the amount of three (3) acre-feet annually in perpetuity for so long as any portion of the PG&E Property is used for a utility-related purpose (the "Water Provision"). Walker agrees to provide PG&E or PG&E's contractor or agent access to the

water at such times as PG&E may desire via the water filing facility (the "Facility") connected with the Westlands Water District turnout located on the southern area of the Walker Property, or such other location as the Parties may agree. The Facility consists of a three inch (3") diameter hose with a coupler and valve, and piping for overhead filing. Walker shall maintain the Facility in good and working order. Walker shall not take, nor shall Walker permit any third party to take, any action that would cause the water to be provided hereunder to be of a quality unsuitable for PG&E's utility purposes.

2. **Term of Agreement.** This Agreement shall continue in perpetuity until such date that no portion of the PG&E Property is used for any utility-related purpose. PG&E may also terminate this Agreement at any time upon not less than thirty (30) days' written notice to Walker. If any payment is due to Walker under Sections 3 and 4 for water made available between the time of written notice and actual termination of this Agreement, such payment will be made on or before the date that is the later of (i) forty-five (45) days after the date of termination of this Agreement, or (ii) sixty (60) days after PG&E's receipt of a complete invoice of the type described in Section 4.
3. **Costs.** Walker shall provide the Water Provision at no cost to PG&E for the period commencing on the Effective Date and ending on the date that is ten (10) years after the Effective Date (the "Initial Term"). After the Initial Term, PG&E shall compensate Walker for the metered amount of water used by PG&E's at a rate equal to the then-current rate at which Westlands Water District charges Walker for such water.
4. **Payment.** After the Initial Term, Walker shall submit to PG&E an invoice for the metered amount of water provided to PG&E within thirty (30) days after the provision of such water, together with reasonable supporting documentation. PG&E shall pay Walker for such water within sixty (60) days of receipt of Walker's complete invoice.
5. **Recording; Covenant to Run with the Land.** This Agreement shall be recorded by the Parties, and it is hereby agreed that the terms and conditions set forth in this Agreement shall be considered covenants running with the land and any portions thereof. This Agreement and the Water Provision shall be a benefit to the PG&E Property and shall be a burden on the Walker Property. The foregoing benefit and burden shall run with the land and shall be binding on any and all present and future owners and encumbrancers of the PG&E Property and of the Walker Property, respectively, or any part thereof and their successors and assigns. The benefits and burdens of the Water Provision may not be transferred separate from the applicable property unless such transfer is in connection with the conveyance of such property.
6. **Successor and Assigns.** Without limiting the provisions of Section 5, this Agreement shall inure to the benefit of and bind the successors and assigns of the Parties.
7. **Notice.** Any notices or communications hereunder shall be in writing and shall be personally delivered, or sent by first class mail, certified or registered, postage prepaid, or by national overnight courier, with charges prepaid for next business day delivery, addressed to the addressee Party at the address or addresses listed below, or to such other address or addresses as such Party may from time to time designate in writing. Notices shall be deemed received upon actual receipt or refusal of the notice by the Party being sent the notice.

If to PG&E:

If by registered or certified mail, return receipt requested:

Corporate Real Estate Transactions Department
Pacific Gas and Electric Company
P.O. Box 770000, Mail Code N13U
San Francisco, CA 94177

With a copy to:

Law Department
Pacific Gas and Electric Company
P.O. Box 7442
San Francisco, CA 94120
Attn: Senior Director and Lead Counsel, Corporate and
Commercial Group (Real Estate)

If by personal delivery or overnight courier:

Corporate Real Estate Transactions Department
Pacific Gas and Electric Company
245 Market Street, Room 1377
San Francisco, CA 94105

With a copy to:

Law Department
Pacific Gas and Electric Company
77 Beale Street, Mail Code B30A
San Francisco, CA 94105
Attn: Senior Director and Lead Counsel, Corporate and
Commercial Group (Real Estate)

If to Walker:

James B. Walker Family II Limited Partnership
2679 W. Lake Van Ness Circle
Fresno, CA 93711

With a copy to:

Ted R. Frame
Frame & Matsumoto
201 Washington Street
P.O. Box 895
Coalinga, CA 93210

8. **Governing Law.** This Agreement shall in all respects be interpreted, enforced, and governed by and under the laws of the State of California.
9. **Attorneys' Fees.** Should either Party bring an action against the other Party, by reason of or alleging the failure of the other Party with respect to any or all of its obligations hereunder, whether for declaratory or other relief, and including any appeal thereof, then the Party which prevails in such action shall be entitled to its reasonable attorneys' fees (of both in-house and outside counsel) and expenses related to such action, in addition to all other recovery or relief. A Party shall be deemed to have prevailed in any such action (without limiting the generality of the foregoing) if such action is dismissed upon the payment by the other Party of the sums allegedly due or the performance of obligations allegedly not complied with, or if such Party obtains substantially the relief sought by it in the action, irrespective of whether such action is prosecuted to judgment. Attorneys' fees shall include, without limitation, fees incurred in discovery, contempt proceedings, and bankruptcy litigation. The non-prevailing Party shall also pay the attorney's fees and costs incurred by the prevailing Party in any post-judgment proceedings to collect and enforce the judgment. The covenant in the preceding sentence is separate and several and shall survive the merger of this provision into any judgment on this Agreement. For purposes hereof, the reasonable fees of PG&E's in-house attorneys who perform services in connection with any such action shall be recoverable, and shall be based on the fees

regularly charged by private attorneys with the equivalent number of years of experience in the relevant subject matter area of the law, in law firms in the City of San Francisco with approximately the same number of attorneys as are employed by PG&E's Law Department.

10. **No Third Party Beneficiary.** The provisions of this Agreement are for the exclusive benefit of the Parties and their successors and assigns, and shall not be deemed to confer any rights upon any person, except such Parties and their successors and assigns, subject to the limitations on assignment set forth in this Agreement. No obligation of a Party under this Agreement is enforceable by, or is for the benefit of, any other third parties.
11. **Captions.** The captions in this Agreement are for reference only and shall in no way define or interpret any provision hereof.
12. **Time.** Except as otherwise expressly provided herein, the Parties agree that as to any obligation or action to be performed hereunder, time is of the essence.
13. **Severability.** If any provision of this Agreement shall be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby, and each provision of this Agreement shall be valid and enforced to the full extent permitted by law, provided the material provisions of this Agreement can be determined and effectuated.
14. **Counterparts.** This Agreement may be executed in identical counterpart copies, each of which shall be an original, but all of which taken together shall constitute one and the same agreement.
15. **Entire Agreement.** This Agreement and the exhibits attached hereto contain the entire understanding of the parties relating to the subject matter hereof and shall supersede any prior written or oral agreements or communications between the parties pertaining to such subject matter. Neither Walker's nor PG&E's obligations under this Agreement may be altered or amended in any respect except by a writing executed by both Parties.

[Signatures follow on next page.]

IN WITNESS WHEREOF, PG&E and Walker have duly executed this Agreement as of the date first written above.

PG&E:

PACIFIC GAS AND ELECTRIC COMPANY,
a California corporation

By: _____

Print Name: _____

Its: _____

WALKER:

JAMES B. WALKER FAMILY II LIMITED PARTNERSHIP,
a California limited partnership

By: _____

Print Name: _____

Its: _____

Exhibit A

Legal Description of PG&E's Property

All that certain real property situated, lying and being in the County of Fresno, State of California, described as follows:

Exhibit B

Legal Description of Walker Property

All that certain real property situated, lying and being in the County of Fresno, State of California, described as follows:

EXHIBIT F

ENVIRONMENTAL REPORTS

1. Stantec Phase I Environmental Site Assessment dated February 7, 2011
2. Stantec Phase II Environmental Site Assessment dated February 16, 2011
3. JCP-LGS Commercial EnviroCheck Report dated May 14, 2013

EXHIBIT G
DISCLOSURE EXHIBIT

None.

Attachment 2

Sale Price, Expenses and Tax Effects

PACIFIC GAS AND ELECTRIC COMPANY
ELECTRIC OTHER LAND sale
Giffen Land Sale
(DOLLARS)

1 SALES PROCEEDS

Sales Price	861,200
Less: Transaction Costs	<u>0</u>
Net Sale Proceeds	<u><u>861,200</u></u>

2 ALLOCATION OF SALES PROCEEDS BASED ON THE HISTORICAL COST OF PROPERTY

	Historical Cost	Proportional %	Valuation Method
Non-Depreciable Property (Land)	759,229	100.00%	Appraisal Aug. 2013
Depreciable Property	<u>0</u>	0.00%	
	<u><u>759,229</u></u>	<u><u>0.00%</u></u>	

3 GROSS GAIN/(LOSS) ON SALE

	Historical Cost	Net Book Value	Sales Proceeds	Pre-Tax Gain/(Loss)
Non-Depreciable Property (Land)	759,229	759,229	861,200	101,971
Depreciable Property	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u><u>759,229</u></u>	<u><u>759,229</u></u>	<u><u>861,200</u></u>	<u><u>101,971</u></u>

4 TAXES ON PROPERTY

	Net Tax Value	Sales Proceeds	Before Tax Gain/ (Loss)	Tax 40.746%
Non-Depreciable Property (Land)	689,275	861,200	171,925	70,053
Depreciable Property	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u><u>689,275</u></u>	<u><u>861,200</u></u>	<u><u>171,925</u></u>	
Less Accumulated Deferred Taxes				<u>0</u>
Total Cumulative Tax Liability				<u><u>0</u></u>
				After-Tax Gain/(Loss)
Pre-Tax Gain/Loss Non-Depreciable Property (Land)				<u>31,918</u>
Pre-Tax Gain/Loss Depreciable Property				<u>0</u>
Less Tax Liability (net of deferred taxes)				<u>0</u>
After-Tax Gain				<u><u>0</u></u>

5 RATE BASE CHANGES

Reduction to Gross Plant	(759,229)
Reduction to Depreciation Reserve (depreciation reserve is reduced by the historical cost of depreciable property)	759,229
Property Sale Proceeds credited to Depreciation Reserve (sales proceeds benefit to customers)	577,004
Reduction to Rate Base	<u><u>577,004</u></u>

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

1st Light Energy	Douglass & Liddell	OnGrid Solar
AT&T	Downey & Brand	Pacific Gas and Electric Company
Alcantar & Kahl LLP	Ellison Schneider & Harris LLP	Praxair
Anderson & Poole	G. A. Krause & Assoc.	Regulatory & Cogeneration Service, Inc.
BART	GenOn Energy Inc.	SCD Energy Solutions
Barkovich & Yap, Inc.	GenOn Energy, Inc.	SCE
Bartle Wells Associates	Goodin, MacBride, Squeri, Schlotz & Ritchie	SDG&E and SoCalGas
Braun Blasing McLaughlin, P.C.	Green Power Institute	SPURR
CENERGY POWER	Hanna & Morton	San Francisco Public Utilities Commission
California Cotton Ginners & Growers Assn	In House Energy	Seattle City Light
California Energy Commission	International Power Technology	Sempra Utilities
California Public Utilities Commission	Intestate Gas Services, Inc.	SoCalGas
California State Association of Counties	Kelly Group	Southern California Edison Company
Calpine	Linde	Spark Energy
Casner, Steve	Los Angeles Dept of Water & Power	Sun Light & Power
Center for Biological Diversity	MAC Lighting Consulting	Sunshine Design
City of Palo Alto	MRW & Associates	Tecogen, Inc.
City of San Jose	Manatt Phelps Phillips	Tiger Natural Gas, Inc.
Clean Power	Marin Energy Authority	TransCanada
Coast Economic Consulting	McKenna Long & Aldridge LLP	Utility Cost Management
Commercial Energy	McKenzie & Associates	Utility Power Solutions
County of Tehama - Department of Public Works	Modesto Irrigation District	Utility Specialists
Crossborder Energy	Morgan Stanley	Verizon
Davis Wright Tremaine LLP	NLine Energy, Inc.	Water and Energy Consulting
Day Carter Murphy	NRG Solar	Wellhead Electric Company
Defense Energy Support Center	Nexant, Inc.	Western Manufactured Housing Communities Association (WMA)
Dept of General Services	North America Power Partners	
Division of Ratepayer Advocates	Occidental Energy Marketing, Inc.	