July 2, 2014

Brian Cherry
Vice President, Regulation and Rates
Pacific Gas and Electric Company
P.O. Box 770000
San Francisco, CA 94177

SUBJECT: Termination of Annual Advice Letter for Calculation of Non-Bypassable Charges for Mountain House Customers (MID).

Dear Mr. Cherry:

Advice Letter 4393-E is effective as of May 14, 2014.

Sincerely,

Edward Randolph
Director, Energy Division
April 14, 2014

Advice 4393-E
(Pacific Gas and Electric Company ID U 39E)

Public Utilities Commission of the State of California

Subject: Termination of Annual Advice Letter for Calculation of Non-Bypassable Charges for Mountain House Customers (Modesto Irrigation District)

This filing is made in reference to Decision (D.) 04-03-036, dated March 16, 2004, for Pacific Gas and Electric Company’s (PG&E) Application (A.) 03-02-005 pertaining to the authorization to lease and sell certain electric distribution facilities serving the Mountain House Area (MH) to Modesto Irrigation District.

Background

Pursuant to Public Utilities Code §9610, a total of 137 MH customers departed PG&E’s service territory on January 1, 2001 and began receiving electric service from Modesto Irrigation District. Consistent with D.04-06-036, PG&E filed annual advice letters that contained the proposed calculations and methodologies used for determining the annual amount of non-bypassable charges (NBCs) to be paid by Modesto Irrigation District on behalf of MH customers who departed PG&E’s service territory.

PG&E has reached an agreement with Modesto Irrigation District for a lump-sum payment representing the NBC obligations owed by remaining customers in the Mountain House area. A copy of the agreement is attached. The execution of this agreement eliminates the need to file the annual advice letter.

Protests

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, facsimile or E-mail, no later than May 5, 2014, which is 21 days¹ after the date of this filing. Protests must be submitted to:

¹ The 20-day protest period concludes on a weekend. PG&E is hereby moving this date to the following business day.
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

PG&E submits this as a Tier 2 advice letter and requests that this advice filing become effective on regular notice, May 14, 2014, which is 30 calendar days after 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 via U.S. mail to parties shown on the attached list and the parties on the service list for A.03-02-005. 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

[Signature]

Vice President, Regulatory Relations

Attachments

cc: Service List A.03-02-005
**CALIFORNIA PUBLIC UTILITIES COMMISSION**

**ADVICE LETTER FILING SUMMARY**

**ENERGY UTILITY**

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

<table>
<thead>
<tr>
<th>Company name/CPUC Utility No.</th>
<th>Pacific Gas and Electric Company (ID U39 E)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utility type:</td>
<td>Contact Person: Kingsley Cheng</td>
</tr>
<tr>
<td>☑ ELC</td>
<td>Phone #: (415) 973-5265</td>
</tr>
<tr>
<td>☑ GAS</td>
<td>E-mail: <a href="mailto:k2c0@pge.com">k2c0@pge.com</a> and <a href="mailto:PGETariffs@pge.com">PGETariffs@pge.com</a></td>
</tr>
<tr>
<td>☑ PLC</td>
<td></td>
</tr>
<tr>
<td>☑ HEAT</td>
<td></td>
</tr>
<tr>
<td>☑ WATER</td>
<td></td>
</tr>
</tbody>
</table>

**EXPLANATION OF UTILITY TYPE**

| ELC = Electric | GAS = Gas |
| PLG = Pipeline | HEAT = Heat |
| WATER = Water  |           |

Advice Letter (AL) #: **4393-E**

Tier: **2**

Subject of AL: **Termination of Annual Advice Letter for Calculation of Non-Bypassable Charges for Mountain House Customers (Modesto Irrigation District)**

Keywords (choose from CPUC listing): Compliance, Agreements

AL filing type: ☑ Monthly ☑ Quarterly ☑ Annual ☑ One-Time ☑ Other _____________________________

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: **D.04-03-036**

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

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

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

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

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

Resolution Required? ☑ Yes ☑ No

Requested effective date: **May 14, 2014**

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 21 days¹ after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

<table>
<thead>
<tr>
<th>California Public Utilities Commission</th>
<th>Pacific Gas and Electric Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Division</td>
<td>Attn: Brian K. Cherry</td>
</tr>
<tr>
<td>EDTariffUnit</td>
<td>Vice President, Regulatory Relations</td>
</tr>
<tr>
<td>505 Van Ness Ave., 4th Flr.</td>
<td>77 Beale Street, Mail Code B10C</td>
</tr>
<tr>
<td>San Francisco, CA 94102</td>
<td>P.O. Box 770000</td>
</tr>
<tr>
<td>E-mail: <a href="mailto:EDTariffUnit@cpuc.ca.gov">EDTariffUnit@cpuc.ca.gov</a></td>
<td>San Francisco, CA 94177</td>
</tr>
<tr>
<td></td>
<td>E-mail: <a href="mailto:PGETariffs@pge.com">PGETariffs@pge.com</a></td>
</tr>
</tbody>
</table>

¹ The 20-day protest period concludes on a weekend. PG&E is hereby moving this date to the following business day.
November 21, 2013

Edward F. Randolph, Director
Energy Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Subject: Methodology for Calculation of Non-Bypassable Charges for Mountain House Customers (Modesto Irrigation District)

Dear Mr. Randolph:

Since the Commission’s issuance of Decision 04-03-036 on March 16, 2004, Pacific Gas and Electric Company has submitted an annual advice letter to the Commission to describe the calculations and methodologies for determining applicable non-bypassable charges (NBCs) for customers in the Mountain House Area of San Joaquin County, California, served by Modesto Irrigation District (MID).

This is a courtesy letter to inform you that MID has agreed to make a lump-sum payment for the remaining NBC obligations owed by customers in the Mountain House Area. A copy of the lump-sum payment agreement is appended hereto for your reference. Consequently, PG&E will no longer be filing the annual advice letter, as the need for such letter has been eliminated.

Sincerely,

/s/
Brian K. Cherry
VP, Regulatory Relations

Attachments

cc: Service List A.03-02-005
    Joy A. Warren, Modesto Irrigation District
RESOLUTION NO. 2013-85
AUTHORIZING EXECUTION OF AGREEMENT BETWEEN MODESTO IRRIGATION DISTRICT AND PACIFIC GAS AND ELECTRIC COMPANY FOR NON-BYPASSABLE CHARGES ASSOCIATED WITH THE MOUNTAIN HOUSE AREA

WHEREAS, Modesto Irrigation District has an ongoing financial obligation to pay departing load and non-bypassable charges for Mountain House customers who transitioned to MID electric service.

BE IT RESOLVED, That the Board of Directors of the Modesto Irrigation District does hereby authorize and direct the General Manager to execute the Settlement Agreement between Modesto Irrigation District and Pacific Gas and Electric Company for non-bypassable charges associated with the Mountain House area.

Moved by Director Van Groningen, seconded by Director Wild, that the foregoing resolution be adopted.

The following vote was had:
Ayes: Directors Blom, Byrd, Van Groningen, Warda and Wild
Noes: Directors None
Absent: Directors None
The President declared the resolution adopted.

I, Pat Mills, Secretary of the Board of Directors of the Modesto Irrigation District, do hereby CERTIFY that the foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of said Board of Directors held the 12th day of November 2013.

Pat Mills
Secretary of the Board of Directors of the Modesto Irrigation District
AGREEMENT BETWEEN PACIFIC GAS AND ELECTRIC COMPANY
AND MODESTO IRRIGATION DISTRICT
REGARDING LUMP-SUM PAYMENT OF NON-BYPASSABLE CHARGES
ASSOCIATED WITH THE MOUNTAIN HOUSE AREA

I. INTRODUCTION

WHEREAS, pursuant to Public Utilities Code § 9610, a total of 137 Mountain House customers ("Departing Customers") departed PG&E's service territory on January 1, 2001, and began receiving electric service from Modesto Irrigation District ("MID");

WHEREAS, the California Public Utilities Commission ("CPUC") issued Decision ("D.") 04-03-036 approving, among other things, an agreement between PG&E and MID for the lease of certain electric distribution facilities in the Mountain House area ("the Lease Agreement");

WHEREAS, the Lease Agreement provides that MID will pay Nonbypassable Charges ("NBCs") to PG&E on behalf of the Departing Customers;

WHEREAS, Ordering Paragraph ("OP") 6 of D.04-03-036 requires that PG&E file an annual advice letter that contains the proposed calculations and methodologies for determining the amount of NBCs to be paid by MID for the year at least 90 days before the due date for MID's payment of the NBCs for approval by the CPUC's Energy Division;

WHEREAS, PG&E has filed such advice letters, and MID has made its NBC payments, consistent with the terms of the Lease Agreement and D.04-03-036 every year since D.04-03-036 was issued;
WHEREAS, some of the 137 Departing Customer accounts have subsequently gone out of existence, to make way for new development, and PG&E has adjusted its previous NBCs billings to account for these removals and their removal dates;

WHEREAS PG&E and MID (collectively, "the Parties") believe that it is expedient and cost-effective to enter into an agreement to provide for a lump-sum payment of future NBCs applicable to remaining Departing Customers and that such lump-sum payments are permitted under PG&E’s CPUC-approved departing load tariffs and D.04-03-036;

THEREFORE, PG&E and MID desire to enter into this Agreement Regarding Lump-Sum Payment of Nonbypassable Charges Associated With The Mountain House Area ("Lump-Sum Agreement").

II. CONDITIONS

1. The Parties agree that this Lump-Sum Agreement embodies the entire understanding and agreement of the Parties with respect to the matters described, and it supersedes prior oral or written agreements, principles, negotiations, statements, representations, or understandings among the Parties with respect to those matters.

2. The Parties agree that this Lump-Sum Agreement is reasonable in light of the information shared by the Parties, consistent with law, and in the public interest.

4. The Parties agree that no provision of this Lump-Sum Agreement shall be construed against either Party because that Party or its counsel or advocate drafted the provision.

5. The Parties agree that this Lump-Sum Agreement may be amended or changed only by a written agreement signed by the Parties.

6. The Parties intend this Lump-Sum Agreement to be interpreted and treated as a
unified, integrated agreement.

III. TERMS

1. The Parties have thoroughly investigated the past, present and estimated future NBCs under D.04-03-036 and the Lease Agreement, the historic usage amounts, and other relevant factors, and have concluded that $17,606.00 represents a reasonable lump-sum payment for the remaining NBCs associated with the Departing Customers ("Lump Sum Amount").

2. PG&E shall invoice MID for the Lump Sum Amount by November 25, 2013. MID shall provide payment to PG&E within thirty (30) days after receipt of the invoice. Invoices shall be sent to MID at the following address:

   Modesto Irrigation District
   Attn: Robert Hondeville
   P.O. Box 4060
   Modesto, CA 95352

   Payments shall be made to PG&E by wire transfer to the following:

   Mellon Trust of New England, N.A.
   Boston, MA
   ABA Routing Number: 011001234
   For credit to: PG & E Depository Account
   Account number: 075477

3. The Parties agree that the payment made by MID of the Lump-Sum Amount, as described in Sections III.1 and III.2, above, shall be a full and complete satisfaction of the obligations of MID on behalf of the Departing Customers for NBCs under D.04-03-036 and the Lease Agreement. PG&E expressly waives any and all claims for additional payment of NBCs from MID or the Departing Customers, it being understood that this Lump-Sum Agreement constitutes a full and complete settlement of PG&E’s past and future claims against MID or the Departing Customers for charges under D.04-03-036 and the Lease Agreement.
4. The Parties agree that all workpapers and documentation relative to this Lump-Sum Agreement, whether in written or electronic form, and the substantive content of the discussions and related communications, whether written or verbal, leading up to this Lump-Sum Agreement, shall be considered Confidential Information and shall not be disclosed by either Party during the term of this Lump-Sum Agreement, except to such employees and agents of each Party who need access to the Confidential Information in order to ensure performance of this Lump-Sum Agreement. In the event that a Party is required by law or regulatory authority to disclose any Confidential Information, such Party will provide the other Party with prompt written notice so that the other Party may seek a protective order or other remedy. In the event such protective order or other remedy is not obtained or that the Party waives compliance with the provisions of this Section 5, the first Party will furnish only that portion of the Confidential Information that is legally required. If a Party elects to contest the disclosure of any Confidential Information, that Party may, at its own cost and expense, assume the defense of such claim or litigation. The Parties agree to abide by the final decision of a court of competent jurisdiction in connection with such claim. Notwithstanding the foregoing, the Parties hereby acknowledge that MID is a local government agency and is subject to provisions of the California Public Records Act (California Government Code Sections 6250 et seq.) and the Ralph M. Brown Act (California Government Code Sections 54950 et seq.), and that MID will be entitled to make records related to this Lump-Sum Agreement public to the extent required under these statutory provisions.

5. Each Party expressly agrees to waive the provisions of California Civil Code section 1542, which section provides 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.”
6. While this Lump-Sum Agreement is between PG&E and MID, it is understood that it fully satisfies the NBC obligations of MID and the Departing Customers, and PG&E agrees that it will have no right to seek further payment or pursue any claim for NBCs against MID or the Departing Customers under D.04-03-036 or the Lease Agreement.

7. In no event shall either Party be liable to the other Party for any indirect, special, consequential, or punitive damages of any kind whatsoever, whether in contract, tort, or special liability.

8. Except as otherwise provided for in this Lump-Sum Agreement, any dispute arising between the Parties relating to interpretation of the provisions of this Lump-Sum Agreement or to the performance of either Party of its obligations hereunder shall be reduced to writing and referred to the Parties’ duly appointed representatives for resolution, as indicated below:

For PG&E:  Ann Kim  
PG&E Law Department  
77 Beale Street  
San Francisco, CA 94105  
Phone: (415) 973-7467  
Email: ahk4@pge.com

For MID:  Joy A. Warren  
General Counsel  
Modesto Irrigation District  
P.O. Box 4060  
Modesto, CA 95352

Should such a dispute arise, the Parties shall be required to meet and confer in an effort to resolve their dispute. Pending resolution, the Parties shall proceed diligently with the performance of their respective obligations under this Lump-Sum Agreement. If the Parties fail to reach agreement within a reasonable period of time, the matter shall, upon demand of either Party, be submitted to arbitration or mediation on such terms and conditions as the Parties may agree.
Notwithstanding the foregoing paragraph, disputes expressly referred for resolution hereunder shall be resolved in the following manner:

(a) Within fifteen (15) days of the conclusion of the meet and confer process, either Party may initiate an arbitration at JAMS, with the Parties bearing equally the costs of such arbitration.

(b) There shall be a single arbitrator.

(c) The arbitration shall be governed by JAMS Comprehensive Rules in effect at the time of the commencement of the arbitration.

(d) The arbitrator shall prepare in writing and provide to the Parties a Statement of Decision that includes the factual findings and legal reasons on which the arbitrator based the Statement of Decision, and such Statement of Decision shall be final and binding unless appealed.

(e) The arbitrator's Statement of Decision shall be subject to judicial review consistent with California law. Accordingly, the Parties expressly agree that the arbitrator shall not have the power to commit errors of law or legal reasoning, any such legal errors constituting an excess of arbitral authority that is reviewable by the courts. The arbitrator's Statement of Decision may be vacated or corrected on appeal to a court of competent jurisdiction for any such legal error.

IV. EXECUTION

Each Party represents and warrants that (1) it has the full power and authority to execute and deliver this Lump-Sum Agreement and to perform its terms and conditions; (2) the execution, delivery and performance of this Lump-Sum Agreement have been duly authorized by all necessary corporate, municipal, or other action by such Party; and (3) this Lump-Sum Agreement constitutes such Party's legal, valid, and binding obligation, enforceable against such Party in accordance with its terms.

This Lump-Sum Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Lump-Sum Agreement shall become effective on the date the last Party executes this Lump-Sum Agreement, as indicated below.
In witness whereof, intending to be legally bound, the Parties hereto have duly executed this Lump-Sum Agreement on behalf of the Parties they represent.

Pacific Gas and Electric Company

By: [Signature]

Title: Director, Service Analysis

Date: Nov. 18, 2013
In witness whereof, intending to be legally bound, the Parties hereto have duly executed this Lump-Sum Agreement on behalf of the Parties they represent.

Modesto Irrigation District

By: __________________________
Roger Vaukoy

Title: General Manager

Date: 11/14/12
<table>
<thead>
<tr>
<th>Filing List Representation</th>
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<tbody>
<tr>
<td>General Order 96-B, Section IV</td>
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</table>

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