

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



December 10, 2021

Sidney Bob Dietz II - Director
Regulatory Relations
Pacific Gas & Electric
77 Beale St., Mail Code B13U
San Francisco, CA 94177

Advice Letter 6271-E/6271-E-A

Subject: Staff Disposition of Pacific Gas & Electric Advice Letter No. 6271-E and supplemental 6271-E-A, presenting the Final Form of Customer Credit Trust Agreement pursuant to D.21-04-030.

Dear Mr. Dietz:

Pacific Gas & Electric Company (PG&E) Advice Letter (AL) 6271-E, as modified by supplemental 6271-E-A, is approved, with an effective date of December 10, 2021, as further described in the attached. Attachment 1 contains a detailed discussion of the AL, the protest, the reply, and ED staff's determination that PG&E AL 6271-E, as supplemented by AL 6271-E-A, should be approved.

Please contact Michael Conklin of Energy Division at michael.conklin@cpuc.ca.gov should you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "ER" followed by "FOR".

Edward Randolph
Deputy Executive Director for Energy and Climate Policy/
Director, Energy Division

cc:

ED Tariff Unit
Thomas J. Long- tlong@turn.org

Attachment 1

Background

Commission decision (D).21-04-030 found that \$7.5 billion of catastrophic wildfire costs and expenses from 2017 are Stress Test Costs that are authorized to be financed through the issuance of recovery bonds. D.21-04-030 also directed PG&E to establish a Customer Credit Trust that would fund a customer credit that is intended to offset the Fixed Recovery Charge that customers would pay to fund the authorized recovery bonds.

D.21-04-030 of Ordering Paragraph 1 states:

Pacific Gas & Electric Company shall create a Customer Credit Trust consistent with the form agreement in Attachment A to this Decision and described in this Decision. Pacific Gas & Electric Company shall submit a Tier 2 Advice Letter to the Commission's Energy Division before June 30, 2021, for approval of the final form of the Customer Credit Trust Agreement negotiated with the Trustee.

PG&E filed Tier 2 Advice Letter (AL) 6271-E on July 26, 2021, seeking approval of its proposed final form of the Customer Credit Trust Agreement (CCTA) negotiated with the trustee (Trustee) pursuant to Ordering Paragraph (OP) 1 of D.21-04-030.¹

PG&E AL 6271-E includes attachments with the 1) public version of the proposed Final Form of the CCTA, 2) the confidential redacted version of the proposed Final Form of the CCTA, containing a fee schedule for Bank of New York Mellon (BNYM), and 3) a redline version of the proposed final form of the CCTA reflecting the changes to the Attachment A form of Trust Agreement attached to D.21-04-030.

PG&E notes that "The final negotiated form of the Customer Credit Trust Agreement and the selection of Bank of New York Mellon (BNYM) as the Trustee is the culmination of a six month process as detailed herein."² PG&E provides further detail beginning with its hiring of Callan LLC, an investment consulting firm to search for Trustee candidates for the Trust.

AL 6271-E explains that Callan's engagement included issuing a Request for Proposal (RFP) for Trustee/Custodian services and that Callan solicited proposals from eight potential trust candidates. Of the eight potential candidates, three submitted proposals: BNYM and two other large trust and custody service providers. PG&E proceeded to negotiate with all three and provided each with the Form of Trust Agreement Attachment A to D.21-04-030.³

PG&E explains that during negotiations with the three candidates, one eventually requested to withdraw from the process while PG&E continued to negotiate with the two remaining candidates. Of these two remaining candidates, BNYM provided extensive feedback regarding the Form of Trust Agreement Attachment A.

¹ PG&E was granted a 30-day extension from the original due date of June 30, 2021 by a letter from the CPUC Executive Director Rachel Peterson, dated June 30, 2021.

² PG&E AL 6271-E, p. 2.

³ PG&E AL 6271-E, pp. 2-3.

PG&E explains it ultimately selected BNYM after careful consideration of key metrics such as “(a) terms of the Proposed Final Trust Agreement, (b) amount of trustee compensation, (c) depth of trust and custody experience, (d) strength of client service, (e) ability to provide sophisticated accounting and tax reporting, and (f) ease of systems integration”. In addition, PG&E factored in BNYM’s long-term existing relationship with PG&E in its capacity as trustee for its Nuclear Decommissioning Trusts (NDTs).⁴

AL 6271-E highlights the “Key Revisions” to the form agreement Attachment A that resulted from the Trustee negotiations:

Trustee Compensation

PG&E states that neither of the two final candidates would take on any risk of non-payment arising from the Commission’s right to approve the reimbursement of PG&E for trustee compensation and expenses. Under Section 2.01 of the form of Trust Agreement Attachment A, the Trustee’s compensation and reimbursement of expenses would be reimbursed to PG&E only after CPUC approval. As a result, PG&E’s proposed final form of trust agreement modifies this to have Trustee compensation and expenses to fall under the \$500,000 annual cap for Trust-Paid expenses.⁵ PG&E states that “this addresses the trustee finalists’ desire for a reliable and available payment source for its fees and expenses, while maintaining the Commission’s oversight of Trust costs.”⁶

Fiduciary Capacity of the Trustee

AL 6271-E explains that none of the trustee candidates would accept a fiduciary relationship with the Trust and that the final two candidates added many limitations on the Trustee’s liability. PG&E explains that a non-fiduciary capacity is the current market practice of the trust business and is consistent with the nature of the trustee candidates’ trust business. PG&E states that although all candidates added limitations on trustee liability, PG&E was able to negotiate a more rigorous standard of care than that originally proposed by BNYM, ensuring that the trustee will be accountable for negligence.

Administrative and Technical Terms

PG&E explains that other comments from the trustee finalists were for updating administrative and technical provisions, for example assuring compliance with the USA PATRIOT ACT and regulations of the US Office of Foreign Assets Control. In addition, BNYM proposed many provisions similar to procedures currently in place with BNYM in its capacity as Trustee for PG&E NDTs.⁷

PG&E submits that the Proposed Final Trust Agreement is reasonable and appropriate and requests that the Commission approve the Proposed Final Trust Agreement with BNYM.

Protest of The Utility Reform Network

⁴ PG&E AL 6271-E, p. 4.

⁵ Form of Trust Agreement Attachment A Sec. 6.01 sets a \$500,000 annual cap on Trust expenses.

⁶ PG&E AL 6271-E, pp. 3-4.

⁷ PG&E AL 6271-E, p. 4.

On August 16, 2021, The Utility Reform Network (TURN) filed a timely protest (Protest) to PG&E AL 6271-E, pursuant to GO 96-B Rule 7.4.2(2), on the grounds that the relief it seeks is not authorized by D.21-04-030.

TURN states that PG&E's proposed agreement with BNYM is not consistent with the form agreement in Attachment A of D.21-04-030 in two important respects:⁸

- PG&E's agreement does not require CPUC approval of all amounts paid as compensation to the Trustee, even though D.21-04-030 specifically amended PG&E's proposal to require such CPUC approval; and
- PG&E's agreement does not require the Trustee to act in a fiduciary capacity in the best interest of the CCT beneficiaries, namely ratepayers.

Trustee Compensation and Expenses

TURN argues that Section 2.01 of the adopted form agreement in Attachment A required CPUC approval of any request by PG&E for reimbursement of Trustee compensation and expenses and that changing this removes an important ratepayer safeguard.

TURN further asserts that since Trustee compensation would now be lumped in with the \$500,000 annual cap, up to \$500,000 of Trustee compensation would no longer be subject to CPUC approval, resulting in the proposed agreement being inconsistent in a material and important way from the form agreement Attachment A. of D.21-04-030.

Furthermore, TURN states that the confidential fee schedule for BNYM is complex and affords significant opportunity for incorrect charges, and that under the original section 2.01, there were two layers of review before the Trustee compensation would be paid:

- PG&E reviews charges before paying them and provides a signed certificate for accuracy to the CPUC.
- CPUC Approval required for PG&E's reimbursement request.

TURN states that under PG&E's proposed revisions, both of these safeguards are removed from the process, increasing risk that excessive funds would be paid from the Customer Credit Trust, diminishing funds available to ratepayers to offset the Fixed Recovery Charges.⁹

Fiduciary Capacity of the Trustee

TURN argues that PG&E's proposed Trust Agreement is inconsistent with the Commission's adopted form of Agreement Attachment A in D.21-04-030 by not requiring the trustee to act in a fiduciary capacity to Trust beneficiaries. TURN cites to the D.21-04-030 form agreement, Attachment A, Section VI, p. 18 that states that Trustee's powers are "fiduciary powers to be exercised in a fiduciary capacity and in the best interests of the Trust and the beneficiaries thereof..."

TURN further asserts that PG&E's negotiated "more rigorous" standard of care was already required by the proposed form agreement Attachment A to D.21-04-030, resulting in the only meaningful change to the agreement being the loss of fiduciary responsibility of the Trustee.

⁸ TURN Protest of PG&E AL 6271-E, p. 1.

⁹ TURN Protest of PG&E AL 6271-E, p. 3.

TURN also casts doubt on PG&E's assertion that a non-fiduciary capacity is the prevailing market practice for a trustee business because PG&E itself originally proposed a version of the adopted form agreement Attachment A that included the fiduciary language.

Tier 2 Advice Letter Eligibility

TURN's Protest states that because PG&E's proposed agreement fails to meet the requirement of OP 1 that it be "consistent with the form agreement" in Attachment A of D.21-04-030, the Energy Division must reject AL 6271-E. TURN asserts that for the first sentence of OP 1 to have meaning, the CCT agreement must be "consistent with" the form agreement in Attachment A to D.21-04-030, and that PG&E's proposed agreement is clearly not consistent with the Attachment A in at least two respects.¹⁰

TURN argues that PG&E's proposed agreement with BNYM exceeds the scope of Commission authorization by staff for Tier 2 Advice Letters under GO 96-B because the proposal is not consistent with Attachment A to D.21-04-030 in material and important respects and is therefore outside the scope of what is previously authorized in D.21-04-030, making this determination more than ministerial, which is the limit of staff authority to dispose of Advice Letters.

TURN concludes that "CPUC Staff should reject PG&E's Tier 2 advice letter as beyond the scope of what was authorized in D.21-04-030 and direct PG&E to submit a petition for modification of D.21-04-030 if PG&E continues to seek approval of the proposed agreement attached to its advice letter."¹¹

PG&E's Reply to TURN's Protest

On August 23, 2021, PG&E filed its reply (Reply) to TURN's Protest addressing the points raised in the Protest while asserting that "TURN's Protest fails to set forth grounds for rejecting the Advice Letter, and PG&E respectfully requests that the Commission approve the Proposed Final Trust Agreement"¹² PG&E's Reply provides further specificity regarding why it disagrees with TURN's Protest:

Tier 2 Advice Letter Eligibility

PG&E states that TURN ignores that OP 1 specifically directs PG&E to submit the final negotiated form of trust agreement for approval via a Tier 2 Advice Letter:

Ordering Paragraph 1 states:

Pacific Gas & Electric Company shall create a Customer Credit Trust consistent with the form agreement in Attachment A to this Decision and described in this Decision. Pacific Gas & Electric Company shall submit a Tier 2 Advice Letter to the Commission's Energy Division before June 30, 2021, for approval of the final form of the Customer Credit Trust Agreement negotiated with the Trustee. (Emphasis PG&E's)

¹⁰ TURN Protest of PG&E AL 6271-E, p. 5.

¹¹ TURN Protest of PG&E AL 6271-E, p. 6.

¹² PG&E Reply to TURN's Protest, p. 1.

PG&E's Reply provides citation to a Proposed Decision revision that this language was added in response to PG&E comments that the final form of the trust would need to be negotiated with the entity that would serve as Trustee. PG&E further argues that TURN's reading of OP 1 is far too narrow and restrictive given the Commission's explicit recognition that the Final Form of Trust Agreement would be negotiated with the Trustee and submitted to Energy Division for approval via Tier 2 Advice Letter.

PG&E's Reply points out that the process for changes to the trust agreement authorized by D.21-04-030 permits amendment to the agreement by majority of the Customer Credit Trust Committee (Committee), except for "Fundamental Provisions", which require CPUC approval.¹³ Furthermore, PG&E explains that "CPUC Approval", which is needed to amend Fundamental Provisions, is defined as a "Tier 2 advice letter filed by the Company with, and approved by, the CPUC."¹⁴

PG&E further notes that TURN did not raise any objection or comment to the definition of CPUC Approval set forth in the Form of Trust Agreement Attachment A and should therefore not be allowed to argue at this late stage that the Tier 2 Advice Letter process is now somehow inconsistent with D.21-04-030 that established the Tier 2 CPUC Approval process itself.

Trustee Compensation and Expenses

PG&E disagrees with TURN's assertion that the revision to Section 2.01(1) of the Proposed Final Trust Agreement with respect to Trustee compensation and expenses is inconsistent with the Form of Trust Agreement Attachment A and therefore it cannot be approved through a Tier 2 Advice Letter. PG&E explains, as mentioned above, since Section 2.01(1) is a "Fundamental Provision" and that pursuant to D.21-04-030 changes Fundamental Provisions require a Tier 2 Advice Letter, approval of a change to Section 2.01(1) via Tier 2 Advice Letter is consistent with D.21-04-030.

PG&E also disagrees with TURN that Trustee Compensation "would be no longer subject to CPUC approval."¹⁵ PG&E notes that the Fee Schedule for the Trustee has been submitted to be reviewed and approved by the CPUC as part of the Advice Letter filing. Further, PG&E notes that TURN misstates a supposed "safeguard" that PG&E "provide a signed Certificate of [the accuracy of Trustee compensation and expenses] to the CPUC."¹⁶ According to PG&E, TURN misinterpreted the provision in Section 2.01(1)(c) of the Form of Trust Agreement, which actually refers to a Certificate by PG&E to the Trustee that the expense to be reimbursed is an "actual cost or expense of the Trust incurred by the Company."

Finally, PG&E states that the changes to 2.01(1) do not impact the material safeguards in place for the Trust, listing the following reasons with citations to the Proposed Final Trust Agreement:

¹³ The Customer Credit Trust Committee as established by Article III of the CCTA consists of five members with no more than two members being affiliated with PG&E.

¹⁴ PG&E Reply to TURN's Protest, p. 3, citing to D.21-04-030, Attachment A at § 1.01(11).

¹⁵ PG&E Reply to TURN's Protest, p. 3, citing TURN's Protest, p. 2.

¹⁶ PG&E Reply to TURN's Protest, p. 4, citing TURN's Protest, p. 2.

- The detailed Fee Schedule for the Trustee is attached to the Proposal Final Trust Agreement, and can be easily applied as it is for PG&E’s other trusts;
- Trustee compensation and expenses are clearly actual expenses or costs of the Trust (as would have been included in a certificate under Section 2.01(1)(c) of the Form of Trust Agreement);
- The Trustee will state the amount and nature of the compensation or expense in providing the invoice to the Trust;
- The Trustee’s compensation and expenses will have to be in accordance with Sections 4.03 and 6.02 and the Fee Schedule;
- The Committee will provide quarterly reports to the Commission with Trust balances and “itemized accounting of the Trust administration expenses and basis therefore,” which will be served on the service list of Application (A.) 20-04-023 (Section 3.05); and
- The Trustee’s compensation and expenses will be part of the costs of the Trust that are subject to the cap requiring CPUC Approval for annual expenses in excess of \$500,000 (Section 6.02).

Trustee Fiduciary Capacity

PG&E states that TURN is incorrect on both the effect of the changes to Article IV and VI, and its assertion that the changes cannot be approved via Tier 2 Advice Letter. PG&E explains that the form agreement it submitted with its application was based on the form for NDTs from 20-30 years ago and that the market has evolved in that time into a “directed trustee arrangement” meaning that the Trustee acts only as directed – in this case by the Committee. PGE explains that this evolution is more protective of Trust beneficiaries because it limits the discretion of the Trustee. In addition, PG&E notes that the Committee must submit quarterly reports to the Commission regarding the Trust which will be serviced on the service list for A.20-04-023.

With regard to the appropriateness of the Tier 2 Advice Letter process for this change, PG&E notes that while Fundamental Provisions need CPUC Approval, provisions that are not Fundamental Provisions can be amended at any time by the Committee without CPUC Approval. Since Article IV and VI are not “Fundamental Provisions”, D.21-04-030 recognizes that these provisions can be amended at any time even without a Tier 2 Advice Letter and therefore changes to these provisions cannot be inconsistent with D.21-04-030.

Supplemental AL 6271-E-A

On November 5, 2021 PG&E filed supplemental AL 6271-E-A containing a revised Updated Proposed Final Trust Agreement reflecting Commission-requested changes to strengthen the Commission’s oversight. For example, updates to the Commission’s power to approve a successor trustee, provide for a definitive date by which Trust financial statements are to be delivered to the Commission, require additional reporting regarding valuation of Trust-held securities and distinguish between actions to be taken by PG&E vs. the Trust and those to be taken by the Committee (as defined in the Updated Proposed Final Trust Agreement) vs. an investment manager.¹⁷ Supplemental AL 6271-E-A states that PG&E and the Trustee are in agreement with these changes.

Energy Division Disposition

¹⁷ PG&E Supplemental AL 6271-E-A, p. 2.

Energy Division (ED) has reviewed PG&E AL 6271-E, supplemental AL 6271-E-A, TURN's Protest, PG&E's Reply, the relevant portions of the CCTA Attachments and D.21-04-030.

ED finds that PG&E's AL 6271-E and supplemental AL 6271-E-A meet the specific requirements set forth by the CPUC in OP 1 of D.21-04-030 for the submittal of the Final Form of the Customer Credit Trust Agreement. It is clear that OP 1 of D.21-04-030 contemplated that the final form of the Customer Credit Trust Agreement would be *negotiated* with the Trustee and therefore revisions to the proposed Form Attachment A resulting from this negotiation were expected. Furthermore, it is clear D.21-04-030 intended negotiated revisions to be disposed of via a Tier 2 Advice Letter, therefore, a Petition for Modification by PG&E is unnecessary.

In addition, ED finds that PG&E's Reply adequately addresses the two specific issues contested by TURN in its Protest:

Trustee Compensation and Expenses

ED finds that PG&E's proposed revisions removing risk to the Trustee of non-approval for reimbursement of Trustee compensation and expenses do not rise to the level of removing material safeguards. It is reasonable for a Trustee candidate to require terms in an Agreement that remove the risk to the Trustee of not receiving compensation for its performance or reimbursement for its performance, as further evidenced by PG&E's statement that both Trustee candidate finalists were not amenable to taking on this risk.

The fact remains that there are adequate material safeguards contained in PG&E's proposed Final Trust Agreement that preserve CPUC oversight of the Trustee Compensation and expenses. Notably, any amount that would exceed the \$500,000 annual cap would still need CPUC approval. Furthermore, as mentioned above, the Committee is required to submit quarterly reports that include an "itemized accounting of the Trust administration expenses and basis therefore," which will be sent to the Commission and the Service List for A.20-04-023. ED finds that these detailed quarterly reports, combined with the confidential Fee Schedule submitted with AL 6271-E, along with the annual cap provide adequate oversight to Trustee compensation and expenses.

ED further finds that the proposed revision to Section 2.01(1), as a "Fundamental Provision" is adequately addressed via a Tier 2 Advice Letter and this is consistent with D.21-04-030 since pursuant to D.21-04-030, changes to Fundamental Provisions require a Tier 2 Advice Letter for CPUC Approval.

Trustee Fiduciary Capacity

The Advice letter shows that PG&E's proposed revisions to Article IV and VI are appropriate responses to negotiation given PG&E's statements that all three trustee candidates rejected any fiduciary relationship and that the form PG&E submitted with Application 21-01-004 was based on the form for NDTs from 20-30 years ago. Staff has not been presented with any basis on which to conclude that, over 20-30 years, the Trustee role has not in fact evolved to a "directed trustee arrangement" where the Trustee acts only as directed and, in this case, this arrangement is evidenced by the fact that the Committee itself directs the Trustee.

With regard to changes to Article IV and VI being implemented via Tier 2 Advice Letter, the form agreement Attachment A to D.21-04-030 allows for provisions, other than Fundamental Provisions, to be amended by a majority of the Committee without Commission approval. Because Article IV and VI are not “Fundamental Provisions” they would be able to be amended by the Committee at any time without a Tier 2 Advice Letter. As a result, ED finds that it is not inconsistent with D.21-04-030 to approve a change to Article IV and VI via PG&E Tier 2 Advice Letter 6271-E because there is no impropriety in submitting via Tier 2 advice letter amendments to provisions that could have been adopted without staff review.

Summary

Although TURN’s Protest was filed based on the grounds that the relief PG&E AL 6271-E seeks is not authorized by D.21-04-030, as discussed in detail above, ED finds that the relief sought by AL 6271-E and supplemental AL 6271-E-A was indeed contemplated and authorized by D.21-04-030. Therefore, TURN’s Protest is denied.

In conclusion, ED finds that the information presented by PG&E in Tier 2 AL 6271-E and supplemental AL 6271-E-A complies with the requirements set forth in OP 1 of D.21-04-030 to submit a Tier 2 Advice Letter with the final negotiated form of the Customer Credit Trust Agreement. As a result, PG&E AL 6271-E, as modified by supplemental AL 6271-E-A, is approved.

July 26, 2021

Advice 6271-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Tier 2 Advice Letter Seeking Approval of the Final Form of the Customer Credit Trust Agreement

Purpose

Pursuant to Ordering Paragraph (OP) 1 of Decision (D.) 21-04-030, Pacific Gas and Electric Company (PG&E) respectfully submits this advice letter to seek approval of the final form of the Customer Credit Trust Agreement negotiated with the trustee (Trustee) for the Customer Credit Trust (Trust). OP 1 requires PG&E to “submit a Tier 2 Advice Letter to the Commission’s Energy Division before June 30, 2021, for approval of the final form of the Customer Credit Trust Agreement negotiated with the Trustee.”¹

Background

On April 23, 2021, the Commission issued D.21-04-030, finding that \$7.5 billion of PG&E’s 2017 catastrophic wildfire costs and expenses are Stress Test Costs that may be financed through the issuance of recovery bonds pursuant to Public Utilities Code section 850 *et seq.* In D.21-04-030, the Commission directed PG&E to establish the Trust, which will be funded by PG&E shareholders as set forth in the decision.² The Trust will fund a monthly Customer Credit that is expected to equal the Fixed Recovery Charge (FRC) that will be imposed on customers to pay the costs and expenses of the recovery bonds authorized by the Commission in D.21-05-015.³

The Trust will have a limited purpose: to hold and preserve the Trust’s assets and manage the investment thereof, in order to fund the Customer Credit.⁴ The Trust will be established and managed in accordance with a Customer Credit Trust Agreement.⁵

¹ By letter dated June 30, 2021, the Executive Director extended the deadline for submission of this letter from June 30, 2021 to July 30, 2021.

² See D.21-04-030 at 90-91 ¶¶ 1-6 (Ordering Paragraphs 1 through 6).

³ *Id.* at 91 ¶ 8 (Ordering Paragraph 8); see also D.21-05-015 (Financing Order Authorizing the Issuance of Recovery Bonds Pursuant to Article 5.8 of the California Public Utilities Code).

⁴ D.21-04-030 at 72-73.

⁵ *Id.* at 90 ¶ 1 (Ordering Paragraph 1).

Subject to final negotiation with the Trustee, the Commission approved the form of the Customer Credit Trust Agreement in Attachment A to D.21-04-030 (Form of Trust Agreement). The final negotiated form of the Customer Credit Trust Agreement and the selection of Bank of New York Mellon (BNYM) as the Trustee is the culmination of a six-month process as detailed herein.

In this advice letter, PG&E seeks further approval of this final negotiated form of the Customer Credit Trust Agreement, attached hereto as Attachment 1 (Proposed Final Trust Agreement). Attachment 1 is the public version of the Proposed Final Trust Agreement, which has been redacted to protect BNYM's negotiated fee structure, which reflects market sensitive/competitive data. Attachment 2 is the confidential unredacted version of the Proposed Final Trust Agreement, which will be submitted to the Energy Division⁶ and made available on a confidential basis, upon request, to parties to A.20-04-023 and A.21-01-004 that executed non-disclosure agreements in those proceedings. In addition, attached as Attachment 3 is a redline of the Proposed Final Trust Agreement reflecting changes to the Form of Trust Agreement.

Trustee Solicitation Process

In February 2021, PG&E engaged Callan LLC (Callan), an investment consulting firm, to conduct a search for trustee candidates for the Trust. Callan has the requisite knowledge of trust and custody service providers for large, complex institutional investors and of trust structures like that of the Trust, and has worked with nuclear decommissioning trusts (NDTs), including those operated by the California utilities. In collaboration with PG&E, Callan identified the universe of trustee providers. Callan then provided an assessment of the qualifications of prospective providers and developed minimum qualifications, including institutional and grantor trust experience and service infrastructure to support a taxable trust. The scope of Callan's engagement also included issuing a Request for Proposal (RFP) for Trustee/Custodian Services and reviewing the responding candidates' proposed services and fees to assess proficiency, competitiveness, and reasonableness.

In the RFP process, Callan solicited proposals from eight potential trustee candidates. Three candidates submitted proposals: BNYM and two other large trust and custody service providers. Callan evaluated these three candidates and concluded that each met the institutional custody qualifications and has the requisite size, scale, service elements, and resources required to provide the needed services to the Trust. However, Callan did note meaningful differences in certain areas of the service capabilities and expressed some concerns regarding the scope of services that one of the candidates would be able to provide independently. Regarding fees, Callan concluded that the fees proposed by two of the candidates would result in a substantially similar cost to the Trust, but the fees proposed by the third would result in considerably higher costs for the Trust. Despite the sizeable difference in fees and the concerns about the capabilities of certain candidates, PG&E proceeded to negotiate a form of trust agreement with each trustee candidate. To

⁶ Attachment 4 is the declaration supporting the confidential treatment of Attachment 2.

begin that process, PG&E provided each with the Form of Trust Agreement, Attachment A of D.21-04-030.

Trust Agreement Negotiation

Callan, on behalf of PG&E, encouraged the trustee candidates to provide comments directly to the Form of Trust Agreement. This would both allow PG&E to efficiently compare terms among the candidates and facilitate the Commission's review of a final, negotiated form of trust agreement. One candidate responded with a relatively light set of comments, while the other two candidates initially declined to provide comments to the Form of Trust Agreement. These candidates instead provided general feedback about the nature of the terms each would expect to include in a trust agreement. PG&E reached out to these two candidates seeking specific proposed revisions to the Form of Trust Agreement. PG&E and its outside counsel had a further discussion with BNYM and its outside counsel to stress the importance of the requested process. These efforts were successful and BNYM subsequently delivered an extensive set of comments to the Form of Trust Agreement. Callan and PG&E did similar follow up with representatives of the third candidate, which efforts culminated in that candidate's request to withdraw from the RFP process.

PG&E engaged in negotiation of the Form of Trust Agreement with both BNYM and the other remaining candidate. The negotiations resulted in three general categories of revisions to the Form of Trust Agreement: trustee compensation, limitations on trustee liability, and administrative and technical terms, including expanded and updated customary trust agreement provisions.

Key Revisions to Form of Trust Agreement

Trustee Compensation: The comments from both trustee finalists evidenced their preference for a more direct payment process for the trustee fees and expenses. For example, the trustee candidates were not amenable to taking on any risk of non-payment arising from the Commission's right to approve reimbursement of PG&E for trustee compensation and expenses. In Section 2.01 of the Form of Trust Agreement, the trustee's compensation and reimbursement of out-of-pocket expenses would be reimbursed to PG&E out of the Trust only upon Commission approval, whereas other Trust expenses are able to be paid by the trustee directly from Trust assets (Trust-Paid Expenses). With the exclusion of investment manager fees, Trust-Paid Expenses are subject to a \$500,000 annual cap⁷ and Trust-Paid Expenses in excess of such cap require Commission approval. The Proposed Final Trust Agreement reclassifies trustee compensation and its out-of-pocket expenses as Trust-Paid Expenses within the \$500,000 annual cap. This addresses the trustee finalists' desire for a reliable and available payment source for its fees and expenses, while maintaining the Commission's

⁷ Form of Trust Agreement § 6.01.

oversight of Trust costs. Additional minor revisions were made to clarify and better facilitate tracking of the \$500,000 annual cap.

Trustee Liability: All three trustee candidates rejected any fiduciary relationship with the Trust, and the mark-ups from the two finalists included many additional express limitations on the trustee's liability. Acting in a non-fiduciary capacity is in line with the prevailing market practice and consistent with the nature of the trustee candidates' trust business. The added liability limitations include, among others, express disclaimers of any obligation to act without specific instruction, of any trustee liability for investment decisions or losses and of consequential, punitive, and special damages. To protect the Trust and to mitigate the express limitations of trustee liability, PG&E negotiated a more rigorous standard of care. Whereas BNYM proposed a reasonable professional custodian standard, the Proposed Final Trust Agreement expands that to ensure the trustee would be accountable for its negligence.⁸

Administrative and Technical Terms: Most of the remaining trustee finalists' comments were updated and supplemental administrative and technical provisions intended largely to align the form of Trust Agreement with the institutions' current forms of trust agreement. These include, for example, provisions assuring compliance with the USA PATRIOT Act and regulations of the US Office of Foreign Assets Control. Additionally, many of the custodian and settlement procedural provisions proposed by BNYM merely reduced to writing the procedures that PG&E has in place currently with BNYM in BNYM's capacity as trustee of the PG&E NDTs. PG&E also negotiated more specificity in the reporting to be provided by the trustee and a longer review period for the trustee-prepared financial statements.

After review of feedback from all trustee candidates and at the end of its negotiations with the two trustee finalists, PG&E submits that the Proposed Final Trust Agreement is reasonable and appropriate.

Trustee Selection

After careful consideration of key metrics, including (a) terms of the Proposed Final Trust Agreement, (b) amount of trustee compensation, (c) depth of trust and custody experience, (d) strength of client service, (e) ability to provide sophisticated accounting and tax reporting, and (f) ease of systems integration, PG&E determined that BNYM was the best candidate to engage as Trustee. Another important factor in this decision was BNYM's long-term, successful working relationship with PG&E in its capacity as trustee of PG&E's NDTs and its extensive experience as trustee for other utilities' NDTs.

⁸ The Proposed Final Trust Agreement defines the Standard of Care as follows: "Trustee shall discharge its duties under [the] Agreement with the standard of care and diligence that a professional custodian would observe in these affairs taking into account the prevailing rules, practices, procedures and circumstances in the relevant market, or such other standard of care as is required by applicable law and in any case acting without negligence, gross negligence or willful misconduct." Proposed Final Trust Agreement § 4.06(1).

Request for Approval of Proposed Final Trust Agreement

PG&E respectfully requests that the Commission approve the Proposed Final Trust Agreement with BNYM.

Protests

*****Due to the COVID-19 pandemic, PG&E is currently unable to receive protests or comments to this advice letter via U.S. mail or fax. Please submit protests or comments to this advice letter to EDTariffUnit@cpuc.ca.gov and PGETariffs@pge.com*****

Anyone wishing to protest this submittal may do so by letter sent via U.S. mail, facsimile or E-mail, no later than August 16, 2021, which is 21 days⁹ after the date of this submittal. Protests must be submitted 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:

Sidney Bob Dietz II
Director, Regulatory Relations
c/o Megan Lawson
Pacific Gas and Electric Company
77 Beale Street, Mail Code B13U
P. O. Box 770000
San Francisco, California 94177
Facsimile: (415) 973-3582
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

⁹ The 20-day protest period concludes on a weekend, therefore, PG&E is moving this date to the following business day.

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 General Order 96-B, Rule 5.1, and D.21-04-030, this advice letter is submitted with a Tier 2 designation. PG&E requests that this Tier 2 advice submittal become effective upon CPUC approval.

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 lists for A.20-04-023 and A.21-01-004. 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 submittals can also be accessed electronically at: <http://www.pge.com/tariffs/>.

/S/

Sidney Bob Dietz II
Director - Regulatory Relations

Attachments

- Attachment 1: Proposed Final Agreement – PUBLIC
- Attachment 2: Proposed Final Agreement – CONFIDENTIAL
- Attachment 3: Redline of Proposed Final Agreement
- Attachment 4: Declaration Supporting Confidential Designation

cc: Service Lists in A.20-04-023, A.21-01-004



ADVICE LETTER 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 WATER
 PLC HEAT

Contact Person: Annie Ho

Phone #: (415) 973-8794

E-mail: PGETariffs@pge.com

E-mail Disposition Notice to: AMHP@pge.com

EXPLANATION OF UTILITY TYPE

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

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #: 6271-E

Tier Designation: 2

Subject of AL: Tier 2 Advice Letter Seeking Approval of the Final Form of the Customer Credit Trust Agreement

Keywords (choose from CPUC listing): Compliance, Agreement

AL Type: Monthly Quarterly Annual One-Time Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #: D.21-04-030

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:

Confidential treatment requested? Yes No

If yes, specification of confidential information: See Attachment 4 for Confidential Designation
 Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information: Margaret Becker, (415) 973-8956

Resolution required? Yes No

Requested effective date:

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 proposed¹: N/A

Pending advice letters that revise the same tariff sheets: N/A

¹Discuss in AL if more space is needed.

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

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102
Email: EDTariffUnit@cpuc.ca.gov

Name: Sidney Bob Dietz II, c/o Megan Lawson
Title: Director, Regulatory Relations
Utility Name: Pacific Gas and Electric Company
Address: 77 Beale Street, Mail Code B13U
City: San Francisco, CA 94177
State: California Zip: 94177
Telephone (xxx) xxx-xxxx: (415)973-2093
Facsimile (xxx) xxx-xxxx: (415)973-3582
Email: PGETariffs@pge.com

Name:
Title:
Utility Name:
Address:
City:
State: District of Columbia Zip:
Telephone (xxx) xxx-xxxx:
Facsimile (xxx) xxx-xxxx:
Email:

Advice 6271-E
July 26, 2021

Attachment 1

Proposed Final Agreement – PUBLIC

**PACIFIC GAS AND ELECTRIC COMPANY
CUSTOMER CREDIT TRUST AGREEMENT**

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CUSTOMER CREDIT TRUST AGREEMENT

THIS CUSTOMER CREDIT TRUST AGREEMENT is made as of [•] by and between Pacific Gas and Electric Company, a California corporation (“Company”), and The Bank of New York Mellon, a bank organized under the laws of New York (“Trustee”).

WHEREAS, the Company, through a special purpose entity, is issuing recovery bonds (the “Bonds”) to fund costs and expenses related to certain wildfires that occurred in 2017 and other costs (“Financing Costs”) associated with the issuance of the Bonds;

WHEREAS, the principal, interest and related costs of the Bonds will be recovered by the collection of rates and other charges (the “Fixed Recovery Charges”) from certain existing and future consumers (the “Consumers”) of electricity in the Company’s service territory;

WHEREAS, the Company has received CPUC (as defined herein) authorization to comply with the requirement that the issuance of the Bonds be neutral on average to ratepayers by issuing a credit to the affected Consumers (the “Customer Credit”) in connection with the Fixed Recovery Charges;

WHEREAS, the Company is establishing the grantor trust hereunder to serve as the source of funding for the Customer Credit; and

WHEREAS, in the calendar year 2021, the Company intends to make a contribution, or series of contributions, to such grantor trust in an aggregate amount not to exceed \$2.0 billion (the “Initial Contribution”);

NOW, THEREFORE, in consideration of the mutual promises herein contained, the Trustee hereby agrees to receive the Initial Contribution from the Company to initially fund the grantor trust hereunder;

TO HAVE AND TO HOLD, the Initial Contribution and such Additional Contributions (as defined herein) as may be made from time to time as provided herein, together with the investments and reinvestments thereof and any income, earnings and appreciation thereon (hereinafter collectively called “Trust”) onto the Trustee;

IN TRUST NEVERTHELESS, for the uses and purposes and upon the terms and conditions hereinafter set forth.

I. DEFINITIONS, PURPOSE AND NAME

1.01. Definitions. As used in this Agreement, the following terms have the following meanings:

- (1) “Additional Contributions” means any contribution, other than the Initial Contribution, of cash, securities or other property (such other property to be reasonably acceptable to Trustee), which, for clarity, shall not include a

direct or indirect interest in real property, leaseholds or mineral interests, made by the Company to the Trust.

- (2) “Affiliate” or “affiliate” means, with respect to any entity, any other entity that directly or indirectly controls, is controlled by or under common control with such entity.
- (3) “Agreement” means this Customer Credit Trust Agreement and any attachments, schedules or exhibits hereto, as the same may from time to time be amended, modified, or supplemented.
- (4) “Authorized Representative” means, with respect to the Company, the Chief Executive Officer, President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or Chief Financial Officer or any other person designated as an Authorized Representative of the Company by a Certificate of the Company filed with the Trustee; with respect to the Committee, the members of the Committee, or any other person designated as an Authorized Representative of the Committee by a Certificate of the Committee filed with the Trustee; and with respect to any Investment Manager, the person or persons authorized to give instructions to the Trustee on its behalf as certified pursuant to Section 5.01(3).
- (5) “Certificate” or “Certification” or “Instructions” means a written certificate or other writing (including writing transmitted by email) signed or otherwise reasonably appearing on its face to have been issued from two Authorized Representatives of the Company (for a Certificate of the Company), two Authorized Representatives of the Committee (for a Certificate of the Committee) or one Authorized Representative of an Investment Manager. Any of the foregoing may be issued to Trustee by way of (a) one of the following methods chosen at the discretion of the Company, the Committee or an Investment Manager, as applicable, but only if specified by Trustee as available for use in connection with the services hereunder: (i) services made available by Trustee to electronically access information on the Trust or transmit Instructions (the “Electronic Access Services”); (ii) facsimile (for contingency purposes only) or (iii) third-party electronic communication services containing, where applicable, appropriate authorization codes, passwords or authentication keys, or otherwise reasonably appearing on their face to have been transmitted by an Authorized Representative; or (b) such other method as may be agreed upon by the parties.
- (6) “Code” means the Internal Revenue Code of 1986, as the same may be amended from time to time.
- (7) “Committee” means the Customer Credit Trust Committee established pursuant to Article III.

- (8) “Contributions” means the Initial Contribution and all Additional Contributions (if any).
- (9) “CPUC” means the California Public Utilities Commission, as defined and set forth in Section I of Article XII of the California Constitution, or its successor.
- (10) “CPUC Approval” means a Tier 2 advice letter filed by the Company with, and approved by, the CPUC. The Company is solely responsible for determining the extent to which CPUC Approval is required pursuant to this Agreement, for obtaining such CPUC Approval when required, and for notifying Trustee of such CPUC Approval. A Certification from the Company as to a matter requiring CPUC Approval shall constitute the Company’s representation and warranty to Trustee that such CPUC Approval has been obtained, and Trustee shall not be responsible for interpreting, reviewing, or confirming such approval.
- (11) “CPUC Order” means an order or resolution issued by the CPUC after the Company, the Committee, the CPUC staff, the Trustee, and other interested parties have been given notice and an opportunity to be heard. The order may be issued with or without hearing or by the CPUC advice letter procedure or comparable procedure.
- (12) “Investment Manager(s)” means the fiduciary specified in an investment management agreement executed with the Committee:
- (a) that has been retained by the Committee to manage, acquire, or dispose of any asset belonging to the Trust;
 - (b) that is:
 - (i) registered as an investment adviser under the Investment Advisers Act of 1940,
 - (ii) a bank, as defined in the Investment Advisers Act, or
 - (iii) an insurance company qualified to perform services described in subsection (a) above, under the laws of more than one state; and
 - (c) that has acknowledged, in writing, that it is fiduciary with respect to the Trust, that is qualified to act under subsection (b) above, and has agreed to be bound by all of the terms, provisions, and covenants of the applicable investment management agreement.
- (13) “Investment Manager Agreement(s)” means the agreement(s) between the Committee and one or more Investment Managers selected by the

Committee, which agreement governs the management of the assets of the Trust and will be subject to CPUC Approval.

- (14) “Market Data” means pricing, valuations or other commercially sourced data applicable to any securities. Market Data also includes security identifiers, bond ratings and classification data. A “Market Data Provider” is a vendor or other analytics provider or other person providing Market Data to Trustee.
- (15) “Shortfall” means, with respect to any Customer Credit Period, the amount by which the Customer Credits issued in such period exceeds the amount available in the Trust for reimbursement to the Company of such Customer Credits.

The following terms are defined elsewhere in this Agreement, as indicated below:

Act	8.01(2)	Fundamental Provisions	2.08(3)(a)
BNY Mellon Group	8.01(4)	Initial Contribution	Recitals
Bonds	Recitals	Investment Policy	5.01(1)
Company	Preamble	Permitted Liens	6.08
Consumers	Recitals	Reimbursable Trust Expenses	2.01(1)
Customer Credit	Recitals	Sanctions	8.01(1)
Customer Credit Period	2.01(2)(b)	Standard of Care	4.06(1)
Depository	7.02(4)	Subcustodian	7.02(4)
Electronic Access Services	Definition of Certificate	Third Party Data	4.04(2)
Financing Costs	Recitals	Trust	Recitals
Fixed Recovery Charges	Recitals	Trustee	Preamble
Fundamental Approval	2.08(3)(b)	Unaffiliated Members	3.01(2)

1.02. Authorization. Each of the Trustee and the Company hereby represents and warrants that it has the full legal authority and is duly empowered, to enter into this Agreement; and it has taken all action necessary to authorize the execution of this Agreement on its behalf by the signatories hereto.

1.03. Trust Purpose. The exclusive purpose of the Trust is to hold and invest its assets in order to distribute funds to the Company for the purpose of reimbursing the Company for issued Customer Credits.

1.04. Establishment of Trust. The Trust is established by this Agreement. The parties hereby acknowledge and agree that the Trustee's duties pursuant to this Agreement will be limited solely to those duties provided for in this Agreement.

1.05. Name of Trust. The Contributions received by the Trust from the Company, the investments and reinvestments thereof and any income, earnings and appreciation thereon shall constitute the "Pacific Gas and Electric Company Customer Credit Trust".

II. DISPOSITIVE PROVISIONS

After payment of the expenses described in Section 6.02 hereof, the Trustee shall distribute the Trust as set forth in this Section 2.

2.01. Distributions from the Trust. The Trustee shall make distributions to the Company from the Trust pursuant to Instructions in accordance with the following procedures (and, in the case of Section 2.01(1), only upon CPUC Approval).

- (1) Distributions to the Company for Expense Reimbursement. Requests by the Company for reimbursement for any cost or expense of the Trust incurred by the Company, including (y) tax liabilities incurred by the Company in respect of the income earned on, or in respect of, the Trust and (z) amounts payable to the Trustee in respect of the indemnity provided in Section 4.07 (provided that this clause shall not limit the Trustee's right to indemnity from the Company pursuant to Section 4.07, but only the potential reimbursement of the Company from the Trust of such paid indemnity expenses) (collectively, "Reimbursable Trust Expenses"), shall be submitted by the Company to the Trustee and shall include:
 - (a) the amount of the Reimbursable Trust Expense;
 - (b) reasonable detail regarding the nature of such Reimbursable Trust Expense; and
 - (c) a Certificate of the Company certifying that the Reimbursable Trust Expense is an actual cost or expense of the Trust incurred by the Company.
- (2) Reimbursement of the Company for Customer Credits. Disbursements to the Company for reimbursement of Customer Credits shall be submitted by the Company to the Trustee via Certification that shall include:
 - (a) the aggregate amount of the Customer Credit reimbursement being sought;
 - (b) the measurement period for the Customer Credits (the "Customer Credit Period") included in such reimbursement;

- (c) a report setting forth in reasonable detail the Customer Credits credited to the Consumers during such Customer Credit Period;
 - (d) whether any of such Customer Credit reimbursement amount is attributable to a Shortfall in a prior Customer Credit Period and, if so, the amount of such Shortfall and reasonable detail thereof; and
 - (e) a Certification that the Customer Credit reimbursement being sought represents actual Customer Credits credited during the applicable Customer Credit Period (or multiple Customer Credit Periods, in the case of a Shortfall).
- (3) Distributions upon Termination. Upon the termination of the Trust in accordance with the terms of this Agreement, the Trustee shall make distributions to the Company pursuant to Section 2.07.

2.02. Additions to Trust; Substitutions. From time to time after the Initial Contribution and prior to the termination of the Trust, the Company may make, and the Trustee shall accept, Additional Contributions, in all cases to satisfy the purpose of the Trust as set forth in Section 1.03. The Company shall have the right to substitute other assets reasonably acceptable to Trustee for Trust assets if such substituted assets are of equivalent value, confirmation of which equivalent value shall be subject to CPUC Approval (and the Company shall furnish to the CPUC information regarding the relative values of such substituted assets and the Trust assets being replaced).

2.03. Distribution of Income.

- (1) Principal and Income. Promptly following the end of each month, the Trustee shall deliver to the Committee a monthly report of the value of Trust assets, based on Market Data and Trustee's customary procedures. Delivery of such reports shall be by making such report available through Electronic Access Services or such other method as may be agreed upon by the parties.
- (2) Income on Current Collections. As of the end of each accounting period of the Trust, the undistributed income of the Trust shall, for purposes of all subsequent accounting periods, be treated as Trust principal.

2.04. No Transferability of Interest in Trust. The interest of the Company in the Trust is not transferable by the Company, whether voluntarily or involuntarily, nor is such interest or the assets of the Trust subject to the claims of creditors of the Company.

2.05. Resolution of Disagreements. If any disagreement arises between the Company, the Committee, and/or the CPUC regarding the Trust, the disagreement shall be submitted to the CPUC for resolution by issuance of a CPUC Order after notice and an opportunity to be heard, as provided in the California Public Utilities Code, has been given to the Company, the Committee, the CPUC, the Trustee, and any interested parties. The CPUC, on its own motion, may raise and consider any issue with regard to the Trust, and any such issue raised on the CPUC's own motion shall be resolved as provided above. Pending resolution of the disagreement, the Trustee shall act in accordance with the Committee's Instructions. Nothing in this Agreement shall be construed to

limit the rights of the Company, the Committee, the CPUC, the Trustee or any other interested party under the California Public Utilities Code or other applicable laws or regulations.

2.06. Termination of Trust. The Trust shall be irrevocable and will terminate (in whole or in part) upon the earliest of:

- (1) receipt by the Trustee of a Certificate from the Committee stating that the Bonds have been repaid in full, the Financing Costs have been paid in full and the Fixed Recovery Charges have ceased;
- (2) the expiration of twenty-one (21) years from the death of the last survivor of the descendants of Joseph P. Kennedy, the late ambassador of the United States to the Court of St. James, living on the date of this Agreement;
- (3) CPUC Approval of the termination of the Trust; and
- (4) at any such time as the CPUC may order the Committee to terminate the Trust.

2.07. Distribution of Trust Upon Termination. Upon termination of the Trust, the Trustee shall, pursuant to Instructions of the Committee, liquidate the assets of the Trust, and thereupon distribute the then-existing assets of the Trust (including accrued, accumulated, and undistributed net income) *less* final Trust expenses (including taxes and Trustee expenses) to the Company, of which distributed amount the Company shall further distribute twenty-five percent (25%) to the Consumers. The Company shall be solely responsible for calculating and distributing such amount to Consumers, and for determining the appropriate payees and amounts with respect to Consumers, and Trustee shall have no obligation with respect to the same or to the disposition of any assets following such distribution to the Company.

2.08. Alterations and Amendments.

- (1) The Trustee and the Company understand and agree that modifications or amendments may be required to this Agreement from time to time to effectuate the purposes of the Trust.
- (2) This Agreement may be amended by majority approval of the Committee and with the written approval of Trustee, which approval shall not be unreasonably withheld, delayed or conditioned; provided that amendment of any of the Fundamental Provisions shall require Fundamental Approval.
- (3) For purposes of this Agreement:
 - (a) “Fundamental Provisions” means Section 1.03 (Purpose), Article 2 (Dispositive Provisions), Section 3.01(1) (Committee Members), and Section 3.03(1) (Acts of Committee).
 - (b) “Fundamental Approval” means (y) the super-majority approval of at least four (4) members of the Committee (which super-majority

must include the approval of all three (3) Unaffiliated Members) and (z) CPUC Approval.

2.09. No Authority to Conduct Business. The purpose of the Trust is limited to the matters set forth in Section 1.03 hereof, specifically, and there is no objective to carry on any business unrelated to the Trust purposes set forth in Section 1.03 hereof, or derive the gains therefrom. For the avoidance of doubt, the Trust is not intended to be a business trust.

III. THE COMMITTEE

3.01. Members.

- (1) The Committee shall consist of five (5) members. The members shall be nominated by the management of the Company, and their nomination shall be confirmed by the Board of Directors of the Company. No more than two of the members of the Committee shall be employees, officers, or directors of the Company (or family members of any of the foregoing), or otherwise be affiliated with the Company in any capacity except as members of the Committee.
- (2) The names of the nominees shall be furnished to the CPUC in writing within ten (10) days of their nomination. The Company shall furnish the CPUC with a resume of their background and qualifications. The three (3) nominees who are not affiliated with the Company (the “Unaffiliated Members”) shall be confirmed or rejected by the CPUC within 60 days of their submittal. For the Unaffiliated Member nominees, the Company shall furnish to the CPUC a statement in writing affirming that such nominees are not employees, officers, directors (or family members of the foregoing), or otherwise affiliated with the Company and providing sufficient additional information to determine the existence of any conflict or potential conflict of interest. Each Unaffiliated Member nominee shall furnish the CPUC with a declaration that such nominee has no financial or other interest that would conflict with the discharge of their responsibilities as a Committee member. Ownership of less than \$1,000 of Company’s stock and/or being a customer of the Company in the ordinary course of business and/or having routine business relationships such as providing normal banking services shall not be regarded as creating such a conflict or an affiliate relationship.
- (3) If at any time and for any reason there are insufficient Unaffiliated Members to permit the Committee to obtain a quorum, the CPUC, at the request of the Company, may issue an order allowing the Committee to function for a limited period of time with more than two (2) members who are employees, officers and/or directors of the Company. Should the CPUC issue such an order, it shall prescribe in that order the limited period of time during which the Committee may be composed of more than two (2) members who are officers, employees and/or directors of the Company, and it shall prescribe

a time by which the Company must submit the names of new Unaffiliated Member nominees for confirmation by the CPUC. The Committee shall not function with more than two (2) members who are officers, employees and/or directors of the Company except upon such order of the CPUC, and then only within the period of time prescribed in the order of the CPUC.

3.02. Term.

- (1) The term of each Committee member shall be five (5) years; provided, however, that any member may be removed by the CPUC in its sole discretion at any time. Initial appointments of Committee members may be for less than a five-year term in order to establish staggered membership terms among the members of the Committee.
- (2) The Company shall notify the Trustee and the Investment Manager(s) of all appointments and replacements of Committee members in writing signed by an Authorized Representative of the Company.
- (3) The initial Unaffiliated Members (as approved by the CPUC) are: Nancy Calkins, Colette Taylor and Lincoln (Linc) Walworth, to serve for terms of five (5), four (4) and three (3) years, respectively. The initial affiliated members of the Committee are: David Thomason (Vice President, Chief Financial Officer and Controller of the Company) and Tyson Smith (Managing Counsel of Strategy and Policy of the Company), to each serve for a five (5) year term. Mr. Thomason will serve as the Committee's chairperson.

3.03. Acts of Committee.

- (1) Each member of the Committee shall have one vote and, other than with respect to any amendment of the Fundamental Provisions, the Committee shall act by majority decision.
- (2) It shall require a minimum of four (4) members of the Committee to constitute a quorum in order for the Committee to act.
- (3) Votes of members of the Committee shall be recorded on all matters voted on or decided by the Committee. Full minutes of Committee meetings shall be maintained and provided to the Commission quarterly.
- (4) The Committee shall be subject to the authority of the CPUC.

3.04. Duties and Powers of the Committee.

- (1) The Committee shall direct and manage the Trust and perform all duties attendant thereto, including:

- (a) the appointment of trustees and Investment Managers and the execution of whatever contracts, agreements, or other documents it deems necessary to manage and invest the Trust assets;
 - (b) so long as the principal terms of the Trust are consistent with those set forth herein, determination of the jurisdiction and structure of the Trust (including the reorganization or reconstitution of the Trust in a different jurisdiction or as a statutory trust as distinguished from a common law trust); and
 - (c) protection and enforcement of the rights to the Trust assets vested in the Trust and the Trustee by any method deemed appropriate, including, without limitation, by judicial proceedings or otherwise.
- (2) The Committee may retain the services of such professional advisors, legal counsel, and administrative support as it deems necessary to carry out its responsibilities hereunder. The reasonable fees and/or compensation of any such assistance the Committee may desire to retain shall be regarded as appropriate Trust administration expenses payable pursuant to Section 6.02.
 - (3) The Committee may adopt policies and procedures governing its direction and management of the Trust, so long as such policies and procedures do not contravene the purpose of the Trust as set forth herein or otherwise conflict with or violate the provisions of this Agreement.

3.05. Committee Reports. The Committee shall submit a written report to the CPUC quarterly. At the discretion of the CPUC, the report shall either be (i) confidential and submitted to the CPUC by the Committee under the provisions of Section 583 of the Public Utilities Code or applicable successor provision or (ii) made publicly available. The report shall also be served on the service list of Application 20-04-023. The report shall include, at a minimum:

- (1) Starting and ending balance of the Trust for the period covered by the report;
- (2) The dates and amounts of the distributions to the Company from the Trust in respect of Customer Credits;
- (3) The dates and amounts of the distributions to the Company from the Trust in respect of Reimbursable Trust Expenses, including reasonable detail regarding the nature thereof; and
- (4) An itemized accounting of the Trust administration expenses and the basis therefor.

3.06. Compensation.

- (1) Each Unaffiliated Member shall be entitled to reasonable fees and/or compensation for their services hereunder. At the time an Unaffiliated Member nominee's name is furnished to the CPUC, the Company shall

furnish to the CPUC a statement in writing setting forth all proposed fee and/or compensation arrangements with such nominee. The fee and/or compensation arrangements shall be subject to CPUC Approval. The fee and/or compensation arrangements for the initial Unaffiliated Members have been approved by the CPUC.

- (2) If the fee and/or compensation arrangements with any Unaffiliated Member should be changed for any reason whatsoever, within ten (10) days of such change, the Company shall furnish to the CPUC a statement in writing fully describing the new fee and/or compensation arrangements, and such changes shall be subject to CPUC Approval.
- (3) Each Committee member shall be reimbursed for all reasonable and documented travel and business expenses, excluding the costs of maintaining a home office or other office and first class or private air transportation, incurred in connection with the performance of their duties under this Agreement.
- (4) Fees and/or compensation paid to Unaffiliated Members and reasonable expenses of the members of the Committee pursuant to Section 3.06(3), including premiums for liability insurance, if applicable, shall be regarded as appropriate Trust administration expenses payable pursuant to Section 6.02.

3.07. Committee Authorized Representative. The Committee shall promptly notify the Trustee of the selection and appointment of any Authorized Representative of the Committee, the act of which Authorized Representative will be the act of the Committee hereunder. The Trustee shall have no duty to inquire into or investigate the continued authority of such person to act as an Authorized Representative of the Committee. The Committee shall provide the Trustee with written notice of the termination of any of its Authorized Representatives' authority.

IV. TRUSTEE

4.01. Designation and Qualification of Trustee and any Successor Trustee(s).

- (1) The Company by this Agreement has appointed the corporate directed trustee named herein having all requisite corporate power and authority to act as the sole Trustee. The Trustee shall act in accordance with the Instructions provided to it under the terms of this Agreement. At any time during the term of the Trust, the Committee shall have the right to remove the Trustee acting hereunder and appoint another qualified corporation as a successor Trustee upon sixty (60) days' notice in writing to the Trustee, or upon such shorter notice as may be acceptable to the Trustee. In the event that the Trustee or any successor Trustee shall: (a) become insolvent or admit in writing its insolvency; (b) be unable or admit in writing its inability to pay its debts as such debts mature; (c) make a general assignment for the benefit of creditors; (d) have an involuntary petition in bankruptcy filed

against it; (e) commence a case under or otherwise seek to take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation law, statute, or proceeding; or (f) resign pursuant to Section 4.02, the Trustee or successor Trustee, as applicable, shall cease to act as a trustee of the Trust and the Committee shall appoint a successor Trustee. Any successor Trustee shall qualify by a duly acknowledged acceptance of the Trust, delivered by such successor Trustee to the Company, the Committee, and the CPUC. Upon acceptance of such appointment by the successor Trustee, the Trustee shall assign, transfer and pay over to such successor Trustee the monies, properties and other assets then constituting the Trust. Any successor Trustee shall have all the rights, powers, duties and obligations described in the trust agreement executed by the Company with such successor trustee (which agreement will be subject to CPUC Approval), and the Trustee will have no responsibility or liability for any acts or omissions of its successor.

- (2) If for any reason the Committee cannot or does not act in the event of the resignation or removal of the Trustee as provided herein, the Trustee may apply to the CPUC or a court of competent jurisdiction for the appointment of a successor Trustee. Any expenses incurred by the Trustee in connection therewith shall be deemed to be an appropriate Trust administration expense payable in accordance with Section 6.02 hereof.

4.02. Resignation. The Trustee may resign and be relieved as Trustee at any time without prior application to or approval by or order of the CPUC or of any court by a duly acknowledged instrument, which resignation shall be delivered to the Company and the Committee by the Trustee not less than sixty (60) days prior to the effective date of the Trustee's resignation or upon such shorter notice as may be acceptable to the Company and the Committee.

4.03. Compensation. The Trustee shall be entitled to compensation from the Trust in accordance with the fee schedule attached hereto as Schedule I, which schedule may be updated from time to time by the mutual agreement of the Committee and the Trustee.

4.04. Accounts; Reporting.

- (1) The Trustee shall deliver financial statements to the Company and the Committee on a quarterly basis (within a reasonable period following the close of each calendar quarter), or at such other frequency as the Committee shall from time to time require. The Company shall provide copies or extracts of these financial statements to the CPUC as soon as available. The financial statements shall show the financial condition of the Trust, including income and expenses of the Trust for the period. The Company or the Committee shall promptly review each such statement and, within one-hundred twenty (120) days of when such statement is made available by Trustee, notify Trustee of any exception or objection thereto. Notwithstanding the foregoing, the Company or the Committee may notify Trustee of any such exceptions or objections at any time; provided,

however, that Trustee will not be responsible or liable for any losses that could have been mitigated had such notice been provided during such one-hundred twenty (120) day period.

- (2) The Company acknowledges that Trustee will be receiving, utilizing and relying on Market Data and other data provided by the Company and/or by third parties in connection with its performance of the services hereunder (collectively, "Third Party Data"). Trustee is entitled to rely without inquiry on all Third Party Data provided to Trustee hereunder (and all Instructions related to Third Party Data), and Trustee makes no assurances or warranties in relation to the accuracy or completeness of Third Party Data and will not be responsible or liable for any losses or damages incurred as a result of any Third Party Data that is inaccurate or incomplete. Trustee may follow Instructions with respect to Third Party Data, even if such Instructions direct Trustee to override its usual procedures and data sources or if Trustee, in performing services for itself or others (including services similar to those performed for the Company), receives different Third Party Data for the same or similar securities. To the extent that Trustee provides values of, and pricing information in relation to, securities, the Company acknowledges and agrees that: (i) Trustee is authorized to use generally recognized pricing services including Market Data Providers, brokers, dealers and other market makers (if such pricing services are unable to provide a value of or pricing information in respect of securities and Trustee provides values and pricing information, Trustee will so advise the Company, but will have no other responsibility or liability in respect of such valuation or pricing information); (ii) certain pricing or valuation information may be based on calculated amounts rather than actual market transactions and may not reflect actual market values, and the variance between such calculated amounts and actual market values may be material; (iii) certain third party service providers may not permit the Company's directed price to be used, which may result in differences between third party service provider reports and custodial reports; (iv) performance measurement and analytic services may use different data sources than those used by Trustee to provide Market Data for the Trust, which may result in differences between custodial reports and performance measurement and analytic reports; and (v) Trustee may require the execution of supplemental documentation prior to providing pricing for certain securities.

4.05. Tax Returns and Other Reports; Tax Treatment of Trust.

- (1) The Trustee shall deliver to the Committee (and the Committee shall then deliver to the CPUC) on a periodic basis (as reasonably requested by the Committee or the CPUC, but no less frequently than quarterly) a report setting forth all investments purchased by the Investment Manager(s) and such other information as may be reasonably requested by the Committee for tax calculation and/or reporting purposes. The Company assumes the

duty to file any and all United States Federal and California tax reports and returns, as well as full responsibility for the payment of all taxes assessed on or with respect to the Trust, and all taxes due on the income collected for the Company for any and all such transactions with respect to Trust assets. All reportable income shall be reported as attributable to the Company. The Company will be responsible for all taxes, withholding, certification and reporting requirements, claims for exemptions or refund, interest, penalties, additions to tax and other related expenses associated with the Trust. The Company will obtain its own independent tax advice for any tax-related matters, and acknowledges that neither the Trustee nor its Affiliates are tax advisors.

- (2) The parties to this Agreement intend that (a) the Trust be classified for U.S. federal and California (and, if and to the extent applicable, New York) income tax purposes as a grantor trust under Subpart E, Part I of Subchapter J of the Code, and not as a trust or association taxable as a corporation or other separate entity and (b) the Company be treated as the sole grantor of the Trust for such purposes. The powers granted and obligations undertaken pursuant to this Agreement shall be construed so as to further such intent, and all provisions of this Agreement shall be construed, and the Trust shall be administered, in a matter consistent with Subpart E, Part I of Subchapter J of the Code. To the extent the Trust is not treated as a grantor trust for U.S. federal income tax purposes, the parties to this Agreement intend that the Trust be treated as disregarded as separate from the Company for such purposes, and shall not file any elections or take any other action or fail to take any action that would result in the Trust being treated otherwise.
- (3) Where Trustee receives Instructions to make distributions or transfers out of the Trust in order to pay the Trust's third party service providers, the Company acknowledges that in making such payments, Trustee is acting in an administrative and ministerial capacity and not as the payor for tax information and withholding purposes.

4.06. Trustee's Standard of Care; Liability.

- (1) Trustee shall discharge its duties under this Agreement with the standard of care and diligence that a professional custodian would observe in these affairs taking into account the prevailing rules, practices, procedures and circumstances in the relevant market, or such other standard of care as is required by applicable law and in any case acting without negligence, gross negligence or willful misconduct (the "Standard of Care").
- (2) The Trustee shall be responsible for the acts, omissions or defaults of its own officers and employees. The Trustee shall not be liable for the acts, omissions or defaults of its agents; provided any such agents were selected in accordance with the Standard of Care and the performance and status of the agent is monitored in accordance with the Standard of Care throughout

the duration of the agency relationship; provided that for clarity, neither Subcustodians, Depositories nor Market Data Providers shall be considered the Trustee's agents for purposes of this clause. The Trustee shall not be responsible for any losses resulting from the deposit or maintenance of securities or other property (in accordance with market practice, custom, or regulation) with any recognized foreign clearing facility, book-entry system, centralized custodial depository, or similar organization. The Trustee shall not be liable for the acts or omissions of any Investment Manager(s) acting hereunder. The Trustee shall not be liable in regard to the exercise or nonexercise of any powers and discretions properly delegated pursuant to and in accordance with the provisions of this Agreement.

- (3) Notwithstanding anything in this Agreement to the contrary, the Trustee shall not be responsible or liable for its failure to perform under this Agreement, or for any losses to the Trust resulting, from any event beyond the reasonable control of the Trustee. This provision shall survive the termination of this Agreement.
- (4) If Trustee is in doubt as to any action it should or should not take, either pursuant to, or in the absence of Instructions, Trustee may obtain the advice of either reputable counsel of its own choosing or counsel to the Company or the Committee, and Trustee will not be liable for acting in accordance with such advice.

4.07. Indemnity of Trustee. The Company shall indemnify and hold harmless the Trustee from all claims, liabilities, losses, damages and expenses, including reasonable attorneys' fees and expenses, incurred by the Trustee in connection with this Agreement, except as a result of the Trustee's violation of the Standard of Care. This provision shall survive the termination of this Agreement.

4.08. Trustee's Limitations on Liability.

- (1) Trustee's liability arising out of or relating to this Agreement will be limited solely to those direct damages that are attributable to Trustee's failure to perform its obligations under this Agreement in accordance with the Standard of Care. In no event will Trustee be liable for any indirect, incidental, consequential, exemplary, punitive or special losses or damages, or for any loss of revenues, profits or business opportunity, arising out of or relating to this Agreement (whether or not foreseeable and even if Trustee has been advised of the possibility of such losses or damages).
- (2) Trustee's duties are limited to the assets it holds hereunder, and Trustee has no duties with respect to assets held by any other person including any other trustee. The Company agrees that Trustee will not serve as, and will not be deemed to be, a co-trustee under any circumstances.

- (3) Trustee has no responsibility (a) with respect to any assets or contributions until they are actually received and accepted by Trustee (b) to inquire into, make recommendations, supervise or determine the suitability of any transactions affecting the Trust, (c) to determine the adequacy of contributions, or the permissibility of distributions from the Trust, or to collect any contributions or other funds owed to the Trust, or (d) to determine the adequacy of title to, or the validity or genuineness of any assets received or delivered pursuant to this Agreement.
- (4) Notwithstanding any contrary provision or implication of this Agreement, any reference to the specific provisions of applicable laws, CPUC Orders or CPUC Approvals, or requirements or other agreements relevant to or governing the Trust will impose a duty upon the Company or the Committee to communicate such knowledge or interpretation to Trustee.
- (5) Notwithstanding anything to the contrary set forth in this Agreement, in no event will Trustee be liable for any losses or damages arising out of any of the following, except to the extent the same are attributable to the Trustee's failure to comply with the Standard of Care:
 - (a) The Company's or any Authorized Representative's decision to invest in or hold assets in any particular country, including any losses or damages arising out of or relating to: (I) the financial infrastructure of a country; (II) a country's prevailing custody and settlement practices; (III) nationalization, expropriation or other governmental actions; (IV) a country's regulation of the banking or securities industry; (V) currency and exchange controls, restrictions, devaluations, redenominations, fluctuations or asset freezes; (VI) laws, rules, regulations or orders that at any time prohibit or impose burdens or costs on the transfer of assets to, by or for the Trust or (VII) market conditions which affect the orderly execution of securities transactions or affect the value of securities;
 - (b) Trustee's reliance on Certificates or Instructions;
 - (c) Trustee's receipt or acceptance of fraudulent, forged or invalid Securities (or Securities which are otherwise not freely transferable or deliverable without encumbrance in any relevant market);
 - (d) For any matter with respect to which Trustee is required to act only upon the receipt of Instructions, (I) Trustee's failure to act in the absence of Instructions, or (II) Instructions that are late or incomplete or do not otherwise satisfy the Trustee's operational requirements, whether or not Trustee acted upon such Instructions;
 - (e) Trustee's receiving or transmitting any data to or from the Company or any Authorized Representative via any non-secure method of

transmission or communication selected by the Company or the Authorized Representative;

- (f) Any Authorized Representative's decision to invest in securities or to hold cash in any currency; or
- (g) The insolvency of any Person, including a Subcustodian that is not a Trustee Affiliate, Depository, broker, bank or a counterparty to the settlement of a transaction or to a foreign exchange transaction, except as provided in Section 7.02(2).

V. INVESTMENTS

5.01. Appointment of Investment Manager(s).

- (1) The Committee may appoint one or more Investment Managers to direct the investment of all or part of the Trust, which investments shall be made in accordance with the terms of the applicable Investment Manager Agreement(s) and the existing investment policies and procedures applicable to the Company's nuclear decommissioning trusts, which policies and procedures may be updated from time to time by the Committee (provided that any amendment thereof shall require CPUC Approval) (the "Investment Policy"). The Committee shall also have the right to remove any such Investment Manager.
- (2) The appointment of the Investment Manager(s) shall be made in accordance with any procedures specified by the Committee. The Committee shall provide notice of any such appointment by Certification to the Trustee, which notice shall specify the portion, if any, of the Trust with respect to which the Investment Manager(s) has been designated.
- (3) The Investment Manager(s) shall certify in writing to the Committee that it is qualified to act in the capacity provided under the Investment Manager Agreement, shall accept its appointment as such Investment Manager(s), shall certify the identity of the person or persons authorized to give instructions to the Trustee on its behalf, including specimen signatures, and shall undertake to perform the duties imposed on it under the Investment Manager Agreement. The Trustee may continue to rely upon all such Certifications unless otherwise notified in writing by the Committee or the Investment Manager(s), as the case may be.
- (4) The Investment Manager(s) shall have the power, subject to the terms of the applicable Investment Manager Agreement, to invest and reinvest all or any part of the Trust, including any undistributed income therefrom, in accordance with the Investment Policy. In all cases, however, the investments must be sufficiently liquid to enable the Trust to fulfill the purposes of the Trust and to satisfy obligations as they become due.

5.02. Direction by Investment Manager(s).

- (1) The Investment Manager(s) designated by the Committee to manage any portion of the Trust shall have authority, subject to the Investment Policy and to the terms of the applicable Investment Manager Agreement, to manage, acquire, and dispose of the assets of the Trust, or a portion thereof as the case may be. The Investment Manager(s) is authorized to invest in the securities meeting the requirements of Section 5.01(4) and pursuant to the Investment Policy. The Investment Manager(s) shall have the power and authority, exercisable in its sole discretion at any time, and from time to time, to issue and place orders for the purchase or sale of portfolio securities directly with qualified brokers or dealers. The Trustee, upon proper notification from an Investment Manager, shall execute and deliver the appropriate trading authorizations. Written notification of the issuance of each such authorization shall be given promptly to the Trustee by the Investment Manager(s), and the Investment Manager(s) shall cause the execution of such order to be confirmed in writing to the Trustee by the broker or dealer. Such notification shall be proper authority for the Trustee to pay for portfolio securities purchased against receipt thereof and to deliver portfolio securities sold against payment therefor, as the case may be.
- (2) The authority of the Investment Manager(s) and the terms and conditions of the appointment and retention of the Investment Manager(s) shall be the responsibility solely of the Committee, and the Trustee shall not be deemed to be a party to or to have any obligations under any agreement with the Investment Manager(s). Any duty of supervision or review of the acts, omissions or overall performance of the Investment Manager(s), shall be the exclusive responsibility of the Committee, the Trustee shall have no duty to review any securities or other assets purchased by the Investment Manager(s), to review the Investment Policy or to make suggestions to the Investment Manager(s) or to the Committee with respect to the exercise or nonexercise of any power by the Investment Manager(s).
- (3) Unless the Trustee participates knowingly in, or knowingly undertakes to conceal an act or omission of an Investment Manager(s) knowing such act or omission to be a breach of the fiduciary responsibility of the Investment Manager(s), the Trustee shall be under no liability for any loss of any kind which may result by reason of any action taken by it, in compliance with the Standard of Care, in accordance with any Instruction of the Investment Manager(s), or failure to act in the absence of proper Instructions of the Investment Manager(s). In any event, the Trustee shall be under no liability for any loss of any kind by reason of changes in value of the investments purchased, sold, or retained by the Investment Manager(s), nor for the risk, liquidity or diversification of the portfolio, nor for the turnover of the investments, nor for any other aspect of portfolio for which an Investment Manager(s) has been appointed.

- (4) In the event that there is no Investment Manager over any portion of the Trust assets at any time, the Committee shall act as the Investment Manager and shall have all of the rights and duties described herein. For clarity, under no circumstances will Trustee act as an Investment Manager unless otherwise agreed in a separate written agreement.

VI. TRUSTEE'S GENERAL POWERS

The Trustee shall generally act only pursuant to Instructions. Except as specifically set forth below, the Trustee shall have the following powers and authorities, exercisable only upon appropriate Instructions which are intended in no way to limit the powers of the office, namely:

6.01. Instructions. Except as specifically otherwise provided in this Agreement, Trustee will have no obligation to act until it receives Instructions. The Company is responsible for ensuring that only Authorized Representatives issue Instructions and that Authorized Representatives safeguard all authorization codes, passwords, and authentication keys used in connection with Instructions. Authorized Representatives issuing Instructions (and not Trustee) are responsible for determining that the Instructions are in accordance with the terms of all governing agreements, court and CPUC Orders, and applicable law. All Instructions must include all information reasonably necessary, and must be delivered timely and via a method set forth in Section 1.01(5). Trustee may decline to act upon any Instructions that do not meet the above-described requirements or that conflict with applicable law or Trustee's operating practices and procedures; provided that in the case of any such declination, the Trustee shall use commercially reasonable efforts to deliver to the Committee notice thereof. While it is not a part of Trustee's ordinary practices, Trustee may in certain limited circumstances accept oral instructions reasonably believed to be from an Authorized Representative, which will be deemed to be Instructions for purposes of this Agreement. An Authorized Representative issuing oral Instructions must promptly confirm such Instruction in writing, but the fact that such written confirmation is not received or that contradicts the oral Instruction will in no way affect (a) Trustee's reliance on such oral Instructions, or (b) the validity or enforceability of transactions authorized by such oral Instructions and effected by Trustee.

6.02. Payment of Expenses of Administration. To pay as directed via Instruction of the Committee, from the Trust assets, (1) Investment Manager fees payable under Investment Manager Agreements, (2) compensation amounts payable to the Trustee pursuant to Section 4.03, (3) reimbursement of the Trustee for its out-of-pocket expenses otherwise properly incurred in performing its duties in accordance with this Agreement, and (4) all other ordinary and necessary expenses and other incidental costs incurred in connection with the Trust or in the discharge of the Trustee's obligations under this Agreement including, but not limited to, Committee member(s) fees and expenses, the fees and/or compensation of any professional advisors, legal counsel or administrative support hired by the Committee as provided in Section 3.04 and the costs and expenses of any audit of the Trust; provided that to the extent the amounts listed in the foregoing clauses (2) – (4) exceed \$500,000 in the aggregate in any calendar year, the Committee shall obtain CPUC Approval prior to providing the Trustee payment Instructions for such amounts. Notwithstanding the foregoing, to the extent Trustee fees described in clauses (2) and (3) are not paid by the Trust within the time period set forth in the fee schedule (whether due to the limitation

in the prior proviso or otherwise), the Company will promptly pay such invoices and reimbursement for such payments shall be subject to CPUC Approval as set forth in Section 2.01(1).

6.03. Extension of Obligations and Negotiations of Claims. Pursuant to Instructions of the Committee, to renew or extend the time of payment of any obligation, secured or unsecured, to or by the Trust, for as long a period or periods of time and on such terms as the Committee shall determine and set forth in such Instructions. Pursuant to Instructions of the Committee and subject to an indemnity for Trustee's fees and expenses as may be deemed reasonably necessary or appropriate by Trustee, Trustee shall be authorized on behalf of the Trust to adjust, settle, compromise, and arbitrate claims on demands in favor of or against the Trust upon such terms as set forth in applicable Instructions.

6.04. Registration of Securities. With or without Instructions, Trustee is authorized to hold any stocks, bonds, securities, and/or other property in the name of a nominee, in a street name, or by other title-holding device, without indication of trust.

6.05. Location of Assets. With or without Instructions, Trustee is authorized keep any property belonging to the Trust at any place in the United States, or in a Subcustodian or a Depository. Any cash held hereunder may be subject to additional deposit terms and conditions issued by Trustee or the applicable Subcustodian from time to time, including rate of interest and deposit account access.

6.06. Ministerial Powers. With or without Instructions, Trustee is authorized to (a) take, in accordance with the Standard of Care, any administrative or ministerial actions with respect to the Trust that it reasonably deems necessary or appropriate to perform its obligations under the Agreement, and (b) delegate to other persons such ministerial powers and duties as the Trustee may deem to be advisable.

6.07. Powers of Trustee to Continue Until Final Distribution. To exercise any of such powers after the date on which the principal and income of the Trust shall have become distributable and until such time as the entire principal of, and income from the Trust shall have been actually distributed by the Trustee to a successor trustee or the Company (it is intended that the distribution of the Trust will occur as soon as possible upon termination of the Trust, subject, however, to the limitations contained in Sections 2.06 and 2.07 hereof).

6.08. Trustee Reimbursement. If the Trustee advances cash or securities for any purpose under this Agreement, the Trust is otherwise indebted to Trustee, or in the event that the Trustee shall incur or be assessed taxes, interest, charges, expenses, assessments, or other liabilities in connection with the performance of this Agreement, the Company on behalf of the Trust hereby pledges and grants to Trustee, and agrees that Trustee will have, to the maximum extent permitted by law, a first lien and security interest in all of the Trust's right, title and interest in the assets now or hereafter held in the Trust, including proceeds; provided that such lien does not extend to securities issued by an affiliate (as defined in Section 23A of the U.S. Federal Reserve Act) of Trustee. The Trustee shall be entitled to collect from such Trust assets sufficient cash for reimbursement, and if such cash is insufficient, dispose of the assets of the Trust held under this Agreement to the extent necessary to obtain reimbursement (and in this regard, Trustee will be

entitled to all rights and remedies of a pledgee, secured creditor and/or securities intermediary under applicable laws, as if the Trust was in default). To the extent the Trustee advances funds to the Trust for disbursements or to effect the settlement of purchase transactions, the Trustee shall be entitled to collect from the Trust reasonable charges established under the Trustee's standard overdraft terms, conditions and procedures.

The Company represents, warrants and covenants that the Trust owns all assets of the Trust free and clear of all liens, claims and security interests (except for Permitted Liens), and that the first lien and security interest granted herein will be subject to no setoffs, counterclaims or other liens prior to or on parity with it in favor of any third party (other than Permitted Liens). The Company will take, upon request of the Trustee, additional steps reasonably required to assure Trustee the priority of this security interest. "Permitted Liens" means liens (1) imposed by law for taxes, assessments, or governmental charges not yet due or which are being contested in good faith, (2) arising by virtue of any statutory or common law provision relating to banker's liens rights or set-off or similar rights or otherwise granted preferred status by statute or (3) otherwise acknowledged by Trustee.

6.09. Foreign Exchange Settlement. In connection with this Agreement, the Committee or an Investment Manager may enter into foreign exchange transactions (including foreign exchange hedging transactions) with Trustee or Trustee's Affiliate acting as a principal or otherwise through customary channels. The Committee or an Investment Manager may issue standing Instructions with respect to any such foreign exchange transactions, subject to any rules or limitations that may apply to any foreign exchange facility made available to the Trust. With respect to any such foreign exchange transactions, Trustee or such Trustee Affiliate is acting as a principal counterparty on its own behalf and is not acting as a fiduciary or agent for, or on behalf of, the Company, the Committee, any Investment Manager or the Trust.

6.10. Corporate Actions. Trustee will notify the Committee of rights or discretionary corporate actions with respect to securities as promptly as practicable under the circumstances, provided that Trustee has actually received, in its capacity as custodian, notice of such right or discretionary corporate action from the relevant issuer, or from a Subcustodian, Depository or third party vendor. Without actual receipt of such notice by Trustee, Trustee will have no responsibility or liability for failing to so notify. Whenever there are voluntary rights that may be exercised or alternate courses of action that may be taken with respect to securities, the Committee will be responsible for making any decisions relating thereto and for instructing Trustee to act. In order for Trustee to act with respect to any such rights or courses of action, the Committee must issue Instructions either: (a) using the Trustee-generated form or (b) if the Committee is not using such Trustee-generated form, clearly indicating, by reference to the options provided on such Trustee-generated form, which action is being elected. Each such Instruction will be addressed as Trustee may from time to time reasonably request and issued by such time as Trustee will advise the Committee. Trustee will advise the Committee upon Trustee's notification, in its capacity as custodian, of a partial redemption, partial payment or other action with respect to a security affecting fewer than all such securities held within the Trust. If Trustee or any Subcustodian or Depository holds any securities affected by one of the events described, Trustee or such Subcustodian or Depository may select the securities to participate in such partial redemption, partial payment or other action in any non-discriminatory manner that it customarily uses to make such selection.

VII. MANAGEMENT AND OPERATION OF THE TRUST

Subject to the provisions hereof, the Committee has the authority and responsibility to manage the Trust assets. In carrying out such responsibility, the Committee may appoint one or more Investment Manager(s) to invest and reinvest the assets of the Trust pursuant to Investment Manager Agreement(s) and as provided in Section 5.02 of this Agreement.

7.01. Settlements. Promptly after the execution of each securities transaction, Instructions (which may be standing Instructions) will be issued for the settlement of such transaction. Unless otherwise agreed by the Trustee, and subject to Section 6.08, assets will be credited to the Trust only when received by the Trustee. For purposes of settling securities transactions, the Company will ensure that there is sufficient immediately available funds or securities, as applicable, in the Trust, by such time and date as is required to enable Trustee to settle such transaction in the country of settlement and in the currency to be used to settle such transaction. Settlements of transactions may be effected in trading and processing practices customary in the jurisdiction or market where the transaction occurs. The Company acknowledges that this may, in certain circumstances, require the delivery of cash or securities (or other property) without the concurrent receipt of securities (or other property) or cash and, in such circumstances, the Trustee shall have no responsibility for nonreceipt of payment (or late payment) by the counterparty. Further, for bookkeeping convenience, Trustee may credit the Trust with proceeds of a pending transaction prior to its actual receipt of the proceeds thereof. Any such credits are conditional until Trustee's actual receipt of the proceeds (which will not be deemed complete until Trustee has received sufficient immediately available funds or securities specifically applicable to such transaction that, under local law, are irreversible and not subject to security interest, levy, or encumbrance), and may be reversed to the extent such proceeds are not received.

7.02. Subcustodians and Depositories.

- (1) Use of Subcustodians and Depositories. Trustee will be entitled to use Subcustodians and Depositories, as defined below, in connection with its performance hereunder. Trustee will only utilize Subcustodians that have entered into an agreement with Trustee or a Trustee Affiliate, and assets held through a Subcustodian will be held subject to the terms and conditions of such Subcustodian's respective agreement. Assets deposited in a Depository will be held subject to the rules, procedures, terms and conditions of such Depository. Subcustodians may hold assets in Depositories in which such Subcustodians participate. Unless otherwise required by local law or practice or a particular Subcustodian agreement, assets deposited with Subcustodians or Depositories may be held in a commingled account in the name of, as applicable, Trustee, a Trustee Affiliate or the applicable Subcustodian, for its clients.
- (2) Liability for Subcustodians. Trustee will exercise the Standard of Care in selecting, retaining and monitoring Subcustodians. With respect to assets held by a Subcustodian, Trustee will be liable to the Company for the activities of such Subcustodian under this Agreement to the extent Trustee would have been liable to the Company under this Agreement if Trustee

had performed such activities itself in the relevant market in which such Subcustodian is located; provided, however, that with respect to securities held by a Subcustodian that is not a Trustee Affiliate: (A) Trustee's liability will be limited solely to the extent resulting directly from Trustee's failure to exercise the Standard of Care in selecting, retaining and monitoring such Subcustodian, and (B) To the extent that Trustee is not liable pursuant to Section 7.02(2)(A), Trustee's sole responsibility to the Company will be to take reasonable and appropriate action to recover from such Subcustodian, and forward to the Trust any amounts so recovered (exclusive of costs and expenses incurred by Trustee in connection therewith).

- (3) Liability for Depositories. Trustee will have no responsibility or liability for the activities of any Depository arising out of or relating to this Agreement or any cost or burden imposed on the transfer or holding of assets held with such Depository.
- (4) Definitions. A "Depository" means the Depository Trust Company, Euroclear, Clearstream Banking S.A., the Canadian Depository System, CLS Bank and any other securities depository, book-entry system or clearing agency authorized to act as a system for the central handling of securities pursuant to the laws of the applicable jurisdiction, and any successors to, and/or nominees of, any of the foregoing. A "Subcustodian" means a bank or other financial institution (other than a Depository) that is selected and used by Trustee or its Affiliate in connection with the settlement of transactions and/or custody of assets hereunder, and any successors to, and/or nominees of, any of the foregoing.

7.03. Disposition of Investments. When required to make any payments under Sections 2.01 or 6.02 hereof, the Trustee shall sell investments or present investments for prepayment, but only upon its receipt of Instructions of the Committee or an Investment Manager. The Trustee shall have no liability, except for its own violation of the Standard of Care, with respect to any sale or prepayment of an investment directed by the Committee or an Investment Manager or made by an Investment Manager through a broker-dealer.

VIII. MISCELLANEOUS

8.01. Regulatory and Technical Matters.

- (1) Sanctions. Throughout the term of this Agreement, the Company: (i) will have in place and will implement policies and procedures designed to prevent violations of Sanctions, including measures to accomplish effective and timely scanning of all relevant data with respect to incoming or outgoing assets or transactions relating to this Agreement; (ii) will ensure that neither the Company nor any of its Affiliates, directors, officers or employees is an individual or entity that is, or is owned or controlled by an individual or entity that is: (A) the target of Sanctions or (B) located,

organized or resident in a country or territory that is, or whose government is, the target of Sanctions and (iii) will not, directly or indirectly, use the Trust in any manner that would result in a violation by the Company or Trustee of Sanctions. The Company will promptly provide to Trustee such information as Trustee reasonably requests in connection with the matters referenced in this Section 8.01(1), including information regarding the Trust, the assets and the source thereof, and the identity of any individual or entity having or claiming an interest therein. Trustee may decline to act or provide services in respect of the Trust, and take such other actions as it, in its reasonable discretion, deems necessary or advisable, in connection with the matters referenced in this Section. If Trustee declines to act or provide services as provided in the preceding sentence, except as otherwise prohibited by applicable law or official request, Trustee will inform the Company as soon as reasonably practicable. As used in this Section, “Sanctions” means all economic sanctions laws, rules, regulations, executive orders and requirements administered by any governmental authority of the United States (including the United States Office of Foreign Assets Control) or any other applicable domestic or foreign authority with jurisdiction over the Company.

- (2) Required Disclosures. With respect to securities that are registered under the U.S. Securities Exchange Act of 1934, as amended, or that are issued by an issuer registered under the U.S. Investment Company Act of 1940, as amended, the U.S. Shareholder Communications Act of 1985 (the “Act”) requires Trustee to disclose to issuers of such securities, upon their request, the name, address and securities position of Trustee’s clients who are “beneficial owners” (as defined in the Act) of the issuer’s securities, unless the beneficial owner objects to such disclosure. The Act defines a “beneficial owner” as any person who has or shares the power to vote a security (pursuant to an agreement or otherwise) or who directs the voting of a security. The Company has designated on the signature page hereof whether (i) as beneficial owner, it objects to the disclosure of its name, address and securities position to any U.S. issuer that requests such information pursuant to the Act for the specific purpose of direct communications between such issuer and the Company or (ii) it requires Trustee to contact the Investment Manager with respect to relevant securities to make the decision as to whether it objects to the disclosure of the beneficial owner’s name, address and securities position to any U.S. issuer that requests such information pursuant to the Act. With respect to certain securities issued outside the United States, Trustee may disclose information to issuers of securities as required by the organizational documents of the relevant issuer or in accordance with local market practice. In connection with the matters described in this Section, the Company will provide Trustee such information as may be necessary.
- (3) USA PATRIOT Act. Section 326 of the U.S. Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and

Obstruct Terrorism Act of 2001 (including its implementing regulations) requires Trustee to implement a customer identification program pursuant to which Trustee must obtain certain information from the Company in order to verify the Company's identity prior to establishing an account. Accordingly, prior to establishing the account, the Company will be required to provide Trustee with certain information, including the Company's name, physical address, tax identification number and other pertinent identifying information, to enable Trustee to verify the Company's identity. The Company acknowledges that Trustee cannot establish an account unless and until Trustee has successfully performed such verification.

- (4) Centralized Functions. Certain functions for The Bank of New York Mellon Corporation and its Affiliates (the "BNY Mellon Group") are performed on a centralized basis (e.g., audit, accounting, risk, legal compliance, sales, administration, product communication, relationship management, compilation and analysis of customer-related data and storage). In connection with the centralized functions, BNY Mellon Group is authorized to disclose information relating to the Company and the Trust to such Affiliate and joint ventures and to its and their service providers who are subject to confidentiality obligations, and store the names and business contact information of the Company's employees and representatives relating to this Agreement on the systems or in the records of such parties. The BNY Mellon Group may aggregate information regarding the Company and the Trust on an anonymized basis with other similar client data for BNY Mellon Group's reporting, research, product development, marketing and distribution purposes and will own such aggregated data.
- (5) Electronic Access Terms. If the Company elects to use the Electronic Access Services in connection with this Agreement, the use thereof will be subject to any terms and conditions contained in a separate written agreement between the parties. If an Authorized Representative elects, with Trustee's prior written consent, to transmit Instructions through a third-party electronic communications service, Trustee will not be responsible or liable for the reliability or availability of such service.
- (6) Electronic Transmissions. The Company is informed of the procedures and risks associated with the various methods of transmitting Instructions to Trustee, and that there may be more secure methods of communication than the method selected by the sender. Trustee agrees that the security procedures, if any, to be followed with respect to such transmission and authentication provide to Company a commercially reasonable degree of protection in light of the Trust's particular needs and circumstances.
- (7) Data Terms. Certain Market Data may be the intellectual property of Market Data Providers, which impose additional terms and conditions upon the use of such Market Data. Such additional terms and conditions can be

found on the Data Terms Website (<http://www.bnymellon.com/products/assetservicing/vendoragreement.pdf> or any successor website the address of which is provided by Trustee to the Company). The Company agrees to those terms and conditions as they are posted on the Data Terms Website from time to time.

- (8) Cash Transfers. If Instructions are provided to credit or pay a party by both a name and a unique numeric or alpha-numeric identifier (e.g., IBAN or ABA or account number), Trustee and any other bank participating in the cash transfer will be entitled to rely solely on such numeric or alpha-numeric identifier, even if it identifies a party different from the party named. Such reliance on an identifier will apply to beneficiaries named in the Instruction, as well as any financial institution that is designated in the Instruction to act as an intermediary in such cash transfer. To the extent permitted by applicable law, the parties will be bound by the rules of any transfer system used to effect a cash transfer under this Agreement.
- (9) Securities Lending. If the Company engages in securities lending activities, such activities will be subject to additional and/or modified terms to be set forth in a separate written agreement between the Company and Trustee or a Trustee Affiliate, the form of which agreement will be subject to CPUC Approval.
- (10) Cash Sweep. In connection with this Agreement, the Committee may issue standing Instructions to invest cash in one or more sweep investment vehicles. Such investment vehicles may be offered by a Trustee Affiliate or by a client of Trustee, and Trustee may receive compensation therefrom. By making investment vehicles available, Trustee and its Affiliates will not be deemed to have recommended, endorsed or guaranteed any such investment vehicle in any way or to otherwise have acted as a fiduciary or agent for, or on behalf of, the Company, the Committee, CPUC, any Investment Manager or the Trust. Trustee has no liability for any loss incurred by such investments. The Company understands that cash may be uninvested if it is received or reconciled to the account after the applicable deadline to be swept into the selected investment vehicle.
- (11) Line Item Assets. Trustee may reflect on its books and records certain bookkeeping entries for assets, including but not limited to, any book-entry securities and limited partnership interests that are selected and monitored by an Authorized Representative. Trustee will rely without independent verification on information provided by the Company or its designee regarding such assets.

8.02. Headings. The section headings set forth in this Agreement and the Table of Contents are inserted for convenience of reference only and shall be disregarded in construction or interpretation of any of the provisions this Agreement.

8.03. Interpretation. Any word contained in the text of this Agreement shall be read as the singular or plural and as the masculine, feminine, or neuter as may be applicable or permissible in the particular context. Unless otherwise specifically stated, the word “person” shall be taken to mean and include an individual, partnership, association, trust, company, or corporation. The word “including” when used herein means “including, but not limited to,” and the word “include” when used herein means “include, without limitation”. The terms and conditions of this Agreement are the result of negotiations between the parties. The parties intend that this Agreement will not be construed in favor of or against a party by reason of the extent to which such party or its professional advisors participated in the preparation or drafting of this Agreement.

8.04. Parties Interested Herein. Nothing expressed or implied in this Agreement is intended or shall be construed to confer upon, or to give to, any person, other than the Company, the Committee, the Trustee and the CPUC any right, remedy or claim under or by reason of this Agreement, or any covenant, condition or stipulation contained herein.

8.05. Severability of Provisions. If any provision of this Agreement or its application to any person or entity or in any circumstances shall be invalid and unenforceable, the application of such provision to persons and in circumstances other than those as to which it is invalid or unenforceable and the other provisions of this Agreement, shall not be affected by such invalidity or unenforceability. In such case, the parties will negotiate in good faith to replace each illegal or invalid provision with a valid, legal and enforceable provision that fulfills as closely as possible the intent of the parties. No failure or delay by a party to exercise any right, remedy or power it has under this Agreement will impair or be construed as a waiver of such right, remedy or power. A waiver by a party of any provision or any breach of any provision will not be construed to be a waiver by such party of such provision in any other instance or any succeeding breach of such provision or a breach of any other provision. All waivers will be in writing and signed by an authorized representative of the waiving party.

8.06. Form and Content of Communications. The names of any person authorized to act on behalf of the Company or the Committee shall be certified, with the specimen signature of such person, in a Certificate delivered to the Trustee by the Company and the Committee, as applicable. The person or persons authorized to give instructions to the Trustee on behalf of an Investment Manager shall be certified as provided in Section 5.01(3). Until appropriate written evidence to the contrary is received by the Trustee, it shall be fully protected in relying upon or acting in accordance with any Certificate or Instruction or other communication believed by it to be genuine and appearing on its face to be signed and/or certified by the proper Authorized Representative(s), and the Trustee shall be under no duty to make any investigation or inquiry as to the truth or accuracy of any statement contained therein or the actual identity or scope of authority of such Authorized Representative(s). Until notified in writing to the contrary, the Trustee shall have the right to assume that there has been no change in the identity or authority of any person previously certified to it hereunder.

8.07. Delivery of Notices Under Agreement. Any notice required by this Agreement to be given to the Company, the Trustee or the Committee shall be deemed to have been properly given when mailed, postage prepaid, by registered or certified mail, to the person to be notified as set forth below:

If to the Company:

PACIFIC GAS AND ELECTRIC COMPANY
77 Beale Street
Mail code: B12H
San Francisco, California 94105
Attention: Director of Investments & Benefit Finance

If to the Trustee:

THE BANK OF NEW YORK MELLON
c/o BNY Mellon Asset Servicing
500 Grant Street, Room 4040
Pittsburgh, PA 15258
Attention: Charles Kosko, Service Director

If to the Committee:

CUSTOMER CREDIT TRUST COMMITTEE
c/o Pacific Gas and Electric Company, Director of Investments & Benefit Finance
77 Beale Street
Mail code: B12H
San Francisco, California 94105
Attention: Customer Credit Trust Committee Chairperson

The Company, the Committee or the Trustee may change that address by delivering notice thereof in writing to the other persons as set forth in this Section 8.07.

8.08. Successors and Assigns. Neither party may, without the other Party's written consent, assign any of its rights or delegate any of its duties under this Agreement (whether by change of control, operation of law or otherwise); provided, however that Trustee may, without the prior written consent of the Company, CPUC or the Committee, assign this Agreement or any of its rights, or delegate any of its duties hereunder: (1) to any Trustee Affiliate eligible to perform trust services and willing to assume all terms of this Agreement (including the obligation to comply with the Standard of Care) or (2) to any successor to the business of Trustee to which this Agreement relates, in which event Trustee agrees to provide notice of such successor to the Company. Any purported assignment or delegation by a Party in violation of this provision will be voidable at the option of the other Party. This Agreement shall be binding upon and inure to the benefit of the Company, the Trustee and their respective successors, permitted assigns, personal representatives, executors and heirs. Notwithstanding anything herein to the contrary, in the event Trustee becomes subject to a proceeding under a U.S. special resolution regime, the transfer of the Agreement (and any interest and obligation in or under, and any property securing, the Agreement) from Trustee will be effective to the same extent as the transfer would be effective under the U.S. special resolution regime if the Agreement (and any interest and obligation in or under, and any property securing, the Agreement) were governed by the laws of the United States or a state of the United States; and, in the event Trustee or any of its Affiliates becomes subject to a proceeding under a U.S. special resolution regime, default rights with respect to the Agreement

that may be exercised against Trustee are permitted to be exercised to no greater extent than the default rights could be exercised under the U.S. special resolution regime if the Agreement were governed by the laws of the United States or a state of the United States.

8.09. Governing Jurisdiction. The Trust is a California trust and the substantive laws of the State of California (without regard to its conflicts of law principles) will govern all matters arising out of or relating to this Agreement, including the establishment and maintenance of the Trust and for purposes of the Uniform Commercial Code and the Hague Securities Convention. Each party irrevocably agrees that all legal actions or proceedings brought by it against the other party arising out of or relating to this Agreement will be brought solely and exclusively before the state or federal courts situated in San Francisco County, California. Each party irrevocably waives any objection which it may now or hereafter have based on improper venue or forum *non conveniens*. The parties hereby unconditionally waive, to the fullest extent permitted by applicable law, any right to a jury trial with respect to any such actions or proceedings. To the extent that in any jurisdiction the Company may now or hereafter be entitled to claim, for itself or its assets, immunity from suit, execution, attachment (before or after judgment) or other legal process, the Company irrevocably agrees not to claim, and it hereby waives, such immunity.

8.10. Necessary Parties. Other than any matters relating or subject to CPUC Approval, (1) Trustee reserves the right to seek a judicial or administrative determination as to its proper course of action under this Agreement and nothing contained herein will be construed or interpreted to deny Trustee or the Company the right to have Trustee's account judicially determined and (2) to the extent permitted by law, only Trustee and the Company will be necessary parties in any application to the courts for an interpretation of this Agreement or for an accounting by Trustee, and no other person having an interest in the Trust will be entitled to any notice or service of process. Promptly after receipt of actual notice of any action taken by the Trustee under this Section 8.10, the Company will provide notice thereof to the CPUC. Any final judgment entered in such an action or proceeding will, to the extent permitted by law, be conclusive upon all persons.

8.11. Accounting Year. The Trust shall operate on an accounting year which coincides with the calendar year, January 1 through December 31.

8.12. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement may also be executed and delivered by facsimile or email with confirmation of delivery and/or receipt.

8.13. Approval. This Agreement shall be effective when approved by the CPUC and executed and delivered by all parties.

IN WITNESS WHEREOF, the Company and the Trustee have caused this Agreement to be duly executed by their respective authorized representatives.

THE BANK OF NEW YORK MELLON,
a New York bank

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

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Pursuant to Section 8.01(2):

as beneficial owner, the Company OBJECTS to disclosure

as beneficial owner, the Company DOES NOT OBJECT to disclosure

Trustee will CONTACT THE INVESTMENT MANAGER with respect to relevant securities to make the decision whether it objects to disclosure

IF NO BOX IS CHECKED, TRUSTEE WILL RELEASE SUCH INFORMATION UNTIL IT RECEIVES A CONTRARY INSTRUCTION FROM THE COMPANY OR INVESTMENT MANAGER, AS APPLICABLE.

Schedule I
Trustee Fee Schedule

(See attached.)

Pacific Gas and Electric Company

Customer Credit Trust Agreement

Fee Schedule

Issuance Date - July 1, 2021

Effective Date - July, 2021

Fee Schedule for the following:

- Global Custody
- Related Services

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]	[REDACTED]

[REDACTED]

[REDACTED]	[REDACTED]

[REDACTED]

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

[REDACTED]

[REDACTED]	[REDACTED]
------------	------------

[REDACTED]

[REDACTED]

[REDACTED]	[REDACTED]

[REDACTED]

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

[REDACTED]

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]	[REDACTED]
------------	------------

[REDACTED]

[REDACTED]	[REDACTED]

[REDACTED]

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

[REDACTED]

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

[REDACTED]

[REDACTED]	[REDACTED]
------------	------------

[REDACTED]

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

[Redacted]

[Redacted]

Agreed and accepted for effective date July, 2021 by:

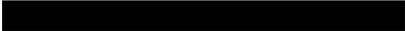
PACIFIC GAS AND ELECTRIC COMPANY

The Bank of New York Mellon

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

Appendix A



Appendix B - Explanatory Notes

[REDACTED]

[REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

[REDACTED]

- [REDACTED]
- [REDACTED]

Advice 6271-E
July 26, 2021

Attachment 2

Proposed Final Agreement – CONFIDENTIAL

Advice 6271-E
July 26, 2021

Attachment 3

Redline of Proposed Final Agreement

~~FORM OF~~ PACIFIC GAS AND ELECTRIC COMPANY
CUSTOMER CREDIT TRUST AGREEMENT

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FORM OF CUSTOMER CREDIT TRUST AGREEMENT

THIS CUSTOMER CREDIT TRUST AGREEMENT is made as of [•] by and between Pacific Gas and Electric Company, a California corporation (“Company”), and ~~[-]~~ [The Bank of New York Mellon, a bank organized under the laws of New York](#) (“Trustee”).

WHEREAS, the Company, through a special purpose entity, is issuing recovery bonds (the “Bonds”) to fund costs and expenses related to certain wildfires that occurred in 2017 and other costs (“Financing Costs”) associated with the issuance of the Bonds;

WHEREAS, the principal, interest and related costs of the Bonds will be recovered by the collection of rates and other charges (the “Fixed Recovery Charges”) from certain existing and future consumers (the “Consumers”) of electricity in the Company’s service territory;

WHEREAS, the Company has received ~~Commission~~ [CPUC \(as defined herein\)](#) authorization to comply with the requirement that the issuance of the Bonds be neutral on average to ratepayers by issuing a credit to the affected Consumers (the “Customer Credit”) in connection with the Fixed Recovery Charges;

WHEREAS, the Company is establishing the grantor trust hereunder to serve as the source of funding for the Customer Credit; and

WHEREAS, in the calendar year 2021, the Company intends to make a contribution, or series of contributions, to such grantor trust in an aggregate amount not to exceed \$2.0 billion (the “Initial Contribution”);

NOW, THEREFORE, in consideration of the mutual promises herein contained, the Trustee hereby agrees to receive the Initial Contribution from the Company to initially fund the grantor trust hereunder; ~~and~~

TO HAVE AND TO HOLD, the Initial Contribution and such ~~additional contributions~~ [Additional Contributions \(as defined herein\)](#) as may be made from time to time as provided herein, together with the investments and reinvestments thereof and any income, earnings and appreciation thereon (hereinafter collectively called “Trust”) onto the Trustee;

IN TRUST NEVERTHELESS, for the uses and purposes and upon the terms and conditions hereinafter set forth.

I. DEFINITIONS, PURPOSE AND NAME

1.01. Definitions. As used in this Agreement, the following terms have the following meanings:

~~(1) — “Act” means the Uniform Principal and Income Act from time to time in effect in the State of California, and on the date hereof set forth in~~

~~California Probate Code Section 16300 et seq.~~

- (1) ~~(2)~~ “Additional Contributions” means any contribution, other than the Initial Contribution, of cash, securities or other property (such other property to be reasonably acceptable to Trustee), which, for clarity, shall not include a direct or indirect interest in real property, leaseholds or mineral interests, made by the Company to the Trust.

- (2) “Affiliate” or “affiliate” means, with respect to any entity, any other entity that directly or indirectly controls, is controlled by or under common control with such entity.
- (3) “Agreement” means this Customer Credit Trust Agreement and any attachments, schedules or exhibits hereto, as the same may from time to time be amended, modified, or supplemented.
- (4) “Authorized Representative” means, with respect to the Company, the Chief Executive Officer, President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or Chief Financial Officer or any other person designated as an Authorized Representative of the Company by a Certificate of the Company filed with the Trustee; ~~and~~ with respect to the Committee, the members of the Committee, or any other person designated as an Authorized Representative of the Committee by a Certificate of the Committee filed with the Trustee.
- ~~(5) —“Board of Directors” means the Board of Directors of the Company, as duly elected from time to time; and with respect to any Investment Manager, the person or persons authorized to give instructions to the Trustee on its behalf as certified pursuant to time~~Section 5.01(3).
- (5) ~~(6)~~—“Certificate” or “Certification” or “Instructions” means a written ~~Certificate signed by~~ certificate or other writing (including writing transmitted by email) signed or otherwise reasonably appearing on its face to have been issued from two Authorized Representatives of the Company (for a Certificate of the Company), ~~or~~ two Authorized Representatives of the Committee (for a Certificate of the Committee.) or one Authorized Representative of an Investment Manager. Any of the foregoing may be issued to Trustee by way of (a) one of the following methods chosen at the discretion of the Company, the Committee or an Investment Manager, as applicable, but only if specified by Trustee as available for use in connection with the services hereunder: (i) services made available by Trustee to electronically access information on the Trust or transmit Instructions (the “Electronic Access Services”); (ii) facsimile (for contingency purposes only) or (iii) third-party electronic communication services containing, where applicable, appropriate authorization codes, passwords or authentication keys, or otherwise reasonably appearing on their face to have been transmitted by an Authorized Representative; or (b) such other method as may be agreed upon by the parties.
- (6) ~~(7)~~—“Code” means the Internal Revenue Code of 1986, as the same may be amended from time to time.

- (7) ~~(8)~~ “Committee” means the Customer Credit Trust Committee established pursuant to Article III.
- (8) ~~(9)~~ “Contributions” means the Initial Contribution and all Additional Contributions (if any).
- (9) ~~(10)~~ “CPUC” means the California Public Utilities Commission, as defined and set forth in Section I of Article XII of the California Constitution, or its successor.
- (10) ~~(11)~~ “CPUC Approval” means a Tier 2 advice letter filed by the Company with, and approved by, the CPUC. The Company is solely responsible for determining the extent to which CPUC Approval is required pursuant to this Agreement, for obtaining such CPUC Approval when required, and for notifying Trustee of such CPUC Approval. A Certification from the Company as to a matter requiring CPUC Approval shall constitute the Company’s representation and warranty to Trustee that such CPUC Approval has been obtained, and Trustee shall not be responsible for interpreting, reviewing, or confirming such approval.
- (11) ~~(12)~~ “CPUC Order” means an order or resolution issued by the CPUC after the Company, the Committee, the CPUC staff, the Trustee, and other interested parties have been given notice and an opportunity to be heard. The order may be issued with or without hearing or by the CPUC advice letter procedure or comparable procedure.
- (12) ~~(13)~~ “Investment Manager(s)” means the fiduciary specified in ~~the Investment Manager Agreement(s)~~ an investment management agreement executed with the Committee:
- (a) that has been retained by the Committee to manage, acquire, or dispose of any asset belonging to the Trust;
 - (b) that is:
 - (i) registered as an investment adviser under the Investment Advisers Act of 1940,
 - (ii) a bank, as defined in the Investment Advisers Act, or
 - (iii) an insurance company qualified to perform services described in subsection (a) above, under the laws of more than one state; and
 - (c) that has acknowledged, in writing, that it is fiduciary with respect to the Trust, that is qualified to act under subsection (b) above, and has agreed to be bound by all of the terms, provisions, and

covenants of ~~this Agreement~~the applicable investment management agreement.

(13) ~~(14)~~ “Investment Manager Agreement(s)” means the agreement(s) between the Committee and one or more ~~i~~Investment ~~m~~Managers selected by the Committee, which agreement governs the management of the assets of the Trust and will be subject to CPUC Approval.

(14) “Market Data” means pricing, valuations or other commercially sourced data applicable to any securities. Market Data also includes security identifiers, bond ratings and classification data. A “Market Data Provider” is a vendor or other analytics provider or other person providing Market Data to Trustee.

(15) “Shortfall” means, with respect to any Customer Credit Period, the amount by which the Customer Credits issued in such period exceeds the amount available in the Trust for reimbursement to the Company of such Customer Credits.

The following terms are defined elsewhere in this Agreement, as indicated below:

Bonds	Recitals	Fundamental
Provisions		2.08(3)(a)
Company	Preamble	Initial Contribution
		Recitals
Consumers	Recitals	Investment Policy
		5.01(1)
Customer Credit	Recitals	Reimbursable Trust Expenses
		2.01(1)
Customer Credit Period	2.01(2)(b)	Trust
		Recitals
Financing Costs	Recitals	Trustee
		Preamble
Fixed Recovery Charges	Recitals	Unaffiliated Members
		3.01(2)
Fundamental Approval	2.08(3)(b)	

Act	8.01(2)	Fundamental Provisions	2.08(3)(a)
BNY Mellon Group	8.01(4)	Initial Contribution	Recitals
Bonds	Recital	Investment Policy	5.01(1)
Company	Preambl	Permitted Liens	6.08
Consumers	Recital	Reimbursable Trust Expenses	2.01(1)
Customer Credit	Recital	Sanctions	8.01(1)
Customer Credit Period	2.01(2)(b)	Standard of Care	4.06(1)
Depository	7.02(4)	Subcustodian	7.02(4)
Electronic Access Services	Definition of Certificat	Third Party Data	4.04(2)
Financing Costs	Recital	Trust	Recitals
Fixed Recovery Charges	Recital	Trustee	Preamble
Fundamental Approval	2.08(3)(b)	Unaffiliated Members	3.01(2)

1.02. Authorization. Each of the Trustee and the Company hereby represents and warrants that it has the full legal authority and is duly empowered, to enter into this Agreement; and it has taken all action necessary to authorize the execution of this Agreement on its behalf by the signatories hereto. -

1.03. Trust Purpose. The exclusive purpose of the Trust is to hold and invest its assets in order to distribute funds to the Company for the purpose of reimbursing the Company for issued Customer Credits.

1.04. Establishment of Trust. The Trust is established by this Agreement. The parties hereby acknowledge and agree that the Trustee’s duties pursuant to this Agreement will be limited solely to those duties provided for in this Agreement.

1.05. Name of Trust. The Contributions received by the Trust from the Company, the investments and reinvestments thereof and any income, earnings and appreciation thereon shall constitute the “Pacific Gas and Electric Company Customer Credit Trust”.

II. DISPOSITIVE PROVISIONS

After payment of the expenses described in Section ~~6.01~~6.02 hereof, the Trustee shall distribute the Trust as set forth in this Section 2.

2.01. Distributions from the Trust. The Trustee shall make distributions to the Company from the Trust pursuant to Instructions in accordance with the following procedures (and, in the case of Section 2.01(1), only upon CPUC Approval).

- (1) Distributions to the Company for Expense Reimbursement. Requests by the Company for reimbursement for any cost or expense of the Trust incurred by the Company, including (~~w~~y) tax liabilities incurred by the Company in respect of the income earned on, or in respect of, the Trust, and (~~x~~z) amounts payable to the Trustee ~~for compensation pursuant to Section 4.03, (y) amounts payable to the Trustee~~ in respect of the indemnity provided in Section ~~4.08, and (z)~~4.07 (provided that this clause shall not limit the Trustee's right to indemnity from the Company pursuant to Section 4.07, but only the potential reimbursement of ~~out-of-pocket expenses of the Trustee otherwise properly incurred in performing its duties in accordance with this Agreement~~the Company from the Trust of such paid indemnity expenses) (collectively, "Reimbursable Trust Expenses"), shall be submitted by the Company to the Trustee and shall include:
 - (a) the amount of the Reimbursable Trust Expense;
 - (b) reasonable detail regarding the nature of such Reimbursable Trust Expense; and
 - (c) a Certificate of the Company certifying that the Reimbursable Trust Expense is an actual cost or expense of the Trust incurred by the Company.

- (2) Reimbursement of the Company for Customer Credits. ~~Requests for payments~~ Disbursements to the Company for reimbursement of Customer Credits shall be submitted by the Company to the Trustee ~~and~~ via Certification that shall include:
 - (a) the aggregate amount of the Customer Credit reimbursement being sought;
 - (b) the measurement period for the Customer Credits (the "Customer Credit Period") included in such reimbursement;
 - (c) a report setting forth in reasonable detail the Customer Credits credited to the Consumers during such Customer Credit Period;
 - (d) whether any of such Customer Credit reimbursement amount is attributable to a Shortfall in a prior Customer Credit Period and, if so, the amount of such Shortfall and reasonable detail thereof; and

- (e) a ~~Certificate of the Company certifying~~Certification that the Customer Credit reimbursement being sought represents actual Customer Credits credited during the applicable Customer Credit Period (or multiple Customer Credit Periods, in the case of a Shortfall).

- (3) Distributions upon Termination. Upon the termination of the Trust in accordance with the terms of this Agreement, the Trustee shall make distributions to the Company pursuant to Section 2.07.

2.02. Additions to Trust; Substitutions. From time to time after the Initial Contribution and prior to the termination of the Trust, the Company may make, and the Trustee shall accept, Additional Contributions, in all cases to satisfy the purpose of the Trust as set forth in Section 1.03. The Company shall have the right to substitute other assets reasonably acceptable to Trustee for Trust assets if such substituted assets are of equivalent value, confirmation of which equivalent value shall be subject to CPUC Approval (and the Company shall furnish to the CPUC information regarding the relative values of such substituted assets and the Trust assets being replaced).

2.03. Distribution of Income.

- (1) Principal and Income. ~~All questions relating~~ Promptly following the end of each month, the Trustee shall deliver to the ~~ascertainment of income and principal and~~ Committee a monthly report of the ~~allocation of receipts and disbursements between income and principal~~ value of Trust assets, based on Market Data and Trustee's customary procedures. Delivery of such reports shall be ~~resolved by the Trustee in accordance with the terms of the Act~~ making such report available through Electronic Access Services or such other method as may be agreed upon by the parties.
- (2) Income on Current Collections. As of the end of each accounting period of the Trust, the undistributed income of the Trust shall, for purposes of all subsequent accounting periods, be treated as Trust principal.

2.04. No Transferability of Interest in Trust. The interest of the Company in the Trust is not transferable by the Company, whether voluntarily or involuntarily, nor is such interest or the assets of the Trust subject to the claims of creditors of the Company.

2.05. Resolution of Disagreements. If any disagreement arises between the Company, the Committee, and/or the CPUC regarding the Trust, the disagreement shall be submitted to the CPUC for resolution by issuance of a CPUC Order after notice and an opportunity to be heard, as provided in the California Public Utilities Code, has been given to the Company, the Committee, the CPUC, the Trustee, and any interested parties. The CPUC, on its own motion, may raise and consider any issue with regard to the Trust, and any such issue raised on the CPUC's own motion shall be resolved as provided above. Pending resolution of the disagreement, the Trustee shall act in accordance with the Committee's ~~direction~~Instructions. Nothing in this Agreement shall be

construed to limit the rights of the Company, the Committee, the CPUC, the Trustee or any other interested party under the California Public Utilities Code or other applicable laws or regulations.

2.06. Termination of Trust. The Trust shall be irrevocable and will terminate (in whole or in part) upon the earliest of:

- (1) receipt by the Trustee of a Certificate from the Committee stating that the Bonds have been repaid in full, the Financing Costs have been paid in full and the Fixed Recovery Charges have ceased;
- (2) the ~~twentieth anniversary of the date of~~expiration of twenty-one (21) years from the death of the last survivor ~~from among a class consisting of all of~~ the descendants of ~~Joseph D. Rockefeller P. Kennedy, the late ambassador of New York, New York, born on or prior to January 1, 1987~~the United States to the Court of St. James, living on the date of this Agreement;
- (3) CPUC Approval of the termination of the Trust; and
- (4) at any such time as the CPUC may order the Committee to terminate the Trust.

2.07. Distribution of Trust Upon Termination. Upon termination of the Trust, the Trustee shall ~~assist the Investment Manager in liquidating, pursuant to Instructions of the Committee, liquidate~~ the assets of the Trust, and thereupon distribute the then-existing assets of the Trust (including accrued, accumulated, and undistributed net income) *less* final Trust expenses (including taxes and Trustee expenses) to the Company, of which distributed amount the Company shall further distribute twenty-five percent (25%) to the Consumers. The Company shall be solely responsible for calculating and distributing such amount to Consumers, and for determining the appropriate payees and amounts with respect to Consumers, and Trustee shall have no obligation with respect to the same or to the disposition of any assets following such distribution to the Company.

2.08. Alterations and Amendments.

- (1) The Trustee and the Company understand and agree that modifications or amendments may be required to this Agreement from time to time to effectuate the purposes of the Trust.
- (2) This Agreement may be amended by majority approval of the Committee and with the written approval of Trustee, which approval shall not be unreasonably withheld, delayed or conditioned; provided that amendment of any of the Fundamental Provisions shall require Fundamental Approval.
- (3) For purposes of this Agreement:

- (a) “Fundamental Provisions” means Section 1.03 (Purpose), Article 2 (Dispositive Provisions), Section 3.01(1) (Committee Members), and Section 3.03(1) (Acts of Committee).
- (b) “Fundamental Approval” means (y) the super-majority approval of at least four (4) members of the Committee (which super-majority must include the approval of all three (3) Unaffiliated Members) and (z) CPUC Approval.

~~(4) Notwithstanding anything herein to the contrary, (a) no amendment which affects the specific rights, duties, responsibilities, or liabilities of the Trustee shall be made without its consent and (b) no amendment of this Agreement shall be effective prior to the Trustee receiving notice thereof.~~

2.09. No Authority to Conduct Business. The purpose of the Trust is limited to the matters set forth in Section 1.03 hereof, specifically, and there is no objective to carry on any business unrelated to the Trust purposes set forth in Section 1.03 hereof, or ~~derive~~ the gains therefrom. For the avoidance of doubt, the Trust is not intended to be a business trust.

III. THE COMMITTEE

3.01. Members.

- (1) The Committee shall consist of five (5) members. The members shall be nominated by the management of the Company, and their nomination shall be confirmed by the Board of Directors of the Company. No more than two of the members of the Committee shall be employees, officers, or directors of the Company (or family members of any of the foregoing), or otherwise be affiliated with the Company in any capacity except as members of the Committee.
- (2) The names of the nominees shall be furnished to the CPUC in writing within ten (10) days of their nomination. The Company shall furnish the CPUC with a resume of their background and qualifications. The three (3) nominees who are not affiliated with the Company (the “Unaffiliated Members”) shall be confirmed or rejected by the CPUC within 60 days of their submittal. For the Unaffiliated Member nominees, the Company shall furnish to the CPUC a statement in writing affirming that such nominees are not employees, officers, directors (or family members of the foregoing), or otherwise affiliated with the Company and providing sufficient additional information to determine the existence of any conflict or potential conflict of interest. Each Unaffiliated Member nominee shall furnish the CPUC with a declaration that such nominee has no financial or other interest that would conflict with the discharge of their

responsibilities as a Committee member. Ownership of less than \$1,000 of Company's stock and/or being a customer of the Company in the ordinary course of business and/or having routine business relationships such as providing normal banking services shall not be regarded as creating such a conflict or an affiliate relationship.

- (3) If at any time and for any reason there are insufficient Unaffiliated Members to permit the Committee to obtain a quorum, the CPUC, at the request of the Company, may issue an order allowing the Committee to function for a limited period of time with more than two (2) members who are employees, officers and/or directors of the Company. Should the CPUC issue such an order, it shall prescribe in that order the limited period of time during which the Committee may be composed of more than two (2) members who are officers, employees and/or directors of the Company, and it shall prescribe a time by which the Company must submit the names of new Unaffiliated Member nominees for confirmation by the CPUC. The Committee shall not function with more than two (2) members who are officers, employees and/or directors of the Company except upon such order of the CPUC, and then only within the period of time prescribed in the order of the CPUC.

3.02. Term.

- (1) The term of each Committee member shall be five (5) years; provided, however, that any member may be removed by the CPUC in its sole discretion at any time. Initial appointments of Committee members may be for less than a five-year term in order to establish staggered membership terms among the members of the Committee.
- (2) The Company shall notify the Trustee and the Investment Manager(s) of all appointments and replacements of Committee members in writing signed by an Authorized Representative of the Company.
- (3) The initial Unaffiliated Members (as approved by the CPUC) are: ~~[•]~~, ~~[•]~~Nancy Calkins, Colette Taylor and ~~[•]~~Lincoln (Linc) Walworth, to serve for terms of ~~[•]~~, ~~[•]~~five (5), four (4) and ~~[•]~~three (3) years, respectively. The initial affiliated members of the Committee are: ~~[•]~~ ~~and~~ ~~[•]~~David Thomason (Vice President, Chief Financial Officer and Controller of the Company) and Tyson Smith (Managing Counsel of Strategy and Policy of the Company), to each serve for ~~terms of [•] and [•] years, respectively.~~⁺a five (5) year term. Mr. Thomason will serve as the Committee's chairperson.

3.03. Acts of Committee.

⁺~~CPUC Approval of the Unaffiliated Members to be obtained prior to execution of this Trust Agreement.~~

- (1) Each member of the Committee shall have one vote and, other than with respect to any amendment of the Fundamental Provisions, the Committee shall act by majority decision.
- (2) It shall require a minimum of four (4) members of the Committee to constitute a quorum in order for the Committee to act.
- (3) Votes of members of the Committee shall be recorded on all matters voted on or decided by the Committee. Full minutes of Committee meetings shall be maintained and provided to the Commission quarterly.
- (4) The Committee shall be subject to the authority of the CPUC.

3.04. Duties and Powers of the Committee.

- (1) The Committee shall direct and manage the Trust and perform all duties attendant thereto, including:
 - (a) the appointment of trustees and ~~Investment~~ ~~Managers~~ and the execution of whatever contracts, agreements, or other documents it deems necessary to manage and invest the Trust assets;
 - (b) so long as the principal terms of the Trust are consistent with those set forth herein, determination of the jurisdiction and structure of the Trust (including the reorganization or reconstitution of the Trust in a different jurisdiction or as a statutory trust as distinguished from a common law trust); and
 - (c) protection and enforcement of the rights to the Trust assets vested in the Trust and the Trustee by any method deemed appropriate, including, without limitation, by judicial proceedings or otherwise.
- (2) The Committee may retain the services of such professional advisors, legal counsel, and administrative support as it deems necessary to carry out its responsibilities hereunder. The reasonable fees and/or compensation of any such assistance the Committee may desire to retain shall be regarded as appropriate Trust administration expenses payable pursuant to Section ~~6.01~~ 6.02.
- (3) The Committee may adopt policies and procedures governing its direction and management of the Trust, so long as such policies and procedures do not contravene the purpose of the Trust as set forth herein or otherwise conflict with or violate the provisions of this Agreement.

3.05. Committee Reports. The Committee shall submit a written report to the CPUC quarterly. At the discretion of the CPUC, the report shall either be (i) confidential and submitted to the CPUC by the Committee under the provisions of Section 583 of the Public Utilities Code

or applicable successor provision or (ii) made publicly available. The report shall also be served on the service list of Application 20-04-023. The report shall include, at a minimum:

- (1) Starting and ending balance of the Trust for the period covered by the report;
- (2) The dates and amounts of the distributions to the Company from the Trust in respect of Customer Credits;
- (3) The dates and amounts of the distributions to the Company from the Trust in respect of Reimbursable Trust Expenses, including reasonable detail regarding the nature thereof; and
- (4) An itemized accounting of the Trust administration expenses and the basis therefor.

3.06. Compensation.

- (1) Each Unaffiliated Member shall be entitled to reasonable fees and/or compensation for their services hereunder. At the time an Unaffiliated Member nominee's name is furnished to the CPUC, the Company shall furnish to the CPUC a statement in writing setting forth all proposed fee and/or compensation arrangements with such nominee. The fee and/or compensation arrangements shall be subject to CPUC Approval. The fee and/or compensation arrangements for the initial Unaffiliated Members have been approved by the CPUC.²
- (2) If the fee and/or compensation arrangements with any Unaffiliated Member should be changed for any reason whatsoever, within ten (10) days of such change, the Company shall furnish to the CPUC a statement in writing fully describing the new fee and/or compensation arrangements, and such changes shall be subject to CPUC Approval.
- (3) Each Committee member shall be reimbursed for all reasonable and documented travel and business expenses, excluding the costs of maintaining a home office or other office and first class or private air transportation, incurred in connection with the performance of their duties under this Agreement.
- (4) Fees and/or compensation paid to Unaffiliated Members and reasonable expenses of the members of the Committee pursuant to Section 3.06(3), including premiums for liability insurance, if applicable, shall be regarded as appropriate Trust administration expenses payable pursuant to Section ~~6.01~~6.02.

²~~CPUC Approval of the compensation for Unaffiliated Members to be obtained prior to execution of this Trust Agreement.~~

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~~3.07. Committee May Limit Trustee Actions. The Trustee shall not take any act or participate in any transaction which would violate the terms and conditions of any instructions provided by a Certificate of the Committee so long as the terms and conditions of the Certificate are consistent with this Agreement.~~
3.08. Authorized Representative. The Committee shall promptly notify the Trustee of the selection and appointment of any Authorized Representative of the Committee, the act of which Authorized Representative will be the act of the Committee hereunder. The Trustee shall have no duty to inquire into or investigate the continued authority of such person to act as an Authorized Representative of the Committee. The Committee shall provide the Trustee with written notice of the termination of any of its Authorized Representatives' authority.

IV. TRUSTEE

4.01. Designation and Qualification of Trustee and any Successor Trustee(s).

- (1) The Company by this Agreement has appointed the corporate ~~fiduciary~~directed trustee named herein having all requisite corporate power and authority to act as the sole Trustee. The Trustee shall act in accordance with the ~~directions~~instructions provided to it ~~by the Committee~~ under the terms of this Agreement. At any time during the term of the Trust, the Committee shall have the right to remove the Trustee acting hereunder and appoint another qualified corporation as a successor Trustee upon ~~thirtysixty~~ (3060) days' notice in writing to the Trustee, or upon such shorter notice as may be acceptable to the Trustee. In the event that the Trustee or any successor Trustee shall: (a) become insolvent or admit in writing its insolvency; (b) be unable or admit in writing its inability to pay its debts as such debts mature; (c) make a general assignment for the benefit of creditors; (d) have an involuntary petition in bankruptcy filed against it; (e) commence a case under or otherwise seek to take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation law, statute, or proceeding; or (f) resign pursuant to Section 4.02, the Trustee or successor Trustee, as applicable, shall cease to act as a ~~fiduciary~~trustee of the Trust and the Committee shall appoint a successor Trustee. Any successor Trustee shall qualify by a duly acknowledged acceptance of the Trust, delivered by such successor Trustee to the Company, the Committee, and the CPUC. Upon acceptance of such appointment by the successor Trustee, the Trustee shall assign, transfer and pay over to such successor Trustee the monies, properties and other assets then constituting the Trust. Any successor Trustee shall have all the rights, powers, duties and obligations ~~herein granted to~~described in the trust agreement executed by the Company with such successor trustee (which agreement will be subject to CPUC Approval), and the Trustee will have no responsibility or liability for any acts or omissions of its successor.
- (2) If for any reason the Committee cannot or does not act in the event of the resignation or removal of the Trustee as provided herein, the Trustee may apply to the CPUC or a court of competent jurisdiction for the appointment of a successor Trustee. Any expenses incurred by the Trustee in connection therewith shall be deemed to be an appropriate Trust administration expense payable in accordance with Section ~~6.01~~6.02 hereof.

4.02. Resignation. The ~~Trustee or any successor~~ Trustee may resign and be relieved as Trustee at any time without prior application to or approval by or order of the CPUC or of any

court by a duly acknowledged instrument, which resignation shall be delivered to the Company and the Committee by the Trustee not less than sixty (60) days prior to the effective date of the Trustee's resignation or upon such shorter notice as may be acceptable to the Company and the Committee.

4.03. Compensation. The Trustee shall be entitled to compensation from the Trust in accordance with the fee schedule attached hereto as Schedule I, which schedule may be updated from time to time by the mutual agreement of the Committee and the Trustee.

4.04. Accounts; Reporting.

(1) The Trustee shall ~~present~~deliver financial statements to the Company and the Committee on a quarterly basis (within ~~forty-five (45) days~~a reasonable period following the close of each calendar quarter), or at such other frequency as the Committee shall from time to time require. The ~~Trustee~~Company shall provide copies or extracts of these financial statements to the CPUC as soon as available. The financial statements shall show the financial condition of the Trust, including income and expenses of the Trust for the period. The Company or the Committee shall promptly review each such statement and, within one-hundred twenty (120) days of when such statement is made available by Trustee, notify Trustee of any exception or objection thereto. Notwithstanding the foregoing, the Company or the Committee may notify Trustee of any such exceptions or objections at any time; provided, however, that Trustee will not be responsible or liable for any losses that could have been mitigated had such notice been provided during such one-hundred twenty (120) day period.

(2) The Company acknowledges that Trustee will be receiving, utilizing and relying on Market Data and other data provided by the Company and/or by third parties in connection with its performance of the services hereunder (collectively, "Third Party Data"). Trustee is entitled to rely without inquiry on all Third Party Data provided to Trustee hereunder (and all Instructions related to Third Party Data), and Trustee makes no assurances or warranties in relation to the accuracy or completeness of Third Party Data and will not be responsible or liable for any losses or damages incurred as a result of any Third Party Data that is inaccurate or incomplete. Trustee may follow Instructions with respect to Third Party Data, even if such Instructions direct Trustee to override its usual procedures and data sources or if Trustee, in performing services for itself or others (including services similar to those performed for the Company), receives different Third Party Data for the same or similar securities. To the extent that Trustee provides values of, and pricing information in relation to, securities, the Company acknowledges and agrees that: (i) Trustee is authorized to use generally recognized pricing services including Market Data Providers, brokers, dealers and other market makers (if such pricing services are unable to provide a value of or pricing

information in respect of securities and Trustee provides values and pricing information. Trustee will so advise the Company, but will have no other responsibility or liability in respect of such valuation or pricing information); (ii) certain pricing or valuation information may be based on calculated amounts rather than actual market transactions and may not reflect actual market values, and the variance between such calculated amounts and actual market values may be material; (iii) certain third party service providers may not permit the Company's directed price to be used, which may result in differences between third party service provider reports and custodial reports; (iv) performance measurement and analytic services may use different data sources than those used by Trustee to provide Market Data for the Trust, which may result in differences between custodial reports and performance measurement and analytic reports; and (v) Trustee may require the execution of supplemental documentation prior to providing pricing for certain securities.

4.05. Tax Returns and Other Reports; Tax Treatment of Trust.

- (1) ~~The Trustee, shall deliver to the Committee, and the Company shall cooperate in the preparation of tax returns or other reports as may be required from time to time and, subject to the limitations contained in Section 6.15, may employ independent certified public accountants or other tax counsel to prepare or review such returns and reports. The Trustee shall present to the Company, (and the Committee and shall then deliver to the CPUC) on a periodic basis (as reasonably requested by the Company, the Committee or the CPUC, but no less frequently than quarterly) a report setting forth all investments purchased by the Investment Manager(s). The Trustee shall promptly advise the Company, and such other information as may be reasonably requested by the Committee and for tax calculation and/or reporting purposes. The Company assumes the CPUC if duty to file any of the investments, in the Trustee's opinion, may constitute a violation of the restrictions on investment of trust assets set forth in Section 5.01(4) hereof, and all United States Federal and California tax reports and returns, as well as full responsibility for the payment of all taxes assessed on or with respect to the Trust, and all taxes due on the income collected for the Company for any and all such transactions with respect to Trust assets. All reportable income shall be reported as attributable to the Company. The Company will be responsible for all taxes, withholding, certification and reporting requirements, claims for exemptions or refund, interest, penalties, additions to tax and other related expenses associated with the Trust. The Company will obtain its own independent tax advice for any tax-related matters, and acknowledges that neither the Trustee nor its Affiliates are tax advisors.~~
The Trustee, shall deliver to the Committee, and the Company shall cooperate in the preparation of tax returns or other reports as may be required from time to time and, subject to the limitations contained in Section 6.15, may employ independent certified public accountants or other tax counsel to prepare or review such returns and reports. The Trustee shall present to the Company, (and the Committee and shall then deliver to the CPUC) on a periodic basis (as reasonably requested by the Company, the Committee or the CPUC, but no less frequently than quarterly) a report setting forth all investments purchased by the Investment Manager(s). The Trustee shall promptly advise the Company, and such other information as may be reasonably requested by the Committee and for tax calculation and/or reporting purposes. The Company assumes the CPUC if duty to file any of the investments, in the Trustee's opinion, may constitute a violation of the restrictions on investment of trust assets set forth in Section 5.01(4) hereof, and all United States Federal and California tax reports and returns, as well as full responsibility for the payment of all taxes assessed on or with respect to the Trust, and all taxes due on the income collected for the Company for any and all such transactions with respect to Trust assets. All reportable income shall be reported as attributable to the Company. The Company will be responsible for all taxes, withholding, certification and reporting requirements, claims for exemptions or refund, interest, penalties, additions to tax and other related expenses associated with the Trust. The Company will obtain its own independent tax advice for any tax-related matters, and acknowledges that neither the Trustee nor its Affiliates are tax advisors.
- (2) The parties to this Agreement intend that (a) the Trust be classified for U.S. federal and California (and, if and to the extent applicable, New

York) income tax purposes as a grantor trust under Subpart E, Part I of Subchapter J of the Code, and not as a trust or association taxable as a corporation or other separate entity and (b) the Company be treated as the sole grantor of the Trust for such purposes. The powers granted and obligations undertaken pursuant to this Agreement shall be construed so as to further such intent, and all provisions of this Agreement shall be construed, and the Trust shall be administered, in a matter consistent with Subpart E, Part I of Subchapter J of the Code. To the extent the Trust is not treated as a grantor trust for U.S. federal income tax purposes, the parties to this Agreement intend that the Trust be treated as disregarded as separate from the Company for such purposes, and shall not file any elections or take any other action or fail to take any action that would result in the Trust being treated otherwise.

- (3) Where Trustee receives Instructions to make distributions or transfers out of the Trust in order to pay the Trust's third party service providers, the Company acknowledges that in making such payments, Trustee is acting in an administrative and ministerial capacity and not as the payor for tax information and withholding purposes.

4.06. Trustee's Standard of Care; Liability.

- (1) Trustee shall discharge its duties under this Agreement with the standard of care and diligence that a professional custodian would observe in these affairs taking into account the prevailing rules, practices, procedures and circumstances in the relevant market, or such other standard of care as is required by applicable law and in any case acting without negligence, gross negligence or willful misconduct (the "Standard of Care").

- (2) ~~(1)~~ The Trustee shall be ~~liable~~responsible for the acts, omissions or defaults of its own officers and employees. The Trustee shall not be liable for the acts, omissions or defaults of its agents; provided any such agents were selected in accordance with ~~reasonable care~~the Standard of Care and the performance and status of the agent is monitored in accordance with ~~reasonable care~~the Standard of Care throughout the duration of the agency relationship; provided that for clarity, neither Subcustodians, Depositories nor Market Data Providers shall be considered the Trustee's agents for purposes of this clause. The Trustee shall not be responsible for any losses resulting from the deposit or maintenance of securities or other property (in accordance with market practice, custom, or regulation) with any recognized foreign clearing facility, book-entry system, centralized custodial depository, or similar organization. ~~Except where the Trustee exercises its investment discretion as provided in this Agreement, the~~ The Trustee shall not be liable for the acts or omissions of any Investment Manager(s) acting hereunder.

- ~~(2) — Pursuant to Section 6.07 hereof, the Trustee is prohibited~~

~~from doing any act or knowingly engaging in any transaction that would violate the terms and conditions of any instructions provided by written Certificate of the Committee, or contravening any provisions of this Agreement. Upon receipt of a Certificate of the Committee giving the Trustee notice of either (a) instructions of the Committee to the Trustee, or (b) acts or transactions the Committee believes constitute a violation by the Trustee of the provisions of this Agreement, the Trustee shall follow the instructions of the Committee, and/or cease and desist from the acts identified in such Certificate as violating the provisions of this Agreement. To the extent the Trustee fails to follow the instructions of the Committee, or continues with any act identified in such Certificate from the date of receipt of such Certificate, the Trustee (and The Trustee shall not the Trust) shall be liable for all consequences flowing from any failure to follow the Committee's instructions, and/or flowing from any violation by the Trustee of the provisions of this Agreement. ~~Notwithstanding the foregoing, the Trustee (and not the Trust) shall be liable for all consequence flowing from any violation by the Trustee of the provisions of this Agreement, regardless of whether notice thereof was provided by the Committee. Further, the Trustee shall be liable for its violation of this Agreement and its bad faith, negligence or willful misconduct in connection with this Agreement, including in connection with~~ in regard to the exercise or nonexercise of any powers and discretions properly delegated pursuant to and in accordance with the provisions of this Agreement.~~

- (3) Notwithstanding anything in this Agreement to the contrary, the Trustee shall not be responsible or liable for its failure to perform under this Agreement, or for any losses to the Trust resulting, from any event beyond the reasonable control of the Trustee, ~~its agents or subcustodians~~. This provision shall survive the termination of this Agreement.
- (4) If Trustee is in doubt as to any action it should or should not take, either pursuant to, or in the absence of Instructions, Trustee may obtain the advice of either reputable counsel of its own choosing or counsel to the Company or the Committee, and Trustee will not be liable for acting in accordance with such advice.

4.07. Indemnity of Trustee. The Company shall indemnify and hold harmless the Trustee from all claims, liabilities, losses, damages and expenses, including reasonable attorneys' fees and expenses, incurred by the Trustee in connection with this Agreement, except as a result

of the Trustee's violation of ~~this Agreement or its own bad faith, negligence or willful misconduct~~the Standard of Care. This provision shall survive the termination of this Agreement.

4.08. Trustee's Limitations on Liability.

- (1) Trustee's liability arising out of or relating to this Agreement will be limited solely to those direct damages that are attributable to Trustee's failure to perform its obligations under this Agreement in accordance with the Standard of Care. In no event will Trustee be liable for any indirect, incidental, consequential, exemplary, punitive or special losses or damages, or for any loss of revenues, profits or business opportunity, arising out of or relating to this Agreement (whether or not foreseeable and even if Trustee has been advised of the possibility of such losses or damages).
- (2) Trustee's duties are limited to the assets it holds hereunder, and Trustee has no duties with respect to assets held by any other person including any other trustee. The Company agrees that Trustee will not serve as, and will not be deemed to be, a co-trustee under any circumstances.
- (3) Trustee has no responsibility (a) with respect to any assets or contributions until they are actually received and accepted by Trustee (b) to inquire into, make recommendations, supervise or determine the suitability of any transactions affecting the Trust, (c) to determine the adequacy of contributions, or the permissibility of distributions from the Trust, or to collect any contributions or other funds owed to the Trust, or (d) to determine the adequacy of title to, or the validity or genuineness of any assets received or delivered pursuant to this Agreement.
- (4) Notwithstanding any contrary provision or implication of this Agreement, any reference to the specific provisions of applicable laws, CPUC Orders or CPUC Approvals, or requirements or other agreements relevant to or governing the Trust will impose a duty upon the Company or the Committee to communicate such knowledge or interpretation to Trustee.
- (5) Notwithstanding anything to the contrary set forth in this Agreement, in no event will Trustee be liable for any losses or damages arising out of any of the following, except to the extent the same are attributable to the Trustee's failure to comply with the Standard of Care:
 - (a) The Company's or any Authorized Representative's decision to invest in or hold assets in any particular country, including any losses or damages arising out of or relating to: (I) the financial infrastructure of a country; (II) a country's prevailing custody and settlement practices; (III) nationalization, expropriation or other governmental actions; (IV) a country's regulation of the banking or securities industry; (V) currency and exchange controls.

- restrictions, devaluations, redenominations, fluctuations or asset freezes; (VI) laws, rules, regulations or orders that at any time prohibit or impose burdens or costs on the transfer of assets to, by or for the Trust or (VII) market conditions which affect the orderly execution of securities transactions or affect the value of securities;
- (b) Trustee's reliance on Certificates or Instructions;
- (c) Trustee's receipt or acceptance of fraudulent, forged or invalid Securities (or Securities which are otherwise not freely transferable or deliverable without encumbrance in any relevant market);
- (d) For any matter with respect to which Trustee is required to act only upon the receipt of Instructions, (I) Trustee's failure to act in the absence of Instructions, or (II) Instructions that are late or incomplete or do not otherwise satisfy the Trustee's operational requirements, whether or not Trustee acted upon such Instructions;
- (e) Trustee's receiving or transmitting any data to or from the Company or any Authorized Representative via any non-secure method of transmission or communication selected by the Company or the Authorized Representative;
- (f) Any Authorized Representative's decision to invest in securities or to hold cash in any currency; or
- (g) The insolvency of any Person, including a Subcustodian that is not a Trustee Affiliate, Depository, broker, bank or a counterparty to the settlement of a transaction or to a foreign exchange transaction, except as provided in Section 7.02(2).

V. INVESTMENTS

5.01. Appointment of Investment Manager(s).

- (1) The Committee may appoint one or more Investment Managers to direct the investment of all or part of the Trust, which investments shall be made in accordance with the terms of the applicable Investment Manager Agreement(s) and the existing investment policies and procedures applicable to the Company's nuclear decommissioning trusts, which policies and procedures may be updated from time to time by the Committee (provided that any amendment thereof shall require CPUC Approval) (the "Investment Policy"). The Committee shall also have the right to remove any such Investment Manager.
- (2) The appointment of the Investment Manager(s) shall be made in accordance with any procedures specified by the Committee. The

Committee shall provide notice of any such appointment by Certification to the Trustee, which notice shall specify the portion, if any, of the Trust with respect to which the Investment Manager(s) has been designated.

- (3) The Investment Manager(s) shall certify in writing to the ~~Trustee~~Committee that it is qualified to act in the capacity provided under the Investment Manager Agreement, shall accept its appointment as such Investment Manager(s), shall certify the identity of the person or persons authorized to give instructions ~~or directions~~ to the Trustee on its behalf, including specimen signatures, and shall undertake to perform the duties imposed on it under the Investment Manager Agreement. The Trustee may continue to rely upon all such ~~e~~Certifications unless otherwise notified in writing by the Committee or the Investment Manager(s), as the case may be.
- (4) The Investment Manager(s) shall have the power, subject to the terms of the applicable Investment Manager Agreement, to invest and reinvest all or any part of the Trust, including any undistributed income therefrom, in accordance with the Investment Policy. In all cases, however, the investments must be sufficiently liquid to enable the Trust to fulfill the purposes of the Trust and to satisfy obligations as they become due.

5.02. Direction by Investment Manager(s).

- (1) The Investment Manager(s) designated by the Committee to manage any portion of the Trust shall have authority, subject to the Investment Policy and to the terms of the applicable Investment Manager Agreement, to manage, acquire, and dispose of the assets of the Trust, or a portion thereof as the case may be. The Investment Manager(s) is authorized to invest in the securities meeting the requirements of Section 5.01(4) and pursuant to the Investment Policy. The Investment Manager(s) shall have the power and authority, exercisable in its sole discretion at any time, and from time to time, to issue and place orders for the purchase or sale of portfolio securities directly with qualified brokers or dealers. The Trustee, upon proper notification from an Investment Manager, shall execute and deliver the appropriate trading authorizations. Written notification of the issuance of each such authorization shall be given promptly to the Trustee by the Investment Manager(s), and the Investment Manager(s) shall cause the execution of such order to be confirmed in writing to the Trustee by the broker or dealer. Such notification shall be proper authority for the Trustee to pay for portfolio securities purchased against receipt thereof and to deliver portfolio securities sold against payment therefor, as the case may be.
- (2) The authority of the Investment Manager(s) and the terms and conditions of the appointment and retention of the Investment Manager(s) shall be the responsibility solely of the Committee, and the Trustee shall not be

deemed to be a party to or to have any obligations under any agreement with the Investment Manager(s). Any duty of supervision or review of the acts, omissions or overall performance of the Investment Manager(s), shall be the exclusive responsibility of the Committee, ~~and except as provided in Section 4.05 herein,~~ the Trustee shall have no duty to review any securities or other assets purchased by the Investment Manager(s), to review the Investment Policy or to make suggestions to the Investment Manager(s) or to the Committee with respect to the exercise or nonexercise of any power by the Investment Manager(s).

- (3) Unless the Trustee participates knowingly in, or knowingly undertakes to conceal an act or omission of an Investment Manager(s) knowing such act or omission to be a breach of the fiduciary responsibility of the Investment Manager(s), the Trustee shall be under no liability for any loss of any kind which may result by reason of any action taken by it, in compliance with the Standard of Care, in accordance with any ~~direction~~Instruction of the Investment Manager(s), or failure to act in the absence of proper Instructions of the Investment Manager(s). In any event, the Trustee shall be under no liability for any loss of any kind by reason of changes in value of the investments purchased, sold, or retained by the Investment Manager(s), nor for the risk, liquidity or diversification of the portfolio, nor for the turnover of the investments, nor for any other aspect of portfolio for which an Investment Manager(s) has been appointed.
- (4) In the event that there is no Investment Manager over any portion of the Trust assets at any time, the Committee shall act as the Investment Manager and shall have all of the rights and duties described herein. For clarity, under no circumstances will Trustee act as an Investment Manager unless otherwise agreed in a separate written agreement.

VI. TRUSTEE'S GENERAL POWERS

The Trustee shall generally act only pursuant to Instructions. Except as specifically set forth below, the Trustee shall ~~have, with respect to the Trust,~~ the following powers, ~~all of which powers are fiduciary powers to be exercised in a fiduciary capacity and in the best interests of the Trust and the beneficiaries thereof, and which are to be exercised as the Trustee, acting in such fiduciary capacity, in its discretion, shall determine and, except as otherwise provided, and authorities, exercisable only upon appropriate Instructions~~ which are intended in no way to limit the powers of the office, namely:

6.01. Instructions. Except as specifically otherwise provided in this Agreement, Trustee will have no obligation to act until it receives Instructions. The Company is responsible for ensuring that only Authorized Representatives issue Instructions and that Authorized Representatives safeguard all authorization codes, passwords, and authentication keys used in connection with Instructions. Authorized Representatives issuing Instructions (and not Trustee) are responsible for determining that the Instructions are in accordance with the terms of all

governing agreements, court and CPUC Orders, and applicable law. All Instructions must include all information reasonably necessary, and must be delivered timely and via a method set forth in Section 1.01(5). Trustee may decline to act upon any Instructions that do not meet the above-described requirements or that conflict with applicable law or Trustee's operating practices and procedures; provided that in the case of any such declination, the Trustee shall use commercially reasonable efforts to deliver to the Committee notice thereof. While it is not a part of Trustee's ordinary practices, Trustee may in certain limited circumstances accept oral instructions reasonably believed to be from an Authorized Representative, which will be deemed to be Instructions for purposes of this Agreement. An Authorized Representative issuing oral Instructions must promptly confirm such Instruction in writing, but the fact that such written confirmation is not received or that contradicts the oral Instruction will in no way affect (a) Trustee's reliance on such oral Instructions, or (b) the validity or enforceability of transactions authorized by such oral Instructions and effected by Trustee.

6.02. ~~6.01.~~ Payment of Expenses of Administration. To pay as directed via Instruction of the Committee, from the Trust assets, (1) Investment Manager fees payable under Investment Manager Agreements, (2) compensation amounts payable to the Trustee pursuant to Section 4.03, (3) reimbursement of the Trustee for its out-of-pocket expenses otherwise properly incurred in performing its duties in accordance with this Agreement, and (4) all other ordinary and necessary expenses and other incidental costs incurred in connection with the Trust or in the discharge of the Trustee's ~~fiduciary~~ obligations under this Agreement including, but not limited to, Committee member(s) fees and expenses, the fees and/or compensation of any professional advisors, legal counsel or administrative support hired by the Committee as provided in Section 3.04, ~~expenses and insurance policy premiums as provided in Section 3.06~~ and the costs and expenses of any audit of the Trust; provided that to the extent the amounts listed in the foregoing ~~amounts~~ clauses (2) – (4) exceed \$500,000 in the aggregate in any ~~twelve-month period~~ calendar year, the Committee shall obtain CPUC Approval ~~shall be required~~ prior to providing the Trustee payment Instructions for such amounts. ~~Notwithstanding the foregoing,~~ to the extent Trustee fees described in clauses (2) and (3) are not paid by the Trust within the time period set forth in the fee schedule (whether due to the limitation in the prior proviso or otherwise), the Company will promptly pay such invoices and reimbursement for such payments shall be subject to CPUC Approval as set forth in Section 2.01(1).

6.03. ~~6.02.~~ Extension of Obligations and Negotiations of Claims. ~~To Pursuant to Instructions of the Committee, to~~ renew or extend the time of payment of any obligation, secured or unsecured, to or by the Trust, for as long a period or periods of time and on such terms as the ~~Trustee~~ Committee shall determine, and ~~set forth in such Instructions.~~ Pursuant to Instructions of the Committee and subject to an indemnity for Trustee's fees and expenses as may be deemed reasonably necessary or appropriate by Trustee, Trustee shall be authorized on behalf of the Trust to adjust, settle, compromise, and arbitrate claims on demands in favor of or against the Trust upon such terms as ~~the Trustee may deem advisable, subject to the procedures contained in 2.01~~ set forth in applicable Instructions.

6.04. ~~6.03.~~ Registration of Securities. ~~To~~ With or without Instructions, Trustee is authorized to hold any stocks, bonds, securities, and/or other property in the name of a nominee, in a street name, or by other title-holding device, without indication of trust.

~~6.05.~~ ~~6.04.~~ Location of Assets. ~~To~~ With or without Instructions, Trustee is authorized keep any property belonging to the Trust at any place in the United States, or in a Subcustodian or a Depository. Any cash held hereunder may be subject to additional deposit terms and conditions issued by Trustee or the applicable Subcustodian from time to time, including rate of interest and deposit account access.

~~6.06.~~ ~~6.05.~~ Delegation of Ministerial Powers. ~~To~~ With or without Instructions, Trustee is authorized to (a) take, in accordance with the Standard of Care, any administrative or ministerial actions with respect to the Trust that it reasonably deems necessary or appropriate to perform its obligations under the Agreement, and (b) delegate to other persons such ministerial powers and duties as the Trustee may deem to be advisable.

~~6.07.~~ ~~6.06.~~ Powers of Trustee to Continue Until Final Distribution. To exercise any of such powers after the date on which the principal and income of the Trust shall have become distributable and until such time as the entire principal of, and income from the Trust shall have been actually distributed by the Trustee to a successor trustee or the Company (it is intended that the distribution of the Trust will occur as soon as possible upon termination of the Trust, subject, however, to the limitations contained in Sections 2.06 and 2.07 hereof).

~~6.07.~~ ~~Discretion in Exercise of Powers. To do any and all other acts which the Trustee shall deem proper to effectuate the powers specifically conferred upon it by this Agreement, provided, however, that the Trustee may not do any act or knowingly engage in any transaction which would:~~

~~(1) — Contravene any provision of this Agreement; or~~

~~(2) — Violate the terms and conditions of any instructions provided by written Certificate by the Committee.~~

6.08. Trustee Reimbursement; ~~Foreign Exchange Settlement~~. If the Trustee advances cash or securities for any purpose ~~authorized~~ under this Agreement, the Trust is otherwise indebted to Trustee, or in the event that the Trustee shall incur or be assessed taxes, interest, charges, expenses, assessments, or other liabilities in connection with the performance of this Agreement, ~~except such as may arise from its own negligent action, negligent failure to act or willful misconduct, any property at any time held for the Trust or under this Agreement shall be security therefor~~ the Company on behalf of the Trust hereby pledges and grants to Trustee, and agrees that Trustee will have, to the maximum extent permitted by law, a first lien and security interest in all of the Trust's right, title and interest in the assets now or hereafter held in the Trust, including proceeds; provided that such lien does not extend to securities issued by an affiliate (as defined in Section 23A of the U.S. Federal Reserve Act) of Trustee. The Trustee shall be entitled to collect from such ~~property~~ Trust assets sufficient cash for reimbursement, and if such cash is insufficient, dispose of the assets of the ~~Fund~~ Trust held under this Agreement to the extent necessary to obtain reimbursement (and in this regard, Trustee will be entitled to all rights and remedies of a pledgee, secured creditor and/or securities intermediary under applicable laws, as if the Trust was in default). To the extent the Trustee advances funds to the Trust for disbursements or to effect the settlement of purchase transactions, the Trustee shall be entitled to collect from the Trust reasonable charges established under the Trustee's standard overdraft terms, conditions and procedures.

~~The Trustee may settle transactions for foreign exchange or foreign exchange contracts~~ Company represents, warrants and covenants that the Trust owns all assets of the Trust free and clear of all liens, claims and security interests (except for Permitted Liens), and that the first lien and security interest granted herein will be subject to no setoffs, counterclaims or other liens prior to or on parity with it in favor of any third party (other than Permitted Liens). The Company will take, upon request of the Trustee, additional steps reasonably required to assure Trustee the priority of this security interest. "Permitted Liens" means liens (1) imposed by law for taxes, assessments, or governmental charges not yet due or which are being contested in good faith, (2) arising by virtue of any statutory or common law provision relating to banker's liens rights or set-off or similar rights or otherwise granted preferred status by statute or (3) otherwise acknowledged by Trustee.

6.09. Foreign Exchange Settlement. In connection with this Agreement, the Committee or an Investment Manager may enter into foreign exchange transactions (including foreign exchange hedging transactions) with Trustee or Trustee's Affiliate acting as a principal or otherwise through customary channels. The Committee or an Investment Manager may issue standing Instructions with respect to any such foreign exchange transactions, subject to any rules or limitations that may apply to any foreign exchange facility made available to the Trust. With respect to any such foreign exchange transactions, Trustee or such Trustee Affiliate is acting as a principal counterparty on its own behalf and is not acting as a fiduciary or agent for, or on behalf of, the Company, the Committee, any Investment Manager or the Trust.

6.10. Corporate Actions. Trustee will notify the Committee of rights or discretionary corporate actions with respect to securities as promptly as practicable under the circumstances, provided that Trustee has actually received, in its capacity as custodian, notice of such right or discretionary corporate action from the relevant issuer, or from a Subcustodian, Depository or third party vendor. Without actual receipt of such notice by Trustee, Trustee will have no responsibility or liability for failing to so notify. Whenever there are voluntary rights that may be exercised or alternate courses of action that may be taken with respect to securities, the Committee will be responsible for making any decisions relating thereto and for instructing Trustee to act. In order for Trustee to act with respect to any such rights or courses of action, the Committee must issue Instructions either: (a) using the Trustee-generated form or (b) if the Committee is not using such Trustee-generated form, clearly indicating, by reference to the options provided on such Trustee-generated form, which action is being elected. Each such Instruction will be addressed as Trustee may from time to time reasonably request and issued by such time as Trustee will advise the Committee. Trustee will advise the Committee upon Trustee's notification, in its capacity as custodian, of a partial redemption, partial payment or other action with respect to a security affecting fewer than all such securities held within the Trust. If Trustee or any Subcustodian or Depository holds any securities affected by one of the events described, Trustee or such Subcustodian or Depository may select the securities to participate in such partial redemption, partial payment or other action in any non-discriminatory manner that it customarily uses to make such selection.

VII TRUSTEE'S MANAGEMENT AND OPERATION OF THE TRUST

~~The Trustee~~ Subject to the provisions hereof, the Committee has the authority and

responsibility to manage the Trust assets. ~~In carrying out such responsibility, but recognizes the authority of any~~ Committee may appoint one or more Investment Manager(s) ~~appointed by the Committee~~ to invest and reinvest the assets of the Trust pursuant to Investment Manager Agreement(s) and as provided in Section 5.02 of this Agreement, ~~and agrees to cooperate with such Investment Manager(s) as deemed necessary to accomplish these tasks. Notwithstanding the foregoing, the Trustee shall, without the written authorization of the Committee, invest cash balances, if any, in an investment account on a daily basis to the extent reasonable. Upon the written authorization of the Committee from time to time, the Trustee shall have the following powers, all of which are fiduciary powers to be executed in a fiduciary capacity and in the best interest of the Trust and the beneficiaries thereof, and which are to be exercised by the Trustee in its discretion, acting in such fiduciary capacity:.~~

~~7.01.— Preservation of Principal. The Trustee shall hold and manage the assets of the Trust in a manner designed to maximize and preserve the income and principal of the Trust for the purposes of the Trust.~~

7.01. 7.02.— Settlements. Promptly after the execution of each securities transaction, Instructions (which may be standing Instructions) will be issued for the settlement of such transaction. Unless otherwise agreed by the Trustee, and subject to Section 6.08, assets will be credited to the Trust only when received by the Trustee. For purposes of settling securities transactions, the Company will ensure that there is sufficient immediately available funds or securities, as applicable, in the Trust, by such time and date as is required to enable Trustee to settle such transaction in the country of settlement and in the currency to be used to settle such transaction. Settlements of transactions may be effected in trading and processing practices customary in the jurisdiction or market where the transaction occurs. The Company acknowledges that this may, in certain circumstances, require the delivery of cash or securities (or other property) without the concurrent receipt of securities (or other property) or cash and, in such circumstances, the Trustee shall have no responsibility for nonreceipt of payment (or late payment) by the counterparty. Further, for bookkeeping convenience, Trustee may credit the Trust with proceeds of a pending transaction prior to its actual receipt of the proceeds thereof. Any such credits are conditional until Trustee's actual receipt of the proceeds (which will not be deemed complete until Trustee has received sufficient immediately available funds or securities specifically applicable to such transaction that, under local law, are irreversible and not subject to security interest, levy, or encumbrance), and may be reversed to the extent such proceeds are not received.

~~7.03.— Management of Trust.~~

7.02. Subcustodians and Depositories.

- (1) ~~The Use of Subcustodians and Depositories. Trustee shall have the power to sell, exchange, partition, or otherwise dispose of all or any part of the Trust at public or private sale, without prior application to, or approval by, or order of any court, upon such terms and in such manner and at such prices as the Trustee shall determine; to modify, renew or extend bonds, notes or other obligations or any installment of principal thereof or any interest due thereon and to waive any defaults in the performance of~~ will be entitled to use Subcustodians and Depositories, as defined below, in

connection with its performance hereunder. Trustee will only utilize Subcustodians that have entered into an agreement with Trustee or a Trustee Affiliate, and assets held through a Subcustodian will be held subject to the terms and conditions thereof; and to execute and deliver any and all bills of sale, assignments, bonds or other instruments in connection with these powers, all at such time, in such manner and upon such terms and conditions as the Trustee may deem expedient to accomplish of such Subcustodian's respective agreement. Assets deposited in a Depository will be held subject to the rules, procedures, terms and conditions of such Depository. Subcustodians may hold assets in Depositories in which such Subcustodians participate. Unless otherwise required by local law or practice or a particular Subcustodian agreement, assets deposited with Subcustodians or Depositories may be held in a commingled account in the purposes name of the Trust, as set forth in Section 1.03 applicable. Trustee, a Trustee Affiliate or the applicable Subcustodian, for its clients.

- (2) Notwithstanding anything contained in this Agreement to the contrary, the Trustee may not authorize or carry out any investment which would violate the restrictions on investment of Trust assets as set forth in Section 5.1(4) and nothing in this Section VII shall be construed as authorizing the Trustee to carry on any business or to divide the gains therefrom. Liability for Subcustodians. Trustee will exercise the Standard of Care in selecting, retaining and monitoring Subcustodians. With respect to assets held by a Subcustodian, Trustee will be liable to the Company for the activities of such Subcustodian under this Agreement to the extent Trustee would have been liable to the Company under this Agreement if Trustee had performed such activities itself in the relevant market in which such Subcustodian is located; provided, however, that with respect to securities held by a Subcustodian that is not a Trustee Affiliate: (A) Trustee's liability will be limited solely to the extent resulting directly from Trustee's failure to exercise the Standard of Care in selecting, retaining and monitoring such Subcustodian, and (B) To the extent that Trustee is not liable pursuant to Section 7.02(2)(A), Trustee's sole responsibility to the Company will be to take reasonable and appropriate action to recover from such Subcustodian, and forward to the Trust any amounts so recovered (exclusive of costs and expenses incurred by Trustee in connection therewith).
- (3) Liability for Depositories. Trustee will have no responsibility or liability for the activities of any Depository arising out of or relating to this Agreement or any cost or burden imposed on the transfer or holding of assets held with such Depository.
- (4) Definitions. A "Depository" means the Depository Trust Company, Euroclear, Clearstream Banking S.A., the Canadian Depository System, CLS Bank and any other securities depository, book-entry system or clearing agency authorized to act as a system for the central handling of

securities pursuant to the laws of the applicable jurisdiction, and any successors to, and/or nominees of, any of the foregoing. A “Subcustodian” means a bank or other financial institution (other than a Depository) that is selected and used by Trustee or its Affiliate in connection with the settlement of transactions and/or custody of assets hereunder, and any successors to, and/or nominees of, any of the foregoing.

7.03. ~~7.04.~~ Disposition of Investments. When required to make any payments under Sections 2.01 or ~~6.01~~6.02 hereof, the Trustee shall sell investments ~~at the best price reasonably obtainable;~~ or present investments for prepayment, but only upon ~~written direction from~~its receipt of Instructions of the Committee or an Investment Manager. The Trustee shall have no liability, except for its own ~~bad faith, negligence or willful misconduct~~violation of the Standard of Care, with respect to any sale or prepayment of an investment directed by the Committee or an Investment Manager or made by an Investment Manager through a broker-dealer.

VIIIMISCELLANEOUS

8.01. Regulatory and Technical Matters.

- (1) Sanctions. Throughout the term of this Agreement, the Company: (i) will have in place and will implement policies and procedures designed to prevent violations of Sanctions, including measures to accomplish effective and timely scanning of all relevant data with respect to incoming or outgoing assets or transactions relating to this Agreement; (ii) will ensure that neither the Company nor any of its Affiliates, directors, officers or employees is an individual or entity that is, or is owned or controlled by an individual or entity that is: (A) the target of Sanctions or (B) located, organized or resident in a country or territory that is, or whose government is, the target of Sanctions and (iii) will not, directly or indirectly, use the Trust in any manner that would result in a violation by the Company or Trustee of Sanctions. The Company will promptly provide to Trustee such information as Trustee reasonably requests in connection with the matters referenced in this Section 8.01(1), including information regarding the Trust, the assets and the source thereof, and the identity of any individual or entity having or claiming an interest therein. Trustee may decline to act or provide services in respect of the Trust, and take such other actions as it, in its reasonable discretion, deems necessary or advisable, in connection with the matters referenced in this Section. If Trustee declines to act or provide services as provided in the preceding sentence, except as otherwise prohibited by applicable law or official request, Trustee will inform the Company as soon as reasonably practicable. As used in this Section, “Sanctions” means all economic sanctions laws, rules, regulations, executive orders and requirements administered by any governmental authority of the United States (including the United States Office of Foreign Assets Control) or any other

applicable domestic or foreign authority with jurisdiction over the Company.

- (2) Required Disclosures. With respect to securities that are registered under the U.S. Securities Exchange Act of 1934, as amended, or that are issued by an issuer registered under the U.S. Investment Company Act of 1940, as amended, the U.S. Shareholder Communications Act of 1985 (the “Act”) requires Trustee to disclose to issuers of such securities, upon their request, the name, address and securities position of Trustee’s clients who are “beneficial owners” (as defined in the Act) of the issuer’s securities, unless the beneficial owner objects to such disclosure. The Act defines a “beneficial owner” as any person who has or shares the power to vote a security (pursuant to an agreement or otherwise) or who directs the voting of a security. The Company has designated on the signature page hereof whether (i) as beneficial owner, it objects to the disclosure of its name, address and securities position to any U.S. issuer that requests such information pursuant to the Act for the specific purpose of direct communications between such issuer and the Company or (ii) it requires Trustee to contact the Investment Manager with respect to relevant securities to make the decision as to whether it objects to the disclosure of the beneficial owner’s name, address and securities position to any U.S. issuer that requests such information pursuant to the Act. With respect to certain securities issued outside the United States, Trustee may disclose information to issuers of securities as required by the organizational documents of the relevant issuer or in accordance with local market practice. In connection with the matters described in this Section, the Company will provide Trustee such information as may be necessary.
- (3) USA PATRIOT Act. Section 326 of the U.S. Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (including its implementing regulations) requires Trustee to implement a customer identification program pursuant to which Trustee must obtain certain information from the Company in order to verify the Company’s identity prior to establishing an account. Accordingly, prior to establishing the account, the Company will be required to provide Trustee with certain information, including the Company’s name, physical address, tax identification number and other pertinent identifying information, to enable Trustee to verify the Company’s identity. The Company acknowledges that Trustee cannot establish an account unless and until Trustee has successfully performed such verification.
- (4) Centralized Functions. Certain functions for The Bank of New York Mellon Corporation and its Affiliates (the “BNY Mellon Group”) are performed on a centralized basis (e.g., audit, accounting, risk, legal compliance, sales, administration, product communication, relationship management, compilation and analysis of customer-related data and

storage). In connection with the centralized functions, BNY Mellon Group is authorized to disclose information relating to the Company and the Trust to such Affiliate and joint ventures and to its and their service providers who are subject to confidentiality obligations, and store the names and business contact information of the Company's employees and representatives relating to this Agreement on the systems or in the records of such parties. The BNY Mellon Group may aggregate information regarding the Company and the Trust on an anonymized basis with other similar client data for BNY Mellon Group's reporting, research, product development, marketing and distribution purposes and will own such aggregated data.

- (5) Electronic Access Terms. If the Company elects to use the Electronic Access Services in connection with this Agreement, the use thereof will be subject to any terms and conditions contained in a separate written agreement between the parties. If an Authorized Representative elects, with Trustee's prior written consent, to transmit Instructions through a third-party electronic communications service, Trustee will not be responsible or liable for the reliability or availability of such service.
- (6) Electronic Transmissions. The Company is informed of the procedures and risks associated with the various methods of transmitting Instructions to Trustee, and that there may be more secure methods of communication than the method selected by the sender. Trustee agrees that the security procedures, if any, to be followed with respect to such transmission and authentication provide to Company a commercially reasonable degree of protection in light of the Trust's particular needs and circumstances.
- (7) Data Terms. Certain Market Data may be the intellectual property of Market Data Providers, which impose additional terms and conditions upon the use of such Market Data. Such additional terms and conditions can be found on the Data Terms Website (<http://www.bnymellon.com/products/assetservicing/vendoragreement.pdf> or any successor website the address of which is provided by Trustee to the Company). The Company agrees to those terms and conditions as they are posted on the Data Terms Website from time to time.
- (8) Cash Transfers. If Instructions are provided to credit or pay a party by both a name and a unique numeric or alpha-numeric identifier (e.g., IBAN or ABA or account number), Trustee and any other bank participating in the cash transfer will be entitled to rely solely on such numeric or alpha-numeric identifier, even if it identifies a party different from the party named. Such reliance on an identifier will apply to beneficiaries named in the Instruction, as well as any financial institution that is designated in the Instruction to act as an intermediary in such cash transfer. To the extent permitted by applicable law, the parties will be

bound by the rules of any transfer system used to effect a cash transfer under this Agreement.

- (9) Securities Lending. If the Company engages in securities lending activities, such activities will be subject to additional and/or modified terms to be set forth in a separate written agreement between the Company and Trustee or a Trustee Affiliate, the form of which agreement will be subject to CPUC Approval.
- (10) Cash Sweep. In connection with this Agreement, the Committee may issue standing Instructions to invest cash in one or more sweep investment vehicles. Such investment vehicles may be offered by a Trustee Affiliate or by a client of Trustee, and Trustee may receive compensation therefrom. By making investment vehicles available, Trustee and its Affiliates will not be deemed to have recommended, endorsed or guaranteed any such investment vehicle in any way or to otherwise have acted as a fiduciary or agent for, or on behalf of, the Company, the Committee, CPUC, any Investment Manager or the Trust. Trustee has no liability for any loss incurred by such investments. The Company understands that cash may be uninvested if it is received or reconciled to the account after the applicable deadline to be swept into the selected investment vehicle.
- (11) Line Item Assets. Trustee may reflect on its books and records certain bookkeeping entries for assets, including but not limited to, any book-entry securities and limited partnership interests that are selected and monitored by an Authorized Representative. Trustee will rely without independent verification on information provided by the Company or its designee regarding such assets.

8.02. ~~8.01.~~ Headings. The section headings set forth in this Agreement and the Table of Contents are inserted for convenience of reference only and shall be disregarded in construction or interpretation of any of the provisions this Agreement.

8.03. ~~8.02.~~ Interpretation. Any word contained in the text of this Agreement shall be read as the singular or plural and as the masculine, feminine, or neuter as may be applicable or permissible in the particular context. Unless otherwise specifically stated, the word “person” shall be taken to mean and include an individual, partnership, association, trust, company, or corporation. The word “including” when used herein means “including, but not limited to,” and the word “include” when used herein means “include, without limitation”.

~~8.03.~~ Parties Interested Herein. The terms and conditions of this Agreement are the result of negotiations between the parties. The parties intend that this Agreement will not be construed in favor of or against a party by reason of the extent to which such party or its professional advisors participated in the preparation or drafting of this Agreement.

8.04. Parties Interested Herein. Nothing expressed or implied in this Agreement is intended or shall be construed to confer upon, or to give to, any person, other than the Company,

the Committee, the Trustee and the CPUC any right, remedy or claim under or by reason of this Agreement, or any covenant, condition or stipulation contained herein.

8.05. ~~8.04.~~ Severability of Provisions. If any provision of this Agreement or its application to any person or entity or in any circumstances shall be invalid and unenforceable, the application of such provision to persons and in circumstances other than those as to which it is invalid or unenforceable and the other provisions of this Agreement, shall not be affected by such invalidity or unenforceability. In such case, the parties will negotiate in good faith to replace each illegal or invalid provision with a valid, legal and enforceable provision that fulfills as closely as possible the intent of the parties. No failure or delay by a party to exercise any right, remedy or power it has under this Agreement will impair or be construed as a waiver of such right, remedy or power. A waiver by a party of any provision or any breach of any provision will not be construed to be a waiver by such party of such provision in any other instance or any succeeding breach of such provision or a breach of any other provision. All waivers will be in writing and signed by an authorized representative of the waiving party.

8.06. ~~8.05.~~ Form and Content of Communications. The names of any person authorized to act on behalf of the Company or the Committee shall be certified, with the specimen signature of such person, in a Certificate delivered to the Trustee by the Company and the Committee, as applicable. The person or persons authorized to give instructions to the Trustee on behalf of an Investment Manager shall be certified as provided in Section 5.01(3). Until appropriate written evidence to the contrary is received by the Trustee, it shall be fully protected in relying upon or acting in accordance with any Certificate or ~~other written notice, instruction, direction, certificate, resolution,~~ Instruction or other communication believed by it to be genuine and appearing on its face to be signed and/or certified by ~~any~~ the proper ~~person~~ Authorized Representative(s), and the Trustee shall be under no duty to make any investigation or inquiry as to the truth or accuracy of any statement contained therein or the actual identity or scope of authority of such Authorized Representative(s). Until notified in writing to the contrary, the Trustee shall have the right to assume that there has been no change in the identity or authority of any person previously certified to it hereunder.

8.07. ~~8.06.~~ Delivery of Notices Under Agreement. Any notice required by this Agreement to be given to the Company, the Trustee or the Committee shall be deemed to have been properly given when mailed, postage prepaid, by registered or certified mail, to the person to be notified as set forth below:

If to the Company:

PACIFIC GAS AND ELECTRIC COMPANY

~~Attention: [redacted]~~

77 Beale Street

Mail code: B12H

San Francisco, Room 805

~~San Francisco,~~ California ~~94106~~94105

Attention: Director of Investments & Benefit Finance

If to the Trustee:

~~[redacted]~~

THE BANK OF NEW YORK MELLON

c/o BNY Mellon Asset Servicing

500 Grant Street, Room 4040

Pittsburgh, PA 15258

Attention: ~~[redacted]~~ Charles Kosko, Service Director

~~[redacted]~~

~~[redacted]~~

If to the Committee:

CUSTOMER CREDIT TRUST COMMITTEE

c/o Pacific Gas and Electric Company, Director of Investments & Benefit Finance

77 Beale Street

Mail code: B12H

San Francisco, California 94105

Attention: Customer Credit Trust Committee ~~[redacted]~~ Chairperson

~~[redacted]~~

The Company, the Committee or the Trustee may change that address by delivering notice thereof in writing to the other persons as set forth in this Section ~~8.06~~8.07.

8.08. ~~8.07.~~ Successors and Assigns. ~~Subject to the provisions of Sections 2.04 (with respect to the Company) and 4.01 (with respect to the Trustee), this Agreement shall be binding upon and inure to the benefit of the Company, the Trustee and their respective successors, assigns, personal representatives, executors and heirs.~~ Neither party may, without the other

Party's written consent, assign any of its rights or delegate any of its duties under this Agreement (whether by change of control, operation of law or otherwise); provided, however that Trustee may, without the prior written consent of the Company, CPUC or the Committee, assign this Agreement or any of its rights, or delegate any of its duties hereunder: (1) to any Trustee Affiliate eligible to perform trust services and willing to assume all terms of this Agreement (including the obligation to comply with the Standard of Care) or (2) to any successor to the business of Trustee to which this Agreement relates, in which event Trustee agrees to provide notice of such successor to the Company. Any purported assignment or delegation by a Party in violation of this provision will be voidable at the option of the other Party. This Agreement shall be binding upon and inure to the benefit of the Company, the Trustee and their respective successors, permitted assigns, personal representatives, executors and heirs. Notwithstanding anything herein to the contrary, in the event Trustee becomes subject to a proceeding under a U.S. special resolution regime, the transfer of the Agreement (and any interest and obligation in or under, and any property securing, the Agreement) from Trustee will be effective to the same extent as the transfer would be effective under the U.S. special resolution regime if the Agreement (and any interest and obligation in or under, and any property securing, the Agreement) were governed by the laws of the United States or a state of the United States; and, in the event Trustee or any of its Affiliates becomes subject to a proceeding under a U.S. special resolution regime, default rights with respect to the Agreement that may be exercised against Trustee are permitted to be exercised to no greater extent than the default rights could be exercised under the U.S. special resolution regime if the Agreement were governed by the laws of the United States or a state of the United States.

~~8.09. 8.08. Governing Jurisdiction. The Trust is a California trust and all questions pertaining to its validity, construction, and administration shall be determined in accordance with the laws of the State of California as if executed in and to be wholly performed within the State of California.~~ Governing Jurisdiction. The Trust is a California trust and the substantive laws of the State of California (without regard to its conflicts of law principles) will govern all matters arising out of or relating to this Agreement, including the establishment and maintenance of the Trust and for purposes of the Uniform Commercial Code and the Hague Securities Convention. Each party irrevocably agrees that all legal actions or proceedings brought by it against the other party arising out of or relating to this Agreement will be brought solely and exclusively before the state or federal courts situated in San Francisco County, California. Each party irrevocably waives any objection which it may now or hereafter have based on improper venue or forum *non conveniens*. The parties hereby unconditionally waive, to the fullest extent permitted by applicable law, any right to a jury trial with respect to any such actions or proceedings. To the extent that in any jurisdiction the Company may now or hereafter be entitled to claim, for itself or its assets, immunity from suit, execution, attachment (before or after judgment) or other legal process, the Company irrevocably agrees not to claim, and it hereby waives, such immunity.

8.10. Necessary Parties. Other than any matters relating or subject to CPUC Approval, (1) Trustee reserves the right to seek a judicial or administrative determination as to its proper course of action under this Agreement and nothing contained herein will be construed or interpreted to deny Trustee or the Company the right to have Trustee's account judicially determined and (2) to the extent permitted by law, only Trustee and the Company will be necessary parties in any application to the courts for an interpretation of this Agreement or for an

~~A.20-04-023 ALJ/RWH/jmf~~

accounting by Trustee, and no other person having an interest in the Trust will be entitled to any notice or service of process. Promptly after receipt of actual notice of any action taken by the Trustee under this Section 8.10, the Company will provide notice thereof to the CPUC. Any final judgment entered in such an action or proceeding will, to the extent permitted by law, be conclusive upon all persons.

8.11. ~~8.09.~~ Accounting Year. The Trust shall operate on an accounting year which coincides with the calendar year, January 1 through December 31.

8.12. ~~8.10.~~ Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement may also be executed and delivered by facsimile or email with confirmation of delivery and/or receipt.

8.13. ~~8.11.~~ Approval. This Agreement shall be effective when approved by the CPUC and ~~signed~~ executed and delivered by all parties.

IN WITNESS WHEREOF, the Company and the Trustee have caused this Agreement to be duly executed by their respective authorized representatives.

~~{TRUSTEE}~~ THE BANK OF NEW YORK MELLON, PACIFIC GAS AND ELECTRIC
a ~~{form of business and state of New York bank~~ COMPANY,
~~registration}~~ a California corporation

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Pursuant to Section 8.01(2):

as beneficial owner, the Company OBJECTS to disclosure

as beneficial owner, the Company DOES NOT OBJECT to disclosure

Trustee will CONTACT THE INVESTMENT MANAGER with respect to relevant securities to make the decision whether it objects to disclosure

IF NO BOX IS CHECKED, TRUSTEE WILL RELEASE SUCH INFORMATION UNTIL IT RECEIVES A CONTRARY INSTRUCTION FROM THE COMPANY OR INVESTMENT MANAGER, AS APPLICABLE.

Schedule I
Trustee Fee Schedule

(See attached.) ~~TBD~~

~~(END OF ATTACHMENT A)~~

Advice 6271-E
July 26, 2021

Attachment 4

Declaration Supporting Confidential Designation

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

**DECLARATION SUPPORTING CONFIDENTIAL DESIGNATION
ON BEHALF OF
PACIFIC GAS AND ELECTRIC COMPANY (U 39 M)**

1. I, Margaret Becker, am the Vice President and Treasurer of Pacific Gas and Electric Company (“PG&E”), a California corporation. My business office is located at:

Pacific Gas and Electric Company
77 Beale Street, Mail Code B12A
San Francisco, CA 94105

2. PG&E will produce the information identified in Paragraph 3 of this Declaration to the California Public Utilities Commission (“CPUC”) or departments within or contractors retained by the CPUC in response to a CPUC audit, data request, proceeding, or other CPUC request.

Relevant CPUC Proceeding: Application of Pacific Gas and Electric Company for (1) Administration of Stress Test Methodology Developed Pursuant to Public Utilities Code Section 451.2(b) and (2) Determination That \$7.5 Billion of 2017 Catastrophic Wildfire Costs and Expenses Are Stress Test Costs That May Be Financed Through Issuance of Recovery Bonds Pursuant to Section 451.2(c) and Section 850 et seq. (A.20-04-023)

3. Title and description of document(s): Attachment 2: Proposed Final Agreement -

CONFIDENTIAL

4. These documents contain confidential information that, based on my information and belief, has not been publicly disclosed. These documents have been marked as confidential, and the basis for confidential treatment and where the confidential information is located on the documents are identified on the following chart, with further detail provided in Appendix A, which is incorporated into this declaration:

Check	Basis for Confidential Treatment	Where Confidential Information is Located on the Documents
<input type="checkbox"/>	<p>Customer-specific data, which may include demand, loads, names, addresses, and billing data.</p> <p>Protected under Pub. Util. Code § 8380; PG&E Electric and Gas Rules 9 and 27, Civ. Code §§ 1798 et seq.; Govt. Code § 6254; Decisions (D.) 14-05-016, 04-08-055, 06-12-029</p>	
<input type="checkbox"/>	<p>Personal information that identifies or describes an individual (including employees), which may include home address or phone number; SSN, driver’s license, or passport numbers; education; financial matters; medical or employment history (not including PG&E job titles); and statements attributed to the individual.</p> <p>(Protected under Civ. Code §§ 1798 <i>et seq.</i>; Govt. Code § 6254; 42 U.S.C. § 1320d-6; and General Order (G.O.) 77-M)</p>	
<input type="checkbox"/>	<p>Physical facility, cyber-security sensitive, or critical infrastructure data, including without limitation critical energy infrastructure information (CEII) as defined by the regulations of the Federal Energy Regulatory Commission at 18 C.F.R. § 388.113 and/or General Order 66-D (“The subject information: (1) is not customarily in the public domain by providing a declaration in compliance with Section 3.2(c) stating that the subject information is not related to the location of a physical structure that is visible with the naked eye or is available publicly online or in print; and (2) the subject information either: could allow a bad actor to attack, compromise or incapacitate physically or electronically a facility providing critical utility service; or discusses vulnerabilities of a facility providing critical utility service”).</p> <p>(Protected under Govt. Code § 6254(k), (ab); 6 U.S.C. § 131; 6 CFR § 29.2)</p>	
<input checked="" type="checkbox"/>	<p>Proprietary and trade secret information or other intellectual property and protected market sensitive/competitive data.</p> <p>(Protected under Civ. Code §§3426 <i>et seq.</i>; Govt. Code §§ 6254, <i>et seq.</i>, e.g., 6254(e), 6254(k), 6254.15; Govt. Code § 6276.44; Evid. Code §1060; D.11-01-036)</p>	<p>Pacific Gas and Electric Company Customer Credit Trust Agreement Fee Schedule contains confidential protected pricing data.</p>
<input type="checkbox"/>	<p>Corporate financial records.</p> <p>(Protected under Govt. Code §§ 6254(k), 6254.15)</p>	

<input type="checkbox"/>	Third-Party information subject to non-disclosure or confidentiality agreements or obligations. (Protected under Govt. Code § 6254(k); see, e.g., CPUC D.11-01-036)
<input type="checkbox"/>	Other categories where disclosure would be against the public interest (Govt. Code § 6255(a)):

5. The importance of maintaining the confidentiality of this information outweighs any public interest in disclosure of this information. This information should be exempt from the public disclosure requirements under the Public Records Act and should be withheld from disclosure.
6. I declare under penalty of perjury that the foregoing is true, correct, and complete to the best of my knowledge.
7. Executed on this 23rd day of July, 2021 at San Francisco, California.

/s/ Margaret Becker
 MARGARET BECKER
 Vice President and Treasurer
 Pacific Gas and Electric Company

PACIFIC GAS AND ELECTRIC COMPANY (U 39 E)

Application of Pacific Gas and Electric Company for (1) Administration of Stress Test Methodology Developed Pursuant to Public Utilities Code Section 451.2(b) and (2) Determination That \$7.5 Billion of 2017 Catastrophic Wildfire Costs and Expenses Are Stress Test Costs That May Be Financed Through Issuance of Recovery Bonds Pursuant to Section 451.2(c) and Section 850 et seq. (A.20-04-023)

ATTACHMENT TO DECLARATION

July 23, 2021

ATTACHMENT NAME	DOCUMENT NAME	CATEGORY OF CONFIDENTIALITY	LOCATION
Attachment 2: Proposed Final Agreement - CONFIDENTIAL	Pacific Gas and Electric Company Customer Credit Trust Agreement	Proprietary and trade secret information or other intellectual property and protected market sensitive/competitive data. (Protected under Civ. Code §§3426 <i>et seq.</i> ; Govt. Code §§ 6254, <i>et seq.</i> , e.g., 6254(e), 6254(k), 6254.15; Govt. Code § 6276.44; Evid. Code §1060; D.11-01-036)	Pacific Gas and Electric Company Customer Credit Trust Agreement Fee Schedule starting on page 36 of the PDF

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

AT&T
Albion Power Company

Alta Power Group, LLC
Anderson & Poole

Atlas ReFuel
BART

Barkovich & Yap, Inc.
California Cotton Ginners & Growers Assn
California Energy Commission

California Hub for Energy Efficiency
Financing

California Alternative Energy and
Advanced Transportation Financing
Authority
California Public Utilities Commission
Calpine

Cameron-Daniel, P.C.
Casner, Steve
Cenergy Power
Center for Biological Diversity

Chevron Pipeline and Power
City of Palo Alto

City of San Jose
Clean Power Research
Coast Economic Consulting
Commercial Energy
Crossborder Energy
Crown Road Energy, LLC
Davis Wright Tremaine LLP
Day Carter Murphy

Dept of General Services
Don Pickett & Associates, Inc.
Douglass & Liddell

East Bay Community Energy Ellison
Schneider & Harris LLP Energy
Management Service
Engineers and Scientists of California

GenOn Energy, Inc.
Goodin, MacBride, Squeri, Schlotz &
Ritchie

Green Power Institute
Hanna & Morton
ICF

IGS Energy
International Power Technology
Intestate Gas Services, Inc.
Kelly Group
Ken Bohn Consulting
Keyes & Fox LLP
Leviton Manufacturing Co., Inc.

Los Angeles County Integrated
Waste Management Task Force
MRW & Associates
Manatt Phelps Phillips
Marin Energy Authority
McKenzie & Associates

Modesto Irrigation District
NLine Energy, Inc.
NRG Solar

Office of Ratepayer Advocates
OnGrid Solar
Pacific Gas and Electric Company
Peninsula Clean Energy

Pioneer Community Energy

Redwood Coast Energy Authority
Regulatory & Cogeneration Service, Inc.
SCD Energy Solutions
San Diego Gas & Electric Company

SPURR
San Francisco Water Power and Sewer
Sempra Utilities

Sierra Telephone Company, Inc.
Southern California Edison Company
Southern California Gas Company
Spark Energy
Sun Light & Power
Sunshine Design
Tecogen, Inc.
TerraVerde Renewable Partners
Tiger Natural Gas, Inc.

TransCanada
Utility Cost Management
Utility Power Solutions
Water and Energy Consulting Wellhead
Electric Company
Western Manufactured Housing
Communities Association (WMA)
Yep Energy