REGULAR MEETING of the Citizens Advisory Committee of the Peninsula Clean Energy Authority (PCEA)
Thursday, January 9, 2020

Peninsula Clean Energy
2075 Woodside Road, Redwood City, CA 94061
6:30 p.m.

Meetings are accessible to people with disabilities. Individuals who need special assistance or a disability-related modification or accommodation (including auxiliary aids or services) to participate in this meeting, or who have a disability and wish to request an alternative format for the agenda, meeting notice, agenda packet or other writings that may be distributed at the meeting, should contact Anne Bartoletti, Board Clerk, at least 2 working days before the meeting at abartoletti@peninsulacleanenergy.com. Notification in advance of the meeting will enable the PCEA to make reasonable arrangements to ensure accessibility to this meeting and the materials related to it. Attendees to this meeting are reminded that other attendees may be sensitive to various chemical based products.

If you wish to speak to the Committee, please fill out a speaker’s slip located on the tables as you enter the meeting room. If you have anything that you wish to be distributed to the Committee and included in the official record, please hand it to a member of PCEA staff who will distribute the information to the Committee members and other staff.

WELCOME

ROLL CALL

PUBLIC COMMENT
This item is reserved for persons wishing to address the Committee on any PCEA-related matters that are as follows: 1) Not otherwise on this meeting agenda; 2) Chief Executive Officer’s Staff Report on the Regular Agenda; 3) Committee Members’ Reports on the Regular Agenda. Public comments on matters not listed above shall be heard at the time the matter is called.

As with all public comment, members of the public who wish to address the Committee are requested to complete a speaker’s slip and provide it to PCEA staff. Speakers are customarily limited to two minutes, but an extension can be provided to you at the discretion of the Committee Chair.

ACTION TO SET AGENDA AND APPROVE CONSENT AGENDA
This item is to set the final regular agenda and approve the consent agenda.
REGULAR AGENDA

1. Chair Report (Discussion) (est. 5 min.)
2. Discussion on PG&E Restructuring Activities (Discussion) (est. 15 min)
3. Strategic Planning Discussion (Discussion) (est. 15 min)
4. Legislative and Regulatory Update (Discussion) (est. 15 min)
5. Outreach Update (Discussion) (est. 15 min)
6. Work Group Reports (Discussion) (est. 10 mins)
7. Formation of Ad Hoc Committees (Action) (est. 5 mins)
8. Upcoming Topics for Discussion (Discussion) (est. 5 min)
9. Committee Members’ Reports (Discussion) (est. 5 min.)

CONSENT AGENDA

10. Approval of the Minutes for the December 5, 2019 Meeting (Action)

Public records that relate to any item on the open session agenda for a regular Committee meeting are available for public inspection. Those records that are distributed less than 72 hours prior to the meeting are available for public inspection at the same time they are distributed to all members, or a majority of the members of the Committee. The Board of Directors has designated the Peninsula Clean Energy office, located at 2075 Woodside Road, Redwood City, CA 94061, for the purpose of making those public records available for inspection. The documents are also available on the PCEA’s Internet Website. The website is located at: http://www.peninsulacleanenergy.com.
PENINSULA CLEAN ENERGY
Citizen’s Advisory Committee Correspondence

DATE: January 3, 2020
COMMITTEE MEETING DATE: January 9, 2020

TO: Citizens Advisory Committee

FROM: Jan Pepper, Chief Executive Officer

SUBJECT: Discussion on PG&E Restructuring Activities

BACKGROUND:
As background for the Citizen’s Advisory Committee, the following documents are provided:

2. Proposed “Policy Principles for PG&E Reorganization” as modified at the December 19, 2019 Peninsula Clean Energy Board of Directors Meeting
3. “Proposed Policy Principles for PG&E Reorganization” as discussed by the MCE Board of Directors, November 2019
4. “Proposed Core Principles for Advocacy Relating to the Electric Transmission and Distribution Grid” (As developed by the Sonoma Clean Power Board of Directors, December 2019)
5. Letter from California Governor Gavin Newsom to the PG&E Chief Executive Officer regarding the Draft Amended Plan of Reorganization, December 13, 2019
6. Letters from four entities to the California Public Utilities Commission (CPUC) regarding “Offers to acquire certain Pacific Gas and Electric Distribution Assets”
TO: Honorable Peninsula Clean Energy Authority Board of Directors

FROM: Jan Pepper, Chief Executive Officer

SUBJECT: Review and Adopt Proposed Policy Principles for PG&E Reorganization (Action)

BACKGROUND:
At the November 21, 2019 Peninsula Clean Energy Board Meeting, Board members were provided with a number of documents regarding a publicly-owned option for the future of PG&E when it emerges from bankruptcy (https://www.peninsulacleanenergy.com/wp-content/uploads/2019/11/Item-6-PGE-Bankruptcy-handout-packet.pdf). The Board asked staff to provide draft principles to guide its discussion and development of PCE’s own publicly-owned option principles.

At the December 9, 2019 Executive Committee meeting, PCE staff presented the Customer-Owned Utility Operating Principles, as distributed by San Jose Mayor Sam Liccardo, along with suggested edits to those principles (shown as a redline draft and as a clean copy in Attachment 1). The Executive Committee provided additional input, which is reflected in the attached document as redline and highlighted in yellow. The Executive Committee also reviewed the board policy principles adopted by Marin Clean Energy (Attachment 2) and Sonoma Clean Power (Attachment 3) but did not feel the need to incorporate any of the principles from those documents into that proposed to the PCE Board today.

PCE staff recommends that the board adopt the proposed policy principles as edited by PCE staff and the Executive Committee. These edits will be forwarded to Mayor Sam Liccardo as PCE’s suggestions to strengthen the proposed policy principles.
ATTACHMENT 1 (CLEAN)

CUSTOMER-OWNED UTILITY - OPERATING PRINCIPLES

Proposed Peninsula Clean Energy edits to “San Jose” Customer-Owned Utility Operating Principles (dated December 6, 2019)

Additional Proposed Edits per the Peninsula Clean Energy board highlighted in yellow (Dec 19, 2019)

The Customer-Owned Utility is fully committed to safety, reliability and affordability for its customers. The Customer-Owned Utility will act to achieve net zero emissions as quickly as possible.

Geographic Inclusion and Equity

- The customer-owned utility will not seek to sever any geographic portion of the current PG&E service area.
- Governance and operations will prioritize ensuring that no disparate negative impact is borne by any specific region, county, or city, as a result of the transformation of the utility from investor-owned to customer-owned.

Governing Board Responsibilities and Selection Process

- The fiduciary duty of the Governing Board will be to the customer-owners.
- The Governing Board will support exploration of a capital structure required to publicly own the assets, and to manage the financing and existing liabilities.
- Governing Board will assume ratemaking and capitalization responsibilities in place of CPUC regulation.
- Interim Governing Board nominees will be presented in the Bankruptcy Process.
- Selection of Governing Board members will be through a two-step process, with a nominating committee patterned on the CAISO selection process, vetting candidates for election.
- Governing Board will oversee the management of the organization, hire and/or retain senior management.
- Organization charter will require board members to meet qualification requirements, and consider representation from various stakeholders.
and communities, of competence, independence, and specific skill sets (e.g., utility expertise, safety, cyber-security, infrastructure, management).

**Labor and Workforce**

- The customer-owned utility will preserve existing PG&E labor contracts and preserve the existing skilled workforce.
- The customer-owned utility will commit to maintaining and growing a skilled workforce that is focused on improving the safety and reliability of the utility’s infrastructure, as well as improving customer service and affordability.

**Power Supply Procurement**

- Primary responsibility for power supply procurement in areas where qualified Community Choice Aggregators (CCA’s) already procure power will shift to those qualified CCAs, who will become the provider of last resort (POLR) in their territory. “Qualified” CCAs will meet good utility practices, including adopting risk management policies and procedures, maintaining a bond rating, retaining adequate operating reserves, and establishing limits on uses of ratepayer funds.
- The customer-owned utility will proactively support and will not oppose or hinder new CCA formation.
- The customer-owned utility will serve the remaining customers whose communities choose not to form a CCA.
- The customer-owned utility will support options to reduce costs for all ratepayers including options to reduce and stabilize, and eventually phase out, the Power Charge Indifference Adjustment (PCIA) and other non-bypassable utility charges. The customer-owned utility will support State climate goals and be subject to all State requirements requiring renewable energy procurement, energy efficiency initiatives, and emission reductions as they relate currently to the investor-owned utilities.
- Existing contracts with independent power producers would be maintained and respected. Subject to mutual agreement of the parties, contracts will be renegotiated to benefit customers.
- The customer-owned utility will support local efforts to administer and implement public purpose programs such as energy efficiency and renewable energy incentives programs funded through the public goods charge.
Public Accountability

- Notwithstanding “private” entity legal status, the customer-owned utility will operate as though it were a public agency with regard to transparency and accountability of decision-making. That includes:
  - Adherence with applicable public record and open meeting rules, including the Brown Act and Public Records Act.
  - Prohibitions on organized political contributions.
  - Outreach to underserved communities.
  - Goals for supplier diversity including women, minority, disabled veteran, and LGBTQ contracting and employment.
  - Other important public policy objectives.

Rate and Credit Quality

- The customer-owned utility will be committed to low-cost financing for capital investments needed to maintain the grid, adhere to safety and reliability standards, realize energy policy objectives, and improve customer affordability.
- By charter, the organization will be required to maintain investment-grade credit quality.
- The current balance of rate allocation between urban and rural customers will be maintained.
- The customer-owned utility will commit to ensuring continued rate discounts for low-income residents (through the CARE program and similar initiatives).
- The customer-owned utility will continue to offer Net Energy Metering (NEM) programs for customers with on-site generation. The customer-owned utility will fully grandfather NEM rates for existing NEM customers and any future changes to NEM will apply only prospectively for new NEM installations.
- As a not-for-profit, rates will not include any profit. Rates will be set to maintain adequate reserves and all excess revenues will be reinvested into maintaining the grid, adhering to safety and reliability standards, and reducing customer costs.
- The customer-owned utility will fully support the development of distributed energy generation and storage by CCAs and other third parties, including local micro-grids and community solar.
Safety and Response

- The customer-owned utility will be subject to state agency standards and oversight relating to health, safety, and wildfire protection.
- The customer-owned utility will develop a transparent, prioritized capital investment plan to address infrastructure needs of both the distribution and transmission system to prevent wildfires, reduce, and ultimately eliminate, Public Safety Power Shutoff (PSPS) events, and improve overall system reliability.
- Required PSPS events will be based on best practices, with a transparent decision-making structure, emphasis on coordination with local first responder and emergency service agencies, and high-quality customer communication.
Attachment 2
From MCE Board meeting discussion of November 21, 2019

Proposed Policy Principles for PG&E Reorganization

- Safety Improvements
  - Aggressive vegetation management practices must be implemented immediately and verified on a biannual basis throughout the service area
  - Biannual inspections of transmission system should be required
  - Sectionalizing the grid should occur in order to limit the impact of PSPS events
  - Prioritizing the adoption of Distributed Energy Resources in partnership with Community Choice Aggregators to minimize need for high-voltage transmission lines
  - Improve safety enforcement should be employed by public agencies
  - PG&E should be split into affiliates and subsidiaries along functional and geographic lines
  - There should be a commitment to living wages and worker’s rights

- Wildfire Liability Costs
  - Consider potential pathway to limit inverse condemnation liability rules for good actors
  - Ensure grid repair and capital improvement costs are shared across all of PG&E’s currently existing service area
  - Ensure future fire liabilities for a period of ten years are shared across all of PG&E’s currently existing service area

- Public Control and Transparency
  - PG&E should no longer function as an investor-owned utility and should transition to a consumer-owned cooperative such as a mutual benefit corporation. PG&E should be required to cooperate in the transition to the new structure.
  - Decision-making should occur primarily by elected or appointed officials subject to Brown Act and Public Records Act rules
  - Access to low cost of capital for public agencies should be leveraged for grid improvements

- Power Supply Procurement
  - PG&E should exit the generation business
  - Require the expeditious sale of PG&E’s generation assets to create cash infusion and to avoid poor management of stranded assets
ATTACHMENT 3

PROPOSED CORE PRINCIPLES FOR ADVOCACY RELATING TO THE ELECTRIC TRANSMISSION AND DISTRIBUTION GRID (As developed by SCP Board, Dec 2019)

1. No region left behind
   (a) Grid infrastructure repair costs should be shared equitably across all of PG&E’s existing territory (e.g., through ongoing bill fees)
   (b) Future fire liabilities shared across at least all of PG&E’s existing territory (e.g., through state insurance)

2. Refocus regulator on safety and rates
   (a) Require CPUC to rebuild capacity to regulate safety (e.g., by hiring grid engineers and first responders)
   (b) Require CPUC to rebuild capacity to analyze and set investor-owned rates (e.g., by hiring accountants and financial auditors)
   (c) Ensure a significant majority of funding and staff at the CPUC are dedicated to safety and rates (e.g., set a minimum threshold for funding and staff at 90% of energy division budget and headcount) rather than the current focus on policy.

3. Financially capable of quickly repairing the grid
   (a) Able to raise the billions of dollars needed to replace or repair large portions of the transmission and distribution grid.

4. Maintain affordability
   (a) Low cost of capital. (Typical national utility cost of equity is between 7 and 9%. PG&E’s current cost of equity is 12% with a request to raise to 16%.)
   (b) Remove profit motive OR structure to ensure a reasonable (e.g., 4% to 5%) profit.

5. Financial and Operational Transparency
   (a) Open book operation. All finances are 100% publicly disclosed. Budgeting and Operational decisions around maintenance and capital investments should be disclosed to the public.
   (b) Full-time auditor team works inside accounting department of for-profit utility with access to view all accounts and financial transactions.
6. Protect workers by preserving labor agreements and benefits
   (a) Honor existing union contracts and pensions

7. Governance with strong public interest
   DISCUSS: Given fiduciary responsibility of corporate boards chartered in Delaware, this may be a difficult to achieve for any for-profit model. Consider alternatives to this principle possibly relating to better public input and/or performance-based returns on investment.
OFFICE OF THE GOVERNOR

December 13, 2019

William D. Johnson
Chief Executive Officer
PG&E Corporation
77 Beale Street
San Francisco, CA 94177

RE: Draft Amended Plan of Reorganization for PG&E Corporation ("Corp") and Pacific Gas and Electric Company (the "Utility" and, collectively with Corp, "PG&E") dated as of December 6, 2019 (the "Amended Plan")

Dear Mr. Johnson:

Since the day PG&E decided to file for bankruptcy protection, I have been clear about the state’s objectives. Californians must have access to safe, reliable, and affordable service. Victims and employees must be treated fairly. And California must continue to make forward progress on our climate change goals. These objectives were codified into law in Assembly Bill 1054 (Holden, Chapter 79, Statutes of 2019) and must be satisfied as part of any emergence from bankruptcy.

To facilitate an expeditious resolution of the chapter 11 cases that achieves the state’s objectives, my office has undertaken a review of the Amended Plan and the materials submitted in support of such plan to determine whether, in my sole judgment, the Amended Plan and the restructuring transactions contemplated therein comply with AB 1054. I appreciate the efforts of the management team to provide my office information to assist in that review.

I have determined that the Amended Plan and the restructuring transactions contemplated therein do not comply with AB 1054. In my judgment, the Amended Plan and the restructuring transactions do not result in a reorganized company positioned to provide safe, reliable, and affordable service to its customers, as required by AB 1054.
PG&E’s chapter 11 cases punctuate more than two decades of mismanagement, misconduct, and failed efforts to improve its safety culture. PG&E caused the devastating San Bruno gas pipeline explosion, which killed 8 people, caused 58 injuries, and destroyed approximately 38 homes. PG&E has caused multiple catastrophic wildfires in the last three years, including the Camp Fire, which we know killed 85 people, destroyed the town of Paradise and resulted in billions of dollars in economic losses to the region.

PG&E’s recent management of the public safety power shutoffs did not restore public confidence. Instead, PG&E caused extreme uncertainty and harm for Californians who rely on power for their health care and for their livelihoods. For too long, PG&E has been mismanaged, failed to make adequate investments in fire safety and fire prevention, and neglected critical infrastructure. PG&E has simply violated the public trust.

It is against this backdrop that compliance with AB 1054 must be measured. To access the state’s wildfire fund, AB 1054 requires:

- PG&E to resolve its insolvency proceeding by June 30, 2020;
- The bankruptcy court to determine that the plan of reorganization fairly satisfies pre-petition wildfire claims;
- The California Public Utilities Commission (the “CPUC”) to determine that the reorganization plan and other documents are consistent with the state’s climate goals and neutral, on average, to ratepayers; and
- The CPUC to determine that the plan of reorganization, other plan documents, and the resulting governance structure be acceptable to the CPUC taking into account PG&E’s safety history, criminal probation, recent financial condition, and other relevant factors in order for the reorganized company to access the wildfire fund.

The CPUC’s review of the plan of reorganization is not a rubber stamp – it is a critical component of AB 1054.

To be approved under AB 1054, any plan of reorganization must position the emerging new entity for transformation. Such plan should include stringent governance and management requirements, enforcement mechanisms, and a capital structure that allows the company to make critical safety investments. In addition to the feedback set forth below, my team will provide your advisors with additional information to further clarify my views on specific features of the plan.
**Governance and Management Requirements**

The resolution of this bankruptcy must yield a radically restructured and transformed utility that is responsible and accountable. To that end, my office previously informed you that any acceptable plan under AB 1054 must provide for major changes in governance and incorporate enforcement mechanisms. PG&E has failed to address most of the issues we previously raised on governance.

The governance and enforcement mechanisms that I believe are necessary include the following:

1. Changes that will result in a more qualified and independent board of directors that understands its obligation to achieve the goals of AB 1054. A transformed company should be governed by a board of directors selected based on a pre-determined set of qualifications, include members with extensive safety experience, and be comprised of a majority of Californians. To facilitate transformation, the board that will lead the reorganized company should be acceptable to me and approved by the CPUC and identified in the Amended Plan. I do not expect that the post-confirmation board of directors will include the current directors.

2. Strict, clearly defined operational and safety metrics to which the reorganized company will be held accountable.

3. An escalating enforcement process that provides for greater oversight of the reorganized company if it fails to meet the defined operational and safety metrics. Because of this company’s history, the license to operate should be conditioned on it agreeing to this process. This should also include a streamlined process for transferring the license and the operating assets to the state or a third-party when circumstances warrant.

4. Escalating enforcement should include governance changes that protect California in the event that the reorganized company fails to meet the operational and safety metrics or commits other bad acts including a subsequent bankruptcy filing.

The Amended Plan does not incorporate any mechanisms to address these issues. Thus, I believe the Amended Plan falls woefully short of the requirements of AB 1054.
The Amended Plan must provide, as a non-waivable condition, that the confirmation order is entered by June 30, 2020 and the effective date occur by August 29, 2020. In the event either of these dates are not met, the Bankruptcy Court should appoint a chapter 11 trustee acceptable to the CPUC to manage the debtors and dispose of their assets and/or operations.

Capital Structure

To achieve safe and reliable service and make critical safety and infrastructure investments, the emerging company’s capital structure must be stable, flexible, and position the company to attract long-term capital. Based on the financial information provided by PG&E, the reorganized company would not compare favorably to its peers on critical financial metrics. The Amended Plan also leaves the company with limited ability to withstand future financial and operational headwinds.

These issues arise, in part, because the Amended Plan contemplates using a combination of holdco debt, secured debt, securitization, and monetization of the net operating losses in order to make plan distributions – leaving the reorganized entity with limited tools to finance itself when it needs to access capital to make billions of dollars in safety investments. I am also concerned that the Amended Plan relies on expensive and short-term bridge financing. All of this contributes to a reorganized company that, in my judgment, will not be positioned to provide safe, reliable, and affordable electric service.

Without providing an exhaustive list of other issues, the Amended Plan must meet the AB 1054 requirements to treat victims fairly, including providing for the assumption of any pre-petition settlement agreements related to Fire Claims including the Butte Fire settlement. The Amended Plan should also provide that all environmental obligations and related agreements, all obligations and agreements related to the Diablo Canyon project, and all state tax obligations be assumed by the reorganized entity and be unimpaired.

The state remains focused on meeting the needs of Californians including fair treatment of victims – not on which Wall Street financial interests fund an exit from bankruptcy.
PG&E's current plan is not feasible without access to the wildfire fund established under AB 1054. PG&E's board of directors and management have a responsibility to immediately develop a feasible plan. Anything else is irresponsible, a breach of fiduciary duties, and a clear violation of the public trust.

Sincerely,

Gavin Newsom
Governor of California
December 13, 2019

President Marybel Batjer  
Commissioner Martha Guzman Aceves  
Commissioner Liane M. Randolph  
Commissioner Clifford Rechtschaffen  
Commissioner Genevieve Shiroma

California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102

RE: Offers by local government entities to acquire certain Pacific Gas and Electric ("PG&E") distribution assets

President Batjer and Commissioners:

We write as Northern California local public entities seeking safe, reliable electric service at reasonable rates, and would like to highlight for the Commission the role local government acquisitions of PG&E’s facilities can play in achieving these essential goals. In a recent letter to the Mayors and Boards of Supervisors of 22 cities and counties, President Batjer agreed that these same objectives are the Commission’s main long-term priority, and recognized the need for bold solutions to address these urgent issues.

The Commission is currently considering two proposed plans of reorganization in its proceeding, I.19-09-016. We all strongly support fair and adequate compensation of wildfire victims, however, neither of the plans addresses the recurring systemic problems with PG&E’s corporate structure and culture that have resulted in devastating wildfires, disastrous power shut-offs, repeated bankruptcies, multiple felony convictions, escalating costs, and loss of public trust. Bigger change is needed, and the Commission should be engaging stakeholders in proposals, like ours, that move California in that direction.
Each of our communities has recently made credible offers to acquire PG&E distribution assets in order to provide publicly owned utility service to our constituents (see attachment). Local governments have the right to provide utility service and are well-equipped and properly incentivized to provide safe, reliable service to their communities. The Governor himself has recognized the urgent need for better alternatives to PG&E and encouraged offers to PG&E in order to foster competition and different approaches to restructuring PG&E. As the Commission considers the fundamental changes that must be made to PG&E, the Commission should consider our proposals as part of the solution to resolve PG&E’s bankruptcy and begin improving utility service to customers.

Why our communities are seeking to provide local publicly owned utility service

Local entities are on the front lines in responding to investor owned utility failures. In PG&E’s case, these failures include emergencies caused by explosions, fires, and power shutoffs, as well as longer term failures such as the consistent and large rate increases, slow progress in addressing climate change, and unresponsiveness to community needs and objectives. Each of our communities has determined that acquiring PG&E’s facilities and assuming local electric distribution service is a viable and superior alternative to PG&E. While our proposals differ in their details, we share a commitment to our local constituents that cannot be matched by PG&E.

Benefits of local publicly owned utility service

Publicly owned utility service has a long history in California. Existing law provides a strong statutory framework for the formation and regulation of publicly owned utilities, and there are many examples throughout the State of successful formation, expansion, and operation of publicly owned utilities.

Electric service provided by local governments focused on their jurisdictions results in safer, more affordable, and more reliable service for their constituents. As public agencies, publicly owned utilities are structured to provide accountability and transparency to their local customers. Publicly owned utilities are subject to the Brown Act and other open meeting laws, as well as the Public Records Act. These requirements ensure: (i) transparency in decision making, operations, and rates; and (ii) accountability to customers to provide safe, reliable, affordable service. Publicly owned utilities answer to their local communities, not to corporate boards, holding companies, or shareholders. For this and other reasons, publicly owned utilities have better reliability than investor owned utilities.

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1 https://www.sfgate.com/bayarea/article/Governor-Newsom-PG-E-California-breakup-14538847.php (cites to statements made by California Governor Gavin Newsom about alternatives to PG&E. Governor Newsom encouraged San Francisco’s offer to PG&E and is quoted as stating, “I back more competition. … I am very specifically encouraging others to come into this space and to make some bids. We want to create a competitive space — and all of it with an eye on different approaches.”); https://medium.com/@CAgovernor/governor-gavin-newsom-outlines-roadmap-for-wildfires-communities-and-utility-c9d886dec571 (Governor Newsom called for total and permanent transformation of PG&E’s culture and governance and said the state would step in if parties fail to achieve this transformation.)

In addition, publicly owned utilities provide rate affordability and stability. The incentives of publicly owned utilities are better aligned since their “shareholders” are the public they serve. Publicly owned utilities do not pay dividends or exorbitant management salaries and bonuses. They also have access to lower cost, tax-efficient financing. These significant cost savings can be used to reduce rates and complete much-needed upgrades to PG&E’s electric distribution system.

Publicly owned utilities also focus on policies that are in line with community priorities. For example, many local communities have renewable energy and/or greenhouse gas emissions reductions goals that exceed State mandates. These local efforts complement and support State initiatives, making these communities valuable partners in achieving the State’s ambitious climate goals.

Further, publicly owned utilities provide support for jobs and economic development. They rely on highly skilled union workforces and provide stable career opportunities. Publicly owned utilities generally have a long and productive history of working with unionized workers because they are part of the communities they serve. It is our intent to continue to build on that strong foundation.

Our proposals benefit PG&E and its ratepayers

The local publicly owned utility model could provide positive outcomes for both PG&E and its remaining customers, and would transition seamlessly into existing electric grid operations. The size of PG&E’s service territory would be reduced along with its service obligations. This alone would be beneficial as PG&E has repeatedly demonstrated that its service territory is too large and its service obligations too broad for PG&E to manage reliably, safely, and cost effectively. Breaking up PG&E into smaller service territories would not “balkanize” the electric grid as some have claimed. Distribution grids are by their nature local, each with distinct characteristics and needs. Local governance and accountability is better positioned to plan for and implement modernization of these local distribution grids. At PG&E, local grid maintenance and modernization needs compete for funding and attention with other priorities such as wildfire risk mitigation.

Moreover, the California Independent System Operator (“CAISO”) operates most of the regional electric transmission grid in California and oversees the grid interconnections with all distribution providers within its area, including publicly owned utilities. The CAISO and investor owned utilities already have in place tariffs and processes to provide for operational integrity of interconnected systems owned or managed by diverse entities. This is an existing,

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3 Id. at pgs. 20-21.
4 See, e.g. http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M252/K547/252547055.PDF (questions asked by the California Public Utilities Commission in I. 15-08-019, pp. 11-12); https://www.sfgate.com/bayarea/article/Governor-Newsom-PG-E-California-breakup-14538847.php# (“Newsom said at a conference in San Francisco Tuesday that California residents would benefit from PG&E breaking into smaller pieces.”); https://www.cpuc.ca.gov/uploadedFiles/CPUC_Public_Website/Content/About_Us/Organization/Commissioners/Michael_J_Picker/PresidentPickerCommentsonPGESafetyCultureandEnforcementTheory.pdf (“The question may not be whether PG&E is too big to fail, but instead, ‘is the company too big to succeed?’”).
well-established system and there is no reason to believe that CAISO could not continue to operate the grid in the same safe and reliable manner.

In addition, our proposals would not burden other ratepayers, but would instead provide immediate, tangible benefits to PG&E in the form of additional cash that PG&E could put towards important, pressing uses, such as funding wildfire claims, stabilizing rates for PG&E’s remaining ratepayers, and reducing the need for PG&E to incur even more debt that could compromise PG&E’s ability to provide safe and reliable service to its customers. Any gain on sale from these transactions could be allocated by the Commission to benefit ratepayers.

Local governments have the right to provide electric service under Cal. Const. Art. XI, sec. 9. They also have the right to take property by eminent domain, under Art. I, sec. 19, if they choose to do so. However, we believe that working collaboratively with the Commission, PG&E, and other parties, and completing our proposed transactions through the bankruptcy process would provide significant benefits to PG&E, its customers, and other stakeholders. Our acquisition proposals can be implemented efficiently under existing law through PG&E’s ongoing bankruptcy case, and on a timeline consistent with the June 30, 2020 deadline for PG&E to exit bankruptcy and participate in the Wildfire Fund established by AB 1054.

**Our offers to PG&E are consistent with other proposals for public ownership of PG&E**

While local publicly owned utility service has a long and successful history, not all local governments have the ability or desire to provide such service. Additionally, most publicly owned utilities will continue to receive transmission and gas service from PG&E. This means that local publicly owned utility service is not the only means of addressing the challenge of comprehensively restructuring PG&E, and can be a complementary piece in a broader suite of solutions.

Besides our offers to PG&E, at least two other specific proposals for replacing PG&E have also been raised publicly: (i) a larger publicly owned utility serving all of PG&E’s service area, and (ii) a customer owned utility or electric cooperative. Converting PG&E into a large public utility would have all the benefits discussed above. A customer owned utility or cooperative, while not a public entity, would not have shareholders and could be required to operate with transparency and accountability that is lacking in investor owned utilities. The specifics of a customer owned utility or electric cooperative would need to be developed, particularly its governance, regulation, and financing capability.

Neither of these proposals would preclude, nor would they be inconsistent with, the formation or expansion of local publicly owned utilities. But creating a new, service-territory-wide utility may take some time and extend beyond the existing bankruptcy timeline. Our acquisition proposals can move forward quickly, provide cash to PG&E, and begin improving service to our customers immediately.

As President Batjer acknowledged in her letter, California must have a future that is fundamentally different from the current circumstances of repeated catastrophic wildfires and continuing power shut-offs. The only way to achieve that future is through true transformation.

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of electric utility service. Resolving PG&E’s bankruptcy case through the types of plans currently under review would not transform PG&E into a company that is effectively managed to provide safe and reliable service at reasonable rates. The Commission must do more to ensure adequate service in Northern California. Our communities should be and are prepared to be a part of the Commission’s efforts to realize its vision for the future.

Respectfully submitted,

CITY AND COUNTY OF SAN FRANCISCO
By: /s/ Harlan L. Kelly, Jr.
Harlan L. Kelly, Jr.
General Manager
San Francisco Public Utilities Commission

NEVADA IRRIGATION DISTRICT
By: /s/ Remleh Scherzinger
Remleh Scherzinger
General Manager

SOUTH SAN JOAQUIN IRRIGATION DISTRICT
By: /s/ Peter M. Rietkirk
Peter M. Rietkirk
General Manager

VALLEY CLEAN ENERGY
By: /s/ Mitch Sears
Mitch Sears
Interim General Manager

cc: Service Lists I. 19-09-016, I. 15-08-019
Re: Nevada Irrigation District’s Notice of Intent for the Purchase and Sale of Electric Distribution Assets in Portions of Nevada, Placer and Yuba Counties

Dear Messrs. Johnson and Vesey,

The Nevada Irrigation District is a diversified water resource district in the foothills of Northern California’s Sierra Nevada Mountains. NID is a publically owned utility, governed by an elected Board of Directors representing five Divisions within its approximate 287,000-acre boundary. The District provides treated water to approximately 19,500 customers and raw water to approximately 5,500 customers in Nevada, Placer, and Yuba Counties. The Nevada Irrigation District operates recreation facilities at the District’s storage reservoirs and utilizes its water supply resources to generate approximately 82.2MW of hydroelectric power for the benefit of its customer base. NID employs 219 regular, full-time employees and is headquartered at an 18-acre site located in Grass Valley, CA.

Founded under the Irrigation District Power Act of 1919, the Nevada Irrigation District is uniquely situated to engage in its latent powers and provide retail electric service to local communities under its jurisdiction provided by California Water Code section 22115 et seq.

Background

Since 1921, Nevada Irrigation District has been reliably supporting the communities of Placer, Nevada and Yuba Counties with a consistent and reliable supply of water through its diverse network of 475 of open ditch canals and 400 miles of treated water pipelines. Since the 1960s, NID has supported the California electrical grid in providing approximately 82.2 MW of hydroelectric and solar power through Power Purchase Agreements with PG&E.
NID began its assessment and review of PG&E’s local distribution system after holding a Community Choice Aggregation (CCA) meeting with interested members of the community in August 2018. NID began to advance its analysis and feasibility of the potential acquisition of the distribution system and associated assets within its District boundary in September 2018.

In light of the recent events and news surrounding the Pacific Gas and Electric Company bankruptcy, rate increases, PG&E’s discretionary Public Safety Power Shutoff (PSPS) events, and at the request of the local community, Nevada Irrigation District has decided to earnestly explore options for providing sustainable and resilient electric distribution service to the local community as identified in Exhibit A.

Based upon the initial analysis and subsequent review and approval from its Governing Board of Directors, the Nevada Irrigation District is pleased to submit this non-binding Notice of Intent (NOI).

This proposal to add a retail electric utility service to NID’s existing business lines is directly in-line with and complementary to the District’s existing water, hydroelectric, and recreation service deliveries. Specifically, Nevada Irrigation District believes it can offer electrical services which:

- Enhance services to and reducing future financial impacts for our customers
- Integrate existing District business line functions into the fabric of the communities they serve
- Develop and manage resources in a self-determining manner with local control
- Will provide the highest level of service at the lowest possible cost without impacting the quality of service (best value)

In addition to the benefits provided locally to nearly 85,000 electric customers in the Sierra Nevada foothills within the three counties. NID believes this offer is in line with PG&E’s risk evaluation of the region. NID stands ready to assume the liability and risk of the local Retail System Assets of the territory described in Exhibit A. NID believes this offer to be a valuable component of PG&E’s long-term risk assessment and a benefit to the Debtor and shareholders.

**Assets to be Sold**

The assets to be sold include all of PG&E’s retail electric system assets used and useful in the provision of service, operation, and maintenance, of distributed electric service, including without limitation, all, real property, assets, fixtures, appurtenances, rolling stock, and equipment, located in, or of service to, the area depicted in Exhibit A.

NID has identified a number of substations to be included in the sale and believes that areas of physical separation of the system would be technically feasible. NID has evaluated the area based on publically available data and welcomes discussion with
PG&E regarding mutually agreeable separation parameters which meet reliability and safety standards for all customers.

Acquisition Price

The Proposed Acquisition Price for the Retail System to PG&E is three hundred million one hundred ninety-six thousand nine hundred dollars ($300,196,900) upon closing of the sale. NID has analyzed PG&E's assets and believes this valuation is an attractive valuation given the age of assets evaluated, correction of deferred maintenance necessary immediately upon sale, and for the reduction of liability and risk associated with assets located in the foothills of the Sierra Nevada Mountains.

Conditions Precedent

As a matter of course, in preparing a reasonable valuation of the assets as well as assessment through expert consultation and technical advisors, the Nevada Irrigation District has a number of Conditions Precedent, which must be satisfied prior to the closing of the sale. These Conditions include:

- LAFCo Approvals
- Necessary Voter Approvals
- CPUC Approval
- Bankruptcy Court Authorization
- Financing
- Environmental Review
- Non-Bypassable Charges

Due Diligence

The Nevada Irrigation District and its consultants have developed this Notice of Intent using publically available information. Access to the non-publically available information of the assets and records relating to those assets from PG&E is required for NID to perform adequate due diligence. NID has retained expert consultants who have assisted in the past 18 months in evaluating the assets to be acquired.

Non-Binding

This Notice of Intent represents the Nevada Irrigation District's interest in purchasing PG&E's retail system assets. This NOI shall be assignable and does not constitute an offer, agreement, or commitment to consummate any of the transactions contemplated herein.
Closing

The Nevada Irrigation District welcomes and appreciates your consideration of this non-binding Notice of Intent. NID is encouraged by the local community and other regional governance support it has received in advance of providing this proposal. We believe there are significant benefits for both the local community and PG&E shareholders.

The NID executive team, Board members, legal, and financial advisors are eagerly standing by and await your earnest review and consideration of this proposal. Working diligently together, we believe we can parallel with the anticipated bankruptcy timeline process in advance of the June 30, 2020 reorganization deadline.

All correspondence associated with this proposal can be directed to me, Remleh Scherzinger, at Nevada Irrigation District General Manager, 1036 West Main St., Grass Valley, CA 95945, or at scherzinger@nidwater.com / 530-273-6185.

Respectfully,

[Signature]

Remleh Scherzinger, M.B.A., S.D.A., P.E.
General Manager, Nevada Irrigation District
Chief Executive Officer, Nevada Irrigation District Municipal Finance Authority

cc. Nevada Irrigation District Board of Directors
Jason Wells, PG&E Corporation Chief Financial Officer
Janet Loduca, PG&E Corporation Senior Vice President and General Counsel
Honorable Judge Dennis Montali, U.S. District Justice
Honorable Judge William Alsup, U.S. District Justice
Honorable Judge Randall Newsome, JAMS Mediator and Arbitrator
Governor Gavin Newsom, State of California

Attachments:
   Exhibit A: Logical Service Area
October 18, 2019

William Johnson
Chief Executive Officer and President
PG&E Corporation
77 Beale Street, P.O. Box 770000
San Francisco, CA 94177

Andrew Vesey
Chief Executive Officer and President
Pacific Gas and Electric Company
77 Beale Street, P.O. Box 770000
San Francisco, CA 94177

Re: Valley Clean Energy's Indication of Interest in the Acquisition of Electric Distribution and Transmission Assets in Yolo County

Dear Messrs. Johnson and Vesey,

Valley Clean Energy is a joint powers authority formed by Yolo County and the Cities of Davis and Woodland that currently serves as a Community Choice Aggregator for its members’ residents and businesses. The cities of Winters and West Sacramento are associate members of Valley Clean Energy. Therefore, all of the cities in Yolo County and Yolo County are now members of Valley Clean Energy. Valley Clean Energy began its current analysis and review of local distribution system ownership and control soon after PG&E’s Chapter 11 bankruptcy cases were filed in January 2019. Valley Clean Energy’s review focuses on the feasibility of potential acquisition of electric utility distribution assets serving Yolo County held by Pacific Gas and Electric Company (“PG&E” and collectively with PG&E Corporation, the “Debtors”) in connection with Debtors’ Chapter 11 bankruptcy cases. We write to inform you that Valley Clean Energy and its member agencies have concluded their initial analysis and based on that analysis, Valley Clean Energy has prepared this acquisition proposal.

Accordingly, we are pleased to submit this non-binding Indication of Interest (“IOI”) to purchase substantially all of PG&E’s electric distribution assets, and appurtenant facilities needed to provide retail electric delivery service to all electricity customers in the incorporated and unincorporated areas of Yolo County (such assets collectively, as further described below, the “Targeted Assets” and such transaction, the “Proposed Transaction”).
Subject to the terms and conditions described herein, Valley Clean Energy is prepared to engage immediately with Debtors and stakeholders to facilitate the negotiation, documentation, execution, and bankruptcy court approval of our Proposed Transaction that we believe will be mutually beneficial for the Valley Clean Energy constituents, the Debtors, and bankruptcy creditors, customers, and other stakeholders.

1. Rationale for the Proposed Transaction

Valley Clean Energy is strongly positioned to acquire the Targeted Assets and provide enhanced value to the Debtors and their stakeholders. For many decades, Valley Clean Energy’s member agencies have successfully delivered essential utility services including water, sewer, storm-water, and refuse collection to their residents. Beginning in June 2018, Valley Clean Energy CCA has successfully and reliably performed full power supply services for electric customers in Woodland, Davis, and the unincorporated areas of Yolo County.

Yolo County and the City of Davis have been contemplating investment and public acquisition in the local electric distribution systems for decades. These efforts have taken various forms. Investment in local electric distribution facilities has been and remains an important objective for Valley Clean Energy’s member agencies to ensure reasonable and safe access to electric distribution facilities and services, and to secure service for new customers. Given Valley Clean Energy’s and its member agencies’ ability to access lower-cost funding sources and with no obligation to provide equity returns or to recover income taxes, Valley Clean Energy’s constituents will be able to achieve their long-held goal of providing cost-effective electric distribution service to all customers in Yolo County, while simultaneously providing enhanced value to Debtors and their stakeholders through the Proposed Transaction.

Valley Clean Energy has closely followed the Debtors’ bankruptcy cases and believes that, through the Proposed Transaction, it can assist PG&E in further enhancing realized value for stakeholders by providing a significant cash infusion to Debtors. Valley Clean Energy can, with the Debtors’ cooperation, consummate the Proposed Transaction expeditiously to facilitate the Debtors’ timely emergence from bankruptcy, consistent with the Debtors’ articulated goals and timetable. Importantly, the Proposed
Transaction reflects a significant premium value contribution for the Targeted Assets that would be available to the Debtors and their stakeholders. Valley Clean Energy is also open to negotiations with competing bankruptcy plans of reorganization under the terms set forth in this IOI.

Valley Clean Energy also believes that the Proposed Transaction would provide meaningful benefits to Yolo County residents including: (i) stable and competitive electric rates; (ii) enhanced focus on local needs; (iii) increased ability to achieve the Valley Clean Energy’s aggressive climate action goals; and (iv) additional beneficial long-term career and business opportunities for local residents and businesses. Additionally, Valley Clean Energy believes that other PG&E customers will benefit from PG&E’s ability to provide a more focused effort on management of a smaller, more manageable service territory as it emerges from bankruptcy.

2. Targeted Assets

The Targeted Assets would include substantially all of PG&E’s distribution assets, 230/115 kV transformers, and 115 kV transmission lines located within the incorporated and unincorporated areas of Yolo County and certain other ancillary assets needed to properly service customers in Yolo County, as described more particularly in Attachment A.

Given the geography of Yolo County within PG&E’s overall service territory, Valley Clean Energy contemplates that a physical separation of the Targeted Assets can be accomplished in a straightforward manner. Valley Clean Energy and its engineering and technical advisors have evaluated various separation scenarios and welcomes further discussion with PG&E regarding the disposition of specific assets and the development of a mutually acceptable separation plan that maximizes reliability and efficiency for both Yolo County customers and PG&E’s remaining customers.

3. Purchase Price

Valley Clean Energy is pleased to submit an indicative purchase price for the Targeted Assets of $300 million to be paid in cash upon the closing of the Proposed Transaction. Based on Valley Clean Energy’s key assumptions described below, this indicative
purchase price represents a substantial multiple of estimated year end 2019 rate base and 2019 earning for the Targeted Assets. Valley Clean Energy believes that this indicative purchase price represents an attractive premium valuation that reflects the unique circumstances of, and expedited timing resulting from, the Debtors’ Chapter 11 bankruptcy case.

In addition, and in connection with the Proposed Transaction and taking into account the indicative purchase price for the Targeted Assets, Valley Clean Energy is interested in discussing an arrangement to implement and “buy down” any non-bypassable charge obligations that may be applicable to Valley Clean Energy’s customers in exchange for a full release of those obligations, subject to the approval of the California Public Utilities Commission (“CPUC”). Resolution of such non-bypassable charges could also be accomplished through the acceptance of proposal(s) made by Sonoma Clean Energy on behalf of itself and other Community Choice Aggregation entities, including Valley Clean Energy, related to the buy-out and/or stabilization of PCIA charges. Valley Clean Energy believes that such an arrangement could significantly increase the sources of cash available to PG&E in connection with the Proposed Transaction.

4. Key Assumptions

Based on analysis of the Targeted Assets conducted by Valley Clean Energy’s expert valuation, engineering, and technical advisors, Valley Clean Energy used several valuation methodologies to reasonably value the Targeted Assets. Valley Clean Energy’s proposal and indicative purchase price are based upon, and subject to, a number of key assumptions including:

- **Debt-Free Purchase**: The Targeted Assets would be acquired free of any debt associated with the Debtors.
- **Bankruptcy Matters and Timing**:
  - The Proposed Transaction would be undertaken as an asset sale in connection with a confirmed plan of reorganization of the Debtors in the Chapter 11 bankruptcy cases. As an alternative, Valley Clean Energy would also consider a Bankruptcy Code Section 363 sale if the Debtors prefer.
  - Valley Clean Energy will not assume or otherwise be responsible for the liabilities of the Debtors arising prior to the closing of the Proposed Transaction, other than the Debtors’ executory obligations under
executive contracts that Valley Clean Energy elects for the Debtors to assume and assign to Valley Clean Energy in connection with the bankruptcy cases and for which the Debtors would be responsible for any cure costs.

- Valley Clean Energy will obtain taxable bond financing acceptable to Valley Clean Energy for the Proposed Transaction, as described below.
- The Debtors’ Plan of Reorganization will be confirmed by the bankruptcy court no later than June 30, 2020, and the Proposed Transaction will close as soon as all required regulatory approvals are obtained and the bond financing has closed or closes in conjunction with the close of the Proposed Transaction.

Valley Clean Energy’s key assumptions, including its expert advisors’ estimation of the physical condition and age of the Targeted Assets included in rate base, are based on publicly available information. As a result, these key assumptions and resulting indicative valuation are subject to refinement based on further comprehensive due diligence, including an analysis of non-public information that the Debtors would need to provide.

5. Financing

Financing for the Proposed Transaction is expected to include issuance of municipal power revenue bonds by Valley Clean Energy. Valley Clean Energy is confident in its ability to execute such financing based on the revenues from the Targeted Assets, as the municipal capital markets regularly absorb transactions of this size and Valley Clean Energy’s member agencies and its various departments have successfully issued revenue bonds or similar types of financing for their other utility infrastructure needs.

6. Transaction Documentation

The Proposed Transaction will be conditioned on the negotiation of mutually agreeable definitive documentation between PG&E and Valley Clean Energy, including an asset purchase agreement that contains reasonable and customary terms for acquisitions of electric utility systems and a transition services agreement to ensure the continuous provision of safe and reliable electrical service to Yolo County residents. Valley Clean
Energy and PG&E would work together to identify an appropriate transition period and scope of transition services prior to closing of the Proposed Transaction and Valley Clean Energy would endeavor to condense the scope and length of transition services.

We also anticipate that the separation of the Targeted Assets may require certain ancillary agreements between Valley Clean Energy and PG&E, including, for example, coordination, shared facilities, and customary utility border agreements that the parties would need to negotiate and execute in connection with the closing of the Proposed Transaction.

7. Employees

Valley Clean Energy intends to recruit willing PG&E employees who currently operate and maintain the Targeted Assets. Valley Clean Energy believes it can offer stable careers with appealing wages and benefits that will be attractive to PG&E employees. We would seek your cooperation in the recruitment process to hire appropriate personnel to operate the system, while avoiding any disruption across the balance of the PG&E system. Yolo County and the cities have a long history of working productively with their unionized workforce and intend to honor the successor provisions of PG&E’s collective bargaining agreements and to comply with the provisions of Public Utilities Code section 854.2 (AB 1054) related to the transition of covered employees in effect at the time of the close of the Proposed Transaction.

8. Transaction Conditions

Entering into definitive documentation for the Proposed Transaction is conditioned upon completion of the following matters to Valley Clean Energy’s satisfaction: (i) Valley Clean Energy’s comprehensive business and legal due diligence reviews, which will require the assistance of the Debtors; (ii) the parties’ negotiation of definitive documentation and ancillary agreements; and (iii) the attainment of Valley Clean Energy’s requisite internal approvals described below. In addition, the Proposed Transaction would be subject to customary and usual closing conditions, including, without limitation, receipt of a bankruptcy court order approving the Proposed Transaction that is acceptable to Valley Clean Energy and required regulatory approvals.
a) Internal Approvals

As referenced above, the proposal contained in the IOI has the support of the Valley Clean Energy’s Board of Directors and the governing bodies of the County of Yolo and the cities within Yolo County whose territory is included in the acquisition. Entering into definitive documentation for the Proposed Transaction would require the approval of the Valley Clean Energy Board of Directors, which can be sought expeditiously once definitive agreements are finalized.

b) Regulatory Approvals

We anticipate that the Proposed Transaction will require the following regulatory approvals or clearances: (i) CPUC approval under Section 851 of the California Public Utilities Code, (ii) Federal Energy Regulatory Commission approval under Section 203 of the Federal Power Act, along with certain ancillary approvals and (iii) compliance with the California Environmental Quality Act (“CEQA”). We anticipate that these regulatory filings would be coordinated with the bankruptcy court’s schedule to allow for filing as soon as practicable in connection with the Debtors’ plan of reorganization and that all required regulatory approvals and clearances would be timely received upon prior to the receipt of all regulatory approvals required for the Debtors’ Plan of reorganization.

9. Due Diligence

Valley Clean Energy and its team of advisors have created this proposal using information sourced from public filings, including FERC, Securities Exchange Commission, and other regulatory filings and investor presentations. Access to non-public information and cooperation from the Debtors is necessary for Valley Clean Energy to finalize valuation assumptions. If it would be helpful to PG&E to expedite the diligence conformation process, Valley Clean Energy is willing to provide a comprehensive list of the due diligence information that would be required for Valley Clean Energy to complete its due diligence process to move forward with the Proposed Transaction.

Valley Clean Energy has retained multiple expert advisors that have assisted Valley Clean Energy in conduction its initial due diligence and submitting this IOI, including:
10. Non-Binding

This IOI represents a general statement of Valley Clean Energy’s interest in purchasing the Targeted Assets and does not create any legally binding obligation on Valley Clean Energy or any of its officials, representatives, agencies, members, political subdivisions, affiliates or their respective advisors. Unless and until the parties have, among other things, completed comprehensive due diligence, negotiated definitive transaction documentation for the Proposed Transaction, obtained necessary internal approvals, executed definitive transaction documentation for the Proposed Transaction, and obtained a bankruptcy court order authorizing the Proposed Transaction, neither Valley Clean Energy nor the Debtors shall be under any legal obligation of any kind whatsoever as to the Proposed Transaction by virtue of this IOI. Valley Clean Energy does not commit to any definite course of action as to the Proposed Transaction prior to completing any required CEQA compliance.

11. Next Steps

Valley Clean Energy appreciates your earnest consideration of this non-binding proposal. We welcome the opportunity to discuss this proposal, together with the significant benefits that it would provide, with appropriate representatives of the Debtors. After reviewing the proposed plan, we may follow up with the Debtors to provide additional analysis demonstrating how the Proposed Transaction would enhance and could be coordinated with a proposed bankruptcy plan.

We have a full team, including outside legal, financial, and engineering advisors and senior Valley Clean Energy representatives, engaged and standing ready to complete Valley Clean Energy’s comprehensive due diligence and to work expeditiously towards definite documentation, with the assistance of PG&E, subject to the terms and conditions described above. As noted above, with the Debtors’ prompt engagement, Valley Clean Energy believes that it can complete its outstanding work in a timeframe consistent with the Proposed Transaction being approved in parallel with PG&E’s
anticipated reorganization plan confirmation process, and ahead of the June 30, 2020 legislative deadline.

Any inquiries with respect to this IOI can be directed to Mitch Sears, Valley Clean Energy General Manager, 604 2nd St, Davis, CA 95616, mitch.sears@valleycleanenergy.org, Tel: (530) 446-2750.

Very truly yours,

[Signature]

Tom Stallard, Chair
Valley Clean Energy Board of Directors

cc. VCE Board of Directors
   Mitch Sears, VCE General Manager
   Jason Wells, PG&E Corporation Chief Financial Officer
   Janet Loduca, PG&E Corporation Senior Vice President and General Counsel
   City Councils and Board of Supervisors of the VCE member agencies

Attachment: A. Targeted Assets
Attachment A: Targeted Assets

This Attachment A provides an overview / description of the assets Valley Clean Energy proposes to purchase from PG&E. The description provided herein is not intended to be the comprehensive list of assets to be purchased that would be included in a final purchase and sale agreement. Subject to due diligence and further discussions with PG&E, some assets described here may not be included, and other assets may need to be added to a binding pricing and a final purchase and sale agreement.

Broadly, Valley Clean Energy is proposing to purchase substantially all of PG&E’s transmission and distribution assets that are necessary for Valley Clean Energy to provide safe and reliable retail electric distribution service to all electricity customers in Yolo County.

These assets are currently anticipated to include:

i. All PG&E distribution assets within Yolo County, including distribution-level substations, metering, customer-level interconnection, and related facilities, as needed for operational control.

ii. PG&E’s 115 kV transmission assets within Yolo County, and PG&E’s 230 kV to 115 kV transformers, as needed for operational control.

Valley Clean Energy’s proposal also includes related assets, materials, records, spare parts, equipment, and other items, as required for safe and reliable service to customers and safe and reliable operation of the assets above, including:

a. Other systems and equipment such as meters, relays, SCADA, transformers, rolling stock, telecommunication and control center equipment, and spares; support systems, standards, AMR facilities, distribution system model data, system maps and diagrams, records, and all similar items required to operate the assets.

b. All PG&E’s reliability, safety, operation, maintenance, and capital improvement records related to and or for the assets that are purchased.

c. PG&E’s operating and maintenance facilities (for communications, SCADA, security, control, and emergency response), service yards, warehouse(s); customer service and call center, and other facilities; all as located in Yolo County, and as necessary for safe and reliable operation and maintenance of the assets described above.
d. PG&E’s customer service, metering, and billing records, including program and service agreements, dispute notices, outstanding complaints, and similar customer-related information for Yolo County electric customers.

e. PG&E-owned land, easements, rights-of-way, lease agreements, and other land-related agreements (or appropriate new lease or other agreements between Yolo County and PG&E) necessary for safe and reliable operation and maintenance of the assets described above.

f. PG&E-owned streetlights and similar unmetered facilities in Yolo County.

VCE’s proposal excludes all land and facilities related to PG&E’s natural gas operations and services.
September 6, 2019

William Johnson
Chief Executive Officer and President
PG&E Corporation
77 Beale Street, P.O. Box 770000
San Francisco, CA 94177

Andrew Vesey
Chief Executive Officer and President
Pacific Gas and Electric Company
77 Beale Street, P.O. Box 770000
San Francisco, CA 94177

Re: San Francisco’s Indication of Interest in the Acquisition of Electric Distribution and Transmission Assets

Dear Messrs. Johnson and Vesey,

As you know, the City and County of San Francisco (the “City”) initiated intensive work beginning in January 2019 to determine the feasibility of a potential acquisition of electric utility assets serving San Francisco held by Pacific Gas and Electric Company (“PG&E” and collectively with PG&E Corporation, the “Debtors”) in connection with the Debtors’ Chapter 11 bankruptcy cases. We write to inform you that, after investing additional substantial resources since delivering our letter dated March 14, 2019 to PG&E Corporation (attached as Attachment A), the City and its advisors have concluded their initial analysis of a potential transaction. Based on that analysis, the City has prepared this acquisition proposal.

Accordingly, we are pleased to submit this non-binding indication of interest (“IOI”) to purchase substantially all of PG&E’s electric distribution and transmission assets needed to provide retail electric service to all electricity customers in San Francisco (such assets collectively, as further described below, the “Targeted Assets” and such transaction, the “Proposed Transaction”). We submit this IOI with the support of the San Francisco Board of Supervisors (the “Board of Supervisors”) and the San Francisco Public Utilities Commission (the “SFPUC”).

Subject to the terms and conditions described herein, the City is prepared to engage immediately with the Debtors and its stakeholders to facilitate the negotiation, documentation, execution and bankruptcy court approval of an acquisition transaction that we believe will be mutually beneficial for the City’s constituents, the Debtors and their creditors, customers and other stakeholders.

1. **Rationale for the Proposed Transaction**

The City is uniquely positioned to acquire the Targeted Assets and provide enhanced value to the Debtors and their stakeholders. For over a century, the City has owned and operated its Hetch Hetchy Power municipal retail electric utility, including its own electric generation,
transmission and distribution facilities. Hetch Hetchy Power and CleanPowerSF (San Francisco’s Community Choice Aggregation program) supply nearly 80% of San Francisco’s electricity needs. The SFPUC, through Hetch Hetchy Power and CleanPowerSF, has a long track record of providing safe, reliable, affordable and sustainable electric service.

More recently, investment in distribution facilities has become an important initiative for the SFPUC to ensure reasonable access to electric distribution services for its customers, and to secure service for new Hetch Hetchy Power customers. Given the City’s overlapping footprint with the Targeted Assets, the ability to integrate the Targeted Assets with the Hetch Hetchy Power infrastructure, the City’s ability to access low-cost sources of financing and with no obligation to provide a return on equity capital or recover income taxes in its rate structure, the City believes that it will be able to achieve its long-held goal of providing cost-effective electric distribution service to all customers in San Francisco, while providing substantial value to the Debtors and their stakeholders.

The City has closely followed the Debtors’ bankruptcy cases and believes that, through the Proposed Transaction, the City can assist PG&E in maximizing value for its stakeholders by providing a significant cash infusion to the Debtors. The City can, with the Debtors’ cooperation, consummate the Proposed Transaction expeditiously to facilitate the Debtors’ timely emergence from bankruptcy, consistent with the Debtors’ articulated goals and timetable. Importantly, the Proposed Transaction reflects a premium valuation for the Targeted Assets due to the unique circumstances of the Debtors’ chapter 11 bankruptcy cases, and would result in significant cash consideration that would be available to the Debtors and their stakeholders. The City has also analyzed the potential impacts of the Proposed Transaction on PG&E’s remaining customers; we believe such impacts, if any, would be modest and can be mitigated in a way that is fair to all customers. The City will continue paying its fair share of systemwide costs.

The City also believes that the Proposed Transaction would provide meaningful benefits to the City and its residents, including: (i) stable and competitive rates for customers throughout San Francisco, (ii) enhanced focus on local needs, (iii) increased ability to achieve the City’s aggressive climate action goals as well as other important local policy objectives and (iv) additional attractive long-term career and business opportunities for local residents and businesses.

2. **Targeted Assets**

The Targeted Assets would include substantially all of PG&E’s distribution assets, 230/115 kV transformers and 115 kV transmission lines located within the City limits and certain other assets that are needed to properly service customers in San Francisco as described more particularly in Attachment B.

Given the unique geography of San Francisco within PG&E’s overall service territory, the City contemplates that a physical separation of the Targeted Assets can be accomplished in a straightforward manner. The City and its engineering and technical advisors have evaluated various separation scenarios and the City welcomes a discussion with PG&E regarding the disposition of specific assets and the development of a mutually acceptable separation plan that maximizes reliability and efficiency for both San Francisco customers and PG&E’s remaining customers.

3. **Purchase Price**

The City is pleased to submit an indicative purchase price for the Targeted Assets of $2.5 billion to be paid in cash upon the closing of the Proposed Transaction. Based on the City’s key assumptions described below, this indicative purchase price represents a 2.5x multiple of
estimated year end 2019 rate base and more than a 35x multiple of estimated 2019 earnings for the Targeted Assets. The City believes that this indicative purchase price represents a very attractive premium valuation compared to recent electric utility transactions that reflects the unique circumstances of, and expedited timing resulting from, the Debtors’ Chapter 11 bankruptcy cases.

In addition, in connection with the Proposed Transaction and taking into account the indicative purchase price for the Targeted Assets, the City is interested in discussing an arrangement to implement a “buy down” of any non-bypassable charge obligations\(^1\) that may be applicable to the City’s customers in exchange for a full release of those obligations, subject to the approval of the California Public Utilities Commission (“CPUC”). The City believes that such an arrangement would significantly increase the sources of cash available to PG&E in connection with the Proposed Transaction.

4. **Key Assumptions**

Based on an in-depth asset-by-asset analysis of the Targeted Assets conducted by the City’s expert valuation, engineering and technical advisors, the City used several valuation methodologies to assess the value of the Targeted Assets. The City’s proposal and the indicative purchase price are based upon, and are subject to, a number of assumptions, including the following key assumptions:

- **Debt-Free Purchase**: The Targeted Assets would be acquired free of any debt associated with the Debtors.

- **Rate Structure**:
  - Rate base for the Targeted Assets totaling $1.00 billion as of December 31, 2019
  - Authorized capitalization structure that includes 47% long-term debt, or $470 million, as of December 31, 2019

- **Bankruptcy Matters and Timing**:
  - The Proposed Transaction would be undertaken as an asset sale in connection with a confirmed plan of reorganization of the Debtors in their Chapter 11 bankruptcy cases. As an alternative, the City would also consider a Bankruptcy Code Section 363 sale if the Debtors prefer.
  - The City will not assume or otherwise be responsible for liabilities of the Debtors arising prior to the closing of the Proposed Transaction, other than the Debtors’ executory obligations under executory contracts that the City elects for the Debtors to assume and assign to the City in connection with the bankruptcy cases and for which the Debtors would be responsible for any cure costs.
  - The Debtors’ Plan of Reorganization will be confirmed by the bankruptcy court no later than June 30, 2020, and the Proposed Transaction will close as soon as all required regulatory approvals are obtained.

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\(^1\) For example, charges such as the Power Charge Indifference Adjustment (PCIA), DWR Bond Charge, New System Generation Charge (NSGC), Competition Transition Charge (CTC) and new non-bypassable charges that may arise from state legislation, but only to the extent applicable to the City’s customers under CPUC rules and regulations implementing those charges.
Sept. 6, 2019 Letter to PG&E

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The City’s key assumptions, including its expert advisors’ estimations of the physical condition and age of the Targeted Assets included in rate base, are based on publicly available information. As a result, these key assumptions and the resulting indicative valuation are subject to refinement based on further comprehensive due diligence, including an analysis of non-public information that the Debtors would provide.

5. Financing

Financing for the Proposed Transaction is expected to include the issuance of municipal power revenue bonds by the SFPUC. The SFPUC’s credit is well established by its issuance of power revenue bonds in 2015. The SFPUC’s Power Enterprise, which includes Hetch Hetchy Power, currently maintains “AA” and “AA-” credit ratings from S&P Global Ratings and Fitch Ratings, respectively. In June 2018, San Francisco voters approved an amendment to the City’s charter authorizing the Board of Supervisors to approve selling power revenue bonds for purposes that include financing the acquisition of electric transmission and distribution facilities such as contemplated in the Proposed Transaction. The City anticipates that the SFPUC’s Power Enterprise would be expanded to include the Targeted Assets in connection with the Proposed Acquisition.

The City has worked closely with its buy-side financial advisor, Jefferies LLC (“Jefferies”), to evaluate financing structures. The City is confident in its ability to execute the financing based on the revenues from the Targeted Assets, as the municipal capital markets regularly absorb transactions of this size and the City and its various departments are frequent issuers.

6. Transaction Documentation

The Proposed Transaction will be conditioned on the negotiation of mutually agreeable definitive documentation between PG&E and the City, including an asset purchase agreement that contains reasonable and customary terms for acquisitions of electric utility systems and a transition services agreement to ensure the continuous provision of safe and reliable electrical service to San Francisco. The City and PG&E would work together to identify an appropriate transition period and scope of transition services prior to the closing of the Proposed Transaction and the City would endeavor to reduce the scope and length of transition services.

We also anticipate that separation of the Targeted Assets may require certain ancillary agreements between the City and PG&E, including, for example, coordination, shared facilities and customary utility border agreements that the parties would need to negotiate and execute in connection with the closing of the Proposed Transaction.

7. Employees

The City intends to recruit willing PG&E employees who currently operate and maintain the Targeted Assets. The City believes it can offer stable careers with appealing wages and benefits that will be attractive to PG&E employees. We would seek your cooperation in the recruitment process to ensure appropriate personnel to operate the system, while avoiding any disruption across the balance of the PG&E system. The City has a long history of working productively with its unionized workforce and intends to honor the successor provisions of PG&E’s collective bargaining agreements.

8. Transaction Conditions

Entering into definitive documentation for the Proposed Transaction is conditioned upon the following matters, to the City’s satisfaction: (i) the City’s completion of comprehensive business and legal due diligence, which will require the assistance of the Debtors, (ii) the parties’ negotiation of definitive documentation and ancillary agreements, and (iii) the receipt of the
City's requisite internal approvals described below. In addition, the Proposed Transaction would be subject to customary closing conditions, including, without limitation, receipt of a bankruptcy court order approving the Proposed Transaction that is acceptable to the City and required regulatory approvals.

a. Internal Approvals

As referenced above, the proposal contained in this IOI has the support of the Board of Supervisors and the SFPUC. Entering into definitive documentation for the Proposed Transaction would require the approval of the Board of Supervisors and the SFPUC, which can be sought expeditiously once the definitive agreements are finalized.

b. Regulatory Approvals

We anticipate that the Proposed Transaction will require the following regulatory approvals or clearances: (i) CPUC approval under Section 851 of the California Public Utilities Code, (ii) Federal Energy Regulatory Commission approval under Section 203 of the Federal Power Act, along with certain ancillary approvals, and (iii) compliance with the California Environmental Quality Act (“CEQA”). We anticipate that the regulatory filings would be coordinated with the bankruptcy court’s schedule to allow for filing as soon as practicable in connection with the Debtors’ plan of reorganization and that all required regulatory approvals and clearances would be received upon or prior to the receipt of all regulatory approvals required for the Debtors’ plan of reorganization.

9. Due Diligence

The City and its team of advisors have created this proposal using information sourced from public filings, including FERC, Securities Exchange Commission and other regulatory filings and investor presentations. Access to non-public information and cooperation from the Debtors would be required for the City to expeditiously complete its comprehensive business and legal due diligence and finalize its valuation assumptions. If it would be helpful to PG&E to expedite the diligence confirmation process, the City is willing to provide a comprehensive list of the due diligence information that would be required for the City to complete its due diligence process to move forward with the Proposed Transaction.

The City has retained multiple expert advisors that have assisted the City in conducting its initial due diligence and submitting this IOI, including:

- Jefferies: buy-side financial advisor
- MRW & Associates, LLC: financial feasibility advisor
- NewGen Strategies and Solutions, LLC: asset appraisal advisor
- Advisian / Siemens Industry, Inc.: engineering advisor
- Flynn Resource Consultants Inc.: technical and regulatory advisor
- Morgan, Lewis & Bockius LLP: transaction legal counsel
- Orrick Herrington & Sutcliffe LLP: bond legal counsel

10. Non-Binding

This IOI represents a general statement of the City's interest in purchasing the Targeted Assets and does not create any legally binding obligations on the City or any of its officials, representatives, agencies, political subdivisions, affiliates or their respective advisors. Unless and until the parties have, among other things, completed comprehensive due diligence, negotiated definitive transaction documentation for the Proposed Transaction, obtained
necessary internal approvals, executed definitive transaction documentation for the Proposed Transaction and obtained a bankruptcy court order authorizing the Proposed Transaction, neither the City nor the Debtors shall be under any legal obligation of any kind whatsoever as to the Proposed Transaction by virtue of this IOI. The City does not commit to any definite course of action as to the Proposed Transaction prior to completing any required CEQA compliance.

11. **Next Steps**

The City appreciates your earnest consideration of this non-binding proposal. We welcome the opportunity to discuss this proposal, together with the significant benefits that it would provide, with appropriate representatives of the Debtors. As you know, we have a meeting scheduled with Mr. Johnson on September 26 to discuss various matters, including the City’s interest in the Proposed Transaction. We understand that the Debtors will be filing a proposed plan of reorganization in short order. After reviewing the proposed plan, we may follow up with the Debtors to provide additional analysis demonstrating how the Proposed Transaction would enhance and could be coordinated with the proposed plan.

We have a full team, including outside legal, financial and engineering advisors and senior City representatives, engaged and standing ready to complete the City’s comprehensive due diligence and work expeditiously towards definitive documentation, with the assistance of PG&E, subject to the terms and conditions described above. As noted above, with the Debtors’ prompt engagement, the City believes that it can complete its outstanding work in a timeframe consistent with the Proposed Transaction being approved in parallel with PG&E’s anticipated plan confirmation process, and ahead of the June 30, 2020 legislative deadline.

Any inquiries with respect to this IOI can be directed to Sean Elsbernd (415-554-6603), Chief of Staff to Mayor Breed, or to the following contacts at Jefferies: Scott Beicke (212-336-7479), Americas Co-Head of Power, Utilities and Infrastructure, or Simon Wirecki (310-575-5251), Western Regional Head for Municipal Finance.

Very truly yours,

[Signature]
London N. Breed
Mayor

[Signature]
Dennis J. Herrera
City Attorney

cc. All members Board of Supervisors
   All SFPUC Commissioners
   Harlan L. Kelly Jr., SFPUC General Manager
   Ben Rosenfield, City Controller
   Scott Beicke, Jefferies Americas Co-Head of Power, Utilities and Infrastructure
   Simon Wirecki, Jefferies Western Regional Head for Municipal Finance

   Jason Wells, PG&E Corporation Chief Financial Officer
   Janet Loduca, PG&E Corporation Senior Vice President and General Counsel

Attachments: 
A. Letter to PG&E Corporation dated March 14, 2019
B. Targeted Assets
March 14, 2019

VIA ELECTRONIC MAIL AND USPS

John R. Simon
Interim Chief Executive Officer
PG&E Corporation
77 Beale Street, P.O. Box 770000
San Francisco, CA 94177

Jason P. Wells
Senior Vice-President and Chief Financial Officer
PG&E Corporation
77 Beale Street, P.O. Box 770000
San Francisco, CA 94177

Dear Mr. Simon and Mr. Wells,

The City and County of San Francisco (the “City”) has initiated work to evaluate the cost and feasibility of acquiring PG&E’s electric distribution facilities that serve San Francisco. While you have probably heard public reports about this effort, we write you directly to underscore the seriousness of our purpose and facilitate lines of communication going forward.

The analysis the City is undertaking will enable us to make an initial determination whether such an acquisition is feasible, including whether it would benefit City taxpayers and electric customers, produce a fair price to PG&E for these assets, and advantage PG&E’s employees and its ratepayers outside of San Francisco. We will work with the City’s Board of Supervisors and Public Utilities Commission to evaluate these factors. If we determine the acquisition is feasible, we intend for the City to make a formal offer to PG&E within the coming months as part of the bankruptcy process.

Please contact us if you would like to discuss this matter.

Very truly yours,

London N. Breed, Mayor

Dennis J. Herrera, City Attorney

cc: Janet C. Loduca, Senior Vice-President and Interim General Counsel, PG&E Corporation
    Members, Board of Supervisors
    Members, Public Utilities Commission
    Harlan Kelly, General Manager, Public Utilities Commission
Attachment B
Targeted Assets
Attachment B
Targeted Assets

This Attachment B provides an overview description of the assets the City proposes to purchase from PG&E. The description provided here is not intended to be the comprehensive list of assets to be purchased that would be included in a final purchase and sale agreement. Subject to due diligence and discussions with PG&E, some assets described here may not be included, and other assets may be added to a binding pricing and a final purchase and sale agreement.

Broadly, the City is proposing to purchase substantially all of PG&E’s transmission and distribution assets that are necessary for the City to provide safe and reliable retail electric service to all electricity customers in San Francisco.

These assets are currently anticipated to include:

i. All of PG&E’s distribution assets within San Francisco, including distribution-level substations, metering, customer-level interconnections, and related facilities, as needed for operational control.

ii. PG&E’s 115 kV transmission assets within San Francisco, and PG&E’s 230 kV to 115 kV transformers, as needed for operational control. (This excludes PG&E’s 230 kV transmission lines, and 230 kV busses at a) the Embarcadero Substation, b) Martin Substation and c) Potrero Substation.).

iii. A portion of the Martin substation or interconnections to the Martin substation to enable the City to control all 115 kV and 12 kV power flows from Martin into San Francisco, and a lease agreement for a portion of the Martin substation in which City equipment is located, as needed for operational control.

iv. An option to purchase the open bay position planned at PG&E’s proposed Egbert Switching Station, as needed for operational control.

The City’s proposal also includes related assets, materials, records and other items, as required for safe and reliable service to customers and safe and reliable operation of the assets above, including:

a. Other systems and equipment such as meters, relays, SCADA, transformers, rolling stock, telecommunication and control center equipment, and spares; support systems, standards, AMR facilities,
distribution system model data, system maps and diagrams, records, and all similar items required to operate the assets.
b. All of PG&E’s reliability, safety, operating, maintenance and capital improvement records for the assets that are purchased.
c. PG&E’s operating and maintenance facilities (for communications, SCADA, security, control and emergency response), service yards, warehouses; customer service and call center; and other facilities; all as located in San Francisco, and as necessary for safe and reliable operation and maintenance of the assets described above.
d. PG&E’s customer service, metering and billing records, including program and service agreements, dispute notices, outstanding complaints, and similar customer-related information.
e. PG&E-owned land, easements, rights-of-way, lease agreements, and other land-related agreements (or appropriate new lease or other agreements between San Francisco and PG&E) necessary for safe and reliable operation and maintenance of the assets described above.
f. PG&E-owned streetlights and similar unmetered facilities in San Francisco.

The City’s proposal excludes all PG&E land and facilities related to its “General Office” operations in San Francisco, i.e., those facilities related to PG&E’s San Francisco headquarters, and excludes all land and facilities related to PG&E’s natural gas operations and services.¹

Asset Purchase Alternatives

While not incorporated into the City’s indicative price proposal, the City is open to discussing alternative permutations of the asset grouping described above, such as (but not limited to):

- Purchase of all of the high-voltage transmission assets in San Francisco, including the high-voltage lines excluded above;
- Modifications of the interconnections at the Martin substation allowing for PG&E to maintain ownership of many of the assets at the Martin substation, to ensure reliability and/or accelerate transfer of customers from PG&E to the City;

¹ PG&E has gas and electric facilities (materials, service vehicles, construction equipment, etc.) co-located at 18th and Harrison Street and related blocks. This proposal assumes mutually-acceptable arrangements to allow the City to utilize this facility.
- Other alternatives that would add value, accelerate transfer, and/or ensure continued safe and reliable service for both PG&E's and the City's customers.
FOR IMMEDIATE RELEASE
Media Contact: Peter Rietkerk, General Manager
Office: 209-249-4645
Cell: 209-679-8005
www.ssjid.com

September 3, 2019

SSJID Renews $116M Offer to Acquire PG&E Assets

MANTECA, Calif. -- The South San Joaquin Irrigation District (SSJID) has submitted an offer to buy electric assets from Pacific Gas & Electric (PG&E) in the utility company’s ongoing federal bankruptcy proceeding.

The $116 million offer would provide additional cash to creditors and other claimants who expect to suffer losses in the PG&E bankruptcy. SSJID’s offer is part of a new phase of the irrigation district’s 15-year effort to provide locally owned retail electric service. SSJID’s renewed offer is similar to what the district proposed and PG&E rejected in 2016. SSJID has recently validated that the offer still represents fair market value for PG&E’s property.

After PG&E rejected SSJID’s 2016 purchase offer, the irrigation district filed a court action to acquire PG&E’s local electric grid through exercise of SSJID’s eminent domain powers. PG&E and SSJID currently have two active court cases that are in limbo due to PG&E’s bankruptcy. The court cases are just two examples of PG&E’s ongoing opposition to SSJID’s efforts.

“Our offer creates a path toward resolving ongoing litigation between SSJID and PG&E, provides capital to support PG&E and help it fund payment of creditors and wildfire claims in the bankruptcy, and advances SSJID’s decades-long project,” said Peter Rietkerk, SSJID’s general manager. “We look forward to the opportunity to negotiate in good faith with PG&E and work with other claimants involved in the bankruptcy case.”

Since 2004, SSJID has sought to provide safe and reliable retail electric service in a transparent, responsive and accountable manner, at a 15% cost savings over PG&E, to the approximately 40,000 electrical customers in and around the communities of Manteca, Ripon and Escalon. Recently, these communities renewed their support for SSJID’s project in a joint letter to Gov. Gavin Newsom.

# # #

The South San Joaquin Irrigation District (SSJID) was established in 1909 and is headquartered in Manteca. SSJID provides agricultural irrigation water to about 56,000 acres surrounding Escalon, Ripon and Manteca, and wholesale drinking water to more than 193,000 residents in Manteca, Lathrop, Tracy and, in the future, Escalon. SSJID, along with Oakdale Irrigation
District, owns and operates the Tri-Dam Project, a series of storage reservoirs and generation facilities that produce zero-carbon hydropower in the Stanislaus River watershed. Learn more at www.ssjid.com.
REGULAR MEETING of the Citizens Advisory Committee of the Peninsula Clean Energy Authority (PCEA) Thursday, December 5, 2019
MINUTES
2075 Woodside Road, Redwood City, CA 94061
6:30 p.m.

CALL TO ORDER

Meeting was called to order at 6:36 pm.

ROLL CALL

Present: Desiree Thayer, Burlingame, Chair
Gladwyn D’Souza, Belmont, Vice Chair
Morgan Aitken-Young, Redwood City
Diane Bailey, Belmont
Steven Booker, Half Moon Bay
Allen Brown, Unincorporated San Mateo County
Michael Clossen, Menlo Park
Janet Creech, Millbrae
Scott Harmon, Portola Valley
Walter Melville, San Bruno
Jason Mendelson, Redwood City

Absent: Joe Fullerton, Half Moon Bay
Ray Larios, Burlingame
Janelle London, Menlo Park
James Ruigomez, San Bruno

Staff: Kirsten Andrews-Schwind, Senior Manager of Community Relations
Shayna Barnes, Administrative Assistant
Anne Bartoletti, Board Clerk/Office Manager/Executive Assistant to the CEO
Siobhan Doherty, Director of Power Resources
Karen Janowski, Director of Marketing and Community Affairs
Phillip Kobernick, Programs Manager
Peter Levitt, Associate Manager of Distributed Energy Resources
David Silberman, General Counsel
Joseph Wiedman, Director of Legislative and Regulatory Affairs

Board Members: Jeff Aals, Board Chair

A quorum was established.
PUBLIC COMMENT

None.

ACTION TO SET THE AGENDA AND APPROVE CONSENT AGENDA

Motion Made / Seconded: D’Souza / Melville

Motion passed 11-0 (Absent: Fullerton, Larios, London, Ruigomez)

REGULAR AGENDA

1. Chair Report (Discussion)

Desiree Thayer, Chair, thanked the Reach Codes Work Group for their ongoing efforts.

2. Outreach Update (Discussion)

Kirsten Andrews-Schwind, Senior Manager of Community Relations, reminded members to spread the word about our electric vehicle discount program that ends December 31st.

3. Legislative and Regulatory Update (Discussion)

Joseph Wiedman, Director of Legislative and Regulatory Affairs, provided an update on PCE’s legislative and regulatory work. He gave a summary of SB-378 (Wiener) and SB-597 (Hueso) and what their impact could be on CCAs.

4. Discussion on Distributed Generation and Resilience (Discussion)

Peter Levitt, Associate Manager of Distributed Energy Resources, gave an update on the status of our resiliency strategy. He also solicited feedback from Committee members about what they would like to see included in this strategy.

Committee members suggested educational materials like a home electrification guide and a cost benefit analysis between a gas and electric generator.

Diane Bailey proposed that schools should be candidates for resiliency projects.

Michael Clossen and Allen Brown emphasized that local generation should be a key element of PCE’s resiliency efforts.

PUBLIC COMMENT

Drew, San Mateo County Resident

5. Presentation on EV Load Shaping (Discussion)
Phillip Kobernick, *Programs Manager*, explained how unmanaged EV charging can result in customers unknowingly charging at times when there is most demand for energy while managed charging could support PCE’s efforts to supply renewables on a time-coincident basis. Phillip described how the FlexCharging app could have load shaping potential within PCE’s territory and asked Committee members for volunteers to assist in the testing of the app in a pilot project.

6. **Strategic Planning Update (Discussion)**

Kirsten Andrews-Schwind confirmed if Committee members had their phone interviews with Gallagher Consulting. She also went over the timeline for the strategic planning process and informed members that there will be a Strategic Planning Board Retreat on January 11th from 8am-1pm.

7. **Work Group Reports (Discussion)**

Diane Bailey gave an update on the efforts of the Reach Code Work Group and shared that 11 cities have adopted reach codes within the San Mateo and Santa Clara County areas.

8. **Formation of Ad Hoc Committees (Action)**

No ad hoc committee was formed.

9. **Upcoming Topics for Discussion (Discussion)**

Committee members suggested agenda items for future meetings including a discussion on fleet electrification, an update on pilot programs, a strategic planning update, and a discussion of the proposed policy principles for PG&E’s reorganization.

10. **Committee Members’ Reports (Discussion)**

None.

**ADJOURNMENT**

Meeting was adjourned at 8:40 pm.