



ADVICE LETTER SUMMARY

ENERGY UTILITY

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

Company name/CPUC Utility No.: Peninsula Clean Energy Authority ("PCE")

Utility type:

- ELC GAS WATER
 PLC HEAT

Contact Person: Joseph Wiedman

Phone #: (650) 260-0083

E-mail: jwiedman@peninsulacleanenergy.com

E-mail Disposition Notice to: jwiedman@peninsulacleanenergy.com

EXPLANATION OF UTILITY TYPE

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

(Date Submitted / Received Stamp by CPUC)

December 16, 2020

Advice Letter (AL) #: 9-E

Tier Designation: 1

Subject of AL: SUBMITTAL OF COMMUNITY CHOICE AGGREGATOR FINANCIAL SECURITY REQUIREMENT INSTRUMENT IN COMPLIANCE WITH RESOLUTION E-5059

Keywords (choose from CPUC listing): Compliance

AL Type: Monthly Quarterly Annual One-Time Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #: D.18-05-022; Resolution E-5059

Does AL replace a withdrawn or rejected AL?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

Summarize differences between the AL and the prior withdrawn or rejected AL: n/a

Confidential treatment requested? Yes No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:

Resolution required? Yes No

Requested effective date: 12/16/20

No. of tariff sheets: n/a

Estimated system annual revenue effect (%): n/a

Estimated system average rate effect (%): n/a

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

Tariff schedules affected: n/a

Service affected and changes proposed¹: n/a

Pending advice letters that revise the same tariff sheets: n/a

¹Discuss in AL if more space is needed.

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

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

Name: Joseph Wiedman
Title: Director of Regulatory and Legislative Affairs
Utility Name: Peninsula Clean Energy Authority
Address: 2075 Woodside Road
City: Redwood City
State: California Zip: 94061
Telephone (xxx) xxx-xxxx: (650) 260-0083
Facsimile (xxx) xxx-xxxx:
Email: jwiedman@peninsulacleanenergy.com

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

ENERGY Advice Letter Keywords

Affiliate	Direct Access	Preliminary Statement
Agreements	Disconnect Service	Procurement
Agriculture	ECAC / Energy Cost Adjustment	Qualifying Facility
Avoided Cost	EOR / Enhanced Oil Recovery	Rebates
Balancing Account	Energy Charge	Refunds
Baseline	Energy Efficiency	Reliability
Bilingual	Establish Service	Re-MAT/Bio-MAT
Billings	Expand Service Area	Revenue Allocation
Bioenergy	Forms	Rule 21
Brokerage Fees	Franchise Fee / User Tax	Rules
CARE	G.O. 131-D	Section 851
CPUC Reimbursement Fee	GRC / General Rate Case	Self Generation
Capacity	Hazardous Waste	Service Area Map
Cogeneration	Increase Rates	Service Outage
Compliance	Interruptible Service	Solar
Conditions of Service	Interutility Transportation	Standby Service
Connection	LIEE / Low-Income Energy Efficiency	Storage
Conservation	LIRA / Low-Income Ratepayer Assistance	Street Lights
Consolidate Tariffs	Late Payment Charge	Surcharges
Contracts	Line Extensions	Tariffs
Core	Memorandum Account	Taxes
Credit	Metered Energy Efficiency	Text Changes
Curtable Service	Metering	Transformer
Customer Charge	Mobile Home Parks	Transition Cost
Customer Owned Generation	Name Change	Transmission Lines
Decrease Rates	Non-Core	Transportation Electrification
Demand Charge	Non-firm Service Contracts	Transportation Rates
Demand Side Fund	Nuclear	Undergrounding
Demand Side Management	Oil Pipelines	Voltage Discount
Demand Side Response	PBR / Performance Based Ratemaking	Wind Power
Deposits	Portfolio	Withdrawal of Service
Depreciation	Power Lines	

December 16, 2020

California Public Utilities Commission
Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Advice Letter PCE AL 9E

RE: SUBMITTAL OF COMMUNITY CHOICE AGGREGATOR FINANCIAL SECURITY REQUIREMENT INSTRUMENT IN COMPLIANCE WITH RESOLUTION E-5059

PURPOSE

Peninsula Clean Energy Authority (“PCE”) hereby submits and posts its Community Choice Aggregator (“CCA”) Financial Security Requirement (“FSR”) Instrument pursuant to Resolution E-5059 of the California Public Utilities Commission (“Commission”). A pro-forma version of the FSR Instrument is appended hereto as Appendix A.

BACKGROUND

Assembly Bill (“AB”) 117 enacted requirements for ensuring that bundled service customers of the investor-owned utilities (“IOUs”) are indifferent to the costs of electricity customers migration to and from CCA programs. Public Utilities Code Section 394.25(e) established consumer protections that require CCAs to post financial security to cover the reentry fees that would be imposed on CCA customers in the event these customers are involuntarily returned to IOU service. On June 7, 2018, the Commission issued Decision (“D.”)18-05-022, which found that Public Utilities Code Section 394.25(e) requires the implementation of both a reentry fee and a corresponding FSR to address the costs of a potential mass involuntary return of CCA customers to utility service.¹ The FSR represents the estimated amount that would be required to cover IOU administrative and procurement costs resulting from a mass involuntary return.² D.18-05-022 established the methods for calculating re-entry fees and financial security amounts and established a minimum CCA financial security amount of \$147,000.³

D.18-05-022 ordered each CCA to submit a compliance advice letter to the Commission’s Energy Division, providing notice of compliance with the FSR and requesting the return of the interim financial security posted with the Commission.⁴ D.18-05-022 determined that letters of credit, surety bonds, or cash held by a third-party are the acceptable instruments to satisfy the

¹ D.18-05-022 at 14; Conclusion of Law 1.
² D.18-05-022 at 14; Conclusion of Law 2.
³ D.18-05-022 at 16; Ordering Paragraph 9.
⁴ D.18-05-022 at 16; Ordering Paragraph 10.

FSR.⁵ D.18-05-022 further ordered the amount of the FSR to be updated twice per year to reflect the change to forecasted procurement and administrative costs if the change in the amount of the reentry fees is greater than 10 percent.⁶

On August 15, 2018, Pacific Gas & Electric Company (“PG&E”) submitted Advice Letter (“AL”) 5354-E, Southern California Edison Company (“SCE”) submitted AL 3840-E, and San Diego Gas & Electric Company (“SDG&E”) submitted AL 3257-E (collectively, “IOU Advice Letters”) seeking Commission approval of proposed revisions to the three IOUs’ tariffs to define and calculate the CCA financial security and reentry fees requirements pursuant to D.18-05-022. On September 4, 2018, the California Community Choice Associate (“CalCCA”) protested the IOU Advice Letters arguing that the IOU Advice Letters were overly broad and went beyond the scope of D.18-05-022.⁷

On October 9, 2020, the Commission issued Resolution E-5059 partially approving the IOU Advice Letters and directing the CCAs to post new FSR instruments within 60 days of the Resolution. Resolution E-5059 adopted the proposed tariff revisions that were specifically directed in D.18-05-022, but rejected those proposed revisions that did not comply with the decision.⁸ Resolution E-5059 determined that the FSR instrument will govern the rights and obligations of the parties and shall be based on commercially reasonable and accepted terms and conditions.⁹ Resolution E-5059 further states that the CCA FSR instrument may only be drawn upon in the event of an involuntary return, or as mutually agreed upon in, or pursuant to, the terms of the FSR instrument.¹⁰ Finally, Resolution E-5059 found that an IOU may not terminate CCA service without an order of the Commission for failure by a CCA to post its FSR instrument.¹¹

Resolution E-5059 also ordered the IOUs to resubmit their tariff sheets to clarify: (i) the terms of the FSR are subject to mutual agreement by the IOU, the CCA, and the third-party issuer of the FSR instrument, (ii) failure of the CCA to post the FSR instrument within the sixty-day period following issuance of Resolution E-5059 may be grounds for the CCA’s involuntary service suspension by the Commission, (iii) the IOU may not terminate CCA service without approval from the Commission, and (iv) the Involuntary Return Process as provided for in the Resolution.¹²

On November 6, 2020, the IOUs refiled their tariff sheets via respective Tier 1 Advice Letters to conform with Resolution E-5059.¹³ On November 30, 2020 the California Community

⁵ D.18-05-022 at 16; Ordering Paragraph 7.

⁶ D.18-05-022 at 10.

⁷ See CalCCA Protest, dated September 4, 2018.

⁸ Resolution E-5059 at 2.

⁹ Resolution E-5059 at 26.

¹⁰ Resolution E-5059 at 27.

¹¹ Resolution E-5059 at 16.

¹² Resolution E-5059 at 26-27; Ordering Paragraph 4.

¹³ See PG&E Advice Letter 5354-E-B, SCE Advice Letter 3840-E-A, SDG&E Advice Letter 3257-E-A (“Updated IOU Advice Letters”).

Choice Association (“CalCCA”) filed a Limited Protest of the Updated IOU Advice Letters requesting clarification regarding certain tariff revisions regarding the treatment of protested reentry fees as well as the timing and circumstances in which CCA customer payment remittances may be withheld.¹⁴ On December 7, 2020, the IOUs filed a Reply to CalCCA’s Limited Protest providing discrete revisions to the Updated IOU Advice Letters in response to CalCCA’s concerns and requesting the Commission approve the Updated Advice Letters as submitted.

PCE has continued to work diligently to reach an agreement with PG&E on terms and conditions for the FSR instrument. PCE and PG&E have come to an agreement regarding the timing and circumstances under which PG&E may withhold customer payment remittances, and the timing associated with PG&E’s draw of the FSR Instrument. These matters are reflected in the FSR Instrument. However, no agreement has been reached regarding whether PG&E may draw the full amount of the reentry fees if PCE submits a protest disputing the amount of the reentry fees. The FSR Instrument sufficiently addresses this outstanding issue by providing that PG&E will act in good faith to comply with Commission orders related to protested reentry fees. PCE expects that the Commission will address these issues in response to CalCCA’s protest of the Updated IOU Advice Letters.

On December 8, 2020, the Commission granted CalCCA’s request for a 45-day extension of time for CCAs to comply with the requirement to post an FSR instrument. The request was made in order to allow time for the IOUs, CCAs, and issuing banks to reach mutually aggregable terms. Accordingly, the deadline under Resolution E-5059 to post an FSR was extended from December 8, 2020 to January 22, 2021. Therefore, this advice letter is timely submitted.

FINANCIAL SECURITY REQUIREMENT INSTRUMENT

Under Resolution E-5059, a CCA has complied with the FSR posting requirements when the CCA has demonstrated that the financial instrument has been formed, and the IOU made its obligee, recipient, or equivalent.¹⁵ Appendix A to this advice letter contains the pro forma escrow agreement that has been used as the underlying document for the actual FSR Instrument that has been executed by PCE, PG&E and the escrow agent/bank (Wells Fargo).¹⁶ In the event that an involuntary return occurs, Resolution E-5059 requires the IOU to submit a Tier 1 Advice Letter within 30 days of the involuntary return to notify the Commission that the return has occurred and to set forth the reentry fee calculation.¹⁷ The FSR instrument states, unless otherwise mutually agreed, PG&E will not draw from the FSR amount until at least 20 days after PG&E submits the Tier 1 Advice Letter notifying the Commission of the involuntary return. Moreover, the FSR instrument states that PG&E will not draw from the FSR amount

¹⁴ See California Community Choice Association’s Protest of SCE Advice Letter 3840-E-A, PG&E Advice Letter 5354-E-B, and SDG&E Advice Letter 3257-E-A Community Choice Aggregation Financial Security Requirements.

¹⁵ Resolution E-5059 at 26; Finding of Fact 17.

¹⁶ See D.18-05-022 at 16; Ordering Paragraph 7 (“[C]ash held by a third party are acceptable forms for satisfying the financial security requirement.”)

¹⁷ Resolution E-5059 at 27; Ordering Paragraph 7.

except (a) upon written agreement between PCE and PG&E or (b) until at least 15 calendar days after PG&E has issued a written demand for payment to PCE and no sooner than 20 calendar days following PG&E's filing of the Tier 1 Advice Letter notifying the Commission of the involuntary return.

ATTESTATION

The form and terms of the attached pro forma FSR instrument, including the specific conditions under which the FSR is activated, have been mutually agreed upon between PCE and PG&E. By submitting this Advice Letter, the undersigned attests that it has formed an FSR Instrument, consisting of an escrow agreement, and PG&E has been made its obligee, recipient, or equivalent, as directed by the Commission in Resolution E-5059.

REQUEST FOR RETURN OF INTERIM SECURITY

PCE previously posted an interim FSR of \$100,000 with the Commission in compliance with Resolution E-4133. Per Resolution E-5059 and D.18-05-022, the interim financial security posted with the Commission should be returned to the posting CCA when the CCA complies with the financial security requirements as described in Resolution E-5059.¹⁸ Through this advice letter, PCE is requesting the return of the interim FSR amount of \$100,000.

EFFECTIVE DATE

PCE requests that this Tier 1 Advice Letter become effective on December 16, 2020, which is the date of this submission.

APPENDICES

Appendix A: Pro Forma Escrow Agreement

PROTESTS

Anyone wishing to protest this advice filing may do so by letter via U.S. Mail, facsimile, or electronically, any of which must be received no later than 20 days after the date of this advice filing. Protests should be mailed to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, California 94102
E-mail: EDTariffUnit@cpuc.ca.gov

Copies should also be mailed to the attention of the Director, Energy Division, Room 4004 (same address above). In addition, protests and all other correspondence regarding this advice letter should also be sent by letter and transmitted via facsimile or electronically to the attention

¹⁸ Resolution E-5059 at 5; *see also* D.18-05-022 at 11.

of:

Joseph Wiedman
Director of Regulatory and Legislative Affairs
Peninsula Clean Energy Authority
2075 Woodside Road
Redwood City, California 94061
jwiedman@peninsulacleanenergy.com

There are no restrictions on who may file a protest, but the protest shall set forth specifically the grounds upon which it is based and shall be submitted expeditiously.

Respectfully submitted,

/s/ Joseph Wiedman

Joseph Wiedman
Director of Regulatory and Legislative Affairs
Peninsula Clean Energy Authority
2075 Woodside Road
Redwood City, California 94061

Appendix A

Pro Forma Escrow Agreement

ESCROW AGREEMENT

This Escrow Agreement (“**Agreement**”), effective as of the last date set forth below (“**Effective Date**”), is made by and among: (a) [INSERT NAME OF CCA] (“**CCA**”); (b) **Pacific Gas and Electric Company**, a California corporation (“**IOU**”, and together with CCA, the “Parties”, and individually, a “Party”), and (c) **Wells Fargo Bank, National Association**, a national banking association organized under the law of the United States (“**Bank**”).

This Agreement is made with reference to the following facts:

- Recitals -

- A. On June 7, 2018, the California Public Utilities Commission (“**Commission**”) issued Decision (“**D.**”)18-05-022 by which the Commission established reentry fees and financial security requirements (“**FSR**”) applicable to community choice aggregators (“**CCAs**”), as required by California Public Utilities Code Section 394.25(e).
- B. In D.18-05-022, the Commission determined that cash may be used by CCAs to satisfy their respective FSR obligations provided that the cash is deposited at a U.S. branch of a commercial bank acting as the escrow holder on terms and conditions acceptable to CCA and IOU.
- C. In D.18-05-022, the Commission established that CCAs should submit a compliance advice letter with the Commission for the purpose of posting the FSR instrument, which includes one of the following: an escrow agreement for cash held by a bank, a letter of credit, or a surety bond (“**FSR Instrument**”) in an amount established pursuant to D.18-05-022 and Resolution E-5059 (“**FSR Amount**”).
- D. On October 9, 2020, the Commission issued Resolution E-5059 by which the Commission provided further guidance on issues related to FSR Instruments.
- E. In response to Resolution E-5059, IOU submitted a supplemental advice letter to the Commission on November 6, 2020 for the purpose of revising its tariff to reflect changes directed by the Commission in Resolution E-5059. As accepted by the Commission, IOU’s approved tariff (“**Tariff**”) shall govern matters related to the FSR Amount and other matters related to the FSR Instrument and reentry fees.
- F. CCA has elected to post, and IOU has agreed to accept such financial security in the form of a cash deposit in an interest-bearing escrow account, all in accordance with the terms and conditions of this Agreement and the Tariff.
- G. This Agreement is being entered into to provide for the control of the Escrow Account (as defined below) and IOU’s security interest in the funds deposited therein.

/

- Agreement -

The Parties agree as follows:

1. **Definitions.** Capitalized terms used herein shall have the meanings ascribed to such terms herein or in the Tariff. As used in this Agreement, “business day” shall mean any day other than a Saturday, Sunday or any other day on which Bank is authorized or required by law or executive order to remain closed.
2. **Appointment.**
 - (a) CCA and IOU hereby appoint Bank as their escrow agent for the purposes set forth herein, and Bank hereby accepts such appointment under the terms and conditions set forth herein.
 - (b) It is understood that Bank has no responsibility with respect to the validity or perfection of the security interest described herein other than to act in accordance with the terms of this Agreement, as further described below. No provision of this Agreement shall require the Bank to risk or advance its own funds or otherwise incur any financial liability or potential liability in the performance of its duties or the exercise of its rights under this Agreement.
3. **FSR Deposit.**
 - (a) CCA represents that, as of the Effective Date, CCA has deposited with Bank cash in an amount equal to or greater than the Initial FSR Amount, as defined in Section 3.b. The Initial FSR Amount and any additional deposits, and any interest earned thereon, shall collectively be referred to as the “**FSR Deposit**.” Bank holds the FSR Deposit in a demand deposit account, identified as Account [REDACTED] (“**Escrow Account**”). CCA solely owns the Escrow Account, and Bank is holding the FSR Deposit for the benefit of IOU, as described further below.
 - (b) As reflected in IOU’s most recent semi-annual advice letter submitted by IOU pursuant to Ordering Paragraph 8 of D.18-05-022 and approved by the Commission (“**FSR Update Advice Letter**”), the FSR Amount as of the Effective Date is \$147,000. If the FSR Amount is increased as part of a subsequent FSR Update Advice Letter or as otherwise allowed in IOU’s Tariff, CCA shall, by the date required in the Tariff, increase the FSR Deposit in an amount required to ensure that the FSR Deposit equals or exceeds the increased FSR Amount. CCA shall provide reasonable notice to IOU demonstrating the increase in the FSR Deposit. If the FSR Amount is decreased as part of a subsequent FSR Update Advice Letter or as otherwise allowed in IOU’s Tariff, CCA may issue a return request to IOU as described in Section 4(f). Notwithstanding the foregoing, the FSR Amount will not be less than the minimum FSR Amount established by the Commission.
 - (c) CCA hereby grants to IOU a present and continuing first-priority security interest in, and, lien on (and right to net against) the Escrow Account and the FSR Deposit, subject to the terms and conditions set forth herein (“**Security Interest**”).

- (d) Bank hereby acknowledges the Security Interest granted to IOU by CCA. Bank hereby waives and releases all liens, encumbrances, claims, and rights of setoff it may have against the Escrow Account or the FSR Deposit, except that Bank shall retain a lien on the FSR Deposit for the payment of its Administration Fee (as defined and described in Section 7), unsatisfied indemnification rights, and for the payment of any amounts credited to the Escrow Account for which payment or reimbursement to Bank has not been made or received.
- (e) Bank shall place the FSR Deposit in a demand deposit account offered by Bank. Bank is authorized and directed to deposit, transfer, hold and invest the FSR Deposit and any investment income thereon as set forth in Exhibit A hereto or as set forth in any subsequent written instructions signed by the Parties.
- (f) All interest earned on the FSR Deposit shall be added to the FSR Deposit. Interest earned on the FSR Deposit may be returned to CCA upon written request under Section 4(f), provided that returning the interest earned will not reduce the FSR Deposit below the then-applicable FSR Amount.
- (g) CCA acknowledges and agrees that it will not have any access to the FSR Deposit. Additionally, except for the claims and interest of IOU under this Agreement (subject to any claim in favor of Bank permitted under Section 9(c) below), Bank has no notice of any adverse claim to or interest in the FSR Deposit.

4. Disposition.

- (a) Release of the FSR Deposit, or a portion thereof, as applicable, shall occur as described in this Section 4. Bank shall have no obligation to verify IOU's compliance with Commission orders in drawing on the FSR Deposit. Without limiting the generality of the foregoing, in issuing the Draw Notice (as defined below) IOU shall be deemed to represent and warrant to Bank and CCA as follows:
 - (i) IOU has not issued the Draw Notice except (A) upon written agreement between CCA and IOU; or (B) after at least 15 calendar days ("**15-day Period**") following IOU's written demand for payment to CCA in the amount of the re-entry fees due from CCA, calculated and delivered in conformance with IOU's Tariff ("**Re-Entry Fees**") and no sooner than 20 calendar days following IOU's notification to CCA and the Commission, through IOU's submission of a Tier 1 advice letter consistent with Resolution E-5059, that CCA has involuntarily returned or has begun to involuntarily return its customers to IOU.
 - (ii) Within the 15-day Period, (A) CCA has not paid the full amounts owed by CCA for Re-Entry Fees through direct payment by CCA to IOU; or (B) IOU and CCA have not agreed in writing that IOU may withhold CCA customer remittances in full satisfaction of the Re-Entry Fee amount.
 - (iii) IOU has in good faith complied with the Commission's orders related to whether IOU can draw the full amount of the Re-Entry Fees even if CCA submits a protest to the Commission disputing the amount of the Re-Entry Fees.

- (b) If at any time Bank receives a written instruction executed by an IOU Authorized Representative (as defined in Section 10) requesting a release of the FSR Deposit, or a portion thereof (“**Draw Amount**”), substantially in the form of Schedule 3 attached hereto (“**Draw Notice**”), Bank shall comply with such Draw Notice without consent from CCA, but subject to the funds transfer security procedure described in Section 4(c), and shall pay the FSR Deposit or such specified amount(s) to IOU as directed in such Draw Notice within three (3) business days after Bank’s receipt of such Draw Notice. IOU agrees to provide contemporaneously a copy of the Draw Notice to CCA.
- (c) A Draw Notice must be executed by an IOU Authorized Representative. Bank will confirm the instructions pursuant to the authenticity procedures used by Bank. Bank shall confirm each transfer instruction received in the name of a Party by means of the security procedure selected by such Party and communicated to Bank through a signed certificate in the form of Schedule 1 or Schedule 2, attached hereto, which upon receipt by Bank shall become a part of this Agreement. Once delivered to Bank, Schedule 1 or Schedule 2 may be revised or rescinded only by a writing signed by an authorized representative of the Party. Such revisions or rescissions shall be effective only after actual receipt and following such period of time as may be necessary to afford Bank a reasonable opportunity to act on it. If a revised Schedule 1 or 2 or a rescission of any existing Schedule 1 or 2 is delivered to Bank by an entity that is a successor-in-interest to such Party, such document shall be accompanied by additional documentation satisfactory to Bank showing such entity has succeeded to the rights and responsibilities of the Party under this Agreement. The Parties understand that Bank’s inability to receive or confirm funds transfer instructions pursuant to the security procedure selected by such Party may result in a delay in accomplishing such funds transfer, and agree that Bank shall not be liable for any loss caused by any such delay.
- (d) IOU shall, within three (3) business days after written request from CCA, instruct Bank to release funds from the Escrow Account to CCA if (i) the amount of the FSR Deposit is greater than the FSR Amount, unless the IOU has submitted an advice letter with the Commission setting forth an updated FSR Amount that is greater than the current FSR Amount, (ii) if CCA posts a replacement FSR Instrument (which may include an escrow agreement with another mutually acceptable bank, as further described in Section 6(d)) that covers the FSR Amount or (iii) the Commission issues an order, ruling or disposition letter authorizing the release of funds from the Escrow Account.
- (e) In no event shall Bank accept any instruction from CCA nor shall Bank permit any distribution or release of any part of the Escrow Account or FSR Deposit without instruction executed by an IOU Authorized Representative. The Parties agree that Bank shall act upon and according to the direction of an IOU Authorized Representative, and that CCA shall have no claim for any instructions, orders or notice other than against IOU pursuant to applicable law.
- (f) CCA and IOU acknowledge that Bank is authorized to use the following funds transfer instructions (“**Wire Transfer Instructions**”) to disburse the FSR Deposit, or a portion thereof, to CCA or IOU, in each case as directed by an IOU Authorized Representative pursuant to a Draw Notice:

CCA: Bank name:
Bank Address:
ABA number:
Account name:
Account number:

IOU: Bank name: The Bank of New York Mellon
Bank Address: Everett, MA
ABA number: 011001234
Account name: PG&E Master Account
Account number: _____

- (g) The Parties agree that CCA and IOU may change their respective Wire Transfer Instructions set forth in Section 4(f) in accordance with Section 10, and that such change does not constitute an amendment to this Agreement. In the event any Draw Notice provides instructions different than the Wire Transfer Instructions set forth in Section 4(f), Bank shall seek confirmation of such Wire Transfer Instructions by telephone call-back to an IOU Authorized Representative, and Bank may rely upon the confirmation of anyone purporting to be that IOU Authorized Representative. The persons and telephone numbers designated for call-backs may be changed only in writing and executed by a Party's Authorized Representative and delivered in accordance with Section 10.
- (h) Under current circumstances, CCA, as a public agency, does not have tax reporting requirements applicable to, among other things, interest and other income from investment of the FSR Deposit. The following provisions shall apply if circumstances change such that CCA has tax reporting and other tax-related requirements and Bank may apply these provisions as applicable in the administration of the Escrow Account:
- (i) The Parties agree that, for tax reporting purposes, all interest and other income from investment of the FSR Deposit shall, as of the end of each calendar year and to the extent required by the Internal Revenue Service, be reported as having been earned by CCA, whether or not such income was disbursed during such calendar year.
 - (ii) For certain payments made pursuant to this Agreement, Bank may be required to make a "reportable payment" or "withholdable payment" and in such cases Bank shall have the duty to act as a payor or withholding agent, respectively, that is responsible for any tax withholding and reporting required under Chapters 3, 4, and 61 of the United States Internal Revenue Code of 1986, as amended ("**Code**"). Bank shall have the sole right to make the determination as to which payments are "reportable payments" or "withholdable payments." The Parties shall provide an executed IRS Form W-9 or appropriate IRS Form W-8 (or, in each case, any successor form) to Bank prior to the date requested by Bank, and shall promptly update any such form to the extent such form becomes obsolete or inaccurate in any respect. Bank shall have the right to request from any Party, or any other person or entity entitled to payment hereunder, any additional forms, documentation or other information as may be reasonably necessary for Bank to satisfy its reporting and withholding obligations under the Code. To the extent any such forms to be delivered under this Section 4(h)(ii) are not provided prior to

the date requested by Bank or by the time the related payment is required to be made or are determined by Bank to be incomplete and/or inaccurate in any respect, Bank shall be entitled to withhold (without liability) a portion of any interest or other income earned on the investment of the FSR Deposit or on any such payments hereunder to the extent withholding is required under Chapters 3, 4, or 61 of the Code, and shall have no obligation to gross up any such payment.

(iii) To the extent that Bank becomes liable for the payment of any taxes in respect of income derived from the investment of the FSR Deposit, Bank shall satisfy such liability to the extent possible from the FSR Deposit. The Parties, jointly and severally, shall indemnify, defend and hold the Bank harmless from and against any tax, late payment, interest, penalty or other cost or expense that may be assessed against Bank on or with respect to the FSR Deposit and the investment thereof unless such tax, late payment, interest, penalty or other expense was directly caused by the gross negligence or willful misconduct of Bank. The indemnification provided by this Section 4(h)(iii) is in addition to the indemnification provided in Section 9 and shall survive the resignation or removal of Bank and the termination of this Agreement.

(i) The Parties acknowledge that, in order to help fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person or corporation who opens an account and /or enters into a business relationship. The Parties hereby agree that they shall provide Bank with such information as Bank may request including, but not limited to, each Party's name, physical address, tax identification number and other information that will assist the Bank in identifying and verifying each Party's identity such as organizational documents, certificates of good standing, licenses to do business, or other pertinent identifying information.

5. Bank.

(a) Bank shall have only those duties as are specifically and expressly provided herein, which shall be deemed purely ministerial in nature, and no other duties, including but not limited to any fiduciary duty, shall be implied. Except with respect to this Agreement, Bank has no obligation to comply with the terms and conditions of any other agreement between IOU and CCA, nor shall Bank be required to determine if CCA or IOU has complied with any such other agreement. Bank shall neither be responsible for, nor chargeable with, knowledge of the terms and conditions of any other agreement, instrument, or document other than this Agreement, whether or not an original or a copy of such agreement has been provided to Bank, and Bank shall have no duty to know or inquire as to the performance or nonperformance of any provision of such agreement, instrument, or document. References in this Agreement to any other agreement, instrument, or document are for the convenience of the Parties, and Bank has no duties or obligations with respect thereto. Bank will not be responsible to determine or make inquiry into any term, capitalized, or otherwise, not defined herein. This Agreement sets forth all matters pertinent to the escrow contemplated hereunder, and no additional obligations of Bank shall be inferred or implied from the terms of this Agreement or any other agreement.

- (b) Bank shall be entitled to rely on and shall not be liable for any action taken or omitted to be taken by Bank in accordance with the advice of counsel or other professionals retained or consulted by Bank. If reasonably necessary under this Agreement, Bank shall be reimbursed as set forth in Section 7 for any and all compensation (fees, expenses and other costs) paid and/or reimbursed to such counsel and/or professionals. Bank may perform any and all duties through its agents, representatives, attorneys, custodians, and/or nominees. Bank shall not be responsible for the conduct of agents or attorneys appointed by it with due care.
- (c) Bank shall not be liable for any action taken or not taken by it in accordance with the direction or consent of the Parties or their respective agents, representatives, successors, or assigns. Bank shall not be liable for acting or refraining from acting upon any notice, request, consent, direction, requisition, certificate, order, affidavit, letter, or other paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons, without further inquiry into the person's or persons' authority. Concurrent with the execution of this Agreement, the Parties shall deliver to the Bank Schedule 1 and Schedule 2, which contain authorized signer designations in Part I thereof.
- (d) The permissive rights of the Bank to do things enumerated in this Escrow Agreement shall not be construed as duties.
- (e) If any conflict, disagreement or dispute arises between, among, or involving the Parties concerning the meaning or validity of any provision hereunder or concerning any other matter relating to this Agreement, or Bank is in doubt as to the action to be taken hereunder, Bank may, at its option, retain the FSR Deposit until Bank (i) receives a final non-appealable order of a court of competent jurisdiction or a final non-appealable arbitration decision directing delivery of the FSR Deposit, (ii) receives a written agreement executed by each of the Parties directing delivery of the FSR Deposit, in which event the Bank shall be authorized to disburse the FSR Deposit in accordance with such final court order, arbitration decision, or agreement, or (iii) files an interpleader action in any court of competent jurisdiction, and upon the filing thereof, Bank shall be relieved of all liability as to the FSR Deposit and shall be entitled to recover attorneys' fees, expenses and other costs incurred in commencing and maintaining any such interpleader action. Any such court order or arbitration decision shall be accompanied by a written instrument of the presenting Party certifying that such court order or arbitration decision is final, non-appealable and from a court of competent jurisdiction or from a competent arbitration panel, upon which instrument Bank shall be entitled to conclusively rely without further investigation. Bank shall be entitled to act on any such agreement, court order, or arbitration decision without further question, inquiry, or consent.
- (f) In the event that any FSR Deposit shall be attached, garnished or levied upon by any court order, or the delivery thereof shall be stayed or enjoined by an order of a court, or any order, judgment or decree shall be made or entered by any court order affecting the FSR Deposit, Bank is hereby expressly authorized, in its sole discretion, to respond as it deems appropriate or to comply with all writs, orders or decrees so entered or issued, or which it is advised by legal counsel of its own choosing is binding upon it, whether with or without jurisdiction. In the event that Bank obeys or complies with any such writ, order or decree it shall not be liable to any of the Parties or to any other person, firm or

corporation, should, by reason of such compliance notwithstanding, such writ, order or decree be subsequently reversed, modified, annulled, set aside or vacated. Bank shall further have no obligation to pursue any action that is not in accordance with applicable law.

- (g) Bank shall not be responsible or liable for any failure or delay in the performance of its obligation under this Agreement arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; flood; wars; acts of terrorism; civil or military disturbances; sabotage; epidemic; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that Bank shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.

6. Resignation, Replacement and Succession.

- (a) Bank may resign and be discharged from its duties or obligations hereunder after giving no less than ninety (90) days' advance written notice of such resignation to CCA and IOU.
- (b) CCA may remove Bank as escrow agent by concurrently providing no less than ninety (90) days' advance written notice of such removal to Bank and IOU; provided, however, CCA's removal of Bank as escrow agent may only be undertaken if CCA has reasonable grounds for removal. Notwithstanding the foregoing, removal of Bank shall not be effective and Bank shall not release funds from the Escrow Account to CCA until CCA has reasonably demonstrated that it has posted a replacement FSR Instrument (which may include an escrow agreement with another mutually acceptable bank) that covers the FSR Amount.
- (c) IOU may remove Bank as escrow agent by concurrently providing reasonable advance notice of such removal to Bank and CCA; provided, however, IOU's removal of Bank as escrow agent may only be undertaken if IOU has reasonable grounds for insecurity with respect to the ability of Bank to perform under this Agreement. In its notice to Bank and CCA, IOU must expressly identify the basis for its grounds for insecurity with respect to the ability of Bank to perform under this Agreement. To support IOU's evaluation of Bank's ongoing ability to perform under this Agreement, Bank shall provide financial information reasonably requested in writing by IOU and subject to IOU executing a confidentiality agreement covering such information.
- (d) Bank's sole responsibility after the applicable notification period expires shall be to hold the FSR Deposit (without any obligation to reinvest the same) and to deliver the same to a designated substitute escrow agent agreed to by CCA and IOU and appointed by CCA ("**Alternate Escrow Agent**"), or in accordance with the directions of a final court order, at which time of delivery Bank's obligations hereunder shall cease and terminate. If the Parties fail to appoint an Alternate Escrow Agent after the applicable notification period expires, Bank may petition any court of competent jurisdiction for the appointment of a successor escrow agent or for other appropriate relief, and any such resulting appointment shall be binding upon the Parties.

(e) Any corporation or association into which the Bank may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer all or substantially all of its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which Bank is a party, shall be and become the successor bank under this Agreement and have and succeed to the rights, powers, duties, immunities and privileges as its predecessor, without the execution or filing of any instrument or paper or the performance of any further act; provided, however, Bank shall in all such instances provide prompt written notice to CCA and IOU.

- 7. Compensation and Payment of Costs.** Bank shall be entitled to compensation for its services as stated in the fee schedule attached hereto as Exhibit B. CCA shall be solely responsible to pay Bank any and all fees charged by Bank ("**Administration Fee**"). The Administration Fee is intended as full compensation for Bank's services as contemplated by this Agreement; provided, however, in the event that the conditions for the disbursement of funds under this Agreement are not fulfilled, or Bank renders any service not contemplated in this Agreement, or any material modification hereof, or if any material controversy arises hereunder, or Bank is made a party to any litigation pertaining to this Agreement or the subject matter hereof, Bank shall be compensated for such extraordinary services and reimbursed for all costs and expenses, including reasonable attorneys' fees and expenses, occasioned by any such delay, controversy, litigation or event. Bank shall invoice CCA for each Administration Fee, and CCA shall pay such invoice within thirty (30) days of its receipt thereof. If any amount due to Bank hereunder is not paid within thirty (30) days of the date due, Bank in its sole discretion may charge interest on such amount up to the highest rate permitted by applicable law.
- 8. Limitation on Liability.** THE BANK SHALL NOT BE LIABLE, DIRECTLY OR INDIRECTLY, FOR ANY (I) DAMAGES, LOSSES OR EXPENSES ARISING OUT OF THE SERVICES PROVIDED HEREUNDER, OTHER THAN DAMAGES, LOSSES OR EXPENSES WHICH HAVE BEEN FINALLY ADJUDICATED TO HAVE DIRECTLY RESULTED FROM BANK'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, OR (II) SPECIAL, INDIRECT, PUNITIVE, OR CONSEQUENTIAL DAMAGES OR LOSSES OF ANY KIND WHATSOEVER (INCLUDING WITHOUT LIMITATION LOST PROFITS), EVEN IF BANK HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH LOSSES OR DAMAGES AND REGARDLESS OF THE FORM OF ACTION. Bank shall have no responsibility or liability to CCA for complying with written instructions or other written directives concerning the Escrow Account originated by an IOU Authorized Representative and delivered to Bank in accordance with this Agreement.
- 9. Indemnification.** The Parties agree jointly and severally to indemnify, defend, hold harmless, pay or reimburse Bank and its affiliates and their respective successors, assigns, directors, agents and employees (each a "**Bank Indemnitee**" and collectively the "**Bank Indemnitees**") from and against any and all losses, damages, claims, liabilities, penalties, judgments, settlements, litigation, investigations, costs or expenses (including, without limitation, the reasonable fees and expenses of outside counsel and experts and their staffs and all expense of document location, duplication and shipment) (collectively, "**Losses**"), arising out of or in connection with (i) Bank's performance of this Agreement, except to the extent that such Losses are determined by a court of competent jurisdiction through a final order to have been caused by the gross negligence or willful misconduct of any Bank

Indemnitee; and (ii) Bank's following any instructions or directions, whether joint or singular, from CCA and/or IOU issued in accordance with this Agreement. The provisions of this Section 9 shall survive the resignation or removal of Bank and the termination of this Agreement.

10. Notices. All communications (including, without limitation, all Draw Notices or changes to the Wire Transfer Instructions) under this Agreement shall be (a) in writing executed by the relevant Party, (b) delivered on a business day as a Portable Document Format (“**PDF**”) attached to an email, and (c) delivered to the email address of the intended recipient of such communication, as set forth below. With respect to any communication under this Agreement delivered by a CCA and/or IOU to Bank as permitted or required herein, such communication shall be evidenced by the signature of a designated person as set forth in Schedule 1 for CCA (each a “**CCA Authorized Representative**”) and Schedule 2 for IOU (each an “**IOU Authorized Representative**”), as may be modified in writing by the relevant Party without requiring an amendment to this Agreement. No Draw Notice or other written notice to the Bank shall be deemed delivered and effective unless Bank actually shall have received such Draw Notice or other written notice on a business day as a PDF attached to an email at the email address set forth in this Section 10, and, in the case of a Draw Notice to Bank, Bank has been able to validate the authenticity of the Draw Notice pursuant to Section 4(b). Bank shall not be liable to IOU, CCA or other person for refraining from acting upon a Draw Notice or any other written notice if such Draw Notice or any other written notice was delivered to any other email address, including but not limited to a valid email address of any employee of Bank. All written communications between the Parties or from the Bank to a Party shall be deemed delivered and effective on the date evidenced by the sending Party's email transmittal. The notice information for each Party is as follows:

If to CCA:

[CCA's name]
[CCA's address]
Attention: [Title or person's name]
Tel No.: _____
Email Address: _____

If to IOU:

Pacific Gas and Electric Company
77 Beale Street, Mail Code B28L
San Francisco, CA 94105
Attention: Credit and Emerging Risk
Telephone: 415-972-5188
Email Address: PGERiskCredit@pge.com

If to Bank:

Wells Fargo Bank, National Association
Corporate Trust Services
1700 Lincoln St, 12th Floor
Denver, CO 80203
Attention: Bruce Kramlich
Tel No.: 303-863-6029
E-mail: bruce.c.kramlich@wellsfargo.com

11. Termination and Survival. Upon delivery of the entire FSR Deposit by Bank to IOU and/or CCA and/or Alternate Escrow Agent pursuant to the terms of this Agreement, this

Agreement shall terminate. Notwithstanding the foregoing, those provisions that by their nature are intended to survive termination of this Agreement shall so survive.

12. Miscellaneous.

- (a) In the event of a conflict between a term or condition in the Tariff and a term or condition in this Agreement, this Agreement shall control.
- (b) The provisions of this Agreement may be waived, altered, amended or supplemented only by a writing signed by the Parties and Bank.
- (c) Neither this Agreement nor any right or interest under this Agreement may be assigned by any Party, except with respect to Bank as provided in Section 6, without the prior written consent of the Parties, which consent shall not be unreasonably withheld.
- (d) This Agreement shall be governed by and construed under the laws of the State of California, without regard to its conflicts of law principles. Each Party irrevocably waives any objection on the grounds of venue, forum non-conveniens or any similar grounds, and irrevocably consents to service of process by mail or in any other manner permitted by applicable law. Each Party and Bank hereby irrevocably waives all rights to trial by jury to the extent permitted by law in any litigation, action, proceeding in any court arising out of, relating to or in connection with this Escrow Agreement. Any and all litigation or disputes arising out of or relating to this Agreement shall be litigated in the County of San Francisco in the State of California.
- (e) This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument or instruction, as applicable. This Agreement shall be valid, binding, and enforceable against a Party or Bank when executed and delivered by an authorized individual on behalf of the Party or Bank by means of (i) an original manual signature; (ii) a faxed, scanned, or photocopied manual signature, or (iii) any other electronic signature permitted by the federal Electronic Signatures in Global and National Commerce Act, state enactments of the Uniform Electronic Transactions Act, and/or any other relevant electronic signatures law, including any relevant provisions of the Uniform Commercial Code (“**UCC**”) (collectively, “**Signature Law**”), in each case to the extent applicable. Each faxed, scanned, or photocopied manual signature, or other electronic signature, shall for all purposes have the same validity, legal effect, and admissibility in evidence as an original manual signature. Each party and Bank shall be entitled to conclusively rely upon, and shall have no liability with respect to, any faxed, scanned, or photocopied manual signature, or other electronic signature, of any other party and shall have no duty to investigate, confirm or otherwise verify the validity or authenticity thereof. For the avoidance of doubt, original manual signatures shall be used for execution or indorsement of writings when required under the UCC or other Signature Law due to the character or intended character of the writings.
- (f) If any provision of this Agreement is determined to be prohibited or unenforceable by reason of any applicable law of the State of California, then such provision shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions thereof, and any such prohibition or

unenforceability in such jurisdiction shall not invalidate or render unenforceable such provisions in any other jurisdiction.

- (g) Each Party represents, warrants and covenants that each document, notice, instruction or request provided by such Party to Bank shall comply with applicable laws and regulations and this Agreement.
- (h) Each Party and Bank represents and warrants to each other that: (i) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation; (ii) this Agreement constitutes a legally valid and binding obligation enforceable against it in accordance with its terms; (iii) there is not pending, or to its knowledge, threatened against it or any legal proceeding that could materially adversely affect its ability to perform under this Agreement; (iv) it is acting for its own account, and its decision to enter into this Agreement is based upon its own judgment, not in reliance upon the advice or recommendations of a Party or Bank, as applicable, and it is capable of assessing the merits of and understanding, and understands and accepts the terms, conditions and risks of this Agreement; and (v) it has not relied on any promises, representations, statements or information of any kind whatsoever that are not contained in this Agreement in deciding to enter into this Agreement.
- (i) Nothing in this Agreement, whether express or implied, shall be construed to give to any person or entity other than the Parties any legal or equitable right, remedy, interest or claim under or in respect of the FSR Deposit or this Agreement.
- (j) The Parties are aware that under applicable state law, property which is presumed abandoned may under certain circumstances escheat to the applicable state. Bank shall have no liability to the Parties, their respective heirs, legal representatives, successors and assigns, or any other party, should any or all of the FSR Deposit escheat by operation of law.

[signature page follows]

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

[CCA'S NAME]

By: _____

Name: _____

Title: _____

Date: _____

PACIFIC GAS AND ELECTRIC COMPANY
a California corporation

By: _____

Name: _____

Title: _____

Date: _____

WELLS FARGO BANK, NATIONAL ASSOCIATION
a national banking association organized under the law of the United States

By: _____

Name: _____

Title: _____

Date: _____

SCHEDULE 1 TO THE ESCROW AGREEMENT

[COMMUNITY CHOICE AGGREGATOR]

_____ (“CCA”) certifies that the names, titles, telephone numbers, e-mail addresses and specimen signatures set forth in Parts I and II of this Schedule 1 identify the persons authorized to provide direction and initiate or confirm transactions, including funds transfer instructions, on behalf of CCA, and that the option checked in Part III of this Schedule 1 is the security procedure selected by CCA for use in verifying that a funds transfer instruction received by the Bank is that of CCA.

CCA has reviewed each of the security procedures and has determined that the option checked in Part III of this Schedule 1 best meets its requirements; given the size, type and frequency of the instructions it will issue to the Bank. By selecting the security procedure specified in Part III of this Schedule 1, CCA acknowledges that it has elected to not use the other security procedures described and agrees to be bound by any funds transfer instruction, whether or not authorized, issued in its name and accepted by the Escrow Agent in compliance with the particular security procedure chosen by CCA.

NOTICE: The security procedure selected by CCA will not be used to detect errors in the funds transfer instructions given by CCA. If a funds transfer instruction describes the beneficiary of the payment inconsistently by name and account number, payment may be made on the basis of the account number even if it identifies a person different from the named beneficiary. If a funds transfer instruction describes a participating financial institution inconsistently by name and identification number, the identification number may be relied upon as the proper identification of the financial institution. Therefore, it is important that CCA take such steps as it deems prudent to ensure that there are no such inconsistencies in the funds transfer instructions it sends to the Escrow Agent.

Part I

Name, Title, Telephone Number, Electronic Mail (“e-mail”) Address and Specimen Signature for person(s) designated to provide direction, including but not limited to funds transfer instructions, and to otherwise act on behalf of CCA

<u>Name</u>	<u>Title</u>	<u>Telephone Number</u>	<u>E-mail Address</u>	<u>Specimen Signature</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Part II

Name, Title, Telephone Number and E-mail Address for person(s) designated to confirm funds transfer instructions

<u>Name</u>	<u>Title</u>	<u>Telephone Number</u>	<u>E-mail Address</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Part III

Means for delivery of instructions and/or confirmations

The security procedure to be used with respect to funds transfer instructions is checked below:

- Option 1. Confirmation by telephone call-back. The Bank shall confirm funds transfer instructions by telephone call-back to a person at the telephone number designated on Part II above. The person confirming the funds transfer instruction shall be a person other than the person from whom the funds transfer instruction was received, unless only one person is designated in both Parts I and II of this Schedule 1.
- CHECK box, if applicable:
If the Bank is unable to obtain confirmation by telephone call-back, the Bank may, at its discretion, confirm by e-mail, as described in Option 2.
- Option 2. Confirmation by e-mail. The Bank shall confirm funds transfer instructions by e-mail to a person at the e-mail address specified for such person in Part II of this Schedule 1. The person confirming the funds transfer instruction shall be a person other than the person from whom the funds transfer instruction was received, unless only one person is designated in both Parts I and II of this Schedule 1. CCA understands the risks associated with communicating sensitive matters, including time sensitive matters, by e-mail. CCA further acknowledges that instructions and data sent by e-mail may be less confidential or secure than instructions or data transmitted by other methods. The Bank shall not be liable for any loss of the confidentiality of instructions and data prior to receipt by the Bank.
- CHECK box, if applicable:
If the Bank is unable to obtain confirmation by e-mail, the Bank may, at its discretion, confirm by telephone call-back, as described in Option 1.
- *Option 3. Delivery of funds transfer instructions by password protected file transfer system only - no confirmation. The Bank offers the option to deliver funds transfer instructions through a password protected file transfer system. If [“_____”] wishes to use the password protected file transfer system, further instructions will be provided by the Bank. If [“_____”] chooses this Option 3, it agrees that no further confirmation of funds transfer instructions will be performed by the Bank.
- *Option 4. Delivery of funds transfer instructions by password protected file transfer system with confirmation. Same as Option 3 above, but the Bank shall confirm funds transfer instructions by telephone call-back or e-mail (must check at least one, may check both) to a person at the telephone number or e-mail address designated on Part II above. By checking a box in the prior sentence, the party shall be deemed to have agreed to the terms of such confirmation option as more fully described in Option 1 and Option 2 above.

**The password protected file system has a password that expires every 60 days. If you anticipate having infrequent activity on this account, please consult with your Escrow Agent before selecting this option.*

Dated this ____ day of _____, 20__.

By _____

Name:

Title:

SCHEDULE 2 TO THE ESCROW AGREEMENT

PACIFIC GAS AND ELECTRIC COMPANY

Pacific Gas and Electric Company (“IOU”) certifies that the names, titles, telephone numbers, e-mail addresses and specimen signatures set forth in Parts I and II of this Schedule 2 identify the persons authorized to provide direction and initiate or confirm transactions, including funds transfer instructions, on behalf of IOU, and that the option checked in Part III of this Schedule 2 is the security procedure selected by IOU for use in verifying that a funds transfer instruction received by the Bank is that of IOU.

IOU has reviewed each of the security procedures and has determined that the option checked in Part III of this Schedule 2 best meets its requirements; given the size, type and frequency of the instructions it will issue to the Bank. By selecting the security procedure specified in Part III of this Schedule 2, IOU acknowledges that it has elected to not use the other security procedures described and agrees to be bound by any funds transfer instruction, whether or not authorized, issued in its name and accepted by the Bank in compliance with the particular security procedure chosen by IOU.

NOTICE: The security procedure selected by IOU will not be used to detect errors in the funds transfer instructions given by IOU. If a funds transfer instruction describes the beneficiary of the payment inconsistently by name and account number, payment may be made on the basis of the account number even if it identifies a person different from the named beneficiary. If a funds transfer instruction describes a participating financial institution inconsistently by name and identification number, the identification number may be relied upon as the proper identification of the financial institution. Therefore, it is important that IOU take such steps as it deems prudent to ensure that there are no such inconsistencies in the funds transfer instructions it sends to the Bank.

Part I

Name, Title, Telephone Number, Electronic Mail (“e-mail”) Address and Specimen Signature for person(s) designated to provide direction, including but not limited to funds transfer instructions, and to otherwise act on behalf of IOU

<u>Name</u>	<u>Title</u>	<u>Telephone Number</u>	<u>E-mail Address</u>	<u>Specimen Signature</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Part II

Name, Title, Telephone Number and E-mail Address for person(s) designated to confirm funds transfer instructions

<u>Name</u>	<u>Title</u>	<u>Telephone Number</u>	<u>E-mail Address</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Part III

Means for delivery of instructions and/or confirmations

The security procedure to be used with respect to funds transfer instructions is checked below:

- Option 1. Confirmation by telephone call-back. The Bank shall confirm funds transfer instructions by telephone call-back to a person at the telephone number designated on Part II above. The person confirming the funds transfer instruction shall be a person other than the person from whom the funds transfer instruction was received, unless only one person is designated in both Parts I and II of this Schedule 2.
- CHECK box, if applicable:
If the Bank is unable to obtain confirmation by telephone call-back, the Bank may, at its discretion, confirm by e-mail, as described in Option 2.
- Option 2. Confirmation by e-mail. The Bank shall confirm funds transfer instructions by e-mail to a person at the e-mail address specified for such person in Part II of this Schedule 2. The person confirming the funds transfer instruction shall be a person other than the person from whom the funds transfer instruction was received, unless only one person is designated in both Parts I and II of this Schedule 2. IOU understands the risks associated with communicating sensitive matters, including time sensitive matters, by e-mail. IOU further acknowledges that instructions and data sent by e-mail may be less confidential or secure than instructions or data transmitted by other methods. The Bank shall not be liable for any loss of the confidentiality of instructions and data prior to receipt by the Bank.
- CHECK box, if applicable:
If the Bank is unable to obtain confirmation by e-mail, the Bank may, at its discretion, confirm by telephone call-back, as described in Option 1.
- *Option 3. Delivery of funds transfer instructions by password protected file transfer system only - no confirmation. The Bank offers the option to deliver funds transfer instructions through a password protected file transfer system. If [“_____”] wishes to use the password protected file transfer system, further instructions will be provided by the Bank. If [“_____”] chooses this Option 3, it agrees that no further confirmation of funds transfer instructions will be performed by the Bank.
- *Option 4. Delivery of funds transfer instructions by password protected file transfer system with confirmation. Same as Option 3 above, but the Bank shall confirm funds transfer instructions by telephone call-back or e-mail (must check at least one, may check both) to a person at the telephone number or e-mail address designated on Part II above. By checking a box in the prior sentence, the party shall be deemed to have agreed to the terms of such confirmation option as more fully described in Option 1 and Option 2 above.

**The password protected file system has a password that expires every 60 days. If you anticipate having infrequent activity on this account, please consult with your Escrow Agent before selecting this option.*

Dated this ____ day of _____, 20__.

By _____

Name:

Title:

SCHEDULE 3 TO THE ESCROW AGREEMENT

DRAW NOTICE

[to be placed on IOU's Letterhead]

Date: _____

RE: ESCROW AGREEMENT, effective as of _____, 20__ ("**Effective Date**"), by and among [Community Choice Aggregator's name] ("**CCA**"), Pacific Gas and Electric Company, a California corporation ("**IOU**") and Wells Fargo Bank, National Association, a national banking association organized under the law of the United States, in its capacity as escrow agent and bank ("**Bank**") ("**Agreement**").

Pursuant to Section 4 of the Agreement, IOU hereby instructs Bank to disburse the amount of [\$_____/or the total balance of the Fund (including earnings)] to [IOU][the Community Choice Aggregator][an Alternate Escrow Agent], in accordance with the payment instructions provided in the Agreement.

Sincerely,

PACIFIC GAS AND ELECTRIC COMPANY
a California corporation

By: _____

Name: [Authorized Representative's name]

Title: [Authorized Representative's title]

Date: _____

EXHIBIT A TO THE ESCROW AGREEMENT

Agency and Custody Account Direction For Cash Balances Wells Fargo Money Market Deposit Accounts

Direction to use the following Wells Fargo Money Market Deposit Accounts for Cash Balances for the escrow account or accounts ("**Account**") established under the Escrow Agreement to which this Exhibit A is attached.

You are hereby directed to deposit, as indicated below, or as the Parties shall direct further in writing from time to time, all cash in the Account in the following money market deposit account of Wells Fargo Bank, National Association ("**Bank**"):

Wells Fargo Money Market Deposit Account ("**MMDA**")

The Parties understand that amounts on deposit in the MMDA are insured, subject to the applicable rules and regulations of the Federal Deposit Insurance Corporation ("**FDIC**"), in the basic FDIC insurance amount of \$250,000 per depositor, per insured bank. This includes principal and accrued interest up to a total of \$250,000.

The Parties acknowledge that CCA has full power to direct investments of the Account.

The Parties understand that they may change this direction at any time and that it shall continue in effect until revoked or modified by the Parties by written notice to you.

Bank is hereby authorized and directed to sell or redeem any such investments as it deems necessary to make any payments or distributions required under this Escrow Agreement. Bank shall have no responsibility or liability for any loss which may result from any investment or sale of investment made pursuant to this Escrow Agreement. Bank is hereby authorized, in making or disposing of any investment permitted by this Escrow Agreement, to deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or any such affiliate is acting as agent of Bank or for any third person or dealing as principal for its own account. The Parties acknowledge that Bank is not providing investment supervision, recommendations, or advice.

The Parties agree that confirmations of permitted investments are not required to be issued by Bank for each month in which a monthly statement is rendered. No statement need be rendered for any fund or account if no activity occurred in such fund or account during such month. A Party may obtain confirmation at no additional cost upon its written request.

EXHIBIT B TO THE ESCROW AGREEMENT

FEES OF BANK

Corporate Trust Services Schedule of fees to provide escrow agent services