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Bcc:
Subject: RE: QF Summit Arbitration Process

Mary and others -

Thank you for your
message below, and for taking into
consideration the feedback and suggestions we made on yesterday's
call.

The process outlined in Mary's e-mail below is
consistent with what we agreed to on the call, and the dates you have proposed
are workable for the involved Commission staff.

Just to reiterate, the arbitration will proceed issue-by-issue,
and the staff members selected as arbitrators (Julie and Frank) will be required
to choose between one of two options for each disputed issue, as those options
are framed by the sponsoring parties. In other words, the arbitrators will
not be allowed to come up with any hybrid or alternative approaches to resolving
the disputed issues.

We really appreciate this effort by the parties to get the settlement finally resolved. It is creative and efficient.

I just want to add another reminder about the urgency of getting the settlement submitted to the Commission as soon as possible, in order to position it for a vote by the Commissioners before the end of this calendar year. Please bear in mind that the last Commission meeting of the year is scheduled for Thursday, December 16.

Please indulge me as I repeat, once again, my mantra for this whole process: "Don't let the perfect be the enemy of the good!"

We look forward to getting this wrapped up soon.

Thanks again, and best wishes to all.

Frank

on behalf of Julie, Melissa, Michael and Peter

From: Gandesbery, Mary (Law)

[mailto:MAGq@pge.com]

Sent: Friday, July 09, 2010 11:14

AM

To: Fitch, Julie A.; Lindh, Frank; Semcer, Melissa; Allen, Peter;

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Charles (Law)

Subject: QF Summit Arbitration

Process

Dear Frank and Julie:

On behalf of the settling parties, I am writing to confirm the agreements reached in our telephone conference yesterday regarding the QF/CHP summit negotiations. Both of you have kindly agreed to serve as arbitrators to resolve the disputed issues in the QF/CHP summit term sheet. As we discussed, we will provide to you a term sheet with alternate resolutions of disputed issues in two colors, one color assigned to the CHP parties and the other assigned to the IOUs, TURN and DRA. As arbitrators, you will select either side's proposal on a single disputed issue and would not propose or establish an alternate outcome on any disputed issue.

You also asked in our telephone conference whether we are able to arbitrate disputed term sheet issues this month, rather than wait for the draft contracts to be prepared. We have checked our calendars and unfortunately we are unable to obtain our clients' or members' approval to participate in binding arbitration based on the other side's term sheet until the end of July and therefore would not be able to move up the arbitration since we understand Julie is unavailable during the first two weeks of August. Based on the current proposed sheet scheduled, we anticipate that we will begin arbitration on the term sheet and draft contracts August 30 and that the arbitration may require a few days of your time.

We would appreciate it if you would please confirm by a responsive e-mail that this procedure and the arbitration dates are agreeable to you.

Very
truly yours,

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