

September 20, 2010

VIA ELECTRONIC AND U. S. MAIL

Re: Responses to Energy Division's Questions Regarding Pacific Gas and Electric Company's Solar Energy Affiliates.

Mr. Jack Fulcher
Energy Division
California Public Utilities Commission
505 Van Ness Ave., Area 4A
San Francisco, CA 94102

Dear Mr. Fulcher:

Erik Jacobson informed me that you sent him ten questions concerning Pacific Gas and Electric Company's recent advice letter filings regarding PG&E Corporation's investments in Pacific Energy Capital I, LLC, Pacific Energy Capital II, LLC, Pacific Energy Capital III, LLC, Pacific Energy Capital IV, LLC and SunRun Solar Pacific, LLC. The fourth question appears to be directed to PG&E Corporation, so Erik asked me to answer it. The question was:

QUESTION 4

Have you considered investing in solar companies that operate entirely outside of your service and PA area? Wouldn't it be simpler, just as effective, and possibly just as profitable for your holding company to invest in companies outside of your area?

To answer your question, yes, PG&E Corporation has considered investing in solar companies that operate entirely outside of Pacific Gas and Electric Company's (Utility) service territory. While PG&E Corporation does not exclude the possibility of such investments at a future date, it has not limited its transactions to outside of its service territory for a number of reasons. First, the CPUC and the California Legislature are encouraging the development of rooftop solar throughout the state, including the Utility's service territory. PG&E Corporation's investments support this goal and serve to broaden access to renewable energy inside and outside of the Utility's service territory. Limiting its investments to outside the Utility's service territory would not support the CPUC's goal of encouraging the development of rooftop solar within the Utility's service territory. Second, the investments will help Utility customers interested in rooftop solar finance their systems. Finally, given the nature of the investments, PG&E Corporation did not believe that they would raise unique Affiliate Transaction Rules compliance issues that would not be addressed by the Utility's overall Affiliate Transaction Rules compliance plan.

Yours truly,



Brian A.C. Steel
Senior Director
PG&E Corporation