

From: Fulcher, Jack
Sent: 9/22/2010 3:17:33 PM
To: Lichtblau, Erich (Law) (/O=PG&E/OU=Corporate/cn=Recipients/cn=EFL5)
Cc: Jacobson, Erik B (RegRel) (/O=PG&E/OU=Corporate/cn=Recipients/cn=EBJ1)
Bcc:
Subject: Re: Pacific Gas and Electric Company Affiliate Advice Letter Filings - Responses to Energy Division's Questions

Thanks, Erich. Didn't know your name had an "h" in it
- looks like both you and Erik are trying to set trends.

We'll give these responses a good look. I know that my questions were wordy and perhaps vague in places - at least that's what they looked like when I read them again the day after I sent them. Hope you made sense of them.

I had a funny conversation with Mitchell Shapson, that lawyer you wanted me to ask about the application and interpretation of Rule I.A (definition of "affiliate"). Seems he works on energy procurement issues, but was assigned to PG&E's application for temporary exemption of the affiliate rules while you decided whether you wanted the same guy to stay as head of both the utility and the holding company. Apparently you worked with him on this and that's why you wanted us to consult him. However, that application (which was finally withdrawn) was his only exposure to the Rules, and he really had no experience with applying that particular definition - his only response to me was that he didn't know about the definition, but that, of course, the commission staff needs sufficient information from the utilities to allow us to gauge compliance with CPUC rules and decisions. I relayed this to Erik (I'll start calling him Big K and you Big H), and this apparently got to you and you sent Mitchell a note (or some other communication), asking if he was the assigned lawyer for this series of advice letters. If not, you wanted to know why you were giving us a "legal opinion" on this issue.

Here's the funny part (I know you've been waiting) (does this remind you of one of my questions??): I've never heard of something like "staff needs sufficient information from the utilities to do their jobs" being referred to as a "legal opinion." In my mind (always dangerous, I know), a legal opinion is more along the lines of "does the PU Code give us this authority" or "what has the Commission said about this or what rules or guidelines have been issued by the Commission in this area?" Maybe this is because you haven't nosed around here much, but we can pretty talk to anyone about anything, as long as there's no *ex parte* problems, or some order

of the Commission prohibits it. This doesn't come up in the advice letter world, in any event. But I talk with lawyers and judges all the time, no matter where they're assigned. I will admit that most of my work has to do with rulemakings, investigations, advice letters and their Resolutions. Not much of a rate case fan.

I do notice that you're trying out the "these aren't really investments" argument, which is something Doreen (the previous PG&E attorney assigned to this) had floated a few months ago. I think you need to figure out why your several advice letters call these outlays "investments," if this is so. Further, does the semantics here really matter? I know that, to a lawyer, this last statement is heresy, but there it is. Let the lightning bolts fly.

Thanks again, Big H. Say hi to Big K. Hope you're both having a great day.
Jack

From: Lichtblau, Erich (Law)
[mailto:EFL5@pge.com]
Sent: Monday, September 20, 2010 6:09 PM
To: Fulcher, Jack
Cc: Jacobson, Erik B
(RegRel)
Subject: FW: Pacific Gas and Electric Company Affiliate Advice Letter Filings - Responses to Energy Division's Questions

Jack,

In response to Energy Division's questions regarding Pacific Gas and Electric Company's new solar energy affiliates, I am attaching two letters, one from me on behalf of Pacific Gas and Electric Company and one from Brian Steel on behalf of PG&E Corporation (responding only to Question 4). Please note that the letter from Pacific Gas and Electric Company contains information that is subject to confidentiality agreements between PG&E Corporation and SolarCity Corporation and between PG&E Corporation and SunRun, Inc., and that we are therefore providing this information to you pursuant to Public Utilities Code Section 583.

I also wanted to let you know that

Pacific Energy Capital III, LLC (PEC III) will be closing a transaction with SolarCity tomorrow. This transaction is confidential and will not likely be publicly announced until October. It is structured in a similar manner to the SunRun transaction described in the attached letter. As with the prior transactions, neither PG&E Corporation nor PEC III made any investment in SolarCity itself, nor acquired[ACQUIRED] any control over SolarCity nor any financial interest in SolarCity. PG&E will provide Energy Division with a brief notice of the formation of a new affiliate in connection with this transaction tomorrow and will file an advice letter regarding this transaction within 60 days as required by the Affiliate Transaction Rules.

Yours truly,

Erich Lichtblau
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<<PG&E Response to ED
Questions.pdf>> <<Investment Structure.ppt>> <<Ex 1 - 2010 GM Interim M&O Plan.pdf>>
<<Ex 2 - Approval 2010 CSI
M&O Budget.pdf>> <<Ex 3 - 2010 GM Interim M&O Guidelines.pdf>>
<<PG&E Corporation
Response to Q 4.pdf>>