



**Pacific Gas and  
Electric Company®**

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October 12, 2010

**VIA ELECTRONIC AND U. S. MAIL**

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

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

Dear Mr. Fulcher:

This letter follows up on my letter of September 20, 2010, responding to the questions Energy Division posed in your September 8, 2010 e-mail to Erik Jacobson concerning PG&E Corporation's investment, through various subsidiaries, in certain solar energy projects and Pacific Gas and Electric Company's (Utility) compliance with the Affiliate Transaction Rules in connection with any transactions with its new solar energy affiliates. In your e-mail, you requested certain financial information for SolarCity Corporation and SunRun, Inc. Pursuant to that request, I am enclosing the following documents: (1) SolarCity Corporation's Preliminary and Tentative Consolidated Financial Statements for the Years Ended December 31, 2009 and 2008; (2) SunRun, Inc.'s Unaudited Consolidated Financial Statements as of June 30, 2010 and December 31, 2009 and 2009, and for the period ended June 30, 2010 and for the Years Ended December 31, 2009 and 2008; (3) SunRun, Inc.'s Consolidated Financial Statements for the Years Ended December 31, 2009 and 2008, and Independent Auditors' Report; and (4) a document showing the ownership interest that PG&E Corporation would acquire in SolarCity Corporation and/or SunRun, Inc. if PG&E Corporation exercised its existing warrant rights..

Please note that neither SolarCity Corporation nor SunRun, Inc. are publicly traded companies, so these documents are all confidential and are being provided pursuant to Public Utilities Code Section 583. Please note further that the SolarCity financials, as well as the more recent SunRun financials, are preliminary and unaudited. The SolarCity financial statements are currently going through partner-level review at E&Y. It is common (in all audits, not just SolarCity's audit) for those reviews to result in changes to the numbers themselves, as well as footnote disclosures. Theoretically, if the E&Y partners had no comments/changes, then the draft financial statements would not deviate from what will be issued as final (with the exception being taxes, as mentioned below), however, that is rarely the case in any audit with any company so we fully

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expect some adjustments. SolarCity does not presently expect any adjustments to be material. Also, the current draft does not reflect final tax true-ups. Until SolarCity is certain that E&Y is not suggesting changes to its pre-tax income, SolarCity believes it is inefficient to do work on Taxes as the tax numbers will change based on whatever the final pre-tax income winds up being. As such, tax adjustments will get run through the financial statements as a final step after E&Y blesses the pre-tax numbers.

As always, please feel free to contact me any time should you have any questions.

Yours truly,

A handwritten signature in cursive script, appearing to read 'Erich F. Lichtblau'.

Erich F. Lichtblau

Enc.

PG&E Corporation Warrant Position In SolarCity Corporation  
October 2010

Summary

Redacted

Calculation Of Warrant Position

Redacted

PG&E Corporation Warrant Position In SunRun Corporation  
October 2010

Summary

Redacted

Calculation Of Warrant Position

Redacted