

February 4, 2011

«Customer_Name»

«Mailing_Address»

«Mailing_City_State_Zip»

Re: Account Number «Account_Number» at «Service_Address»

Dear < Customer_Name>:

PG&E is pleased to inform you that you are eligible for a refund. This refund is the result of an agreement between PG&E and Modesto and Merced Irrigation Districts that was approved by the California Public Utilities Commission (CPUC) in November 2010.

As part of California's energy industry restructuring in the late 1990s and energy crisis of 2000-2001, PG&E was authorized to collect fees, known as departing load charges, from consumers in its service territory who took electric service from another energy provider but had never received any electric service from PG&E (also known as New Municipal Departing Load or NMDL customers). In 2008, PG&E began billing these charges to NMDL customers, such as you, who are served by Modesto Irrigation District and Merced Irrigation District.

In response to public concerns about the departing load charges as they applied to NMDL customers, PG&E, Merced Irrigation District and Modesto Irrigation District negotiated a proposed agreement in which the irrigation districts agreed to pay the departing load charges on behalf of their NMDL customers. The parties filed an application with the CPUC for approval of the proposed agreement, and on November 19, 2010, the CPUC approved the agreement with modifications.

As a result of the agreement, PG&E is refunding 100% of the departing load payments that NMDL customers served by Modesto and Merced ID have remitted, plus interest. Moving forward, each irrigation district will pay agreed upon amounts to PG&E, and you will no longer be responsible to pay these charges to PG&E.

The enclosed check represents your refund for NMDL charges you have previously remitted, along with interest calculated at 5% per year. If you have any questions about the agreement or your refund, please feel free to contact our Customer Service Center at 1-800-743-1925 or me directly at Felecia_Lokey@exchange.pge.com.

Sincerely,

Felecia K. Lokey
Senior Director
Customer Engagement
Pacific Gas and Electric Company