



April 13, 2012

CONFIDENTIAL

President Michael R. Peevey
Commissioner Timothy Alan Simon
Commissioner Mike P. Florio
Commissioner Catherine J.K. Sandoval
Commissioner Mark J. Ferron
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Re: Support for PG&E's Application 10-11-002

Dear Commissioners:

I am writing to you again to respectfully request your approval of President Peevey's Alternate Decision in A.10-11-002, which would authorize PG&E's investment of the necessary matching funds in SVTC Solar for the PV Manufacturing Development Facility ("MDF"). Matching funds are legally required by the Department of Energy ("DOE") as part of the \$30 million SunShot grant awarded for the MDF.

I would like to take this opportunity to respond to the concerns raised by The Utility Reform Network ("TURN") in its comments that the entire value of the \$30 million SunShot grant is allocated to SVTC Solar's current equity holders. SVTC started working with Congress and the DOE in 2008 to raise awareness of the need for an MDF in the United States and invested a substantial amount of time and capital in the ensuing years pursuing not only a federal grant award, but also commitments from equipment and material suppliers for in-kind contributions to meet the DOE's cost-share requirements. In fact, PG&E's proposed investment of \$9.9 million represents less than 12% of the entire project value of \$85 million. Nevertheless, SVTC Solar wishes to be responsive to the concern that PG&E's customers' equity allocation includes a portion of the federal grant. As such, SVTC commits to increasing PG&E's proposed equity holding percentage from 19.7% to 25% of SVTC Solar's share capital while maintaining all other terms as set out in the June 1, 2011 draft term sheet, including the preferred status of the shares held by PG&E. The preferred shares allow PG&E's customers to share in the success of the project while also providing PG&E with a liquidation preference over all other equity holders in the unlikely event that the project fails.



SVTC Solar is also committed to partnering with local community colleges and universities to advance PV manufacturing workforce development, education, and innovation in California, comparable to the partnerships referenced in the DOE application filed under seal in this proceeding. In particular, SVTC Solar will provide learning opportunities related to PV manufacturing for both senior-level undergraduates and graduate-level students of the University of San Francisco through curriculum development, on-site instruction, and on-site internships. SVTC Solar will meet with the appropriate faculty members from the University of San Francisco on location at the MDF once it opens, or sooner if practical, to develop an educational opportunity plan that meets the university's goals and requirements while staying within the scope of the MDF. The University of San Francisco will determine the pace of plan development and implementation, and SVTC Solar will exercise all due diligence to accommodate their pace. In addition, SVTC Solar plans to team with Workforce Institute, San Jose City College, and Evergreen Community College to initiate development of a technician-level manufacturing training program. SVTC Solar considers it a privilege to give back to California by fostering education and training opportunities through the MDF for the people needed to support California's growing green tech economy.

The continuation of the DOE grant to SVTC Solar depends on the receipt of the requisite matching funds before the close of the contract year at the end of June. Given that closing and appropriately documenting the investment transaction will take around 60 days or more, I strongly encourage you to approve President Peevey's Alternate Decision at the April 19th Commission meeting.

Thank you again for your consideration.

Sincerely,


Gunter Ziegenbalg
President