APPENDIX A

List of Appearances

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Applicant: Gail L. Slocum, Attorney at Law, for Pacific Gas & Electric Company.

Interested Parties: Alcantar & Kahl, LLP, by Michael Alcantar, for Cogeneration Association of California; Evelyn Kahl, Attorney at Law, for Energy Producers and Users Coalition; Nora Sheriff, Attorney at Law, for Valero Refining Company – California and Karen Terranova, for Occidental Elk Hills, Inc.; Devra Bachrach, for Natural Resources Defense Council; Barkovich and Yap, Inc., by Barbara R. Barkovich, for CLECA/Consultants; Tom Beach of Crossborder Energy, for CA Manufacturers & Technology Association; Law Office of William Booth, by William H. Booth, for California Large Energy Consumers Association; McCracken, Byers & Haesloop, by David J. Byers, Attorney at Law, for California City – County Street Light Association; Joseph Peter Como, for the City and County of San Francisco; Sheila Day, for Western Manufactured Housing Communities; Ellison, Schneider & Harris, LLP, by Lynn Haug, Attorney at Law, for East Bay Municipal Utility District and Douglas K. Kerner, Attorney at Law, for Duke Energy North America; Paul Kerkorian for Almond Huller & Processors Association and Mercado Latino, Inc.; Sutherland, Asbill & Brennan, by Keith McCrea, Attorney at Law, for CA Manufacturers & Technology Association; Karen Norene Mills, Attorney at Law, for California Farm Bureau Federation; Anderson & Poole, by Edward G. Poole, for Western Manufactured Housing Community Association; Bruce A. Reed, Attorney at Law, for Southern California Edison Company; James Ross, of RCS, Inc., for Coalinga Cogeneration Company; Goodin, MacBride, Squeri, Ritchie & Day, LLP, by James D. Squeri, for California Retailers Association; Downey, Brand, LLP, by Ann L. Trowbridge, for Distributed Generation/Distributed Energy Resources and Merced Irrigation District; Ed Yates, for California League of Food Processors; Department of the Navy, by Norman J. Furuta, Attorney at Law, for Federal Executive Agencies; Davis, Wright, Tremaine, LLP, by Jeffrey P. Gray, Attorney at Law, for BART; and Irene K. Moosen, Attorney at Law, for WMA and Regents of University of California.

Intervenors: Mike Florio and Matthew Freedman, for The Utility Reform Network; Morrison & Foerster, LLP, by Peter W. Hanschen, and Steven Moss, of M.Cubed, for Agricultural Energy Consumers Association; John R.

Redding, of Arcturus Energy Consulting; for Silicon Valley Manufacturing Group; and Scott T. Steffen, for Modesto Irrigation District.

State Service: Patrick L. Gileau, Attorney at Law, Christopher Danforth, and Dexter E. Khoury; for the Office of Ratepayer Advocates; Donald J. LaFrenz, and Maria Vanko, for the Energy Division.

(END OF APPENDIX A)

APPENDIX B

Agricultural Definition Settlement and Addendum

AGRICULTURAL DEFINITION SETTLEMENT

IN APPLICATION 04-06-024

I. AGREEMENT

In accordance with Rule 51 et seq. of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission), the parties to this settlement (Settling Parties) agree on a mutually acceptable outcome to the issue of the definition of the Agricultural customer class in Application (A.) 04-06-024, Application Of Pacific Gas And Electric Company To Revise Its Electric Marginal Costs, Revenue Allocation, And Rate Design.

II. PARTIES

The Settling Parties are the Agricultural Energy Consumers Association (AECA), California Farm Bureau Federation (CFBF), and Pacific Gas and Electric Company (PG&E).

III. CONDITIONS

The Settling Parties agree to the following conditions:

1. This Agricultural Definition Settlement embodies the entire understanding and agreement of the Settling Parties with respect to the matters described, and it supersedes prior oral or written agreements, principles, negotiations, statements, representations, or understandings among the Settling Parties with respect to those matters.

2. This Agricultural Definition Settlement represents a compromise among the Settling Parties' respective litigation positions, not an agreement to or an endorsement of disputed facts and law presented by the Settling Parties in this

proceeding.

3. The Settling Parties agree that this Agricultural Definition Settlement is reasonable in light of the testimony submitted, consistent with law, and in the public interest, in accordance with Rule 51.1(e).

4. The Settling Parties agree that no provision of this Agricultural Definition Settlement shall be construed against any Settling Party because that Settling Party or its counsel or advocate drafted the provision.

5. This Agricultural Definition Settlement may be amended or changed only by a written agreement signed by the Settling Parties.

6. The Settling Parties shall jointly request and actively support timely Commission approval of this Agricultural Definition Settlement. Active support shall include written and oral testimony if testimony is required, briefing if briefing is required, comments on the proposed decision, advocacy to Commissioners and their advisors as needed, and other appropriate means as needed to obtain the requested approval.

7. The Settling Parties intend the Agricultural Definition Settlement to be interpreted and treated as a unified, integrated agreement. In the event the Commission rejects or modifies this Agricultural Definition Settlement, the Settling Parties reserve their rights under Rule 51.7.

IV. HISTORY

The three general subjects of this proceeding are PG&E's electric marginal costs, revenue allocation, and rate design. (Scoping Memo And Ruling of Assigned Commissioner, dated August 27, 2004 (ACR).) One of the issues is Rate Design Issue 3.14, "The reasonable definition of the agricultural class." (ACR, Attachment A, page 4.)

On March 9, 2005, after providing notice to all parties pursuant to Rule 51.1(b) on February 17, 2005, PG&E hosted an initial settlement conference on all issues. In subsequent months PG&E and various interested parties filed the following settlements to resolve all issues except the Agricultural class definition issue: "Settlement In Application 04-06-024" regarding marginal cost and revenue allocation issues as well as Streetlight and Submetering rate design issues (filed on May 13, 2005), "Supplemental Residential Settlement In Application 04-06-024" (June 3), "Supplemental Small Light And Power Settlement In Application 04-06-024" (June 3), "Supplemental Light And Power Settlement In Application 04-06-024" (July 8), "Supplemental Agricultural Settlement In Application 04-06-024" (July 8), and "Supplemental Energy Recovery Bond Settlement In Application 04-06-024" (July 8). In the wake of these filed settlements, a hearing on the Agricultural class definition issue has been scheduled for September 26, 2005, continuing on October 6 and 7 as needed.

As a result of further settlement discussions, on August 29, 2005, AECA, CFBF, and PG&E reached an agreement in principle on the Agricultural class definition issue.

V. TERMS

1. The Settling Parties agree that the Commission should approve addition of the following language to the section titled "1. APPLICABILITY" in each of PG&E's seven Agricultural electric rate schedules, namely Schedule AG-1 – *Agricultural Power,* Schedule AG-ICE – *Agricultural Internal Combustion Engine Conversion Incentive Rate,* Schedule AG-R – *Split-Week Time-Of-Use Agricultural Power,* Schedule AG-V – *Short-Peak Time-Of-Use Agricultural Power,* Schedule AG-4 – *Time-Of-Use Agricultural Power,* Schedule AG-5 – *Large Time-Of-Use Agricultural Power,* and Schedule AG-7 – *Experimental Tiered Time-Of-Use Agricultural Power:*

(b) BILLING ADJUSTMENTS FOR RECLASSIFIED CUSTOMERS

PG&E will place on agricultural rates customers it determines belong on agricultural rates, effective as of the date of their written request subject to the provisions of this rate schedule. Customers determined by PG&E not to belong on agricultural rates may choose to accept PG&E's determination, otherwise resolve the matter with PG&E, or file a complaint with the Commission.

If a formal complaint is filed that results in a determination by the Commission that the customer belongs on agricultural rates, the placement shall be prospective from the date of the final Commission determination or resolution, unless the customer filed a formal complaint with the CPUC within 180 days of PG&E's written denial of the customer's written request to be on agricultural rates, in which case the billing adjustment shall be calculated prospectively from the date of the customer's written request to be on agricultural rates.

Billing adjustments to customers on time-of-use commercial rates shall be calculated using agricultural time-of-use rates, and billing adjustments to customers on non-time-of-use commercial rates shall be calculated using non-time-of-use agricultural rates based on the customer's rate schedule in each billing cycle of the billing adjustment period,

Billing adjustments shall be calculated without interest. A determination by PG&E or the Commission that a customer or class of customers belongs on agricultural rates rather than commercial rates shall not be considered a "billing error" under Rule 17.1, pursuant to Decision xx-xx-xxx, notwithstanding any language of Rule 17.1 or of Decisions 97-09-043 or 03-04-059 to the contrary.

2. Where PG&E has previously determined a specific customer's account to belong on Agricultural rates and has inadvertently placed that customer account on Commercial rates due to clerical error, such account would be adjusted in accordance with Rule 17.1.

3. In conjunction with the agreement in the preceding paragraphs, the Settling Parties agree to receive into evidence but waive hearings and cross-examination on the following testimony, which comprises all testimony submitted in this proceeding on Rate Design Issue 3.14 regarding the reasonable definition of the

Agricultural class: PG&E's initial testimony at Exhibit 4, Chapter 3, line 12 of page 3-1, lines 12-29 of page 3-3, the words "agricultural class definition and" at line 6 of page 3-4, and line 30 of page 3-14 through line 10 of page 3-21; AECA's testimony at Exhibit 451, line 19 of page 27 through line 16 of page 32, and line 4 of page 33; CFBF's testimony at Exhibit 601, lines 2-9 of page 9; AECA's rebuttal testimony at Exhibit 455, line 14 of page 8 through line 10 of page 10; CFBF's rebuttal testimony at Exhibit 602, line 23 of page 10 through line 19 of page 12; and PG&E's rebuttal testimony at Exhibit 10, the sentences on lines 15 through 18 and 27 through 33 of page 3-1, and line 1 of page 3-16 through line 10 of page 3-18.

4. The Settling Parties agree that PG&E will organize an informal discussion, either in person or by telephonic conference, in June 2006, with AECA, CFBF and other interested parties regarding the effect of the tariff changes resulting from this Agricultural Definition Settlement.

5. PG&E agrees not to propose a change in the Agricultural class definition in PG&E's opening testimony of Phase 2 of the 2007 test year General Rate Case. PG&E also agrees that it will not seek any changes in the Agricultural definition any time before September 1, 2006. Before seeking any future changes in the Agricultural definition in Phase 2 of the 2007 General Rate Case or any other CPUC proceeding, PG&E will confer again with AECA and CFBF. In turn, AECA and CFBF agree that if a definitional change is proposed by PG&E in accordance with the provision set forth above, each will cooperate with PG&E in seeking an expedited schedule for resolution of the Agricultural definition issue.

6. The Settling Parties agree that this outcome is reasonable, consistent with law, and in the public interest.

VI. EXECUTION

This Agricultural Definition Settlement shall become effective among the Settling Parties on the date the last Settling Party executes the Agricultural Definition Settlement as indicated below. In witness whereof, intending to be legally bound, the Settling Parties hereto have duly executed this Agricultural Definition Settlement on behalf of the Settling Parties they represent. This Agricultural Definition Settlement is executed in counterparts, each of which shall be deemed an original. The undersigned represent that they are authorized to sign on behalf of the Settling Party represented.

AGRICULTURAL ENERGY CONSUMERS ASSOCIATION

By: _____

Name: Daniel Geers

Title: Asst. Executive Director

Date: September 2, 2005

CALIFORNIA FARM BUREAU FEDERATION

By: _____

Name: _____

Title: _____

Date: _____, 2005

PACIFIC GAS AND ELECTRIC COMPANY

By: _____

Name: _____

Title: _____

Date: _____, 2005

6. The Settling Parties agree that this outcome is reasonable, consistent with law, and in the public interest.

VI. EXECUTION

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AGRICULTURAL ENERGY CONSUMERS ASSOCIATION

By: _____

Name: _____

Title: _____

Date: _____, 2005

CALIFORNIA FARM BUREAU FEDERATION

By: _____

Name: Ronald Liebert

Title: Associate Counsel

Date: September 2, 2005

PACIFIC GAS AND ELECTRIC COMPANY

By: _____

Name: _____

Title: _____

Date: _____, 2005

6. The Settling Parties agree that this outcome is reasonable, consistent with law, and in the public interest.

VI. EXECUTION

This Agricultural Definition Settlement shall become effective among the Settling Parties on the date the last Settling Party executes the Agricultural Definition Settlement as indicated below. In witness whereof, intending to be legally bound, the Settling Parties hereto have duly executed this Agricultural Definition Settlement on behalf of the Settling Parties they represent. This Agricultural Definition Settlement is executed in counterparts, each of which shall be deemed an original. The undersigned represent that they are authorized to sign on behalf of the Settling Party represented.

AGRICULTURAL ENERGY CONSUMERS ASSOCIATION

By: _____

Name: _____

Title: _____

Date: _____, 2005

CALIFORNIA FARM BUREAU FEDERATION

By: _____

Name: _____

Title: _____

Date: _____, 2005

PACIFIC GAS AND ELECTRIC COMPANY

By: Andrew L. Niven

Name: Andrew L. Niven

Title: Attorney

Date: September 2, 2005

Addendum to Settlement Agreement

Agreement between AECA, CFBF and PG&E, the Parties to the Phase II GRC Agricultural Definition Settlement:

1. PG&E will support a modification to its agricultural applicability criteria that will provide that where rebilling of customers from commercial rates to agricultural rates occurs PG&E will not back bill such customers if the agricultural rate proves more costly than the commercial rate on which this customer has been receiving service.

   Additional tariff language:

   > Billing adjustments to customers on time-of-use commercial rates shall be calculated using agricultural time-of-use rates, and billing adjustments to customers on non-time-of-use commercial rates shall be calculated using non-time-of-use agricultural rates based on the customer's rate schedule in each billing cycle of the billing adjustment period. However the customer will not be billed if this adjustment results in a net charge rather than a net refund.

2. AECA, CFBF and PG&E agree that it is the intent of the drafters that this settlement applies to all complaint cases where a decision has not been rendered by the Presiding Officer or the Commission at large.

AGRICULTURAL ENERGY CONSUMERS ASSOCIATION

By: _____
Name: Daniel Geis
Title: Asst. Exec. Director
Date: 10-6, 2005

CALIFORNIA FARM BUREAU FEDERATION

By: Ronald Liebert
Name: _____
Title: Associate Counsel
Date: 10-6, 2005

PACIFIC GAS AND ELECTRIC COMPANY

By: Dan Cooley
Name: _____
Title: Staff Counsel
Date: 10-6, 2005