



**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

FILED

07/27/26

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A2607015

Application of Pacific Gas and Electric
Company and Modesto Irrigation District for
Approval of Agreement Embodying the
Provisions of Public Utilities Code Section
9610.

(U 39 E)

Application 26-__-____

**APPLICATION OF PACIFIC GAS AND ELECTRIC COMPANY (U 39 E)
AND MODESTO IRRIGATION DISTRICT FOR APPROVAL OF AGREEMENT
EMBODYING THE PROVISIONS OF PUBLIC UTILITIES CODE SECTION 9610**

REQUEST FOR EXPEDITED SCHEDULE (RULE 2.9)

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REQUEST FOR EXPEDITED SCHEDULE (RULE 2.9)

I. INTRODUCTION

Pursuant to California Public Utilities Code Sections 9610, 9612 and 8102, and Rules 2.1 and 2.2 of the California Public Utilities Commission (“CPUC” or “Commission”) Rules of Practice and Procedure (“Rules”), Pacific Gas and Electric Company (“PG&E”) and Modesto Irrigation District (“MID” or “Modesto ID”) (together, the “Applicants”) respectfully submit this *Application for Approval of Agreement Between MID and PG&E Embodying the Provisions of Public Utilities Code Section 9610* (“Agreement”) (the “Application”). Additionally, Applicants submit a Request for Expedited Schedule pursuant to Rule 2.9 of the Rules, attached hereto as Attachment A.

Public Utilities Code Section 9610 identifies the areas where MID and PG&E may provide electric transmission or distribution service to retail customers during the period beginning January 1, 2001, through December 31, 2025. If approved, the Agreement would maintain the framework established in Section 9610 for another twenty-five years. A copy of the Agreement is included as Attachment B hereto.

The Legislature enacted Section 9610 as part of Assembly Bill (“AB”) 2638 (Stats. 2000, Ch. 1042), to address a number of matters relating to service by irrigation districts within PG&E’s electric service territory.¹ Pursuant to Section 9610, both MID and PG&E may serve retail electric

¹ All Code references are to the Public Utilities Code, unless otherwise stated.

customers in the area referred to as the “Four Cities Area” (*i.e.*, the cities of Ripon, Escalon, Riverbank and Oakdale).² Additionally, Section 9610 identifies MID’s traditional service area incorporating the cities of Modesto, Bret Harte and Ceres, as well as the (now) incorporated City of Mountain House, as areas where no electric corporation, including PG&E, may provide electric transmission or distribution service.³ PG&E had previously provided electric distribution and transmission services to customers in the Mountain House area until 2001, when Section 9610 became effective.

In anticipation of the expiration of the period defined in Section 9610, PG&E and MID developed and entered into a Memorandum of Understanding (“MOU”), effective December 19, 2025, pursuant to which PG&E and MID agreed to use best efforts to obtain CPUC approval of an agreement embodying the terms of Section 9610, modified as appropriate to reflect current circumstances. MID and PG&E also agreed in the MOU to abide by the provisions of AB 2638 pending CPUC approval of this Application. The MOU is appended to the Agreement (Attachment B hereto) as Exhibit A.

On July 24, 2026, the Applicants entered into the Agreement. If approved by the Commission, the Agreement would maintain, for another twenty-five (25) years, the framework pursuant to which PG&E and MID have provided service in the areas described above since January 1, 2001. In accordance with Sections 9610(b)(2), 9612 and 8101 through 8108, inclusive, both PG&E and MID agree that it is reasonable to continue operations under the same framework established by AB 2638—it serves the public interest by minimizing the potential for economic waste caused by duplication of facilities, encouraging efficient service by each Party, and avoiding the protracted disputes that substantially declined after the Legislature approved AB 2638.⁴ Accordingly, the Applicants respectfully request that the Commission approve the Agreement without modification.

2 Pub. Util. Code § 9610(b)(1).

3 Pub. Util. Code § 9610(a).

4 Prior to enactment of AB 2638, MID and PG&E vigorously disputed various service area issues, including in multiple court and CPUC proceedings. *See, e.g.*, D.98-06-020, Decision denying PG&E application for approval of an agreement to sell a portion of its distribution and transmission system to MID. *See, also, Pacific Gas and Elec. Co. v. Modesto Irr. Dist.*, No. F037707, 2003 WL 42551, (Cal. Ct. App., Jan. 7, 2003), where the Court of Appeal found PG&E’s request for declaratory relief in connection with the provision of

II. LEGAL AND REGULATORY BACKGROUND

MID is an irrigation district organized under California law.⁵ The Irrigation District Law⁶ provides that an irrigation district (“District”) may purchase or lease electric power from any public or private entity and may acquire, operate, lease and control plants for the generation, transmission, distribution, sale and lease of electric power.⁷ Districts may generally sell power to municipalities, public utility districts, or persons either within or outside of district boundaries, with certain limitations specified by law.⁸

Under Section 9610(a), PG&E may not provide service in the following areas where MID provides service: (1) the “traditional” MID electric service area, as defined in the August 15, 1940 Purchase of Properties agreement between MID and PG&E, and (2) the City of Mountain House. Under Section 9610(b)(1), MID and PG&E are each authorized to serve customers in the “Four Cities” area (*i.e.*, Escalon, Oakdale, Riverbend, and Ripon). MID is also authorized to provide limited service to the Contra Costa Water District (“CCWD”).⁹ Except for these areas, MID may not provide electric transmission or distribution service to retail customers in the territory of PG&E.¹⁰

Section 9610(b)(2) recognizes that the law provides flexibility for MID and PG&E to enter agreements, subject to CPUC approval, that provide for the efficient and economic provision of electric service, primarily to avoid duplication of facilities and waste:

The Legislature recognizes that electrical corporations and irrigation districts may each construct infrastructure, and that the infrastructure may, in some cases, be duplicative. In those cases, the

service by MID outside of its boundaries constituted a request for advisory opinion and thus sought relief beyond the jurisdiction of the court.

5 MID is a local publicly owned utility governed by a locally elected Board of Directors; it is not subject to Commission jurisdiction. For purposes of the Agreement and this Application, MID acknowledges that Public Utilities Code sections cited herein encourage PG&E and MID to enter into an agreement embodying the provisions of Section 9610.

6 Water Code §§ 20500 *et seq.*

7 Water Code §§ 22115, 22120.

8 *Id.*; *see also* Pub. Util. Code §§ 8101, 9601(c), and 9607.

9 Pub. Util. Code § 9610(c).

10 Pub. Util. Code § 9610(d).

Legislature encourages irrigation districts and electrical corporations to enter into agreements pursuant to Sections 8101 to 8108, inclusive, where those agreements further the interests of the state as set forth in Section 8101.

Section 9612 states that

[T]he policies stated in Section 8101 to 8108, inclusive, would be furthered and that it would be in the best interests of the state, and not incompatible with the public interest, if an agreement embodying the provisions of Section 9610 were to be approved by the commission. The Legislature hereby encourages the Pacific Gas and Electric Company and Modesto Irrigation District to agree on the terms of an agreement embodying the provisions of Section 9610, and encourages the commission to approve that agreement to the extent that the agreement is consistent with the policies of this state.

Section 8101 provides that “[u]nder certain conditions the sale and distribution of electric power and energy in the same geographical area both by an electrical utility and by an irrigation district, results in duplication of service, waste of materials, increase in costs, waste of manpower and economic loss, and is detrimental to the efficiency and best interests of such districts. It is the policy of this State to induce such utilities and irrigation districts to prevent or remove such economic waste and to adopt more efficient and economic methods of distribution of electric power and energy, and to that end encourage the definition of areas to be served or not to be served by each.” Sections 9610(b)(2), 9612 and 8102 provide the mechanism by which a utility and irrigation district may petition the Commission to approve a contract which addresses these policy considerations.

Section 8104 provides that “[i]f the commission finds that it is for the best interests of the State and of the utility, and not incompatible with any public interest that the petition be granted, it shall make and issue its order limiting the area or areas within which the utility shall have the right and authority to sell or distribute electric power or energy, directly or indirectly, or define the area or areas within which the utility shall not have the right or authority to sell or distribute electric power or energy, directly or indirectly. The commission may, in its order, approve and thereby authorize the contract or conditions, if any, in connection therewith. No limitation or definition of area or areas or statement of conditions shall be included in the order except as contained in the petition and contract.”

To this end, the Commission approved several agreements after the enactment of AB 2638. When MID assumed responsibility for serving electric distribution customers on January 1, 2001, MID

had no electric distribution lines in the Mountain House area to serve the existing load.¹¹ On March 16, 2004, the Commission issued Decision (D.) 04-03-036, authorizing PG&E to lease and sell certain electric and distribution facilities serving the Mountain House area to MID pursuant to Section 851.¹² In that case, no transmission assets were sold to MID, but PG&E and MID entered into a separate agreement for the lease of space on five wooden poles determined to be PG&E's electric transmission property under the Wood Pole Lease Agreement.¹³

On December 26, 2012, the Commission issued D.12-12-025, approving an interconnection agreement between MID and PG&E and granting a limited service area exception for MID to provide transmission service to the Altamont Solar Energy Center located in PG&E service territory.¹⁴ Since MID's Mountain House substation was closer to the Project site than PG&E's Herdlyn substation, the Commission concluded that such approval was justified. The Commission reasoned that,

[A]llowing MID to interconnect the Project and provide transmission service and incidental retail electric service would avoid the waste of materials, increased costs, waste of manpower and economic loss, and would not be detrimental to the efficiency and best interests of MID or PG&E or their customers.¹⁵

For this Application, it is reasonable for MID and PG&E to execute an Agreement that continues the service framework established by Section 9610 (with certain minor modifications, as identified in Section III below). Continuing this framework beyond 2025 furthers legislative intent to avoid duplication of service, wasted materials, increased costs, wasted manpower and economic loss, and would not be detrimental to the efficiency and best interests of MID or PG&E or their customers.

11 After the passage of AB 2638, in 2002, MID completed construction of a substation and a 21 kV line running parallel to part of PG&E's main line at the Mountain House area. MID also constructed new lines to connect a wastewater plant to MID's distribution system.

12 D.04-03-036, Finding of Fact (FOF) 7 (PG&E's license and lease of certain distribution facilities and space on wood transmission poles will not interfere with PG&E's availability to adequately serve its remaining customers).

13 *Id.* at 13.

14 D.12-12-025 at OP 1.

15 *Id.* at 7.

III. TERMS AND CONDITIONS OF THE AGREEMENT

If approved by the Commission, the terms and conditions of the Agreement will apply to the provision of electric service by MID and PG&E for a 25-year period, based on the provisions of Section 9610. Following the Recitals, the Agreement is organized as follows:

Section I. PU Code Section 9610 Terms and Conditions;

Section II. Term of the Agreement;

Section III. Regulatory Approval;

Section IV. Publicity, Use and Disclosure;

Section V. Dispute Resolution;

Section VI. Notices; and

Section VII. Miscellaneous Provisions.

Appendix. Memorandum of Understanding

The Agreement includes modified terms to reflect present-day circumstances and necessary updates, including (i) recognition of the incorporation of the City of Mountain House (formerly the Mountain House Community Services District) and (ii) the increase of service from MID to CCWD from eight (8) megawatts (“MW”) to sixteen (16) MWs,¹⁶ which is necessary to accommodate the addition of a proposed new pumping plant and CCWD fleet electrification.

A. Areas in Which MID and PG&E May Provide Service

Section I.A of the Agreement sets forth the areas where MID and PG&E may provide electric service, consistent with Section 9610:

- (1) PG&E may not provide electric transmission or distribution service to retail customers in either of the following areas:
 - (a) The MID service area as defined in the August 15, 1940, Purchase of Properties Agreement between MID and PG&E.

16 Section 9610(c) provides, “Modesto Irrigation District may provide up to 8 megawatts of peak sales to Contra Costa Water District for delivery to its Old River Intake Facility and Rock Slough Pumping Plant.” The Agreement increases the peak sales to CCWD to a total of 16 MWs.

- (b) The City of Mountain House as defined in the Master Plan¹⁷ adopted by the Board of Supervisors of the County of San Joaquin on November 22, 2005, with Amendments Through September 11, 2024.
- (2) Within the purchase zone as described in Exhibit “B” of the Asset Sale Agreement By and Between Pacific Gas and Electric Company and Modesto Irrigation District Dated July 23, 1997, contained in Public Utilities Application Number 97-07-030, PG&E and MID may each provide electric transmission and distribution service to retail customers. The area described in this subdivision shall be considered to be within both PG&E’s and MID’s electric service area.
 - (3) MID may provide up to 16 megawatts (an increase from 8 MW in Section 9610) of peak sales to CCWD for delivery to its Old River Intake facilities, its Rock Slough Pumping facilities, and a proposed new pumping plant, for uses including, but not limited to, the Multi-Purpose Pipeline Pump Station and CCWD’s fleet electrification.
 - (4) Except as provided in subdivisions (1), (2), and (3), MID may not provide electric transmission or distribution service to retail customers in the territory of PG&E.

B. Local Agency Formation Commission Approval Not Required

Local Agency Formation Commissions (“LAFCO”) are governmental agencies charged with overseeing the “process of municipality expansion,” including the scope and potential extension of publicly owned utility services.¹⁸ For the purposes of the Agreement, the Applicants recognize and acknowledge that Section 9611 provides that Chapter 3 (commencing with Section 56100) of Part 1 of Division 3 of the Government Code regarding LAFCO approval, does not apply to electric service provided by MID within the geographic areas described in subdivisions (a) and (b) of Section 9610 (Section 1.A, subdivisions (1) and (2) of the Agreement). Additionally, electric service provided by MID pursuant to Section I.A, subdivision (3) of the Agreement is exempt from the requirement to obtain LAFCO approval pursuant to Government Code Sections 56133(e), subdivisions (1), (4), and/or (5).

C. Commission Approval Under Public Utilities Code Section 9607 Not Required

Section 9607, including the CPUC approval requirement in Section 9607(b), does not apply to electrical distribution service provided by MID to those customers or within those areas described in

¹⁷ The Master Plan describes the City of Mountain House as “consist[ing] of 4,784 acres or about 7.5 square miles located in southwestern San Joaquin County near the foothills of the Diablo range.”

¹⁸ See, Cal. Govt Code §§ 56133, 56375.

Section I.A, subdivisions (1), (2), and (3), of the Agreement, pursuant to Public Utilities Code Section 9607(g).¹⁹

D. Term of Service Area Agreement

The term of the Agreement shall be twenty-five (25) years, commencing on the date of a final and unappealable CPUC decision approving it, unless terminated earlier by mutual written agreement of the Applicants.

E. Commission Approval

Pursuant to Section VII.N. of the Agreement, the effectiveness of the Agreement is contingent upon its approval, without modification, by the CPUC. As contemplated in Section III.A. of the Agreement, PG&E and MID each hereby indicates that it supports the Agreement.

IV. SUMMARY OF RELIEF AND AUTHORITY SOUGHT

In this Application, PG&E and MID seek Commission approval of the Agreement, which provides for continuation of electric service within the framework established by Section 9610 (with certain minor modifications), as summarized above. There is no revenue requirement or other cost recovery mechanism necessary to approve this Agreement. The Applicants request the Commission find, consistent with Public Utilities Code Sections 9612 and 8104, that the Agreement is in the best interest of the State and of the utility, and not incompatible with any public interest that the Application be granted.

V. REQUEST FOR EXPEDITED TREATMENT

PG&E and MID also request expedited treatment of this Application pursuant to Rule 2.9 due to the public safety benefits and to resolve a financial matter expeditiously to avoid ratepayer harm, as described in Attachment A. In this regard, the Applicants request that a Proposed Decision be issued in March 2027 so that a Final Commission Decision can be issued no later than May 2027 (or possibly sooner).

19 Pub. Util. Code § 9607 requires CPUC approval in certain instances where an irrigation district proposes to provide electric service in the territory of an electrical corporation. Section 9607(g) provides that this approval requirement does not apply to electrical distribution service provided by MID to those customers or within those areas described in Section 9610.

By way of comparison, PG&E and MID filed A.12-08-017 on August 27, 2012 for approval of the Altamont Solar Energy Center interconnection agreement and limited service area exception—the Commission issued its decision a few months later on December 26, 2012.²⁰ In that case, because the application remained unopposed, no evidentiary hearings were necessary, and all parties stipulated to waive the 30-day public review and comment period to file comments on the proposed decision as required by Section 311. Accordingly, this matter was placed on the Commission’s agenda directly for prompt action.²¹

The Applicants do not anticipate that any material issues of contested fact will arise regarding this Agreement. Apart from updating the reference to reflect the incorporation of the City of Mountain House and the proposed eight (8) MW increase in electric service to CCWD, the Agreement maintains the framework between PG&E and MID as it has existed since January 1, 2001, further supporting the conclusion that hearings are not necessary. The Applicants submit that the information presented in this Application is more than sufficient to permit the Commission to expeditiously determine that the Agreement is in the public interest and complies with Sections 9610(b)(2), 9612, and 8101 through 8108.

VI. COMPLIANCE REQUIRED BY THE COMMISSION’S RULES OF PRACTICE AND PROCEDURE

A. Statutory and Other Authority (Rule 2.1)

PG&E files this Application pursuant to Rules 2.1 of the Rules of Practice and Procedure, as well as Public Utilities Code Sections 9610, 9612, and 8102.

B. Legal Name and Principal Place of Business (Rule 2.1(a))

The legal name of the Applicant is Pacific Gas and Electric Company. PG&E’s principal place of business is 300 Lakeside Drive, Oakland, California 94612. PG&E is duly organized under the State of California.

²⁰ D.12.12.025 at 9.

²¹ *Id.* at 9.

Modesto Irrigation District is a California irrigation district established under the Irrigation District Law, Division 11 (commencing with Section 20500) of the California Water Code, and a local publicly owned electric utility as that term is defined in Public Utilities Code Section 224.3. Modesto ID's principal place of business is 1231 Eleventh Street, Modesto, California, 95354.

C. Correspondence and Communications (Rule 2.1(b))

All correspondence, communications, and service of papers regarding this Application should be directed to:

Attorneys for Pacific Gas and Electric Company:

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D. Categorization, Hearings, and Issues to Be Considered (Rule 2.1(c), 7.1)

1. Proposed Categorization

This Application should be categorized as a “ratesetting” proceeding.

2. Need for Hearings

Public Utilities Code Section 8103 provides, “the Commission shall cause an investigation to be made and may conduct such hearings in connection therewith as it considers desirable.” As noted above,

Applicants respectfully submit that this Application, including the Agreement and other supporting Attachments, provides a complete and sufficient record to support Commission approval of the Agreement without modification. Accordingly, the Applicants do not perceive a need for hearings.

3. Issues to Be Considered

The sole issue to be considered in this proceeding is whether it is reasonable for the Commission to approve, without modification, the Agreement, which permits MID and PG&E to continue providing electric service within the framework of Public Utilities Code Section 9610 beyond December 25, 2025.

E. Procedural Schedule (Rules 2.1(c), 2.9)

Pursuant to Rule 2.9, MID and PG&E request the following expedited procedural schedule for this proceeding, which results in a final decision at the first voting meeting in May 2027 (or possibly sooner). Exhibit A provides justification for the requested expedited schedule.

Event	Date
Application filing date	July 2026
Protests/responses due	30 days after notice on the Daily Calendar
Reply filed and served	15 days after Protests and Responses
Prehearing Conference ²²	~ August 2026
Scoping Memo ²³	~ September 2026
Proposed Decision	March 2027
Final Decision	May 2027

F. Articles of Incorporation (Rule 2.2)

PG&E is, and since October 10, 1905, has been, an operating public utility corporation organized under California law. It is engaged principally in the business of furnishing electric and gas services in California. A certified copy of PG&E's Amended and Restated Articles of Incorporation, effective June 22, 2020, was filed with the Commission on July 1, 2020, with PG&E's Application 20-07-002. These articles are incorporated herein by reference pursuant to Rule 2.2 of the Commission's Rules.

22 Rule 2.9 requires that in an expedited proceeding a prehearing conference be noticed no later than 20 days from the date of preliminary categorization of the proceeding under Rule 7.1(a), and that a prehearing conference be held no later than 30 days from the date of preliminary categorization.

23 Rule 2.9 requires that in an expedited proceeding a scoping memo be issued no later than 45 days from the date of preliminary categorization.

As noted above, MID is an irrigation district, formed under the laws of the State of California.

G. Safety (Rule 2.1(c))

In D.16-01-017, the Commission adopted an amendment to Rule 2.1(c) requiring applications to clearly state the “relevant safety considerations.” The Commission has previously explained that the “safe and reliable provisions of utilities at predictable rates promotes public safety.”²⁴ As demonstrated in this Application, the proposals in this proceeding support the directives provided in AB 2638, which aims to avoid the duplication of service, waste of materials, increase in costs, waste of manpower and economic loss, and would not be detrimental to the efficiency and best interests of MID or PG&E or their customers. The proposals in this proceeding will promote the safe and reliable provision of electric service and establish predictable rates, all of which can help facilitate public safety.

VII. CONCLUSION

The Applicants appreciate the Commission’s consideration of this Application and respectfully request that the Commission expeditiously approve the Agreement, without modification.

Respectfully Submitted on behalf of Applications,

LISA-MARIE CLARK

By: /s/ Lisa-Marie Clark
LISA-MARIE CLARK

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Dated: July 27, 2026

Attorney for
PACIFIC GAS AND ELECTRIC COMPANY

²⁴ D.14-12-053, pp. 12-13.

VERIFICATION

I, Joshua Simes, hereby declare that I am the Vice President of Central Valley Region at Pacific Gas and Electric Company and am authorized to make this verification on behalf of Pacific Gas and Electric Company; that I have read the foregoing:

**APPLICATION OF
PACIFIC GAS AND ELECTRIC COMPANY AND MODESTO IRRIGATION
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and that the information related to Pacific Gas and Electric Company set forth therein is true and correct to the best of my knowledge, information, and belief.

I declare under penalty of perjury pursuant to the laws of the state of California that the foregoing is true and correct.

Executed: July 24, 2026

E-SIGNED by Joshua Simes
on 2026-07-24 13:15:23 GMT

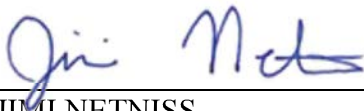
Joshua Simes
Vice President Central Valley Region

VERIFICATION

I am the General Manager of Modesto Irrigation District, a local publicly owned electric utility, and am authorized to make this verification on its behalf. I have read the foregoing *Application of Pacific Gas and Electric Company and Modesto Irrigation District for Agreement Embodying The Provisions Of Public Utilities Code Section 9610 and Request for Expedited Schedule* and declare that the information relating to Modesto Irrigation District set forth therein is true and correct to the best of my own knowledge, information and belief.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed July 20, 2026 in Modesto, California



JIMI NETNISS

PACIFIC GAS AND ELECTRIC COMPANY

ATTACHMENT A

REQUEST FOR EXPEDITED SCHEDULE

REQUEST FOR EXPEDITED SCHEDULE

PG&E and MID respectfully request that this Application of Pacific Gas and Electric Company and Modesto Irrigation District for Approval of Agreement Embodying the Provisions of Public Utilities Code Section 9610 (“Application”), be considered by the Commission on an expedited basis. A proposed schedule is included in Section VI.E. of the Application.

Rule 2.9 allows expedited treatment due to a major direct financial impact to customers. Expedited approval is necessary to avoid the financial impact to customers as a result of the duplication of service, waste of materials, increase in costs, waste of manpower, economic loss, and service area disputes, which the Legislature expressly identifies as concerns (Public Utilities Code Sections 8101, 8102, and 9612). Delayed approval will also create uncertainty regarding any increase of electric services to CCWD—under the Agreement, MID may provide up to 16 MWs (an increase from 8 MW in Section 9610) of peak sales to CCWD to serve its Old River Intake facilities, its Rock Slough Pumping facilities, and a proposed new pumping plant, for uses including, but not limited to, the Multi-Purpose Pipeline Pump Station and CCWD’s fleet electrification. Accordingly, PG&E and MID request an expedited schedule providing for prompt disposition of the Application.

An expedited application process is also warranted under Rule 2.9 because of the benefits to public safety in California. If the agreement is not approved promptly, the lapse in a Commission-approved service framework will create ambiguity regarding which entity is responsible for serving load in the affected areas, which can impact service planning and responding to service issues. Should PG&E or MID require near-term decisions about service extension, interconnection upgrades, or facilities in the Mountain House/Four Cities/CCWD-related areas, delay can impede timely implementation of the energy and water infrastructure needed for safe and reliable service. Expedited approval of the Agreement between PG&E and the MID would maintain the framework pursuant to which PG&E and MID have provided service in the areas described above since January 1, 2001 beyond December 31, 2025.

PACIFIC GAS AND ELECTRIC COMPANY

ATTACHMENT B

**AGREEMENT BETWEEN MID AND PG&E EMBODYING THE
PROVISIONS OF PUBLIC UTILITIES CODE SECTION 9610**

**AGREEMENT BETWEEN
MODESTO IRRIGATION DISTRICT
AND
PACIFIC GAS AND ELECTRIC COMPANY
EMBODYING THE PROVISIONS OF PUBLIC UTILITIES CODE SECTION 9610**

This Agreement Embodying the Provisions of Public Utilities Code (“**PU Code**”) Section 9610 (“**Agreement**”) is made and entered into as of _____, 2026, by and between Modesto Irrigation District, a California irrigation district (“**MID**”), and Pacific Gas and Electric Company, a California corporation (“**PG&E**”). Each of MID and PG&E is referred to individually herein as a “**Party**” and, collectively as “**Parties**”).

RECITALS

A. In 2000, the California Legislature enacted Assembly Bill (“**AB**”) 2638, which added various statutes to the PU Code, including Sections 9607, 9610, 9611, and 9612. PU Code Section 9610 identifies the specific areas where MID and PG&E may provide electric service during the period from January 1, 2001 through December 31, 2025 (“the **Legislated Period**”).

B. PU Code Section 9610(b)(2) explains that electrical corporations and irrigation districts may each construct infrastructure, and that such infrastructure may in some cases be duplicative.

C. In cases with the potential for duplicative infrastructure, PU Code Section 9610(b)(2) encourages irrigation districts and electrical corporations to enter into agreements pursuant to PU Code Sections 8101 through 8108, where those agreements further the interests of the state as set forth in PU Code Section 8101.

D. PU Code Section 8101 provides that “[u]nder certain conditions the sale and distribution of electric power and energy in the same geographical area both by an electrical utility and by an irrigation district, results in duplication of service, waste of materials, increase in costs, waste of manpower and economic loss, and is detrimental to the efficiency and best interests of such districts. It is the policy of this State to induce such utilities and irrigation districts to prevent or remove such economic waste and to adopt more efficient and economic methods of distribution of electric power and energy, and to that end encourage the definition of areas to be served or not to be served by each.”

E. The Legislature, in PU Code Section 9612, encouraged PG&E and MID to agree on the terms of an agreement embodying the provisions of PU Code Section 9610, and also encouraged the California Public Utilities Commission (“**CPUC**”) to approve that agreement to the extent it is consistent with the policies of the state.

F. In anticipation of the expiration of the Legislated Period and service area provisions of PU Code Section 9610, the Parties entered into a Memorandum of Understanding (“**MOU**”), effective December 19, 2025, pursuant to which they agree to use best efforts to obtain CPUC approval of an agreement embodying the terms of PU Code Section 9610, modified as appropriate to reflect current circumstances. MID and PG&E also agree in the MOU to abide by the provisions of AB 2638 pending CPUC approval of such agreement. A copy of the MOU is attached hereto as Exhibit A.

G. Prior to enactment of AB 2638 in 2000, MID and PG&E vigorously disputed various service area issues, including in court and CPUC proceedings. The Parties agree that it is reasonable to try to avoid further such disputes. Consistent with law, including PU Code Sections 8101 et seq., 9610(b)(2) and 9612, the public interest and efficient service by each Party, the Parties also agree that it is reasonable to continue within the framework established by AB 2636.

H. To the extent it may be required, the Parties desire to enter into and obtain CPUC approval of an agreement that implements the terms of PU Code Section 9610, with minor modifications to reflect current circumstances, after December 31, 2025, on the terms set forth below.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual agreements stated herein and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the Parties agree that the Recitals above are hereby incorporated by reference into this Agreement for all purposes and shall be binding on the Parties, and, further agree as follows:

I. PU CODE SECTION 9610 TERMS AND CONDITIONS

A. Areas in Which MID and PG&E May Provide Service

As of the date of a final and unappealable decision of the CPUC approving this Agreement, the following terms, which are based on PU Code Section 9610, modified as appropriate as set forth in Sections I.A(1)(b) and I.A(3) below to reflect (i) the incorporation of the City of Mountain House (formerly the Mountain House Community Services District), and (ii) the increase of service to the Contra Costa Water District (“**CCWD**”) from eight (8) megawatts (MW) to sixteen (16) MW, shall apply to electric service by MID and PG&E:

(1) PG&E may not provide electric transmission or distribution service to retail customers in either of the following areas:

(a) The MID service area as defined in the August 15, 1940, Purchase of Properties Agreement between MID and PG&E.

- (b) The City of Mountain House as defined in the Master Plan adopted by the Board of Supervisors of the County of San Joaquin on November 22, 2005, with Amendments Through September 11, 2024 (“**Master Plan**”).
- (2) Within the purchase zone as described in Exhibit “B” of the Asset Sale Agreement By and Between Pacific Gas and Electric Company and Modesto Irrigation District Dated July 23, 1997, contained in Public Utilities Application Number 97-07-030, PG&E and MID may each provide electric transmission and distribution service to retail customers. The area described in this subdivision shall be considered to be within both PG&E’s and MID’s electric service area.
- (3) MID may provide up to 16 megawatts of peak sales to CCWD for delivery to its Old River Intake facilities, Rock Slough Pumping facilities, and a proposed new pumping plant, for uses including, but not limited to, the Multi-purpose Pipeline Pump Station and CCWD’s fleet electrification.
- (4) Except as provided in subdivisions (1), (2), and (3), MID may not provide electric transmission or distribution service to retail customers in the territory of PG&E.

For purposes of Section I.A(1)(b) above, the Parties acknowledge that the Master Plan describes the City of Mountain House as “consist[ing] of 4,784 acres or about 7.5 square miles located in southwestern San Joaquin County near the foothills of the Diablo range.” The Parties intend that this Agreement shall apply to that known region and, in the event of further growth, if necessary, the Parties will exercise best efforts to negotiate reasonable terms regarding electric service in expanded areas of the City of Mountain House and obtain further CPUC approval.

B. Local Agency Formation Commission Approval Not Required

For the purposes of this Agreement, the Parties recognize and acknowledge that PU Code Section 9611 provides that Chapter 3 (commencing with Section 56100) of Part 1 of Division 3 of the Government Code regarding Local Agency Formation Commission (LAFCo) approval, does not apply to electric service provided by MID within the geographic areas described in Section I.A, subdivisions (1) and (2), of this Agreement, pursuant to PU Code Section 9611. Electric service provided by MID pursuant to Section I.A, subdivision (3) of this Agreement is exempt from the requirement to obtain LAFCo approval pursuant to Government Code Sections 56133(e), subdivisions (1), (4), and/or (5).

C. California Public Utilities Commission Approval Under PU Code Section 9607 Not Required

PU Code Section 9607, including the CPUC approval requirement in PU Code Section 9607(b), does not apply to electrical distribution service provided by MID to those customers or within

those areas described in Section I.A, subdivisions (1), (2), and (3), of this Agreement, pursuant to PU Code Section 9607(g).

II. TERM OF AGREEMENT

The term of this Agreement shall continue for twenty-five (25) years, commencing on the date of a final and unappealable CPUC decision approving it, unless terminated earlier by mutual written agreement of the Parties.

III. REGULATORY APPROVAL

A. CPUC Application

The Parties shall jointly request approval by the CPUC of this Agreement and shall actively support its prompt approval and agree to abide by the provisions of AB 2638 pending CPUC approval of their joint application.

B. Duty to Cooperate

In the event that the CPUC rejects or modifies this Agreement, the Parties will meet and cooperate to take the steps necessary to effectuate the intent of the Parties as stated herein. For avoidance of doubt, neither Party waives, and each Party expressly reserves, all of its rights under applicable laws.

IV. PUBLICITY, USE AND DISCLOSURE

The Parties acknowledge that this Agreement and the terms thereof are, once executed, a public record. The Parties agree that they shall not voluntarily publicize this Agreement or the terms thereof. The Parties further agree that to the extent they are asked to comment on the Agreement or its terms by any media outlet (whether print, television, radio or Internet-based source), they will state in substance only the that the Agreement embodies statutory service area provisions to the satisfaction of both Parties.

V. DISPUTE RESOLUTION

In the event of a disagreement between the Parties arising out of this Agreement (“**Disagreement**”), then:

A. Notice

The Party alleging a Disagreement (“**Alleging Party**”) shall provide written notice to the other Party (“**Responding Party**”) in which it sets forth the facts giving rise to the Disagreement (“**Notice**”). Within thirty (30) days of receipt of such Notice, the Responding Party shall respond in writing to the allegations set forth in the Alleging Party’s Notice (“**Response**”).

B. Meet and Confer

If the Parties have not resolved the Disagreement within thirty (30) days of the Response, then business-persons from MID and PG&E with sufficient authority to resolve the Disagreement shall meet and confer in person (the “**Meet and Confer**”) to discuss and in good faith attempt to resolve the Disagreement. Any Party, or all Parties, may choose to have counsel attend the Meet and Confer, but attendance of counsel shall not be mandatory.

C. Voluntary Mediation

If the Parties do not resolve the Disagreement during the Meet and Confer, or within fifteen (15) days thereafter, MID and PG&E shall in good faith discuss whether to retain a mediator to help the Parties attempt to resolve the Disagreement; however, neither Party shall be obligated to enter into mediation. In the event that the Parties do in fact choose to mediate the Disagreement, then they shall bear equally the costs of such mediation.

D. Pursuit of Other Legal Remedies

In the event a Disagreement is not resolved pursuant to the procedures set forth in Sections V.A through V.C of this Agreement, then either Party may pursue any legal remedy available to it. Notwithstanding this Section V, either Party shall have the right to seek equitable relief from a court of competent jurisdiction to preserve the status quo or avoid irreparable harm pending completion of the dispute resolution process contemplated by this Section V.

VI. NOTICES

Any notice or request made in connection with this Agreement by one Party to the other Party shall be in writing and shall either be sent by electronic means, courier or personally delivered (including overnight delivery service) to each of the notice recipients and addresses specified in Exhibit B for the receiving Party. Any such notice, demand, or request shall be deemed to be given (i) when sent by electronic means upon the receipt by the sending Party of written confirmation by the receiving Party; provided, however, that an automated facsimile or email confirmation of delivery or read receipt shall not constitute such confirmation, or (ii) when actually received if delivered by courier or personal delivery (including overnight delivery service). Each Party shall have the right, upon 10 days’ prior written notice, to mutually agree in writing at any time to deliver notices, demands or requests through alternate or additional methods. Notwithstanding the foregoing, a Party may at any time notify the other Party that any notice, demand, statement or request to it must be provided by email transmission for a specified period of time or until further notice, and any communications delivered by means other than email transmission during the specified period of time shall be ineffective.

VII. MISCELLANEOUS PROVISIONS

A. Assignment. The terms and provisions of this Agreement shall extend to and be binding upon the Parties and their respective successors, assigns, and legal representatives;

provided, however, that neither Party may assign this Agreement or its rights or interests, in whole or in part, under this Agreement without the prior written consent of the other Party. Whenever an assignment or a transfer of a Party's interest in this Agreement is requested to be made with the written consent of the other Party, the assigning or transferring Party's assignee or transferee shall expressly agree to assume, in writing, the duties and obligations under this Agreement of the assigning or transferring Party. Any change of control of a Party shall be considered an assignment requiring the written consent of the other Party.

B. Force Majeure. All obligations imposed by this Agreement on each Party, except for the payment of money, shall be suspended while compliance is hindered or prevented, in whole or in part, by such force majeure events as a labor dispute or strike, fire, war, civil disturbance, epidemic, pandemic or other outbreak of infectious disease, or act of God; by changes in federal state, or municipal laws, rules, regulations or orders of a governmental agency other than MID, including any changes relating to the provision of electric services in California by publicly owned utilities or electrical corporations or the service territories of such entities; by inability to secure materials, significant changes to market conditions or material declines in commodity prices; or by any other cause or causes beyond reasonable control of the Party.

C. Interpretation of Agreement. The language of all parts of this Agreement shall in all cases be construed as a whole, according to its fair meaning and not strictly for or against any Party. No presumptions or rules of interpretation based upon the identity of the Party preparing or drafting the Agreement, or any part thereof, shall be applicable or invoked. In addition, each provision of this Agreement shall be interpreted in such a manner as to be valid and enforceable under applicable law, but if any provision hereof shall be or become prohibited or invalid under any applicable law, that provision shall be ineffective only to the extent of such prohibition or invalidity, without thereby invalidating the remainder of that provision or of any other provision hereof.

D. Choice of Law. This Agreement and the rights and duties of the Parties under this Agreement shall be governed by and construed, enforced and performed in accordance with the laws of the State of California, without regard to any conflicts of law principle that would direct the application of another jurisdiction's law.

E. Integrated Agreement. This Agreement including the exhibits constitutes the entire agreement among the Parties and, except with respect of the MOU, supersedes all prior understandings or agreements with respect to its subject matter. In the event of a conflict between this Agreement and the MOU, this Agreement shall prevail.

F. Non-Waiver. No waiver of any breach of any of the terms of this Agreement shall be effective unless such waiver is in writing and signed by the Party against whom such waiver is claimed. No waiver of any breach shall be deemed a waiver of any other subsequent breach.

G. Breach of Agreement. Each Party agrees that money damages would not be a sufficient remedy for a breach of this Agreement, and that a Party aggrieved by a breach of this Agreement is entitled to injunctive relief, specific performance and/or any other appropriate equitable remedies with respect to any such breach. These remedies are not the exclusive remedy for breach of this Agreement by the aggrieved Party, but are in addition to all other remedies available at law or in equity.

H. Support for Agreement. The Parties agree to use commercially reasonable efforts to support all provisions of this Agreement, and to support the efforts of each other with respect to implementation of this Agreement, including before the public and all regulatory, legislative and judicial bodies. Further, the Parties will take no action which impairs the effectiveness of this Agreement or any of its terms or provisions, or the ability of a Party to meet its obligations or enjoy the benefits provided herein.

I. Amendment. This Agreement may not be altered, amended, or modified or otherwise changed, except in writing duly executed by authorized representatives of each of the Parties and after CPUC Approval, only if approved by the CPUC.

J. Representation by Counsel. Each Party represents that it has been represented by counsel of its own choosing regarding the preparation and negotiation of this Agreement and all the matters and claims set forth herein, and that each of them has read this Agreement and is fully aware of its contents and legal effect.

K. Legal Responsibilities. Nothing in this Agreement shall amend, abridge or in any way alter the legal responsibilities or authorities of the Parties.

L. Benefit of Agreement. This Agreement is made solely for the benefit of the Parties and it is not made for the benefit of any person, firm, association, corporation, or public entity that is not a Party hereto; and no person, firm association, corporation, or public entity other than the Parties shall have any right to enforce this Agreement.

M. Authority to Sign and Implement Agreement. Each Party represents and warrants that it has the necessary Board, corporate, and/or legal authority to enter into this Agreement and to perform each and every duty and obligation provided for herein, and that this Agreement, when executed by the duly authorized representatives of each Party, represents a valid, binding, and enforceable legal obligation on each Party. Each individual affixing a signature to this Agreement represents and warrants that he or she is duly authorized to execute this Agreement on behalf of the Party represented, and that by signing this Agreement, a valid, binding and enforceable legal obligation of said Party has been created.

N. CPUC Approval. This Agreement shall become effective upon issuance by the CPUC of a final and unappealable decision approving it.

O. Counterparts. This Agreement may be executed in several counterparts, each of which is an original and all of which constitutes but one and the same instrument.

IN WITNESS WHEREOF, MID and PG&E have executed this Agreement as of the date set forth in the Preamble of this Agreement.

MID:

MODESTO IRRIGATION DISTRICT

By: 
Name: Jimi Netniss
Title: General Manager

PG&E:

PACIFIC GAS AND ELECTRIC COMPANY
E-SIGNED by Joshua Simes

By: on 2026-07-24 13:15:33 GMT
Name: Joshua Simes
Title: Vice President, Central Valley Region

EXHIBIT A

Memorandum of Understanding

**MEMORANDUM OF UNDERSTANDING
BETWEEN
MODESTO IRRIGATION DISTRICT
AND
PACIFIC GAS AND ELECTRIC COMPANY**

This Memorandum of Understanding (“MOU”) is made and entered into by and between Modesto Irrigation District (“MID”) and Pacific Gas and Electric Company (“PG&E”) (each, a “Party” and, collectively, “Parties”).

RECITALS

- A. In 2000, the California Legislature enacted Assembly Bill 2638, which added various statutes to the Public Utilities Code, including Sections 9607, 9610, 9611, and 9612. Section 9610 identifies the specific areas where MID and PG&E may provide electric service during the period from January 1, 2001 through December 31, 2025 (“the Legislated Period”).
- B. Public Utilities Code Section 9610(b)(2) explains that electrical corporations and irrigation districts may each construct infrastructure, and that such infrastructure may in some cases be duplicative.
- C. In cases with the potential for duplicative infrastructure, Section 9610(b)(2) encourages irrigation districts and electrical corporations to enter into agreements pursuant to Public Utilities Code Sections 8101 through 8108, where those agreements further the interests of the state as set forth in Section 8101.
- D. The Legislature, in Public Utilities Code Section 9612, encouraged PG&E and MID to agree on the terms of an agreement embodying the provisions of Section 9610, and also encouraged the California Public Utilities Commission (“CPUC”) to approve that agreement to the extent it is consistent with the policies of the state.
- E. To the extent it may be required, the Parties desire to enter into an agreement that extends the terms of Section 9610, with minor modifications, beyond December 31, 2025.

AGREEMENT

Now, therefore, the Parties mutually agree as follows:

I. Incorporation of Recitals

The foregoing recitals are hereby incorporated by reference.

II. Purpose

The purpose of this MOU is to identify the terms for inclusion in an agreement to extend the provisions of Section 9610, describing the areas where MID and PG&E may provide electric service during the term of such agreement, with the minor modifications set forth in sections III(A)(1)(b) and III(A)(3). PG&E and MID plan to negotiate and then execute said agreement, and then submit it to the CPUC for approval, consistent with Assembly Bill 2638.

III. Terms and Conditions

A. Service Area Agreement

The Parties desire that an agreement identifying the areas where MID and PG&E may provide electric service include the following provisions, based on Section 9610, modified as appropriate to reflect current circumstances:

- (1) PG&E may not provide electric transmission or distribution service to retail customers in either of the following areas:
 - (a) The MID service area as defined in the August 15, 1940, Purchase of Properties Agreement between MID and PG&E.
 - (b) The City of Mountain House as defined in the Master Plan adopted by the Board of Supervisors of the County of San Joaquin on November 22, 2005, with Amendments Through September 11, 2024.
- (2) Within the purchase zone as described in Exhibit “B” of the Asset Sale Agreement By and Between Pacific Gas and Electric Company and Modesto Irrigation District Dated July 23, 1997, contained in Public Utilities Application Number 97-07-030, PG&E and MID may each provide electric transmission and distribution service to retail customers. The area described in this subdivision shall be considered to be within both PG&E’s and MID’s electric service area.
- (3) MID may provide up to 16 megawatts of peak sales to Contra Costa Water District for delivery to its Old River Intake Facility and Rock Slough Pumping Plant and a new pumping station, and for fleet electrification.
- (4) Except as provided in subdivisions (1), (2), and (3), MID may not provide electric transmission or distribution service to retail customers in the territory of PG&E.

For purposes of Section III.A(1)(b) above, the Parties acknowledge that the Master Plan describes the City of Mountain House as “consist[ing] of 4,784 acres or about 7.5 square miles located in southwestern San Joaquin County near the foothills of the Diablo range.” The Parties intend that

the MOU apply to that known region and, in the event of further growth, the Parties will exercise best efforts to negotiate reasonable terms regarding electric service in the City of Mountain House.

B. Local Agency Formation Commission Approval Not Required

For the purposes of this MOU and the agreement contemplated herein, the Parties recognize that Section 9611 provides that Chapter 3 (commencing with Section 56100) of Part 1 of Division 3 of the Government Code regarding Local Agency Formation Commission approval, does not apply to electric service provided by MID within the geographic areas described in Section III.A, subdivisions (1) and (2), of this MOU, pursuant to Public Utilities Code Section 9611.

C. California Public Utilities Commission Approval Under Public Utilities Code Section 9607 Not Required

Section 9607, including the CPUC approval requirement in Section 9607(b), does not apply to electrical distribution service provided by MID to those customers or within those areas described in Section III.A, subdivisions (1), (2), and (3), of this MOU, pursuant to Public Utilities Code Section 9607(g).

D. Term of Service Area Agreement

The service area agreement contemplated to be entered into between MID and PG&E shall have a term of twenty-five (25) years, or other negotiated term, unless terminated earlier by mutual agreement of the Parties.

IV. CPUC Application

The Parties will use best efforts to prepare and file an application with the CPUC for approval of a service area agreement containing the terms described herein during the first half of 2026. Such agreement and application shall be subject to approval by the MID Board of Directors and PG&E management prior to execution and filing with the CPUC. MID and PG&E will cooperate and support approval of such application by the CPUC and agree to abide by the provisions of AB 2638 pending CPUC approval of their joint application. If the CPUC does not approve such application, the Parties will meet and cooperate to take the steps necessary to effectuate the intent of the Parties as stated herein. For avoidance of doubt, neither Party waives, and each Party expressly reserves, all of its rights under applicable laws.

V. Miscellaneous Provisions

A. This MOU may be modified or terminated by written agreement of the Parties. In the absence of a mutual agreement either to extend or terminate, this MOU shall expire on December 31, 2026.

B. All obligations imposed by this MOU, or the written agreement contemplated by this MOU, on each Party, except for the payment of money, shall be suspended while compliance is hindered or prevented, in whole or in part, by such force majeure events as a labor dispute or

strike, fire, war, civil disturbance, epidemic, pandemic or other outbreak of infectious disease, or act of God; by changes in federal state, or municipal laws, rules, regulations or orders of a governmental agency other than MID, including any changes relating to the provision of electric services in California by publicly owned utilities or electrical corporations; by inability to secure materials, significant changes to market conditions or material declines in commodity prices; or by any other cause or causes beyond reasonable control of the Party.

C. Nothing in this MOU shall amend, abridge or in any way alter the legal responsibilities or authorities of the Parties.

D. This MOU shall become effective upon signature of all of the Parties and the date of the last Party's signature (the "Effective Date").

E. This MOU may be executed in several counterparts, each of which is an original and all of which constitutes but one and the same instrument.

IN WITNESS WHEREOF, MID and PG&E have executed this MOU as of the Effective Date.

MID:

MODESTO IRRIGATION DISTRICT

By: Jimi Netniss
Name: Jimi Netniss
Title: General Manager
Date: 12/18/2025

PG&E:

Pacific Gas and Electric Company

By: _____
Name: _____
Title: _____
Date: _____

strike, fire, war, civil disturbance, epidemic, pandemic or other outbreak of infectious disease, or act of God; by changes in federal state, or municipal laws, rules, regulations or orders of a governmental agency other than MID, including any changes relating to the provision of electric services in California by publicly owned utilities or electrical corporations; by inability to secure materials, significant changes to market conditions or material declines in commodity prices; or by any other cause or causes beyond reasonable control of the Party.

C. Nothing in this MOU shall amend, abridge or in any way alter the legal responsibilities or authorities of the Parties.

D. This MOU shall become effective upon signature of all of the Parties and the date of the last Party's signature (the "Effective Date").

E. This MOU may be executed in several counterparts, each of which is an original and all of which constitutes but one and the same instrument.

IN WITNESS WHEREOF, MID and PG&E have executed this MOU as of the Effective Date.

MID:

MODESTO IRRIGATION DISTRICT

By: _____
Name: _____
Title: _____
Date: _____

PG&E:

Pacific Gas and Electric Company

By: Joshua Simes
Name: _____
Title: VP Central Valley Region
Date: 12/18/26

EXHIBIT B

Notice

If to MID: MODESTO IRRIGATION DISTRICT
Office of the General Manager
1231 11th Street
Modesto, CA 95354
Email: Jimi.Netniss@mid.org

If to PG&E: PACIFIC GAS AND ELECTRIC COMPANY
Pacific Gas and Electric Company
300 Lakeside Drive
Attn: Law Department
Oakland, CA 94612
Email: RegRelCPUCcases@pge.com