

SETTLEMENT AGREEMENT

This Settlement Agreement (hereinafter "Agreement") is made April ____, 2023 ("Effective Date"), by and between the **City of Richmond**, a California municipal corporation ("City"), and **Pacific Gas and Electric Company**, a public utility company ("PG&E"). The City and PG&E are individually a "Party" and collectively, "Parties."

RECITALS

A. The City and PG&E have entered into those certain gas and electric franchise agreements memorialized in Ordinance Nos. 1579 and 1580 dated April 21, 1958 relating to the use of public streets for the transmission and distribution of gas and electricity within the City.

B. There is now pending an arbitration at Judicial Arbitration and Mediation Services (JAMS) relating to the City's request to change the rate of the franchise fee in the franchise agreements, JAMS No. 1110025023.

C. The Parties have reached agreement on the informal resolution of the matters raised in the arbitration proceeding, which will be memorialized in amendments to Ordinance Nos. 1579 and 1580 to be adopted concurrently in accordance with the City's procedures.

D. The Parties desire to memorialize the mutual understanding and agreement relating to certain additional consideration and procedural matters that will supplement said amendments and to fully resolve the matters raised in the arbitration proceeding.

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the City and PG&E hereby agree as follows:

AGREEMENT

1. Settlement.

1.1 **Increase in Electric Franchise Fees.** PG&E and the City agree that the increase in electric franchise fees from one-half percent (0.5%) to one percent (1.0%) in Section 4 of Ordinance 1579 shall be effective January 1, 2023 and shall continue thereafter. The associated franchise fees for calendar year 2023 will be made in accordance with Section 6 of the electric franchise agreement, in April 2024 and thereafter.

1.2 **Cost to implement the franchise fee surcharges.** PG&E shall be responsible, at its sole cost, to make the changes necessary to PG&E's billing system to collect and remit the electric and gas franchise fee surcharges.

1.3 **Additional Consideration to be paid by PG&E.** PG&E shall pay the City the total sum of Eight Hundred Thousand Dollars (\$800,000) as additional consideration for the adoption of amendments to Ordinance Nos. 1579 and 1580. The additional consideration shall be paid in four separate installments of Two Hundred Thousand Dollars (\$200,000), which shall be paid to the City annually on or before April 15 for the following four years, commencing on April 15, 2023, concurrent with the remittance of the electric and gas franchise fee payments, provided however, that the first annual installment will be paid to the City within ten (10) days after full execution of this Agreement. The expenditure of these funds by City may be directed to any legal purpose the

City deems appropriate.

1.4 Arbitration Proceeding. PG&E and the City shall stipulate to suspend any further proceedings in the arbitration pending the California Public Utilities Commission's (CPUC's) review of PG&E's advice letter requesting approval of the franchise fee surcharges adopted in the amendments to Ordinance Nos. 1579 and 1580. PG&E shall give the City written notice of when CPUC shall consider the franchise fee surcharges at least fifteen (15) days before the matter is considered. In the event the CPUC approves the franchise fee surcharges, the Parties shall stipulate to dismiss the arbitration proceeding, with prejudice, and to stipulate to the entry of dismissal of any future State or Federal action inconsistent herewith. In the event the CPUC's approval of the franchise fee surcharges are not obtained, the Parties shall meet and confer with respect to scheduling the matters to be determined in Phase 2 of the arbitration proceeding. In addition, the City will apply an appropriate credit for the payment of the Additional Consideration previously paid by PG&E under Section 1.3 above to any increase in the franchise fee rates that may be determined in Phase 2 of the arbitration proceeding.

2. Entire Agreement. This Agreement contains the entire agreement of the Parties regarding the subject matter of this Agreement. Any prior agreements, promises, negotiations, or representations, either oral or written, relating to the subject matter of this Agreement, not expressly set forth in this Agreement, are of no force or effect. Any changes in this Agreement, whether by additions, deletions, waivers, amendments or modifications, may only be made in writing, signed by the Parties.

3. Governing Law and Venue. This Agreement shall be construed and enforced in accordance with the laws of the State of California and any legal action shall be brought in a court of competent jurisdiction in Contra Costa County.

4. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one in the same Agreement.

5. Qualification and Authority. Each Party executing this Agreement hereto represents, warrants, and covenants that (i) such entity is duly formed and authorized to do business in the state of its incorporation, (ii) such person is duly authorized to execute and deliver this Agreement on behalf of such entity in accordance with authority granted under the organizational documents of such entity, and (iii) such entity is bound under the terms of this Agreement.

6. Waiver. No waiver of any term or right in this Agreement shall be effective unless in writing, signed by an authorized representative of the waiving Party. The failure of either Party to enforce any provision of this Agreement shall not be construed as a waiver or modification of such provision, or impairment of its right to enforce such provision thereafter.

[Signatures on Following Page]

IN WITNESS WHEREOF, the Parties represent and warrant that they have the authority to sign this Agreement on behalf of the respective Party hereto, and have caused this Agreement to be executed in duplicate by their respective officers hereunto duly authorized as of the day and year first written above.

CITY:

City of Richmond,
a California municipal corporation

By: _____
[Name], Mayor

ATTEST:

By: _____
[Name], City Clerk

APPROVED AS TO FORM:

By: _____
[Name], City Attorney

PG&E

Pacific Gas and Electric Company,
a California corporation

By: _____
Name: _____
Its: _____