

June 13, 2012

Philip Isenberg, Chair
Delta Stewardship Council
980 Ninth Street, Suite 1500
Sacramento, CA, 95814

Comments on the 6th Staff Draft of the Delta Plan

Chair Isenberg and Council Members,

Pacific Gas and Electric Company (PG&E) appreciates the opportunity to comment on the Delta Stewardship Council's (Council) 6th Staff Draft of the Delta Plan. We support the efforts of the Council to adopt a Delta Plan that meets the co-equal goals of improved water reliability for California and the protection, restoration, and enhancement of the Delta ecosystem. As the owner and operator of gas and electric transmission and distribution facilities within the Delta and hydroelectric facilities in the upstream tributaries, we look forward to the success of a well-crafted Plan.

We are encouraged that the Delta Plan addresses the importance of these facilities and their role in providing generation, transmission and distribution of electric and gas service to PG&E's 15 million customers. While the Plan and its associated EIR largely do not address actions at the project level, it is important to note that upgrading, relocating or protecting utility infrastructure can be a complex, time-consuming, and costly undertaking. Upon adoption of the Plan, we strongly urge future project proponents to work closely with PG&E during the earliest planning phases of projects within the Delta. Early consultation can help to identify the best options for addressing any affected facilities that maximize achievement of the coequal goals and minimize or avoid both environmental impacts and service disruptions to customers.

Comments on Specific Policies and Recommendations

Policy G P1 – Detailed Findings to Establish Consistency with the Delta Plan

As a new procedure for approving projects that qualify as covered actions, we urge the Council to establish a clear, streamlined, and consistent process for agencies applying for Certification of Consistency with the Delta Plan. Having a clearly understood, timely, and consistently applied

approach by different agencies will assist project proponents in providing the information needed to make the requisite findings of consistency with the coequal goals.

Policy ER P1 – Update Delta Flow Objectives

We are encouraged that the Council, in recent comments to the State Water Resources Control Board (SWRCB) and in the Delta Plan itself, recognizes the value of an approach that focuses on the desired functions of historic flows when occurring in a landscape as drastically altered as the Delta. Although PG&E's own hydroelectric facilities in the upstream tributaries serve the primary purpose of hydroelectric generation as opposed to water storage and deliveries, it is important to understand that changes to the flows through the Delta have the potential for unintended effects on energy generation and clean energy.

These potential impacts to the production of energy generation, along with any implications for current agreements and requirements that are protective of public resources outside of the Delta, must be accurately understood and considered by the SWRCB as it conducts the update for the Bay-Delta Water Quality Control Plan. The Board has scheduled a workshop to gather more input on impacts to energy from new flow criteria, and we have recommended to the Board that they consult closely with state agencies involved with the state's ambitious clean energy policies, including the Energy Commission (CEC), Public Utilities Commission (CPUC), Air Resources Board (CARB), and the California Independent Systems Operator (CAISO).

Recommendation RR R3- Fund Actions to Protect Infrastructure from Flooding and other Natural Disasters

Currently, PG&E is subject to local Special District assessments for flood prevention and levee maintenance, and pays special assessments with annual fees to maintaining agencies for having rights-of-way(s) as well as actual assets and property operating within these special districts. It is unclear why an additional fee is proposed for utilities with infrastructure within the Delta when the utility is already contributing to the funding of these activities, and further explanation within the problem statement of this issue is required. Ratepayers should not be unduly required to cover funding shortfalls which are more fairly addressed through assessments on all property owners with corresponding assets within the areas to be protected.

We appreciate your consideration of these comments for the final development of the Delta Plan. If you have any questions, please contact me at 415-973-0192 or at ian.caliendo@pge.com.

Thank you,

A handwritten signature in black ink, appearing to read "Ian Caliando". The signature is written in a cursive, flowing style with some loops and flourishes.

Ian Caliando
State Agency Relations
Pacific Gas and Electric Company