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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

Item #11 (Rev. 1)

ID #13940

RESOLUTION E-4718

June 11, 2015

RESOLUTION

Resolution E-4718 Pacific Gas and Electric Company (PG&E) Lower Bear Area Request for Approval under Advice Letter (AL) 4573-E, and P.U. Code Section 851.

PROPOSED OUTCOME:

- This Resolution dismisses the Protest of Amador County Supervisor Brian Oneto and the protest of Roberta Pickett and approves Pacific Gas & Electric Company's (PG&E's) AL 4573-E, with an effective date of today. PG&E's AL proposes encumbrance with a perpetual conservation easement (CE) of approximately 899 acres of land in Amador County commonly known as Lower Bear Area. Mother Lode Land Trust, a California non-profit public benefit corporation will hold the CE. PG&E will retain fee title to the property, and the CE will be granted subject to certain reserved rights in favor of PG&E for the continued operation of PG&E's hydroelectric and water delivery facilities pursuant to PG&E's Bankruptcy Settlement Agreement that established a Land Conservation Commitment (LCC).

SAFETY CONSIDERATIONS:

- Effective administration of PG&E's LCC is part of the responsibility of PG&E to meet their obligations under Public Utilities Code Section 451 to provide services that promote the safety, health, comfort, and convenience of their patrons, employees and the public.

ESTIMATED COST:

- In D.03-12-035, the Commission approved the LCC with funding at \$70 million. Ongoing fees for managing the CE are to be covered by the previously authorized LCC funding.

By Advice Letter 4573-E filed on January 30, 2015.

SUMMARY

This Resolution approves PG&E's AL 4573-E, with an effective date of today. On January 30, 2015 PG&E filed Advice Letter 4573-E, requesting approval under Public Utilities Code Section 851, of the Lower Bear Area Conservation Easement Donation.

Pursuant to PG&E's LCC approved in D.03-12-035, PG&E proposes encumbering with a perpetual CE, the 899-acre Lower Bear Area ("Property"). Mother Lode Land Trust, a California non-profit public benefit corporation, will hold the CE. This donation is being made in the public interest with the intent to provide for: (1) the preservation of land areas to protect the natural habitat of fish, wildlife, and plants; (2) the protection of open space, outdoor recreation by the general public, sustainable forestry, agricultural uses, and historic values; and (3) the prevention of any uses that will significantly impair or interfere with those values. This donation is in accordance with the terms and conditions specified in the PG&E Bankruptcy Settlement Agreement and Stipulation that were approved by the Commission (CPUC) in D. 03-12-035.¹

BACKGROUND

On April 6, 2001, PG&E filed for Chapter 11 bankruptcy protection. Two years later, CPUC approved a Settlement Agreement under which PG&E Watershed Lands would be subject to CEs and/or be donated in fee simple to public entities or non-profit organizations for the benefit of the public. Pursuant to the Settlement Agreement, the Pacific Forest and Watershed Lands Stewardship Council (Stewardship Council) was established in 2004 to develop a plan to permanently protect, for the benefit of the citizens of California, more than 140,000 acres of Watershed Lands currently owned by PG&E.

¹ The Settlement Agreement provides a substantially increased opportunity for environmentally beneficial use and access by the public to 140,000 acres of land associated with PG&E's hydroelectric facilities, without compromising the ability to PG&E to generate electricity from those facilities. In 1999 PG&E proposed to sell these lands to the highest bidder. The Settlement Agreement would remove forever that possibility, and replace the specter of loss of public control with the promise of perpetual public access. (D.03-12-035, pages 61, 62.)

Located primarily in the Sierra Nevada and Cascade Mountain range watersheds, the PG&E Watershed Lands contain some of the most pristine and resource-rich landscapes found in the state. The properties are diverse and geographically remote, located in 21 counties from the northern reaches of the state to the southern end of the Central Valley.

Protecting the Watershed Lands will be accomplished through (1) PG&E's grant of CEs to one or more public agencies or qualified conservation organizations so as to protect the natural habitat of fish, wildlife and plants, the preservation of open space, outdoor recreation by the general public, sustainable forestry, agricultural uses, and historic values (collectively the Beneficial Public Values), and (2) PG&E's donation of the Watershed Lands in fee simple to one or more public entities or qualified conservation organizations, whose ownership would be consistent with these conservation objectives. This effort is known as PG&E's "Land Conservation Commitment" (LCC).

As required by D.03-12-035, the Stewardship Council prepared a Land Conservation Plan (LCP) to establish a framework for the conservation and/or enhancement of the Watershed Lands, and to ensure the permanent protection of these lands for the benefit of current and future Californians. To address the challenge of a conservation effort of this large scope, and to facilitate engagement of a wide range of stakeholders and interested members of the public, the Stewardship Council grouped the Watershed Lands into 47 planning units and established a phased approach to development and implementation of the LCP.

In 2007, the Stewardship Council Board adopted Volumes I and II of the LCP:

Volume I: The Land Conservation Framework establishes the overall framework for the LCP, including legal requirements, the planning process, methodologies, public involvement, and relevant regulatory processes.

Volume II: Planning Unit Concepts documents existing conditions and presents management objectives, potential measures, and conceptual plans to preserve and/or enhance the Beneficial Public Values (BPVs) within each planning unit. The management objectives for the Lower Bear Area planning unit are:

1. Preserve and enhance habitat in order to protect special biological resources and wilderness values;
2. Preserve open space in order to protect natural and cultural resources, viewsheds, and the recreation setting;
3. Enhance recreational facilities in order to provide additional public access and education and recreation opportunities;
4. Develop and implement forestry practices in order to contribute to a sustainable forest, preserve and enhance habitat, enhance surrounding wilderness values, as well as to ensure appropriate fuel load and fire management;
5. Identify potential grazing opportunities in order to enhance agricultural resources and related economic benefits;
6. Identify and manage cultural resources in order to ensure their protection.

Volumes II and III also document existing economic uses.

Volume III: Land Conservation and Conveyance Plans (LCCPs) to be issued serially and cumulatively will encompass a series of real estate transaction packages that will detail the specific land conservation and/or disposition requirements for each parcel or cluster. LCCPs represent the Stewardship Council's recommendations for preserving and/or enhancing the BPVs of the Watershed Lands to PG&E, and are intended to support required regulatory approvals of the land transactions.²

Specifically, the LCCP produced for each parcel will incorporate the 10 programmatic objectives of the LCP as identified in the Stipulation that was an integral part of the Proposed Settlement Agreement adopted in D.03-12-035. These 10 programmatic objectives, which are intended to govern how the LCP is implemented for each and every Watershed Parcel, include: 1) reasonably exact estimates of acreage, by parcel, within or outside licensed project boundaries, and existing economic uses (including all related agreements); (2) objectives to preserve and/or enhance beneficial public values, as defined in the Settlement

² The LCCP addresses the requirements set forth in Section 12(a) of the "Stipulation Resolving Issues Regarding the Land Conservation Commitment" September 25, 2003.

Agreement, Appendix E, of each individual parcel; (3) a recommendation for grant of a conservation easement or fee simple title for each such parcel; (4) a finding that the intended recipient of such easement or fee simple title has the funding and other capacity to maintain that property interest so as to preserve and/or enhance the beneficial public values thereof; (5) an analysis of tax and other economic and physical impacts of such a disposition strategy, and a commitment by an appropriate entity to provide property tax revenue, other equivalent revenue source, or a lump sum payment, so that the totality of dispositions in each affected county under this Land Conservation Commitment will be “tax neutral” for that county³; (6) a disclosure of all known hazardous waste or substance contamination or other such environmental liabilities associated with each parcel; (7) appropriate consideration of whether to split any parcel which is partly used or useful for operation of PG&E’s and/or co-licensee’s hydroelectric facilities, where the beneficial public values of the unused part may be enhanced by such split, provided it is consistent with Section 12(b)(4) of this stipulation; (8) a strategy to undertake appropriate physical measures to enhance the beneficial public values of individual parcels; (9) a plan to monitor the economic and physical impacts of disposition and implementation of enhancement measures on the applicable management objectives; and (10) a schedule for the implementing transactions and measures.

Advice Letter 4573-E Lower Bear Area Conservation Easement Donation (LCCP)

The Lower Bear Area contains 7 parcels for a total of approximately 889 acres (Land Conservation Parcels 952-958). The property will be retained by PG&E subject to a perpetual conservation easement held by the Mother Lode Land Trust (MLLT).⁴ The Lower Bear Area Property is located in Amador County, approximately 35 miles northeast of Jackson at an approximate elevation range

³ The Stewardship Council has agreed that it is the appropriate entity to provide property tax revenue, drawing from the \$70 million provided to the Stewardship Council to implement the Land Conservation Commitment. In Finding #14 of Resolution E-4644, which was approved on August 14, 2014, the Commission made the following finding: The Commission agrees with the Stewardship Council that the tax neutrality payment to Tehama County may come from the LCC fund. (Deer Creek LCCP, November 14, 2003).

⁴ Mother Lode Land Trust, 1316 Jackson Gate Road, Jackson, CA 95642

of 5,900 to 7,000 feet. The planning unit is surrounded by the Eldorado National Forest and includes portions of Lower and Upper Bear River Reservoirs and land bordering a portion of Cole Creek, east of the reservoirs.⁵ Habitat for several special status species is located in the vicinity of Upper and Lower Bear River Reservoirs, including the Federal candidate mountain yellow-legged frog, and various bird species including willow flycatcher, bald eagle, and California spotted owl. Upper and Lower Bear River Reservoirs provide habitat for a variety of cold water fish species including rainbow trout, brown trout, and tui chub.

The planning unit provides many outdoor recreational opportunities, including fishing, boating, swimming, camping, hiking, off highway vehicle and snowmobile use. Lower Bear Reservoir is annually stocked with rainbow and brown trout and is known to be an exceptional trout fishery. The Silver Bear Snowmobile trail is located adjacent to Lower Bear River Reservoir and provides 20-55 miles of popular trails during the winter recreation season. The Bear River Resort is located on the western side of Lower Bear River Reservoir and is operated under a lease with PG&E. Many of the area's recreational opportunities are provided by this lessee, including summer boat rentals. The resort also provides a store, restaurant, 126 campsites (including 30 trailers), and a marina. Camp Ritchie, which PG&E leases to the Church of Jesus Christ of Latter Day Saints (LDS), is operated as a 120-person per session summer camp for girls.

The planning unit contains three PG&E Timber Management Units (TMUs) for a total of 895 timbered acres. The TMU located by the Upper Bear River Reservoir contains 68 timbered acres and is managed under a recreation and Sustainable Timber Management prescription, meaning that recreation in this area is compatible with timber management. Forest management in designated recreation areas is limited to fuels reduction, hazard tree removal, and improvement of aesthetics. Outside of the designated recreation areas, sustainable timber management is emphasized. The TMU located by the Lower Bear River Reservoir contains 273 timbered acres and is managed under a Multiple-Use prescription, meaning that protection and uses of other resources and facilities may preclude sustained timber yield management as the highest

⁵ Parcels 948-951 that border Cole Creek east of the reservoirs will be the subject of a separate, future donation.

and best use of the portions of the TMU. The Lower Bear Area planning unit is within the traditional territory of the Northern Sierra Miwok; prehistoric sites have been identified in the area.

In compliance with the Stipulation 12(a) requirements, the following disclosures are included in all Watershed Lands Section 851 advice letter filings:

Adjacent and Nearby Land Owners

The seven parcels within the Lower Bear Area that are the subject of this LCCP are surrounded by National Forest System lands managed by the Eldorado National Forest. Lower Bear River Reservoir is accessible by a paved road, Bear River Road, off of Highway 88. Upper Bear River Reservoir is accessible by boat from Lower Bear River Reservoir and by a hiking trail on the western side of the reservoir.

Existing Economic Uses and Agreements

There are two lease agreements for economic uses on the property to be retained by PG&E, one for the Bear River Resort, and one for Camp Ritchie, a summer camp for girls. PG&E will reserve rights in the conservation easement as necessary to maintain and operate existing and future utility facilities over portions of the parcels. The specific Hydro Reserved Rights are set forth in the conservation easement.

Objectives to preserve and/or enhance the BPVs

The Land Conservation Commitment provides that “PG&E shall ensure that the Watershed Lands it owns...are conserved for a broad range of beneficial public values including the protection of the natural habitat of fish, wildlife and plants, the preservation of open space, outdoor recreation by the general public, sustainable forestry, agricultural uses, and historic values.

The following text lists the objectives for each BPV at the Lower Bear Area planning unit that the Stewardship Council Board approved in LCP Volume II, as well as a description of how the conservation easement addresses each objective and each applicable BPV.

- 1. Preserve and enhance habitat in order to protect special biological resources and wilderness values.*

The conservation easement provides for the protection of “habitat for plants and animals that are native to the area, including species protected under the California Endangered Species Act and/or the federal Endangered Species Act.

2. *Preserve open space in order to protect natural and cultural resources, viewsheds, and the recreation setting.*

The conservation easement will conserve the scenic character of the property by ensuring that no further development will occur unless specifically authorized or permitted by the conservation easement.

3. *Enhance the recreational facilities in order to provide additional public access, and education and recreational opportunities.*

The conservation easement acknowledges that outdoor recreational facilities exist on the property, and lists recreational use including camping, swimming, hiking, boating and sightseeing as a BPV ensuring the protection and preservation of such uses in perpetuity. Furthermore the conservation easement provides that the landowner will allow public access on the property at levels substantially consistent with those existing at the time the conservation easement is recorded, subject to PG&E’s Hydro Reserved Rights and right to make reasonable rules and regulations.

4. *Develop and implement forestry practices in order to contribute to a sustainable forest, preserve and enhance habitat, enhance surrounding wilderness values, as well as to ensure appropriate fuel load and fire management.*

Forest management activities will be subject to compliance with applicable laws and conducted as further described and allowed in the conservation easement.

5. *Identify potential grazing opportunities in order to enhance agricultural resources and related economic benefits.*

There is currently no managed grazing within the planning unit.

6. *Identify and manage cultural resources in order to ensure their protection.*

The conservation easement will protect historic and cultural resources on the Property to the extent they are protected by state and federal law, including artifacts related to Native American uses.

Recommendation for Conservation Easement and Fee Simple Retention

All 899 acres within seven parcels (952-958) of the Lower Bear Area planning unit will be retained in fee by PG&E. The remaining lands in the Lower Bear Area planning unit will be donated by PG&E and are the subject of a separate LCCP.

Finding of Donee Funding and Other Capacity to Maintain Lands to Preserve and/or Enhance the BPVs

The Stewardship Council invited organizations to join its registry and submit a statement of qualifications (SOQs). The Stewardship Council then reviewed the SOQs, and organizations that appeared capable were invited to submit additional information describing their qualifications. Organizations demonstrating sufficient experience holding and enforcing CEs, sufficient financial and organizational capacity, and which the Stewardship Council has determined to be best-suited to receive a donation of CEs within particular Watershed Lands are recommended to PG&E to receive CEs.

At the conclusion of the selection process, the Stewardship Council board found that Mother Lode Land Trust (MLLT) has the funding and other capacity to maintain the property interest so as to preserve and/or enhance the BPVs. MLLT was established in 1991 and, as of 2014, holds 20 conservation easements on over 3,900 acres in Amador, Calaveras, Alpine, Tuolumne, and El Dorado Counties. MLLT has an experienced staff and board of directors with expertise in forestry, agriculture, wildlife biology, rangeland science, land management, appraisal practices, local government, and community development. MLLT is a qualified easement holder under California Civil Code Section 815.3.

Analysis of Tax and Other Economic and Physical Impacts

The Settlement and Stipulation adopted by D.03-12-035, requires that the LCCP provide: “an analysis of tax and other economic and physical impacts of such a disposition strategy, and a commitment by an appropriate entity (which may be PG&E, subject to being authorized by the Commission to fully recover in rates any such costs in approving PG&E’s Section 851 application or in another appropriate Commission proceeding, Stewardship Council, donee, or a third party, depending on the individual circumstances) to provide property tax revenue, other equivalent revenue source, or a lump sum payment, so that the totality of dispositions in each affected county under this Land Conservation Commitment will be “tax neutral” for that county”.⁶

To achieve property tax neutrality, the Stewardship Council has developed a methodology to establish a standard payment process when lands are transferred to organizations that are exempt from paying property taxes. The

⁶ Stipulation Resolving Issues Regarding The Land Conservation Commitment (page 8)

methodology would be applied to all counties that experience a loss in property tax revenue due to a fee title donation. Because PG&E is retaining fee title ownership of the Lower Bear Area Property, it will continue to pay property taxes to Amador County as assessed by the State Board of Equalization.

The Settlement and Stipulation require an analysis of the physical and economic impacts of each disposition. The agreements for the conservation easement on parcels 952-958 of the Lower Bear Area planning unit have not mandated any changes to the physical or economic uses and PG&E intends to manage the lands in a manner consistent with the current physical and economic uses.

California Environmental Quality Act

The Stewardship Council did not identify any physical measures to enhance the BPVs of the Lower Bear Area Property. While transfers of ownership of utility property under Public Utilities Code Section 851 may have an environmental impact, and accordingly constitute projects under the California Environmental Quality Act (CEQA), here the proposed retention of the Lower Bear Area planning unit parcels 952-958 and donation of conservation easement to MLLT results in no proposed changes to land uses; thus no direct or indirect environmental impacts will occur as a result of the donation. Therefore, the transaction is exempt due to the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment and does not require review under CEQA.

Hazardous Waste Disclosure

The stipulation states that in the transfer of fee title and conveyance of a conservation easement, PG&E will disclose all known hazardous waste, substance contamination, or other such environmental liabilities associated with each parcel and hold the donee harmless. The hazardous waste disclosure⁷ found no potential hazardous waste, substance contamination, or other such environmental condition on the property.

⁷ Summary of Potential Environmental Issues on Land to be Retained prepared by AMEC Geomatrix, Inc., September 8, 2010.

Consideration of Parcel Split

PG&E will retain fee title to all 899 acres within Parcels 952-958 of the Lower Bear Area planning unit. Therefore there is no need for a parcel split.

Strategy for Physical Measures to Enhance BPVs

The Stewardship Council has not identified any physical measures to enhance the beneficial public values of the Lower Bear Area planning unit parcels 952-958. The Stewardship Council is developing a grant program to fund enhancements on the Watershed Lands in the future. Grant funding will be available to accomplish any number of potential future physical measures such as developing trails, day use areas, and other public access improvements.

Monitoring Plan for the Economic and Physical impacts of Disposition and Implementation of Enhancement Measures

The Stipulation requires that the LCCP outlines a plan to monitor the economic and physical impacts of disposition and implementation of enhancement measures. The conservation easement holder is required to monitor every conservation easement that it holds to ensure that the landowner is complying with the terms of the easement in perpetuity. The Stewardship Council has entered into a Conservation Easement Funding Agreement with MLLT whereby the Stewardship Council will provide a monitoring and enforcement endowment to fund MLLT's monitoring activities at Lower Bear Area planning unit parcels 952-958.

Implementation Schedule for Transaction and Measures

The implementation schedule for the Lower Bear Area Transaction indicates CPUC review and approval in 2015 and close of escrow in 2015. The Stewardship Council will release funds to MLLT per the conservation easement funding agreement when the conservation easement is recorded.

NOTICE

Notice of AL 4573-E was made by publication in the Commission's Daily Calendar. PG&E states that a copy of the Advice Letter was mailed and distributed in accordance with Section 4 of General Order 96-B.

PROTESTS

Advice Letter AL 4573-E was protested by Amador County Board of Supervisors Chairman, Brian Oneto and by Roberta Pickett, a resident of Amador County.

On February 19, 2015, Mr. Oneto identified two issues of concern in his protest of AL 4573, Section 4, "Proposed Uses and Conservation Management Objectives". First, Subdivision C, "Outdoor Recreation by the General Public", is inadequate because it does not specifically include snowmobiling and legal off-highway vehicle recreation as outdoor recreation activities as a historical recreational use within the Lower Bear Area despite a snowmobile trail/road clearly designated on the map provided as part of PG&E's Exhibit 1, "Map of the Property". Mr. Oneto requests that snowmobiling and legal off-highway vehicle recreation be specifically identified as permissible activities in the proposed Conservation Easement Agreement. The second issue of concern to Mr. Oneto involves Subdivision E, "Agricultural Uses". Mr. Oneto is concerned that the grazing or other agricultural uses are not identified as a BPV and are prohibited under the terms of the conservation easement. Mr. Oneto points out that even though no grazing lease covers the Lower Bear Area properties, the land is open range land and there is permitted grazing on lands adjacent to the property. As such, Mr. Oneto contends that the conservation easement should acknowledge that grazing has occurred and will likely continue to occur. Mr. Oneto references Amador County Code, Chapter 8.40-Open Range.

On February 18, 2015 in an e-mail to PG&E, Ms. Pickett identified a number of issues in her protest of AL 4573 and requested an extension of the public review period for an additional 30 days. Ms. Pickett explained that she did not receive the notice letter from PG&E until February, but was expected to respond by February 19th after having reviewed the attached documents pertaining to the Lower Bear Area donation of a conservation easement. Additionally, Ms. Pickett noted the lack of an attached map of the parcels to be donated. Ms. Pickett did not find any indication in the PG&E notice that Amador County officials or state representatives were copied on the letter or formally contacted. Finally, Ms. Pickett was unable to ascertain the scope of actions or activities that would occur under the oversight of the Mother Lode LandTrust, and the terms of the conservation easement.

On February 26, 2015, PG&E responded to the Protests of AL 4573-E. PG&E contends that AL 4573 is consistent with the recommendations contained in the

LCCP, D.03-12-035, and D.08-11-043. AL 4573 was served to parties, including Ms. Pickett, in accordance with the procedures set forth in in D.03-12-035 and D.08-11-043 (as modified by D.10-04-004). Additionally, as part of its outreach effort, the Stewardship Council is required to provide notice to the Board of Supervisors of the affected county, each affected city, town, and water supply entity, each affected tribe/and or co-licensee, and each land owner located within one mile of the exterior boundary of the parcel.

The Stewardship Council informed PG&E that it provided the required notice on July 28, 2014. The notice included details of the proposed transaction and instructions for viewing the LCCP online, or alternatively, how to receive a copy of the draft by mail. The notice was mailed via U.S. Mail to Ms. Pickett at her address of record. No return letter indicating the notice was undeliverable was received by the Stewardship Council. Based on this, PG&E believes that the required notifications were made, and Ms. Pickett was provided an ample opportunity to comment on the transaction. Therefore, an extension of the protest period is not warranted.

PG&E did not directly address Ms. Pickett's concern that PG&E failed to provide a clear definition of what the scope of actions or activities would be for the MLLT under the designation of "conservation". However, PG&E did address the issue in the response to Mr. Oneto.

In response to Mr. Oneto, PG&E acknowledges that a snowmobile trail is labeled on the Stewardship Council map included in the LCCP and that the conservation easement does not specifically call out snowmobiling and off-highway vehicle use as BPVs on the lands. However, the absence of reference to a specific use on the property does *not* mean that such use is prohibited. PG&E's CEs on all retained watershed lands specifically recognize and allow third party informal uses, and do not attempt to provide an exhaustive list of public recreational uses of the encumbered lands. Rather the CEs preserve informal uses categorically and list a representative sample of recreational uses and physical features, particularly those that are observed during site visits by the Land Trust during its development of the Baseline Document Report, those that are the subject of existing economic agreements, and/or those that are required by the relevant FERC Project License.

The proposed CE for the property does not include an exhaustive list of potential public recreational uses as this would be virtually impossible to define given the

broad range of possible public uses. The proposed CE accommodates a broad range of public uses (in this case, such as snowmobiling) by providing that PG&E must allow public access on the property that is substantially consistent with the public access on the effective date of the CE. In particular, Section 9.2 of the CE (Informal Uses and Public Access) acknowledges the existence of and requirement to allow continued public access for informal uses subject to reasonable rules and regulations, liability limitations, and annual review with the CE holder to ensure the overall preservation of the BPVs on the property.

Although they are not specifically identified in the Outdoor Recreation BPV, snowmobiling and off-highway vehicle use on the Property are considered existing informal uses and are allowable subject to section 9.2 of the CE. The only express restriction on the use of vehicles is articulated in bullet 5 of Exhibit F of the CE (prohibited uses), pursuant to which the use of motorized vehicles is allowed only on existing roadways on the property except for vehicles used for land management activities. This restriction does not prohibit the continued use of snowmobiles and off-highway vehicles on the existing roads. Finally, the ability to make reasonable rules to restrict or exclude certain uses and public access to the property is essential for the protection against physical harm to the Property, prevention of unauthorized activities, and protection against risk to public safety.

Regarding Mr. Oneto's concern that Agricultural Uses are not identified as a BPV on the property, PG&E disagrees with the conclusion that the absence of reference to Agricultural Uses as a BPV means that the CE prohibits grazing or other agricultural uses on the property.

The BPVs do not include Agricultural Uses in the proposed CE because such activity is not actively occurring on the Property at a significant level, and there are no existing grazing licenses in place. PG&E is not aware of any such informal grazing that is currently occurring on the property but such grazing would be considered an informal use of the Property and would be allowed subject to Section 9.2 of the CE. Furthermore the CE does not conflict with the County's open range ordinance. The CE expressly permits PG&E to comply with applicable legal requirements and grazing and other agricultural uses are not precluded as a prohibited use under Exhibit F of the CE. In fact, Exhibit F (bullet 7) creates an allowance for grazing to occur on the property. Additionally, Exhibit I of the CE articulates the "Permitted Uses" on the property and

incorporates a provision (bullet 6) that expressly permits PG&E to perform all activities required to comply with any and all Applicable Laws.

DISCUSSION

The Commission has reviewed PG&E AL 4573-E, the protests of Amador County Supervisor Brian Oneto and Ms. Roberta Pickett, and the reply to those protests by PG&E. Energy Division is satisfied that the reply of PG&E demonstrates that the required notice was provided to Ms. Pickett. Additionally, the Commission believes that the Stewardship Council provided required notice in accordance with D.03-12-035. Therefore, extension of the comment period is not warranted in this case. Regarding the concerns of Supervisor Oneto, the Commission is also satisfied by the reply of PG&E which explains that neither snowmobiling nor off-highway vehicle recreation is prohibited by the terms of the CE. The Commission is also satisfied that the CE creates an allowance for the informal agricultural grazing of livestock.

The Commission believes that PG&E's AL 4573-E, request for approval in accordance with the streamlined procedure adopted by the Commission in D.08-11-043, D.10-08-004 and Public Utilities Code Section 851, be granted. PG&E has provided the information required by D.08-11-043 Ordering Paragraph 2.⁸ All of the information required by D.08-11-043 is included in the Lower Bear Area Planning Unit Conservation and Conveyance Plan (LCCP) and appended to PG&E AL 4573-E as Attachment A.

The Commission has reviewed PG&E AL 4573-E including the attached Lower Bear Area disposition package prepared by the Stewardship Council, the Protest

⁸. For Category 1 transactions, PG&E shall submit a simplified advice letter to the Commission that shall include the following five items of information for the proposed transaction: (1) identification of Conservation Property parcel(s); (2) Type of property interest disposition(s); (3) Legal name and location of receiving party or parties; (4) the proposed use(s) and conservation management objectives with references to applicable section(s) of the Land Conservation Plan (LCP); and (5) Applicable exemption(s) under CEQA (where no exception to the exemption applies) with explanation, if necessary, or reason why transaction is not a "project" under CEQA. (D. 08-11-043 page 46)

of Amador County Supervisor Brian Oneto, the Protest of Roberta Pickett, and the response of PG&E, and has determined that the Lower Bear Area planning unit parcels 952-958 LCCP is both thorough and complete, and complies with both D.08-11-043, D.10-08-004, and with all of the ten Stipulation section 12(a) requirements adopted by D.03-12-035.

COMMENTS

Public Utilities Code section 311(g)(1) provides that this resolution must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. Section 311(g)(2) provides that this 30-day period may be reduced or waived upon the stipulation of all parties in the proceeding.

The 30-day comment period for the draft of this resolution was neither waived or reduced. Accordingly, this draft resolution was mailed to parties for comments, and will be placed on the Commission's agenda no earlier than 30 days from today.

On May 11, 2015 the Pacific Forest and Watershed Lands Stewardship Council provided clarifying comments on Draft Resolution E-4718.

FINDINGS

1. The Commission approved a PG&E bankruptcy settlement Agreement in D.03-12-035. Among other things, the Settlement Agreement contained provisions for certain environmental benefits. Those benefits included the adoption of the Land Conservation Commitment, which established provisions to permanently protect and enhance the approximately 140,000 acres of PG&E's watershed lands associated with its hydroelectric system, plus the 655 acre Carrizo Plains property in San Luis Obispo County.
2. D.03-12-035 established a Land Conservation Plan process and also helped establish a non-profit corporation named the Pacific Forest and Watershed Lands Stewardship Council to oversee the implementation of the Land Conservation Commitment and to carry out environmental enhancement activities.

3. D.03-12-035 authorized the creation of the Land Conservation Commitment and required PG&E through retail rates, to fund the Stewardship Council with \$70 million over 10 years to cover both the administrative expenses and the costs of environmental enhancements to the protected lands. D.03-12-035 also adopted the "Stipulation Resolving Issues Regarding the Land Conservation Commitment". The "Stipulation Resolving Issues Regarding the Land Conservation Commitment, Section 12 (a) describes the 10 informational components to be contained in the disposition document developed by the Pacific Forest Watershed Lands Stewardship Council for each donated parcel.
4. D.08-11-043, modified by D.10-08-004 established a streamlined Section 851 process for Advice Letters related to the PG&E Land Conservation Commitment.
5. On January 30, 2015, PG&E filed Advice Letter (AL) 4573-E Lower Bear Area planning unit-Request for Approval under Public Utilities Code Section 851.
6. PG&E Advice Letter 4573-E complied with the streamlined procedures that adopted by the Commission in D.08-11-043 as modified by D.10-08-004.
7. Advice Letter AL 4573-E was protested by Amador County Supervisor Brian Oneto and by Roberta Pickett.
8. PG&E replied to the protests of AL 4573-E on February 26, 2015.
9. The PG&E response to Supervisor Oneto contained adequate assurances that the outdoor activities by the general public allowable on the Lower Bear Area planning unit parcels 952-958 would continue to include snowmobiling and off-highway vehicle use. Additionally, the agricultural use of informal grazing of livestock is also acknowledged as a historic use and is likewise allowed.

10. The PG&E response to Roberta Pickett clearly demonstrated that the Stewardship Council provided notice of the proposed transaction in accordance with D.03-12-035. Therefore, an extension of the protest period is not warranted. The protest of Roberta Pickett is dismissed as invalid.
11. The protest of Supervisor Oneto is dismissed as invalid. The clarifying information provided by PG&E demonstrates to the Commission that the conveyance of the proposed CE on the Property is consistent with the requirements of the Settlement and Stipulation.
12. AL 4573-E contained a LCCP that was compliant with D.03-12-035. The Stewardship Council prepared a LCCP for the Lower Bear Area planning unit conservation easement donation in compliance with D.03-12-035 and in accordance with the requirements set forth in Section 12(a) of the Stipulation Resolving Issues Regarding the Land Conservation Commitment.
13. In the LCCP, the Stewardship Council recommended that PG&E will retain, in fee-simple, the 7 parcels (952-958) of the Lower Bear Area planning unit and subject those parcels to a perpetual conservation easement. The Mother Lode Land Trust was identified as the organization qualified to hold and manage the conservation easement over the property. The Stewardship Council documented in the LCCP the ability of each organization to enhance the Beneficial Public Values (BPVs) of the Lower Bear Area planning unit parcels in compliance with D.03-12-035.
14. The Stewardship Council did not identify any physical measures to enhance the BPVs of the Lower Bear Area planning unit parcels. However, a grant program is available to fund future physical measures, if deemed appropriate by PG&E and the Mother Lode Land Trust.
15. The Summary of Potential Environmental Issues on Land to be Retained prepared by AMEC Geomatrix, Inc., dated September 8, 2010, found no potential hazardous waste, substance contamination, or other such environmental conditions on the property.

16. The proposed transaction constitutes no change in ownership and no proposed changes to land uses; thus no direct or indirect environmental impacts will occur as a result. Therefore, the transaction is exempt from review under the California Environmental Quality Act (CEQA). Accordingly, approval of this Advice Letter does not require review under CEQA.
17. PG&E will retain fee simple ownership of the land and will continue to pay property taxes to Amador County as assessed by the State Board of Equalization.
18. As recommended by the Pacific Forest and Watershed Stewardship Council, PG&E proposes to retain fee-simple title to the 899 total acres of the Lower Bear Area Planning unit parcels 952-958. The Lower Bear Area planning unit parcels will be protected by a Conservation Easement administered by the Mother Lode Land Trust.
19. The Stewardship Council has entered into a Conservation Easement Funding Agreement with the Mother Lode Land Trust to establish a monitoring endowment for costs the Mother Lode Land Trust will incur for monitoring activities at the Lower Bear Area Property.
20. The Implementation schedule calls for CPUC review and approval in 2015.

THEREFORE IT IS ORDERED THAT:

1. The request of Pacific Gas & Electric Company for approval of the Lower Bear Area Conservation Easement Donation as requested in AL 4573-E is approved.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held June 11, 2015; the following Commissioners voting favorably thereon:

TIMOTHY J. SULLIVAN
Executive Director