

DRAFT

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

ITEM#39 I.D.#6644
RESOLUTION G-3400
May 24, 2007

R E S O L U T I O N

Resolution G-3400. Pacific Gas & Electric Company (PG&E). This resolution approves PG&E's Advice Letter 2807-G/2983-E. This resolution has been prepared pursuant to a pilot program specified in Resolution ALJ-186 granting expedited treatment to utility proposals meeting certain requirements.

By Advice Letter 2807-G/2983-E. Filed on February 13, 2007.

SUMMARY

This resolution approves PG&E's Advice Letter 2807-G/2983-E requesting California Public Utilities Commission ("Commission" or "CPUC") approval under Public Utilities ("PU") Code Section 851 to allow PG&E to 1) relocate certain existing overhead electric transmission facilities from a non-exclusive easement on private property to the public right of way within the County of San Joaquin ("County"), and 2) quitclaim a gas main easement and sell the accompanying gas main to Shea. Advice Letter 2807-G/2983-E was processed pursuant to Resolution ALJ-186, Appendix B, Section III.A.1.c, providing for expedited action for transactions where the Commission is a Responsible Agency under the California Environmental Quality Act ("CEQA").

This Resolution is effective immediately.

BACKGROUND

Utilities proposing to sell, lease, dispose of, or otherwise encumber property must comply with PU Code Section 851. Under recent amendments to PU Code Section 851, for certain transactions valued at \$5,000,000 or less, the utility can file an advice letter and obtain a resolution from the Commission authorizing the transaction. The Commission has initiated a pilot program per Resolution ALJ-186 that provides certain criteria required for a PU Code Section 851 transaction to qualify for advice letter treatment.

On February 13, 2007, PG&E filed Advice Letter 2807-G/2983-E requesting approval under PU Code Section 851 to allow PG&E to 1) relocate certain existing overhead electric transmission facilities from a non-exclusive easement on private property to the public right of way within the County, and 2) quitclaim a gas main easement and sell the accompanying gas main to Shea. Protests or comments were due to the Commission on March 15, 2007; no protests or comments were filed.

Shea is one of the largest home builders in the country and in 1994 was chosen by the County to build the second phase of the County's Mountain House Community ("Mountain House") located 3.5 miles west of Tracy in San Joaquin County. As part of its second phase design, Shea has requested that PG&E relocate its existing overhead electric transmission facilities ("Electric Facilities") and certain gas main pipeline facilities ("Gas Facilities") from a non-exclusive easement area to new locations within the public right of way.

The majority of the Electric Facilities will be relocated to a position along W. Byron Road in the community of Mountain House. A smaller portion of the transmission line will be relocated within a new non-exclusive easement to be granted by Shea. The relocation of the Facilities will accommodate the second phase ("Specific Plan II") of the Mountain House Master Plan to permit development of approximately 2,300 acres of the Mountain House Community which will include a mix of proposed residential, commercial, industrial, recreational, and open space land uses, K-8 schools, and public facilities (the "Development Area").

PG&E will relocate approximately 18,000 lineal feet of electric transmission overhead line commonly known as the Herdlyn-Balfour 60 kV transmission line and related appurtenances from its existing position on private property as installed within four non-exclusive easements, to a new location within the public right of way located along W. Byron Road. A smaller portion of approximately 3500 feet of the relocated transmission line will be installed on private property within a non-exclusive easement to be granted by Shea. PG&E will secure a new non-exclusive easement from Shea to accommodate this portion of the relocated line from the take-off pole southerly to Byron Road. The remaining portion of the line will be located in Byron Road. The Electric Facilities

installed within the public right of way along Byron Road shall be installed pursuant to a mutually acceptable Joint Use Agreement to be entered into with the Mountain House Community Service District. The Joint Use Agreement will be generally in the form used by the State Department of Transportation (Caltrans) and provide that should the future use of the public right of way require a subsequent relocation or rearrangement of the electric Facilities installed in the new location, the Community Service District and the County will reimburse PG&E for its costs incurred in complying with any governmental directive to relocate the Electric Facilities.

As part of the gas main deactivation project, PG&E will sever, cap-off and abandon in-place 11,075 feet of 6-inch steel gas main. PG&E will sell the abandoned pipeline to Shea and quitclaim the associated easements that run through the Specific Plan II Development Area. PG&E will provide gas service to Shea's new residential development in accordance with its line extension rules. The line extension contemplates that new gas facilities will be installed within the public right of way. PG&E has the right to occupy the public right of way within the Specific Plan II Development Area under its franchise agreement with San Joaquin County and an Encroachment Agreement entered into with the Mountain House Community Service District. The existing gas main that is located outside the Specific Plan II Developed Area will later be reconnected to the new line extension facilities.

The relocation of PG&E's Electric Facilities to the public right of way along Byron Highway will result in greater efficiency and cost savings because the Electric Facilities will be relocated alongside an existing road, providing PG&E superior accessibility to its Electric Facilities for operation and maintenance purposes. The relocation to the public right of way will accommodate Shea's construction of its residential development by allowing Shea to maximize the full use of its property.

Because the Facilities are currently located within a private easement, Shea Homes will reimburse PG&E for the full, actual cost of the relocation. The non-exclusive easement will be replaced in part by another non-exclusive easement granted by Shea over its private property, and by a joint use agreement with the Mountain House Community Service District relating to the Electric Facilities installed within Byron Road. The joint use agreement is generally modeled after the form of agreement used by Caltrans in cases where utility facilities originally installed by easement are relocated to another location within the Caltrans right

of way to accommodate a highway project. The joint use agreement will provide PG&E an acceptable land right for maintaining the Electric Facilities within the public right of way. The joint use agreement will address the financial responsibility in the event that the local government agency orders the relocation of the Facilities, such as to accommodate any future change in the grade, alignment or width of Byron Road.

PG&E is not collecting any fees associated with the quitclaim of the gas and electric easements and will sell the associated gas main pipeline to Shea for the consideration of \$1.

The Original Cost of the pipeline is \$142,302. The pipeline to be sold to Shea is fully depreciated, and the Present Net Book Value is \$0. There will be no impact to the rate base as a result of the sale.

The San Joaquin County Community Development Department (“County Lead Agency”) has conducted a comprehensive CEQA review of the Mountain House project, including the relocation of PG&E’s facilities, in its 1994 Master Plan Environmental Impact Report (“1994 MEIR”), SCH # 1994062024 and subsequent Mountain House Specific Plan II Initial Study, SCH # 1990020776. On February 8, 2005, the County Lead Agency issued a Notice of Determination (NOD) that concluded:

1. The 1994 MEIR continues to remain valid, and
 - The project, consisting of General Plan Amendment No. PA-0400738, Master Plan Amendment No. PA-0400739, Specific Plan No. PA-0300362, Mountain House Development Title Amendment No. PA-0400740, and Development Agreement No. PA-0400741 is a project within the scope of the 1994 MEIR, based on the finding of the Mountain House Specific Plan II Initial Study, SCH #1990020776 and CEQA findings in Appendix 5 of the Specific Plan II Project Staff Report.

The 1994 MEIR identifies and addresses all the potential significant impacts of the project, including visual and biological resources, noise, air quality, public safety, and transportation. Although the County concluded that the Mountain House project will have a significant impact on the environment in the areas of transportation, air quality, geology, and biology, the County adopted a Statement of Overriding Considerations that found that these unavoidable significant impacts were offset by the benefits of the project. Moreover, in its 2005

NOD, the County found that the subsequent project revisions did not result in any additional significant impacts.

The County Lead Agency's 1994 MEIR and the subsequent Specific Plan II Initial Study address the environmental impacts, mitigation measures, and findings of the Mountain House development project (which includes the relocation) and, as such, both documents generally relate to the approval sought here. Specific references to the transmission line include:

- SPII - Staff Report; Appendix 5, page 5
- SPII, Section 3; page 3-42 (discussion around project description)
- SPII, Section 5; page 5-51 (discussion around HCP)
- EIR, Section 4.1, page 4.1-3
- EIR, Section 4.4, page 4.4-38A to 4.4-40 (description of relocation)
- San Joaquin County Multi-Species Habitat Conservation & Open Space Plan.

The County's environmental determination as to whether to prepare an environmental impact report or negative declaration is final and conclusive on the Commission in the absence of circumstances not relevant here. (CEQA Guidelines, §15050(c).) The Commission, as a Responsible Agency, must review and consider the environmental documents prepared by the County, but the Commission need not perform an independent CEQA review as part of this Section 851 review.

NOTICE

Notice of Advice Letter 2807-G/2983-E was made by publication in the Commission's Daily Calendar. PG&E states in 2807-G/2983-E that a copy of the Advice Letter was mailed and distributed in accordance with Section III, G of General Order 96-A.

PROTESTS

No protests or comments to PG&E Advice Letter 2807-G/2983-E were filed.

DISCUSSION

PG&E has provided information in this advice letter to meet the eligibility criteria under the advice letter program. Under the CEQA Checklist, the activity proposed in the transaction will not require independent environmental review by the CPUC because the County, acting as lead agency, has already performed CEQA review of the project. The proposed transaction will not have an adverse effect on the public interest. In fact, the proposed transaction will serve the public interest because the relocation of PG&E's Facilities into the Franchise provides for greater accessibility from maintenance and operations that would not otherwise be possible in a densely developed residential community. The proposed transaction meets the financial threshold of \$5 million.

COMMENTS

This is an uncontested matter in which the resolution grants the relief requested. Accordingly, pursuant to PU Code 311(g) (2), the otherwise applicable 30-day period for public review and comment is being waived.

FINDINGS

1. On February 13, 2007, PG&E filed Advice Letter 2807-G/2983-E requesting approval under PU Code Section 851 to allow PG&E to 1) relocate certain existing overhead electric transmission facilities from a non-exclusive easement on private property to the public right of way within the County , and 2) quitclaim a gas main easement and sell the accompanying gas main to Shea.
2. Protests or comments were due to the Commission on March 15, 2007.
3. No protests or comments were filed.
4. As part of its second phase design, Shea has requested that PG&E relocate its existing Electric Facilities and certain Gas Facilities from a non-exclusive easement area to new locations within the public right of way.
5. The relocation of the Facilities will accommodate the Specific Plan II of the Mountain House Master Plan to permit development of the Development Area.
6. PG&E will relocate approximately 18,000 lineal feet of electric transmission overhead line commonly known as the Herdlyn-Balfour 60 kV transmission line and related appurtenances from its existing position on

- private property as installed within four non-exclusive easements, to a new location within the public right of way located along W. Byron Road.
7. A smaller portion of approximately 3500 feet of the relocated transmission line will be installed on private property within a non-exclusive easement to be granted by Shea.
 8. PG&E will secure a new non-exclusive easement from Shea to accommodate this portion of the relocated line from the take-off pole southerly to Byron Road.
 9. The remaining portion of the line will be located in Byron Road.
 10. The Electric Facilities installed within the public right of way along Byron Road shall be installed pursuant to a mutually acceptable Joint Use Agreement to be entered into with the Mountain House Community Service District.
 11. The Joint Use Agreement will be generally in the form used by Caltrans and provide that should the future use of the public right of way require a subsequent relocation or rearrangement of the electric Facilities installed in the new location, the Community Service District will reimburse PG&E for its costs incurred in complying with any governmental directive to relocate the Electric Facilities.
 12. As part of the gas main deactivation project, PG&E will sever, cap-off and abandon in-place 11,075 feet of 6-inch steel gas main.
 13. PG&E will sell the abandoned pipeline to Shea and quitclaim the associated easements that run through the Specific Plan II Development Area.
 14. PG&E will provide gas service to Shea's new residential development in accordance with its line extension rules.
 15. The line extension contemplates that new gas facilities will be installed within the public right of way.
 16. PG&E has the right to occupy the public right of way within the Specific Plan II Development Area under its franchise agreement with San Joaquin County and an Encroachment Agreement entered into with the Mountain House Community Service District.
 17. The existing gas main that is located outside the Specific Plan II Developed Area will later be reconnected to the new line extension facilities.
 18. The relocation of PG&E's Electric Facilities to the public right of way along Byron Highway will result in greater efficiency and cost savings because the Electric Facilities will be relocated alongside an existing road, providing PG&E superior accessibility to its Electric Facilities for operation and maintenance purposes.

19. The relocation to the public right of way will accommodate Shea's construction of its residential development by allowing Shea to maximize the full use of its property.
20. Because the Facilities are currently located within a private easement, Shea Homes will reimburse PG&E for the full, actual cost of the relocation.
21. The non-exclusive easement will be replaced in part by another non-exclusive easement granted by Shea over its private property, and by a joint use agreement with the Mountain House Community Service District relating to the Electric Facilities installed within Byron Road.
22. The joint use agreement is generally modeled after the form of agreement used by Caltrans in cases where utility facilities originally installed by easement are relocated to another location within the Caltrans right of way to accommodate a highway project.
23. The joint use agreement will provide PG&E an acceptable land right for maintaining the Electric Facilities within the public right of way.
24. The joint use agreement will address the financial responsibility in the event that the local government agency orders the relocation of the Facilities, such as to accommodate any future change in the grade, alignment or width of Byron Road.
25. PG&E is not collecting any fees associated with the quitclaim of the gas and electric easements and will sell the associated gas main pipeline to Shea for the consideration of \$1.
26. The Original Cost of the pipeline is \$142,302. The pipeline to be sold to Shea is fully depreciated, and the Present Net Book Value is \$0.
27. There will be no impact to the rate base as a result of the sale.
28. The San Joaquin County Community Development Department ("County Lead Agency") has conducted a comprehensive CEQA review of the Mountain House project, including the relocation of PG&E's facilities, in its 1994 MEIR, SCH # 1994062024 and subsequent Mountain House Specific Plan II Initial Study, SCH # 1990020776. On February 8, 2005, the County Lead Agency issued a Notice of Determination (NOD) that concluded:
 - a. The 1994 MEIR continues to remain valid, and
 - b. The project, consisting of General Plan Amendment No. PA-0400738, Master Plan Amendment No. PA-0400739, Specific Plan No. PA-0300362, Mountain House Development Title Amendment No. PA-0400740, and Development Agreement No. PA-0400741 is a project within the scope of the 1994 MEIR, base on the finding of the Mountain House Specific Plan II Initial Study, SCH #1990020776 and

CEQA findings in Appendix 5 of the Specific Plan II Project Staff Report.

29. The 1994 MEIR identifies and addresses all the potential significant impacts of the project, including visual and biological resources, noise, air quality, public safety, and transportation.
30. The County adopted a Statement of Overriding Considerations that found that these unavoidable significant impacts were offset by the benefits of the project.
31. Moreover, in its 2005 NOD, the County found that the subsequent project revisions did not result in any additional significant impacts.
32. The County Lead Agency's 1994 MEIR and the subsequent Specific Plan II Initial Study address the environmental impacts, mitigation measures, and findings of the Mountain House development project (which includes the relocation) and, as such, both documents generally relate to the approval sought here. Specific references to the transmission line include:
 - SPII – Staff Report; Appendix 5, page 5
 - SPII, Section 3; page 3-42 (discussion around project description)
 - SPII, Section 5; page 5-51 (discussion around HCP)
 - EIR, Section 4.1, page 4.1-3
 - EIR, Section 4.4, page 4.4-38A to 4.4-40 (description of relocation)
 - San Joaquin County Multi-Species Habitat Conservation & Open Space Plan.
33. The County's environmental determination as to whether to prepare an environmental impact report or negative declaration is final and conclusive on the Commission in the absence of circumstances not relevant here. (CEQA Guidelines, §15050(c).)
34. The Commission, as a Responsible Agency, must review and consider the environmental documents prepared by the County, but the Commission need not perform an independent CEQA review as part of this Section 851 review.

THEREFORE IT IS ORDERED THAT:

1. The request of PG&E E requesting Commission approval under PU Code Section 851 to allow PG&E to 1) relocate certain existing overhead electric transmission facilities from a non-exclusive easement on private property to the public right of way within the County and 2) quitclaim a gas main

easement and sell the accompanying gas main to Shea per Advice Letter 2807-G/2983-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 on May 24, 2007; the following Commissioners voting favorably thereon:

Paul Clanon
Executive Director