
PROPOSED OUTCOME:

- This Resolution dismisses the Protest of Mr. David W. Albrecht and approves Pacific Gas & Electric Company’s (PG&E’s) AL 4799-E with an effective date of today. PG&E’s AL 4799-E requests approval for PG&E to retain fee title to approximately 112 acres of land in Shasta County commonly known as Kilarc Reservoir. PG&E will then immediately convey a conservation easement (CE) to Western Shasta Resource Conservation District to permanently protect the Beneficial Public Values (BPVs) on the property. PG&E proposed to decommission Kilarc Reservoir and return stream flows to Old Cow Creek and South Cow Creek.

SAFETY CONSIDERATIONS:

- Effective administration of PG&E’s Land Conservation Commitment (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 4799-E, filed on February 25, 2016.
SUMMARY

On February 25, 2016, PG&E filed Advice Letter 4799-E, requesting approval under Public Utilities Code Section 851, of the Kilarc Reservoir Conservation Easement Donation.

Pursuant to PG&E’s LCC approved in D.03-12-035, PG&E proposes retaining fee and encumbering with a perpetual CE, approximately 112 acres of land within Shasta County commonly known as Kilarc Reservoir (“Property”). PG&E will then immediately convey a CE to Western Shasta Resource Conservation District (Western Shasta RCD) to permanently protect the BPVs on the Property. The Property is located in Shasta County approximately 2 miles from the rural community of Whitmore and 25 miles east of the City of Redding. The Property is dominated by infrastructure associated with the Kilarc-Cow Creek Project. The property is surrounded by private property and is accessed from Fern and Whitmore Roads.

Recreation within the planning unit mainly consists of fishing and picnicking use at Kilarc Forebay. There are two developed day use areas on the northeast side of the reservoir which are open year-round.

There are very limited forest resources on the planning unit lands, and no PG&E Timber Management Units (TMUs).

No Agricultural (farming or grazing) activities occur within the planning unit.

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, (3) outdoor recreation by the general public; (4) historic values; and (5) the protection of native forest; and (6) 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

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

Footnote continued on next page
BACKGROUND

On April 6, 2001, PG&E filed for Chapter 11 bankruptcy protection. Two years later, the 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.

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 Property 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 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

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.

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, 2013).
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 implementing transactions and measures.

Advice Letter 4799-E  Kilarc Reservoir Conservation Easement Donation (LCCP)
In compliance with the Stipulation 12(a) requirements, the following disclosures are included in all Watershed Lands Section 851 advice letter filings:

**Acreage and Property Description**
The Kilarc Planning Unit contains 5 legal parcels (Parcels 287-291) totaling approximately 112 acres. The Kilarc Reservoir planning unit is located approximately 2 miles from the rural community of Whitmore and 25 miles east of the City of Redding. The planning unit is dominated by infrastructure associated with the Kilarc-Cow Creek Project (FERC #606), specifically facilities associated with the Kilarc portion of the project, which are located on Old Cow Creek.

The Kilarc Reservoir planning unit provides limited aquatic and riparian habitat along and within the main canal, Old Cow Creek, and the Reservoir. Bald Eagles have been observed roosting at the Reservoir, and American Peregrine Falcon, Northern Goshawk, Lawrence’s Goldfinch, and Vaux’s Swift, may forage and breed nearby. Rainbow and Brown Trout are found in the canal and forebay. Rainbow Trout, Central Valley Fall-run Chinook and Steelhead Trout are found in Old Cow Creek.

**Adjacent and Nearby Land Owners**
The five parcels within the Kilarc Reservoir planning unit are surrounded by private property. The parcels are accessed from Fern and Whitmore Roads.

**Existing Economic Uses and Agreements**
There are no recorded or unrecorded encumbrances and no existing agreements for economic uses on the 112 acres to be retained by PG&E.

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 for the Property 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. Western Shasta RCD proposes to maintain the Property in its natural state as well as restore habitat values where it is appropriate and feasible. The CE will permanently protect habitat by restricting development and limiting the landowner’s uses to those that are consistent with the protection of the BPV’s on the Property.

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. Western Shasta RCD will maintain the property as open space, without modifications to the landscape other than those created by Reservoir decommissioning.

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

The conservation easement acknowledges that outdoor recreational uses exist on the property, and lists recreational uses including fishing, picnicking, and similar passive recreational uses as a BPV ensuring the protection and preservation of such uses in perpetuity. Furthermore, the conservation easement provides that
the PG&E 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.**

The CE will ensure that fire management activities, including vegetation management and fuel load reduction required for compliance with any laws or guidelines are allowed to continue.

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 (as defined in Title XIV of the California Code of Regulations) on the Property consistent with applicable laws and regulations.

**Recommendation for Conservation Easement and Fee Simple Retention**

The Settlement and Stipulation require that the Watershed Lands: (1) be subject to permanent conservation easements and restricting the development of the Watershed Lands so as to protect and preserve the BPVs and/or (2) be donated in fee simple to one or more public entities or qualified nonprofit conservation organizations, whose ownership will ensure the protection of these BPVs.

Accordingly, PG&E will immediately convey conservation easement to the Western Shasta RCD.

**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 the Western Shasta RCD has the funding and other capacity to maintain the property interest so as to preserve and/or enhance the BPVs. Western Shasta RCD was established in 1957 to facilitate the conservation and restoration of natural resources in Shasta County. Based in Anderson, the Western RCD has 10 full-time staff, one part-time staff, and a five member board. Staff experience includes soil specialists, wetland specialists, GIS specialists, a professional forester, a biologist, a conservation planner, a certified herbicide applicator, and an archaeologist. Western RCD holds four conservation easements, and 10 acres fee simple.

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”.4

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 methodology would be applied to all counties that experience a loss in property tax revenue due to a fee title donation.

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4 Stipulation Resolving Issues Regarding the Land Conservation Commitment (page 8).
PG&E is retaining fee title ownership of the 112 acres within the Kilarc Reservoir Planning Unit and as such, PG&E will continue to pay property taxes to Shasta 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 the Property have not mandated any changes to the physical or economic uses and Western Shasta RCD intends to manage the lands in a manner consistent with the final disposition of the Kilarc Reservoir.

No new activities are proposed that will result in physical impacts, notwithstanding the potential decommissioning of Kilarc Reservoir.

**California Environmental Quality Act**

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 donation of a conservation easement to Western Shasta RCD results in potential changes to land uses; thus direct or indirect environmental impacts may occur as a result of the donation. However, 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. Therefore, the donation of a CE by PG&E 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.

**Consideration of Parcel Split**

PG&E will retain fee title to all 112 acres within five parcels (287-291) of the Kilarc Reservoir 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 Property. 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 Western Shasta RCD whereby the Stewardship Council will provide a monitoring and enforcement endowment to fund Western Shasta RCD’s monitoring activities at the Property.

**Implementation Schedule for Transaction and Measures**

The implementation schedule for the Kilarc Reservoir transaction indicates CPUC review and approval in 2017. The Stewardship Council will release funds to Western Shasta RCD per the conservation easement funding agreement when the conservation easement is recorded.

**NOTICE**

Notice of AL 4799-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 4799-E was protested by Mr. David W. Albrecht. The protest was filed on April 22, 2016.

Protest of Mr. David W. Albrecht

Mr. Albrecht requests that PG&E place a temporary “hold” or withdraw the filing of AL 4799-E until such time as the documentation relating to lands subject to the Cow Creek Adjudication Decree can be mutually resolved. Mr. Albrecht states that these issues are being raised by stakeholders in Shasta
County with lands subject to the Cow Creek Adjudication Cow Creek Adjudication Decree 38577 dated August 25, 1969 which sets forth specific rules and conditions for water use and is not referenced or acknowledged in the Conservation Easement document. Mr. Albrecht’s principle concerns are not with respect to any inaccuracies of documentation; but with respect to specific missing CE verbiage, together with missing supporting material.

PG&E Response to the Protest of David Albrecht

On May 13, 2016 PG&E responded to the protest of David Albrecht. PG&E believes that Mr. Albrecht’s concerns are misplaced and misinterpret the purpose and function of the language contained in Exhibit C (Hydro Reserved Rights) of the CE, that reserve the right of PG&E to continue operation of its hydroelectric generation and related facilities, and which are unrelated to the water rights of concern to Mr. Albrecht. PG&E argues that Mr. Albrecht’s assertion that the CE is incomplete because it does not include mention of the Decree is incorrect. They argue that the water rights associated with the Decree are appropriative in nature and are not appurtenant to the property, and as such, a reference to the Decree in the CE as an existing third party use or encumbrance on the Property would confuse the legal relationship between the water rights established in the Decree and the protections established in the CE.

Further, PG&E acknowledges that it submitted an application with the Federal Regulatory Energy Commission (FERC) on March 12, 2009 seeking to surrender the license for the Kilarc-Cow Creek Hydroelectric Project, and that the decommissioning process for that Project is ongoing. PG&E maintains that the conveyance of the CE is unrelated to the Project decommissioning process.

Finally, PG&E believes that Mr. Albrecht’s concerns go beyond the scope of the request in Advice Letter 4799-E by requesting incorporation of information that is unrelated to the CE. Mr. Albrecht’s protest does not take issue with any specific language contained in Advice Letter 4799-E, nor does it meet any of the grounds for valid protest.

DISCUSSION

Commission staff has reviewed PG&E AL 4799-E, the protest of Mr. Albrecht and the response to the protest by PG&E. Commission staff agrees with PG&E that the issues raised in the protest are not directly related to PG&E’s proposed
donation of a CE. Staff agrees that the CE does not and legally cannot, impair or alter the rights of those persons or entities with appropriative or other rights under the Cow Creek Adjudication Decree. As such, staff believes that it is unnecessary for language of the Decree to be included in the CE. Accordingly, the Commission dismisses the protest of Mr. Albrecht.

During the AL 4799-E review period, area land owners contacted Energy Division Staff stating concern that the proposed decommissioning of Kilarc Reservoir could deprive residents of access to water allocated in the Cow Creek Adjudication Decree. On August 16, 2016, Energy Division Staff received an e-mail from Mr. Bob Stanton in which he attached a Comment Letter previously sent to the State Water Resources Control Board. Generally, decommissioning of Kilarc Reservoir could affect the current diversion point of water from Hooten Gulch into the Abbot Ditch thus inhibiting Abbot Ditch user’s access to gravity fed water.

The Comment Letter provided a potential technical solution should access to gravity flow water be impeded by the possible Kilarc Reservoir decommissioning. According to Mr. Stanton, Abbot Ditch users were forced to relocate the diversion point for Abbot Ditch from Cow Creek to Hooten Gulch when Cow Creek flows were rerouted through Kilarc-Cow Creek hydroelectric generating facilities. If those same hydroelectric generation facilities and associated conveyance canals are decommissioned, and water is no longer diverted into Hooten Gulch, the Abbot Ditch users would be forced to resume diversions from Cow Creek. Unfortunately, the historic Cow Creek—Abbot Ditch diversion facilities are no longer functional. Ultimately, decommissioning of the Kilarc Reservoir could deprive Abbot Ditch user’s access to gravity fed water.

However, the decision to decommission Kilarc Reservoir is clearly within FERC jurisdiction, and is separate from PG&E’s proposed donation of a CE. Accordingly, the implications of the proposed decommissioning, including consideration to the extent that the conveyance canals no longer deposit water into Hooten Gulch, should rightly remain the responsibility of FERC and is subject to a CEQA analysis by California State Water Resources Control Board, as part of the Board’s permitting responsibility.
Because the donation of a CE, and the potential decommissioning of potentially all the Kilarc-Cow Creek Hydroelectric facilities are clearly separate, and the Commission believes the donation of a CE over those watershed lands is clearly in the public interest, the Commission approves the donation of the Kilarc Reservoir CE to the Western Shasta RCD.

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 nor 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.

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 authorized 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, as modified by D.10-08-004, established a streamlined Section 851 process for Advice Letters related to the PG&E Land Conservation Commitment.


6. PG&E Advice Letter 4799-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 4799-E was protested by Mr. David Albrecht who sought to include language rights language into the CE.

8. PG&E replied to the protest of AL 4799-E by David Albrecht on May 13, 2016 opposing the proposed inclusion of water rights language in the CE.

9. On August 16, 2016, Mr. Steve Tetrick contacted the Energy Division and provided information to Energy Division Staff explaining how the decommissioning of the Kilarc Reservoir could jeopardize Abbot Ditch user’s access to gravity fed water.

10. The Commission finds that it is unnecessary to add water rights language in the CE and denies the request of Mr. Albrecht.

11. The Commission finds that approval of a CE over the Kilarc Reservoir Planning Unit is unrelated to the FERC jurisdictional decommissioning process.

12. AL 4799-E contained an LCCP that was compliant with D.03-12-035. The Stewardship Council prepared a LCCP for the Kilarc Reservoir 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 donate to Western Shasta Resource Conservation District, a CE over the approximately 112 acre Kilarc Reservoir Planning Unit. The Western Shasta
RCD 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 The Western RCD to enhance the Beneficial Public Values (BPVs) of the Kilarc Reservoir Property in compliance with D.03-12-035.

14. The Stewardship Council did not identify any specific physical measures to enhance the BPVs of the Kilarc Reservoir Planning Unit. However, a grant program is available to fund future physical measures, if deemed appropriate by PG&E and the Placer Land Trust.

15. PG&E will disclose all known hazardous waste, substance contamination, or other such environmental liabilities associated with each Kilarc Planning Unit parcel.

16. The proposed transaction constitutes 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 approximately 112 acres of land in the Kilarc Reservoir Planning Unit and will continue to pay property taxes to Shasta County as assessed by the State Board of Equalization.

18. The Stewardship Council has entered into a Conservation Easement Funding Agreement with the Western Shasta Resource Conservation District to establish a monitoring endowment for costs incurred within the Kilarc Planning Unit.

THEREFORE IT IS ORDERED THAT:

1. The request of Pacific Gas & Electric Company for approval of the Kilarc Reservoir Conservation Easement Donation as requested in AL 4799-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 July 13, 2017; the following Commissioners voting favorably thereon:
TIMOTHY J. SULLIVAN
Executive Director