

From: Cherry, Brian K  
Sent: 8/5/2010 1:25:50 AM  
To: 'mpl@cpuc.ca.gov' (mpl@cpuc.ca.gov)  
Cc:  
Bcc:  
Subject: Fw: Manzana Update

FYI. Site visit went well. It will be interesting to hear from Fish and Wildlife.

**From:** Allen, Meredith  
**To:** Cherry, Brian K  
**Sent:** Wed Aug 04 22:25:59 2010  
**Subject:** Manzana Update

Brian,

The call with FWS happened last week as did the site visit yesterday.

As we expected, during the call, FWS could not provide much comment on the project but they did state that PG&E had a very good track record on environmental issues and that we are very good to work with.

Given these circumstances, the option the CPUC is exploring is that rather than move forward with the supplemental, we would be required to work with FWS and CDFG on a condor mitigation management plan. We could get started on it now but I doubt it would be done prior to the decision. The decision would therefore make it a condition of the CPCN. I'm meeting with the team tomorrow to discuss.

I think it is a good option, as does Wendy. She had discussed a similar concept with FWS previously. The only issue will be the recovery of any increased costs associated with the management plan. Right now we have proposed that any environmental costs that result from a permit condition would be recovered through advice letter and any other environmental costs that cause us to exceed the cap would be recovered through application. I think we would be fine with the management plan and any resulting increased costs, as long as we knew that it wouldn't automatically be passed on to shareholders and we would have the ability to recover in the future even if subject to reasonableness review. I will have a better sense after the meeting tomorrow but I think any costs are likely to be manageable, but we would not want the precedent set that costs associated with species are not an appropriate customer cost.

The CPUC needs to decide quickly whether they are moving forward with the Supplemental, as the scoping meeting is coming up. Also, Ibedrola keeps threatening to go to the Governor and the office of planning and research claiming that the CPUC has not met the standard for conducting a supplemental EIR and therefore can't take the lead agency role from the County. Our lawyers agree with Ibedrola's analysis but we are trying to hold them back from making any contacts. I will follow up with Ed and Mark tomorrow on the Governor's office. I had discussed with them on Monday.

The site visit went well. The lead for the FWS condor study visited the site with Diane and the transactor. Ibedrola also attended. One of their guys is on the condor study committee and he was able

to attend. The FWS representative did state that he did not realize that the turbines were so low in elevation compared to the surrounding peaks. Ibedrola had a couple of follow up items to send to FWS, which should have happened today. Diane was then planning to follow up with FWS.

Have you heard anything else?

Hope trip is going well.

Meredith