

PG&E's 2nd Annual Interagency Meeting Notes – 03/06/2012

Welcome and Introduction (Please see PowerPoint presentation for specific details on the presentations.)

Welcome by Vice President Janet Loduca, Diane Ross-Leech and Jayne Battey. The microphone was passed around for group introductions. Jayne summarized the 2011 meeting, the 2012 meeting goals, and the growing workload.

Power Generation Program

Vice President Randy Livingston provided the program overview, with specific details by [Redacted] PG&E provided an overview map of facilities in the packets. Brian presented briefly on the hydroelectric license compliance, capital improvements, Diablo Canyon Power Plant, and renewable resource development

Cay Goude (U.S. Fish and Wildlife Service) – Question/comment: how is PG&E organized with respect to environmental permitting and compliance for power generation? It appears decentralized. PG&E's Land & Environmental Management (L&EM) Department spearheads the majority of permitting and compliance, and works closely with other power generation directors and other line of business managers to identify permitting needs. Brian, an L&EM manager, indicated he manages a team of permitting and compliance staff. Jayne added that her department (L&EM) works with different departments to understand the work coming through the lines of business and ensure projects and programs are in compliance. She also indicated that PG&E has an internal auditing process to ensure it is meeting the goals it has committed to do.

Dennis Smith (U.S. Forest Service) – Question: how is PG&E going to address the fact that their work is increasing while federal/state staffing and resources are decreasing? PG&E understands this and is trying to be conscious of this by funding staff positions, seeking programmatic permits, bundling work, and consulting earlier. Dennis recommended that PG&E sit down with other agencies and review PG&E workload and schedule for the coming year to discuss: resources, permits, and provide clear direction on where, what, when, and why projects are proceeding.

Remediation

Program overview provided by Tom Wilson, with specific details by Cheryl Bilbrey. Tom indicated that remediation is not PG&E's core business and that PG&E wants to reduce the number of active sites by cleaning them up. PG&E relies on the resource agencies' permitting staff to help get this done. The goal is to get this done as quickly as possible.

Cheryl Bilbrey is the Director of Chromium Remediation for PG&E and was previously with EPA. She provided an overview of Hinkley clean-up efforts and indicated that with the help of agencies, PG&E is working to install more monitoring wells and interim treatment units. She indicated PG&E will be coming around to meet with involved agencies in the next month or so to discuss this project in more detail. She also provided an overview of the Topock remediation project; for this project PG&E has regular interaction with seven tribes. A Final Remedy has been selected and PG&E will be working to obtain final permits to make this happen.

Electric Operations

Vice President Mark Johnson provided a program overview, with specific details provided by [Redacted] Mark presented information regarding the electric operations management team, program goals, current projects, and permitting needs. Chip, a manager in Land & Environmental Management, provided an overview of the electric transmission and distribution planning program and the proposed capital investments for 2012. Chip also showed a graph of both the past and future CPUC filings. He indicated that PG&E anticipates seven filings in 2012 – a historical high. He anticipates that 2013 will be busy on the permitting and construction side. He highlighted the projects currently under

construction. He indicated that PG&E anticipates increases to capital expenditures of approximately 5% compared to 2011. He referenced the packets with maps and the list of all of the projects approaching construction.

Jeff Drongesen (DFG Region 2) – Comment/Question: How is CEQA compliance achieved for smaller projects? Often DFG is looking to confirm that CEQA compliance has been achieved for smaller jobs to allow issuance of incidental take permits, streambed alteration agreements or water quality certifications (CPUC exemptions can't be used to issue permits). Diane indicated that further discussions are needed with the CPUC, but that the best way is to get the Habitat Conservation Plans (HCP's) in place because CEQA and NEPA will be done on the HCP program (which includes small activities). PG&E's goal is to have the CEQA and NEPA for the Bay Area HCP completed by next year with the Multi-Region HCP CEQA/NEPA completed the year following.

Kellie Berry (USFWS) – Comment/Question: Is there a way to lump some of the individual pole replacement efforts that could affect giant garter snakes in wetland habitats? Nancy Haley (U.S. Army Corps of Engineers) responded that they cannot do that at this stage and that they have to be initiated individually because of federal wetland regulations. Nancy also mentioned that PG&E should consider the Corps' regional boundaries when thinking about regional wetland permitting.

Gas Operations

Vice President Kirk Johnson provided an overview of the gas operations and pipeline safety operation, and Redacted provided specifics on the forecast for the gas program. Kirk indicated that a significant amount of work is coming. He highlighted the fact that the regulations have started to change dramatically as a result of San Bruno. He described that testing and replacing gas lines is needed, to avoid reducing pipeline pressures and adversely affecting customers. He also presented the gas operations organization chart and operations goals.

Brian provided an overview of the forecasts for the hydrotest and replacement program. In 2012 PG&E anticipates more permitting will be needed for these programs. PG&E will be replacing 39 miles of pipe this year. He indicated that Maximum Allowable Operating Pressure (MAOP)/validation digs, Integrity Management Systems (IMS) and High Pressure Regulator (HPR) programs will be priorities this year. PG&E anticipates over 100 IMS evaluations will occur in 2012. PG&E anticipates a 65% increase in expenditures and work compared to 2011.

Jeff Drongesen (DFG Region 2) – Question: Who is the lead agency for gas work? Is CPUC the lead agency for the pipelines projects? The lead agency varies by project. It depends on the project, and typically the lead agency is the resource agency that oversees the resource being impacted. The CPUC oversees the transmission work PG&E is doing, but often the State Lands Commission is the lead CEQA agency for gas work. Brian indicated he has a team of 30 people that help with permitting. Jayne indicated that the majority of the easy, no-impact jobs have been completed, and that future work will be designed to minimize effects, but that all effects can't be avoided. PG&E also indicated that this is a sustained program where PG&E is striving for long-term well-maintained facilities.

Nancy Haley (U.S. Army Corps of Engineers) – Comment: Regulatory staff and budgets at the Corps will be flat or declining, making it harder to achieve schedules. Further PG&E can't hire staff positions for the Corps – funding can only come from the Water Resource Development Act Section 214. PG&E is investigating the possibility of using WRDA to allow for supplemental funding sources through the CPUC.

Kent Smith (DFG, Region 2) – Comment: He recommends that PG&E sit down with DFG and other resource agencies to better understand the pressures that CEQA compliance brings to the agencies. He thought this would be helpful to facilitate interim projects. He also suggested training from the agency staff for PG&E staff on how to comply with agency regulations and how to ensure submission requirements are achieved. The Central Valley Regional Water Quality

Control Board concurred. He also indicated that 401 certifications may sometimes be required for activities, though some activities are not always maintenance.

Agency Presentation/Issues

Cay Goude – U.S. Fish and Wildlife Service. There are pending species listings (mountain yellow-legged frog, Pacific fisher and Yosemite toad). USFWS expects continued decrease in funding. USFWS is a partner on the San Joaquin Valley O&M HCP, but there are lessons learned that still need to be integrated into PG&E's subsequent plans. She recommended that PG&E pay particular attention to the use of utility phrasing, and instead speak their language to make it easy for USFWS to prepare their findings and avoid having to conduct a worst case analysis. She strongly recommends using existing conservation strategies such as those for Santa Rosa Plain.

Kent Smith – California Department of Fish and Game. He indicated that DFG is expecting stable funding. He expects similar pending species listing issues. He recommends that PG&E set up meetings with the regional DFG offices to go through projects and schedules. He recommends that PG&E look for opportunities to include multiple agencies to be able to work through the issues together.

Cameron Johnson, Krystal Bell and Paul Maniccia – U.S. Army Corps of Engineers. Cameron reiterated Nancy Haley's comments on staffing. He indicated that their workload is increasing and their staff is declining and he expects that they will be losing the capacity to be responsive. He suggested PG&E complete the HCPs and regional general permits (RGPs) faster, because they might otherwise have to revert to a more traditional permitting model. Krystal Bell recommended that PG&E standardize its mapping conventions for the Corps. Paul Maniccia indicated that PG&E should already follow the South Pacific Division Standard. Paul also recommended PG&E conduct internal workshops for contractors and consultants on compliance application packages. He suggested early and close coordination on NEPA documents to streamline the NEPA process (and avoid second NEPA documents like the one for Crane Valley). He similarly recommended early and close coordination for compliance with Section 106 of the National Historic Preservation Act (NHPA). This will ensure the Corps' actions are covered.

Skyler Anderson - Regional Water Quality Control Board (RWQCB). Skyler represents Region 5. He indicated that Region 5 will no longer issue after-the-fact water quality certifications, and that after-the-fact disturbances will only be handled through enforcement. He recommended PG&E check with other regions on their processes. He reminded PG&E that any project changes need to come through the Water Board before they are implemented. He also suggested that PG&E consider pursuing permits under programmatic 401 certifications for small O&M work. He indicated that the RWQCB does not have as many permitting tools as their federal partners – they only have the 401 process which can take 3-4 months. He reiterated comments about CPUC permitting and lack of CEQA for small projects – he indicated that if small work is exempted there is no way of knowing what stance the CPUC took. He suggested PG&E include notifications to multiple agencies when providing materials to the RWQCB so all permitting agencies are aware who has been informed.

Sierra Franks - National Marine Fisheries Service. No update at this time.

Alan Mitchnick - Federal Energy Regulatory Commission (FERC). FERC workload is overwhelming and permits have more than doubled. There is more interest in pump/storage projects that what they have seen in a long time. Relicensing continues. Expecting to see increased interest in ocean energy projects. FERC has been involved with signing MOU's on a variety of fronts, and there has been a tremendous amount of coordination with other agencies in an effort to have more coordinated approach.

Nancy Fleenor – U.S. Forest Service (USFS). She indicated that USFS is interested in finding ways to continue to work with PG&E in a successful fashion. She understands that PG&E will be looking at maintenance work and streamlining

permitting at the project and program level. She encourages PG&E to bring a complete picture of their work and to meet with the Forest Mangers earlier in the process to help respond to the review timelines and address the continued decline in agency staffing.

Meeting Summary

Jayne summarized the meeting as follows:

- Many follow-up meetings need to be scheduled
 - Include multiple agencies to encourage streamlining
- Early engagement and planning encouraged
 - Continue to provide maps and project details
- Agency funding and support is helpful
 - Need to get creative for those who cannot accept funds directly
- Clarify CEQA and CPUC's role
 - Need to schedule follow-up meetings
- Explore all programmatic permitting approaches
 - HCP and other approaches

Janet concurred with Jayne's summary, and indicated she appreciated the discussion and everyone's commitment to attend. She indicated that PG&E is creating a new standard of maintenance which is resulting in a significant increase in work, and that PG&E wants to work with the agencies to find ways to make the permitting process work for PG&E and the agencies. She concluded by indicating that PG&E will follow-up to provide more detail on the various projects.

PG&E Action Items:

1. Distribute organizational chart of environmental team and upper level management to participants.
2. Schedule additional meetings with agencies.
3. Explore CEQA/CPUC role coverage.
4. Continue to pursue programmatic permits.
5. Explore additional training and standardization (applications, maps, etc.).
6. Explore bundling of small work.