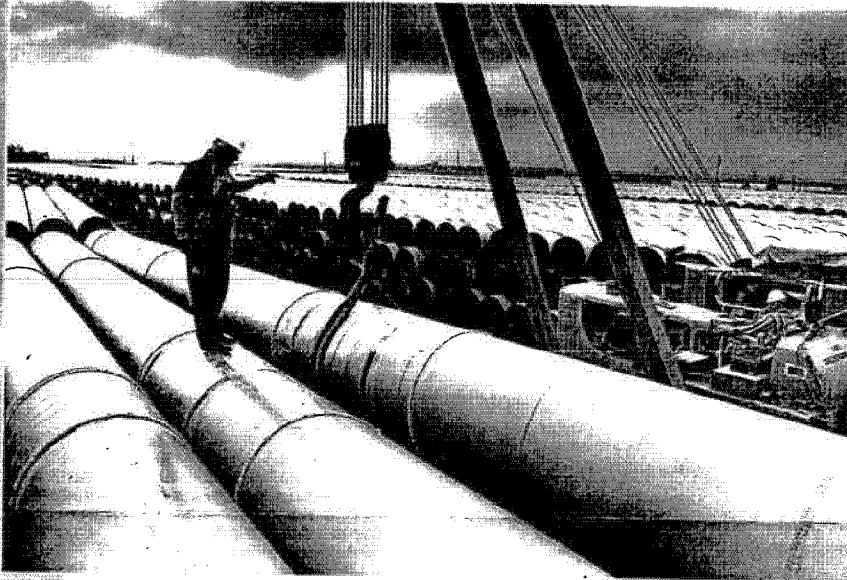


There's light at end of PGT-PG&E pipeline project

Expansion start-up date is just six months away.



Covering 30 acres near Red Bluff, stacks of pipe for the PGT-PG&E pipeline expansion are ready for installation. Welder/helper Danny Lehn (left) and driver Billy Nickerson are on the job for H.E. Price, one of the construction contractors.

After a winter hiatus on most stretches, construction is gearing up on the PGT-PG&E Pipeline Expansion Project.

Scheduled to be in service November 1, the expansion will create a line parallel and connected to the existing PGT-PG&E system, which carries natural gas from producers in Canada to customers in California. The new pipeline will transport an additional 765 million cubic feet per day (MMcf/d) of Canadian natural gas to California

and 148 MMcf/d to the Pacific Northwest. Extending from British Columbia to Panoche Junction in Fresno County, the 850 miles of construction runs through Idaho, Washington, Oregon and California.

As of April 1, construction of the U.S. portion of the \$1.7 billion expansion was nearly 78 percent complete. Two compressor stations had been completed, and work on the others was under way.

In January, construction was com-

pleted on the 4,150-foot Sacramento River crossing near Antioch, the last of three Delta crossings. It established a new distance record for a bored crossing with 42-inch pipe.

Current work in California includes Spread 5B, 110 miles of construction from just south of Los Banos to near Brentwood, and Spread 4B, a 74-mile stretch from just south of Burney to mid Glenn County. Work in the Pacific Northwest includes spreads 2B (73 miles) and 3B (65 miles) in Oregon.

Reorganization issues mark PG&E-IBEW negotiations

Company says union layoffs could be higher than anticipated.

How PG&E's reorganization affects job security is one of the key issues in the early stages of negotiations between the company and its largest union, the International Brotherhood of Electrical Workers (IBEW).

When written proposals were exchanged April 2, PG&E announced that the reorganization and a decline in business could push the number of union layoffs much higher than anticipated.

The early April meeting was the second between bargaining committees of PG&E and IBEW Local 1245. By joint agreement, negotiations began three months earlier than usual in order to address issues relative to the current economic situation in California, the work load at the company and the reorganization now under way.

Opening remarks were exchanged March 25. PG&E emphasized the fundamental changes sweeping the gas and electric utility industry and the resulting competitive threats facing the company. Deregulation, competition and the worsening state recession have had a severe impact on PG&E's business, company negotiators said, which underscores the need to negotiate an agreement that will help the company meet the challenges today and in the future.

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PG&E makes gas transport offer for new SMUD system

The Sacramento Municipal Utility District (SMUD) is moving closer to building a \$52 million natural gas system to serve four proposed cogeneration plants, with PG&E seeking to transport gas to SMUD.

SMUD's five-member board voted unanimously April 1 to proceed with studies and permits for the local distribution system. The municipal utility expects the system to begin operating in the first quarter of 1995.

Ben Montoya, senior vice president and general manager of Gas Supply, presented three transport options to SMUD. They ranged from a "full service" proposal for PG&E to build and operate SMUD's local system to a "mainline" plan that would allow SMUD to tap into PG&E's Line 400 near Winters.

SMUD directors invited Montoya to submit a detailed offer for the mainline

intrastate transport service.

PG&E's proposals provide SMUD access to reliable supplies of gas from Canada and the United States at prices below levels presented by Mojave Pipeline Co. Mojave, which is owned by El Paso Natural Gas Co. and transports gas from the Southwest, proposes to build a pipeline from Bakersfield to Sacramento to serve the cogeneration plants. Mojave is also wooing PG&E's largest industrial gas customers.

SMUD directors indicated that the utility can be best served from two competing pipelines—PG&E and Mojave. SMUD plans to purchase 23 billion cubic feet of gas a year to fuel the four cogeneration plants, which will generate 500 megawatts of electricity for the district's customers.

PG&E and Mojave will be competing for this gas transport business over the next several months.

U.S. Generating purchases Florida cogen project

U.S. Generating Co. (USGen) concluded negotiations April 2 to purchase the \$525 million Cedar Bay Cogeneration Project under construction in Jacksonville, Fla.

USGen has committed \$55 million in equity to purchase the project's assets. This commitment is contingent on Florida's power plant siting board approving modifications to the project's existing site certification. Construction on the plant, which is now more than two-thirds complete, has continued under the original certification.

The Cedar Bay project will provide Florida Power & Light Co. with 250 megawatts of electric generating capacity under a 31-year agreement. In addition, the plant will provide Seminole Kraft Corp. with a long-

term supply of process steam at an average flow rate of 380,000 pounds per hour. The plant is scheduled to begin operation in February 1994.

USGen purchased the project from its interim owners, a group of senior lenders that originally financed the project. The lender group purchased the project from the original developer, AES Corp., in January.

USGen, one of the nation's leading developers of independent power projects, has ownership interests in nine electric power projects with a combined installed capacity of nearly 1,550 megawatts and more than \$3 billion in asset value when operating. It is a partnership of PG&E Enterprises and Bechtel Enterprises, the development/financing unit of Bechtel Group Inc.

Special SCN broadcast Tuesday

More news on PG&E's efforts to control prices will be broadcast systemwide at 10 a.m., Tuesday, April 13, on the Satellite Communications Network (SCN).

The special broadcast will be repeated at 2:30 that afternoon. The 245 Market Street auditorium will be available for viewers in General Office.