

## **Pacific Gas and Electric Company**

*The following overview of PG&E's regional water and hydropower resources is derived from PG&E's Hydrodivestiture Draft EIR, November 2000, unless otherwise noted.*

### *Yuba-Bear River Complex (page C-17)*

Pacific Gas and Electric Company owns 22 storage reservoirs and seven small forebays and afterbays on the Yuba, Bear and North Fork American Rivers. Important reservoirs and their total storage capacity in acre-feet are Lake Spaulding (74,773) and Fordyce Lake (49,903). Total Pacific Gas and Electric Company storage capacity is about 151,000 acre-feet. Pacific Gas and Electric Company owns the water right to store up to 45,000 acre-feet of water in Englebright Lake, a U.S. Army Corps of Engineers reservoir on the lower Yuba River. Any use of these facilities for water supply would require that water be passed through Englebright Lake or routed down the Bear River, or through the Bear River Canal to Folsom Lake on the American River. The Pacific Gas and Electric Company facilities are closely inter-connected with facilities owned by Nevada Irrigation District (NID) and Yuba County Water Agency, and operations are coordinated for hydropower and water supply purposes.

A number of agreements and contracts govern the delivery of PG&E's developed water supplies for irrigation and domestic purposes. Under their 1963 consolidated (master) contract, PG&E agreed to sell up to 59,361 AF/year to NID, however actual sales in recent years may have been less than 9,000 AF. (See, e.g., notes on NID's 2001 Urban Water Management Plan Update.) A separate 1972 agreement with NID governs water sales from Rock Creek Reservoir to NID's North Auburn Treatment Plant, and a 1992 agreement allows for the sale (by NID) of up to 20,000 AF/year of non-firm supplementary water below the Wise powerhouse. (A 2002 Memorandum of Understanding between PG&E and NID provides, in Exhibit 1, a complete list of NID-PG&E contracts.) PG&E also sells 100,400 AF/year of water to PCWA under a water supply contract, along with an additional 25,000 AF/year under a separate water purchase agreement. (See notes on PCWA's 2000 Urban Water Management Plan for additional details.)

### *Drum-Spalding Project*

PG&E's Drum-Spalding project is part of a complex system that is coordinated in its operation with the Nevada Irrigation District (NID) system of reservoirs and power plants. The operation of the combined system is governed by a contract between Pacific Gas and Electric Company and NID. In addition, Pacific Gas and Electric Company has contracts with NID and Placer County Water Agency to supply significant water supply to those two agencies for agriculture and municipal and industrial uses. See *regional hydro facilities* for a summary of Drum-Spalding project and other regional hydropower resources.

*Summary of Water Rights and Water Purchases (pages 2-103)*

“Water uses associated with the Drum-Spaulding Project are primarily non-consumptive storage and power generation; however, the water is also used to support recreation, aquatic habitat and wildlife habitat. The available water supply is optimized to meet the demand for both domestic and irrigation purposes.

“Pacific Gas and Electric Company relies upon pre-1914 and licensed water rights to store water in 20 lakes and reservoirs. PG&E relies upon pre-1914, licensed, permitted and prescriptive water rights for water diverted for power generation at the Yuba/Bear River Powerhouses (Spaulding 1, 2, 3, Deer Creek, Drum 1 and 2, Alta, Dutch Flat 1, Halsey, Wise 1 and 2, and Newcastle). PG&E also maintains miscellaneous water rights for irrigation, municipal, domestic, public service, and industrial users, including rights used by PCWA. In addition, some of the water used by PG&E to generate power at the powerhouses covered by FERC Project 2310 is delivered to PG&E by the NID for delivery by PPA [power purchase agreement] to the NID at diversion points downstream.

“PG&E benefits from these deliveries and from water rights held by the NID to generate power at both PG&E and NID facilities (which PG&E operates pursuant to a PPA with the NID). Similarly, the NID benefits from water deliveries from PG&E pursuant to water rights held by PG&E. As a result, PG&E and the NID have entered into several agreements coordinating water operations and the delivery of water to PG&E and NID, including the Consolidated Contract for Water Diversion and Power Purchase dated July 12, 1963, and subsequent amendments.”

[The “subsequent amendments” noted above include an August 2002 Memorandum of Understanding between PG&E and NID which resolved NID’s protests over PG&E’s then-pending applications before FERC related to PG&E’s then-proposed Plan of Reorganization under Chapter 11 of the United States Bankruptcy Code. The MOU provides for ongoing coordination in the operation and management of the Yuba-Bear and Drum-Spaulding projects as well as joint efforts and coordination related to the relicense of both projects before FERC. Section 1.6 also ensures that the Drum-Spaulding project will be operated with priority for consumptive use purposes, at least until 2013, as follows: “[t]he parties agree that...the priority of uses of the water developed and conveyed by the Drum-Spaulding project [shall be as follows]: (1) to meet the consumptive water demands of NID’s customers located within its service area and the Company’s other contractual consumptive water supply obligations [e.g., with PCWA]; (2) to meet power generation needs; and (3) to meet consumptive water demands of NID’s other customers. Lower priority uses cannot diminish the reliability of delivery to any higher priority use of water without unless otherwise agreed by the Parties.”]

*Hydrological and Utility System Modeling (Appendix C)*

The most likely buyer of the Pacific Gas and Electric Company facilities is assumed to be Placer County Water Agency (PCWA). Water would be allocated among PCWA member

agencies. Existing contracts with Nevada Irrigation District and the District's own water rights would complicate transfer of additional volumes of water out of the system. PCWA would manage the system to increase the probability of receiving full supplies in all years. This would be accomplished by holding reservoirs at higher storage levels in normal and wet years, particularly higher up the cascade, and by drawing down the reservoirs further in dry years.

**Table C-7**  
**Pacific Gas and Electric Company**  
**Annual Hydro Production, All Sources**

<b>Year</b>	<b>GWh</b>
1975	15618
1976	8934
1977	6657
1978	14518
1979	12863
1980	14149
1981	11457
1982	17081
1983	18772
1984	14984
1985	11351
1986	14591
1987	8954
1988	8537
1989	10710
1990	7935
1991	7811
1992	7383
1993	14320
1994	7758
1995	16631
1996	15163
1997	13747
1998	16556
Avg.	12353