



Questions and Answers Regarding the Potential PG&E and TUD Water System Transfer

What does the transfer from Pacific Gas and Electric Company (PG&E) to Tuolumne Utilities District (TUD) include?

- Assets to be transferred from PG&E are all the Phoenix hydroelectric generation project components, including approximately 460 acres of land, Lyons Reservoir and Dam, the 15-mile Main Tuolumne Canal, the Phoenix Penstock, and the 2MW Phoenix Powerhouse. Also included in the transfer are the pre- and post-1914 water rights, Strawberry Dam, and Pinecrest Reservoir. The latter two elements are currently included in PG&E's Spring Gap-Stanislaus hydroelectric generation project.

Why would TUD want to take over the facility when TUD has a water delivery agreement?

- PG&E has expressed its intent to divest itself of the Phoenix Project and, although the contract to deliver water would likely follow the Project to a new owner, TUD does not want to rely on a contract with a new, unknown, and potentially difficult owner. Instead, TUD believes the acquisition is the long-term solution for securing and managing a reliable source of water for our community.

Why is PG&E potentially divesting of Pinecrest Lake?

- TUD has expressed its interest to acquire the facilities and water rights associated with the water it delivers to its customers. Pinecrest is an important element of the County's water supply because TUD also relies on water stored and delivered from Pinecrest Lake. PG&E is considering the transfer of the Strawberry Dam and Pinecrest Reservoir at the request of TUD.

Why does TUD want Pinecrest Lake?

- As the main and largest water storage reservoir for Tuolumne County residents, it is a critically important element of TUD's summer water supply.

What is going to change?

- Local Ownership – TUD ownership of the facilities will provide more control of our future water supply. In addition to managerial control, TUD will be required to take responsibility for maintaining the Federal Energy Regulatory Commission (FERC) licensing and compliance proceedings.
- FERC License – The FERC licensing process will not change as a result of the transfer of the Phoenix assets to TUD. TUD will step into PG&E's role in the relicensing process when it takes ownership of the Project.
- Staffing – TUD expects it may need to increase staffing to support the operation and maintenance of the PG&E assets but will make further determinations as it gets a better understanding of the required work.
- Operations – It's possible that current operations will be adjusted to meet the water needs of the community, but TUD will continue to operate the Phoenix Project and Pinecrest Reservoir within the parameters of the existing FERC requirements.

What is it going to cost and how much will my rates go up?

- Because PG&E has essentially been providing this water for free as part of its generation operations, future costs to operate and maintain the facilities will need to be paid for by TUD and the community. TUD is working with an independent financial firm to study and evaluate costs, in an effort to look for creative and innovative ways to minimize the impacts to TUD customers and the community.

How long is this process going to take?

- The current estimate is that it will take 2-3 years to complete negotiations, obtain the required regulatory approvals from FERC and the CPUC, and transfer the assets from PG&E to TUD.

What happens if the transfer doesn't go through to TUD?

- PG&E and TUD are working in good faith toward a successful transfer of the assets to TUD. Should this transfer fail for some unforeseen reason, PG&E and TUD will continue to work together in an attempt to ensure a reliable source of water is preserved through any future of the Project.