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**PG&E SUSPENDS NEGOTIATIONS WITH TUD ON
WATER SYSTEM ASSETS TRANSFER**

SONORA, CA: PG&E has paused negotiations with Tuolumne Utilities District (TUD or District) on the transfer of several PG&E-owned assets including Pinecrest Lake, Lyons Reservoir, the Main Tuolumne Canal, Phoenix hydroelectric facilities, and associated water rights. Negotiations are expected to remain on-hold through at least the end of 2023. The existing water contract between PG&E and TUD will remain in force.

According to PG&E, the pause was prompted by its desire to re-evaluate their long-term strategy around how best to optimize the ownership and operation of its power generation assets.

“I realize TUD has invested a lot of time and energy in this transaction, and that you have a number of public processes underway,” wrote Mike Schonherr, director of strategic agreements for PG&E. “We regret any hardships this decision may have caused and hope you can appreciate that PG&E did not make this decision lightly.”

Because of this development, TUD will pause its efforts to adjust water rates designed to cover operations and maintenance costs of the larger water system. The decision to increase water rates originally scheduled for public hearing in mid-July will be cancelled.

“It is frustrating to have come so close to finalizing an agreement to gain local control of these PG&E assets, because of just how much it would have benefitted everyone in the county.” said TUD Board President Barbara Balen. “I do, however, find comfort knowing the existing PG&E/TUD agreement providing the District with water remains enforceable and in effect, and look forward to resuming negotiations with PG&E.”

TUD will work to communicate these developments to customers and stakeholders through all available communication channels. For more information and updates, follow the District on Facebook, or visit www.tudwater.com and www.tucoourwater.com.