

February 17, 2010

Director Hydro Licensing, Power Generation  
Pacific Gas and Electric Company  
P.O. Box 770000  
San Francisco, CA 94177

and

Chief, Division of Environmental Services  
Department of Water Resources  
P.O. Box 942836  
Sacramento, CA 94236

**Re: Draft Habitat Expansion Plan for Central Valley Spring-Run  
Chinook Salmon and California Central Valley Steelhead**

The State Water Contractors (SWC) have reviewed the Draft Habitat Expansion Plan (HEP) developed by Pacific Gas & Electric (PG&E) and the California Department of Water Resources (DWR) pursuant to the Habitat Expansion Agreement (HEA) that was negotiated as part of the Oroville Facilities FERC Relicensing Settlement Agreement (SA). As one of many signatories to both the SA and HEA, the SWC are supportive of the efforts of PG&E and DWR to move forward with the development and eventual implementation of a suite of habitat expansion actions designed to meet the overall biological goal of the HEA, which is to expand habitat with the physical characteristics necessary to support spawning, rearing, and adult holding of spring-run Chinook salmon and steelhead in the Sacramento River Basin as a contribution to the conservation and recovery of these species. Specifically, the Habitat Expansion Threshold (HET) agreed to in the HEA is to expand habitat to accommodate an estimated net increase of 2,000-3,000 spring-run Chinook salmon for spawning in the Sacramento River Basin.

The Draft HEP is the culmination of a process outlined in the HEA involving the following steps:

- outreach to signatories and stakeholders to develop a list of possible habitat expansion actions (178 actions)
- evaluation and refinement of this list of possible actions based on the potential of each to contribute to the HET (106 actions)
- development of a short list of those possible actions that have the highest potential to contribute to the HET (18 actions)
- Application of the 17 evaluation criteria in section 4.1.1 of the HEA to this short list, resulting in a preliminary ranking of these 18 viable habitat expansion actions
- Application of the four selection criteria in section 4.1.2 of the HEA to select recommended habitat expansion actions for implementation



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Terry Erlewine

February 17, 2010

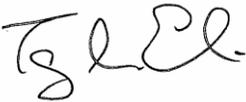
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The SWC believe that the efforts of DWR and PG&E to date have met or exceeded the requirements of the HEA in terms of the schedule, deliverables, and process described in the HEA. The Draft HEP does an excellent job of describing how the first phase of the HEA has been implemented, presents the Licensees' recommended habitat enhancement actions and describes each action in detail, including its estimated contribution to the HET, a preliminary cost estimate for implementation, a proposed implementation schedule, the responsibilities of each Licensee, and the rationale for selecting each action. The Draft HEP also describes the outreach activities taken by the Licensees to keep stakeholders and HEA signatories informed about and involved in the HEA process, and explains the remaining phases for implementation of the HEA. Finally, the Draft HEP provides thorough documentation of every step in this process.

We understand that the NMFS has raised concerns regarding the two alternatives recommended by DWR and PG&E. We are hopeful that through discussions among the parties these concerns may be resolved. The SWC will be available to participate in these discussions if that would be helpful. However, we do believe that these discussions should be conducted in earnest prior to seeking dispute resolution as provided for under the HEA.

The SWC thank DWR and PG&E for their efforts to date to fulfill their contractual obligations under the HEA, and look forward to the next steps in this process.

Sincerely,

A handwritten signature in black ink, appearing to read "T. Erlewine". The signature is fluid and cursive, with the first letter of the first name being a large, stylized "T".

Terry Erlewine,  
General Manager