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Pacific Gas and Electric Company
Power Generation
245 Market Street
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Mailing address:
PO Box 770000
San Francisco, California 94177

November 20, 2009

To Addressees list:

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

Enclosed please find a copy of the draft Habitat Expansion Plan (draft HEP) for the Habitat Expansion Agreement for Central Valley Spring-Run Chinook Salmon and California Central Valley Steelhead (HEA). Pursuant to the HEA, the Department of Water Resources (DWR) and Pacific Gas and Electric Company (PG&E) (together, the Licensees) are required to submit the draft HEP to the HEA signatories and stakeholders for review and comments within two years from the HEA Effective Date of November 20, 2007.

As described in the HEA, its overall biological goal 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. Habitat expansion is to be accomplished through enhancements to existing accessible habitat, improving access to habitat, or other habitat expansion actions and is intended to mitigate for any presently unmitigated impacts due to the blockage of passage of all fish species caused by the Feather River Hydroelectric Projects.

The draft HEP describes the process that the Licensees used to identify, evaluate, and select habitat expansion actions in the Sacramento River Basin that meet the Habitat Expansion Threshold (HET) specified in the HEA, that is "... habitat sufficient[ly] to accommodate an estimated net increase of 2,000 to 3,000 spring-run Chinook salmon for spawning in the Sacramento River Basin." After identifying and reviewing numerous potential habitat expansion and enhancement actions, the Licensees identified two groupings of habitat expansion and enhancement actions that each meet the goals, terms, and conditions of the HEA: (1) the Lower Yuba River Habitat Expansion Actions (Lower Yuba River Actions) and (2) the Battle Creek, Big Chico Creek, and Antelope Creek Habitat Expansion Actions (Three-Creek Actions). The Licensees propose that one of these two groups of actions be implemented under the HEA. Each group of actions is briefly described in Chapter 5, along with the reasons the group of

actions is being recommended and a discussion of potential issues related to their review under this phase of the HEA. The draft HEP also describes outreach activities that the Licensees have taken to keep the HEA signatories and other stakeholders informed about, and involved in, the HEA process. Finally, this draft HEP also explains the remaining phases of implementing the HEA which include a 90-day review and comment period by the HEA signatories and stakeholders. After the Licensees have received your comments, they will be addressed in the HEP within an additional 90 days, and then the final HEP will be submitted to NMFS for approval. The final HEP will be distributed to the HEA signatories and stakeholders for information only. Prior to approval, NMFS will commence a 60-day consultation process with the HEA signatories, the State Water Resources Control Board and other stakeholders.

Comments on this draft HEP are to be submitted to the Licensees within 90 days or no later than February 18, 2010. Once comments on the draft HEP are received and reviewed, the Licensees expect to select one of the two groups of recommended actions described in the plan, as may be modified by comments received, and propose this group of actions in the final HEP. National Marine Fisheries Service (NMFS) will then determine whether to approve the actions selected in the final HEP by applying the NMFS Approval Criteria specified in the HEA.

Written comments should be submitted to:

Director Hydro Licensing, Power Generation
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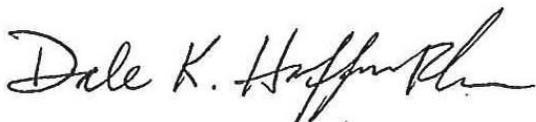
and

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

Or may be emailed to hea@water.ca.gov.

If you have any questions on the draft HEP, or would like additional information on the recommended actions, please feel free to contact either of us. We are looking forward to working with you on the next steps of implementing the HEA.

Sincerely,



Dale K. Hoffman-Floerke
Chief, Division of Environmental Services
California Department of Water Resources



David W. Moller
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