



Power Generation

245 Market Street
San Francisco, CA 94105

Mailing Address
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P.O. Box 770000
San Francisco, CA 94117

August 14, 2007

Dear Kilarc-Cow Creek Project Decommissioning Stakeholder,

This letter is to update you on the status of Pacific Gas and Electric Company's (PG&E) work on preparing a Preliminary Proposed Decommissioning Plan (Preliminary Plan) for the Kilarc-Cow Creek Project, FERC No. 606 (Project). The Preliminary Plan will provide PG&E's initial proposal on the disposition of Project facilities and will provide a framework for discussion on the scope of decommissioning.

PG&E is developing the Preliminary Plan based on (1) the March 22, 2005 Project Agreement; (2) comments received during the public meetings held in April and May 2007, (3) the Public Site Visit on June 13 and 14, 2007; (4) informal discussions with stakeholders; and (5) written comments that have been received to date.

To facilitate review and comment, PG&E will present the Preliminary Plan at two public meetings. Copies of the Preliminary Plan will be distributed at the meetings. The meetings will provide an opportunity to become familiar with the Preliminary Plan. The public meetings are scheduled as follows:

Wednesday, September 12, 2007, at 7:00 PM, at Foothill High School, 9733 Deschutes Road, Palo Cedro, CA 96073

Thursday, September 13, 2007, at 9:30 AM, at CH2M Hill office, 2525 Airpark Drive, Redding, CA 96001

Arrangements will also be made for telephone conference participation on September 13th. To participate by telephone, please call Brian Frantz for conference call details (925) 935-9920 by September 10th.

Following the public meetings, PG&E will post the Preliminary Plan on the Project website (<http://www.kilarccowcreek.com>) for review and download. Comments are welcomed on the Preliminary Plan, and PG&E requests that written comments be submitted by October 12, 2007 and mailed to:

Pacific Gas and Electric Company c/o Brian Frantz, ENTRIX, Inc., 2300 Clayton Road, Suite 200, Concord, CA 94520

Comments can also be sent by email to kilarccowcreek@ch2m.ca

PG&E will prepare responses to comments received and will schedule a subsequent meeting to discuss responses to comments. It is anticipated the meeting will be scheduled in November, but stakeholders will be notified at a future date of the location and agenda. The comments and responses will be incorporated into the License Surrender Application, which will be developed beginning in early 2008. PG&E is required to file the License Surrender Application with FERC no later than March 27, 2009.

PG&E looks forward to your participation in the decommissioning process and welcomes your comments.

If you have any questions or comments concerning the above, please contact Stacy Evans at 415-973-4731, or Steve Nevares at 415-973-3174 or email at kilarccowcreek@ch2m.ca.

Sincerely,

A handwritten signature in black ink, appearing to be a cursive combination of the initials 'SE' and 'SN', representing Stacy Evans and Steve Nevares.

Stacy Evans and Steve Nevares
Co-Project Managers