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PG&E Letter DCL-23-002

Drew Simpkin
California State Lands Commission
Land Management Division
100 Howe Avenue, Suite 100 South
Sacramento, California 95825

Subject: Amendment to California State Lands Commission Lease
No PRC 9347.1–DCPP Continued Operations

Dear Mr. Drew Simpkin:

On June 28, 2016, the California State Lands Commission (CSLC) authorized Lease No. PRC 9347.1 for facilities located on state-owned sovereign lands associated with Pacific Gas and Electric Company's (PG&E's) Diablo Canyon Power Plant (DCPP) Units 1 and 2, which PG&E owns and operates pursuant to U.S. Nuclear Regulatory Commission Facility Operating Licenses DPR-80 (Docket No. 50-275) and DPR-82 (Docket No. 50-323), respectively¹.

Lease No. PRC 9347.1 covers the continued use and maintenance of a cooling water discharge channel, water intake structure, breakwaters, boat dock, storage facility, office facilities, intake electrical room, intake maintenance shop, equipment storage pad, and spare tri-bar storage associated with operations of the DCPP. Collectively, these are referred to herein as the "Project Facilities." This lease expires on August 26, 2025. On April 29, 2020, CSLC authorized an amendment to Lease No. PRC 9347.1, whereby Section 2 paragraph 5(iii) was amended to change the required submittal date of a proposed restoration plan for the Lease Premises to August 26, 2023.

On September 2, 2022, Governor Gavin Newsom signed Senate Bill (SB) 846, which directed PG&E to seek to continue operations of the DCPP through October 31, 2030. PG&E is working with state and federal regulators to enact the terms of SB 846.

PG&E proposes that the CSLC extend Lease No. PRC 9347.1 for the continued operation and maintenance of Project Facilities through October 31, 2030 (i.e., for 5

¹ The NRC licenses the operation of domestic nuclear power plants in accordance with the Atomic Energy Act of 1954, as amended, and NRC implementing regulations. DCPP is a nuclear-powered steam electric generating facility that began commercial operation on May 7, 1985, for Unit 1 and March 13, 1986, for Unit 2. The Unit 1 operating license expires November 2, 2024, and the Unit 2 operating license expires August 26, 2025.

additional years) to allow DCPD operations through that period. DCPD would continue to operate in the same manner as the current license term. Based on the direction of the State of California, a request to amend the lease to extend beyond this date may be submitted later. Moreover, an amendment to support decommissioning of Project Facilities may also be submitted later. PG&E will provide an annual update to the CSLC on the status of extended operations.

PG&E understands that the County of San Luis Obispo (County) provided the DCPD Decommissioning Administrative Draft Environmental Impact Report (EIR) to CSLC on September 30, 2022. The Administrative Draft EIR contains detailed information on how the Project Facilities would be: (1) retained for reuse post DCPD Decommissioning; or (2) removed and the area restored following DCPD Decommissioning. The approach of retention, removal, and restoration was developed through extensive coordination with staff from the County, California Coastal Commission, and CSLC. According to discussion with Mr. Drew Simpkin of CSLC on December 5, 2022, PG&E believes that the County's submittal of the Administrative Draft EIR and subsequent release of the Public Draft EIR satisfies the requirement for submittal of a Restoration Plan by August 26, 2023.

Enclosed is a completed application that includes the following items to amend the lease:

- Application (including attachments as noted below)
 - Attachment A – PG&E Certificate of Incorporation
 - Attachment B – Site Map
 - Attachment C – Historical Financial Statement
 - Attachment D – PG&E Vesting Document
 - Attachment E – Recent Site Photo
 - Attachment F – Lease Extension Project Description

Please contact Kris Vardas at (805) 975-5229 or by email at kris.vardas@pge.com if you have any questions or require additional information.

Sincerely,



Thomas P. Jones,
Senior Director, Regulatory, Environmental &
Repurposing

January 5, 2023
Date

Enclosure

State of California – State Lands Commission
Application for Use of State Lands

Permit/Lease Application Update Form

1. Details

2. Locations

3. Questionnaire

4. Supporting Documents

5. Notice and Certification

6. Pay and Submit

Details

This application has been submitted.
Updating answers has been disabled.

I am the ... *

Select Applicant if you own the property. Including as a trustee or if you are applying on behalf of your employer. Select Agent if a client has hired you to process the application for them.

Applicant

Applicant Contact *

Click magnifying icon to select the contact you created on the contacts tab in the menu bar. Enter your client's information, if different from your profile information.

Mark Krausse



Applicant *

This is how title to the property is legally held and will automatically populate from the Applicant Contact selected above. If you wish to select a different contact, you may delete the name below.

Agent

Please enter the agent requesting the lease application on behalf of the applicant. If there is no agent, please leave this blank.

Notification Preference *

Please indicate if you would like the applicant or the agent to be contacted on this application.

SLC Contact Name

If you have previously been in contact with staff at the Commission, please enter that person's name here. If you have not previously contacted staff, please leave this field blank.

Previous Lease Application

Previous Lease Application for the location. If unknown, please leave blank. This is used to help fill-in some information like location.

Activity Type

Please select what the type of activity you are applying for from the menu/drop down list.

Activity Type Other

If you selected "Other" in the Activity Type, please describe the proposed or existing use here.

Commercial and Protective Structure

Authorization Type

Please select the type of authorization you are requesting from the menu/drop down list.

Amendment of an existing lease

Authorization Type Other

If you selected "Other" in the Authorization Type, please describe what authorization you are requesting.

SLC Property ID (PRC)

If you know the PRC associated with a lease at this location, please enter it.

9347.1

SCH Number

If you know the State Clearinghouse record number associated with this proposed or existing use, please enter it here.

Project Duration

Please indicate how long you are requesting the lease term to be. Please note that some terms are restricted.

5 year extension

Application Status Data

Lease Application Name *

Name of Lease Application will be set to Lease Application Number by default.

A0000003817

Status *

Status of the Application

Active

Status Reason

Status Reason code

Processing

Missing Information Portal Notice

Message about the missing information that the portal user(appliant or agent) needs to enter.

—

SLC Contact Assigned

SLC Contact communicating with Applicant for this lease application.

Kenneth Foster

Commission Result

Commissions result of either approved, not approved or no action.

—

Commission Date

Date of commission approval.

—

Related SLC Property (PRC Assigned)

Related SLC Property based on SLC Property ID (PRC).

9347

Next

Permit/Lease Application Update Form

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2. Locations

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Locations

This application has been submitted.
Updating answers has been disabled.

OSCAR requires you enter at least one of the following identifiers: Address, County/APN, Lat/Long, or Township/Range/Section. Please enter as many location identifiers as possible.

Locator Name County/APN: San Luis Obispo 076-011-018

SLC Verified

**Owner
(Assigned
User)** SYSTEM

**Portal
Assignment** Michael Wagoner

Created On 9/26/2022 1:25 PM

Locator Name Upland Address: Diablo Canyon Power Plant

SLC Verified

**Owner
(Assigned
User)** Kim Yeo

**Portal
Assignment** Michael Wagoner

Created On 1/6/2023 8:36 AM

Locator Name Waterway: Pacific Ocean

SLC Verified

**Owner
(Assigned
User)** Kim Yeo

**Portal
Assignment** Michael Wagoner

Created On 1/6/2023 8:34 AM

Required Locator Provided

Indicates if required locator is provided (Yes when at least one county/Apn, township, address, or lat/long is provided on the application or inquiry).

Yes

Land Use and Location *

(Ex: Pier, four pilings, and boat lift in the Sacramento River adjacent to 1234 Main Street, near Sacramento, Sacramento County.)

The Diablo Canyon Power Plant (DCPP) site is located on the immediate coast of San Luis Obispo County, California, approximately seven miles northwest of the unincorporated community of Avila Beach. The parcel DCPP resides on is zoned as Public Facilities (PF) for the purposes of power generation. Cooling water discharge channel, water intake structure, breakwaters, boat dock, storage facility, office facilities, intake electrical room, intake maintenance shop, equipment storage pad, and spare tri-bar storage associated with operations of the plant are located at the DCPP site. These existing facilities are part of DCPP's circulating water system (CWS) and safety-related auxiliary saltwater system (ASWS), which draw from and discharge to the Pacific Ocean via the seawater intake and discharge facilities. The CWS and ASWS are required to operate DCPP Units 1 and 2.

[Previous](#)

[Next](#)

Permit/Lease Application Update Form

1. Details ✓

2. Locations ✓

3. Questionnaire

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6. Pay and Submit

Questionnaire

This application has been submitted.
Updating answers has been disabled.

If you need more time to answer questions, you may save your answers by clicking "Save Answers And Next" at bottom of the screen and return later to finish. However, you must answer all the questions in order to submit your application (or inquiry) to SLC. If you have more details than can fit within any answer field, you can add attachments on the next screen

PART I: GENERAL DATA - SECTION B: LEGAL STATUS OF APPLICANT

1.
information:

- INDIVIDUAL(S)**
- TRUST(S)**
- CORPORATION**
- PARTNERSHIP**
- LIMITED LIABILITY COMPANY**
- PUBLIC AGENCY**
- OTHER**

2.

- Yes, I am the applicant's authorized agent or representative.**
- No, I am the applicant.**

PART I: GENERAL DATA - SECTION D: AUTHORIZATION REQUESTED AND ESTIMATED COSTS

Unless otherwise provided, the Applicant must reimburse the Commission for services reasonably necessary to process this application. All applications must include a non-refundable \$25 filing fee. Additionally, the Applicant must submit the approximate expense deposit (AED) based on the category of application, as listed below. Any unused portion of the AED will be refunded, and any additional expense may be billed. Staff will notify the Applicant if additional funds are required to complete this application. If the Applicant wishes to dispute the costs or terminate the application, they shall notify staff within 15 days of being advised of any estimated cost increase. A separate reimbursement agreement may be used to formalize any AED of \$5,000 or more. The AED applies to routine or uncomplicated applications and includes services such as: initial title determination, preparing and circulating environmental documents, coordination with appropriate public agencies, field inspection, preparing the authorization requested and land description, and office technical review. Other reimbursable services may include: searching records or ordering title reports; resource appraisals or evaluations; duplicating and mailing documents or reports; supervising or field monitoring of archaeological, biological, geological, air quality or other requisite surveys or studies, publishing legal notices and holding public hearings, and negotiation of lease provisions including terms and conditions. More intensive projects may necessitate additional expenses.

3.

- A lease, permit, or agreement for a proposed new use of State-owned land.
- A lease, permit, or agreement for the continuation of an existing use of State-owned land not previously under lease.
- A lease, permit, or agreement where a prior lease or permit was issued.
- An amendment of an existing lease, permit, or agreement.
- An assignment of an existing lease, permit, or agreement.
- A sublease of an existing lease, permit, or agreement.
- Consent to encumber an existing lease.
- Other (please describe):

4.

PRC #9347.1

5.

authorization (check all that apply):

- Amendment Recreational (personal uses that do not generate income, such as docks, piers or buoys, typically used by the adjacent upland owner.) (AED: \$2,000)
- Amendment Recreational and Protective Structure Use (personal uses that do not generate income, as stated above, and including protective structure such as a seawall or rip rap bankline protection.) (AED: \$2,000)
- Amendment Commercial/Industrial (income producing uses such as marinas, restaurants, clubhouses, commercial piers or facilities, docks, moorings, buoys, helicopter pads, decks, fuel service facilities, oil terminals, piers, wharves, warehouses, and storage sites) (AED: \$2,000)
- Amendment Right-of-Way (uses such as roadways, power lines, pipelines, or outfall lines) (AED: \$2,000)
- Amendment Public Agency (uses such as public roads, bridges, or for recreational, ecological or open space purposes) (AED: \$2,000)

- Amendment of Protective Structure (uses such as riprap, seawall, groins, jetties, breakwaters, deflectors, and bulkheads.) (AED: \$2,000)**
- Amendment Grazing or Agricultural Use Application (AED: \$2,000)**
- Amendment Dredging Application (AED: \$2,000)**
- Amendment Geothermal Resources Prospecting Permit Application Deposit (AED: \$7,500)**
- Amendment Geothermal Resources Lease Application Deposit (AED: \$10,000)**
- Amendment Mineral Prospecting Permit (CEQA-Exempt) Application Deposit (AED: \$5,000)**
- Amendment Mineral Prospecting Permit (non-exempt) Application Deposit (AED: \$5,000)**
- Amendment Mineral Extraction Lease Application Deposit (AED: \$10,000)**
- Amendment Sand or Gravel Extraction Application Deposit (AED: \$2,000)**
- Amendment Oil and Gas Lease Application Approximate Expense Deposit (AED: \$10,000)**

6.

- Accessways**
- Agriculture/Grazing**
- Ancillary Buildings/Sheds**
- Boat Launch**
- Bridge**
- Buoy(s)**
- Commercial or Industrial Dock/Pier/Wharf**
- Communication lines**
- Deck**
- Dolphins**

- Dredging
- Fencing
- Ferry Crossing/Landing
- Fill and San Deposition
- Marina
- Marine Terminal
- Navigational Aid(s)/Sign(s)/Light(s)
- Parking
- Piling(s)
- Pipeline(s)
- Pond(s)/Levee(s)/Dike(s)
- Power Line(s)
- Power Plant
- Protective Structure
- Public Dock/Pier
- Railroad Facility(ies)
- Recreational Dock/Pier
- Residential
- Restaurant/Bar
- Road/Highway
- Well(s)
- Wildlife Management

7.

- Accessway(s)
- Agriculture/Grazing

- Ancillary Building(s)/Shed(s)
- Boat Launch
- Bridge
- Buoy(s)
- Canal(s)/Channel(s)
- Commercial Dock/Pier/Wharf
- Commercial/Industrial Land
- Communication Line(s)
- Deck
- Dolphin(s)
- Dredging
- Fencing
- Ferry Crossing/Landing
- Fill and Sand Deposition
- Fish Management
- Industrial Dock/Pier/Wharf
- Marina
- Marine Terminal
- Monitoring Station(s)
- Navigational Aid(s)/Sign(s)/Light(s)
- Parking
- Piling(s)
- Pipeline(s)
- Pond(s)/Levees(s)/Dike(s)
- Power Line(s)
- Power Plant

- Protective Structure**
 - Public Dock/Pier**
 - Railroad Facility(ies)**
 - Recreational Dock/Pier**
 - Reef**
 - Restaurant/Bar**
 - Road/Highway**
 - Well(s)**
 - Wildlife Management**
-

Supplemental Details

8. Does the proposed or existing project involve a MARINA OR OTHER MULTIPLE BERTHING FACILITY?

- Yes**
- No**

9. List and describe, within one river or lakeshore mile of the site: Existing or proposed marina facilities (indicating for each facility) available berthing by berth size, whether finger, slip or side tie, fuel facilities, pump outs, accommodation docks, restrooms, restaurants, grocery stores, or other ancillary facilities

The existing facilities at DCPD includes two breakwaters, boat dock, storage facility, office facilities, intake electrical room, intake maintenance shop, and an equipment storage pad.

10. List and describe, within one river or lakeshore mile of the site: Public and private boat launching and storage facilities

No public or private boat launches or storage facilities are located within one river or lakeshore mile of the site.

11. List and describe, within one river or lakeshore mile of the site: Public fishing access and parking availability

No access points for public fishing or parking is located within one river or lakeshore mile of the site.

12. List and describe, within one river or lakeshore mile of the site: Other recreational facilities open to the public which are used for swimming, sunbathing, picnicking, or sightseeing

No other recreational facilities open to the public are located within one river or lakeshore mile of the site.

13. Describe the proposed or existing docking facility (including information related to annual rentals, daily rentals, accommodation docks, etc.)

A small existing boat dock is located in the southern lee of the existing breakwater and can accommodate up to three boats for vessel tie-up and loading.

14. Are plans proposed or already in place for sewage disposal from boats, commercial uses, etc.?

Yes

No

15. Describe how siting has been planned to ensure that tides and currents are adequate to flush the site, or renew its water regularly.

The Marina experiences flushing and circulation. The breakwaters are porous and wave action results in a "pumping" of water through the breakwater that provides circulation in the cove.

16. Identify whatever plans are proposed for recycling and litter/garbage disposal, including frequency of pick-up.

Existing refuse and recycling would be maintained during the duration of power generation operations.

17. Identify any proposed fueling facility and describe spill prevention and control features.

There is an existing fuel system at the Marina near the boat dock. A spill prevention and countermeasure control plan is maintained for the entire DCP site.

18. Is there a spill contingency plan?

Yes

No

19. Please provide a spill contingency plan and list equipment and training needed to implement the plan

A spill prevention and countermeasure control plan is maintained for the entire DCP site. Spill cleanup and containment materials are located near the boat dock and training is completed annually.

20. Are fueling stations such that they are accessible by boat without entering or passing through the main berthing area, in order to avoid collisions?

- Yes**
- No or Unsure**

21. Is there a proposed or existing vessel maintenance facility?

- Yes**
- No**

22. Do all drains from maintenance areas lead to a sump, holding tank, or pump-out facility from which the wastes can later be extracted for treatment and/or disposal?

- Yes**
- No**

23. Do maintenance areas drain directly into surface or ground water or wetlands?

- Yes**
- No**

24. Please identify the off-site facility(ies) most likely to be used.

Vessel maintenance is conducted onsite at a facility located approximately one mile east of the boat dock. The facility is not located near the ocean or any surface water bodies.

25. Will curbs, berms, or other barriers be built or placed around areas used for the storage of liquid hazardous materials to contain spills?

- Yes**
- No**

26. Identify the location of any engine and hull washing activities, expected numbers of washings and the types of detergents proposed for use.

Engine and hull washing activities take place at the vessel maintenance facility described in Item 24.

27. Describe any proposed pollution control measures for vessel maintenance and haul-out facilities.

No haul-out facilities are located in the lease area. Vessel maintenance will take place at the area described in Item 24 which is not located near the ocean or any surface water bodies.

28. Describe any special measures proposed to control the quality and quantity of urban or other runoff from surrounding areas.

DCPP is regulated by an Industrial General Permit issued by the California State Water Resources Control Board which requires the site to maintain standards related to runoff quantity and quality.

29. Describe the terms and conditions under which periodic and transient berthing will be permitted at the proposed facility, and how those terms and conditions will be enforced. Indicate percentage of dry boat storage compared to wet slips.

Transient berthing is not permitted at the facility. Periodically, non-DCPP related berthing may take place during emergencies.

30. Identify the method of handling fish wastes back into the natural ecosystem. Indicate how recycling of fish wastes will not degrade water quality or cause other adverse environmental impacts.

Commercial fishing is not conducted at the facility. No recycling of fish wastes will take place.

31. Describe the depth and location of navigation and access channels, if any.

The depth of the entrance channel to the Marina is approximately 60 to 70 feet.

32. Are the navigation and access channels located in areas with safe and convenient access to waters of navigable depth, based on the kind of vessel(s) expected to use the facility?

Yes

No

33. Describe the stormwater management system.

DCPP is regulated by an Industrial General Permit issued by the California State Water Resources Control Board which requires the site to maintain standards related to runoff quantity and quality.

34. Does the stormwater management system provide a bypass or overflow systems so that the peak discharge from a 10-year, 14-hour storm will be safely conveyed to an erosion and scour-protected storm water outfall?

Yes

No

35. Is the marina(s) or berthing facility(ies) offstream?

Yes

No

36. Does the proposed or existing project involve a LAUNCH RAMP OR OTHER LAUNCHING FACILITY?

Yes

No

37. Does the proposed or existing project involve DREDGING OR DREDGED MATERIAL DISPOSAL?

Yes

No

38. Does the proposed or existing project involve SAND or GRAVEL EXTRACTION?

Yes

No

39. Does the proposed or existing project involve GRAZING?

Yes

No

40. Does the proposed or existing project involve a PIPELINE(s)?

Yes

No

41. Are the pipeline segments across water ways installed by Horizontal Directional Drilling (HDD) or directional boring method?

Yes

No

42. Is the application for a COMMERCIAL or INDUSTRIAL use?

Yes

No

43. Please detail any improvements or construction onshore necessary for this proposed or existing use.

No improvements or onshore construction is anticipated to continue the existing use.

44. Were alternative sites considered for the proposed project?

Yes

No

45. What factors make this proposed site superior for the proposed project?

The existing lease is associated with power generations at DCP.

46. Is there a demonstrated market demand for the proposed project at the designated location?

Yes

No

47. If the proposed project will generate revenue, estimate the anticipated annual gross and net revenues and show your basis for the estimates.

The previous 5 years of revenue have been included as Attachment C to this application.

48. Please describe any other existing or proposed projects that will be related to or dependent upon this project, will be affected by this project, or will affect this project.

This lease includes facilities which are required to operate Diablo Canyon Power Plant.

49. Is the application for a GEOTHERMAL, MINERAL PROSPECTING PERMIT or MINERAL EXTRACTION LEASE? Lands that have not been classified by the California State Lands Commission as containing commercially valuable geothermal resources or mineral deposits are subject to application for a prospecting permit, pursuant to Public Resources Code sections 6890, 6899, 6900 and 6904.

Yes

No

50. Is the application for an OIL & GAS Lease? All leases issued by the State Lands Commission for oil and gas development are subject to the provisions of the Public Resources Code sections 6801 to 6879. These statutes require that all leases for oil and gas developments be issued by competitive bidding unless the criteria of PRC section 6815 are met.

Yes

No

51. Is the application for a Mooring in Tomales Bay?

Yes

No

52. Is the application for a Modification of Right of Surface Entry? Under Public Resources Code section 6401, subdivision (b), the California State Lands Commission may modify the State's rights

to use the surface of lands where it has mineral interests, including any right to enter such lands to a depth of 500 feet below the surface of such lands.

Yes

No

PART II: SPECIFIC PROJECT/USE DESCRIPTION - SECTION B: PROJECT DESCRIPTION

53. Do you own the property landward of, or adjacent to, the State lands you seek to use?

Yes

No

54. Please provide a brief description of the proposed or existing use of the State land.

Use of a cooling water discharge channel, intake structure, breakwaters, boat dock, storage facility, office facilities, electrical room, maintenance shop, equipment storage, and tri-bar storage.

55. Do you have a legal description, tied to a monument or monuments of record of the area to be leased from the State? The requested lease area must include the land occupied or proposed to be occupied by the structures or otherwise needed for the proposed project.

Yes

No

PART II: SPECIFIC PROJECT/USE DESCRIPTION - SECTION C: PROJECT DESCRIPTION FOR APPLICATIONS INVOLVING NEW CONSTRUCTION, EXPANSION, ALTERATIONS, CHANGE OF USE, OR USE(S) NOT PREVIOUSLY AUTHORIZED BY THE COMMISSION

56. Does your application involve new construction, expansion, alterations, change of use or use(s) not previously authorized by the Commission?

Yes

No

Unsure

57. Please explain the nature of your application request.

The application is requesting an extension of the existing lease which currently expires on August 26, 2025.

58. Will there be any type of construction activities, such as construction of new structures , reconstruction or demolition of structures, or alterations of the size of any structure? A "structure" includes, but is not limited to, any building, pier, buoy, wharf, road, pipe, flume, conduit, siphon, aqueduct, fiber optic cable, electrical power transmission and distribution line, shoreline protective structure, or any other improvement on State land.

Yes

No

Unsure

59. Will there be any alteration of land or water, such as grading, altering or removing vegetation, dredging, mining, extraction of any materials, grazing, kelp harvesting, timber operations, change in the intensity of use of land or water, or discharge or disposal of any dredged material or of any gaseous, liquid, solid, or thermal waste?

Yes

No

Unsure

60. Will there be a change in pattern, scale, or character of the land use at or in the general area of the project?

Yes

No

Unsure

61. Will the project involve or adjoin a water body?

Yes

No

62. Please include the following: 1) Information on the linear extension of the proposed project into and along the water body; and 2) Identify any project features that you believe will avoid or mitigate any effects of moving vessels (e.g., wave wash) on the proposed facility or shore of the water body; and 3) Provide the size of the proposed project relative to any other improvements or facilities within 100 feet upstream or downstream of the proposed project site, including facilities on the opposite bank; and 4) How the project has been sited away from wetlands, shellfish resources, submerged aquatic vegetation, and critical habitat areas.

See enclosed Project Description. DCPD is an existing facility which will continue to utilize improvements currently in place.

63. Will there be any change in ocean, bay, lake, stream, or ground water quality or quantity, or existing drainage patterns?

Yes

No

Unsure

64. Will the project affect any levees in the project area?

Yes

No

Unsure

65. Will there be a change in scenic views from existing residential areas, public lands, or roads?

Yes

No

Unsure

66. Is any portion of the project site on the list of known hazardous materials sites also known as the "Cortese List" maintained by the California Environmental Protection Agency (CalEPA). (For more information see: <http://www.calepa.ca.gov/SiteCleanup/CorteseList/> and Government Code section 65962.5.)

- Yes**
- No**
- Unsure**

PART II: SPECIFIC PROJECT/USE DESCRIPTION - SECTION D: PROJECT SITING AND FEASIBILITY

67. Are there any environmental or health impacts to the community associated with your proposed or existing use? (For example: air quality, water quality, soil contamination, traffic, noise pollution, public access)

- Yes**
- No**
- Unsure**

68. Are there any impacts to already burdened or disadvantaged communities? (Cal EnviroScreen , for more information please see <https://oehha.ca.gov/calenviroscreen>)

- Yes**
- No**
- Unsure**

69. Are you aware of any Tribes or Tribal communities impacted by your proposed or existing project?

- Yes**
- No**
- Unsure**

PART II: SPECIFIC PROJECT/USE DESCRIPTION - SECTION F: OTHER GOVERNMENTAL JURISDICTIONS

You may be required to submit a copy of local approvals (city and county) for your project prior to consideration of your application by the Commission. If you cannot obtain local approval of your project prior to consideration by the Commission, you must submit a letter or other document from the local agency setting forth the status of your local application and any concerns the local governmental agency has regarding your project.

70. Is there a General Plan or Specific Plan that includes the area in which the project will be located?

- Yes**
- No**
- Unsure**

71. If yes, what is the land use designation and zoning?

The facility is located within the jurisdiction of the County of San Luis Obispo and the land use category for the site is Public Facilities (PF).

72. Will the project require an amendment of the General or Specific Plan?

- Yes**
- No**
- Unsure**

73. Will a variance from the existing zoning be required?

- Yes**
- No**
- Unsure**

74. Provide the contact information for the local jurisdiction. If you are unsure please indicate unknown.

County of San Luis Obispo Department of Planning and Building, (805) 781-5600

PART III: PROJECT ENVIRONMENTAL DATA - SECTION A: CLIMATE CHANGE AND SEA LEVEL RISE

75. Is your proposed or existing project located in a tidally influenced area?

- Yes**
- No**
- Unsure**

76. Does the city or county have a Local Coastal Program, Sea Level Rise Vulnerability Assessment, Hazard Mitigation Plan, or any other local plans or reports that discuss sea-level rise and coastal climate change impacts?

- Yes**
- No**
- Unsure**

77. Please provide copy or link here.

<https://www.slocounty.ca.gov/Departments/Planning-Building/Forms-Documents/Plans-and-Elements/Elements/>

78. State the expected economic life of the proposed or existing improvements, and how those improvements already or will adapt to the following sea-level rise scenarios.

The license extension period of DCPD will not exceed the economic life of the existing improvements. Moreover, an analysis was performed showing the existing improvements can withstand sea-level rise.

79. Please describe existing public use of the water body and adjacent uplands, the type and frequency of the public use, and any existing public access to the water body across the project site.

A 2,000 yard ocean exclusion zone exists around the plant as a buffer for nuclear security requirements. There are public trails to the north and south of the site.

80. Does the area experience flooding, storm surge, or wave run up or action during any portion of the year?

Yes

No

81. If yes, please describe the extent, duration, and frequency of these events.

The site experiences periodic ocean storm surge events within the intake and discharge coves.

82. Are there any components of the structure, activity, or use able to withstand the impacts from flooding, extreme weather, or sea level rise?

Yes

No

Unsure

83.

The breakwaters and intake structure are designed to withstand significant weather events.

84.
project:

- Natural Infrastructure**
- Living Shorelines**
- Stormwater Management**
- Drainage Systems (bioswales, leach fields, rain gardens, natural water retention ponds, etc.)**
- Beach Nourishment**
- Hard Infrastructure: Sea Wall**
- Hard Infrastructure: Bulkheads**
- Hard Infrastructure: Rock Riprap**
- Hard Infrastructure: Flood Gates**
- Hard Infrastructure: Dikes**
- Hard Infrastructure: Groins**
- Hard Infrastructure: Jetties**
- Hard Infrastructure: Levees**
- Upgrades to Infrastructure: Longer buoy lines**
- Upgrades to Infrastructure: Environmentally safe paint**
- Upgrades to Infrastructure: New buoy anchors**
- Upgrades to Infrastructure: Non-corrosive building material**
- Upgrades to Infrastructure: Elevating structures**
- Relocation of Infrastructure**

- Retreat**
 - Other:**
 - No Action**
-

PART III: PROJECT ENVIRONMENTAL DATA - SECTION B: ASSESSMENT OF ENVIRONMENTAL IMPACTS

All phases of a project, such as planning, acquisition, development, and operation, shall be considered when evaluating its impact on the environment.

85. Will the proposed or existing use affect any known rare, threatened, or endangered species of plant or animal within a one-mile radius of the proposed project site? This information is available through CA Department of Fish and Game (<https://www.wildlife.ca.gov/Data/CNDDB>), the U.S. Fish and Wildlife Service (<http://www.fws.gov/cno/>), and National Marine Fisheries Service (http://nmfs.noaa.gov/pr/permits/esa_permits.htm).

- Yes**
- No**
- Unsure**

86. Will the proposed or existing use introduce or spread non-native species?

- Yes**
- No**
- Unsure**

87. Will there be any impacts to plants, animals, or wildlife habitat?

- Yes**
- No**
- Unsure**

88. Will there be a change in demand for municipal services (e.g., police, fire, water, sewage, electricity, or gas)?

- Yes**
- No**
- Unsure**

89. Will the proposed or existing use generate solid, liquid, or gaseous waste or litter?

- Yes**
- No**
- Unsure**

90. Please describe the disposal methods for the waste generated by the proposed or existing use.

The existing use of the facility generates typical sanitary solid wastes.

91. Will the proposed or existing use violate any air quality standard or contribute substantially to an existing or projected air quality violation?

- Yes**
- No**
- Unsure**

92. Will the proposed or existing use change the amount of greenhouse gas emissions?

- Yes**
- No**
- Unsure**

93. Will the proposed or existing use generate or add dust, smoke, fumes, or odors in the vicinity?

- Yes
- No
- Unsure

94.

- Yes
- No
- Unsure

95.

- Yes
- No
- Unsure

96.

- Yes
- No
- Unsure

97.

- Yes
- No
- Unsure

98.

- Yes
- No

Unsure

99. Will the proposed or existing use impact scenic areas?

Yes

No

Unsure

100. Will the proposed or existing use change existing noise or vibration levels in the vicinity?

Yes

No

Unsure

101. Will the proposed or existing use create a significant hazard to the public or the environment?

Yes

No

Unsure

102. Will the proposed or existing use be on a hazardous materials site?

Yes

No

Unsure

103. Will the proposed or existing use utilize or dispose of potentially hazardous materials such as flammable, toxic, or radioactive substances or explosives?

Yes

No

Unsure

104. Please describe, listing as appropriate, any studies, documents, or other information to support your response.

Diluted liquid radiological wastes are discharged to the Pacific Ocean in accordance with an NPDES permit. The site may periodically use hazardous chemicals as part of the operation of DCP.

105. Will the proposed or existing use increase traffic?

- Yes**
- No**
- Unsure**

106. Will the proposed or existing use increase fossil fuel consumption (e.g. electricity, oil, natural gas)?

- Yes**
- No**
- Unsure**

107. Is the proposed or existing use related to a larger project or a series of projects?

- Yes**
- No**
- Unsure**

108. Is the proposed or existing use on a historic structure(s) or archaeological site(s)?

- Yes**
 - No**
 - Unsure**
-

PART III: PROJECT ENVIRONMENTAL DATA - SECTION C: STATE LANDS COMMISSION AS A RESPONSIBLE AGENCY

State Lands Commission as a Responsible Agency - If the Commission is a Responsible Agency under the California Environmental Quality Act (CEQA) (another governmental agency prepares the appropriate environmental documentation), the Applicant must submit the following materials as early as possible in the application process and substantially prior to scheduling the application for consideration by the Commission.

109.

- Yes**
- No**
- Unsure**
-

PART V: NOTICE AND CERTIFICATION

110.

- Yes**
- No**
-

Page 1 of 1

110 out of 110 answers complete (100%)

Previous

Save Answers and Next

Permit/Lease Application Update Form

1. Details ✓

2. Locations ✓

3. Questionnaire ✓

4. Supporting Documents

5. Notice and Certification

6. Pay and Submit

Supporting Documents

This application has been submitted.
Updating answers has been disabled.

Please do not upload folders. Upload individual files without special text ("*:<>?/\ | % #) in the file name. Do not upload personal information such as a driver license, checks, or passports.

Please upload the following documents based on your response to the questionnaire:

- Upload Required: Certificate of Incorporation ([more details...](#))
- Upload Required: Site Map ([more details...](#))
- Upload Required: Audited Financial Statements ([more details...](#))
- Upload Required: Information on product, server, flow rates, etc ([more details...](#))
- Upload Required: Structural design details ([more details...](#))
- Upload Required: Design calculations ([more details...](#))
- Upload Required: Appurtenance details ([more details...](#))
- Upload Required: Safety controls details ([more details...](#))
- Upload Required: Construction specifications ([more details...](#))
- Upload Required: Inspection testing procedures ([more details...](#))
- Upload Required: Pipeline hydrotest procedures ([more details...](#))
- Upload Required: Construction contractor's work execution plan ([more details...](#))
- Upload Required: Construction schedule time line ([more details...](#))
- Upload Required: Hazardous spill contingency plan ([more details...](#))

Supporting Document Name	A0000003817 Portal Application Attachments 20220926202144
Reference Type	Upload
Created By	SYSTEM
Modified On	1/9/2023 8:17 AM
Modified By	Drew Simpkin

Portal Attachment Count

Number of documents uploaded as portal attachments.

10

Permit/Lease Application Update Form

1. Details ✓
2. Locations ✓
3. Questionnaire ✓
4. Supporting Documents ✓
5. Notice and Certification
6. Pay and Submit

Notice and Certification

Notice

The application will be deemed complete, IF all parts of the Application Form are adequately completed.

- Filing fee and approximate expense deposit and
- Executed Reimbursement Agreement (if applicable) and
- Information sufficient to permit staff to locate and describe the nature and extent of the State land or resource
- Information sufficient to permit staff to determine the level and scope of the environmental review required under the National Environmental Quality Act (CEQA) and the State CEQA Guidelines and
- Information sufficient to permit staff to determine the fair market value (rental, royalty or other) of the State land or resource applicant for the use of the State land or resource and
- Information sufficient to permit staff to determine if the application is consistent with Commission Order No. 10-001
- Information sufficient to permit staff to determine if the application is conducive to public access and
- Information sufficient to permit staff to determine if the application is Consistent with environmental policy of the State

Declaration of Accuracy

I hereby certify under penalty of perjury that I have read this completed application and all related exhibits and that, to the best of my knowledge, the information is full, complete, and correct. I understand that any misstatement or omission of the requested information or of any information subsequently requested shall be grounds for terminating the application or for denying a lease. I understand if a lease is executed by the State Lands Commission as a result of the application, the project will be constructed as described in the application. I further understand that if the project is not constructed or the site not utilized as authorized. or the

Declaration of Accuracy Confirmation *

Previous

Next

Permit/Lease Application Update Form

1. Details ✓
2. Locations ✓
3. Questionnaire ✓
4. Supporting Documents ✓
5. Notice and Certification ✓
6. Pay and Submit

Payment and Submission

Payment Details

Amounts Due for Application Processing

Amount Due Name	Amount Due: Amendment Commercial Application Approximate Expense Deposit \$2000.00
Created On	12/7/2022 3:17 PM
Amount Due Amount	\$2,000.00
Amount Due Name	Amount Due: Amendment Protective Structure Application Approximate Expense Deposit \$2000.00
Created On	12/7/2022 3:17 PM
Amount Due Amount	\$2,000.00
Amount Due Name	Amount Due: Filing \$25.00
Created On	9/26/2022 1:21 PM
Amount Due Amount	\$25.00

Remaining Total Amount Due

\$0.00

You have 3 ways to pay. Application processing will not be started until payment is applied.

E-Check	No processing fee	Make Payment
Credit Card (Visa, Master Card, and Discover)	3% processing fee	Make Payment
Check	Mail check to: California State Lands Commission Attn: Accounting Office 100 Howe Ave Suite 100-S Sacramento Ca 95825-8202	

Payments Completed for Application Processing

Payment Name	P0000003116
Transaction Amount	\$4,000.00
Transaction Result	Paid
Payment Method	Credit Card
Payment Name	P0000003166
Transaction Amount	\$25.00
Transaction Result	Paid
Payment Method	EFT

Submission Details

Required Locator Provided

Indicates if required locator is provided (Yes when at least one county/Apn, township, address, or lat/long is provided on the application or inquiry).

Yes

Required Payments Complete

Indicates if required payments are complete (Yes/No).

Yes

Portal Attachment Count

Number of documents uploaded as portal attachments.

10

Submission Date

Date that the application was first submitted to SLC instead of just saved.

1/5/2023 2:44 PM

Previous

Save

Enclosure
Attachment A
PG&E Letter DCL-23-002

**CSLC Lease Application
Certificate of Incorporation**

State of California



SECRETARY OF STATE

I, *Kevin Shelley*, Secretary of State of the State of California, hereby certify:

That the attached transcript of 29 page(s) has been compared with the record on file in this office, of which it purports to be a copy, and that it is full, true and correct.

IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of

APR 12 2004



Kevin Shelley
Secretary of State

APR 12 2004

KEVIN SHELLEY
Secretary of State

RESTATED ARTICLES OF INCORPORATION
OF
PACIFIC GAS AND ELECTRIC COMPANY

Gordon R. Smith and Linda Y. H. Cheng certify that:

1. They are the President and the Corporate Secretary, respectively, of Pacific Gas and Electric Company, a California corporation (the "corporation").

2. The Articles of Incorporation of the corporation, as amended to the date of the filing of this certificate, including the amendments set forth herein but not separately filed (and with the omissions required by Section 910 of the Corporations Code) are amended and restated as follows:

FIRST: That the name of said corporation shall be

PACIFIC GAS AND ELECTRIC COMPANY.

SECOND: The purpose of the corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code.

The right is reserved to this corporation to amend the whole or any part of these Articles of Incorporation in any respect not prohibited by law.

THIRD: That this corporation shall have perpetual existence.

FOURTH: The corporation elects to be governed by all of the provisions of the General Corporation Law (as added to the California Corporations Code effective January 1, 1977, and as subsequently amended) not otherwise applicable to this corporation under Chapter 23 of said General Corporation Law.

FIFTH: The Board of Directors by a vote of two-thirds of the whole Board may appoint

from the Directors an Executive Committee, which Committee may exercise such powers as may lawfully be conferred upon it by the Bylaws of the Corporation. Such Committee may prescribe rules for its own government and its meetings may be held at such places within or without California as said Committee may determine or authorize.

SIXTH: The liability of the directors of the corporation for monetary damages shall be eliminated to the fullest extent permissible under California law.

SEVENTH: The corporation is authorized to provide indemnification of agents (as defined in Section 317 of the California Corporations Code) through bylaws, resolutions, agreements with agents, vote of shareholders or disinterested directors, or otherwise, in excess of the indemnification otherwise permitted by Section 317 of the California Corporations Code, subject only to the applicable limits set forth in Section 204 of the California Corporations Code.

EIGHTH: The total number of shares which this corporation is authorized to issue is eight hundred eighty-five million (885,000,000) of the aggregate par value of six billion eight hundred seventy-five million dollars (\$6,875,000,000). All of these shares shall have full voting rights. The corporation shall be prohibited from issuing nonvoting stock.

Said eight hundred eighty-five million (885,000,000) shares shall be divided into three classes, designated as common stock, first preferred stock and \$100 first preferred stock. Eight hundred million (800,000,000) of said shares shall be common stock, of the par value of \$5 per share, seventy-five million (75,000,000) of said shares shall be first preferred stock, of the par value of \$25 per share, and ten million (10,000,000) of said shares shall be \$100 first preferred stock, of the par value of \$100 per share.

FIRST PREFERRED STOCK AND \$100 FIRST PREFERRED STOCK

The first preferred stock and \$100 first preferred stock each shall be divided into series. The first series of first preferred stock shall consist of four million two hundred eleven thousand six hundred sixty-two (4,211,662) shares and be designated as Six Per Cent First Preferred Stock. The second series of first preferred stock shall consist of one million one hundred seventy-three thousand one hundred sixty-three (1,173,163) shares and be designated as Five and One-Half Per Cent First Preferred Stock. The third series of first preferred stock shall consist of four hundred thousand (400,000) shares and be designated as Five Per Cent First Preferred Stock. The remainder of said first preferred stock, viz., 69,215,175 shares, and all of the \$100 first preferred stock may be issued in one or more additional series, as determined from time to

time by the Board of Directors. Except as provided herein, the Board of Directors is hereby authorized to determine and alter the rights, preferences, privileges and restrictions granted to or imposed upon the first preferred stock or \$100 first preferred stock or any series thereof with respect to any wholly unissued series of first preferred stock or \$100 first preferred stock, and to fix the number of shares of any series of first preferred stock or \$100 first preferred stock and the designation of any such series of first preferred stock or \$100 first preferred stock. The Board of Directors, within the limits and restrictions stated in any resolution or resolutions of the Board of Directors originally fixing the number of shares constituting any series, may increase or decrease (but not below the number of shares of such series then outstanding) the number of shares of any series subsequent to the issue of shares of that series.

The owners and holders of shares of said first preferred stock and \$100 first preferred stock, when issued as fully paid, are and shall be entitled to receive, from the date of issue of such shares, out of funds legally available therefor, cumulative preferential dividends, when and as declared by the Board of Directors, at the following rates upon the par value of their respective shares, and not more, viz.: Six per cent (6%) per year upon Six Per Cent First Preferred Stock; five and one-half per cent (5-1/2%) per year upon Five and One-Half Per Cent First Preferred Stock; five per cent (5%) per year upon Five Per Cent First Preferred Stock; and upon the shares of each additional series of said first preferred stock and of each series of \$100 first preferred stock the dividend rate fixed therefor; and such dividends on both classes of first preferred stock and \$100 first preferred stock shall be declared and shall be either paid or set apart for payment before any dividend upon the shares of common stock shall be either declared or paid.

Upon the liquidation or dissolution of this corporation at any time and in any manner, the owners and holders of shares of said first preferred stock and \$100 first preferred stock issued as fully paid will be entitled to receive an amount equal to the par value of such shares plus an amount equal to all accumulated and unpaid dividends thereon to and including the date fixed for such distribution or payment before any amount shall be paid to the holders of said common stock.

If any share or shares of first preferred stock and \$100 first preferred stock shall at any time be issued as only partly paid, the owners and holders of such partly paid share or shares shall have the right to receive dividends and to share in the assets of this corporation upon its liquidation or dissolution in all respects like the owners and holders of fully paid shares of first preferred stock and \$100 first preferred stock, except that such right shall be only in proportion to the amount paid on account of the subscription price for which such partly paid share or shares shall have been issued.

The unissued shares of said first preferred stock and \$100 first preferred stock may be offered for subscription or sale or in exchange for property and be issued from time to time upon such terms and conditions as said Board of Directors shall prescribe.

The first three series of said first preferred stock, namely, the Six Per Cent First Preferred Stock, the Five and One-Half Per Cent First Preferred Stock, and the Five Per Cent First Preferred Stock, are not subject to redemption.

Any or all shares of each series of said first preferred stock and \$100 first preferred stock other than said first three series of first preferred stock may be redeemed at the option of this corporation, at any time or from time to time, at the redemption price fixed for such series together with accumulated and unpaid dividends at the rate fixed therefor to and including the date fixed for redemption. If less than all the outstanding shares of any such series are to be redeemed, the shares to be redeemed shall be determined pro rata or by lot in such manner as the Board of Directors may determine.

Unless the certificate of determination for any series of the first preferred stock or the \$100 first preferred stock shall otherwise provide, notice of every such redemption shall be published in a newspaper of general circulation in the City and County of San Francisco, State of California, and in a newspaper of general circulation in the Borough of Manhattan, City and State of New York, at least once in each of two (2) successive weeks, commencing not earlier than sixty (60) nor later than thirty (30) days before the date fixed for redemption; successive publications need not be made in the same newspaper. A copy of such notice shall be mailed within the same period of time to each holder of record, as of the record date, of the shares to be redeemed, but the failure to mail such notice to any shareholder shall not invalidate the redemption of such shares.

From and after the date fixed for redemption, unless default be made by this corporation in paying the amount due upon redemption, dividends on the shares called for redemption shall cease to accrue, and such shares shall be deemed to be redeemed and shall be no longer outstanding, and the holders thereof shall cease to be shareholders with respect to such shares and shall have no rights with respect thereto except the right to receive from this corporation upon surrender of their certificates the amount payable upon redemption without interest. Or, if this corporation shall deposit, on or prior to the date fixed for redemption, with any bank or trust company in the City and County of San Francisco, having capital, surplus and undivided profits aggregating at least five million dollars (\$5,000,000), as a trust fund, a sum sufficient to redeem the shares called for redemption, with irrevocable instructions and authority to such bank or trust company to publish or complete the publication of the notice of redemption (if this corporation shall not have theretofore completed publication of such notice), and to pay, on and after the date

fixed for redemption, or on and after such earlier date as the Board of Directors may determine, the amount payable upon redemption of such shares, then from and after the date of such deposit (although prior to the date fixed for redemption) such shares shall be deemed to be redeemed; and dividends on such shares shall cease to accrue after the date fixed for redemption. The said deposit shall be deemed to constitute full payment of the shares to their respective holders and from and after the date of such deposit the shares shall be no longer outstanding, and the holders thereof shall cease to be shareholders with respect to such shares and shall have no rights with respect thereto except the right to receive from said bank or trust company the amount payable upon redemption of such shares, without interest, upon surrender of their certificates therefor, and except, also, any right which such shareholders may then have to exchange or convert such shares prior to the date fixed for redemption. Any part of the funds so deposited which shall not be required for redemption payments because of such exchange or conversion shall be repaid to this corporation forthwith. The balance, if any, of the funds so deposited which shall be unclaimed at the end of six (6) years from the date fixed for redemption shall be repaid to this corporation together with any interest which shall have been allowed thereon; and thereafter the unpaid holders of shares so called for redemption shall have no claim for payment except as against this corporation.

All shares of the first preferred stock and \$100 first preferred stock shall rank equally with regard to preference in dividend and liquidation rights, except that shares of different classes or different series thereof may differ as to the amounts of dividends or liquidation payments to which they are entitled, as herein set forth.

COMMON STOCK

When all accrued dividends upon all of the issued and outstanding shares of the first preferred stock and \$100 first preferred stock of this corporation shall have been declared and shall have been paid or set apart for payment, but not before, dividends may be declared and paid, out of funds legally available therefor, upon all of the issued and outstanding shares of said common stock.

Upon the liquidation or dissolution of this corporation, after the owners and holders of such first preferred stock and \$100 first preferred stock shall have been paid the full amount to which they shall have been entitled under the provisions of these Articles of Incorporation, the owners and holders of such common stock shall be entitled to receive and to have paid to them the entire residue of the assets of this corporation in proportion to the number of shares of said common stock held by them respectively.

If any share or shares of common stock shall at any time be issued as only partly paid, the

owners and holders of such partly paid share or shares shall have the right to receive dividends and to share in the assets of this corporation upon its liquidation or dissolution in all respects like the owners and holders of fully paid shares of common stock, except that such right shall be only in proportion to the amount paid on account of the subscription price for which such partly paid share or shares shall have been issued.

The unissued shares of said common stock may be offered for subscription or sale or in exchange for property and be issued from time to time upon such terms and conditions as said Board of Directors may prescribe.

PROHIBITION AGAINST ASSESSMENTS

Shares of such stock, whether first preferred, \$100 first preferred stock or common stock, the subscription price of which shall have been paid in full, whether such price be par or more or less than par, shall be issued as fully paid shares and shall never be subject to any call or assessment for any purpose whatever. Shares of such stock, whether first preferred, \$100 first preferred stock or common stock, a part only of the subscription price of which shall have been paid, shall be subject to calls for the unpaid balance of the subscription price thereof. But no call made on partly paid first preferred stock, partly paid \$100 first preferred stock or partly paid common stock shall be recoverable by action or be enforceable otherwise than by sale or forfeiture of delinquent stock in accordance with the applicable provisions of the Corporations Code of California.

If at any time, whether by virtue of any amendment of these Articles of Incorporation or any amendment or change of the law of the State of California relating to corporations or otherwise, any assessment shall, in any event whatever, be levied and collected on any subscribed and issued shares of said first preferred stock or \$100 first preferred stock after the subscription price thereof shall have been paid in full, the rights of the owners and holders thereof to receive dividends and their rights to share in the assets upon the liquidation or dissolution of this corporation shall, immediately upon the payment of such assessment and by virtue thereof, be increased in the same ratio as the total amount of the assessment or assessments so levied and collected shall bear to the par value of such shares of first preferred stock or \$100 first preferred stock.

RESERVES

The Board of Directors of this corporation shall, notwithstanding the foregoing provisions of these Articles of Incorporation, have authority from time to time to set aside, out of

the profits arising from the business of this corporation, such reasonable sums as may in their judgment be necessary and proper for working capital and for usual reserves and surplus.

NINTH: CERTIFICATE OF DETERMINATION OF PREFERENCES OF THE 5% REDEEMABLE FIRST PREFERRED STOCK: The Certificate of Determination of Preferences of the 5% Redeemable First Preferred Stock which is attached hereto as Exhibit 1 is hereby incorporated by reference as Article NINTH of these Articles of Incorporation.

TENTH: CERTIFICATE OF DETERMINATION OF PREFERENCES OF THE 5% REDEEMABLE FIRST PREFERRED STOCK, SERIES A: The Certificate of Determination of Preferences of the 5% Redeemable First Preferred Stock, Series A, which is attached hereto as Exhibit 2 is hereby incorporated by reference as Article TENTH of these Articles of Incorporation.

ELEVENTH: CERTIFICATE OF DETERMINATION OF PREFERENCES OF THE 4.80% REDEEMABLE FIRST PREFERRED STOCK: The Certificate of Determination of Preferences of the 4.80% Redeemable First Preferred Stock which is attached hereto as Exhibit 3 is hereby incorporated by reference as Article ELEVENTH of these Articles of Incorporation.

TWELFTH: CERTIFICATE OF DETERMINATION OF PREFERENCES OF THE 4.50% REDEEMABLE FIRST PREFERRED STOCK: The Certificate of Determination of Preferences of the 4.50% Redeemable First Preferred Stock which is attached hereto as Exhibit 4 is hereby incorporated by reference as Article TWELFTH of these Articles of Incorporation.

THIRTEENTH: CERTIFICATE OF DETERMINATION OF PREFERENCES OF THE 4.36% REDEEMABLE FIRST PREFERRED STOCK: The Certificate of Determination of Preferences of the 4.36% Redeemable First Preferred Stock which is attached hereto as Exhibit 5 is hereby incorporated by reference as Article THIRTEENTH of these Articles of Incorporation.

FOURTEENTH: CERTIFICATE OF DETERMINATION OF PREFERENCES OF THE 6.57% REDEEMABLE FIRST PREFERRED STOCK: The Certificate of Determination of Preferences of the 6.57% Redeemable First Preferred Stock which is attached hereto as Exhibit 6 is hereby incorporated by reference as Article FOURTEENTH of these Articles of Incorporation.

FIFTEENTH: CERTIFICATE OF DETERMINATION OF PREFERENCES OF THE 7.04% REDEEMABLE FIRST PREFERRED STOCK: The Certificate of Determination of Preferences of the 7.04% Redeemable First Preferred Stock which is attached hereto as Exhibit 7 is hereby incorporated by reference as Article FIFTEENTH of these Articles of Incorporation.

SIXTEENTH: CERTIFICATE OF DETERMINATION OF PREFERENCES OF THE 6.30% REDEEMABLE FIRST PREFERRED STOCK: The Certificate of Determination of Preferences of the 6.30% Redeemable First Preferred Stock which is attached hereto as Exhibit 8 is hereby incorporated by reference as Article SIXTEENTH of these Articles of Incorporation.

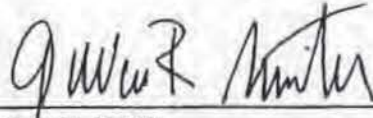
3. The foregoing amendments and restatement of the Articles of Incorporation were adopted to (1) amend Article Eighth to prohibit the corporation from issuing nonvoting equity securities, which is required by Section 1123(a)(6) of the United States Bankruptcy Code, (2) to eliminate Article Sixteenth, which previously set forth the Certificate of Determination of Preferences of the 6-7/8% Redeemable First Preferred Stock, to reflect the reduction in the authorized number of shares of that series to zero which occurred upon filing the Certificate of Decrease with respect to such series immediately preceding the filing of the Restated Articles, pursuant to California Corporations Code Section 401(c), and the elimination of that series as an authorized series of the corporation pursuant to California Corporations Code Section 401(f); and (3) to renumber the remaining Articles to reflect the deletion of Article Sixteenth.
4. The amendment to Article Eighth has not been approved by the Board of Directors or the shareholders, for the following reasons. The corporation filed a petition for voluntary bankruptcy under Chapter 11 of the U.S. Bankruptcy Code on April 6, 2001. Under the Confirmation Order dated December 22, 2003, as supplemented by orders dated January 27, 2004 and March 15, 2004, in respect of its plan of reorganization, the corporation is required to (1) amend its Articles of Incorporation to contain the provisions necessary to prohibit the issuance of nonvoting equity securities as required by section 1123(a)(6) of the Bankruptcy Code and as provided in the plan of reorganization and (2) empower the chairman of the board, the president, any vice president, the chief financial officer, the controller, the secretary, the treasurer, any assistant treasurer and any assistant secretary, jointly or severally, to exercise the power and authority to effectuate these provisions of the plan. Pursuant to California Corporations Code Section 1400, any domestic corporation with respect to which a proceeding has been initiated under any applicable statute of the United States, as now existing or hereafter enacted, relating to reorganizations or arrangements of corporations, has full power and authority to put into effect and carry out any plan of reorganization or arrangement and the orders of the court or judge entered in such proceeding and may take any proceeding and do any act provided in the plan or directed by such orders, without further action by its Board of Directors or shareholders,

including without limitation, the authority to amend its articles of incorporation.

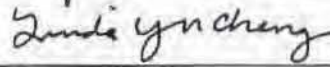
5. Amendments to the Articles of Incorporation for the purpose of eliminating the 6-7/8 % Redeemable First Preferred Stock series have been approved by the board of Directors. Pursuant to California Corporations Code Sections 202(e)(3), 203.5(b), 401(c) and 401(f), amendments to the Articles of Incorporation for the purpose of eliminating the 6-7/8 % Redeemable First Preferred Stock series need not be approved by the affirmative vote of the majority of the outstanding shares; accordingly, such amendments and restatement may be adopted with approval of the Board of Directors alone.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

Date: April 12, 2004



Gordon R. Smith
President



Linda Y. H. Cheng
Corporate Secretary

EXHIBIT 1

PACIFIC GAS AND ELECTRIC COMPANY
CERTIFICATE OF DETERMINATION OF PREFERENCES
OF 5% REDEEMABLE FIRST PREFERRED STOCK

WHEREAS, the Articles of Incorporation of this corporation provide for a class of stock known as First Preferred Stock, issuable from time to time in one or more series, of which a series of such class of stock was issued as the 5% Redeemable First Preferred Stock, \$25 par value (herein called the "5% Series"); and

WHEREAS, this corporation has elected to redeem, purchase, or otherwise acquire 1,082,805 shares of the 5% Series from time to time; and

WHEREAS, pursuant to California Corporations Code Section 401(c), this corporation filed a Certificate of Decrease in Number of Shares of Certain Series of First Preferred Stock on March 23, 1994, which amended the Articles of Incorporation to decrease the number of shares constituting the 5% Series from 2,860,977 to 1,778,172 shares; and

WHEREAS, pursuant to California Corporations Code Section 202(e)(3), the 1,082,805 shares constituting the decrease in the 5% Series resumed the status of authorized and unissued shares of First Preferred Stock, \$25 par value; and

WHEREAS, it is in the best interest of this corporation to restate the four existing Certificates of Determination of Preferences of the 5% Series to (i) reflect the reduction in the authorized number of shares of the 5% Series, (ii) consolidate such existing Certificates of Determination of Preferences into a single Certificate of Determination of Preferences of the 5% Series, and (iii) eliminate the portions of the officers' certificates and verifications which do not set forth any of the rights, preferences, privileges, or restrictions of the 5% Series.

NOW, THEREFORE, BE IT RESOLVED that the foregoing restatement of the Certificates of Determination of Preferences of the 5% Series is hereby approved; and

BE IT FURTHER RESOLVED that the Certificate of Determination of Preferences of the 5% Series is hereby approved and adopted as restated in its entirety as follows:

1,778,172 shares of this corporation's unissued redeemable First Preferred Stock shall constitute a series designated "5% Redeemable First Preferred Stock"; the dividend rate of such shares shall be five per cent per year; such shares shall have no conversion rights; and the redemption price of such shares shall be

\$28.25 per share if redeemed on or before July 31, 1953,
\$27.75 per share if redeemed thereafter and on or before July 31, 1958,
\$27.25 per share if redeemed thereafter and on or before July 31, 1963, and
\$26.75 per share if redeemed thereafter.

EXHIBIT 2

PACIFIC GAS AND ELECTRIC COMPANY
CERTIFICATE OF DETERMINATION OF PREFERENCES
OF 5% REDEEMABLE FIRST PREFERRED STOCK,
SERIES A

WHEREAS, the Articles of Incorporation of this corporation provide for a class of stock known as First Preferred Stock, issuable from time to time in one or more series, of which a series of such class of stock was issued as the 5% Redeemable First Preferred Stock, Series A, \$25 par value (herein called the "5% Series A"); and

WHEREAS, this corporation has elected to redeem, purchase, or otherwise acquire 815,678 shares of the 5% Series A from time to time; and

WHEREAS, pursuant to California Corporations Code Section 401(c), this corporation filed a Certificate of Decrease in Number of Shares of Certain Series of First Preferred Stock on March 23, 1994, which amended the Articles of Incorporation to decrease the number of shares constituting the 5% Series A from 1,750,000 to 934,322 shares; and

WHEREAS, pursuant to California Corporations Code Section 202(e)(3), the 815,678 shares constituting the decrease in the 5% Series A resumed the status of authorized and unissued shares of First Preferred Stock, \$25 par value; and

WHEREAS, it is in the best interest of this corporation to restate the two existing Certificates of Determination of Preferences of the 5% Series A to (i) reflect the reduction in the authorized number of shares of the 5% Series A, (ii) consolidate such existing Certificates of Determination of Preferences into a single Certificate of Determination of Preferences of the 5% Series A, and (iii) eliminate the portions of the officers' certificates and verifications which do not set forth any of the rights, preferences, privileges, or restrictions of the 5% Series A.

NOW, THEREFORE, BE IT RESOLVED that the foregoing restatement of the Certificates of Determination of Preferences of the 5% Series A is hereby approved; and

BE IT FURTHER RESOLVED that the Certificate of Determination of Preferences of the 5% Series A is hereby approved and adopted as restated in its entirety as follows:

934,322 shares of this corporation's unissued redeemable First Preferred Stock shall constitute a series designated "5% Redeemable First Preferred Stock, Series A"; the dividend rate of such shares shall be five per cent per year; such shares shall have no conversion rights; and the redemption price of such shares shall be

\$28.25 per share if redeemed on or before July 31, 1953,
\$27.75 per share if redeemed thereafter and on or before July 31, 1958,
\$27.25 per share if redeemed thereafter and on or before July 31, 1963, and
\$26.75 per share if redeemed thereafter.

EXHIBIT 3

PACIFIC GAS AND ELECTRIC COMPANY
CERTIFICATE OF DETERMINATION OF PREFERENCES
OF 4.80% REDEEMABLE FIRST PREFERRED STOCK

WHEREAS, the Articles of Incorporation of this corporation provide for a class of stock known as First Preferred Stock, issuable from time to time in one or more series, of which a series of such class of stock was issued as the 4.80% Redeemable First Preferred Stock, \$25 par value (herein called the "4.80% Series"); and

WHEREAS, this corporation has elected to redeem, purchase, or otherwise acquire 724,344 shares of the 4.80% Series from time to time; and

WHEREAS, pursuant to California Corporations Code Section 401(c), this corporation filed a Certificate of Decrease in Number of Shares of Certain Series of First Preferred Stock on March 23, 1994, which amended the Articles of Incorporation to decrease the number of shares constituting the 4.80% Series from 1,517,375 to 793,031 shares; and

WHEREAS, pursuant to California Corporations Code Section 202(e)(3), the 724,344 shares constituting the decrease in the 4.80% Series resumed the status of authorized and unissued shares of First Preferred Stock, \$25 par value; and

WHEREAS, it is in the best interest of this corporation to restate the two existing Certificates of Determination of Preferences of the 4.80% Series to (i) reflect the reduction in the authorized number of shares of the 4.80% Series, (ii) consolidate such existing Certificates of Determination of Preferences into a single Certificate of Determination of Preferences of the 4.80% Series, and (iii) eliminate the portions of the officers' certificates and verifications which do not set forth any of the rights, preferences, privileges, or restrictions of the 4.80% Series.

NOW, THEREFORE, BE IT RESOLVED that the foregoing restatement of the Certificates of Determination of Preferences of the 4.80% Series is hereby approved; and

BE IT FURTHER RESOLVED that the Certificate of Determination of Preferences of the 4.80% Series is hereby approved and adopted as restated in its entirety as follows:

793,031 shares of this corporation's unissued redeemable First Preferred Stock shall constitute a series designated "4.80% Redeemable First Preferred Stock"; the

dividend rate of such shares shall be 4.80% per year; such shares shall have no conversion rights; and the redemption price for such shares shall be

\$28.75 per share if redeemed on or before January 31, 1955;
\$28.25 per share if redeemed thereafter and on or before January 31, 1960;
\$27.75 per share if redeemed thereafter and on or before January 31, 1965; and
\$27.25 per share if redeemed thereafter.

EXHIBIT 4

PACIFIC GAS AND ELECTRIC COMPANY
CERTIFICATE OF DETERMINATION OF PREFERENCES
OF 4.50% REDEEMABLE FIRST PREFERRED STOCK

WHEREAS, the Articles of Incorporation of this corporation provide for a class of stock known as First Preferred Stock, issuable from time to time in one or more series, of which a series of such class of stock was issued as the 4.50% Redeemable First Preferred Stock, \$25 par value (herein called the "4.50% Series"); and

WHEREAS, this corporation has elected to redeem, purchase, or otherwise acquire 516,284 shares of the 4.50% Series from time to time; and

WHEREAS, pursuant to California Corporations Code Section 401(c), this corporation filed a Certificate of Decrease in Number of Shares of Certain Series of First Preferred Stock on March 23, 1994, which amended the Articles of Incorporation to decrease the number of shares constituting the 4.50% Series from 1,127,426 to 611,142 shares; and

WHEREAS, pursuant to California Corporations Code Section 202(e)(3), the 516,284 shares constituting the decrease in the 4.50% Series resumed the status of authorized and unissued shares of First Preferred Stock, \$25 par value; and

WHEREAS, it is in the best interest of this corporation to restate the two existing Certificates of Determination of Preferences of the 4.50% Series to (i) reflect the reduction in the authorized number of shares of the 4.50% Series, (ii) consolidate such existing Certificates of Determination of Preferences into a single Certificate of Determination of Preferences of the 4.50% Series, and (iii) eliminate the portions of the officers' certificates and verifications which do not set forth any of the rights, preferences, privileges, or restrictions of the 4.50% Series.

NOW, THEREFORE, BE IT RESOLVED that the foregoing restatement of the Certificates of Determination of Preferences of the 4.50% Series is hereby approved; and

BE IT FURTHER RESOLVED that the Certificate of Determination of Preferences of the 4.50% Series is hereby approved and adopted as restated in its entirety as follows:

611,142 shares of this corporation's unissued redeemable first preferred stock shall constitute a series designated "4.50% Redeemable First Preferred Stock"; the dividend rate of such shares shall be 4.50% per year; such shares shall have no conversion rights; and the redemption price of such shares shall be

\$27.25 per share if redeemed on or before July 31, 1959;
\$26.75 per share if redeemed thereafter and on or before July 31, 1964;
\$26.25 per share if redeemed thereafter and on or before July 31, 1969; and
\$26.00 per share if redeemed thereafter.

EXHIBIT 5

PACIFIC GAS AND ELECTRIC COMPANY
CERTIFICATE OF DETERMINATION OF PREFERENCES
OF 4.36% REDEEMABLE FIRST PREFERRED STOCK

WHEREAS, the Articles of Incorporation of this corporation provide for a class of stock known as First Preferred Stock, issuable from time to time in one or more series, of which a series of such class of stock was issued as the 4.36% Redeemable First Preferred Stock, \$25 par value (herein called the "4.36% Series"); and

WHEREAS, this corporation has elected to redeem, purchase or otherwise acquire 581,709 shares of the 4.36% Series from time to time; and

WHEREAS, pursuant to California Corporations Code Section 401(c), this corporation filed a Certificate of Decrease in Number of Shares of Certain Series of First Preferred Stock on March 23, 1994, which amended the Articles of Incorporation to decrease the number of shares constituting the 4.36% Series from 1,000,000 to 418,291 shares; and

WHEREAS, pursuant to California Corporations Code Section 202(e)(3), the 581,709 shares constituting the decrease in the 4.36% Series resumed the status of authorized and unissued shares of First Preferred Stock, \$25 par value; and

WHEREAS, it is in the best interest of this corporation to restate the Certificate of Determination of Preferences of the 4.36% Series to (i) reflect the reduction in the authorized number of shares of the 4.36% Series and (ii) eliminate the portions of the officers' certificate and verification which do not set forth any of the rights, preferences, privileges, or restrictions of the 4.36% Series.

NOW, THEREFORE, BE IT RESOLVED that the foregoing restatement of the Certificate of Determination of Preferences of the 4.36% Series is hereby approved; and

BE IT FURTHER RESOLVED that the Certificate of Determination of Preferences of the 4.36% Series is hereby approved and adopted as restated in its entirety as follows:

418,291 shares of this corporation's unissued Redeemable First Preferred Stock shall constitute a series designated "4.36% Redeemable First Preferred Stock"; the dividend rate of such shares shall be 4.36% per year; such shares shall have no conversion rights; and the redemption price of such shares shall be

\$26.75 per share if redeemed on or before October 31, 1960;
\$26.50 per share if redeemed thereafter and on or before October 31, 1965;
\$26.25 per share if redeemed thereafter and on or before October 31, 1970;
\$26.00 per share if redeemed thereafter and on or before October 31, 1975; and
\$25.75 per share if redeemed thereafter.

EXHIBIT 6

CERTIFICATE OF DETERMINATION OF PREFERENCES OF 6.57% REDEEMABLE FIRST PREFERRED STOCK OF PACIFIC GAS AND ELECTRIC COMPANY

WHEREAS, the Articles of Incorporation of this corporation provide for a class of stock known as First Preferred Stock, issuable from time to time in one or more series, of which a series of such class of stock was issued as the 6.57% Redeemable First Preferred Stock, \$25 par value (herein called the "6.57% Series"); and

WHEREAS, it is in the best interest of this corporation to restate the Certificate of Determination of Preferences of the 6.57% Series to eliminate the portions of the officers' certificate and verification which do not set forth any of the rights, preferences, privileges, or restrictions of the 6.57% Series.

NOW, THEREFORE, BE IT RESOLVED that the foregoing restatement of the Certificate of Determination of Preferences of the 6.57% Series is hereby approved; and

BE IT FURTHER RESOLVED that the Certificate of Determination of Preferences of the 6.57% Series is hereby approved and adopted as restated in its entirety as follows:

3,000,000 shares of this corporation's unissued First Preferred Stock, \$25 par value, shall constitute a series designated "6.57% Redeemable First Preferred Stock" (hereinafter referred to as the "6.57% Series").

The terms of the 6.57% Series are hereby fixed as follows:

- (a) The holders of shares of the 6.57% Series shall be entitled to receive, when and as declared by the Board of Directors, dividends at the rate of 6.57 percent of par value thereof per annum, and no more. Such dividends shall be cumulative with respect to each share from the date of issuance thereof.
- (b) No dividend shall be declared or paid on any shares of the 6.57% Series or on any shares of any other series or class of preferred stock unless a ratable dividend on the 6.57% Series and such other series or class of preferred stock, in proportion to the full preferential amounts to which each series or class is entitled, is declared and is paid or set apart for payment. As used herein, the term "preferred stock" shall mean all series of the first preferred stock, \$25 par value per share, and first preferred stock, \$100 par value per share, and any other class of stock ranking equally with the preferred stock as to preference in dividends and liquidation rights,

notwithstanding that shares of such series and classes may differ as to the amounts of dividends or liquidation payments to which they are entitled.

(c) No junior shares or shares of preferred stock shall be purchased, redeemed or otherwise acquired by the corporation, and no moneys shall be paid to or set aside or made available for a sinking fund for the purchase or redemption of junior shares or shares of preferred stock, unless full cumulative dividends upon all series and classes of preferred stock then outstanding to the end of the dividend period next preceding the date fixed for such redemption (and for the current dividend period if the date fixed for such redemption is a dividend payment date) shall have been declared and shall have been paid or set aside for payment. As used herein, the term "junior shares" shall mean common shares or any other shares ranking junior to the preferred stock either as to dividends or upon liquidation, dissolution, or winding up.

(d) The shares of the 6.57% Series shall not be subject to redemption by this corporation prior to July 31, 2002. On or after July 31, 2002, the redemption price shall be \$25.00 per share, together with an amount equal to all accumulated and unpaid dividends thereon to and including the date of redemption.

(e) Shares of the 6.57% Series shall also be subject to redemption through the operation of a sinking fund (herein called the "Sinking Fund") at the redemption price (the "Sinking Fund Redemption Price") of \$25.00 per share plus an amount equal to the accumulated and unpaid dividends thereon to and including the redemption date, whether or not earned or declared. For the purposes of the Sinking Fund, out of any funds of the corporation legally available therefor remaining after full cumulative dividends upon all series and classes of preferred stock then outstanding to the end of the dividend period next preceding the date fixed for such redemption (and for the current dividend period if the date fixed for such redemption is a dividend payment date) shall have been declared and shall have been paid or set apart for payment, the corporation shall redeem 150,000 shares of the 6.57% Series annually on each July 31, from 2002 through 2006, inclusive, and 2,250,000 shares on July 31, 2007, at the Sinking Fund Redemption Price. The Sinking Fund shall be cumulative so that if on any such July 31 the funds of the corporation legally available therefor shall be insufficient to permit the required redemption in full, or if for any other reason such redemption shall not have been made in full, the remaining shares of the 6.57% Series so required to be redeemed shall be redeemed before any cash dividend shall be paid or declared, or any distribution made, on any junior shares or before any junior shares or any shares of preferred stock shall be purchased, redeemed or otherwise acquired by the corporation, or any monies shall be paid to or set aside or made available for a sinking fund for the purchase or redemption or any junior shares or any shares of preferred stock; provided, however, that, notwithstanding the existence of any such

deficiency, the corporation may make any required sinking fund redemption on any other series or class of preferred stock if the number of shares of such other series or class of preferred stock being so redeemed bears (as nearly as practicable) the same ratio to the aggregate number of shares of such other series or class then due to be redeemed as the number of shares of the 6.57% Series being redeemed bears to the aggregate number of shares of the 6.57% Series then due to be redeemed.

(f) Shares of the 6.57% Series redeemed otherwise than as required by section (e) or purchased or otherwise acquired by the corporation may, at the option of the corporation, be applied as a credit against any Sinking Fund redemption required by section (e). Moneys available for the Sinking Fund shall be applied on each such July 31 to the redemption of shares of the 6.57% Series.

(g) Any shares of the 6.57% Series which have been redeemed, purchased, or otherwise acquired by the corporation shall become authorized and unissued shares of the First Preferred Stock, \$25 par value, but shall not be reissued as shares of the 6.57% Series.

(h) Upon liquidation, dissolution, or winding up of the corporation, the holders of shares of the 6.57% Series shall be entitled to receive the liquidation value per share, which is hereby fixed at \$25.00 per share, plus an amount equal to all accumulated and unpaid dividends thereon at such time, whether or not earned or declared.

(i) Dividends shall be computed on a basis of a 360-day year of twelve 30-day months.

(j) If the date for payment of any dividend or the date fixed for redemption of any share of the 6.57% Series shall not be on a business day, then payment of the dividend or applicable redemption price need not be made on such date, but may be made on the next succeeding business day with the same force and effect as if made on the date for payment of such dividend or date fixed for redemption.

EXHIBIT 7

CERTIFICATE OF DETERMINATION OF PREFERENCES
OF 7.04% REDEEMABLE FIRST PREFERRED STOCK OF
PACIFIC GAS AND ELECTRIC COMPANY

WHEREAS, the Articles of Incorporation of this corporation provide for a class of stock known as First Preferred Stock, issuable from time to time in one or more series, of which a series of such class of stock was issued as the 7.04% Redeemable First Preferred Stock, \$25 par value (herein called the "7.04% Series"); and

WHEREAS, it is in the best interest of this corporation to restate the Certificate of Determination of Preferences of the 7.04% Series to eliminate the portions of the officers' certificate and verification which do not set forth any of the rights, preferences, privileges, or restrictions of the 7.04% Series.

NOW, THEREFORE, BE IT RESOLVED that the foregoing restatement of the Certificate of Determination of Preferences of the 7.04% Series is hereby approved; and

BE IT FURTHER RESOLVED that the Certificate of Determination of Preferences of the 7.04% Series is hereby approved and adopted as restated in its entirety as follows:

3,000,000 shares of this corporation's unissued First Preferred Stock, \$25 par value, shall constitute a series designated "7.04% Redeemable First Preferred Stock" (hereinafter referred to as the "7.04% Series").

The terms of the 7.04% Series are hereby fixed as follows:

- (a) The holders of shares of the 7.04% Series shall be entitled to receive, when and as declared by the Board of Directors, dividends at the rate of 7.04 percent of par value thereof per annum, and no more. Such dividends shall be cumulative with respect to each share from the date of issuance thereof.
- (b) No dividend shall be declared or paid on any shares of the 7.04% Series or on any shares of any other series or class of preferred stock unless a ratable dividend on the 7.04% Series and such other series or class of preferred stock, in proportion to the full preferential amounts to which each series or class is entitled, is declared and is paid or set apart for payment. As used herein, the term "preferred stock" shall mean all series of the first preferred stock, \$25 par value per share, and first preferred stock, \$100 par value per share, and any other class of stock ranking equally with the preferred stock as to preference in dividends and liquidation rights,

notwithstanding that shares of such series and classes may differ as to amounts of dividends or liquidation payments to which they are entitled.

(c) No junior shares or shares of preferred stock shall be purchased, redeemed, or otherwise acquired by the corporation, and no moneys shall be paid to or set aside or made available for a sinking fund for the purchase or redemption of junior shares or shares of preferred stock, unless full cumulative dividends upon all series and classes of preferred stock then outstanding to the end of the dividend period next preceding the date fixed for such redemption (and for the current dividend period if the date fixed for such redemption is a dividend payment date) shall have been declared and shall have been paid or set aside for payment. As used herein, the term "junior shares" shall mean common shares or any other shares ranking junior to the preferred stock either as to dividends or upon liquidation, dissolution, or winding up.

(d) The shares of the 7.04% Series shall not be subject to redemption by this corporation prior to January 31, 2003. On and after January 31, 2003, the redemption price shall be as follows:

If redeemed during the 12 months' period beginning January 31,

2003	\$25.88	2008	\$25.44
2004	\$25.79	2009	\$25.35
2005	\$25.70	2010	\$25.26
2006	\$25.62	2011	\$25.18
2007	\$25.53	2012	\$25.09

and at \$25.00 per share on and after January 31, 2013, together in each case with an amount equal to all accumulated and unpaid dividends thereon to and including the date of redemption. For the purpose of redeeming any shares of the 7.04% Series, payment of the redemption price shall be out of any funds of the corporation legally available therefor remaining after: (i) full cumulative dividends upon all series and classes of preferred stock then outstanding to the end of the dividend period next preceding the date fixed for such redemption (and for the current dividend period if the date fixed for such redemption is a dividend payment date) shall have been declared and shall have been paid or set apart for payment, and (ii) all money shall have been paid to or set aside or made available for any sinking fund for the purchase or redemption of all series of and classes of preferred stock as may be required by the terms of such preferred stock.

(e) Any shares of the 7.04% Series which have been redeemed, purchased, or otherwise acquired by the corporation shall become authorized and unissued shares

of the First Preferred Stock, \$25 par value, but shall not be reissued as shares of the 7.04% Series.

(f) Upon liquidation, dissolution, or winding up of the corporation, the holders of shares of the 7.04% Series shall be entitled to receive the liquidation value per share, which is hereby fixed at \$25.00 per share, plus an amount equal to all accumulated and unpaid dividends thereon at such time, whether or not earned or declared.

(g) Dividends shall be computed on a basis of a 360-day year of twelve 30-day months.

(h) If the date for payment of any dividend or the date fixed for redemption of any share of the 7.04% Series shall not be a business day, then payment of the dividend or applicable redemption price need not be made on such date, but may be made on the next succeeding business day with the same force and effect as if made on the date for payment of such dividend or date fixed for redemption.

EXHIBIT 8

CERTIFICATE OF DETERMINATION OF PREFERENCES
OF 6.30% REDEEMABLE FIRST PREFERRED STOCK OF
PACIFIC GAS AND ELECTRIC COMPANY

WHEREAS, the Articles of Incorporation of this corporation provide for a class of stock known as First Preferred Stock, issuable from time to time in one or more series, of which a series of such class of stock was issued as the 6.30% Redeemable First Preferred Stock, \$25 par value (herein called the "6.30% Series"); and

WHEREAS, it is in the best interest of this corporation to restate the Certificate of Determination of Preferences of the 6.30% Series to eliminate the portions of the officers' certificate and verification which do not set forth any of the rights, preferences, privileges, or restrictions of the 6.30% Series.

NOW, THEREFORE, BE IT RESOLVED that the foregoing restatement of the Certificate of Determination of Preferences of the 6.30% Series is hereby approved; and

BE IT FURTHER RESOLVED, that the Certificate of Determination of Preferences of the 6.30% Series is hereby approved and adopted as restated in its entirety as follows:

2,500,000 shares of this corporation's unissued Redeemable First Preferred Stock, \$25 par value, shall constitute a series designated "6.30% Redeemable First Preferred Stock" (hereinafter referred to as the "6.30% Series").

The terms of the 6.30% Series are hereby fixed as follows:

- (a) The holders of shares of the 6.30% Series shall be entitled to receive, when and as declared by the Board of Directors, dividends at the rate of 6.30 percent of par value thereof per annum, and no more. Such dividends shall be cumulative with respect to each share from the date of issuance thereof.

(b) No dividend shall be declared or paid on any shares of the 6.30% Series or on any shares of any other series or class of preferred stock unless a ratable dividend on the 6.30% Series and such other series or class of preferred stock, in proportion to the full preferential amounts to which each series or class is entitled, is declared and is paid or set apart for payment. As used herein, the term "preferred stock" shall mean all series of the first preferred stock, \$25 par value per share, and first preferred stock, \$100 par value per share, and any other class of stock ranking equally with the preferred stock as to preference in dividends and liquidation rights, notwithstanding that shares of such series and classes may differ as to amounts of dividends or liquidation payments to which they are entitled.

(c) No junior shares or shares of preferred stock shall be purchased, redeemed, or otherwise acquired by the corporation, and no moneys shall be paid to or set aside or made available for a sinking fund for the purchase or redemption of junior shares or shares of preferred stock, unless full cumulative dividends upon all series and classes of preferred stock then outstanding to the end of the dividend period next preceding the date fixed for such redemption (and for the current dividend period if the date fixed for such redemption is a dividend payment date) shall have been declared and shall have been paid or set aside for payment. As used herein, the term "junior shares" shall mean common shares or any other shares ranking junior to the preferred stock either as to dividends or upon liquidation, dissolution, or winding up.

(d) The shares of the 6.30% Series shall not be subject to redemption by this corporation prior to January 31, 2004. On and after January 31, 2004, the redemption price shall be \$25.00 per share, together with an amount equal to all accumulated and unpaid dividends thereon to and including the date of redemption. For the purpose of redeeming any shares of the 6.30% Series, payment of the redemption price shall be out of any funds of the corporation legally available therefor remaining after: (i) full cumulative dividends upon all series and classes of preferred stock then outstanding to the end of the dividend period next preceding the date fixed for such redemption (and for the current dividend period if the date fixed for such redemption is a dividend payment date) shall have been declared and shall have been paid or set apart for payment, and (ii) all money shall have been paid to or set aside or made available for any sinking fund for the purchase or redemption of all series of and classes of preferred stock as may be required by the terms of such preferred stock.

(e) Shares of the 6.30% Series shall also be subject to redemption through the operation of a sinking fund (herein called the "Sinking Fund") at the redemption price (the "Sinking Fund Redemption Price") of \$25.00 per share plus an amount equal to the accumulated and unpaid dividends thereon to and including the redemption date, whether or not earned or declared. For the purposes of the Sinking Fund, out of any funds of the corporation legally available therefor remaining after full cumulative dividends upon all series and classes of preferred

stock then outstanding to the end of the dividend period next preceding the date fixed for such redemption (and for the current dividend period if the date fixed for such redemption is a dividend payment date) shall have been declared and shall have been paid or set apart for payment, the corporation shall redeem 125,000 shares of the 6.30% Series annually on each January 31, from 2004 through 2008, inclusive, and 1,875,000 shares on January 31, 2009, at the Sinking Fund Redemption Price. The Sinking Fund shall be cumulative so that if on any such January 31 the funds of the corporation legally available therefor shall be insufficient to permit the required redemption in full, or if for any other reason such redemption shall not have been made in full, the remaining shares of the 6.30% Series so required to be redeemed shall be redeemed before any cash dividend shall be paid or declared, or any distribution made, on any junior shares or before any junior shares or any shares of preferred stock shall be purchased, redeemed or otherwise acquired by the corporation, or any moneys shall be paid to or set aside or made available for a sinking fund for the purchase or redemption of any junior shares or any shares of preferred stock; *provided, however, that*, notwithstanding the existence of any such deficiency, the corporation may make any required sinking fund redemption on any other series or class of preferred stock if the number of shares of such other series or class of preferred stock being so redeemed bears (as nearly as practicable) the same ratio to the aggregate number of shares of such other series or class then due to be redeemed as the number of shares of the 6.30% Series being redeemed bears to the aggregate number of shares of the 6.30% Series then due to be redeemed.

(f) Shares of the 6.30% Series redeemed otherwise than as required by section (e) or purchased or otherwise acquired by the corporation may, at the option of the corporation, be applied as a credit against any Sinking Fund redemption required by section (e). Moneys available for the Sinking Fund shall be applied on each such January 31 to the redemption of shares of the 6.30% Series.

(g) Any shares of the 6.30% Series which have been redeemed, purchased, or otherwise acquired by the corporation shall become authorized and unissued shares of the First Preferred Stock, \$25 par value, but shall not be reissued as shares of the 6.30% Series.

(h) Upon liquidation, dissolution, or winding up of the corporation, the holders of shares of the 6.30% Series shall be entitled to receive the liquidation value per share, which is hereby fixed at \$25.00 per share, plus an amount equal to all accumulated and unpaid dividends thereon at such time, whether or not earned or declared.

(i) Dividends shall be computed on a basis of a 360-day year of twelve 30-day months.

(j) If the date for payment of any dividend or the date fixed for redemption of any share of the 6.30% Series shall not be a business day, then payment of the

dividend or applicable redemption price need not be made on such date, but may be made on the next succeeding business day with the same force and effect as if made on the date for payment of such dividend or date fixed for redemption.





SECRETARY OF STATE

I, *Kevin Shelley*, Secretary of State of the State of California, hereby certify:

That the attached transcript of 3 page(s) has been compared with the record on file in this office, of which it purports to be a copy, and that it is full, true and correct.

IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of

APR 12 2004



Kevin Shelley
Secretary of State

APR 12 2004

KEVIN SHELLEY
Secretary of StateCERTIFICATE OF DECREASE
IN NUMBER OF SHARES OF
CERTAIN SERIES OF FIRST PREFERRED STOCK OF
PACIFIC GAS AND ELECTRIC COMPANY

Gordon R. Smith and Linda Y. H. Cheng certify that:

1. They are the President and the Corporate Secretary, respectively, of Pacific Gas and Electric Company, a California corporation.
2. The Board of Directors duly adopted the following resolutions on December 17, 1997:

WHEREAS, it is desirable and in the best interests of this company and its shareholders to cause to redeem, if economic, all of this company's outstanding Series 7.44% \$25 Redeemable Preferred Stock (the "Series 7.44% Stock") or all of this company's outstanding Series 6-7/8% \$25 Redeemable Preferred Stock (the "Series 6-7/8% Stock"), or both, in one or more transactions during 1998 and 1999; and

WHEREAS, the Board of Directors desires, upon redemption of the Series 7.44% Stock or the Series 6-7/8% Stock, or both, as contemplated in the following resolution, to decrease the number of shares constituting either or both of such series to zero as appropriate, and there are no limits or restrictions with respect to the increase or decrease of the number of shares stated in the resolutions of the Board of Directors originally fixing the number of shares constituting each such series;

NOW, THEREFORE, BE IT RESOLVED that the Chairman of the Board, the President, the Chief Financial Officer, the Treasurer, and the Assistant Treasurer of this company (the "Delegated Officers") each are hereby authorized to make the election to redeem at such time or times during 1998 or 1999 to be determined by any of them, all of either the Series 7.44% Stock or the Series 6-7/8% Stock, or both, at the respective redemption price fixed for each series together with accumulated and unpaid dividends, at the rate fixed therefor, to and including the date fixed for redemption; and

BE IT FURTHER RESOLVED that the Corporate Secretary of this company is hereby authorized and directed to cause notices of any election to redeem to be provided in the manner and for the time prescribed in the Articles of Incorporation; and

BE IT FURTHER RESOLVED that, upon redemption of the Series 7.44% Stock or the Series 6-7/8% Stock, or both, as contemplated by this resolution, the number of shares constituting each of the Series 7.44% Stock or the Series 6-7/8% Stock, or both, as the case may be, shall be decreased to zero; and

BE IT FURTHER RESOLVED that the Chairman of the Board, the President, any Executive Vice President, or any Senior Vice President, and the Corporate Secretary or any Assistant Corporate Secretary of this company are hereby authorized and directed to make, verify, and file a Certificate of Decrease in the number of shares constituting the Series 7.44% Stock or the Series 6-7/8% Stock, or both, as the case may be, in accordance with this resolution and the provisions of California law; and

BE IT FURTHER RESOLVED that, in the event the number of shares constituting the Series 7.44% Stock or the Series 6-7/8% Stock, or both, is decreased to zero, the Chairman of the Board, the President, and Executive Vice President, or any Senior Vice President, and the Corporate Secretary or any Assistant Corporate Secretary of this company are hereby authorized and directed to make, verify, and file a certificate entitled "Restated Articles of Incorporation of Pacific Gas and Electric Company" restating said Articles to (i) eliminate Article Fourteenth with respect to the Series 7.44% Stock, or Article Seventeenth with respect to the Series 6-7/8% Stock, or both, as appropriate, which set forth the rights, preferences, privileges, and restrictions relating to the Series 7.44% Stock and the Series 6-7/8% Stock, respectively, each of which shall no longer be an authorized series of this company upon filing of the Certificate of Decrease relating to such series, and (ii) to renumber the remaining Articles accordingly; and

BE IT FURTHER RESOLVED that the officers, counsel, and Transfer Agent, of this company are hereby authorized, jointly and severally, to perform and to do such acts and things and to execute and deliver such other agreements, undertakings, documents, instruments, or certificates as such person may deem necessary, desirable, or appropriate in order to carry out the intent of the foregoing resolution and fully to perform the obligations of the company under the agreements executed and delivered on behalf of the company pursuant to such resolution.

3. This Certificate of Decrease relates to this company's 6-7/8% Redeemable First Preferred Stock. The number of shares of, and the respective rights, preferences, privileges, and restrictions relating to such series were set forth in a Certificate of Determination of Preferences that was filed with the Secretary of State and incorporated into the Restated Articles of Incorporation of this company.

4. This company has redeemed all of the outstanding shares of its 6-7/8% Redeemable First Preferred Stock, in accordance with the aforesated resolutions of this company's Board of Directors. The number of outstanding shares of such series is zero.

5. The authorized number of shares constituting this company's 6-7/8% Redeemable First Preferred Stock is decreased from 5,000,000 to zero, in accordance with the aforesated resolutions of this company's Board of Directors, this company's Restated Articles of Incorporation, and California Corporations Code Section 202(e). Pursuant to California Corporations Code Section 202(e)(3), the aggregate shares constituting such decrease (5,000,000) shall resume the status of authorized and unissued shares of First Preferred Stock, \$25 par value.

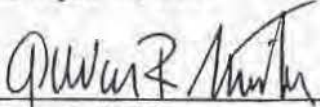
6. Pursuant to California Corporations Code Section 401(c), an amendment to the Articles of Incorporation to decrease the number of shares constituting any series of stock may, notwithstanding California Corporations Code Section 902, be approved by the Board of Directors alone.

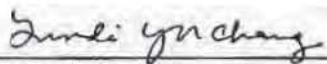
7. Pursuant to California Corporations Code Section 401(f), upon the filing of this Certificate of Decrease to decrease the number of shares of this company's 6-7/8% Redeemable First Preferred Stock to zero, the respective Certificate of Determination whereby that series was established is no longer in force and such series is no longer an authorized series of the company.

8. On May 6, 1998, the number of shares constituting the Series 7.44% Stock was decreased to zero pursuant to the filing of a Certificate of Decrease in the Number of Shares of Certain Series of Preferred Stock of Pacific Gas and Electric Company filed with the Secretary of State of the State of California.

We further declare under penalty of perjury under the laws of the State of California that we have read the foregoing certificate and know the contents thereof and that the same is true and correct of our own knowledge.

Date: April 12, 2004

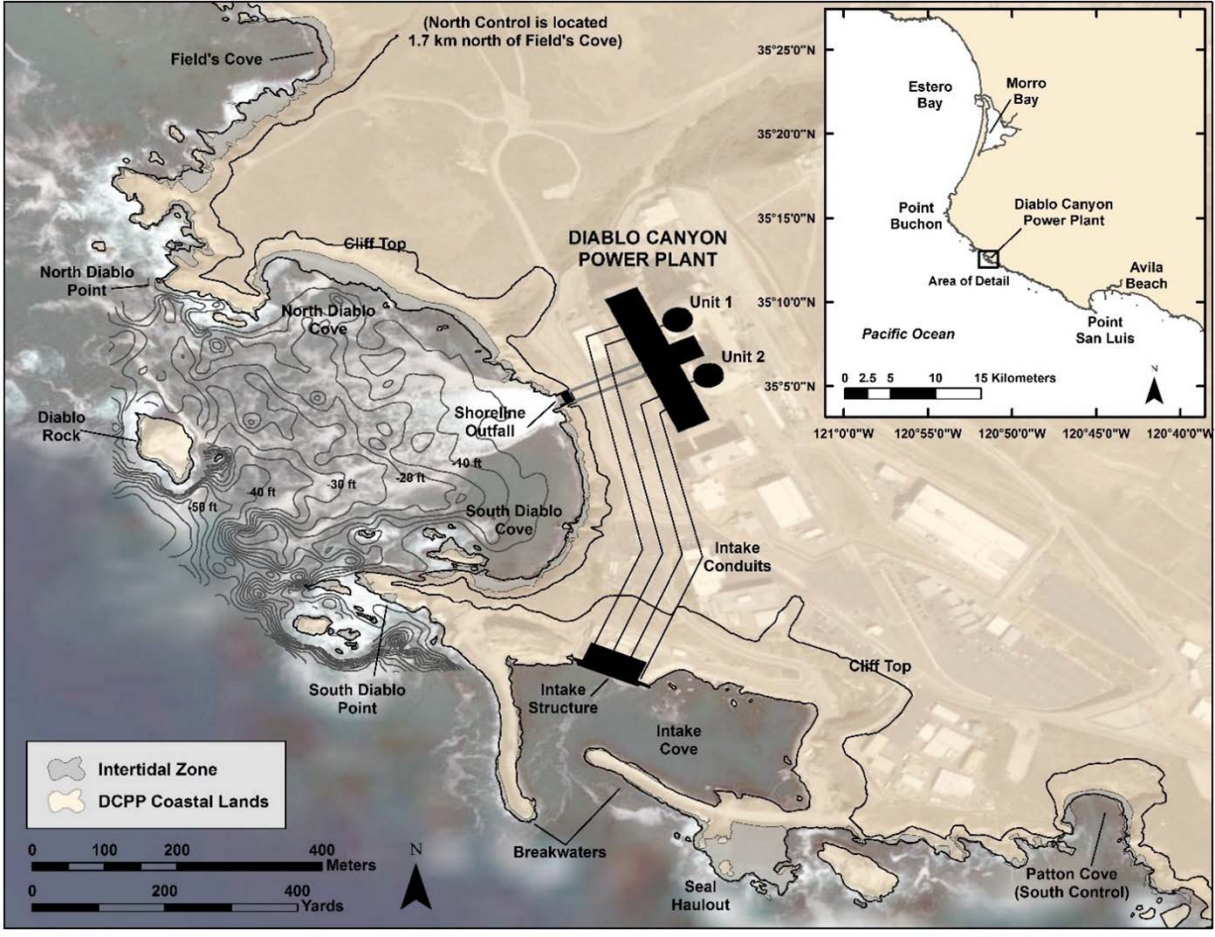

Gordon R. Smith
President


Linda Y. H. Cheng
Corporate Secretary



Pacific Gas and Electric Company

Site Map



Enclosure
Attachment C
PG&E Letter DCL-23-002

Pacific Gas and Electric Company
Historical Financial Statement

Category	2017	2018	2019	2020	2021
Generation (MWh)	17,948,626	18,284,391	16,191,538	16,290,670	16,500,467
Revenues					
1. Electricity sales into organized markets	\$593,052,570	\$659,789,026	\$540,590,260	\$475,048,391	\$819,754,590
(\$/MWh)	\$33.04	\$36.08	\$33.39	\$29.16	\$49.68
3. Capacity revenues	\$132,855,600	\$132,855,600	\$84,542,400	\$125,582,400	\$142,272,000
(\$/kW-yr)	\$58.27	\$58.27	\$37.08	\$55.08	\$62.40

Enclosure
Attachment D
PG&E Letter DCL-23-002

Pacific Gas and Electric Company

PG&E Vesting Document

23285
MEMORANDUM OF SUBLEASE

2231-10-0022

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THIS SUBLEASE, executed as of the 17th day of September,
1966, between SAN LUIS OBISPO BAY PROPERTIES, INC., a
corporation, hereinafter called "Properties", and PACIFIC GAS
AND ELECTRIC COMPANY, a corporation, hereinafter called "Pacific",

W I T N E S S E T H:

The parties do hereby agree as follows:

1. Properties hereby leases to Pacific, and Pacific
hires from Properties that certain real property situated in
the County of San Luis Obispo, State of California, described as:

PARCEL P: A parcel of land containing 585
acres more or less, more particularly described in
Exhibit A attached and by this reference incorporated
herein, the site of a multiple-unit electric generat-
ing station and appurtenant facilities;

PARCEL T: Easements and rights of way to
construct, operate, maintain, repair, reconstruct,
replace, and remove electric, oil, and gas trans-
mission lines, and incidental rights, on, under,
along, and in a parcel of land containing 420 acres,
more or less, more particularly described in Exhibit B
attached and by this reference incorporated herein;

PARCEL R: Easements and rights of way for a
road and other facilities extending from existing
public roads to Parcel P along the route and for the
uses and purposes set forth in Exhibit C attached
and by this reference incorporated herein;

TOGETHER WITH the right to construct a reservoir
on Parcel T or to flood and overflow said land by a reservoir
constructed on Parcel P, and to use said reservoir for the
storage of fresh water manufactured at said generating station;

Creek; thence westerly down the Devils Canon Creek to a point which bears north 8° 58' east from the point of beginning of this description; thence south 8° 58' west approximately 1620 feet to the point of beginning; containing approximately 420 acres.

TOGETHER WITH:

(a) the right from time to time to trim and to cut down and clear away or otherwise destroy trees and brush now or hereafter on said land and to trim and to cut down and clear away any trees which now or hereafter in the opinion of Pacific may be a hazard to structures installed pursuant hereto, by reason of the danger of falling thereon, or may interfere with the exercise of second party's rights hereunder; provided, however, that all trees which Pacific is hereby authorized to cut and remove, if valuable for timber or wood, shall continue to be the property of first party, but all tops, lops, brush and refuse wood shall be burned or removed by Pacific;

(b) the right from time to time to enlarge, improve, reconstruct, relocate and replace any structures installed pursuant hereto with any other number or type of structures either in the original location or at any alternate location or locations on said land;

(c) the right to install, maintain and use gates in all fences;

(d) the right to mark the location of said land by suitable markers set in the ground; provided, that said markers shall be placed in fences or other locations which will not interfere with any reasonable use Properties or Marre shall make of said land.

Pacific hereby covenants and agrees:

- (a) Pacific shall not fence said land;
- (b) Pacific shall promptly backfill any excavations

made by it on said land and repair any damage it shall do to private roads on said lands.

Properties reserves the right to use said land for purposes which will not interfere with Pacific's full enjoyment of the rights hereby granted; provided, that Properties shall not erect or construct any building or other structure, drill or operate any well, diminish or add to the ground cover over any of said structures, or deposit or permit or allow to be deposited, earth, rubbish, debris, or any other substance or material, whether combustible or noncombustible, so near to said structures, wires or cables as to constitute a hazard thereto.

Notwithstanding the foregoing restriction, Properties may drill and operate water wells on said land at locations which are more than one hundred (100) feet from the center line of any electric transmission line which Pacific at the time has built or has specific plans to build and if thereafter the operation or maintenance of any well so drilled shall be a hazard to any electric transmission line or be hazardous to operate or maintain by reason of proximity thereto, Pacific shall pay the cost of abandoning the well and drilling a substitute well at a safe location on said land. These restrictions shall be applied reasonably so that Properties shall not be prevented from diverting water reserved from this sublease.

EXHIBIT C
DESCRIPTION OF PARCEL R

The right to construct, maintain, and use a road substantially along the route shown on the map attached hereto and hereby made a part hereof, and to use land owned by Marre within 200 feet of the center line of said road for a distance of 250 feet inland from the inland boundary of that certain parcel of land conveyed to Port San Luis Harbor District by deed dated September 25, 1964, and recorded March 2, 1965, in the Official Records of San Luis Obispo County in Book 1339 at page 714, together with the right

(1) of grading said road for the full width thereof and to extend the cuts and fills for such grading into and on said land to such extent as may be necessary;

(2) from time to time to trim and to cut down and clear away any and all trees or brush as may be necessary in the construction and maintenance of said road and to trim and to cut down and clear away any trees on either side of said strip of land which may be a hazard to said road, or the users thereof, or may interfere with the exercise of Pacific's rights hereunder; provided, however, that Pacific shall burn or remove all tops, lops, brush, and refuse wood; and

(3) to install in, on, under, or along said road and within seventy-five (75) feet of the center line thereof, underground facilities for the transmission of gas, oil, electricity, water, sewage or communications, as may be necessary for the construction or operation of the generating station on Parcel P.

The said road shall be paved and provide two 12-foot lanes for travel with 4-foot shoulders on each side. Pacific shall provide adequate drainage structures, including culverts, to protect said road and the land adjacent thereto.

Pacific shall not have the right to dedicate said road to public use. A sign reading as follows:

"NOTICE

This is a private road and permission to use the same is revocable at will."

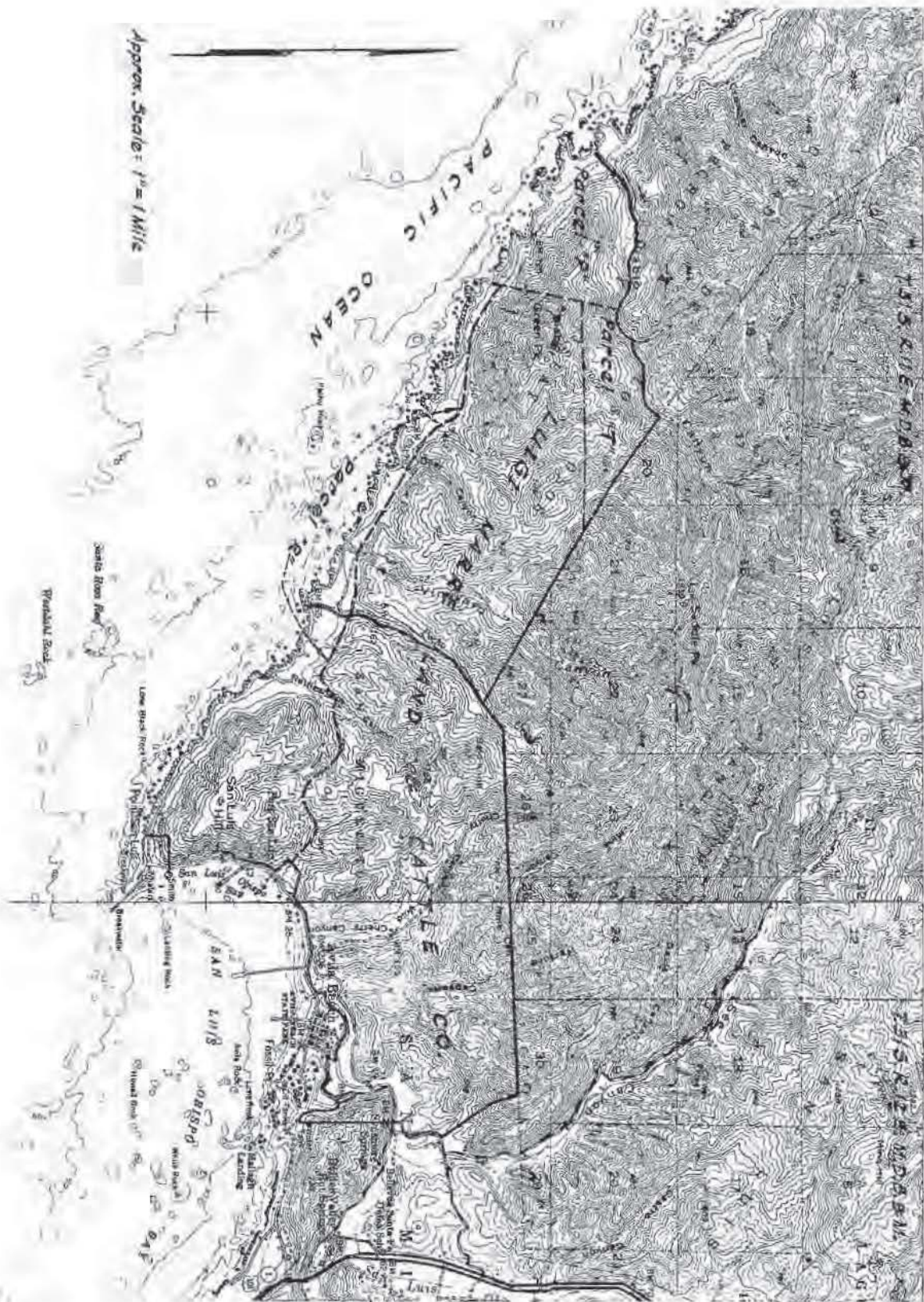
shall be erected and maintained by Pacific along said road at the point of entry upon land owned by Marre.

Pacific shall erect and maintain locked gates across the road; provided, however, that Marre or Properties, their employees, licensees, lessees, agents, successors, and assigns, shall have the right to pass through any such locked gate. Each such gate shall be provided with a link chain or other device so that all persons authorized to use the same may open any such gate independently of any other person. Pacific shall keep such gates in good, operable condition and locked at all times, or maintain a gateman at each such gate when such gate is not locked, or take such other precaution as may be agreed upon to prevent unauthorized access to Marre's lands over said road.

The right of way and easement herein granted shall be non-exclusive and Marre and Properties and their employees, licensees, lessees, agents, successors, and assigns shall have the right to use said road in common with Pacific and to permit the joint use of such road by others for purposes which will not interfere with Pacific's full enjoyment of the rights hereby granted; provided, however, that said users shall comply with controls established at gates and to prevent unauthorized access pursuant to Pacific's obligations hereunder; and provided further that the parties and such other users shall share extraordinary maintenance cost of said road in proportion to their use thereof, or as the parties may from time to time agree.

From and after twenty-five (25) years from the date of this agreement, Pacific shall have no right under this sublease to permit employees of its contractors or subcontractors to use

said road for travel to or from Parcel P or T by personal vehicle in the construction of additional units at the generating station unless Pacific shall first obtain the consent of Properties.



Approx. Scale: 1" = 1 Mile

EXHIBIT DPARCEL L

A portion of the Rancho Pecho y Islay and the Rancho San Miguelito in the County of San Luis Obispo, State of California, more particularly described as:

Commencing at a point in the middle of Diablo Creek two thousand feet (2000') easterly of the high-tide line; running thence southeasterly along a line two thousand feet (2000') from the high-tide line to the northerly prolongation of the west boundary of the parcel of land described in that certain deed to the United States dated May 28, 1888, and recorded in the office of the County Recorder of said County in Book 1 of Deeds at Page 177; thence south two thousand feet (2000') along said northerly prolongation of the west boundary of said parcel of land to the high-tide line; thence northwesterly along said high-tide line to the center of Diablo Creek; thence easterly along the center line of Diablo Creek to the point of beginning.

Document No. 19606
 RECORDED AT REQUEST OF
BERNARD S. CROSSMAN, ATTY
 At San Luis Obispo S.A.M.
 Vol. 1410 Official Records P. 563
 San Luis Obispo County, Calif.

SEP 21 1966

Mary C. Hamlin
 COUNTY RECORDER
 By *Alice M. Silva* Deputy
 Fee \$ 17.60 Indexed

*Also recorded 11-14-66
 San Luis Obispo Co.
 for Recording Fee
 identical copy.*

COMPARED

San Luis Obispo

2231-10-0022

SUBLEASE

THIS SUBLEASE, executed as of the 17th day of September, 1966, between SAN LUIS OBISPO BAY PROPERTIES, INC., a corporation, hereinafter called "Properties", and PACIFIC GAS AND ELECTRIC COMPANY, a corporation, hereinafter called "Pacific",

RECORDED AND ENTERED
G. F. HILL, Asst. Cl. Co.
Date of Contract 9-17-66
Number 48088

WITNESSETH:

The parties do hereby agree as follows:

1. DESCRIPTION OF PREMISES. Properties hereby leases to Pacific, and Pacific hires from Properties, on the terms and conditions hereinafter set forth, that certain real property situated in the County of San Luis Obispo, State of California, described as:

PARCEL P: A parcel of land containing 585 acres more or less, more particularly described in Exhibit A attached and by this reference incorporated herein, the site of a multiple-unit electric generating station and appurtenant facilities;

PARCEL T: Easements and rights of way to construct, operate, maintain, repair, reconstruct, replace, and remove electric, oil, and gas transmission lines, and incidental rights, on, under, along, and in a parcel of land containing 420 acres, more or less, more particularly described in Exhibit B attached and by this reference incorporated herein;

PARCEL R: Easements and rights of way for a road and other facilities extending from existing public roads to Parcel P along the route and for the uses and purposes set forth in Exhibit C attached and by this reference incorporated herein;

TOGETHER WITH the right to construct a reservoir

on Parcel T or to flood and overflow said land by a reservoir constructed on Parcel P, and to use said reservoir for the storage of fresh water manufactured at said generating station;

EXCEPTING THEREFROM and reserving to Properties:

a. All of Properties' right to the water which now flows or may hereafter flow in Diablo Creek, whether on or under the surface of the demised premises, and the right to enter upon the demised premises for the purpose of diverting the said water in such manner as will not unreasonably interfere with Pacific's exercise of its rights hereunder; and

b. The right to dispose of all borrow or fill materials which may result from Pacific's construction in the exercise of its rights hereunder, and which are not needed by Pacific for fill in connection with its construction.

2. USE. The premises are leased to Pacific for the purpose of Pacific's constructing thereon and operating, maintaining, and as Pacific may elect from time to time, altering, reconstructing or enlarging an electric generating station, fueled by either fossil or nuclear fuels, and appurtenant facilities, including, without limiting the generality of the foregoing, water intake and discharge conduits, administration buildings, parking area, local roads, communications, meteorological and radiological facilities, switchyard, electric transmission lines, and construction area, and the right to install thereon and use, repair, replace and remove personal property, whether affixed to the land or movable, as Pacific may elect from time to time, together with all other uses which Pacific may deem necessary or convenient in connection with the said uses; provided, however, that if Pacific constructs a fossil-fueled plant or unit on Parcel P, it shall not construct any oil storage tanks within 2,000 feet of the

east boundary of Parcel P and 2,000 feet of the high-water line. Pacific shall not use said premises, or permit said premises to be used, for any purpose or purposes other than the purposes for which the said premises are hereby leased.

3. COMPLIANCE WITH BASE LEASE. Properties is the lessee under that certain agreement of lease of even date herewith from Luigi Marre Land and Cattle Company, hereinafter referred to as "Marre", a copy of which lease has been provided to Pacific. Pacific in its use and occupancy of the demised premises shall not commit any act which would be a breach or default of said agreement of lease and shall indemnify Properties against and hold it harmless from any liability, loss, cost, or damage arising out of any act or omission of Pacific on its part to be performed which constitutes a breach or default of said agreement of lease.

4. ENTRY BY PROPERTIES. Pacific shall permit Properties and its agents to enter into and upon the demised premises at all reasonable times, but subject to Pacific's safety rules and regulations, for the purpose of inspecting the same or for the purpose of posting notices of nonliability for construction, reconstruction, additions, or repairs. After the completion of Pacific's construction and the establishment of Pacific's specific land uses and plant security, Properties and Marre may use vacant land areas of the demised premises for such purposes and to such extent as is consistent with the rights of Pacific hereunder, subject, however, to Pacific's safety rules and regulations and Pacific's right to restrict buildings and other structures on Parcel P and to exclude persons therefrom to the extent necessary to comply with nuclear reactor site criteria.

5. TITLE TO IMPROVEMENTS. Title to the said electric generating station and all other improvements constructed by Pacific on the demised premises and personal

property installed or used thereon shall remain in Pacific unless and until such improvements or personalty or any thereof are deemed abandoned by Pacific in accordance with the provisions of this sublease.

6. TERM. The term of the within sublease shall be for ninety-nine (99) years commencing September 17, 1966. If Properties, for any reason beyond its reasonable control, cannot deliver possession of the demised premises to Pacific at the commencement of the said term, as hereinbefore specified, this sublease shall not be void or voidable, nor shall Properties be liable to Pacific for any loss or damage resulting therefrom; but in that event, Properties shall exercise due diligence in removing the cause of the delay and Pacific shall be excused from performance of its obligations under paragraphs 10 and 11 hereof until Properties can deliver possession. The term of this sublease shall be extended by the period of such delay. If such delay shall exceed a period of one year, Pacific shall have the right to terminate the sublease.

If the term of this sublease, or any option for the renewal or extension thereof, is in excess of the term of a lease permitted by law, or would cause this lease to be invalid unless such term was limited, or any option to renew or any possible extension invalidated, then the term of this lease shall be for the maximum period permitted by law, and any right of extension or option to renew beyond such maximum permissible period shall be of no force or effect and shall be disregarded in interpreting this lease.

7. TERMINATION BY PACIFIC. Pacific shall have the right for ten (10) years from the date of commencement of the term hereof to terminate this sublease by giving Properties one year's written notice to that effect. Notwithstanding such notice of termination,

a. Pacific shall continue to be obligated to perform its undertakings under paragraph 11 hereof except that the maximum amount specified in subparagraph 11(b) on the date on which Pacific gives such notice of termination, shall be reduced at the end of each succeeding calendar year at such rate that it shall be reduced to zero at the end of what would have been the twentieth (20th) year of the term hereof. After such notice the parties shall have no right to request the reappraisal of the land for the purpose of increasing or decreasing the said maximum amount.

b. Pacific shall continue to have the rights specified in paragraph 11 as security for the repayment of any costs incurred by Pacific by reason of a default of Properties in the performance of the terms and conditions of any loan guaranteed by Pacific.

c. Except as specifically set forth to the contrary herein, the rights and obligations of the parties under this sublease shall terminate upon the date specified in said notice of termination; provided, however, that so long as Pacific shall remain obligated to perform its undertakings under paragraph 11 by subparagraph 7(a) above, Pacific shall have the right at its election to sublease the demised property upon all the terms and conditions contained in this sublease, including the reinstatement of all of Pacific's obligations under paragraph 11 hereof, and Properties upon notice from Pacific will enter into such a sublease.

8. OPTION TO RENEW. Properties hereby grants to Pacific an option to renew this sublease for a further period of ninety-nine (99) years from and after the expiration of the original term upon the same terms and conditions as are contained herein. Said option shall be exercised by Pacific's giving to Properties written notice of Pacific's intention to renew at least five (5) years prior to the expiration of the term hereof.

9. HOLDING OVER. Any holding over with the consent of Properties after the expiration of said term or any extension or renewal thereof (other than pursuant to subparagraph 7(c) and paragraph 8) shall be construed to be a tenancy from year to year on the terms and conditions herein specified, so far as applicable.

10. RENT.

a. Pacific shall pay no cash rent to Properties for the demised premises other than the amounts hereinafter specified in this paragraph 10.

b. Pacific shall pay to the taxing agency or reimburse Properties for:

(1) All taxes, including maintenance assessments, levied against the demised premises as land, the leasehold interest of Pacific, and personal property or improvements placed by or on behalf of Pacific in, on, or about the demised premises.

(2) Such amount as the parties agree from time to time will reimburse Marre or Properties for the portion of any increase in taxes levied on Parcel L described in

Exhibit D attached and by this reference incorporated herein, or Marre's lands adjacent to Parcel P, Parcel L, or Parcel R, which directly results from Pacific's use of the demised premises or construction of improvements thereon; provided, however, that:

(i) the amount payable pursuant to this obligation for any tax year shall in no event exceed the product of that year's tax rate and the increase in assessed value of said lands in that year over the assessed value in the year prior to construction by Pacific of any major improvement on the demised premises;

(ii) the amount payable pursuant to this obligation for any year shall in no event exceed a fair rental value for Parcels P and T for that year;

(iii) this obligation shall terminate as to lands in any assessor's block or lot the use of which is significantly changed by Marre or Properties from that existing at the date hereof, and shall in any event terminate completely at the end of the twentieth (20th) tax year following the tax year in which Pacific commences the construction of any major improvement on the demised premises.

c. If any assessment, general or special, for a capital improvement which enhances the value of the property shall be created and assessed against Parcel

P or T during the term hereof, Pacific shall pay or reimburse Properties or Marre for such assessment only if Pacific shall have initiated or consented to formation of the improvement district and the inclusion of Parcel P or T within the district boundaries, or if Parcel P or T shall have been included within the district boundaries over the objection of Marre.

11. CONTRACTS OF GUARANTY.

a. Pacific from time to time during the term hereof upon the request of Properties will enter into contracts substantially in the form attached as Exhibit E by which Pacific will guarantee up to the maximum amount determined in accordance with subparagraph 11(b) the repayment of loans or advances made to Properties by third-party lenders. Pacific shall not be obligated to guarantee any such loan or advance unless under the Securities Act of 1933 as amended the evidence of indebtedness of such loan or advance is an exempt security or the offering or issuance thereof is an exempt transaction.

Properties will be primarily responsible for loans and advances guaranteed hereunder and liable for the repayment of principal, the payment of interest and other costs or charges arising therefrom, and full compliance with the terms and conditions of the loan agreements or notes; Pacific will be secondarily liable for such loans and advances.

b. The maximum amount at any one time of Pacific's liability for loans to Properties guaranteed by Pacific, for interest thereon, or for costs or expenses incurred in connection therewith, until

there has been an appraisal pursuant to the provisions of this paragraph, shall be \$6,420,000.00; provided, however, that if Properties defaults in the performance of its obligations under any loan agreement or note, the said maximum, or any new maximum established in accordance with the procedures specified in this subparagraph, shall be reduced by the amount which Pacific may be required to expend in payment of principal, interest, or other charges on any such loans or notes unless and until Properties reimburses Pacific for the amounts expended. At any time after three (3) years from the date hereof, upon the request of either party, but not oftener than once every three (3) years unless there is an appropriation by a third party within the meaning of paragraph 25 hereof, the interest of Properties in Parcels P, T, R and L will be appraised in accordance with accepted land appraisal practices on the basis of Properties' land development plan and the degree of implementation thereof and a new maximum will be established in the amount of the appraisal. No reduction in the amount of the appraisal shall modify or affect any guaranty of loans to Properties made prior to the effective date of the appraisal but no such loan shall be extended or renewed or additional loans made if the total amount guaranteed will exceed the new maximum established on the basis of the appraisal. The appraisal of the lands or interests of Properties shall be made by a qualified real estate appraiser agreed upon by both parties. In the event the parties are unable to agree upon an appraiser, each party shall

appoint one qualified appraiser and the two so appointed shall agree upon a third person, not necessarily an appraiser, whose valuation shall be conclusive upon the parties. The costs of making such appraisals shall be borne by Pacific. Notwithstanding the total amount arrived at by any such appraisal, Pacific's liability under contracts of guaranty will not in any event exceed the amount of \$20,000,000.

c. Pacific shall have a first and prior lien upon the interest of Properties in Parcels P, T, R, and L as security for the repayment to Pacific of all amounts paid by Pacific pursuant to any contract of guaranty upon the default of Properties in the performance of any of the terms or conditions of a loan or to cure any default under the base lease or to discharge the lien of any delinquent taxes or assessments upon any of said lands. For the purpose of preserving Pacific's lien, Pacific shall have the right to make such payments. Upon the appraisal of said lands pursuant to subparagraph 11(b) above, the boundaries of Parcel L shall be contracted if necessary to reflect any increase in appraised value, so that the lands subject to such lien shall include Parcels P, T, R and the portion of Parcel L contiguous to Parcel P in a reasonably compact parcel and the value of lands subject to said lien shall not exceed the maximum amount which Pacific is obligated to guarantee hereunder. Such lien may be enforced by Pacific pursuant to the provisions of general law, or Pacific after reasonable notice to Properties may enter upon lands subject to the lien and occupy and

use said lands on the terms and conditions set forth in said base lease and in the place and stead of Properties; provided, however, that if Pacific is the purchaser of Properties' interest in said lands, on any sale for foreclosure of said lien, or enters upon and occupies and uses said lands as aforesaid, Pacific after it has recovered from its net profits of operation of Parcel L all amounts paid by Pacific by reason of such default by Properties including rentals Pacific has paid the lessor under the base lease to Properties, Pacific's costs and expenses of such operation, and interest on the amounts paid by Pacific by reason of such default, shall reconvey said lands or surrender its occupancy and use thereof to Properties and the rights of the parties shall be the same under this sublease as though such default had not occurred.

d. If Pacific discharges any obligation of Properties upon any default by Properties in the performance of its obligations under any loan, or if Pacific incurs costs or expenses to cure any default of Properties under the base lease to Properties or to discharge the lien of any delinquent taxes or assessments on any of said lands:

(1) Pacific shall be subrogated to any and all remedies which the lessor or lender might assert against Properties;

(2) Pacific shall be entitled to enforce the lien provided in subparagraph 11(c) above, or enter upon, occupy, and use lands subject to said lien as set forth in said subparagraph;

(3) the election of Pacific to exercise

one or more of the remedies available to it or its failure to exercise any such remedy shall not foreclose the exercise by Pacific of any other or different remedy;

(4) Properties shall provide to Pacific financial statements and information in sufficient detail to permit Pacific to exercise an informed judgment in the election of remedies.

e. The rights of Properties under this paragraph shall be transferred or assigned only with the prior written consent of Pacific, which consent will not be withheld unreasonably, and upon such terms or conditions as Pacific may agree to; provided, that no such consent shall be required for a transfer or assignment by Properties to a corporation succeeding to the entire interest of Properties in Parcels P, T, R, and L.

f. Upon any total termination of this sublease pursuant to paragraph 25 hereof:

(1) If such termination occurs within fifteen (15) years of the date of commencement of the term hereof, Pacific shall continue to be obligated to perform its undertakings under paragraph 11 hereof except that the maximum amount specified in subparagraph 11(b) for the calendar year in which Pacific gives such notice of termination shall be reduced at the end of each succeeding calendar year at such rate that it shall be reduced to zero at the end of what would have been the twentieth (20th) year of the term hereof, and during such period the parties shall have no right to request the

reappraisal of the land for the purpose of increasing or decreasing the said maximum amount;

(2) If such termination occurs fifteen (15) years or more after the date of the commencement of the term hereof, Pacific shall continue to be obligated for a period of five (5) years to perform its undertakings under paragraph 11 hereof except that the maximum amount specified in subparagraph 11(b) for the calendar year in which termination occurs shall be reduced in each succeeding calendar year at the rate of twenty (20) percent of said amount each year and Pacific's maximum liability in any such succeeding year shall be limited to the reduced amount so determined, and during such period the parties shall have no right to request the reappraisal of the land for the purpose of increasing or decreasing the said maximum amount;

(3) In either event, Pacific shall continue to have the rights specified in paragraph 11 as security for the repayment of any amounts paid by Pacific by reason of a default of Properties in the performance of the terms and conditions of any loan guaranteed by Pacific and its costs and expenses incurred in connection therewith.

In all other respects, the rights and obligations of the parties under this sublease shall terminate upon the date of termination except as otherwise specifically set forth in this sublease. During the five (5) years prior to the expiration of the term hereof

AND ALSO certain interests in Parcel L defined in Exhibit D attached hereto and by this reference incorporated herein;

EXCEPTING THEREFROM and reserving to Properties:

a. All of Properties' right to the water which now flows or may hereafter flow in Diablo Creek, whether on or under the surface of the demised premises, and the right to enter upon the demised premises for the purpose of diverting the said water in such manner as will not unreasonably interfere with Pacific's exercise of its rights hereunder; and

b. The right to dispose of all borrow or fill materials which may result from Pacific's construction in the exercise of its rights hereunder, and which are not needed by Pacific for fill in connection with its construction.

2. This sublease is made for the term and upon and subject to the covenants, conditions and provisions set forth in that certain sublease of even date herewith between the parties hereto covering the property hereinabove described, and said sublease is hereby incorporated herein with the same force and effect as though herein set forth at length.

IN WITNESS WHEREOF, Properties and Pacific have executed this sublease on the date first hereinabove set forth.

SAN LUIS OBISPO BAY PROPERTIES, INC. Sublessor

PACIFIC GAS AND ELECTRIC COMPANY Sublessee

By Robert B. Marro *pres*

By [Signature] *VICE PRESIDENT*

Attest Robert A. Knight *Sec.*

Attest [Signature] *ADMINISTRATIVE ASSISTANT*



DIVN.	0	L. AND	BB
DESC.	1111	CHG.	Buch
LAW	WTS	ENGR.	

State of California)
) ss.
City and County of San Francisco)

On this 19th day of SEPTEMBER, in the year 1966,
before me, Rita J. Green a Notary Public in and for
the said City and County, duly commissioned and sworn, personally
appeared R. L. HAYDEN and J. F. TAYLOR known to me to be
the SENIOR VICE PRESIDENT and ASST. SECRETARY of the corporation that
executed the within and foregoing instrument, and to be the persons
who executed the said instrument on behalf of said corporation
therein named, and acknowledged to me that such corporation executed
the within instrument pursuant to its by-laws or a resolution of
its board of directors.

IN WITNESS WHEREOF, I have hereunto set my hand and
affixed my official seal, in the City and County of San Francisco,
the day and year in this certificate first above written.

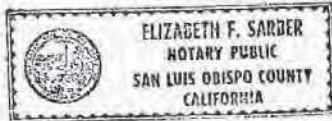


Rita J. Green
Rita J. Green
Notary Public in and for the City
and County of San Francisco, State
of California
My Commission Expires July 16, 1967

STATE OF CALIFORNIA)
COUNTY OF SAN LUIS OBISPO) ss.

On this 20th day of September, in the year 1966, before me, Elizabeth F. Sarber, a Notary Public in and for the said San Luis Obispo County, duly commissioned and sworn, personally appeared Robert B. Marri and Robert A. Knigeb known to me to be the President and Secretary of the corporation that executed the within and foregoing instrument, and to be the persons who executed the said instrument on behalf of said corporation therein named, and acknowledged to me that such corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, in the County of San Luis Obispo, the day and year in this certificate first above written.



Elizabeth F. Sarber
Notary Public in and for the
County of San Luis Obispo,
State of California

ELIZABETH F. SARBER
My Commission Expires Aug. 23, 1970

EXHIBIT A
DESCRIPTION OF PARCEL P

- 22-6218 (REV. 8-64)

PG&E
FOR INTRA-COMPANY USES

DIVISION OR
DEPARTMENT **LAW**

FILE NO.

RE LETTER OF

SUBJECT **Diablo Canyon Sublease
San Luis Obispo Bay Properties, Inc.**

July 19, 1968

COPY SENT
TO DIVISION

MR. E. E. HALL:


Attention: Mr. M. Wetherell

You are referred to the Sublease dated September 17, 1966 from San Luis Obispo Bay Properties, Inc., to PG&E covering the plantsite, transmission corridor, road, and security parcel in San Luis Obispo County for the Diablo Canyon power plant.

2231-10-0022

One of the defects in title when we acquired the sublease interest was the right of the adjacent property owner to the north to go over the plantsite and security parcel to the public road near Avila Beach. This right arose by virtue of a conveyance and reservation in 1892.

The right has now been litigated in the case entitled Field v. Marre Land and Cattle Company in the Superior Court, San Luis Obispo County, and the court has decided the case in favor of the Marre Land and Cattle Company that the adjacent property owner has no right of way. We are obtaining a copy of the court's opinion. I understand that there seems to be no basis for appeal from the decision.


W. E. JOHNS

WEJ: lmg
cc: JDWorthington, JAMcLaughlin

EXHIBIT BDESCRIPTION OF PARCEL T

Easements (a) to construct, operate, maintain, repair, reconstruct, replace, and remove, at any time and from time to time, electric transmission lines, consisting of one or more lines of towers, poles, and/or other structures, wires and cables, including ground wires, both overhead and underground, for the transmission of electric energy, and for communication purposes, and all necessary and proper foundations, footings, crossarms, and other appliances and fixtures for use in connection with said towers, poles, and/or other structures, wires and cables, and (b) to excavate for, install, replace, maintain and use such pipelines as Pacific shall from time to time elect for conveying gas or oil, with necessary and proper valves and other appliances and fittings, and devices for controlling electrolysis for use in connection with said pipelines, together with rights of way, on, along and in the hereinafter described land which is situate in the County of San Luis Obispo, State of California, and is described as follows:

A portion of Lots 3 and 5 of the Subdivisions of "Part of Rancho El Pecho, The Property of L. Marre, Subdivided by Geo. Story C. E. March - 1893", in the County of San Luis Obispo, State of California, according to map filed for record April 15, 1893, in Book B, at page 85 of Maps, in the office of the County Recorder of said County, being a portion of the property conveyed to Luigi Marre by deed recorded in Book 17, at page 431 of Deeds, and more particularly described as follows:

Beginning at a point in the 3604.50 acre parcel of land described in the deed from Ramona W. Hillard to Luigi Marre dated October 11, 1892 and recorded in the office of the County Recorder of the County of San Luis Obispo, State of California, in Book 17 of Deeds at page 431 which point is determined by running north 63° 11' west 650 feet and north 8° 58' east 520 feet from the bronze disk marking the United States Coast and Geodetic Survey Triangulation Station Diablo and running thence north 88° 15' east 6550 feet; thence south 87° 06' east approximately 3390 feet to a point in the easterly boundary line of the Rancho Pecho y Islay; thence northerly, along the easterly boundary line of said Rancho Pecho y Islay to the intersection of the easterly boundary line of said Rancho Pecho y Islay with the Devils Canon

Creek; thence westerly down the Devils Canon Creek to a point which bears north 8° 58' east from the point of beginning of this description; thence south 8° 58' west approximately 1620 feet to the point of beginning; containing approximately 420 acres.

TOGETHER WITH:

(a) the right from time to time to trim and to cut down and clear away or otherwise destroy trees and brush now or hereafter on said land and to trim and to cut down and clear away any trees which now or hereafter in the opinion of Pacific may be a hazard to structures installed pursuant hereto, by reason of the danger of falling thereon, or may interfere with the exercise of second party's rights hereunder; provided, however, that all trees which Pacific is hereby authorized to cut and remove, if valuable for timber or wood, shall continue to be the property of first party, but all tops, lops, brush and refuse wood shall be burned or removed by Pacific;

(b) the right from time to time to enlarge, improve, reconstruct, relocate and replace any structures installed pursuant hereto with any other number or type of structures either in the original location or at any alternate location or locations on said land;

(c) the right to install, maintain and use gates in all fences;

(d) the right to mark the location of said land by suitable markers set in the ground; provided, that said markers shall be placed in fences or other locations which will not interfere with any reasonable use Properties or Marre shall make of said land.

Pacific hereby covenants and agrees:

- (a) Pacific shall not fence said land;
- (b) Pacific shall promptly backfill any excavations

made by it on said land and repair any damage it shall do to private roads on said lands.

Properties reserves the right to use said land for purposes which will not interfere with Pacific's full enjoyment of the rights hereby granted; provided, that Properties shall not erect or construct any building or other structure, drill or operate any well, diminish or add to the ground cover over any of said structures, or deposit or permit or allow to be deposited, earth, rubbish, debris, or any other substance or material, whether combustible or noncombustible, so near to said structures, wires or cables as to constitute a hazard thereto.

Notwithstanding the foregoing restriction, Properties may drill and operate water wells on said land at locations which are more than one hundred (100) feet from the center line of any electric transmission line which Pacific at the time has built or has specific plans to build and if thereafter the operation or maintenance of any well so drilled shall be a hazard to any electric transmission line or be hazardous to operate or maintain by reason of proximity thereto, Pacific shall pay the cost of abandoning the well and drilling a substitute well at a safe location on said land. These restrictions shall be applied reasonably so that Properties shall not be prevented from diverting water reserved from this sublease.

EXHIBIT CDESCRIPTION OF PARCEL R

The right to construct, maintain, and use a road substantially along the route shown on the map attached hereto and hereby made a part hereof, and to use land owned by Marre within 200 feet of the center line of said road for a distance of 250 feet inland from the inland boundary of that certain parcel of land conveyed to Port San Luis Harbor District by deed dated September 25, 1964, and recorded March 2, 1965, in the Official Records of San Luis Obispo County in Book 1339 at page 714, together with the right

(1) of grading said road for the full width thereof and to extend the cuts and fills for such grading into and on said land to such extent as may be necessary;

(2) from time to time to trim and to cut down and clear away any and all trees or brush as may be necessary in the construction and maintenance of said road and to trim and to cut down and clear away any trees on either side of said strip of land which may be a hazard to said road, or the users thereof, or may interfere with the exercise of Pacific's rights hereunder; provided, however, that Pacific shall burn or remove all tops, lops, brush, and refuse wood; and

(3) to install in, on, under, or along said road and within seventy-five (75) feet of the center line thereof, underground facilities for the transmission of gas, oil, electricity, water, sewage or communications, as may be necessary for the construction or operation of the generating station on Parcel P.

The said road shall be paved and provide two 12-foot lanes for travel with 4-foot shoulders on each side. Pacific shall provide adequate drainage structures, including culverts, to protect said road and the land adjacent thereto.

Pacific shall not have the right to dedicate said road to public use. A sign reading as follows:

"NOTICE

This is a private road and permission to use the same is revocable at will."

shall be erected and maintained by Pacific along said road at the point of entry upon land owned by Marre.

Pacific shall erect and maintain locked gates across the road; provided, however, that Marre or Properties, their employees, licensees, lessees, agents, successors, and assigns, shall have the right to pass through any such locked gate. Each such gate shall be provided with a link chain or other device so that all persons authorized to use the same may open any such gate independently of any other person. Pacific shall keep such gates in good, operable condition and locked at all times, or maintain a gateman at each such gate when such gate is not locked, or take such other precaution as may be agreed upon to prevent unauthorized access to Marre's lands over said road.

The right of way and easement herein granted shall be non-exclusive and Marre and Properties and their employees, licensees, lessees, agents, successors, and assigns shall have the right to use said road in common with Pacific and to permit the joint use of such road by others for purposes which will not interfere with Pacific's full enjoyment of the rights hereby granted; provided, however, that said users shall comply with controls established at gates and to prevent unauthorized access pursuant to Pacific's obligations hereunder; and provided further that the parties and such other users shall share extraordinary maintenance cost of said road in proportion to their use thereof, or as the parties may from time to time agree.

From and after twenty-five (25) years from the date of this agreement, Pacific shall have no right under this sublease to permit employees of its contractors or subcontractors to use

said road for travel to or from Parcel P or T by personal vehicle in the construction of additional units at the generating station unless Pacific shall first obtain the consent of Properties.

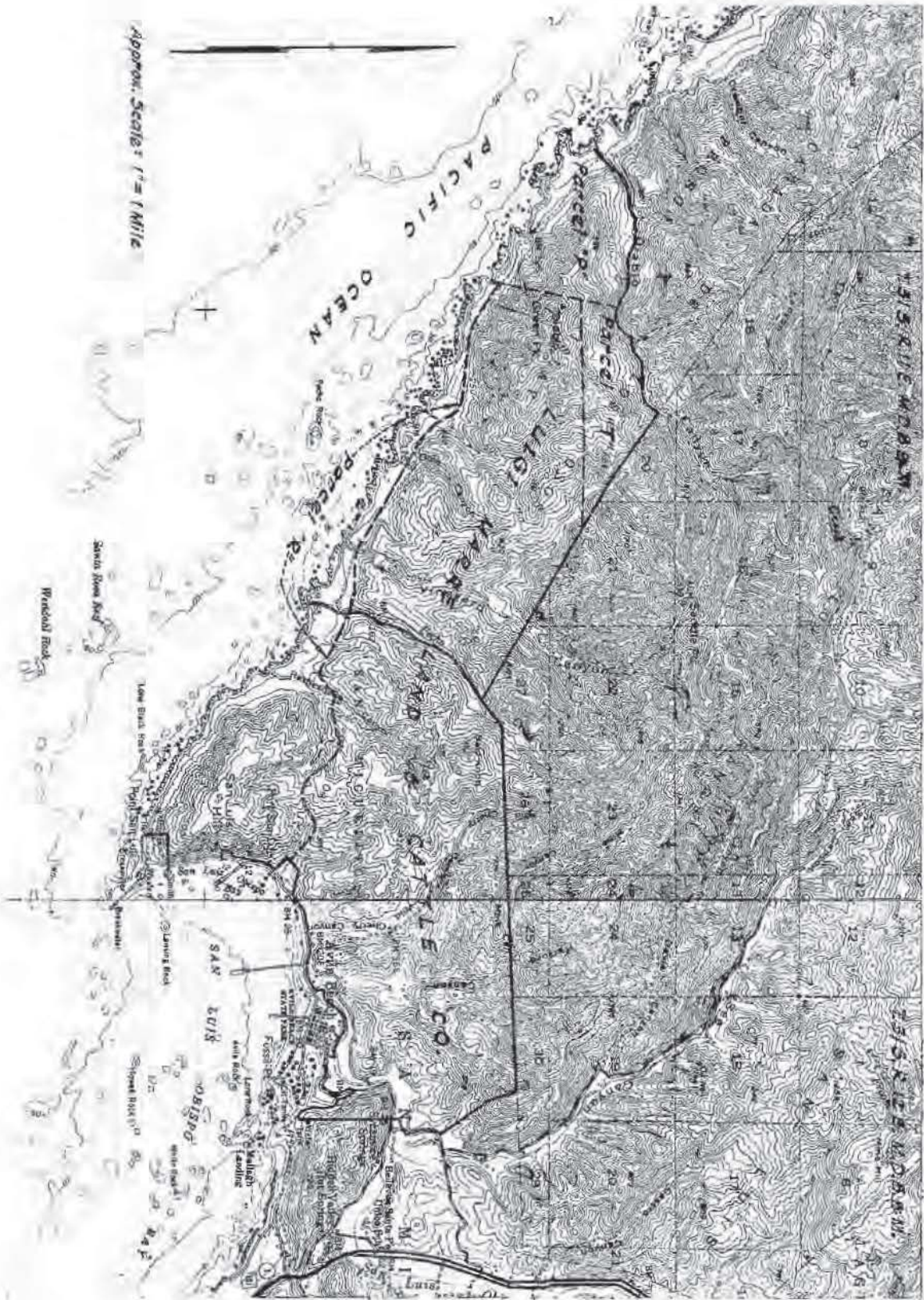


EXHIBIT DPARCEL I

A portion of the Rancho Pecho y Islay and the Rancho San Miguelito in the County of San Luis Obispo, State of California, more particularly described as:

Commencing at a point in the middle of Diablo Creek two thousand feet (2000') easterly of the high-tide line; running thence southeasterly along a line two thousand feet (2000') from the high-tide line to the northerly prolongation of the west boundary of the parcel of land described in that certain deed to the United States dated May 28, 1888, and recorded in the office of the County Recorder of said County in Book 1 of Deeds at Page 177; thence south two thousand feet (2000') along said northerly prolongation of the west boundary of said parcel of land to the high-tide line; thence northwesterly along said high-tide line to the center of Diablo Creek; thence easterly along the center line of Diablo Creek to the point of beginning.

Document No. 23285RECORDED AT REQUEST OF
PAC. GAS & ELECT. CO.At 45 Min. Past 1 P. M.Vol. 1416 Official Records P. 468

San Luis Obispo County, Calif.

NOV 14 1966

Mary C. Hamlin

COUNTY RECORDER

By Mary C. Hamlin DeputyFee \$ 11.60 Indexed

Also recorded 7-21-66
San Luis Obispo Co.
For Recording Fee
identical copy

COMPARJ

19606
MEMORANDUM OF SUBLEASE

2231-10-0022

THIS SUBLEASE, executed as of the 17th day of September,
1966, between SAN LUIS OBISPO BAY PROPERTIES, INC., a
corporation, hereinafter called "Properties", and PACIFIC GAS
AND ELECTRIC COMPANY, a corporation, hereinafter called "Pacific",

W I T N E S S E T H:

The parties do hereby agree as follows:

1. Properties hereby leases to Pacific, and Pacific
hires from Properties that certain real property situated in
the County of San Luis Obispo, State of California, described as:

PARCEL P: A parcel of land containing 585
acres more or less, more particularly described in
Exhibit A attached and by this reference incorporated
herein, the site of a multiple-unit electric generat-
ing station and appurtenant facilities;

PARCEL T: Easements and rights of way to
construct, operate, maintain, repair, reconstruct,
replace, and remove electric, oil, and gas trans-
mission lines, and incidental rights, on, under,
along, and in a parcel of land containing 420 acres,
more or less, more particularly described in Exhibit B
attached and by this reference incorporated herein;

PARCEL R: Easements and rights of way for a
road and other facilities extending from existing
public roads to Parcel P along the route and for the
uses and purposes set forth in Exhibit C attached
and by this reference incorporated herein;

TOGETHER WITH the right to construct a reservoir
on Parcel T or to flood and overflow said land by a reservoir
constructed on Parcel P, and to use said reservoir for the
storage of fresh water manufactured at said generating station;

AND ALSO certain interests in Parcel L defined in Exhibit D attached hereto and by this reference incorporated herein;

EXCEPTING THEREFROM and reserving to Properties:

a. All of Properties' right to the water which now flows or may hereafter flow in Diablo Creek, whether on or under the surface of the demised premises, and the right to enter upon the demised premises for the purpose of diverting the said water in such manner as will not unreasonably interfere with Pacific's exercise of its rights hereunder; and

b. The right to dispose of all borrow or fill materials which may result from Pacific's construction in the exercise of its rights hereunder, and which are not needed by Pacific for fill in connection with its construction.

2. This sublease is made for the term and upon and subject to the covenants, conditions and provisions set forth in that certain sublease of even date herewith between the parties hereto covering the property hereinabove described, and said sublease is hereby incorporated herein with the same force and effect as though herein set forth at length.

IN WITNESS WHEREOF, Properties and Pacific have executed this sublease on the date first hereinabove set forth.

SAN LUIS OBISPO BAY PROPERTIES, INC. Sublessor

PACIFIC GAS AND ELECTRIC COMPANY Sublessee



By Robert B. Mazzo - pres.
Attest Robert G. Knight - Sec.

By [Signature]
SENIOR VICE PRESIDENT
Attest [Signature]
ANDREW J. BOGGS



State of California)
) ss.
City and County of San Francisco)

On this 19th day of SEPTEMBER, in the year 1966,
before me, Rita J. Green a Notary Public in and for
the said City and County, duly commissioned and sworn, personally
appeared R. L. HAYDEN and J. F. TAYLOR known to me to be
the SENIOR VICE PRESIDENT and ASST. SECRETARY of the corporation that
executed the within and foregoing instrument, and to be the persons
who executed the said instrument on behalf of said corporation
therein named, and acknowledged to me that such corporation executed
the within instrument pursuant to its by-laws or a resolution of
its board of directors.

IN WITNESS WHEREOF, I have hereunto set my hand and
affixed my official seal, in the City and County of San Francisco,
the day and year in this certificate first above written.



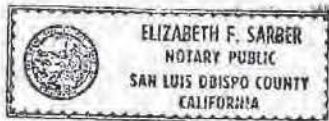
Rita J. Green
Rita J. Green
Notary Public in and for the City
and County of San Francisco, State
of California
My Commission Expires July 16, 1967

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN LUIS OBISPO)

On this 20th day of September, in the year 1966, before me, Elizabeth J. Sarber, a Notary Public in and for the said San Luis Obispo County, duly commissioned and sworn, personally appeared Robert B. Mann and Robert A. Knight known to me to be the President and Secretary of the corporation that executed the within and foregoing instrument, and to be the persons who executed the said instrument on behalf of said corporation therein named, and acknowledged to me that such corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, in the County of San Luis Obispo, the day and year in this certificate first above written.

Elizabeth J. Sarber
Notary Public in and for the
County of San Luis Obispo,
State of California



ELIZABETH F. SARBER
My Commission Expires Aug. 23, 1970

EXHIBIT ADESCRIPTION OF PARCEL P

A portion of Lots 4, 5, and 6 of the Subdivisions of "Part of Rancho El Pecho, The Property of L. Marre, Subdivided by Geo. Story C. E. March - 1893", in the County of San Luis Obispo, State of California, according to map filed for record April 15, 1893, in Book B, at page 85 of Maps, in the office of the County Recorder of said County, being a portion of the property conveyed to Luigi Marre by deed recorded in Book 17, at page 431 of Deeds, and more particularly described as follows:

Beginning at a point in the 3604.50 acre parcel of land described in the deed from Ramona W. Hillard to Luigi Marre dated October 11, 1892 and recorded in the office of the County Recorder of the County of San Luis Obispo, State of California in Book 17 of Deeds at page 431 from which the bronze disk marking the United States Coast and Geodetic Survey Triangulation Station Diablo bears south 63° 11' east 650 feet distant and running thence south 8° 58' west approximately 3400 feet to a point in the Ocean Line and running thence along the Ocean to the intersection of the Ocean Line with the Devils Creek Canon; thence up the Devils Canon Creek to a point which bears north 8° 58' east from the point of beginning of this description; thence south 8° 58' west approximately 2140 feet to the point of beginning; containing approximately 585 acres.

EXHIBIT BDESCRIPTION OF PARCEL T

Easements (a) to construct, operate, maintain, repair, reconstruct, replace, and remove, at any time and from time to time, electric transmission lines, consisting of one or more lines of towers, poles, and/or other structures, wires and cables, including ground wires, both overhead and underground, for the transmission of electric energy, and for communication purposes, and all necessary and proper foundations, footings, crossarms, and other appliances and fixtures for use in connection with said towers, poles, and/or other structures, wires and cables, and (b) to excavate for, install, replace, maintain and use such pipelines as Pacific shall from time to time elect for conveying gas or oil, with necessary and proper valves and other appliances and fittings, and devices for controlling electrolysis for use in connection with said pipelines, together with rights of way, on, along and in the hereinafter described land which is situate in the County of San Luis Obispo, State of California, and is described as follows:

A portion of Lots 3 and 5 of the Subdivisions of "Part of Rancho El Pecho, The Property of L. Marre, Subdivided by Geo. Story C. E. March - 1893", in the County of San Luis Obispo, State of California, according to map filed for record April 15, 1893, in Book B, at page 85 of Maps, in the office of the County Recorder of said County, being a portion of the property conveyed to Luigi Marre by deed recorded in Book 17, at page 431 of Deeds, and more particularly described as follows:

Beginning at a point in the 3604.50 acre parcel of land described in the deed from Ramona W. Hillard to Luigi Marre dated October 11, 1892 and recorded in the office of the County Recorder of the County of San Luis Obispo, State of California, in Book 17 of Deeds at page 431 which point is determined by running north 63° 11' west 650 feet and north 8° 58' east 520 feet from the bronze disk marking the United States Coast and Geodetic Survey Triangulation Station Diablo and running thence north 88° 15' east 6550 feet; thence south 87° 06' east approximately 3390 feet to a point in the easterly boundary line of the Rancho Pecho y Islay; thence northerly, along the easterly boundary line of said Rancho Pecho y Islay to the intersection of the easterly boundary line of said Rancho Pecho y Islay with the Devils Canon

or any extension or renewal thereof, Pacific's maximum obligation shall similarly be reduced each year at the rate of twenty (20) percent of the maximum established for the fifth (5th) calendar year prior to the termination date.

g. Pacific's agreement hereby to enter into contracts of guaranty is subject to authorization by the California Public Utilities Commission and to such other limitations as may be imposed by law from time to time prior to Pacific's execution of any such contract. Pacific agrees to file promptly such applications as may be required to obtain necessary regulatory authorization and to use its best efforts and due diligence to obtain such authorization and to maintain such authorization in effect during the term hereof. In the event that in spite of such best efforts such authorization is denied, revoked or rescinded at any time during the term hereof, Properties, at its election, may by one (1) year's written notice terminate this lease.

12. ARCHITECTURAL REVIEW. The parties mutually desire that Pacific's structures on and landscaping of Parcel P will be as compatible as practicable with the aesthetic qualities of the surrounding terrain and conform to the highest architectural standards for the facilities to be constructed. In the preparation of designs for the exterior appearance of the plant and appurtenant facilities and landscaping of Parcel P, Pacific will utilize the services of a licensed architect (who may be either a consultant or employee of Pacific). During such preparation and before disclosure of Pacific's designs to the public, Pacific shall fully inform Properties' architect of Pacific's designs of said features, provide copies

of said designs to him, and will endeavor to incorporate into said designs appropriate and timely recommendations made by Properties' architect; provided, however, that Pacific shall not by its undertakings in this paragraph, be delayed in its construction schedule or be obligated to incur costs which in its opinion would unreasonably increase the total costs of its project, and Pacific shall have the right in its sole judgment to accept or reject all design work for said structures or landscaping.

13. NONLIABILITY OF PROPERTIES FOR DAMAGES.

Pacific shall indemnify Properties and Marre against all loss, damage, expense, and liability resulting from injury to or death of person or injury to property, arising out of or in any way connected with the exercise by Pacific of its rights under this sublease. If the proposed electric generating station is nuclear, Pacific will enter into an indemnity agreement in accordance with the Atomic Energy Act of 1954, as amended, and the regulations of the U. S. Atomic Energy Commission.

14. COMPLIANCE WITH LAW. Pacific shall, at its sole cost and expense, comply with all lawful requirements of all Municipal, County, State, and Federal authorities now in force, or which may hereafter be in force, pertaining to the demised premises, and shall faithfully observe in the use of said premises all Municipal and County ordinances and State and Federal statutes now in force or which may hereafter be in force. The judgment of any court of competent jurisdiction, or the admission of Pacific in any action or proceeding against Pacific, whether Properties be a party thereto or not, that Pacific has violated any such ordinance or statute in the use of the premises shall be conclusive of the fact as between Properties and Pacific. Nothing in this paragraph shall be deemed to prevent Pacific from contesting the validity of any

such requirement, and Pacific shall not be in default hereunder so long as it is contesting any such requirement by appropriate legal proceedings and for a reasonable time after a determination in any such contest that the requirement contested was valid.

15. WASTE. QUIET CONDUCT. Pacific shall not commit, or suffer to be committed, any waste upon the said premises, or any nuisance, or other act or thing which may disturb the quiet enjoyment of lands adjacent to the demised premises. Use for the purposes authorized by this sublease shall not be deemed a violation of this paragraph, but Pacific shall exercise due diligence in the design, construction, maintenance and operation of its facilities on the demised premises to avoid disturbing the quiet enjoyment of the adjacent lands by reason of noise, smoke, or noxious odors.

16. LIENS. Pacific shall keep the demised premises free from any liens arising out of any work performed, material furnished, or obligations incurred by Pacific, other than the lien of Pacific's First and Refunding Mortgage, as supplemented and amended from time to time, or any similar encumbrance affecting substantially all of Pacific's property.

17. ASSIGNMENT OR SUBLETTING. Pacific shall not assign this lease, or any interest therein, and shall not sublet the said premises or any part thereof, or any right or privilege appurtenant thereto, or suffer any other person to occupy the said premises, or any portion thereof, without the written consent of Properties first had and obtained, and a consent to one assignment, subletting, occupation, or use by another person shall not be deemed to be a consent to any subsequent assignment, subletting, occupation, or use by another person. Any such assignment or subletting without such consent shall be void, and shall, at the option of Properties, be a

breach of this lease. This lease shall not, nor shall any interest of Pacific therein, be assignable by operation of law without the written consent of Properties.

18. INSOLVENCY. RECEIVER. The appointment of a receiver to take possession of all or substantially all of the assets for Pacific, or a general assignment by Pacific for the benefit of creditors, or any action taken or suffered by Pacific under any insolvency or bankruptcy act shall constitute a breach of this sublease by Pacific, but any action taken by the Trustees pursuant to a default under Pacific's First and Refunding Mortgage as supplemented and amended, or any similar encumbrance affecting substantially all of Pacific's property, shall not constitute a breach of this sublease.

19. ACCEPTANCE OF PREMISES AS IS. SURRENDER AT END OF TERM. By entry hereunder, Pacific accepts the premises as being in good and sanitary order and condition, and agrees on or prior to the last day of said term, or sooner termination of this sublease, to remove all of Pacific's machinery, electrical apparatus, and other movable equipment from said premises, and to surrender unto Properties all and singular said premises in a safe and clean condition.

20. DISPUTES. ARBITRATION. The parties shall endeavor in good faith to resolve promptly all disputes arising between them under this sublease by direct negotiation. Any such dispute which cannot be so resolved shall, upon the written request of either party to the other, be submitted to and decided by arbitration in accordance with the pertinent provisions of the California Code of Civil Procedure; provided, however, that the provisions of subparagraph 11(b) shall govern as to any appraisal of the interest of Properties in Parcels P, T, R and L.

21. REMEDIES ON DEFAULT. Excepting only a failure to pay when due sums payable under this sublease or any loan or contract of guaranty entered into pursuant hereto, no default or breach shall exist on the part of Properties or Pacific of any of the covenants and conditions on the part of such party unless and until the party claiming a default or breach on the part of the other shall serve upon the other a written notice, specifying with particularity wherein said default or breach is alleged to exist, and the other shall fail to commence and thereafter diligently prosecute the curing of such default or breach. In the event of any breach of this sublease by Pacific, then Properties, besides other rights or remedies it may have, shall have the right to recover from Pacific all damages it may incur by reason of such breach.

22. ATTORNEYS' FEES ON DEFAULT. In case suit shall be brought for an unlawful detainer of the said premises, for the recovery of any sums due under the provisions of this sublease, or because of the breach of any other covenant herein contained on the part of Pacific to be kept or performed, and Properties shall prevail in such suit, Pacific shall pay to Properties reasonable attorneys' fees, which in the absence of agreement as to the amount shall be fixed by the court.

23. WAIVER. The waiver by Properties of any breach of any term, covenant, or condition herein contained shall not be deemed to be a waiver of such term, covenant, or condition or any subsequent breach of the same or any other term, covenant, or condition herein contained. The exercise of any right or option or privilege hereunder by Properties shall not preclude Properties from exercising any and all other rights, privileges and options hereunder and Properties' failure to exercise any right, option or privilege hereunder

shall not be deemed a waiver of said right, option or privilege nor shall it relieve Pacific from Pacific's obligation to perform each and every covenant and condition on Pacific's part to be performed hereunder nor from damages or other remedy for failure to perform the obligations of this sublease.

24. EXERCISE OF EMINENT DOMAIN BY PACIFIC. Nothing in this sublease shall limit Pacific's right to exercise the power of eminent domain for the acquisition of land or land rights necessary for the performance of its duties to the public. If Pacific shall bring any action for the condemnation of land or land rights in Parcels P, T, R, or L,

a. Pacific shall have the right to offset against compensation due Properties or Marre amounts paid by Pacific pursuant to any contract of guaranty entered into by Pacific under paragraph 11 of this sublease because of any default of Properties;

b. the obligations of Pacific under paragraph 11 hereof shall not be extinguished by such action or the judgment therein, and if Properties is not in default under any loan or note, the maximum established under subparagraph 11(b) shall not be reduced by reason of Pacific's condemnation by any amount in excess of the compensation paid Properties by reason of the taking.

25. CONDEMNATION. In the event of any taking or damage of all or any part of the demised premises or of any interest therein or of any interest in Parcel L by reason of the exercise of the power of eminent domain (other than by Pacific), whether by a condemnation proceeding or otherwise, or any transfer of all or any part of the demised premises or any interest therein or of any interest in Parcel L made in anticipation or avoidance of an exercise of the power of eminent

domain (all of the foregoing being hereafter referred to as "appropriation") prior to or during the term hereof (or any extension or renewal thereof), the rights and obligations of Properties and Pacific with respect to such appropriation shall be as provided in this paragraph 25.

a. If the appropriation is of all of the demised premises, including Pacific's right of occupancy and use, improvements and other property, this sublease shall terminate as of the date of the appropriation. If the appropriation is of a portion of the demised premises which is necessary or useful to Pacific in the performance of its duties to the public or includes improvements or other property of Pacific, Pacific may elect to terminate the sublease as of the date of the appropriation if it determines that the appropriation will substantially impair its occupancy and use of the remainder of the demised premises. Any such election shall be made by written notice from Pacific to Properties not later than ninety (90) days after the date of the appropriation. If Pacific does not so elect to terminate the sublease, it shall continue in effect as to the portion of the demised premises not appropriated. The rights of the parties in any such appropriation shall be as follows:

(1) After receiving notice of the appropriation and until the final determination of the compensation payable with respect to the appropriation, the parties shall have no right to request an appraisal of the demised premises pursuant to subparagraph 11(b) hereof. Promptly after the final determination

of the compensation payable with respect to the appropriation, an appraisal shall be obtained which reflects the compensation payable for the land and, if the sublease has not been totally terminated, a new maximum will be established for the purposes of subparagraph 11(b).

(2) From the compensation payable to all parties to the appropriation, Properties shall be paid the lease rental value of the land appropriated as of the date of valuation of the appropriation. If at that date Pacific is paying a cash rent for the demised premises, the lease rental value shall be determined on the basis of the cash rent. If Pacific is not paying a cash rent on said date, the lease rental value shall be determined as if Pacific on said date were paying cash rent semi-annually in advance at the annual rate of seven (7) percent of the value of the land appropriated as established by the appraisal made under subparagraph (1) above, but the lease rental value shall not exceed the value of the land so determined. Pacific shall be paid the entire balance of the compensation payable, including, without limiting the generality of the foregoing, compensation for improvements to the demised premises made by Pacific, any excess of the market rental value of the demised premises (either for the remainder of the term hereof or for any period for which Pacific has any option to extend or renew this sublease) over

the lease rental value so determined, amounts assessed in the proceeding or action for removal, relocation or replacement costs of Pacific, anticipated or lost profits or damages to any personal property or detriment to the business of Pacific, or any special damages to Pacific.

(3) If the sublease is totally terminated pursuant to this subparagraph, Pacific's obligation to guarantee loans or advances to Properties shall be governed by subparagraph 11(f). If the sublease is only partially terminated, Pacific shall have a lien upon the compensation payable to Properties by reason of the appropriation to secure the repayment to Pacific of all amounts paid by Pacific pursuant to any contract of guaranty upon a default of Properties in the performance of any of the terms or conditions of a loan or advance to Properties, unless Properties reduces the amount of loans or advances guaranteed by Pacific to the maximum amount established pursuant to subparagraph (1) hereof or provides other security to Pacific.

b. If the appropriation is of a portion of the demised premises which is not necessary or useful to Pacific in the performance of its duties to the public or does not include improvements or other property of Pacific, or is of all or a portion of Parcel L or any interest therein (excluding the portion of Parcel R which lies within Parcel L), the sublease shall terminate only as to portion of the demised premises appropriated and the rights of the parties shall be

as follows:

(1) After receiving notice of the appropriation, and until the final determination of the compensation payable with respect to the appropriation, the parties shall have no right to request an appraisal of the demised premises pursuant to subparagraph 11(b) hereof. Promptly after final determination of the compensation payable by reason of the appropriation an appraisal shall be obtained which reflects the compensation payable for the land and a new maximum will be established for the purposes of paragraph 11.

(2) All of the compensation payable by reason of the appropriation shall be paid to Properties and Pacific shall be paid nothing by reason thereof.

(3) Pacific shall have a lien upon the compensation payable to Properties by reason of the appropriation to secure the repayment to Pacific of all amounts paid by Pacific pursuant to any contract of guaranty upon a default of Properties in the performance of any of the terms or conditions of a loan or advance to Properties, unless Properties reduces the amount of loan or advances guaranteed by Pacific to the maximum amount established pursuant to subparagraph (1) hereof.

c. If the appropriation is of all of the demised premises but it does not include Pacific's right of occupancy and use, improvements or other property, the sublease shall not terminate and the rights of

the parties shall be as follows:

(1) After either party shall have received notice of the appropriation, neither party shall have a right to request an appraisal pursuant to the provisions of subparagraph 11(b), and the rights and obligations of Properties and Pacific under paragraph 11 shall be the same as if a total termination of the sublease had occurred as of the date of the appropriation within the meaning of subparagraph 11(f).

(2) All of the compensation payable by reason of the appropriation shall be paid to Properties and Pacific shall be paid nothing by reason thereof.

(3) Pacific shall have a lien upon the compensation payable to Properties by reason of the appropriation to secure the repayment to Pacific of all amounts paid by Pacific pursuant to any contract of guaranty upon a default of Properties in the performance of any of the terms or conditions of a loan or advance to Properties.

(4) As rent for the demised premises, Pacific shall pay annually in advance an amount equal to seven (7) percent of the fair market value of the demised premises redetermined at the end of each five (5) year period of the term of the sublease for the succeeding five (5) year period, together with the taxes and assessments specified in subparagraphs 10(b)(1) and 10(c), respectively.

d. Nothing in this paragraph shall limit the

rights of Marre, Properties or Pacific to appear in and contest any proceeding or action for the appropriation of all or any portion of the demised premises or Parcel L, or to enter into settlements thereof or transfers of interests in the demised premises or Parcel L in anticipation or avoidance of the exercise of the power of eminent domain.

e. Nothing in this paragraph shall affect the right of Marre, Properties or Pacific to interest on compensation payable in an appropriation from the date compensation is assessed in any proceeding or action for an appropriation of all or any portion of the demised premises or Parcel L and such interest shall be deemed a part of the compensation payable to any party for the purposes hereof.

f. Properties shall indemnify Pacific against and hold it harmless from any and all claims and demands of Marre for compensation payable with respect to any appropriation of all or any part of the demised premises or Parcel L.

26. NOTICES. Any and all notices or demands by or from Properties to Pacific, or from Pacific to Properties, shall be in writing. They shall be served either personally or by registered mail or by telegraph. If served personally, service shall be conclusively deemed made at the time of service. If served by registered mail, service shall be conclusively deemed made forty-eight (48) hours after the deposit thereof in the United States mail, postage prepaid, addressed to the party to whom such notice or demand is to be given, as hereinafter provided, and the issuance of the registry receipt therefor. If served by telegraph, service shall be conclusively deemed made at the time that the telegraphic agency shall

confirm to the sender delivery thereof to the addressee. Any notice or demand to Properties shall be given unto it at 860 Pacific Street, San Luis Obispo, California 93401. Any notice or demand to Pacific shall be given unto it at 245 Market Street, San Francisco, California 94106, Attention: Manager, Land Department. Said addresses may be changed by either party at any time and from time to time by notice to the other as herein provided.

27. BINDING ON SUCCESSORS. Subject to the provisions of subparagraph 11(e) and paragraph 17 above, the covenants and conditions herein contained shall apply to and bind the successors and assigns of the parties hereto.

28. TIME is of the essence of this sublease.

29. CAPTIONS. The titles or headings to the paragraphs of this sublease are not a part of this sublease and shall have no effect upon the construction or interpretation of any part hereof.

IN WITNESS WHEREOF, Properties and Pacific have executed this sublease as of the date first hereinabove set forth.

T 31 S, R 10 E

Sec. 24 - SE $\frac{1}{4}$, S $\frac{1}{2}$ of NE $\frac{1}{4}$, E $\frac{1}{2}$ of SW $\frac{1}{4}$, SE $\frac{1}{4}$ of NW $\frac{1}{2}$, SAN LUIS OBISPO BAY PROPERTIES, INC.
Sublessor

Sec. 25 - N $\frac{1}{2}$ of NE $\frac{1}{4}$, SE $\frac{1}{4}$ of NE $\frac{1}{4}$, NE $\frac{1}{4}$ of NW $\frac{1}{4}$

T 31 S, R 11 E

Sec. 19 - S $\frac{1}{2}$ of NE $\frac{1}{4}$, N $\frac{1}{2}$ of SE $\frac{1}{4}$, NE $\frac{1}{4}$ of SW $\frac{1}{4}$

Sec. 20 - S $\frac{1}{2}$ of N $\frac{1}{2}$, N $\frac{1}{2}$ of S $\frac{1}{2}$

Sec. 21 - NW $\frac{1}{4}$ of SW $\frac{1}{4}$,

Sec. 29 - SW $\frac{1}{4}$

Sec. 30 - N $\frac{1}{2}$ of SE $\frac{1}{4}$, NE $\frac{1}{4}$ of SW $\frac{1}{4}$, S $\frac{1}{2}$ of NW $\frac{1}{4}$

Sec. 32 - NE $\frac{1}{4}$, NE $\frac{1}{4}$ of NW $\frac{1}{4}$

Sec. 33 - SW $\frac{1}{4}$ of NW $\frac{1}{4}$, NE $\frac{1}{4}$ of SW $\frac{1}{4}$, N $\frac{1}{2}$ of SE $\frac{1}{4}$

Sec. 34 - S $\frac{1}{2}$

Sec. 35 - NW $\frac{1}{4}$ of SW $\frac{1}{4}$, S $\frac{1}{2}$ of S $\frac{1}{2}$

By Robert B. Harri - Pres.

Attest Robert A. Knight - Sec.

PACIFIC GAS AND ELECTRIC COMPANY
Sublessee

By [Signature]
SENIOR VICE PRESIDENT

Attest [Signature]
AGREEMENT SECRETARY

P G & E CO.—APPROVED	
DIV'N.	LAND <u>JBB</u>
DESC. <u>Full</u>	C. E. <u>ACT</u>
LAW <u>WS</u>	ENGR.

EXHIBIT A

DESCRIPTION OF PARCEL P

A portion of Lots 4, 5, and 6 of the Subdivisions of "Part of Rancho El Pecho, The Property of L. Marre, Subdivided by Geo. Story C. E. March - 1893", in the County of San Luis Obispo, State of California, according to map filed for record April 15, 1893, in Book B, at page 85 of Maps, in the office of the County Recorder of said County, being a portion of the property conveyed to Luigi Marre by deed recorded in Book 17, at page 431 of Deeds, and more particularly described as follows:

Beginning at a point in the 3604.50 acre parcel of land described in the deed from Ramona W. Hillard to Luigi Marre dated October 11, 1892 and recorded in the office of the County Recorder of the County of San Luis Obispo, State of California in Book 17 of Deeds at page 431 from which the bronze disk marking the United States Coast and Geodetic Survey Triangulation Station Diablo bears south 63° 11' east 650 feet distant and running thence south 8° 58' west approximately 3400 feet to a point in the Ocean Line and running thence along the Ocean to the intersection of the Ocean Line with the Devils Creek Canon; thence up the Devils Canon Creek to a point which bears north 8° 58' east from the point of beginning of this description; thence south 8° 58' west approximately 2140 feet to the point of beginning; containing approximately 585 acres.

EXHIBIT B

DESCRIPTION OF PARCEL T

Easements (a) to construct, operate, maintain, repair, reconstruct, replace, and remove, at any time and from time to time, electric transmission lines, consisting of one or more lines of towers, poles, and/or other structures, wires and cables, including ground wires, both overhead and underground, for the transmission of electric energy, and for communication purposes, and all necessary and proper foundations, footings, crossarms, and other appliances and fixtures for use in connection with said towers, poles, and/or other structures, wires and cables, and (b) to excavate for, install, replace, maintain and use such pipelines as Pacific shall from time to time elect for conveying gas or oil, with necessary and proper valves and other appliances and fittings, and devices for controlling electrolysis for use in connection with said pipelines, together with rights of way, on, along and in the hereinafter described land which is situate in the County of San Luis Obispo, State of California, and is described as follows:

A portion of Lots 3 and 5 of the Subdivisions of "Part of Rancho El Pecho, The Property of L. Marre, Subdivided by Geo. Story C. E. March - 1893", in the County of San Luis Obispo, State of California, according to map filed for record April 15, 1893, in Book B, at page 85 of Maps, in the office of the County Recorder of said County, being a portion of the property conveyed to Luigi Marre by deed recorded in Book 17, at page 431 of Deeds, and more particularly described as follows:

Beginning at a point in the 3604.50 acre parcel of land described in the deed from Ramona W. Hillard to Luigi Marre dated October 11, 1892 and recorded in the office of the County Recorder of the County of San Luis Obispo, State of California, in Book 17 of Deeds at page 431 which point is determined by running north 63° 11' west 650 feet and north 8° 58' east 520 feet from the bronze disk marking the United States Coast and Geodetic Survey Triangulation Station Diablo and running thence north 88° 15' east 6550 feet; thence south 87° 06' east approximately 3390 feet to a point in the easterly boundary line of the Rancho Pecho y Islay; thence northerly, along the easterly boundary line of said Rancho Pecho y Islay to the intersection of the easterly boundary line of said Rancho Pecho y Islay with the Devils Canon

Creek; thence westerly down the Devils Canon Creek to a point which bears north 8° 58' east from the point of beginning of this description; thence south 8° 58' west approximately 1620 feet to the point of beginning; containing approximately 420 acres.

TOGETHER WITH:

(a) the right from time to time to trim and to cut down and clear away or otherwise destroy trees and brush now or hereafter on said land and to trim and to cut down and clear away any trees which now or hereafter in the opinion of Pacific may be a hazard to structures installed pursuant hereto, by reason of the danger of falling thereon, or may interfere with the exercise of second party's rights hereunder; provided, however, that all trees which Pacific is hereby authorized to cut and remove, if valuable for timber or wood, shall continue to be the property of first party, but all tops, lops, brush and refuse wood shall be burned or removed by Pacific;

(b) the right from time to time to enlarge, improve, reconstruct, relocate and replace any structures installed pursuant hereto with any other number or type of structures either in the original location or at any alternate location or locations on said land;

(c) the right to install, maintain and use gates in all fences;

(d) the right to mark the location of said land by suitable markers set in the ground; provided, that said markers shall be placed in fences or other locations which will not interfere with any reasonable use Properties or Marre shall make of said land.

Pacific hereby covenants and agrees:

- (a) Pacific shall not fence said land;
- (b) Pacific shall promptly backfill any excavations

made by it on said land and repair any damage it shall do to private roads on said lands.

Properties reserves the right to use said land for purposes which will not interfere with Pacific's full enjoyment of the rights hereby granted; provided, that Properties shall not erect or construct any building or other structure, drill or operate any well, diminish or add to the ground cover over any of said structures, or deposit or permit or allow to be deposited, earth, rubbish, debris, or any other substance or material, whether combustible or noncombustible, so near to said structures, wires or cables as to constitute a hazard thereto.

Notwithstanding the foregoing restriction, Properties may drill and operate water wells on said land at locations which are more than one hundred (100) feet from the center line of any electric transmission line which Pacific at the time has built or has specific plans to build and if thereafter the operation or maintenance of any well so drilled shall be a hazard to any electric transmission line or be hazardous to operate or maintain by reason of proximity thereto, Pacific shall pay the cost of abandoning the well and drilling a substitute well at a safe location on said land. These restrictions shall be applied reasonably so that Properties shall not be prevented from diverting water reserved from this sublease.

EXHIBIT C

DESCRIPTION OF PARCEL R

The right to construct, maintain, and use a road substantially along the route shown on the map attached hereto and hereby made a part hereof, and to use land owned by Marre within 200 feet of the center line of said road for a distance of 250 feet inland from the inland boundary of that certain parcel of land conveyed to Port San Luis Harbor District by deed dated September 25, 1964, and recorded March 2, 1965, in the Official Records of San Luis Obispo County in Book 1339 at page 714, together with the right

(1) of grading said road for the full width thereof and to extend the cuts and fills for such grading into and on said land to such extent as may be necessary;

(2) from time to time to trim and to cut down and clear away any and all trees or brush as may be necessary in the construction and maintenance of said road and to trim and to cut down and clear away any trees on either side of said strip of land which may be a hazard to said road, or the users thereof, or may interfere with the exercise of Pacific's rights hereunder; provided, however, that Pacific shall burn or remove all tops, lops, brush, and refuse wood; and

(3) to install in, on, under, or along said road and within seventy-five (75) feet of the center line thereof, underground facilities for the transmission of gas, oil, electricity, water, sewage or communications, as may be necessary for the construction or operation of the generating station on Parcel P.

The said road shall be paved and provide two 12-foot lanes for travel with 4-foot shoulders on each side. Pacific shall provide adequate drainage structures, including culverts, to protect said road and the land adjacent thereto.

Pacific shall not have the right to dedicate said road to public use. A sign reading as follows:

"NOTICE

This is a private road and permission to use the same is revocable at will."

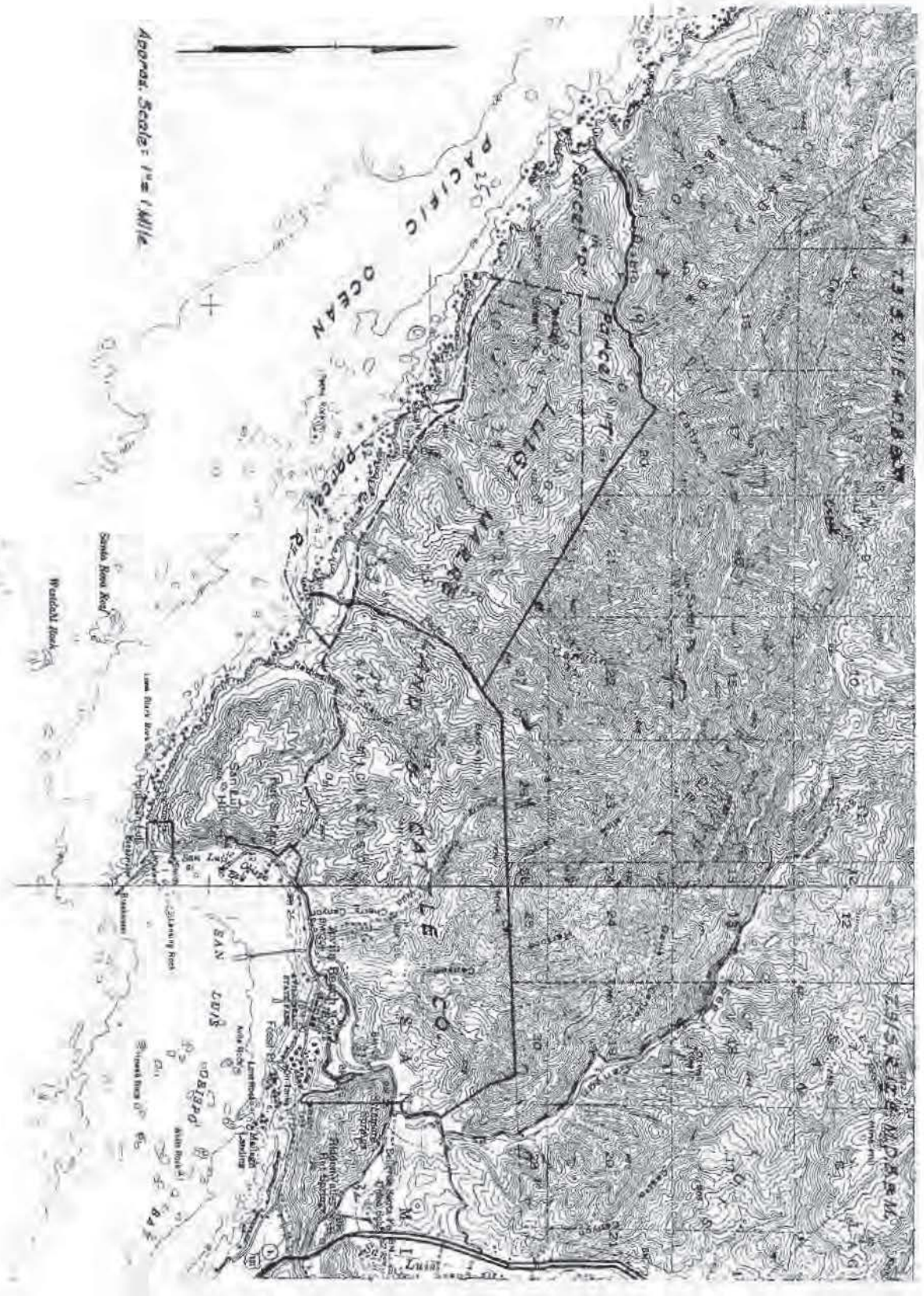
shall be erected and maintained by Pacific along said road at the point of entry upon land owned by Marre.

Pacific shall erect and maintain locked gates across the road; provided, however, that Marre or Properties, their employees, licensees, lessees, agents, successors, and assigns, shall have the right to pass through any such locked gate. Each such gate shall be provided with a link chain or other device so that all persons authorized to use the same may open any such gate independently of any other person. Pacific shall keep such gates in good, operable condition and locked at all times, or maintain a gateman at each such gate when such gate is not locked, or take such other precaution as may be agreed upon to prevent unauthorized access to Marre's lands over said road.

The right of way and easement herein granted shall be non-exclusive and Marre and Properties and their employees, licensees, lessees, agents, successors, and assigns shall have the right to use said road in common with Pacific and to permit the joint use of such road by others for purposes which will not interfere with Pacific's full enjoyment of the rights hereby granted; provided, however, that said users shall comply with controls established at gates and to prevent unauthorized access pursuant to Pacific's obligations hereunder; and provided further that the parties and such other users shall share extraordinary maintenance cost of said road in proportion to their use thereof, or as the parties may from time to time agree.

From and after twenty-five (25) years from the date of this agreement, Pacific shall have no right under this sublease to permit employees of its contractors or subcontractors to use

said road for travel to or from Parcel P or T by personal vehicle in the construction of additional units at the generating station unless Pacific shall first obtain the consent of Properties.



Approx. Scale: 1" = 1 Mile

EXHIBIT D

PARCEL L

A portion of the Rancho Pecho y Islay and the Rancho San Miguelito in the County of San Luis Obispo, State of California, more particularly described as:

Commencing at a point in the middle of Diablo Creek two thousand feet (2000') easterly of the high-tide line; running thence southeasterly along a line two thousand feet (2000') from the high-tide line to the northerly prolongation of the west boundary of the parcel of land described in that certain deed to the United States dated May 28, 1888, and recorded in the office of the County Recorder of said County in Book 1 of Deeds at Page 177; thence south two thousand feet (2000') along said northerly prolongation of the west boundary of said parcel of land to the high-tide line; thence northwesterly along said high-tide line to the center of Diablo Creek; thence easterly along the center line of Diablo Creek to the point of beginning.

EXHIBIT E

GENERAL CONTINUING GUARANTY

In consideration of any loans and advances by _____
_____ ("Lender") to SAN LUIS OBISPO BAY
PROPERTIES, INC. ("Properties"), and for other valuable con-
sideration, the undersigned PACIFIC GAS AND ELECTRIC COMPANY
("Pacific") guarantees to Lender, its successors and assigns,
the prompt payment of any and all indebtedness to Lender, ac-
cording to the terms thereof, which Properties may now or at any
time owe to Lender and not exceeding, in the aggregate, at any
one time, the amount of _____
Dollars (\$_____).

The term "indebtedness to Lender" as used herein, is
defined as not only debts to Lender of Properties voluntarily
contracted, principal and interest, but every debt, obligation
or liability of Properties to Lender, however arising, and
whether the same be due or owing, absolute or contingent,
determined or inchoate, original or acquired from others, and
all renewals and extensions thereof.

This guaranty shall be a continuing guaranty of all
indebtedness to Lender in accordance with the provisions hereof,
and it shall not be considered as wholly or partially satisfied
by the payment by Properties at any time of any sum of money at
the time being due on any such indebtedness, but it shall extend
to any future indebtedness within the limits specified. Pacific
retains the right at any time to terminate this guaranty or modify
the amount of Pacific's aggregate liability specified above by
written notice addressed to Lender at _____
_____, effective upon the receipt
thereof by Lender, but any such termination or modification shall
not affect Pacific's obligations hereunder as to indebtedness
incurred prior to such termination or modification nor shall it

affect loans and advances by Lender to Properties made after such termination or modification for the purpose of redeeming any promissory notes of Properties payable to bearer or named third parties as may be outstanding at the date of such termination or modification whether or not Lender shall be obligated to make loans or advances for such redemption. Moreover, any notice modifying the amount of Pacific's aggregate liability hereunder shall not affect Pacific's obligations hereunder for loans and advances thereafter made by Lender to Properties except to increase or decrease, as the case may be, Pacific's aggregate liability as set forth therein.

Lender is hereby given full power to make advances beyond the amount above specified and to make, change, alter, cancel, renew, extend, decrease or increase the amount of principal or interest of such indebtedness of or contracts with Properties, as it and Properties may expressly or impliedly agree upon, or change, substitute, withdraw, decrease, increase or otherwise alter any collateral or property securing such indebtedness or contracts or any part thereof, and otherwise to deal with Properties as it may elect, without in any way diminishing, releasing or discharging the liability hereunder of Pacific, but no such action by Lender shall increase the aggregate liability of Pacific specified above.

Notice of acceptance of this guaranty as well as all demands, presentments, notices of protest and notices of every kind or nature, including those of any action or non-action on the part of Properties, Lender, or anyone else, are hereby fully waived by Pacific except as herein provided. Upon any default of Properties, Lender shall notify Pacific thereof and may, at its option, proceed directly, after the expiration of ten days after such notice against Pacific to collect and recover the amount of Pacific's liability hereunder, or any portion thereof,

without proceeding against Properties or any other person, or foreclosing upon, selling or otherwise disposing of or collecting or applying any property, real or personal, it may then have as security for such indebtedness. Pacific hereby waives the right to require Lender to proceed against Properties or to pursue any other remedy, waives the right to have the property of Properties first applied to the discharge of such indebtedness, and waives the pleading of any statute of limitations as a defense to the obligations hereunder. Pacific further agrees, without demand, immediately to reimburse Lender for all costs and expenses, including attorneys' fees incurred in the enforcement of this guaranty or the collection of such indebtedness.

Lender hereby waives the benefit of Section 2854 of the California Code and any and all right to the benefit of any security or collateral of Pacific or to compel the application of such security or collateral to satisfaction of any amounts due from Properties or from Pacific hereunder.

Any and all notices or demands served on Pacific shall be in writing, addressed to Pacific at 245 Market Street, San Francisco, California 94106, Attention: _____

_____. They shall be served either personally or by registered mail or by telegraph. If served personally, service shall be conclusively deemed made at the time of service. If served by registered mail, service shall be conclusively deemed made forty-eight hours after deposit thereof in the United States mail, postage prepaid, properly addressed as herein provided. If served by telegraph, service shall be conclusively deemed made at the time the telegraph agency shall confirm delivery thereof to the addressee.

Lender is authorized to disclose to third-party

lenders this guaranty of Pacific and the terms and conditions thereof.

Dated: _____, 1966.

PACIFIC GAS AND ELECTRIC COMPANY

By _____

Attest _____

By its execution hereof, the undersigned accepts and agrees to the terms and conditions of the foregoing guaranty.

Dated: _____, 1966.

By _____

Attest _____

LEASE

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THIS LEASE is executed in duplicate at San Luis Obispo, California, on September 17, 1966, between the LUIGI MARRE LAND AND CATTLE COMPANY, a California corporation, hereinafter called "Lessor", and SAN LUIS OBISPO BAY PROPERTIES, INC., a California corporation, hereinafter called "Lessee".

IT IS AGREED between the parties hereto as follows:

1. DESCRIPTION OF PREMISES.

The premises demised and let hereby are described in documents attached hereto and marked as exhibits as follows, each of which is expressly incorporated herein as though fully set forth at this point:

- Exhibit "A" - Description of Parcel "P"
- Exhibit "B" - Description of Parcel "T"
- Exhibit "C" - Description of Parcel "R"
- Exhibit "D" - Description of Parcel "L"

2. TERM.

The term of the within lease shall be for ninety-nine (99) years, and Lessee shall have the option to renew this lease on the same terms and conditions for an additional term thereafter not to exceed ninety-nine (99) years. Said option to be exercised by Lessee giving written notice to Lessor on or before sixteen (16) years prior to the expiration of the term.

If the term of this lease, or any option for the renewal or extension thereof, is in excess of the term of a lease permitted by law, or would cause this lease to be invalid unless such term was limited, or any option to renew or any possible extension invalidated, then the term of this lease shall be for the maximum period permitted by law, and any right of extension or option for renewal beyond such maximum

permissible period shall be of no force or effect and shall be disregarded in interpreting this lease.

3. RENT.

Rental payments under this lease are to be made semi-annually in advance EXCEPT that the first rental payment shall not be made until the 10th day of January, 1967. Thereafter payments are to be made on the anniversary date hereof and six calendar months thereafter; provided, however, that if payment is not made on the exact date due, no default shall be declared therefor until thirty (30) days after written demand from Lessor for the rental due on said date. Rent shall be paid as follows:

A. For the first five years, Fifteen Thousand Dollars (\$15,000) a year in two equal payments EXCEPT that should an improved all-weather road of not less than twenty-four feet (24') in width be completed from the public road at Port Canyon over Lighthouse Hill to the coastal plateau during any of the first five years (5), rental will increase to Twenty-Five Thousand Dollars (\$25,000) per year payable on the next following anniversary date after completion of said road.

B. For the second five years (5), Twenty-Five Thousand Dollars (\$25,000) a year in two equal payments regardless of the completion of the road described in paragraph 3A above, EXCEPT that, should an improved road be completed or extended from Port Canyon through to the coastal plateau to Devil's Canyon, rental will increase to Thirty-Five Thousand Dollars (\$35,000) per year payable on the next following anniversary date after the completion of said road.

C. Thereafter and beginning with the eleventh (11) year, the basic rental shall be Thirty-Five Thousand Dollars (\$35,000) per year in two equal payments, regardless of the

completion of the road described in paragraphs 3A and 3B above, and increasing at the rate of five per cent (5%) simple per year and also adjusted by the cost of living index formula as set forth herein until a maximum payment of One Hundred Thousand Dollars (\$100,000) per year is attained, at which time it shall remain at One Hundred Thousand Dollars (\$100,000), but be adjusted by the cost of living index formula, using October, 1966, as a standard 100 per cent.

D. Beginning with the third anniversary date of the execution of this lease and continuing throughout the term or any extension thereof, Lessee shall pay the taxing agency, direct or through Lessor, for any real estate taxes and assessments, general or special, attributable to the demised premises. Lessor shall promptly transmit to Lessee true copies of any tax notices, bills, or assessments. Provided, however, that if pursuant to its sublease, Pacific Gas and Electric Company, hereinafter called "Pacific", pays any part of said taxes, Lessee shall to that extent be relieved of this obligation.

4. COST OF LIVING ADJUSTMENT.

The cost of living adjustments provided herein shall be determined in accordance with changes in the "Consumer's Price Index for Moderate Income Families in Large Cities - All Items" published by the Bureau of Labor Statistics, U. S. Department of Labor, hereinafter referred to as "BLS INDEX". The base figure shall be the average price index during the year 1966, and adjustments shall be made upward or downward at the end of each five (5) year period after the yearly rental has reached \$35,000 (Thirty-Five Thousand Dollars), whether said rental has been reached under the provisions of paragraph 3B or paragraph 3C above, for the next succeeding five (5) year period for each five per cent (5%) variance that the fifth year

average BLS Index increased or decreased from the base figure. In any year that the variance exceeds five per cent (5%) within the calendar year, then the adjustments shall be made at the end of said calendar year. If any material change in the method of preparing the BLS Index should occur, then the Bureau of Labor Statistics, or any successor department thereof, transposition tables shall be used to determine the adjustment provided for herein.

5. TERMINATION.

Should Lessee sublease all or any portion of the demised premises to Pacific and should Pacific for any reason terminate its sublease with Lessee, at that time, when Pacific no longer has any interest or rights in the subleased premises as set forth in paragraph 13 hereof and has given notice in writing to Lessee thereof, by reason of this termination Lessor can terminate this lease to Lessee, on one year's written notice given no later than one year after Lessor's receipt of notice from Lessee of termination by Pacific, and will have the right to possession of the real property hereby leased to Lessee. Provided, however, that should Lessor fail to give notice in writing as herein specified, then, in that event, Lessor shall be deemed to have waived the right to terminate this lease by reason of termination by Pacific. Provided further, however, that should Lessee's interest herein be terminated by notice duly given as herein provided, then Lessor shall pay Lessee full market value for any and all improvements made upon the demised premises by Lessee. "Full market value" of said improvements is to be determined as follows:

- (a) Each of the parties hereto shall appoint a competent and licensed appraiser to appraise said

improvements and, should the appraisers so appointed, or the parties, not agree within ninety (90) days upon the "full market value" then the determination of "full market value" is to be submitted to arbitration as set forth in the California Arbitration Act (CCP 1280 - 1293).

Lessee shall promptly give notice in writing to Lessor of any termination of any sub-lease to Pacific entered into by Lessee.

6. USE.

The premises are leased to Lessee for the purpose of master planning and full development of the entire parcel, and, therefore, said premises may be used for all uses, including but not limited to agricultural uses and including a sublease to Pacific as referred to in paragraph 13. In order to carry out the purposes of Lessee's Master Plan, Lessee may make any necessary cuts and fills and use on the premises any gravel or other materials available on the premises without additional cost.

*A.B.M.
L.Y.M.*

~~["On the premises", for the purpose of this provision only, shall be deemed to mean all or any portion of the land owned by the Lessor including the right to extend land into the ocean or ~~to be used in any way.~~]~~

If Lessee subleases to Pacific, it may make any necessary cuts and fills and use any gravel or other materials available on the premises subleased by Pacific as are reasonably necessary to accomplish the uses set forth in said sublease.

7. NOTICE OF NONRESPONSIBILITY.

In accordance with Civil Code Section 1183.1, Lessee will, within ten (10) days after commencement of any construction by Lessee in excess of Twenty Thousand Dollars (\$20,000) in value, either furnish an acceptable Performance and Labor

and Material Bond or furnish to Lessor required Notice of Nonresponsibility for recordation by Lessor. This provision, however, shall not apply to any construction or work performed, material furnished, or obligation incurred by Pacific. Provided further, however, that nothing herein shall be deemed to prevent either Lessee or Lessor from recording a Notice of Nonresponsibility should they deem it necessary.

8. UTILITIES.

Lessee shall pay for all water, gas, heat, light, power, telephone service, and all other service supplied to the said premises. The parties hereto shall reasonably cooperate in the development and use of water on the leased property as well as the Lessor's nonleased upland property within the same watersheds.

9. MAINTENANCE OF STRUCTURES AND FACILITIES.

During the term hereof Lessee shall maintain and repair any structures, private streets and/or utilities operated by Lessee and shall have the right to remove, demolish or relocate all structures, streets and utilities, provided that during the last fifteen (15) years of this term, or any extension thereof, prior to demolition or removal of any structures or facilities that are not to be replaced, thirty (30) days prior written notice shall be given to Lessor, who shall have the option of requesting that said structures or facilities be retained, and if retention is requested, then Lessor shall assume responsibility for said structures or facilities.

10. COMPLIANCE WITH LAW.

Lessee shall, at its sole cost and expense, comply with all lawful requirements of all County, State and Federal authorities now in force, or which may hereafter be in force, pertaining to the said premises, and shall faithfully observe in the use of the premises all County ordinances

and State and Federal statutes now in force or which may hereafter be in force. The judgment of any court of competent jurisdiction, or the admission of Lessee in any action or proceeding against Lessee, whether Lessor be a party thereto or not, that Lessee has violated any such ordinance or statute in the use of the premises shall be conclusive of that fact as between Lessor and Lessee. Nothing in this paragraph shall be deemed to prevent Lessee from contesting the validity of any such requirement, and Lessee shall not be in default hereunder so long as it is contesting any such requirement by appropriate legal proceedings and for a reasonable time after a determination in any such contest that the requirement contested was valid.

11. NONLIABILITY OF OWNER FOR DAMAGES.

This lease is made upon the express condition that Lessor is to be free from all liability and claim for damages by reason of any injury to any person or persons, including Lessee, or injury or damage to property of any kind whatsoever and to whomsoever belonging, including Lessee, from any cause or causes whatsoever while in, upon, or in any way connected with the said demised premises during the term of this lease or any extension hereof or any occupancy hereunder, Lessee hereby covenanting and agreeing to indemnify and save harmless Lessor from all liability, loss, cost, and obligations on account of or arising out of any such injuries or losses, however occurring.

12. LIABILITY INSURANCE.

Lessee further agrees to take out and keep in force during the life hereof, at Lessee's expense, public liability insurance written by one or more responsible insurance companies licensed to do business in the State of California and acceptable to Lessor to protect against any liability to the public incident to the use of or resulting from any accident occurring in

or about said premises, the liability under such insurance to be not less than \$1,000,000.00 for any person injured, or \$3,000,000.00 for any one accident, or \$500,000.00 for property damage. These policies shall insure the contingent liability of Lessor, and Lessee is to obtain a written obligation on the part of the insurance carrier to notify Lessor in writing fifteen (15) days prior to any cancellation or reduction on coverage thereof. Lessee agrees that if Lessee does not keep such insurance in full force and effect, Lessor may take out the necessary insurance and pay the premium and the repayment thereof shall be deemed to be part of the rental and payment as such on the next day upon which rent becomes due. Sublessees, if any, need not duplicate or supplement the insurance required of Lessee. If Lessee subleases and requires policies of insurance of any of its sublessees, Lessor herein shall be named an additional insured in any such policies.

13. ASSIGNMENT OR SUBLETTING.

Lessee shall have the right to sublease or assign this lease as to all or any portions of said premises from time to time during the term hereof on the condition that Lessee shall remain primarily liable for the performance of all of the terms of this lease. Lessor specifically consents to the sublease of Parcels P, T, all or portions of Parcel L, and Parcel R to Pacific subject to the following terms and conditions:

(a) The sublease shall be for the same term as this lease, with an option in Pacific for the renewal of the sublease for the same period as is set forth in paragraph 2 above.

(b) Pacific, in its use and occupancy of the demised premises under the sublease, shall not commit any act which would be a breach or default of this lease insofar as it pertains

to the premises demised in the sublease.

(c) If any breach or default by Lessee shall occur under this lease, Lessor shall give notice thereof to Pacific, and so long as Pacific endeavors diligently to cure the same insofar as it affects the demised premises under the sublease and after having received written notice from Lessee that Lessee is unable to cure said breach or default, Lessor

(1) shall not exercise any right to terminate the base lease as to the demised premises under the sublease because of such breach or default, or

(2) shall enter into a lease to Pacific of the demised premises under the terms of its sublease pursuant to the provisions of this paragraph.

(d) If this lease shall terminate before the expiration of the term hereof, unless such termination results from condemnation as defined herein, or if Pacific's right to renew the sublease is rendered ineffectual by the failure of Lessee to exercise its renewal right provided in this lease, the Pacific sublease shall continue with the same force and effect as to the premises demised thereby as if Lessor and Pacific had entered into a lease on the same terms, covenants, and conditions as those contained in the sublease, including Pacific's right of renewal therein but excluding the obligations of Pacific in lieu of cash rent to execute contracts of guaranty to secure loans or advances made to Lessee by third-party lenders. Pursuant to the provisions of the sublease to Pacific, Pacific may enter upon all or any portion of Parcel L upon a default of Lessee under any loan or advance guaranteed by Pacific and occupy and use said lands for the purposes of this lease and subject to the terms and conditions hereof, except as specifically set forth herein. In any such event, Pacific

shall pay rent to Lessor in advance at the rate of Thirty-Six Thousand Dollars (\$36,000) per year, but without adjustment to reflect increases or decreases in the BLS Index as set forth herein.

(e) Lessors, and each of them, covenant for themselves, their heirs, successors, and assigns, for the benefit of the demised premises under the sublease and as a covenant running with the land that if Pacific constructs a generating station fueled by nuclear fuels on Parcel P, Pacific shall have the right to restrict buildings and other structures constructed by Lessor or Lessee on any portion of Parcel P and to exclude persons therefrom to the extent necessary to comply with nuclear reactor site criteria as defined by the United States Atomic Energy Commission or successor. Lessor may enter into and upon said premises at all reasonable times but subject to Pacific's reasonable safety rules and regulations, and after the completion of Pacific's construction and the establishment of Pacific's specific land uses and plant security, Lessor, subject to the rights of Lessee, may use vacant land areas of the demised premises for such purposes and to such extent as are not inconsistent with the rights of Pacific.

14. DEFAULT.

Except as to the payment of rent, no default or breach of any covenant or condition on the part of Lessee shall exist unless and until Lessor shall have served upon Lessee a written notice specifying with particularity wherein said alleged default or breach is claimed to exist, and the failure or omission on the part of the Lessee to commence the performance or observance thereof within six (6) months after receipt of said written notice and to thereafter cure said default with due diligence. In the event, however, that any penalty be

incurred or created by reason of said lapses of time due to the failure or omission of said party to have performed, or observance of said covenant or condition, then said party shall bear and pay said penalty.

15. WAIVER.

The waiver by Lessor of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or any subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptance of rent hereunder by Lessor shall not be deemed to be a waiver of any preceding breach by Lessee of any term, covenant or condition of this lease, other than the failure of Lessee to pay the particular rental so accepted, regardless of Lessor's knowledge of such preceding breach at the time of acceptance of such rent.

16. CONDEMNATION.

Throughout this lease the word "condemned" is co-extensive with the phrase "right of eminent domain", i.e., the right of people or government to take the property for government use, and shall include the intention to condemn expressed in writing as well as the filing of any action or proceeding for condemnation,

In the event that any action or proceeding is commenced for the condemnation, in the exercise of the right of eminent domain of the demised premises or any portion thereof, or if Lessor is advised in writing by any government body, including, but not limited to, Federal, State, County or Municipal bodies, or agency or department or bureau thereof, or any entity or body having the right or power of condemnation of its intention to condemn the whole or any portion of the demised premises, Lessee having the right of possession of the demised premises

at the time thereof, or if the demised premises or any part or portion be condemned through such action, then and in any of said events:

(a) In the event the condemnation action is for the whole of the premises and if Lessor and Lessee are unable to agree on the total value to be obtained from the condemning agency, then both Lessor and Lessee shall have the right but not the obligation to defend such action in court as to their respective interests.

(b) In the event part or parts of the demised premises are condemned in excess of twenty-five per cent (25%) of the total value of the demised premises at the earlier time of receipt of written notice of threatened condemnation or receipt of summons therefor, then Lessee shall have the option of terminating this lease or continuing in full force and effect with a reduction of rental proportionate to the reduction of the value of the leased premises before and after the condemnation.

For the purposes of this provision and the next succeeding only "total value" is to be determined as follows:

Lessor and Lessee shall each select a competent licensed appraiser each of which shall render an opinion according to accepted appraising principles of "total value" within two (2) months and attempt to agree; if the two so selected cannot then agree, a third person, not necessarily an appraiser, shall be mutually agreed upon, the decision of the third person so selected shall be

rendered within six (6) months of the original controversy and shall be binding.

(c) In the event that portion of the demised premises condemned is a part or parts not in excess of twenty-five per cent (25%) of the total value at the time referred to in paragraph 16 (b) above of the demised premises and in the opinion of the Lessee does not result in substantial reduction of the ability to continue the operation of said premises, then said lease shall continue in full force and effect with a reduction of rental proportionate to the reduction of the value of the leased premises before and after the condemnation.

(d) In the event of any condemnation, whether of the whole or any part of the demised premises, Lessee shall be entitled to the following:

1. A proportionate value of all condemned improvements made by Lessee, based on the useful life of said improvements and the remaining term of the lease.
2. A proportionate share of the loss of the use of the land and severance damages based upon the remaining term of the lease.
3. Any amount assessed for removal, relocation or damage to Lessee's improvements or personal property and any assessed amounts for special damages to Lessee.

(e) This provision shall constitute the agreement between Lessor and Lessee only as to their respective rights and interests in the event of condemnation and shall in no way be deemed to

affect the rights of any sublessee, including, but not limited to, Pacific; as to any such sublessee, they shall have the right to appear and defend in any condemnation action in any manner they see fit and as to any interest or interests they may deem to be affected by such condemnation action and may enter into any agreement in said subleases that are not inconsistent with this provision.

17. NOTICES.

All notices to be given to either party may be given in writing or by depositing the same in the United States mail, postage prepaid, and addressed in accordance with the addresses as designated from time to time by either party in writing and mailed to the other.

18. OIL, GAS AND HYDROCARBONS.

All oil, gas, hydrocarbons, gravel, fill material, minerals, and metals are hereby included in this lease, and Lessee shall have the full right to develop, or sublease for development, said rights, provided that Lessor shall be entitled to one-half (1/2) of the production or suspension rentals and royalties received from any such sublease, but shall not be entitled to share in bonus payments or delay rentals, or in the event Lessee extracts or mines said rights without subleasing, the Lessor shall be entitled to a one-eighth (1/8) interest therein.

19. INSOLVENCY - BANKRUPT.

Either the appointment of a receiver to take possession of substantially all of the assets of Lessee, or a general assignment by Lessee for benefit of creditors or action taken or suffered under any insolvency or bankruptcy act SHALL CONSTITUTE GROUNDS FOR TERMINATING THIS LEASE UNLESS THE RENTALS ARE PAID

PURSUANT TO THIS LEASE.

20. BINDING ON SUCCESSORS.

The covenants and conditions herein contained shall apply to bind the heirs, successors, executors, administrators, and assigns of all of the parties hereto. The provisions of paragraph 13 hereof are entered into for the express benefit of Pacific.

21. PUBLIC UTILITIES COMMISSION APPROVAL.

If Lessee subleases to Pacific and Pacific is unable to secure approval of the state Public Utilities Commission or if approval, once given, is revoked or rescinded, then Lessee shall have the option to terminate the sublease upon one (1) year's written notice to Pacific and the within lease shall terminate on the same date set forth in said written notice to Pacific and shall thereafter be null and void and of no force or effect whatsoever.

IN WITNESS WHEREOF, Lessor and Lessee have executed this lease on the date first hereinabove set forth.

LUIGI MARRE LAND AND CATTLE COMPANY

By Louis J. Marre Pres.

By Louisa B. Marre Sec.
Lessor

Address: Marre Ranch, Avila Beach, Calif.

SAN LUIS OBISPO BAY PROPERTIES, INC.

By Dwight B. Marre Pres.

By Robert A. Knight Sec.
Lessee

Address: 860 Pacific St. San Luis Obispo, Calif.

Receipt of a true copy of the within lease is hereby

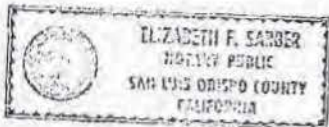
acknowledged this 20th day of September, 1966.

PACIFIC GAS AND ELECTRIC COMPANY

By William E. Jones
Senior Attorney

State of California)
) ss.
County of San Luis Obispo)

On September 19, 1966, before me, the undersigned, a Notary Public in said State, personally appeared Louis J. Manic, known to me to be the President, and Jesse B. Manic, known to me to be the _____ Secretary, of the corporation that executed the within instrument, and known to me to be the persons who executed the within instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the same, and acknowledged to me that such corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors.

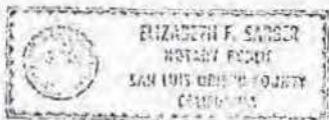


Elizabeth F. Sarber
Notary Public in said State

ELIZABETH F. SARBER
My Commission Expires Aug. 23, 1970

State of California)
) ss.
County of San Luis Obispo)

On September 19, 1966, before me, the undersigned, a Notary Public in said State, personally appeared Robert B. Manic, known to me to be the President, and Robert A. Knapp, known to me to be the _____ Secretary, of the corporation that executed the within instrument, and known to me to be the persons who executed the within instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the same, and acknowledged to me that such corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors.



Elizabeth F. Sarber
Notary Public in said State

ELIZABETH F. SARBER
My Commission Expires Aug. 23, 1970

The execution of the within lease by LUIGI MARRE LAND AND CATTLE COMPANY is hereby approved by the undersigned, being all of the shareholders of said Luigi Marre Land and Cattle Company.

Louis J. Marre Pres.
Louis J. Marre

Tressa B. Marre
Tressa B. Marre

Margaret Marre Grossman
Margaret Marre Grossman

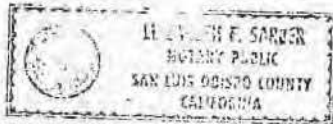
Robert B. Marre
Robert B. Marre

Imogene C. Marre
Imogene C. Marre

State of California)
County of San Luis Obispo) ss.

On September 19, 1966, before me, the undersigned, a Notary Public in said State, personally appeared Louis J. Marre, Tressa B. Marre, Robert B. Marre and Imogene C. Marre, known to me to be the persons whose names are subscribed to the within instrument and acknowledged that they executed the same.

Elizabeth F. Sarber
Notary Public in said State



ELIZABETH F. SARBER
My Commission Expires Aug. 23, 1970

State of California)
County of San Diego) ss.

On September 19, 1966, before me,
the undersigned, a Notary Public in said State, personally
appeared Margaret Marre Grossman, known to me to be the person
whose name is subscribed to the within instrument and acknowledged
that she executed the same.

Elizabeth F. Sarber

Notary Public in said State



ELIZABETH F. SARBER
My Commission Expires Aug. 23, 1970

EXHIBIT A

DESCRIPTION OF PARCEL P

A portion of Lots 4, 5 and 6 of the Subdivisions of "Part of Rancho El Pecho, The Property of L. Marre, Subdivided by Geo. Story C. E. March - 1893", in the County of San Luis Obispo, State of California, according to map filed for record April 15, 1893, in Book B, at page 85 of Maps, in the office of the County Recorder of said County, being a portion of the property conveyed to Luigi Marre by deed recorded in Book 17, at page 431 of Deeds, and more particularly described as follows:

Beginning at a point in the 3604.50 acre parcel of land described in the deed from Ramona W. Hillard to Luigi Marre dated October 11, 1892 and recorded in the office of the County Recorder of the County of San Luis Obispo, State of California in Book 17 of Deeds at page 431 from which the bronze disk marking the United States Coast and Geodetic Survey Triangulation Station Diablo bears south $63^{\circ} 11'$ east 650 feet distant and running thence south $8^{\circ} 58'$ west approximately 3400 feet to a point in the Ocean Line and running thence along the Ocean to the intersection of the Ocean Line with the Devils Creek Canon; thence up the Devils Canon Creek to a point which bears north $8^{\circ} 58'$ east from the point of beginning of this description; thence south $8^{\circ} 58'$ west approximately 2140 feet to the point of beginning; containing approximately 585 acres.

EXHIBIT B

DESCRIPTION OF PARCEL T

The right to give Pacific Gas and Electric Company, hereinafter called "Pacific", in any sublease hereinafter entered into between Lessee and Pacific, easements (a) to construct, operate, maintain, repair, reconstruct, replace, and remove, at any time and from time to time, electric transmission lines, consisting of one or more lines of towers, poles, and/or other structures, wires and cables, including ground wires, both overhead and underground, for the transmission of electric energy, and for communication purposes, and all necessary and proper foundations, footings, crossarms, and other appliances and fixtures for use in connection with said towers, poles, and/or other structures, wires and cables, and (b) to excavate for, install, replace, maintain and use such pipelines as Pacific shall from time to time elect for conveying gas or oil, with necessary and proper valves and other appliances and fittings, and devices for controlling electrolysis for use in connection with said pipelines, together with rights of way, on, along and in the hereinafter described land which is situate in the County of San Luis Obispo, State of California, and is described as follows:

A portion of Lots 3 and 5 of the Subdivisions of "Part of Rancho El Pecho, The Property of L. Marre, Subdivided by Geo. Story C. E. March - 1893", in the County of San Luis Obispo, State of California, according to map filed for record April 15, 1893, in Book B, at page 85 of Maps, in the office of the County Recorder of said County, being a portion of the property conveyed to Luigi Marre by deed recorded in Book 17, at page 431 of Deeds, and more particularly described as follows:

Beginning at a point in the 3604.50 acre parcel of land described in the deed from Ramona W. Hillard to Luigi Marre dated October 11, 1892 and recorded in the office of the County Recorder of the County of San Luis Obispo, State of California, in Book 17 of Deeds at page 431 which point is determined by running north 63° 11' west 650 feet and north 8° 58'

east 520 feet from the bronze disk marking the United States Coast and Geodetic Survey Triangulation Station Diablo and running thence north 88° 15' east 6550 feet; thence south 87° 06' east approximately 3390 feet to a point in the easterly boundary line of the Rancho Pecho y Islay; thence northerly, along the easterly boundary line of said Rancho Pecho y Islay to the intersection of the easterly boundary line of said Rancho Pecho y Islay with the Devils Canon Creek; thence westerly down the Devils Canon Creek to a point which bears north 8° 58' east from the point of beginning of this description; thence south 8° 58' west approximately 1620 feet to the point of beginning; containing approximately 420 acres.

TOGETHER WITH the right, to provide in said sublease that Pacific shall have the following rights:

(a) from time to time to trim and to cut down and clear away or otherwise destroy trees and brush now or hereafter on said land and to trim and to cut down and clear away any trees which now or hereafter in the opinion of Pacific may be a hazard to structures installed pursuant hereto, by reason of the danger of falling thereon, or may interfere with the exercise of Pacific's rights under said sublease; provided, however, that all trees which Pacific is hereby authorized to cut and remove, if valuable for timber or wood, shall continue to be the property of Lessor, but all tops, lops, brush and refuse wood shall be burned or removed by Pacific;

(b) from time to time to enlarge, improve, reconstruct, relocate and replace any structures installed pursuant hereto with any other number or type of structures either in the original location or at any alternate location or locations on said land;

(c) to install, maintain and use gates in all fences;

(d) to mark the location of said land by suitable markers set in the ground; provided, that said markers shall be placed in fences or other locations which will not interfere with any reasonable use Lessee or Lessor shall make of said land.

Lessee hereby covenants and agrees any sublease entered into between Lessee and Pacific shall contain covenants that:

- (a) Pacific shall not fence said land;
- (b) Pacific shall promptly backfill any excavations made by it on said land and repair any damage it shall do to private roads on said lands.

Lessor reserves the right to use said land for purposes which will not interfere with Pacific's full enjoyment of the rights granted under any sublease entered into between Lessee and Pacific; provided, that Lessor shall not erect or construct any building or other structure, drill or operate any well, diminish or add to the ground cover over any structures erected by Pacific, or deposit or permit or allow to be deposited, earth, rubbish, debris, or any other substance or material, whether combustible or noncombustible, so near to said structures, wires or cables as to constitute a hazard thereto.

Notwithstanding the foregoing restriction, both Lessor and Lessee may drill and operate water wells on said land at locations which are more than one hundred (100) feet from the center line of any electric transmission line which Pacific at the time has built or has specific plans to build and if thereafter the operation or maintenance of any well so drilled shall be a hazard to any electric transmission line or be hazardous to operate or maintain by reason of proximity thereto, Pacific shall pay the cost of abandoning the well and drilling a substitute well at a safe location on said land. These restrictions shall be applied reasonably so that neither Lessor nor Lessee shall be prevented from diverting water reserved from this sublease.

EXHIBIT C

DESCRIPTION OF PARCEL R

The right to give Pacific Gas and Electric Company, hereinafter called "Pacific", in any sublease hereinafter entered into between Lessee and Pacific, the right to construct, maintain, and use a road substantially along the route shown on the map attached hereto and hereby made a part hereof, and to use land owned by Lessor within 200 feet of the center line of said road for a distance of 250 feet inland from the inland boundary of that certain parcel of land conveyed to Port San Luis Harbor District by deed dated September 25, 1964, and recorded March 2, 1965, in the Official Records of San Luis Obispo County in Book 1339 at page 714, together with the right

(1) of grading said road for the full width thereof and to extend the cuts and fills for such grading into and on said land to such extent as may be necessary;

(2) from time to time to trim and to cut down and clear away any and all trees or brush as may be necessary in the construction and maintenance of said road and to trim and to cut down and clear away any trees on either side of said strip of land which may be a hazard to said road, or the users thereof, or may interfere with the exercise of Pacific's rights under said sublease; provided, however, that Pacific shall be required in said sublease to burn or remove all tops, lops, brush, and refuse wood; and

(3) to install in, on, under, or along said road and within seventy-five (75) feet of the center line thereof, underground facilities for the transmission of gas, oil, electricity, water, sewage or

communications, as may be necessary for the uses provided in said sublease.

The said road shall be paved and provide two 12-foot lanes for travel with 4-foot shoulders on each side. Pacific shall, in said sublease, be required to provide adequate drainage structures, including culverts, to protect said road and the land adjacent thereto.

In said sublease Pacific shall not be given the right to dedicate said road to public use.

In said sublease Pacific shall further be required to erect and maintain along said road at the point of entry upon land owned by Lessor a sign reading as follows:

"NOTICE

This is a private road and permission to use the same is revocable at will."

Pacific shall also be required in said sublease to erect and maintain locked gates across the road; provided, however, that Lessor or Lessee herein, their employees, licensees, lessees, agents, successors, and assigns, shall have the right to pass through any such locked gate. Each such gate shall be provided with a link chain or other device so that all persons authorized to use the same may open any such gate independently of any other person. Pacific shall also, in said sublease, be required to keep such gates in good, operable condition and locked at all times, or maintain a gateman at each such gate when such gate is not locked, or take such other precaution as may be agreed upon to prevent unauthorized access to Lessor's lands over said road.

The right of way and easement herein granted shall be non-exclusive and Lessor and Lessee and their employees, licensees, lessees, agents, successors, and assigns shall have the right to use said road in common with Pacific and to permit the joint use of such road by others for purposes which will

not interfere with Pacific's full enjoyment of the rights granted under its sublease: provided, however, that said users shall comply with controls established at gates and to prevent unauthorized access pursuant to Pacific's obligations under said sublease; and provided further that the parties and such other users shall share extraordinary maintenance cost of said road in proportion to their use thereof, or as the parties may from time to time agree.

From and after twenty-five (25) years from the date of its sublease, Pacific shall have no right under said sublease to permit employees of its contractors or subcontractors to use said road for travel to or from Parcel P or T by personal vehicle in the construction of additional units at the generating station unless Pacific shall first obtain the consent of Lessee.

EXHIBIT D
DESCRIPTION OF PARCEL L

A portion of the Rancho Pecho y Islay and the Rancho San Miguelito in the County of San Luis Obispo, State of California, more particularly described as:

Commencing at a point in the middle of Diablo Creek two thousand feet (2000') easterly of the high-tide line; running thence southeasterly along a line two thousand feet (2000') from the high-tide line to the northerly prolongation of the west boundary of the parcel of land described in that certain deed to the United States dated May 28, 1888, and recorded in the office of the County Recorder of said County in Book 1 of Deeds at Page 177; thence south two thousand feet (2000') along said northerly prolongation of the west boundary of said parcel of land to the high-tide line; thence northwesterly along said high-tide line to the center of Diablo Creek; thence easterly along the center line of Diablo Creek to the point of beginning.

2231-10-0022

SHORT FORM OF LEASE

Recorded 9-21-66, Vol. 1410,
Pg. 556 thru 562, O.R. San Luis
Obispo Co.

6

THIS LEASE is made this 17th day of September, 1966,
between LUIGI MARRE LAND AND CATTLE COMPANY, a corporation,
hereinafter called "LESSOR" and SAN LUIS OBISPO BAY PROPERTIES,
INC., a corporation, hereinafter called "LESSEE."

FOR AND IN CONSIDERATION of the sum of One Dollar (\$1.00)
and other valuable considerations paid by LESSEE to LESSOR, the
receipt of which is hereby acknowledged, and mutual covenants
contained in that certain lease between the parties hereto,
dated the 17th day of September, 1966, hereinafter called "the
agreement" and executed simultaneously with this instrument,
LESSOR hereby leases to LESSEE and LESSEE hereby hires from
LESSOR, according to the terms of that agreement and covered
by the terms, covenants, conditions, limitations, and restric-
tions therein contained, parcels of real property in the County
of San Luis Obispo, hereinafter called "premises", and more
particularly described on Exhibits A, B, C and D, attached
hereto.

THE TERM OF THIS LEASE shall commence on the 17th day of
September, 1966, and shall expire at midnight of the 16th day
of September 2065.

IT IS UNDERSTOOD that the only purpose of this instrument
is to give notice of that agreement to comply with the provisions
of Section 1470(c) of the California Civil Code, and all acts
and obligations of LESSOR and LESSEE hereunder are governed
by the terms, covenants, conditions, limitations, and restrictions
contained in that agreement.

SAN LUIS OBISPO BAY PROPERTIES, INC. LUIGI MARRE LAND & CATTLE CO.

By Robert D. Marre, Jr.

By Luigi Marre, Inc.

Staple

STATE OF CALIFORNIA
COUNTY OF San Luis Obispo } SS.

On September 20, 1966 before me,
the undersigned, a Notary Public in and for said County and State,
personally appeared Thomas J. Morris
known to me to be the _____ President, and

_____ known to me to be
_____ Secretary of the corporation that executed the
within instrument, known to me to be the persons who executed the
within instrument on behalf of the corporation therein named, and
acknowledged to me that such corporation executed the within
instrument pursuant to its by-laws or a resolution of its board of
directors.

Signature: Elizabeth F. Sarber
ELIZABETH F. SARBER

Staple

My Commission Expires Aug. 23, 1970
Name (Typed or Printed)
Notary Public in and for said County and State



Staple

STATE OF CALIFORNIA
COUNTY OF San Luis Obispo } SS.

On September before me,
the undersigned, a Notary Public in and for said County and State,
personally appeared Robert B. Morris
known to me to be the _____ President, and

_____ known to me to be
_____ Secretary of the corporation that executed the
within instrument, known to me to be the persons who executed the
within instrument on behalf of the corporation therein named, and
acknowledged to me that such corporation executed the within
instrument pursuant to its by-laws or a resolution of its board of
directors.

Signature: Elizabeth F. Sarber
ELIZABETH F. SARBER

Staple

My Commission Expires Aug. 23, 1970
Name (Typed or Printed)
Notary Public in and for said County and State

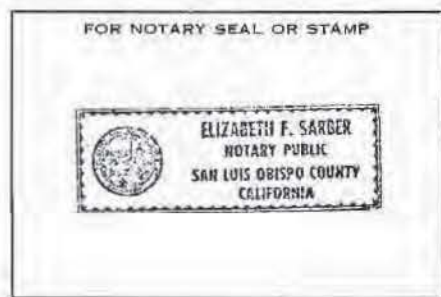


EXHIBIT A

A portion of Lots 4, 5 and 6 of the Subdivisions of "Part of Rancho El Pecho, The Property of L. Marre, Subdivided by Geo. Story C. E. March - 1893", in the County of San Luis Obispo, State of California, according to map filed for record April 15, 1893, in Book B, at page 85 of Maps, in the office of the County Recorder of said County, being a portion of the property conveyed to Luigi Marre by deed recorded in Book 17, at page 431 of Deeds, and more particularly described as follows:

Beginning at a point in the 3604.50 acre parcel of land described in the deed from Ramona W. Hillard to Luigi Marre dated October 11, 1892 and recorded in the office of the County Recorder of the County of San Luis Obispo, State of California in Book 17 of Deeds at page 431 from which the bronze disk marking the United States Coast and Geodetic Survey Triangulation Station Diablo bears south 63° 11' east 650 feet distant and running thence south 8° 58' west approximately 3400 feet to a point in the Ocean Line and running thence along the Ocean to the intersection of the Ocean Line with the Devils Creek Canon; thence up the Devils Canon Creek to a point which bears north 8° 58' east from the point of beginning of this description; thence south 8° 58' west approximately 2140 feet to the point of beginning; containing approximately 585 acres.

EXHIBIT B

The right to give certain easements, over, in, on, along, and through the following described parcel of real property:

A portion of Lots 3 and 5 of the Subdivisions of "Part of Rancho El Pecho, The Property of L. Marre, Subdivided by Geo. Story C. E. March - 1893", in the County of San Luis Obispo, State of California, according to map filed for record April 15, 1893, in Book B, at page 85 of Maps, in the office of the County Recorder of said County, being a portion of the property conveyed to Luigi Marre by deed recorded in Book 17, at page 431 of Deeds, and more particularly described as follows:

Beginning at a point in the 3604.50 acre parcel of land described in the deed from Ramona W. Hillard to Luigi Marre dated October 11, 1892 and recorded in the office of the County Recorder of the County of San Luis Obispo, State of California, in Book 17 of Deeds at page 431 which point is determined by running north $63^{\circ} 11'$ west 650 feet and north $8^{\circ} 58'$ east 520 feet from the bronze disk marking the United States Coast and Geodetic Survey Triangulation Station Diablo and running thence north $88^{\circ} 15'$ east 6550 feet; thence south $87^{\circ} 06'$ east approximately 3390 feet to a point in the easterly boundary line of the Rancho Pecho y Islay; thence northerly, along the easterly boundary line of said Rancho Pecho y Islay to the intersection of the easterly boundary line of said Rancho Pecho y Islay with the Devils Canon Creek; thence westerly down the Devils Canon Creek to a point which bears north $8^{\circ} 58'$ east from the point of beginning of this description; thence south $8^{\circ} 58'$ west approximately 1620 feet to the point of beginning; containing approximately 420 acres.

EXHIBIT C

The right to give certain easements and rights of way for the construction of a roadway along the route shown and designated as parcel "R" on the map attached hereto and hereby made a part hereof.

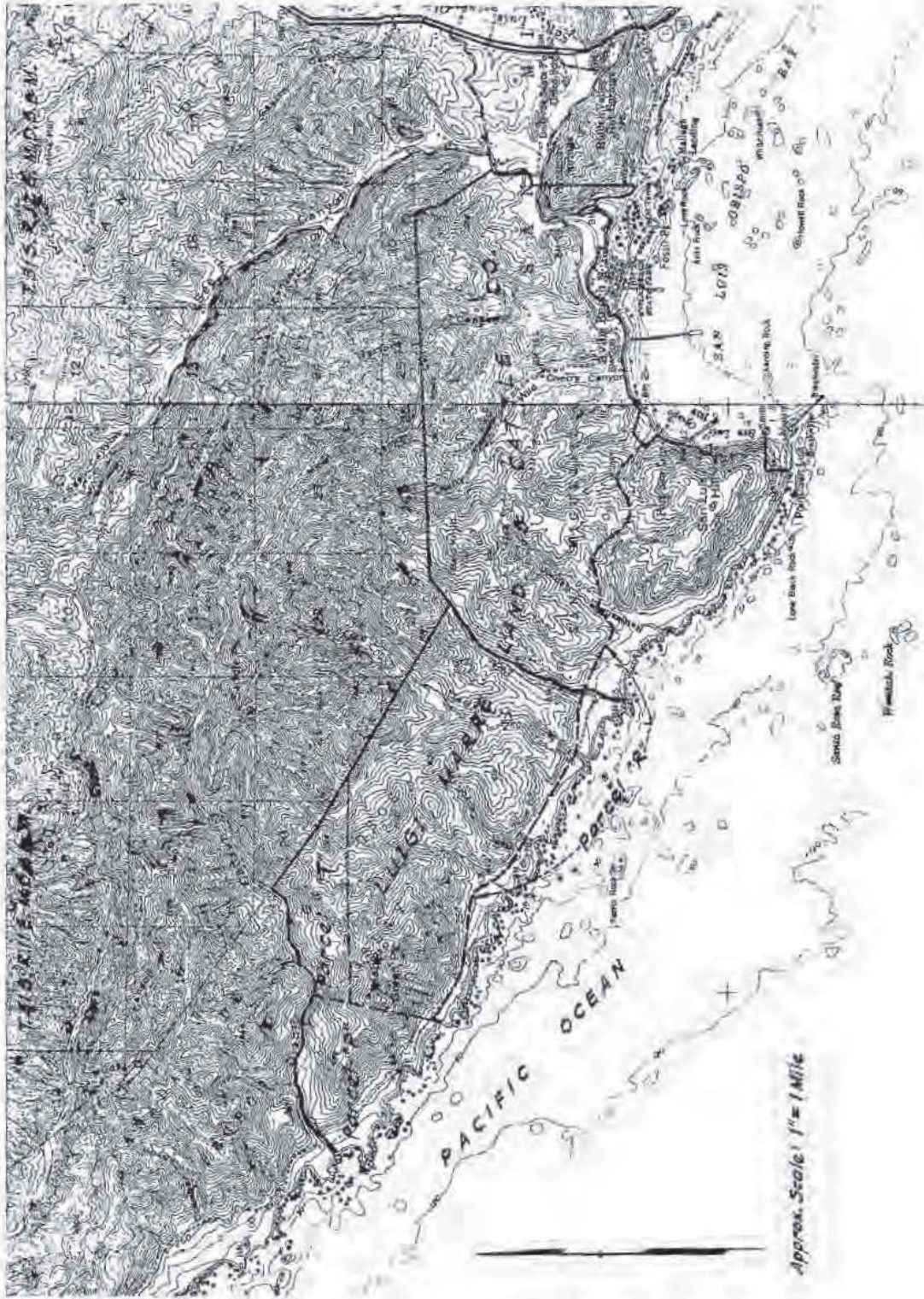


EXHIBIT "C"

EXHIBIT D

A portion of the Rancho Pecho y Islay and the Rancho San Miguelito in the County of San Luis Obispo, State of California, more particularly described as:

Commencing at a point in the middle of Diablo Creek two thousand feet (2000') easterly of the high-tide line; running thence southeasterly along a line two thousand feet (2000') from the high-tide line to the northerly prolongation of the west boundary of the parcel of land described in that certain deed to the United States dated May 28, 1888, and recorded in the office of the County Recorder of said County in Book 1 of Deeds at Page 177; thence south two thousand feet (2000') along said northerly prolongation of the west boundary of said parcel of land to the high-tide line; thence northwesterly along said high-tide line to the center of Diablo Creek; thence easterly along the center line of Diablo Creek to the point of beginning.

2231-10-0022

PACIFIC GAS AND ELECTRIC COMPANY

PG&E

245 MARKET STREET • SAN FRANCISCO, CALIFORNIA 94106 • TELEPHONE 781-4211

September 17, 1966

Luigi Marre Land and Cattle Company
Avila Beach, California

San Luis Obispo Bay Properties, Inc.
Avila Beach, California

Gentlemen:

Concurrently herewith, Pacific Gas and Electric Company ("Pacific"), is entering into a sublease from San Luis Obispo Bay Properties, Inc., ("Properties") of certain land and land rights owned by Luigi Marre Land and Cattle Company ("Marre") and leased to Properties. The purpose of this letter is to set forth certain understandings of the parties leading to execution of the lease and sublease with regard to matters which are of particular concern to the parties in the relatively near future rather than during the entire term of the lease and sublease.

1. Description of Parcel L: Parcel L has been described on the basis of the zoning action taken by Ordinance of the Board of Supervisors of San Luis Obispo County September 17, 1962. The parties will promptly agree upon the physical boundaries of the parcel to be defined as Parcel L and Pacific will perform a survey (which may be by photogrammetric means) and engineering necessary to prepare a precise legal description of the parcel. The parties will then proceed jointly before the County Planning Commission and Board of Supervisors for the amendment of Section 11-408 of the County Ordinance Code to correct the description of the parcel zoned as "L" Recreation Zone. Upon completion of such action, the description of Parcel L in the lease and sublease shall be amended by the execution of appropriate documents.

2. Zoning as to Parcel P: Pacific desires that the use of Parcel P, insofar as it lies within the "L" Recreation Zone, for a generating station and related uses be a permitted use under the County Ordinance Code. Marre and Properties will support such action as may be necessary before the Planning Commission and the Board of Supervisors for amendment of said Code.

Luigi Marre Land and Cattle Company
San Luis Obispo Bay Properties, Inc.
September 17, 1966
Page 2

3. Public Information Program: Pacific has delivered to the addressees a copy of its Atomic Information Program for South Coastal Region approved August 16, 1966 by Pacific's Vice President, Robert R. Gros. Pacific will proceed with the program as part of its overall program to develop public understanding of nuclear power generation and acceptance of a plant at this site with a minimum of controversy and opposition. Pacific will continue to consult with Properties' public relations counsel and coordinate the respective programs of the parties in this area until the parties mutually agree that further coordination is unnecessary.

4. Control of Use of Access Road: Pacific's use of the access road over Parcel R to Parcel P is necessary not only for the use of Pacific's employees, its contractors and consultants, and representatives of regulatory agencies in the discharge of their duties, but also for the proper implementation of Pacific's public information program. At the same time, uncontrolled use of the road until Marre or Properties opens it to general public use or permitted use on an open basis can give rise to abuses and adverse consequences as to Marre's or Properties' lands traversed by the road. Pacific will impose and police such controls as the parties agree upon from time to time on persons using the road for Pacific's purposes to prevent unauthorized entry on the adjacent lands, including, as may be required from time to time, the use of gatemen, pass systems, fencing of the road if necessary, and bussing of visitors or other invitees from the point of connection with public roads, or reimburse Properties for its costs incurred in establishing and maintaining such controls as are agreed upon by the parties for the purposes hereof. Pacific will continue such controls or reimbursement until the development of the lands has either substantially eliminated the possibility of such abuses or the road has been opened to unrestricted use by Marre or Properties.

5. Temporary Access: Pacific presently anticipates that it will construct its road over Parcel R during 1967. Until such time as Pacific is able to use the road to be constructed, it shall have the right to use the existing unsurfaced road from San Luis Bay to Rattlesnake Canyon to Parcel L and Parcel P. Pacific shall have the right to perform minor grading and improvement of said road as necessary for its use and shall repair any damage it may do to said road and control access over said road in accordance with the terms of the sublease.

Luigi Marre Land and Cattle Company
San Luis Obispo Bay Properties, Inc.
September 17, 1966
Page 3

6. Use of Water during Construction: Notwithstanding the reservation to Properties of water in Diablo Creek, Pacific during construction of its first two generating units on Parcel P may use water flowing in the creek or underflow in excess of the amount necessary to water cattle, and for the purpose of developing any underflow may enter upon Marre lands upstream from Parcel P, drill wells thereon, and if Pacific deems it feasible, construct a reservoir at a suitable location in the canyon for collecting and storing water. After completion of Pacific's said construction, Properties shall have the right to use any wells drilled or reservoir constructed without reimbursing Pacific for its costs incurred in well drilling or construction. Properties shall bear the costs of maintaining and operating such wells for its purposes and of transporting water to its land.

7. Fill Materials Disposed of by Properties: If Properties elects to dispose of borrow or fill materials pursuant to its reserved rights, Pacific shall have no obligation to store or haul such materials, and upon delivery of such materials to Properties, Properties shall be responsible for compliance with all laws, statutes, ordinances, and regulations governing the disposition of such materials.

8. Environmental Investigations and Surveillance: Pacific, in connection with its construction and operation of a nuclear reactor and generating station, will be required to conduct environmental investigations including meteorological and radiological surveillance and oceanographic studies. Such investigations will require the maintenance of measuring devices at various stations on Parcel L or on Marre lands adjacent to Parcel P and generally northwest of Pecho Creek. The number and location of such stations will vary from time to time. In addition, Pacific will require periodic access to such stations and to the intertidal area adjacent to Parcel L. Properties will grant permission to Pacific (or assist Pacific in obtaining Marre's permission) for the installation, maintenance, and use of such stations and such access on terms and conditions which allow Pacific to carry out its investigation without damage to the land or interference with the use of the land by Properties or Marre.

Luigi Marre Land and Cattle Company
San Luis Obispo Bay Properties, Inc.
September 17, 1966
Page 4

9. Construction Contract Provisions: Pacific will include provisions in its contracts for the construction of the road and other facilities on Parcel R to require contractors and subcontractors to confine their use of lands owned by Marre to the immediate vicinity of the road and in all respects to comply with the terms of the sublease and this supplemental agreement applicable to their activities. Such provisions will provide Marre and Properties with indemnification and a direct right of action against the contractors and subcontractors for injury resulting from a breach of the sublease or this supplemental agreement or from any negligent or wrongful act or omission on the part of Pacific's contractors or subcontractors.

10. Construction of Access Road: The road to be constructed on Parcel R will be located substantially along the center line shown on Pacific's Drawing No. R-4007 Sheets 1 and 2, copies of which have been provided to Properties. Pacific will stake the actual location on the ground prior to construction. If the location as staked deviates from the location shown on said drawings, Pacific will obtain the approval of Properties to such changes prior to constructing the road and such approval will not be withheld unreasonably. Pacific will incorporate changes in the location suggested by Properties if such changes will not unreasonably increase the cost of the road or impair its suitability for Pacific's purposes. The determinations of both parties on final location of the road will be made promptly. In constructing the road, Pacific will make reasonable provisions to permit cattle to cross the road at locations specified by Properties. After reasonable notice from Properties, Pacific will build a bridge across the cut at the crest of the ridge between Port Canyon and Rattlesnake Canyon, said bridge to be designed by Pacific to be capable of carrying up to a single H-20 truck and to provide two 12-foot lanes for vehicles, a 3-foot walkway for pedestrians, and railings, and to connect to a road built by Properties to the abutments at each side of the cut. At Pacific's election, the bridge may be designed to permit temporary removal to provide sufficient clearance for the movement of vehicles and loads and Pacific shall have the right to make such temporary removal. The design will be submitted to Properties for approval prior to construction. Upon completion, Pacific shall convey title to the structure to Properties and Properties shall thereafter assume responsibility

R.B.M.

MARRE'

L.M.

MARRE'

R.B.M. L.J.M.

Luigi Marre Land and Cattle Company
San Luis Obispo Bay Properties, Inc.
September 17, 1966
Page 5

for maintenance. Promptly after completion of construction, Pacific shall survey the center line of the road as built and prepare a legal description thereof and the lease and sublease shall be amended by appropriate documents to incorporate the description.

11. Commencement of Construction: Pacific presently anticipates that it will construct a road over Parcel R within two years of the date of execution of the sublease, and, subject to obtaining necessary regulatory approvals, it will complete construction of the first unit of the generating station on Parcel P by 1972. The schedule for construction of additional units is contingent upon the development of other resources on Pacific's system and systems connected therewith and cannot be more precisely forecast at this time.

12. Construction Power: To provide construction power on Parcels P and T, Pacific may construct and use an overhead electric pole line along the road on Parcel R. Promptly after the first two units of the generating station become operative, Pacific shall remove the overhead line and its rights under this paragraph shall cease.

13. Cattle Operations: The lands traversed by the existing unsurfaced road from San Luis Bay to Rattlesnake Canyon and the road to be constructed by Pacific on Parcel R are used for cattle grazing. Any gates in fences crossing the roads shall be kept closed and, if locks are installed, kept locked. If it becomes necessary temporarily to take down any fences on the lands, Pacific shall take such measures as are reasonably necessary to prevent the straying of livestock. In constructing the road on Parcel R, Pacific shall repair any damage it may do to existing watering facilities and fences and install gates or cattle guards in fences crossing the road.

If this letter correctly expresses our understandings as to these matters, please so indicate by executing and returning the enclosed copy of this letter.

Very truly yours,

PACIFIC GAS AND ELECTRIC COMPANY

By


SENIOR VICE PRESIDENT

AGREED TO:

LUIGI MARRE LAND AND CATTLE COMPANY

By Luigi J. Marre, Pres

SAN LUIS OBISPO BAY PROPERTIES, INC.

By Robert B. Marre - pres.

Order No. 92672-EAR (G.N. 166933)

2231-10-0024

AFTER RECORDING, RETURN TO:

4582

FOR RECORDER'S USE ONLY

Pacific Gas and Electric Company
245 Market Street
San Francisco, California 94106
Attn: W. E. Johns

Mail Tax Statements to:
Same as above

Unincorporated *Consideration*
\$438,000.00

Documentary stamps to be affixed
after recordation



OLIVER C. FIELD and RUBY HALE FIELD, husband and wife, hereinafter called first parties, hereby grant to PACIFIC GAS AND ELECTRIC COMPANY, a California corporation, hereinafter called second party, that certain real property situate in the County of San Luis Obispo, State of California, described as follows:

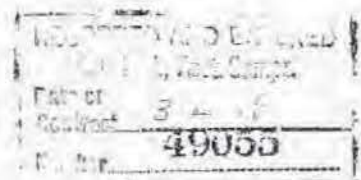
Beginning at a point in the parcel of land described and designated PARCEL 1 in the deed from Oliver C. Field and wife to Oliver C. Field and Ruby Hale Field dated December 12, 1952 and recorded in the office of the County Recorder of said County of San Luis Obispo in Book 788 of Official Records at page 529 from which the United States Coast and Geodetic Survey's monument "Spoooner" bears north 24° 42' west 3896.30 feet distant and running thence north 85° 32' west 2206.30 feet; thence south 31° 57 1/2' west 226.45 feet; thence westerly on a curve to the left with a radius of 2640.00 feet, and tangent at the easterly terminus thereof to a line which has a bearing of north 60° 00' west, an arc distance of approximately 3700 feet to a point in the ordinary high water line of the Pacific Ocean; thence in a general southeasterly direction along the ordinary high water line of the Pacific Ocean approximately 4960 feet to the boundary of that certain parcel of land conveyed by Ramona W. Hilliard to Luigi Marre by deed dated October 11, 1892 and recorded in Book 17, page 431 of Deeds, records of said county; thence in a generally easterly direction following the northwesterly boundary of said parcel to a point which bears south 4° 28' west from the point of beginning; thence north 4° 28' east 840 feet, more or less, to the point of beginning; containing 168 acres, more or less.

Handwritten: K-44 LY Ter Neg. 4-18-68

First parties reserve the right to the water which now flows or may hereafter flow in Diablo Creek, whether on or under the surface of said 168 acre parcel of land, and the right to enter upon said 168 acre parcel of land for the purpose of diverting the said water by means of water pipe lines at locations which will not interfere with the use and enjoyment by second party of its facilities to be installed on said 168 acre parcel of land.

MAIL TAX STATEMENT TO:

Pacific Gas and Electric Company
245 Market Street
San Francisco, California, 94106



MAR - 8 1968 4582

First parties also reserve the right to construct, reconstruct, maintain, and use a road within the strip of land described as follows:

A strip of land of the uniform width of 60 feet extending entirely across said 168 acre parcel of land and lying equally on each side of the line which begins at a point in the easterly boundary line of said 168 acre parcel of land from which the northeast corner of said 168 acre parcel of land bears north $4^{\circ} 28'$ east 602.98 feet distant and runs thence north $45^{\circ} 19 \frac{1}{2}'$ west 268.92 feet; thence on a curve to the left with a radius of 230.00 feet, through a central angle of $40^{\circ} 12 \frac{1}{2}'$, an arc distance of 161.43 feet; thence north $85^{\circ} 32'$ west 1337.88 feet; thence on a curve to the left with a radius of 100.00 feet, through a central angle of $53^{\circ} 09'$, an arc distance of 92.76 feet; thence south $41^{\circ} 19'$ west 188.30 feet; thence on a curve to the right with a radius of 650.00 feet, through a central angle of $42^{\circ} 23 \frac{1}{2}'$, an arc distance of 480.94 feet; thence south $83^{\circ} 42 \frac{1}{2}'$ west 381.68 feet; thence on a curve to the left with a radius of 270.00 feet, through a central angle of $42^{\circ} 01'$ an arc distance of 198.00 feet; thence south $41^{\circ} 41 \frac{1}{2}'$ west 103.48 feet; thence on a curve to the right with a radius of 1900.00 feet, through a central angle of $16^{\circ} 24 \frac{1}{2}'$, an arc distance of 543.99 feet; thence south $58^{\circ} 06'$ west 394.21 feet; thence on a curve to the right with a radius of 180.00 feet, through a central angle of $94^{\circ} 28 \frac{1}{2}'$, an arc distance of 296.79 feet; thence north $27^{\circ} 25 \frac{1}{2}'$ west 323.78 feet; thence on a curve to the right with a radius of 1400.00 feet, through a central angle of $12^{\circ} 58 \frac{1}{2}'$, an arc distance of 316.99 feet; thence north $14^{\circ} 28'$ west 59.40 feet; thence on a curve to the left with a radius of 300.00 feet, through a central angle of $63^{\circ} 45'$, an arc distance of 333.78 feet; thence north $78^{\circ} 13'$ west 301.20 feet; thence on a curve to the left with a radius of 3000.00 feet, through a central angle of $2^{\circ} 46'$, an arc distance of 145.06 feet; thence north $80^{\circ} 59'$ west 464.54 feet, more or less, to a point in the northerly boundary line of said 168 acre parcel of land.

First parties further reserve the right to reconstruct, maintain and use the existing road from Dry Canyon across said 168 acre parcel of land to an intersection with the road to be constructed within the strip of land hereinbefore described.

First parties further reserve the right to construct, maintain, and use underground gas pipe lines, underground telephone lines, other underground utilities and underground pipe lines for conveying water from Diablo Creek to lands of first parties adjacent to said 168 acre parcel of land within the strip of land hereinbefore described, and connecting road to Dry Canyon, provided that the location of said underground pipe lines, telephone lines and other utilities shall not interfere with second party's use and enjoyment of said 168 acre parcel of land.

First parties further reserve the right to construct, maintain and use a road, over and across said 168 acre parcel of land, of such materials and width and at such location as the parties shall mutually agree upon. Should first parties fail

MAR - 8 1968 4582

to acquire, by court action or agreement, an easement for road purposes over and across lands now or formerly owned by Luigi Marre Land and Cattle Company which are southerly of and adjacent to said 168 acre parcel of land or first parties' other lands, then this reservation shall be null and void.

First parties also grant to second party those perpetual and exclusive easements and rights of way to construct, operate, maintain, repair, reconstruct, replace and remove, at any time and from time to time, electric transmission lines, consisting of one or more lines of towers, poles, and/or other structures, wires, and cables, including ground wires, both overhead and underground, for the transmission of electric energy, and for communication purposes, and all necessary and proper foundations, footings, crossarms and other appliances and fixtures for use in connection with said towers, poles and/or other structures, wires and cables, together with a right of way, on, along and in all of the tracts of land described as follows:

1. Beginning at a point in the parcel of land designated PARCEL 1 in said deed dated December 12, 1952 from which said monument "Spooner" bears north $24^{\circ} 42'$ west 3896.30 feet distant, said point being the northeast corner of said 168 acre parcel of land, and running thence north $85^{\circ} 32'$ west, along the northerly boundary line of said 168 acre parcel of land, a distance of 2206.30 feet; thence north $31^{\circ} 57' 1/2'$ east 1252.97 feet; thence south $76^{\circ} 20'$ east 3980.97 feet; thence north $59^{\circ} 05' 1/2'$ east 2768.99 feet to a point in the northeasterly boundary line of Rancho Canada de los Osos y Pecho y Islay; thence south $55^{\circ} 25'$ east, along the northeasterly boundary line of said Rancho, 484.31 feet; thence south $59^{\circ} 05' 1/2'$ west 3165.45 feet; thence south $80^{\circ} 47' 1/2'$ east 931.58 feet; thence south $79^{\circ} 47' 1/2'$ east approximately 975 feet to a point in the boundary line of that certain parcel of land conveyed by said deed dated October 11, 1892; thence in a general westerly direction following the boundary line of the parcel of land conveyed by said deed dated October 11, 1892, approximately 4850 feet to a point which bears south $4^{\circ} 28'$ west from the point of beginning (said point being the southeast corner of said 168 acre parcel of land); thence north $4^{\circ} 28'$ east, along the easterly boundary line of said 168 acre parcel of land, a distance of 840 feet, more or less, to the point of beginning.

2. Beginning at a point in Lot 46 in Sections 17 and 20, Township 31 South, Range 11 East, M.D.B. & M., from which said monument "Spooner" bears north $85^{\circ} 41'$ west 9139.11 feet distant and running thence south $59^{\circ} 10'$ west 1407.84 feet to a point in the westerly boundary line of said Lot 46; thence north $0^{\circ} 26'$ west, along the westerly boundary line of said Lot 46, a distance of 506.11 feet; thence north $59^{\circ} 07' 1/2'$ east 1094.99 feet to a point in the northerly boundary line of said Lot 46; thence north $88^{\circ} 52' 1/2'$ east, along the northerly boundary line of said Lot 46, a distance of 821.56 feet; thence south $56^{\circ} 32'$ west 657.55 feet, more or less, to the point of beginning.

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3. Beginning at a point in the northerly boundary line of the southwest quarter of Section 9, Township 31 South, Range 11 East, M.D.B. & M., from which the iron pipe in a rock mound (tagged L.S. 2029) marking the west quarter corner of said Section 9 bears south $87^{\circ} 11' 1/2''$ west 291.43 feet distant and running thence north $87^{\circ} 11' 1/2''$ east, along the northerly boundary line of the southwest quarter of said Section 9, a distance of 443.87 feet; thence south $4^{\circ} 34' 1/2''$ east 2234.30 feet; thence south $28^{\circ} 27'$ west 1875.58 feet; thence south $56^{\circ} 32' 1/2''$ west 1622.32 feet to a point in the westerly boundary line of the east half of the northeast quarter of Section 17, Township 31 South, Range 11 East, M.D.B. & M.; thence north $0^{\circ} 25' 1/2''$ west, along the westerly boundary line of the east half of the northeast quarter of said Section 17, a distance of 512.91 feet; thence north $56^{\circ} 32'$ east 1234.89 feet; thence north $28^{\circ} 24' 1/2''$ east 1485.95 feet; thence north $0^{\circ} 40'$ west 942.98 feet; thence north $4^{\circ} 14'$ west 1308.60 feet, more or less, to the point of beginning.

First parties further grant to second party:

(a) the right to construct, reconstruct, maintain, and use a road for the purpose of ingress to and egress from said tracts within each of the strips of land described as follows:

1a. A strip of land of the uniform width of 20 feet extending from a course in the boundary line of the tract of land hereinbefore described and designated 1, which course has a bearing of south $59^{\circ} 05' 1/2''$ west and a length of 3165.45 feet, southeasterly to a course in the boundary line of said tract of land designated 1, which course has a bearing of south $79^{\circ} 47' 1/2''$ east and a length of approximately 975 feet, and lying equally on each side of the line which begins at a point in said course which has a bearing of south $59^{\circ} 05' 1/2''$ west and a length of 3165.45 feet from which the southwesterly terminus thereof bears south $59^{\circ} 05' 1/2''$ west 1113.15 feet distant and runs thence southeasterly on a curve to the right with a radius of 500.00 feet, through a central angle of $18^{\circ} 58'$ and tangent at the northwesterly terminus thereof to a line which has a bearing of south $38^{\circ} 07'$ east, an arc distance of 165.53 feet; thence south $19^{\circ} 09'$ east 241.16 feet; thence on a curve to the left with a radius of 500.00 feet, through a central angle of $12^{\circ} 37'$, an arc distance of 110.09 feet; thence south $31^{\circ} 46'$ east 52.98 feet; thence on a curve to the right with a radius of 200.00 feet; through a central angle of $39^{\circ} 05'$, an arc distance of 136.42 feet; thence south $7^{\circ} 19'$ west 124.94 feet, more or less, to a point in said course which has a bearing of south $79^{\circ} 47' 1/2''$ east and a length of approximately 975 feet.

1b. A strip of land of the uniform width of 20 feet the termini of which are formed by the northerly boundary line of said tract of land designated 1 and lying equally on each side of the line which begins at a point in a course in the northerly boundary line of said tract of land designated 1, which course has a bearing of south $76^{\circ} 20'$ east and a length of 3980.97 feet, from which the westerly terminus thereof bears north $76^{\circ} 20'$ west 212.46 feet distant and runs thence north $29^{\circ} 01' 1/2''$ east 152.43 feet; thence on a curve to the right with a radius of 350.00 feet, through a central angle of $29^{\circ} 43' 1/2''$, an arc distance of 181.58 feet; thence north $58^{\circ} 45'$ east 124.44 feet; thence on a curve to the right with a radius of 60.00 feet, through a central angle of $103^{\circ} 26'$, an arc distance of 108.32 feet; thence south $17^{\circ} 49'$ east 38.18 feet; thence on a curve to the right with a radius of 250.00 feet, through a central angle of $21^{\circ} 23'$, an arc distance of 93.30 feet; thence south $3^{\circ} 34'$ west 12.43 feet; thence on a curve to the left with

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a radius of 300.00 feet, through a central angle of $19^{\circ} 14'$, an arc distance of 100.69 feet; thence south $15^{\circ} 40'$ east 66.72 feet; thence on a curve to the left with a radius of 350.00 feet, through a central angle of $15^{\circ} 25'$, an arc distance of 94.18 feet; thence south $31^{\circ} 05'$ east 27.96 feet, more or less, to a point in the northerly boundary line of said tract of land designated 1.

1c. A strip of land of the uniform width of 20 feet the termini of which are formed by a course in the boundary line of said tract of land designated 1, which course has a bearing of south $59^{\circ} 05 \frac{1}{2}'$ west and a length of 3165.45 feet, and lying equally on each side of the line which begins at a point in said course which has a bearing of south $59^{\circ} 05 \frac{1}{2}'$ west and a length of 3165.45 feet from which the northeasterly terminus thereof bears north $59^{\circ} 05 \frac{1}{2}'$ east 1196.49 feet distant and runs thence south $11^{\circ} 55 \frac{1}{2}'$ east 45.01 feet; thence on a curve to the left with a radius of 500.00 feet, through a central angle of $19^{\circ} 43'$, an arc distance of 172.03 feet; thence south $31^{\circ} 38 \frac{1}{2}'$ east 93.95 feet; thence on a curve to the left with a radius of 300.00 feet, through a central angle of $29^{\circ} 31'$, an arc distance of 154.55 feet; thence south $61^{\circ} 09 \frac{1}{2}'$ east 45.03 feet; thence on a curve to the right with a radius of 75.00 feet, through a central angle of $88^{\circ} 35'$, an arc distance of 115.96 feet; thence south $27^{\circ} 25 \frac{1}{2}'$ west 14.01 feet; thence on a curve to the right with a radius of 100.00 feet, through a central angle of $17^{\circ} 55 \frac{1}{2}'$, an arc distance of 31.28 feet; thence south $45^{\circ} 21'$ west 26.59 feet; thence on a curve to the right with a radius of 75.00 feet, through a central angle of $77^{\circ} 32'$, an arc distance of 101.49 feet; thence north $57^{\circ} 07'$ west 23.09 feet; thence on a curve to the left with a radius of 80.00 feet, through a central angle of $108^{\circ} 22'$, an arc distance of 151.30 feet; thence south $14^{\circ} 31'$ west 62.59 feet; thence on a curve to the right with a radius of 100.00 feet, through a central angle of $27^{\circ} 23 \frac{1}{2}'$, an arc distance of 47.80 feet; thence south $41^{\circ} 54 \frac{1}{2}'$ west 32.46 feet; thence on a curve to the right with a radius of 75.00 feet, through a central angle of $94^{\circ} 29'$, an arc distance of 123.68 feet; thence north $43^{\circ} 36 \frac{1}{2}'$ west 22.89 feet; thence on a curve to the left with a radius of 200.00 feet, through a central angle of $17^{\circ} 22'$, an arc distance of 60.61 feet; thence north $60^{\circ} 58 \frac{1}{2}'$ west 57.16 feet; thence on a curve to the right with a radius of 250.00 feet, through a central angle of $30^{\circ} 57 \frac{1}{2}'$, an arc distance of 135.07 feet; thence north $30^{\circ} 01'$ west 33.40 feet; thence on a curve to the left with a radius of 450.00 feet, through a central angle of $26^{\circ} 55'$, an arc distance of 211.37 feet; thence north $56^{\circ} 56'$ west 71.91 feet, more or less, to a point in said course which has a bearing of south $59^{\circ} 05 \frac{1}{2}'$ west and a length of 3165.45 feet.

2a. Beginning at a point in the northwesterly boundary line of the tract of land hereinbefore described and designated 2 from which the point of beginning of the description of said tract of land designated 2 bears north $82^{\circ} 34'$ east 1097.39 feet distant and running thence north $59^{\circ} 07 \frac{1}{2}'$ east, along the northwesterly boundary line of said tract of land designated 2, a distance of 53.37 feet; thence northwesterly on a curve to the right with a radius of 190.00 feet, through a central angle of $15^{\circ} 24 \frac{1}{2}'$ and tangent at the southeasterly terminus thereof to a line which has a bearing of north $82^{\circ} 20'$ west, an arc distance of 51.09 feet; thence north $35^{\circ} 31 \frac{1}{2}'$ west 57.23 feet; thence south $54^{\circ} 28 \frac{1}{2}'$ west 20.00 feet; thence south $35^{\circ} 31 \frac{1}{2}'$ east 60.00 feet; thence on a curve to the right with a radius of 490.00 feet, an arc distance of 32.49 feet, more or less, to the point of beginning.

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2b. A strip of land of the uniform width of 20 feet extending from the northwesterly boundary line of said tract of land designated 2 northeasterly to the northerly boundary line of Lot 46 in Sections 17 and 20, Township 31 South, Range 11 East, M.D.B. & M., and lying equally on each side of the line which begins at a point in the northwesterly boundary line of said tract of land designated 2 from which the point of beginning of the description of said tract of land designated 2 bears south $83^{\circ} 09' 1/2''$ east 714.96 feet distant and runs thence north $21^{\circ} 46' 1/2''$ east 158.30 feet; thence northeasterly on a curve to the left with a radius of 450.00 feet, and tangent at the southwesterly terminus thereof to the preceding course, an arc distance of 110.23 feet, more or less, to a point in the northerly boundary line of said Lot 46.

3a. A strip of land of the uniform width of 20 feet extending from the westerly boundary line of the tract of land hereinbefore described and designated 3 westerly to the westerly boundary line of the southwest quarter of Section 9, Township 31 South, Range 11 East, M.D.B. & M. and lying equally on each side of the line which begins at a point in the westerly boundary line of said tract of land designated 3 from which the northerly terminus of a course in the westerly boundary line of said tract of land designated 3, which course has a bearing of north $0^{\circ} 40'$ west and a length of 942.98 feet, bears north $0^{\circ} 40'$ west 21.56 feet distant and runs thence south $81^{\circ} 31'$ west 106.96 feet; thence on a curve to the left with a radius of 340.00 feet, through a central angle of $25^{\circ} 58' 1/2''$, an arc distance of 154.13 feet; thence south $55^{\circ} 32' 1/2''$ west 58.71 feet; thence on a curve to the right with a radius of 180.00 feet, an arc distance of 117.39 feet, more or less, to a point in the westerly boundary line of the southwest quarter of said Section 9.

3b. A strip of land of the uniform width of 20 feet extending from the easterly boundary line of said tract of land designated 3 easterly to the easterly boundary line of the southwest quarter of said Section 9 and lying equally on each side of the line which begins at a point in the easterly boundary line of said tract of land designated 3 from which the northerly terminus of a course in the easterly boundary line of said tract of land designated 3, which course has a bearing of south $4^{\circ} 34' 1/2''$ east and a length of 2234.30 feet, bears north $4^{\circ} 34' 1/2''$ west 1297.22 feet distant and runs thence easterly on a curve to the right with a radius of 2300.00 feet, through a central angle of $3^{\circ} 05'$ and tangent at the westerly terminus thereof to a line which has a bearing of north $87^{\circ} 20' 1/2''$ east, an arc distance of 123.82 feet; thence south $89^{\circ} 34' 1/2''$ east 176.99 feet; thence on a curve to the right with a radius of 180.00 feet, through a central angle of $42^{\circ} 04'$, an arc distance of 132.16 feet; thence south $47^{\circ} 30' 1/2''$ east 53.90 feet; thence on a curve to the left with a radius of 270.00 feet, through a central angle of $40^{\circ} 31'$, an arc distance of 190.92 feet; thence south $88^{\circ} 01' 1/2''$ east 117.38 feet; thence on a curve to the left with a radius of 400.00 feet, through a central angle of $29^{\circ} 02' 1/2''$, an arc distance of 202.74 feet; thence north $62^{\circ} 56'$ east 376.30 feet; thence on a curve to the left with a radius of 300.00 feet through a central angle of $37^{\circ} 25'$, an arc distance of 195.91 feet; thence north $25^{\circ} 31'$ east 157.93 feet; thence on a curve to the right with a radius of 100.00 feet, through a central angle of $127^{\circ} 08'$, an arc distance of 221.88 feet; thence south $27^{\circ} 21'$ east 29.77 feet; thence on a curve to the left with a radius of 200.00 feet, an arc distance of 102.92 feet, more or less, to a point in the easterly boundary line of the southwest quarter of said Section 9.

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3c. A strip of land of the uniform width of 20 feet extending from the southeasterly boundary line of said tract of land designated 3 easterly and northerly to the northerly boundary line of the south half of the southeast quarter of said Section 9 and lying equally on each side of the line which begins at a point in the southeasterly boundary line of said tract of land designated 3 from which the northeasterly terminus of a course in the southeasterly boundary line of said tract of land designated 3, which course has a bearing of south $28^{\circ} 27'$ west and a length of 1875.58 feet, bears north $28^{\circ} 27'$ east 11.04 feet distant and runs thence south $76^{\circ} 20 \frac{1}{2}'$ east 104.89 feet; thence on a curve to the right with a radius of 1000.00 feet, through a central angle of $9^{\circ} 33'$, an arc distance of 166.75 feet; thence south $66^{\circ} 47 \frac{1}{2}'$ east 426.56 feet; thence on a curve to the right with a radius of 1100.00 feet, through a central angle of $7^{\circ} 40 \frac{1}{2}'$, an arc distance of 147.29 feet; thence south $59^{\circ} 07'$ east 12.59 feet; thence on a curve to the left with a radius of 300.00 feet, through a central angle of $34^{\circ} 00'$, an arc distance of 178.02 feet; thence north $86^{\circ} 53'$ east 54.74 feet to a point herein for convenience called Point "R"; thence continuing north $86^{\circ} 53'$ east 325.65 feet; thence on a curve to the left with a radius of 240.00 feet, through a central angle of $52^{\circ} 19 \frac{1}{2}'$, an arc distance of 219.18 feet; thence north $34^{\circ} 33 \frac{1}{2}'$ east 5.21 feet; thence on a curve to the left with a radius of 120.00 feet, through a central angle of $35^{\circ} 03 \frac{1}{2}'$, an arc distance of 73.42 feet; thence north $0^{\circ} 30'$ west 8.52 feet; thence on a curve to the right with a radius of 75.00 feet, through a central angle of $141^{\circ} 18 \frac{1}{2}'$, an arc distance of 184.97 feet; thence south $39^{\circ} 11 \frac{1}{2}'$ east 300.99 feet; thence on a curve to the left with a radius of 140.00 feet, through a central angle of $137^{\circ} 45 \frac{1}{2}'$, an arc distance of 336.61 feet; thence north $3^{\circ} 03'$ east 618.19 feet; thence on a curve to the right with a radius of 130.00 feet, through a central angle of $55^{\circ} 05 \frac{1}{2}'$, an arc distance of 125.00 feet; thence north $58^{\circ} 08 \frac{1}{2}'$ east 146.22 feet; thence on a curve to the left with a radius of 100.00 feet, through a central angle of $106^{\circ} 14'$, an arc distance of 185.42 feet; thence north $48^{\circ} 05 \frac{1}{2}'$ west 186.80 feet; thence on a curve to the right with a radius of 180.00 feet, through a central angle of $51^{\circ} 24 \frac{1}{2}'$, an arc distance of 161.50 feet; thence north $3^{\circ} 19'$ east 74.18 feet, more or less, to a point in the northerly boundary line of the south half of the southeast quarter of said Section 9.

3d. A strip of land of the uniform width of 20 feet extending from the southeasterly boundary line of said tract of land designated 3 easterly and northerly to the southerly boundary line of the strip of land hereinbefore described and designated 3c and lying equally on each side of the line which begins at a point in the southeasterly boundary line of said tract of land designated 3 from which the northeasterly terminus of a course in the southeasterly boundary line of said tract of land designated 3, which course has a bearing of south $28^{\circ} 27'$ west and a length of 1875.58 feet, bears north $28^{\circ} 27'$ east 1325.05 feet distant and runs thence easterly on a curve to the right with a radius of 420.00 feet, through a central angle of $39^{\circ} 51'$ and tangent at the westerly terminus thereof to a line which has a bearing of north $75^{\circ} 56 \frac{1}{2}'$ east, an arc distance of 292.14 feet; thence south $64^{\circ} 12 \frac{1}{2}'$ east 26.28 feet; thence on a curve to the left with a radius of 850.00 feet, through a central angle of $51^{\circ} 19 \frac{1}{2}'$, an arc distance of 761.48 feet; thence north $64^{\circ} 28'$

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east 531.38 feet; thence on a curve to the left with a radius of 630.00 feet, through a central angle of $32^{\circ} 10'$, an arc distance of 353.70 feet; thence north $32^{\circ} 18'$ east 13.18 feet; thence on a curve to the left with a radius of 150.00 feet, through a central angle of $103^{\circ} 37' 1/2''$, an arc distance of 271.29 feet; thence north $71^{\circ} 19' 1/2''$ west 89.23 feet; thence on a curve to the right with a radius of 60.00 feet, through a central angle of $158^{\circ} 12' 1/2''$, an arc distance of 165.68 feet to said Point "R".

3e. A strip of land of the uniform width of 20 feet lying equally on each side of the line which begins at a point in the southeasterly boundary line of said tract of land designated 3 from which the southwesterly terminus of a course in the southeasterly boundary line of said tract of land designated 3, which course has a bearing of south $28^{\circ} 27'$ west and a length of 1875.58 feet, bears south $28^{\circ} 27'$ west 200.00 feet distant and runs thence south $28^{\circ} 27'$ west, along the southeasterly boundary line of said tract of land designated 3, a distance of 200.00 feet; thence south $30^{\circ} 06'$ west 146.61 feet; thence northwesterly on a curve to the right with a radius of 45.00 feet, an arc distance of 117.97 feet, more or less, to a point in a course in the southeasterly boundary line of said tract of land designated 3, which course has a bearing of south $56^{\circ} 32' 1/2''$ west and a length of 1622.32 feet; the side lines of this strip of land shall be lengthened or shortened at the northwesterly terminus thereof so as to terminate in said course which has a bearing of south $56^{\circ} 32' 1/2''$ west and a length of 1622.32 feet; excepting therefrom that portion thereof lying within the boundary lines of said tract of land designated 3.

3f. A strip of land of the uniform width of 20 feet the termini of which are formed by the northerly boundary line of the south half of the southeast quarter of said Section 9 and lying equally on each side of the line which begins at a point in the northerly boundary line of the south half of the southeast quarter of said Section 9 from which the 4 inch by 4 inch redwood post marking the southeast corner of said Section 9 bears south $50^{\circ} 49'$ east 2090.47 feet distant and runs thence southwesterly on a curve to the right with a radius of 280.00 feet, through a central angle of $27^{\circ} 14'$ and tangent at the northeasterly terminus thereof to a line which has a bearing of south $56^{\circ} 27'$ west, an arc distance of 133.11 feet; thence south $83^{\circ} 41'$ west 228.43 feet; thence on a curve to the right with a radius of 120.00 feet, an arc distance of 137.96 feet, more or less, to a point in the northerly boundary line of the south half of the southeast quarter of said Section 9.

3g. A strip of land of the uniform width of 20 feet extending from the easterly boundary line of said Section 9 northwesterly to the northerly boundary line of the south half of the southeast quarter of said Section 9 and lying equally on each side of the line which begins at a point in the easterly boundary line of said Section 9 from which the 4 inch by 4 inch redwood post marking the southeast corner of said Section 9 bears south $1^{\circ} 32'$ east 960.02 feet distant and runs thence north $70^{\circ} 06'$ west 448.26 feet; thence on a curve to the left with a radius of 360.00 feet, through a central angle of $27^{\circ} 57'$, an arc distance of 175.62 feet; thence south $81^{\circ} 57'$ west 356.47 feet; thence on a curve to the right with a radius of 130.00 feet, through a central angle of $91^{\circ} 08'$, an arc distance of 206.78 feet; thence north $6^{\circ} 55'$ west 37.57 feet; thence on a curve to the left with a radius of 160.00 feet, through a central angle of $31^{\circ} 59'$, an arc distance of 89.14 feet; thence north $38^{\circ} 50'$ west 25.92 feet, more or less, to a point in the northerly boundary line of the south half of the southeast quarter of said Section 9.

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(b) the right to construct, reconstruct, maintain and use a road for the purpose of ingress to and egress from second party's electric transmission facilities which will be erected on lands adjacent to lands of first parties, within the strip of land described as follows:

4. A strip of land of the uniform width of 20 feet extending from the easterly boundary line of the southeast quarter of the northwest quarter of said Section 9 westerly and northwesterly to the westerly boundary line of the southeast quarter of the northwest quarter of said Section 9 and lying equally on each side of the line which begins at a point in the easterly boundary line of the southeast quarter of the northwest quarter of said Section 9 from which the iron pipe in a rock mound (tagged L.S. 2029) marking the west quarter corner of said Section 9 bears south $83^{\circ} 16' 1/2''$ west 2569.39 feet distant and runs thence southwesterly on a curve to the right with a radius of 230.00 feet through a central angle of $13^{\circ} 56'$ and tangent at the northeasterly terminus thereof to a line which has a bearing of south $66^{\circ} 08' 1/2''$ west, an arc distance of 55.93 feet; thence south $80^{\circ} 04' 1/2''$ west 232.90 feet; thence on a curve to the right with a radius of 290.00 feet, through a central angle of $41^{\circ} 09'$, an arc distance of 208.30 feet; thence north $58^{\circ} 46' 1/2''$ west 166.03 feet; thence on a curve to the left with a radius of 600.00 feet, through a central angle of $17^{\circ} 48' 1/2''$, an arc distance of 186.51 feet; thence north $76^{\circ} 35'$ west 12.74 feet; thence on a curve to the right with a radius of 200.00 feet, through a central angle of $55^{\circ} 37' 1/2''$, an arc distance of 194.16 feet; thence north $20^{\circ} 57' 1/2''$ west 37.00 feet; thence on a curve to the left with a radius of 40.00 feet, through a central angle of $106^{\circ} 31' 1/2''$, an arc distance of 74.37 feet; thence south $52^{\circ} 31'$ west 111.07 feet; thence on a curve to the right with a radius of 90.00 feet, through a central angle of $108^{\circ} 39' 1/2''$, an arc distance of 170.68 feet; thence north $18^{\circ} 49' 1/2''$ west 140.02 feet, more or less, to a point in the westerly boundary line of the southeast quarter of the northwest quarter of said Section 9.

(c) the right to use such area adjacent to and alongside said strips of land for ingress and egress as may be reasonably necessary for cuts, fills, and the deposit of spoil.

(d) the right from time to time to trim and to cut down and clear away or otherwise destroy any and all trees and brush now or hereafter on said tracts and to trim and to cut down and clear away any trees on either side of said tracts which now or hereafter in the opinion of second party may be a hazard to said towers, poles and/or other structures, wires or cables, by reason of the danger of falling thereon, or may interfere with the exercise of second party's rights hereunder; provided, however, that all trees which second party is hereby authorized to cut and remove, if valuable for timber or wood, shall continue to be the property of first parties, but all tops, lops, brush and refuse wood shall be burned or removed by second party.

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(e) the right from time to time to enlarge, improve, reconstruct, relocate and replace any poles, towers or structures constructed hereunder with any other number or type of poles or towers or structures either in the original location or at any alternate location or locations within said tracts;

(f) the right to install, maintain and use gates in all fences which now cross or shall hereafter cross said tracts;

(g) the right to mark the location of said tracts by suitable markers set in the ground; provided that said markers shall be placed in fences or other locations which will not interfere with any reasonable use first parties shall make of said tracts.

Second party hereby covenants and agrees:

(a) second party shall not fence said tracts or strips;

(b) second party shall promptly backfill any excavations made by it on said tracts;

(c) second party shall indemnify first parties against any loss and damage which shall be caused by the exercise of said ingress and egress or by any wrongful or negligent act or omission of second party or of its agents or employees in the course of their employment.

First parties reserve the right to use said tracts for purposes which will not interfere with second party's full enjoyment of the rights hereby granted; provided that first parties shall not:

(a) erect or construct any building or other structure, or drill or operate any well, or construct any reservoir or other obstruction or add to the ground level in said tracts;

(b) deposit or permit or allow to be deposited, earth, rubbish, debris, or any other substance or material, whether combustible or noncombustible, on said tracts, or so near thereto as to constitute, in the opinion of second party, a hazard to said towers, poles, and/or other structures, wires or cables;

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(c) grant any easement or easements on, under, or over said tracts without the written consent of second party.

The provisions hereof shall inure to the benefit of and bind the successors and assigns of the respective parties hereto, and all covenants shall apply to and run with the land.

IN WITNESS WHEREOF first parties have executed these presents this _____ day of Mar 4, 1968.

Oliver O. Lacey

Ruby Hole Field

Coast Valleys
GM 166933
GM 167497
GM 166821
GM 166824
T.31S., R.10E.,
M.D.B. & M.
Section 13
SE 1/4
SW 1/4
NW 1/4
Section 14
Section 15
E 1/2 of NE 1/4
NW 1/4 of NE 1/4
Section 23
NE 1/4 of NW 1/4
NE 1/4
NE 1/4 of SE 1/4
Section 24
N 1/2
N 1/2 of SW 1/4
T.31S., R.11E.,
M.D.B. & M.
Section 9
S 1/2 of SE 1/4
SE 1/4 of NW 1/4
SW 1/4
Section 16
N 1/2 of NW 1/4
NW 1/4 of NE 1/4
Section 17
E 1/2 of NE 1/4
N 1/2 of SW 1/4
SW 1/4 of SW 1/4
Section 19
N 1/2
cl

MAR - 8 1968
45412

Prepared CLH

Checked MAH

FEB 16 1968
FEB. 16 1968

Document No. 4582

RECORDED AT REQUEST OF
THE INSURANCE AND TRUST CO.

At 55 Min. Past 11 P. M.
Vol. 1468 Official Records P 49
San Luis Obispo County, Calif.

MAR 8 - 1968

By *Mary C. Franklin*
COUNTY RECORDER
By *Mary C. Franklin* Deputy
File \$ 10.80 Indexed

RECORDED

STATE OF CALIFORNIA,
County of San Luis Obispo } ss.

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On this 8th day of March in the year one thousand nine hundred and sixty-eight
before me, Andrew Renetzky, a Notary Public in and for the
County of San Luis Obispo, State of California,
residing therein, duly commissioned and sworn, personally appeared
Oliver C. Field and Ruby Hale Field

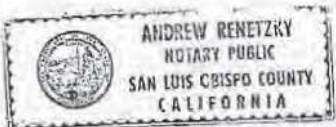
known to me to be the person whose name is subscribed to the within
instrument, and acknowledged to me that they executed the same.

IN WITNESS WHEREOF I have hereunto set my hand and affixed my official
seal in the County of San Luis Obispo the day and
year in this certificate first above written.

Andrew Renetzky

NOTARY PUBLIC IN AND FOR THE COUNTY OF San Luis Obispo
STATE OF CALIFORNIA

My Commission Expires August 31, 1969
MY COMMISSION EXPIRES



BLAKE PRINTERY 13C-10-55

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2231-10-0024

PACIFIC GAS AND ELECTRIC COMPANY

PG&E + 245 MARKET STREET · SAN FRANCISCO, CALIFORNIA 94106 · TELEPHONE 781-4211

Diablo Canyon Power Plant

Mr. and Mrs. Oliver C. Field
Post Office Box 276
Palos Verdes Estates, California

Dear Mr. and Mrs. Field:

This letter is for the purpose of setting forth certain understandings between us with regard to other documents executed concurrently herewith by which you convey to the Company a 168 acre parcel of land in fee and certain easements. The following matters are either short-term obligations or for other reasons should not be included in said deed:

1. There is a provision in said deed for the reservation by you of your rights to water in Diablo Creek. Notwithstanding this reservation, the Company shall have the right to use the water reserved until completion of construction of the first two generating units of our Diablo Canyon Power Plant, or until December 31, 1975, whichever event shall first occur; provided, however, that if the Company is delayed in completing construction of said unit by causes beyond its control, the time during which it may use the water shall be extended by the period of such delay.
2. When the Company constructs the culvert along Diablo Creek to permit the deposit of fill over the creek, the Company will install pipe hangers inside the culvert of a sufficient number and size to permit you to hang a 6 inch pipe in the culvert for the purpose of taking the reserved water.
3. In connection with the construction and operation of the Company's nuclear reactor and generating plant, the Company will be required to conduct environmental investigations including meteorological and radiological surveillance and oceanographic studies. Such investigations will require the maintenance of measuring devices at various stations. The number and location of such stations will vary from time to time. In addition, the Company will require periodic access

to such stations and to the intertidal area adjacent to your lands. Upon the Company's request from time to time, you will grant permission for the installation, maintenance and use of such stations and access on terms and conditions which will allow the Company to carry out investigations without damage to your land or interference with your use of your land. Usually, such permission will be obtained for each station or access route on an individual basis; however, in some cases, permission may be sought for a group of such stations. Upon your request, the Company will provide you with a copy of any summary report which the Company files with a public agency and which is based upon information developed by such investigations.

4. In the course of constructing the switchyard and filled area, the Company will provide for continued access from your Diablo Canyon road to the existing jeep road in Dry Canyon.
5. The Company will install any fences necessary around the 168 acre parcel of land conveyed in fee to prevent unauthorized entry on your land by people at the plant site and to control cattle straying from your land to the plant site. To the extent that controlled grazing of the 168 acre parcel may be desirable, either during the course of construction or afterwards, the responsible representatives of the Company will work with you or your grazing lessee to arrive at satisfactory arrangements.
6. The Company does not expect to acquire road rights of way over lands of the United States or of private individuals along Coon Creek of a nature which would permit it to transfer a use of its access roads along the transmission line to you. The Company will not object to your use of its access roads in a manner which will not interfere with the Company's use. If the Company maintains locked gates in fences crossing the access roads, the Company will endeavor to work out suitable arrangements for you to pass through the gates.
7. The deed reserves to you a right of way over the 168 acre parcel which you can exercise if you prevail in your pending litigation with Luigi Marre Land and Cattle Company. If you do not so prevail but are able to obtain a private right of way by agreement with the Marre interests, the Company will negotiate in good faith with you for your exercise of the negotiated road right through the plant site in locations and in a manner which will not interfere with the Company's exercise of its rights in the area and be consistent with its public utility obligations.
8. The Company will survey the 168 acre parcel of land conveyed in fee and record a Record of Survey map in the official records of San Luis Obispo

Mr. and Mrs. Oliver C. Field

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County. Within a reasonable time thereafter, the Company will also prepare and the parties will enter into an agreement which will show by maps attached the fee parcel, tracts and strips described by metes and bounds in the deed.

If this letter correctly expresses our understandings as to these matters, please so indicate by executing and returning the enclosed copy of this letter.

Very truly yours,

PACIFIC GAS AND ELECTRIC COMPANY

By *EE Hall*
Manager, Land Department

AGREED TO:

Oliver C. Field
Oliver C. Field

Ruby Hale Field
Ruby Hale Field

PG and E
FOR INTRA - COMPANY USES

DIVISION OR
DEPARTMENT **LAW**
FILE NO.
RE LETTER OF
SUBJECT **PG&E v. Field**

*PL
RH*
*Please do not send
copies as requested*
*Send one
out to H.H.S.*

MANAGER LAND DEPARTMENT RECEIVED			JWK
NWS			GMB
JAC			RON
AG			JWP
LEB			RFS
HMG	Comment	Note	RWT
REH	Circulate	Reply	MW
JER	Action	File	JEW

copy
DEH
MAR 14 1968
W

March 14, 1968

MR. E. E. HALL:

By memorandum dated March 12 I forwarded to you the policy of title insurance and closing statement which had been forwarded to me by Title Insurance and Trust Company in closing the escrow in this transaction.

Enclosed are the following executed original documents which have been delivered to me by Mr. Andrew Renetzky, attorney for Mr. and Mrs. Field:

1. Grant of easement for 12 kv poleline;
2. Permit to use existing ranch road between Montana De Oro State Park and the 168-acre parcel sold.
3. Supplemental letter agreement undated between the parties.
4. Letter agreement dated March 12, 1968 pertaining to the use of the access road through Montana De Oro State Park.

The deed has not yet been forwarded to me by the Recorder's Office, but will be made available to you upon receipt.

I assume you will distribute copies of the enclosed agreements to information addressees of this memorandum who may be affected by the terms of the agreements.

W. E. Johns
W. E. JOHNS

WEJ:lmg
Enclosures
cc:SLSibley
JFBonner
JDWorthington -
CHSedam -
+ BWS Shackelford -
+ MHChandler -
+ DVKelly
GVRichards
LHSmith -
LRMcDonnell
JCMorrissey

RSBain/RKDempster -
JWColwell -
JRHerrera -
+ RBettinger -
WJLindblad -
JJKeys
KJDiercks
JOSchuyler
+ JWWoodward - 2 copies
JTMorgan -
AHHillman

Do Not Record
After numbering return
to C. E. M. for distribution
of copies.

ESM
3/19/68

PACIFIC GAS AND ELECTRIC COMPANY

PG&E + 245 MARKET STREET · SAN FRANCISCO, CALIFORNIA 94106 · TELEPHONE 781-4211

RICHARD H. PETERSON
SENIOR VICE PRESIDENT
AND GENERAL COUNSEL
FREDERICK T. SEARLS
GENERAL ATTORNEY

WILLIAM B. KUDER
WILLIAM E. JOHNS
MALCOLM M. FURBUSH
JOHN A. SPROUL
PHILIP A. CRAIG, JR.
HENRY J. LAPLANTE
EDWARD J. McGANNEY
JOHN B. SIESS
ARTHUR L. HILLMAN, JR.
ROSS WOLKMAN
ROBERT DUNLACH
STANLEY T. SKINNER
JOHN C. MORRISSEY
RICHARD A. BATTERY
CHARLES T. VAN OLUSEN
MALCOLM A. MADKILLIP
NEEL KELLY
DILYSAT L. HARRICK
JOHN S. COOPER
GLENN WEST, JR.
CHARLES W. THISSELL
RICHARD J. KOHLMAN
SANFORD M. SKAGGS
JOHN E. M. LANDERT
ATTORNEYS

March 14, 1968

Andrew Renetzky, Esq.
911 Palm Street
San Luis Obispo, California 93401

Dear Mr. Renetzky:

PG&E v. FIELD

This will acknowledge receipt of the following documents in closing the escrow pursuant to our February 9, 1968 agreement:

1. Executed original grant of easement for 12 kv poleline.
2. Permit to use existing ranch road between Montana De Oro State Park and the 168-acre parcel sold.
3. Supplemental letter agreement undated between the parties.
4. Letter agreement dated March 12, 1968 pertaining to the use of the access road through Montana De Oro State Park.

Your courtesies and competent assistance in this transaction and Mr. and Mrs. Field's cooperation have been very much appreciated. We sincerely hope that our cordial relationship will continue.

Very truly yours,

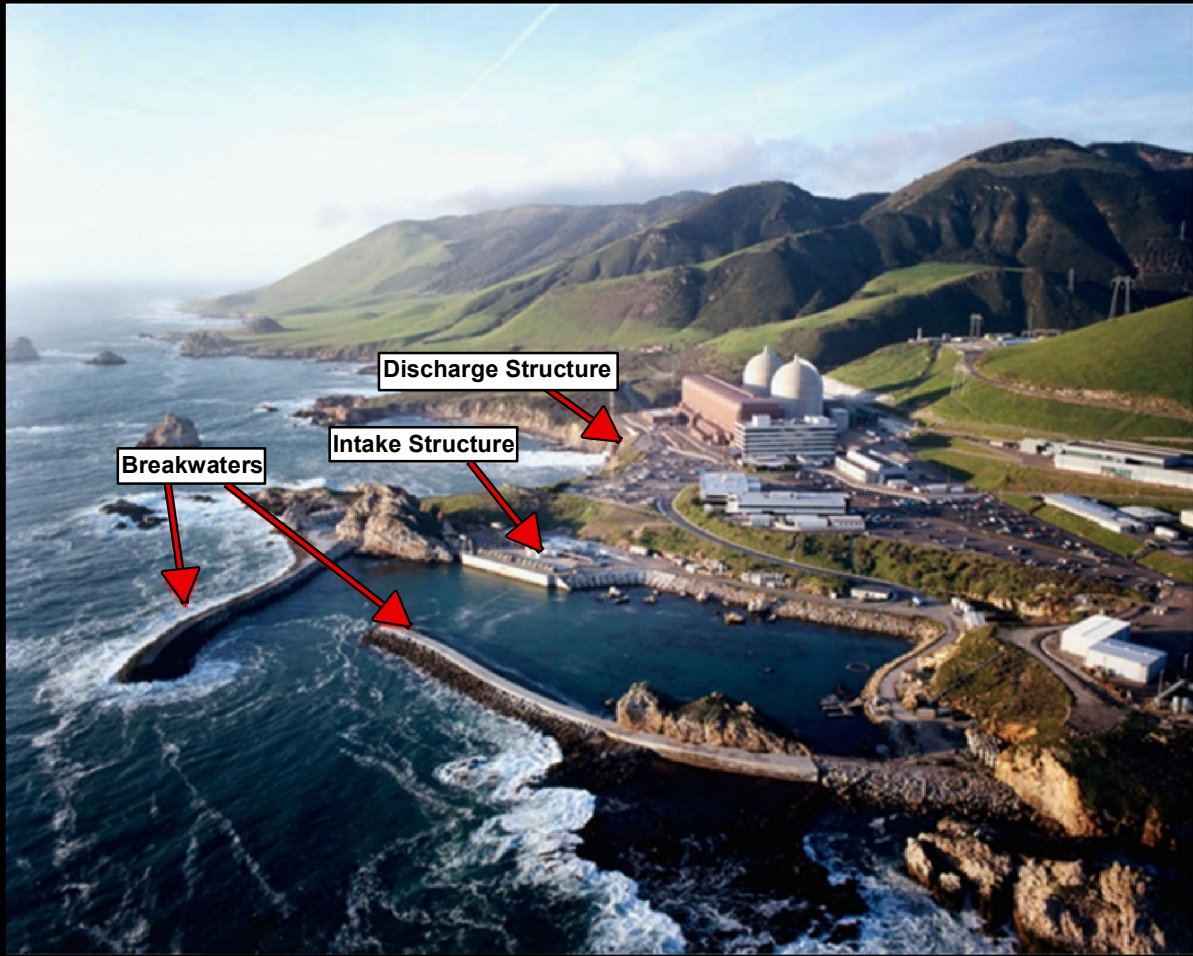
WEJ:lmg
cc:O.C.Field
T.Adams, Esq.
A.E.Ekdale, Esq.
bc:EEHall,CTVanDeusen

W. E. JOHNS

Enclosure
Attachment E
PG&E Letter DCL-23-002

Pacific Gas and Electric Company

Recent Site Photo



Breakwaters

Intake Structure

Discharge Structure

Pacific Gas and Electric Company
Lease Extension Project Description

Diablo Canyon Power Plant Lease Extension through October 31, 2030 Project Description

January 2023

1. Description of the Proposed Action

1.1. Introduction

On June 28, 2016, the California State Lands Commission (CSLC) authorized Lease No. PRC 9347.1 for facilities located on state-owned sovereign lands associated with Pacific Gas and Electric Company's (PG&E's) Diablo Canyon Power Plant (DCPP) Units 1 and 2, which PG&E owns and operates pursuant to United States (US) Nuclear Regulatory Commission (NRC) Facility Operating Licenses DPR-80 (Docket No. 50-275) and DPR-82 (Docket No. 50-323), respectively¹.

Lease No. PRC 9347.1 covers the continued use and maintenance of a cooling water discharge channel, water intake structure, breakwaters, boat dock, storage facility, office facilities, intake electrical room, intake maintenance shop, equipment storage pad, and spare tri-bar storage associated with operations of the DCPP. Collectively, these are referred to herein as the "Project Facilities." This lease expires on August 26, 2025. On April 29, 2020, CSLC authorized an amendment to Lease No. PRC 9347.1, whereby Section 2 paragraph 5(iii) was amended to change the required submittal date of a proposed restoration plan for the lease premises to August 26, 2023.

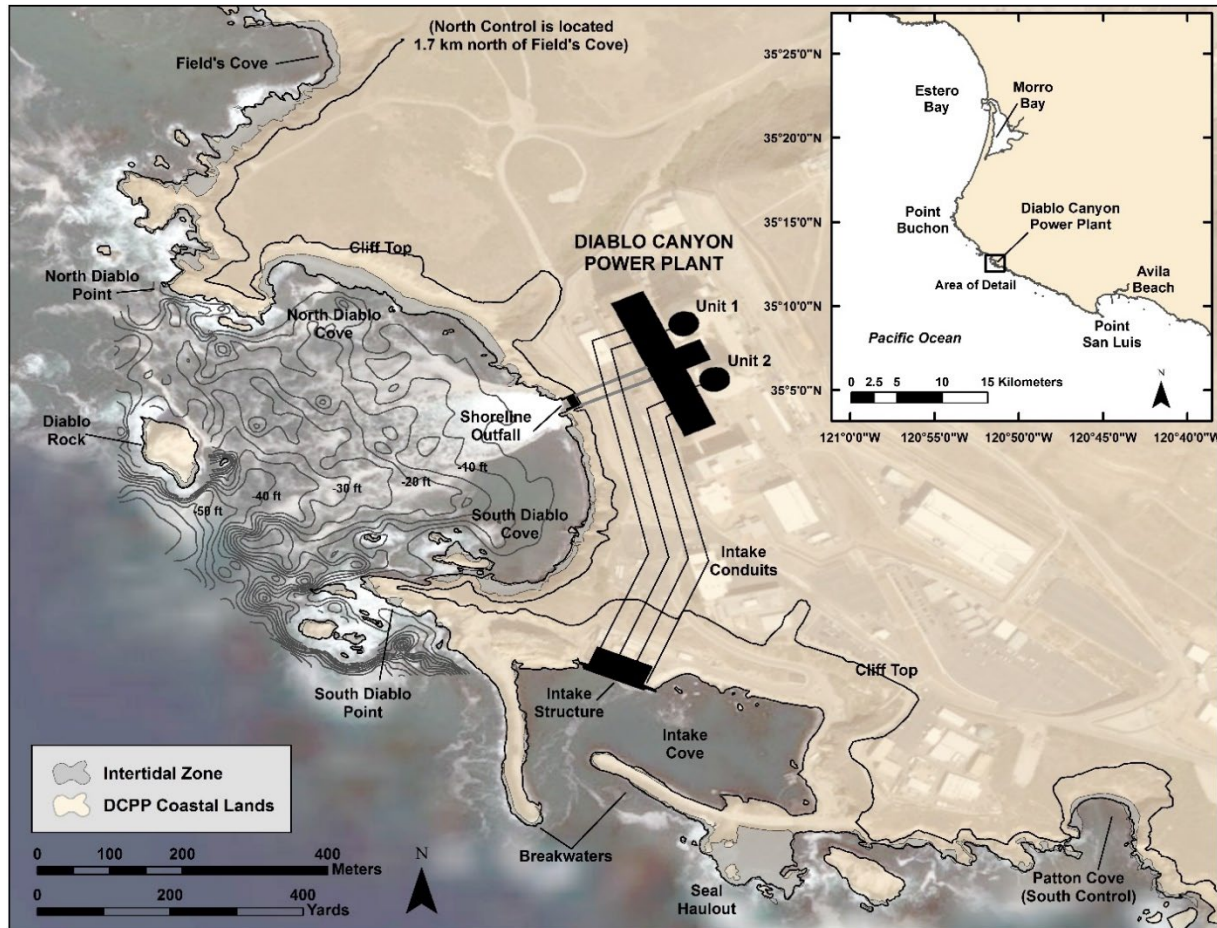
On September 2, 2022, Governor Galvin Newsom signed Senate Bill (SB) 846, which directed PG&E to seek to continue operations of the DCPP through October 31, 2030. PG&E is working with state and federal regulators to enact the terms of SB 846.

1.2. Proposed Action

PG&E proposes that the CSLC extend Lease No. PRC 9347.1 to October 31, 2030, for the continued operation and maintenance of Project Facilities through October 31, 2030 (i.e., for an additional 5 years) to support DCPP operations through that period. For the additional period of time, DCPP would continue to operate in the same manner as during the current license term. These facilities are shown on Figure 1.

¹ The NRC licenses the operation of domestic nuclear power plants in accordance with the Atomic Energy Act of 1954, as amended, and NRC implementing regulations. DCPP is a nuclear-powered steam electric generating facility that began commercial operation on May 7, 1985, for Unit 1 and March 13, 1986, for Unit 2. The Unit 1 facility operating license expires November 2, 2024, and the Unit 2 facility operating license expires August 26, 2025.

Figure 1. Project Facilities



These existing Project Facilities are part of DCPD's circulating water system (CWS) and safety-related auxiliary saltwater system (ASWS), which draw from and discharge to the Pacific Ocean via the seawater intake and discharge facilities. The CWS and ASWS are required to operate DCPD Units 1 and 2.

Lease extension would allow the continued use of these Project Facilities to: (1) support reactor operations via the once-through cooling (OTC) system; (2) cool stored spent fuel within the spent fuel pools (SFPs); (3) dilute and discharge liquid radiological waste (LRW) generated during operations; (4) produce feed water for the seawater reverse osmosis (SWRO) facility; (5) dilute and discharge brine; and (6) dilute and discharge sanitary wastewater.

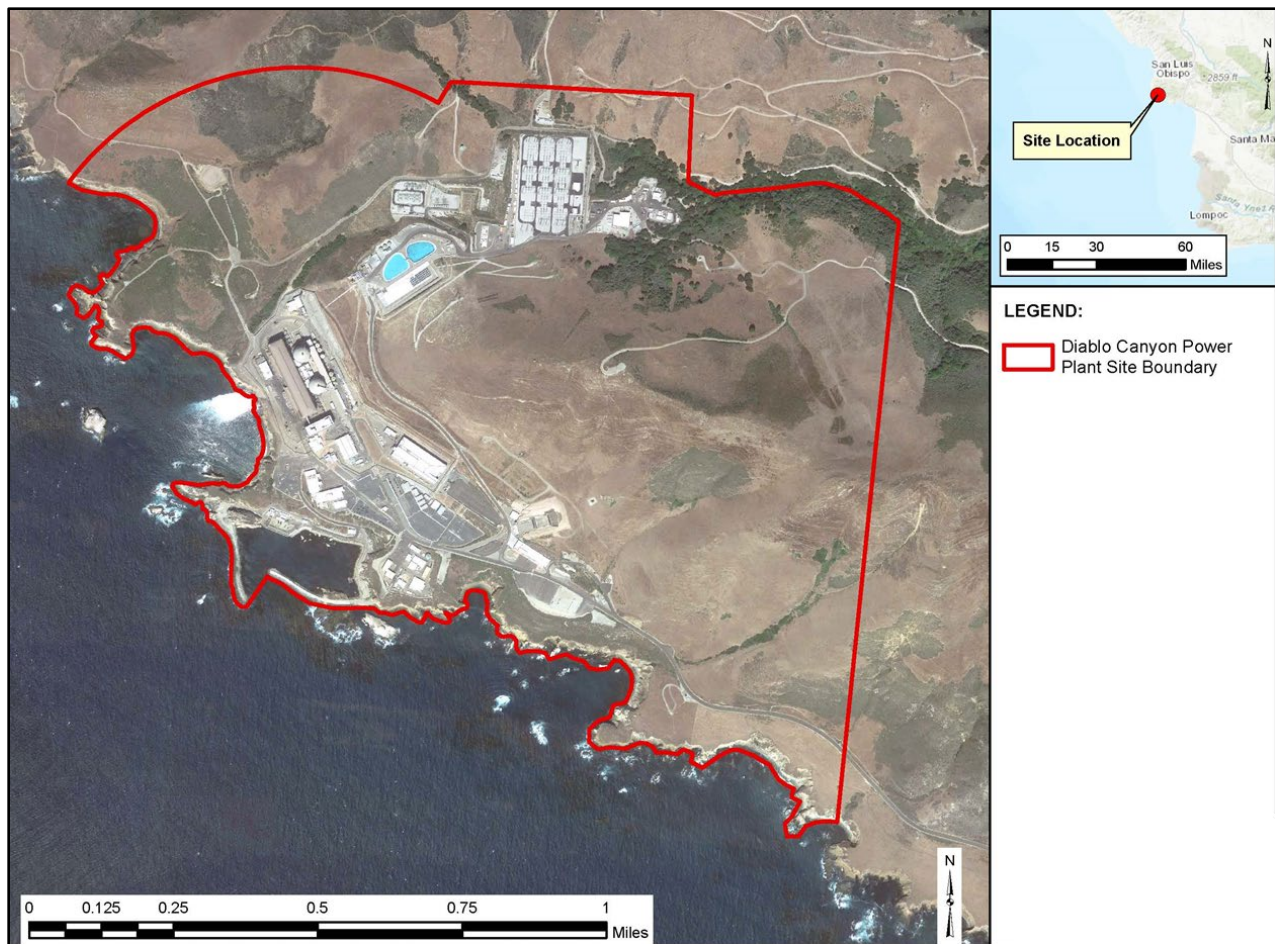
1.3. Background

1.3.1. Site Location

The Project Facilities are located within the western edge of PG&E’s DCPP site, which is adjacent to the Pacific Ocean in San Luis Obispo County, California, and is approximately 12 miles west-southwest of the City of San Luis Obispo, the county seat and the nearest significant population center.

The DCPP site occupies a 750-acre high security zone (including the 585-acre Parcel P) within PG&E’s approximately 12,000-acre owner-controlled coastline property (jointly owned by PG&E and Eureka) in central San Luis Obispo County (see Figure 2). DCPP is located within the Irish Hills and coastline approximately 7 miles northwest of Avila Beach and directly southeast of Montaña de Oro State Park.

Figure 2. Diablo Canyon Power Plant Site and Location



1.3.2. General Plant Information

DCPP is a nuclear-powered steam electric generating facility that consists of a nuclear steam supply system, turbine-generator, auxiliary equipment, controls, and instrumentation in each unit. The nuclear steam supply system at DCPP is a pressurized water reactor, where the reactor core coolant heats up and is pumped to heat exchangers known as steam generators where the heat boils the water on the steam generator's shell-side into steam. The steam is routed into the turbines where the steam yields its energy to turn the turbines, which are connected to the electrical generators. Waste heat is discharged to heat-exchanging steam condensers.

1.3.3. DCPP Continued Operations

In January 2018, the California Public Utilities Commission (CPUC) issued Decision 18-01-022 approving the retirement of DCPP at the expiration of its current NRC operating licenses. PG&E proposed the retirement in collaboration with a coalition of environmental groups, labor, and an anti-nuclear advocacy groups under the "Joint Proposal" in June 2016. Under the Joint Proposal, the parties agreed that DCPP should operate through its existing, full NRC license period, thus providing a nine-year transition period for replacement of DCPP with greenhouse gas-free resources.

Recently, the State of California has revisited its current and projected energy needs, including the role of DCPP in the State's energy future. The Governor signed SB 846 on September 2, 2022, which overturned the prior CPUC decision approving the retirement of DCPP Units 1 and 2 by the expiration of the current operating licenses. The bill was declared to take effect immediately as an urgency statute to improve statewide energy system reliability. SB 846 directs all relevant state agencies, including the CPUC, CSLC, State Water Resources Control Board, California Coastal Commission, and PG&E, as the operator of the plant, to act quickly and in coordination, to take all necessary and prudent actions to extend operations through October 31, 2030.

1.3.4. NRC License Renewal

The NRC is an independent agency established by the Energy Reorganization Act of 1974 to regulate the civilian use of nuclear materials. The NRC's regulatory activities are focused on reactor safety oversight and reactor license renewal of existing plants, materials safety oversight and materials licensing for a variety of purposes, and waste management of both high-level waste and low-level waste. The NRC's primary mission is to protect the public health and safety, and the environment from the effects of radiation associated with nuclear reactors, materials, and waste facilities. The NRC also regulates these materials and facilities to promote common defense and security.

1.0 Description of the Proposed Action

Production of electric energy using nuclear fission is regulated under the Atomic Energy Act (42 U.S.C. Section 2011). Under the Atomic Energy Act, the NRC is granted sole and exclusive authority to issue operating licenses and otherwise oversee and regulate licensees to ensure that the requirements of the Act, regulations promulgated thereto, and provisions of a plant's operating license are complied with and thereby assure protection of the public health and safety for any radiological hazards and provide for the security and common defense.

The NRC is responsible for oversight and licensing of all commercial power, research, and test reactors, as well as the use of nuclear materials in the US. The NRC has pre-emptive jurisdiction over State and local regulations regarding the use, storage, and transport of nuclear materials and protection of public safety. The NRC administers the site-specific operating licenses for DCPD Units 1 and 2, according to the requirements of Title 10 of the Code of Federal Regulations (CFR) Part 50, Domestic Licensing of Production and Utilization Facilities. These regulations are put forth by the NRC pursuant to the Atomic Energy Act of 1954, as amended (68 Stat. 919), and Title II of the Energy Reorganization Act of 1974 (88 Stat. 1242). The NRC allows DCPD Units 1 and 2 to operate within the limitations of the operating licenses and NRC requirements for the life of each unit's license. The initial operating license term is 40 years (10 CFR 50.51) with options for licensees to request license renewal for an additional 20-year term (10 CFR 54.31).

Renewed DCPD NRC operating licenses are required for the continued operations duration specified in SB 846.

1.4. Activities to be Covered Under Lease Extension

1.4.1. Operation of the Intake Structure and Breakwaters/Marina

DCPD operates a common cooling water intake structure to provide cooling water to the cooling systems of Units 1 and 2. Each unit's water withdrawal rate is nominally 867,000 gallons per minute (gpm). Cooling water is withdrawn through a shoreline intake structure in the marina, which is protected via breakwaters. See Figure 3 for a photo of the intake structure and breakwaters/marina. The marina was constructed and is used to protect the DCPD cooling system from potential wave or current effects. The area of the marina is approximately 10 acres. The breakwaters extend from two points into the ocean, creating an area of calm surface water around the intake structure. The breakwaters are built from man-made interlocking concrete tribars (concrete block in a complex geometric shape weighing up to 37 tons, used to protect harbor walls from the erosive force of ocean waves) placed on top of stone base layers and concrete embedment ribs positioned on the ocean floor to secure the tribars in place.

Figure 3. Intake Structure and Breakwaters/Marina

The intake structure is a predominantly cast-in-place concrete structure with a conventional reinforcing bar system. The structure is approximately 240 feet (ft) long and is approximately 104 ft wide. The top of the concrete slab at the intake structure's lowermost elevation is approximately 32 ft below mean sea level. The intake structure houses bar racks, vertical traveling screens, auxiliary cooling water systems, and main circulating water pumps. An additional 9-ft-wide bar rack bay serving as a fish escape route is provided at each end of the intake structure. The partition is open between the units behind the bar racks, providing free flow of seawater and a migration route to sea for fish from one end of the structure to the other.

1.4.2. Operation of the Discharge Structure

The discharge channel (otherwise known as discharge structure) is located within the discharge cove, otherwise known as Diablo Cove. The discharge structure is located directly beneath the main turbine building. Figure 1 shows Diablo Cove (Discharge Cove) and

1.0 Description of the Proposed Action

Figure 4 shows the discharge structure directly beneath the main turbine building and Figure 5 provides an aerial view of the discharge structure.

Figure 4. Discharge Structure

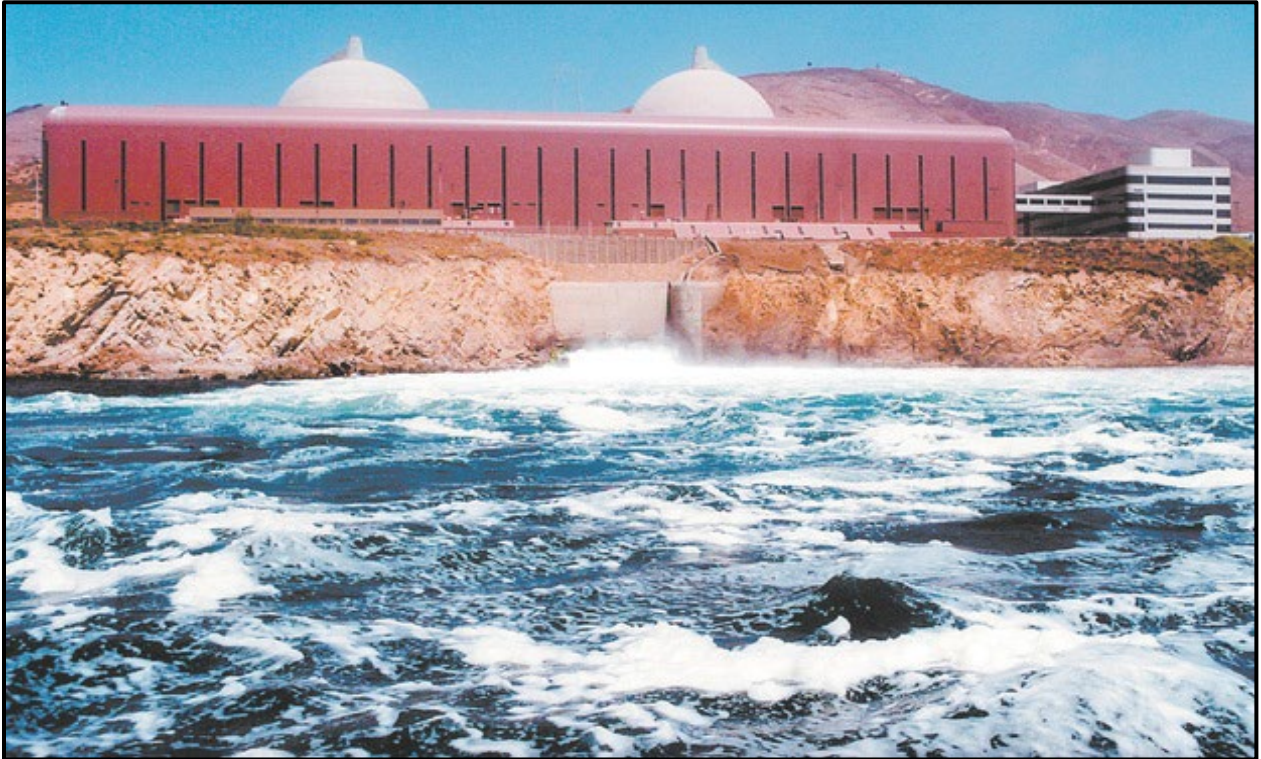
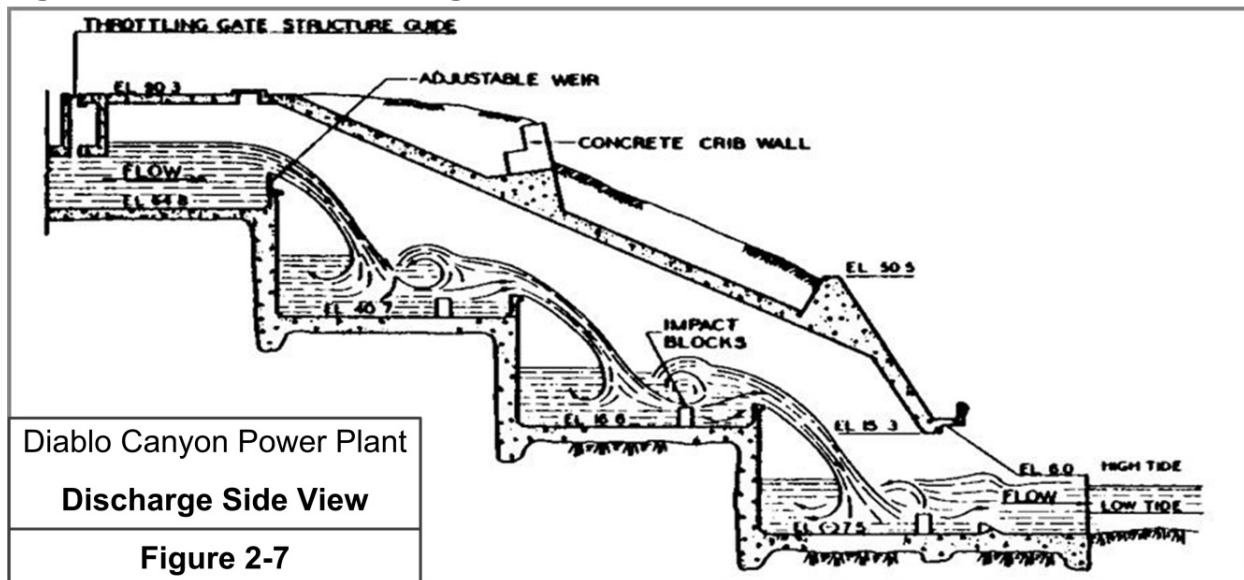


Figure 5. Discharge Structure

The discharge channel is an energy dissipating device located in the coastal bluff. The structure is divided into two chambers (one for each unit) that are open to the ocean under all conditions. The two auxiliary saltwater return lines for each unit discharge into the chamber of that unit. The base slab of the discharge channel is keyed into and poured on sound rock. Where possible, the walls were formed directly against sound rock.

Discharge flows by gravity from the elevated turbine building into the discharge channel. Within the structure, flow passes over three weirs and across horizontal platforms fitted with vertical impact blocks. The cascading effect of the design creates mixing of the thermal discharge as well as dissipation of hydraulic energy. The width of the discharge flow out the mouth of the discharge channel is 27.5 ft per unit. Once discharged, the thermal discharge mixes with the receiving water and dissipates across the ocean surface. Figure 6 provides a side view of the discharge channel and associated cascading weir system.

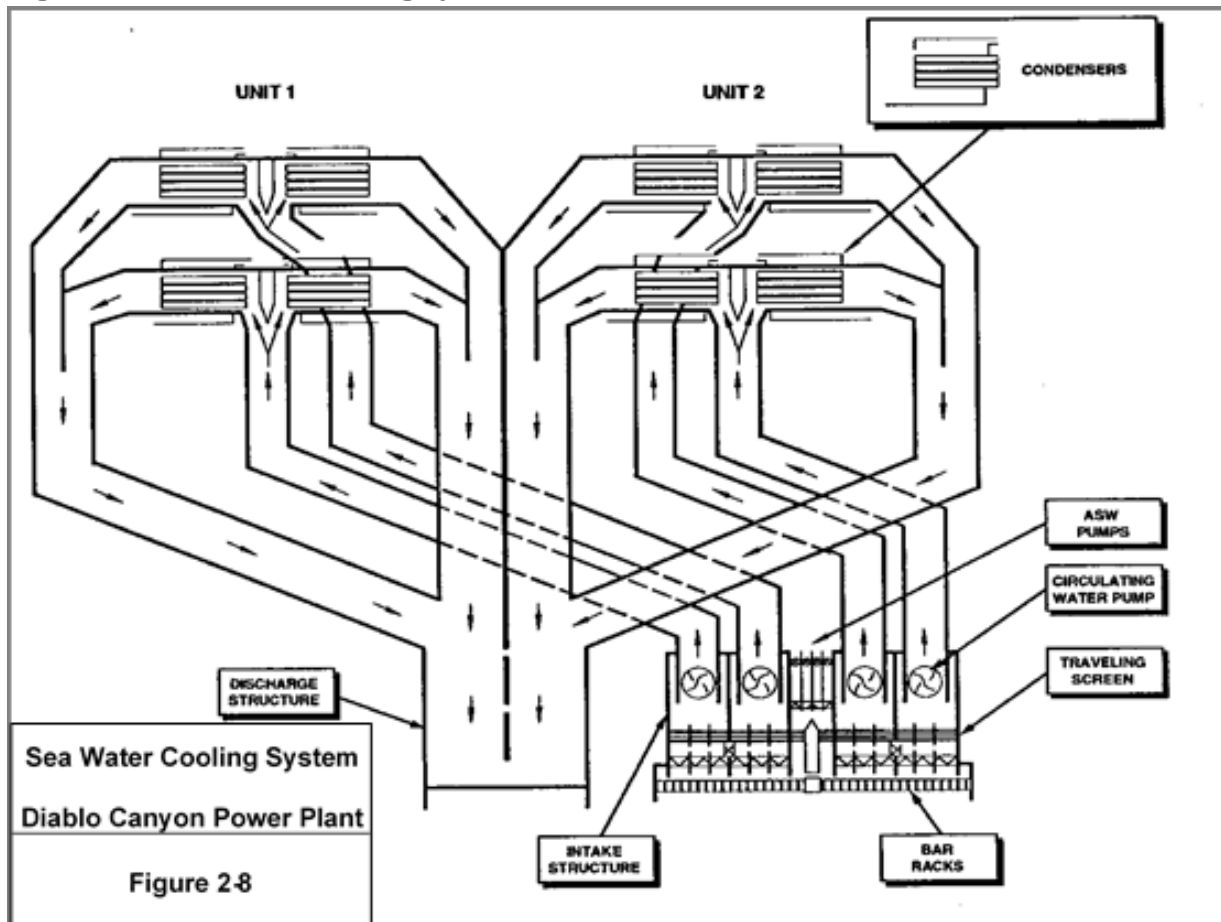
Figure 6. Side View of Discharge Structure



1.4.3. Cooling and Auxiliary Water Systems

The Pacific Ocean is the source of cooling water to the DCPD CWS and safety related ASWS along with other non-safety related cooling water systems. See Figure 7. The seawater passes through screening equipment located in the intake structure upstream of the pumps supplying the cooling water flow. The ocean water supply to the CWS and ASWS provides the cooling and heat absorption capability required to remove waste heat under normal and emergency conditions from the nuclear steam supply system and SFPs. The waste heat from containment and other plant equipment, such as the SFPs, is transferred to the component cooling water (CCW) system. The heat picked up by the CCW system is transferred to the ASWS by the CCW heat exchangers. The ASWS outfall flows into the main condenser circulating water discharge channel and then into the ocean.

The total flow in each unit's CWS is nominally 867,000 gpm, which is pumped by two circulating water pumps (CWPs). The pump motors are cooled by an air-to-water heat exchanger with the associated closed-cooling water system circulating fluid provided from the plant fire water system via a small demineralizer. Each CWP has a discharge isolation valve and bypass line around the valve. Approximately 4,000 gpm of the main conduit circulating seawater flow is used per unit to cool the service water heat exchangers and 1,000 gpm is used to cool the pump motor closed-cycle cooling water system.

Figure 7. Sea Water Cooling System

Condenser circulating water is seawater from the Pacific Ocean. The ocean water level normally varies between zero and +6 ft mean lower low water (MLLW) datum. Mean sea level zero is equivalent to +2.6 ft MLLW.

The two main steam condensers for each unit are in-line directly under the low-pressure turbine exhaust. Each unit has two intake seawater conduits that split under the turbine building, and supply one half of each condenser. This configuration provides four distinct condenser quadrants per unit, with each seawater conduit supplying cooling flow to the inlet of two condenser quadrants.

For each unit, two main seawater CWP's provide cooling flow to the main condenser inlets. Each CWP discharges into a concrete conduit approximately 1,800 ft in length that rises from the shoreline intake structure to the turbine building. The conduits measure 11.75-ft square with exception of an initial tapered section leading directly from the pump discharge, and a circular section used for flow monitoring. The CWP's produce a combined rated flow for Unit 1 between 778,000 and 854,000 gpm, and for Unit 2 between 811,000 and 895,000 gpm.

1.0 Description of the Proposed Action

Two-unit combined flow is between 1,589,000 gpm minimum and 1,749,000 gpm maximum during normal plant operations.

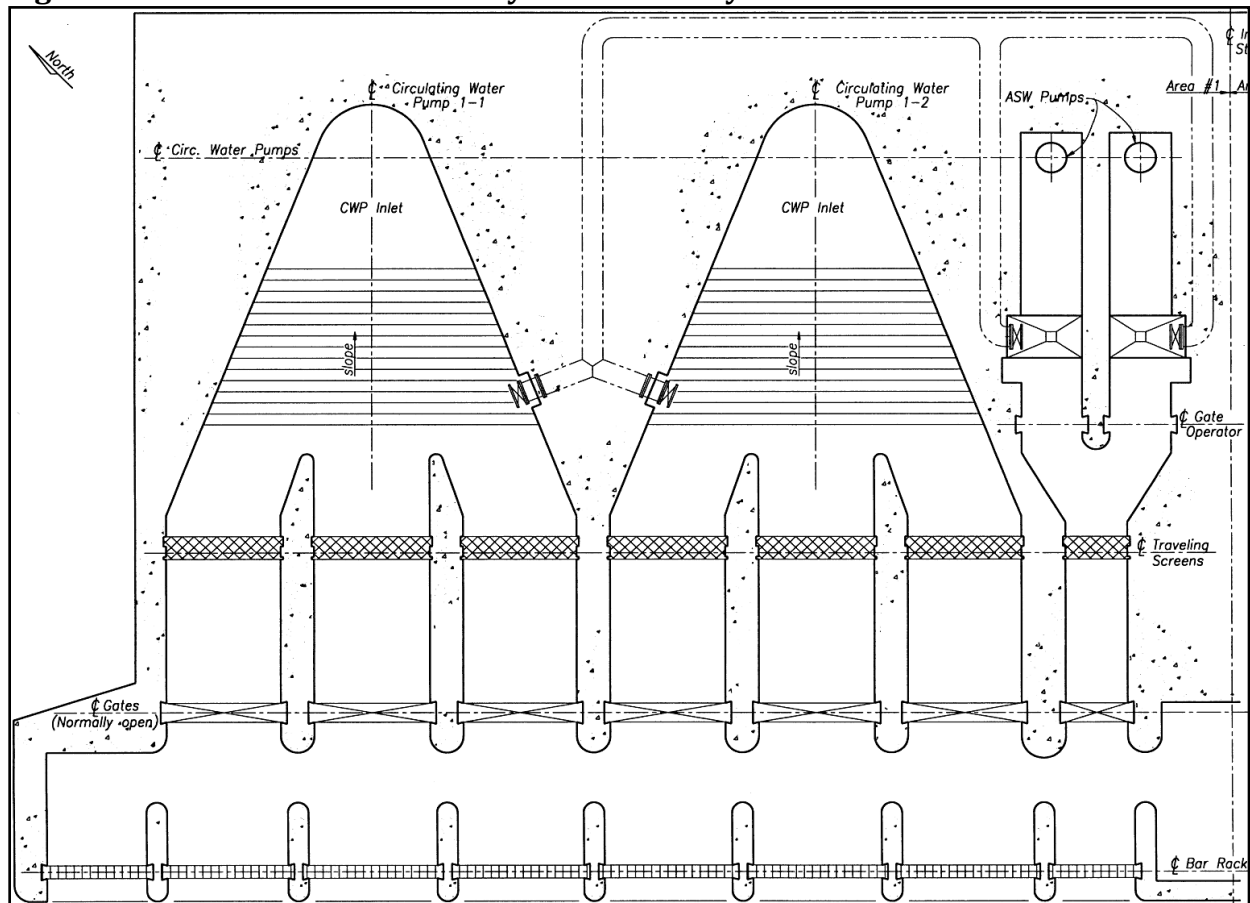
Each unit also has two ASWS pumps that supply cooling flow to the safety related CCW heat exchangers. Each ASWS pump is rated at 11,500 gpm. During routine plant operations, only one ASWS pump is in use for each unit, with the second pump in standby mode. Two operating pumps (one per unit) contribute an additional circulating flow of 23,000 gpm. Using maximum pump ratings, total cooling flow during routine full power operations is 1,772,000 gpm, equivalent to 2.55 billion gallons of seawater circulated per day.

Seawater transit time through the power plant is approximately 5 minutes. At full power, cooling flow temperatures are elevated approximately 20°F during condenser pass-through. Average aggregate power plant discharge temperature is 19.6°F above ambient intake seawater temperatures. Temperature elevation can vary in response to ocean ambient temperatures, unit power levels, plant transients, and planned unit curtailments which may be accompanied by seawater circulator clearance.

Figure 8 provides a diagram of the Unit 1 main and auxiliary circulator pump bays, and layout of the debris control and screen wash equipment. Each main circulator draws from an isolated pump bay. Each pump bay is open to the ocean through three individually gated 11-ft wide rectangular passages leading through 10-ft wide (nominal) perpendicular vertical traveling screens. Each screening mechanism provides approximately 300 square feet (sq-ft) of filtration area at mean sea level for a total of approximately 900 sq-ft for each CWP. The isolation gates for an individual pump bay can be closed and sealed, and the bay dewatered for maintenance or inspection activities independent of the other bays.

Cooling System Debris Intrusion Control

During routine operations, the intake structure traveling water screens are rotated and washed by high pressure saltwater spray for 15 minutes every 4 hours. In high energy ocean swell events, and/or periods of increased source water debris loading conditions, the traveling screens can be placed into continuous operation at either low or high speed.

Figure 8. Unit 1 Main and Auxiliary Circulator Bays

The traveling screen wash system spray nozzles discharge into sluiceways located on the intake structure's exterior upper deck. The sluiceways flow to a central refuse collection sump. The sump is dewatered by pumping systems capable of transferring high percentage solids laden flow. The saltwater screen wash effluent and entrained debris is pumped from the sump to a discharge outside of the power plant marina. Grinding and mincing equipment installed in the inlets of the refuse sump process debris captured by the traveling screens and subsequently washed off. The debris grinders reduce potential for clogging of the sump when seawater inlet flow is laden with significant quantities of ocean debris (primarily kelp and under story algae). Entrained debris smaller than the 3/8-inch screening mesh passes through the cooling system.

Cooling System Heat Treatment

The main condensers and conduits for the seawater cooling system were initially designed for heat treatment to control marine fouling organisms. Heat treatments, effective for management of biofouling primarily caused by mussels, was initially implemented but discontinued early-on during plant commercial operations. Heat treatments were found to

1.0 Description of the Proposed Action

be ineffective at managing acorn barnacles (*Megabalanus tintinnabulum*), the primary seawater systems fouling problem at the plant location.

Discharge and Thermal Effluent

Heated discharge from the main condensers of each unit combines and flows to a common structure terminating in the shoreline discharge structure. The discharge for Unit 1 and Unit 2 are parallel within the structure separated by a central concrete partition. Cutouts exist in the dividing wall to promote mixing of thermal effluent between the operating units. Once discharged, the thermal effluent mixes with the receiving water and dissipates across the ocean surface. The mixing also provides dilution and reduction of residual oxidants from seawater inlet systems chemical treatments.

Cooling System Biofouling and Chemical Control

The seawater conduits are susceptible to colonization by entrained marine organisms. Concrete conduit surfaces in both the intake and discharge systems have been susceptible to extensive fouling with acorn barnacles (*Megabalanus tintinnabulum*), gooseneck barnacles (*Polycipes polymerus*), and to a lesser extent mussels (*Mytilus edulis*). Other marine species also find habitat among the protective substrate created by the primary hard-shelled fouling organisms.

Heavy colonization and growth in the condenser inlet conduits can result in sloughing of fouling material. Individual acorn barnacles or clusters of smaller barnacles, with hard durable calcareous shells larger than 1-inch in diameter, can impinge on main condenser tube sheets and block flow. Sloughed fouling material accumulates on inlet tube sheets resulting in increased backpressure on the intake main CWPs and degraded condenser performance. Significant fouling requires manual removal of growth during refueling outages. Mid-cycle unit curtailments are also often necessary to conduct conduit cleanings and/or perform main condenser inlet debris removal when fouling slough and subsequent tube sheet occlusion become significant.

The chlorination system provides chemical treatment of the circulating water to control the macro and micro fouling in the intake tunnels, piping, and the condenser tubes. The system is used as needed. Liquid sodium hypochlorite and a supplemental chemical, sodium bromide, are stored in tanks at the intake structure (common to both units). Adequate valving is provided for isolating any of the tanks from the system. Each tank is enclosed by a secondary containment sized to contain the entire contents of the primary storage compartment. When chlorination is required (based on a time schedule), the chemicals are injected via metering pumps into the seawater CWP fore bays within the intake structure.

Chemical treatment inhibits initial colonization of seawater conduit surfaces, as well as retards growth rates of established fouling. Biofouling inhibition coatings are also used within the seawater systems; however, such coatings are not entirely effective, nor can be successfully applied to all equipment surfaces susceptible to fouling.

1.4.4. Reactor Coolant System

The reactor coolant system (RCS) of each unit consists of four similar heat transfer loops connected in parallel to the reactor pressure vessel, which are located inside the containment. Each loop contains a reactor coolant pump, steam generator, and associated piping and valves. The system also includes a pressurizer, a pressurizer relief tank, interconnecting piping, and instrumentation necessary for operation.

During operation, the RCS transfers heat generated in the reactor core to the steam generators where the steam that drives the turbine-generator is produced. Borated pressurized water circulates in the RCS at a flow rate and temperature consistent with the reactor core thermal-hydraulic performance requirements. The water also acts as a neutron moderator and reflector, and as a solvent for the boric acid neutron absorber used as chemical shim control.

The RCS pressure boundary provides a barrier against the release of radioactivity generated within the reactor and is designed to ensure a high degree of integrity throughout plant life.

1.4.5. Steam and Power Conversion System

The steam and power conversion system (SPCS) includes the turbine-generator, steam supply system, feedwater system, main condenser, and related subsystems. The SPCS is designed to convert the heat produced in the reactor to electrical energy. In each unit, reactor heat absorbed by the RCS produces sufficient steam in the steam generators to supply the turbine-generator.

The SPCS is designed to operate on a closed, condensing cycle, with full flow condensate demineralization, and six stages of regenerative feedwater heating. Turbine exhaust steam is condensed in a single shell, surface-type condenser and returned to the steam generators through three stages of feedwater pumping. All three low-pressure turbine elements exhaust into a common condenser steam space.

The SPCS is designed to receive the heat absorbed by the RCS during normal power operation, as well as following an emergency shutdown of the turbine-generator from full load. Heat rejection under the latter condition is accomplished by steam bypass to the condenser and pressure relief to the atmosphere.

1.4.6. Spent Fuel Pool Cooling and Cleanup System

DCPP is fueled by uranium pellets contained in fuel rods grouped together into fuel assemblies and placed inside the reactor core. Each fuel assembly has a reactor lifetime of approximately 5 years, after which it no longer produces the desired amount of heat energy and must be replaced. When fuel assemblies are removed from the reactor, they are safely stored in the SFP. The SFP water is continuously circulated to remove decay heat from the spent fuel.

The SFP cooling and cleanup system removes decay heat from fuel stored in the SFP. Spent fuel is placed in the SFP during the refueling sequence and stored there until transferred to the independent spent fuel storage installation (ISFSI). Heat is transferred through the SFP heat exchanger to the CCW system. The CCW system is designed to provide cooling water to vital and non-vital components and to operate at all plant operating modes, including normal plant operation, plant cool down, and emergencies. Cooling water for the CCW heat exchangers is supplied from the ASWS. Together, CCW/ASWS support heat transfer to the Pacific Ocean. The CCW system serves as an intermediate system between the RCS and ASWS, ensuring that any leakage of radioactive fluid from the components being cooled is contained within the plant. The two CCW heat exchangers are shell and tube type. Seawater circulates through the tube side.

When the SFP cooling and cleanup system is in operation, water flows from the SFP to the SFP pump suction, is pumped through the tube side of the heat exchanger and is returned to the pool. The suction line, which is protected by a strainer, is located at an elevation 4 ft below the normal SFP water level, while the return line contains an anti-siphon hole near the surface of the water to prevent gravity drainage of the pool.

1.4.7. Reverse Osmosis Facility

The intake structure also supplies feed water for DCPP's SWRO treatment unit, which provides the majority of freshwater for plant primary and secondary systems makeup, fire protection system source water, and plant domestic water system supply. The reverse osmosis treatment unit has the capacity to produce 450 gpm of freshwater.

Freshwater Production

For current DCPP operations, water demand is met from both SWRO and groundwater. Over the past 5 years, the average annual water demand at DCPP has been approximately 101 million gallons, of which around 90 million has been for power production and the remaining 11 million has been for domestic water supply. The SWRO treatment system provides the majority of freshwater for DCPP's primary and secondary systems makeup, fire

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protection system supply water, and source water for the DCPD domestic water system supply. Water is also provided by groundwater. Water demand during extended operations is not expected to change from current operations.

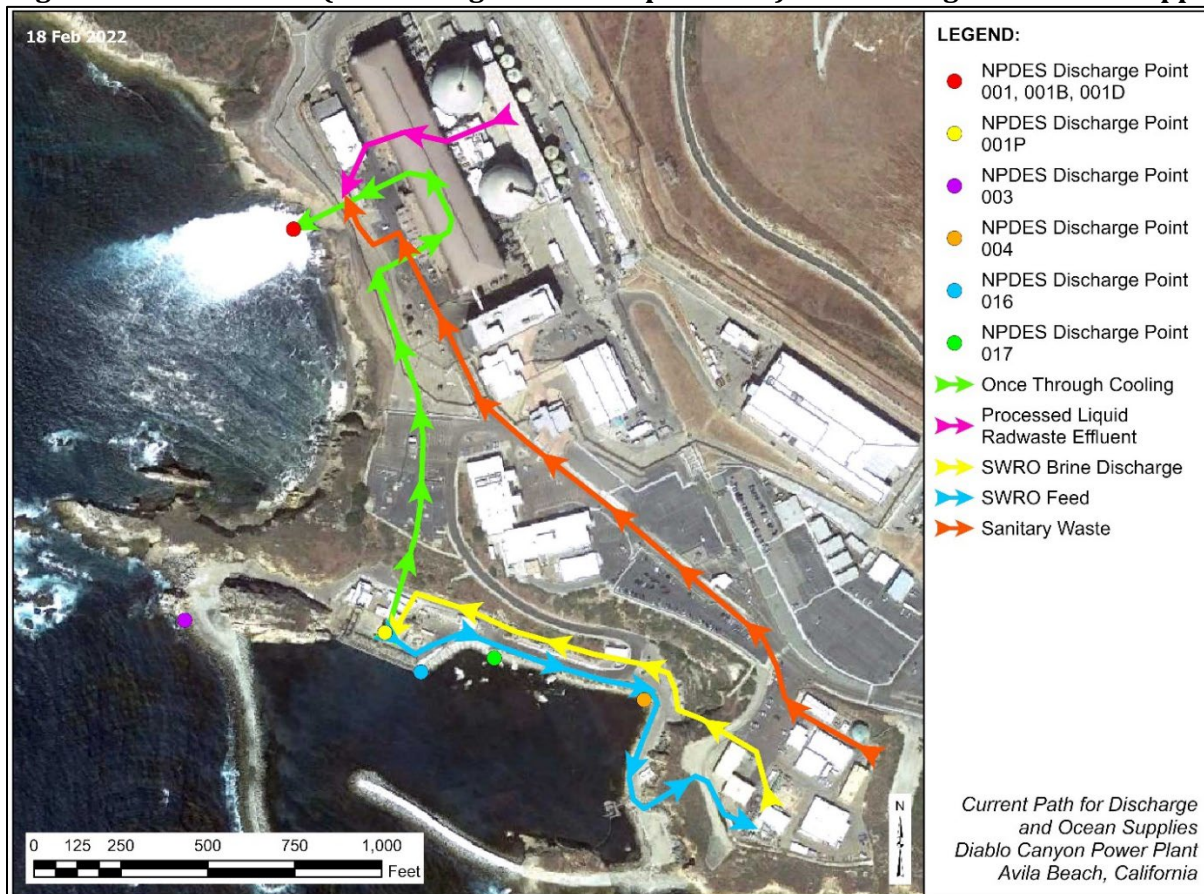
Dilute and Discharge of Brine

Brine and wastewater discharges associated with the current operating plant are diluted into the site's OTC flows, which flows at approximately 2.55 billion gallons of water per day. Brine is discharged from the SWRO system at Discharge Point 001 (See Section 1.4.8).

1.4.8. Ocean Supplies and Discharge Path

The current path for discharge and ocean supplies during existing and extended operations is shown in Figure 9. It is based on the approved National Pollutant Discharge Elimination System (NPDES) permit issued for DCPD power operations (Order No. 90-09, NPDES No. CA0003751). The various discharge points shown in Figure 9 are described as follows.

Figure 9. Current Path (and During Extended Operations) for Discharge and Ocean Supplies



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- Discharge Point 001B. This flow stream receives effluents from other waste streams, which include processed sanitary waste, makeup water pretreatment system, non-radiological water from plant systems, processed water from the oily water separator, and water from the firewater system. Discharge Point 001B will continue to be used in its current function.
- Discharge Point 001P: This point discharges to the suction of the ASWS, which allows for the brine to mix in with the sea water as it gets drawn into the auxiliary saltwater pumps prior to the effluent discharge through 001B. Discharge Point 001P will continue to be used as the brine discharge point.
- Discharge Point 003: Solid material from the ocean is washed from traveling screens at the intake structure, collected in a collection pit, and removed for land disposal. The screen wash water and material passing through the collection pit screen are pumped back to the ocean at this intake screen wash discharge point. Discharge Point 003 will continue to be used in its current function.
- Discharge Point 004: The SWRO facility receives water from the biolab pumps located in the intake structure. Excess seawater that cannot be used by the SWRO facility overflows through a pipe and is discharged back to the marina through Discharge Point 004. This point will continue as an excess ocean water drainage point.
- Discharge Point 016: This discharge point allows for removal of accumulated rainwater and seawater from the seawater supply valve box. Discharge Point 016 will continue to be used in its current function.
- Discharge Point 017: This discharge point supports draining and maintaining the brine line. Discharge Point 017 will continue to be used in its current function.

1.4.9. Sanitary Wastewater Discharge

The last major source of wastewater discharge will be through the sanitary wastewater treatment plant. The treatment plant will continue to be used during extended operations in its current configuration.

1.4.10. Maintenance, Inspection and Compliance Activities

Various programs and activities currently exist at DCPD to maintain, inspect, test, and monitor the performance of plant equipment. These programs and activities include, but are not limited to:

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- meet the requirements of 10 CFR 50, Appendix B (Quality Assurance), and Appendices G and H, Reactor Vessel Materials;
- meet the requirements of 10 CFR 50.55a, ASME Code, Section XI, Inservice Inspection and Testing Requirements;
- meet the requirements of 10 CFR 50.65, the maintenance rule, including the structures monitoring program; and
- maintain water chemistry in accordance with Electric Power Research Institute guidelines.

Additional programs include those implemented to meet DCPD Technical Specifications surveillance requirements, those implemented in response to NRC generic communications, and various periodic maintenance, testing, and inspection procedures. Certain program activities are performed during the operation of the unit. Others are performed during scheduled refueling outages.

Specific monitoring programs related to the operation of the intake and discharge facilities and cooling water system include:

Cooling Systems Influent and Effluent Monitoring

Wastewater discharged from DCPD into the discharge cove via the discharge structure is a combination of circulating seawater that supplies the main steam condensers and the service cooling water heat exchangers for the operating units, ASWS cooling water flow, and miscellaneous in-plant freshwater system waste streams; the aggregate plant discharge is primarily warmed seawater.

The facility conducts plant cooling system influent and wastewater effluent monitoring (i.e., constituent parameters, sampling frequencies, analytical methods, etc.) in accordance with requirements of the WDR Order No. 90-09 (NPDES Permit No. CA0003751) monitoring and reporting (M&R) program.

Receiving Water Monitoring Program

Changes in the marine environment in the vicinity of DCPD due to thermal discharge are monitored by the Receiving Water Monitoring Program (RWMP) in accordance with the requirements of the NPDES Permit No. CA0003751 M&R program.

The RWMP consists of intertidal and subtidal temperature monitoring recorded at permanent stations located along the Diablo Canyon coastline throughout the year, and intertidal and subtidal biological assessments conducted at established monitoring stations during periodic (quarterly) surveys. Monitoring stations for the various program tasks are

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located both within and outside of the discharge cove. Program control stations are located distant from the power plant discharge.

The biological assessments include: (1) intertidal algae, sea grass, and invertebrate surveys conducted using horizontal band transect sampling methodology; (2) intertidal fish surveys conducted using vertical band transect sampling methodology; (3) subtidal benthic algae and invertebrate surveys using multiple sampling methodologies; and (4) subtidal fish surveys. Additionally, a habitat-forming kelp canopy survey is conducted once per year in the fall period within Diablo Cove.

Radiological Environmental Monitoring Program

PG&E conducts a Radiological Environmental Monitoring Program (REMP) at DCP. The REMP involves monitoring several pathways, including direct radiation, airborne radioactivity, waterborne pathways, marine biological, beach sand, and ocean sediments, food crops, milk, and meat production. PG&E sends replicate samples of milk, drinking water, outfall water, air samples from near the intake and discharge coves, Diablo Creek water, vegetative crops, fish, sediment, and kelp to the California Department of Public Health (CDPH) Radiological Health Branch as part of a State cross check program. Other pathways monitored independently by the CDPH are direct radiation and air sampling.

1.4.11. DCP Decommissioning

If the approvals required for DCP extended operations past 2025 are not issued in a timely fashion, or the conditions of the approvals are not acceptable, PG&E would pursue either DCP Decommissioning or SAFSTOR.

DCP Decommissioning

DCP Decommissioning would occur in two phases: (1) Phase 1: Pre-planning and Decommissioning Project Activities (2024-2031); and (2) Phase 2: Final Site Restoration (2032 through 2039). Phase 1 would include decontamination and dismantling of structures, systems, and components, transfer of spent fuel from the SFPs to the ISFSI, soil remediation associated with Phase 1 activities, Final Status Surveys (FSS), and site modifications for DCP that will be necessary to support decommissioning and initial site restoration. Phase 2 would include soil remediation; FSS (continuation of surveys from Phase 1 for areas that have not been released from the NRC facility operating licenses), 10 CFR 50 NRC license termination; final site restoration; and transition to ISFSI and Greater than Class C storage facility operations.

SAFSTOR

SAFSTOR is an NRC-defined method of decommissioning in which a nuclear facility is placed and maintained in a condition that allows the facility to be safely stored and subsequently decontaminated (deferred decontamination) to levels that permit release for unrestricted use. Under NRC regulations, license holders utilizing SAFSTOR have 60 years to complete decommissioning after the cessation of operations.

1.5. General Information

1.5.1. Name of Applicant

PG&E is the applicant and hereby submits a CSLC lease application for the continuation of DCPD operations through October 31, 2030, consistent with SB 846. PG&E is a wholly owned subsidiary of PG&E Corporation.

1.5.2. Address of Applicant

The address for PG&E is 9 miles N/W of Avila Beach, Avila Beach, CA 93424.

1.5.3. Name of Landowner

Eureka Energy Company (Eureka) and PG&E are the property owners for the 750-acre DCPD site. Eureka owns the 585-acre Parcel P located south of Diablo Creek and PG&E owns the remaining 165 acres located north of Diablo Creek. PG&E leases Parcel P from Eureka.

1.5.4. Description of Business or Occupation of Applicant

PG&E is a public utility operating in northern and central California. PG&E's primary business is in the transmission and delivery of energy.

PG&E is a subsidiary of PG&E Corporation which is headquartered in the Bay Area of Northern California.

1.5.5. Contact Information

Any notices, questions, or correspondence in connection with this filing should be directed to:

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With copies to:

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List of Acronyms

ASWS	auxiliary saltwater system
CCW	component cooling water
CFR	Code of Federal Regulations
CDPH	California Department of Public Health
CPUC	California Public Utilities Commission
CSLC	California State Lands Commission
CWP	circulating water pump
CWS	circulating water system
DCPP	Diablo Canyon Power Plant
FSS	Final Status Survey
ft	feet
gpm	gallons per minute
ISFSI	Independent Spent Fuel Storage Installation
LRW	liquid radiological waste
M&R	monitoring and reporting
MLLW	mean lower low water
NPDES	National Pollutant Discharge Elimination System
NRC	Nuclear Regulatory Commission
OTC	once-through cooling
PG&E	Pacific Gas and Electric Company
RCS	reactor coolant system
REMP	Radiological Environmental Monitoring Program
RWMP	Receiving Water Monitoring Program
SB	Senate Bill
SFP	spent fuel pool
sq-ft	square feet
SPCS	steam and power conversion system
SWRO	seawater reverse osmosis
US	United States