

**Pacific Forest and Watershed Lands
Stewardship Council
Land Conservation Plan**

Volume I: The Land Conservation Framework



**FINAL
NOVEMBER 2007**

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Executive Summary

The Pacific Forest and Watershed Lands Stewardship Council (Stewardship Council) has prepared this Land Conservation Plan (LCP) for the permanent conservation of over 140,000 acres of Watershed Lands in California currently owned and managed by the Pacific Gas and Electric Company (PG&E). The lands, located primarily in the Sierra Nevada and Cascade Mountain range watersheds, are referred to as Watershed Lands and Carrizo Plain (collectively known as the Watershed Lands). Approximately half of these PG&E properties are generally associated with hydroelectric facilities and operations, and operate under licenses granted by the Federal Energy Regulatory Commission (FERC).

The Stewardship Council, a 501(c) (3) private foundation established in 2004 as part of the settlement of PG&E's bankruptcy, was tasked with developing and implementing the LCP for the protection of the Watershed Lands in perpetuity.

The Stewardship Council combines the expertise of leading conservation, natural resource management, business, and public officials in a unique and collaborative endeavor. The Board of Directors unites a broad range of interests to achieve a dual mission: the development and execution of a Land Conservation Program, as well as implementation of a Youth Investment Program.

Mission:

“The Stewardship Council protects and enhances Watershed Lands and uses, and invests in efforts to improve the lives of young Californians through connections with the outdoors.”

The Stewardship Council was created to oversee PG&E's commitment to protect the Watershed Lands and to carry out environmental enhancement activities. The purpose of the Stewardship Council was further expanded by order of the California Public Utilities Commission to include provisions to create opportunities for wilderness experiences for urban youth (called the Youth Investment Program), especially underserved urban youth, and to acquire and maintain parks and recreation areas. This program provides grant funding and makes community investments to increase the participation of underserved youth in outdoor urban and wilderness programs, as well as to improve the cultural relevance of these programs to better serve and reflect the diverse youth of California.



LCP Planning Process

The planning process for the LCP arose from an historic decision reached in December 2003, when the California Public Utilities Commission (CPUC or the Commission) and PG&E settled a range of issues related to the PG&E bankruptcy. *The Opinion Modifying the Proposed Settlement Agreement of Pacific Gas & Electric Company, PG&E Corporation, and the Commission Staff, and Approving the Modified Settlement Agreement* (Settlement Agreement) and the associated *Stipulation Resolving Issues Regarding the Land Conservation Commitment* (Stipulation) require that PG&E commit to protecting the lands associated with its hydroelectric system, plus the 655-acre Carrizo Plain in San Luis Obispo County, through conservation easements and fee simple donations subject to conservation easements.

This Land Conservation Commitment is intended to enhance the existing environmental and economic benefits of the Watershed Lands on an overall basis. The cornerstone of the Land Conservation Commitment is its requirement that the Watershed Lands be preserved and enhanced for the following broad range of beneficial public values (or BPVs):¹

- Protection of the Natural Habitat of Fish, Wildlife, and Plants
- Preservation of Open Space
- Outdoor Recreation by the General Public
- Sustainable Forestry
- Agricultural Uses
- Historic Values

The Land Conservation Commitment is to be carried out through either: (1) PG&E's donation of conservation easements restricting development of the lands so as to protect and preserve their beneficial public values; and/or (2) PG&E's donation of the lands in fee to one or more public entities or qualified non-profits, whose ownership would be consistent with these conservation objectives. The Stipulation further requires that, where Watershed Lands are donated in fee, those donated parcels be made subject to conservation easements, except in limited circumstances where appropriate protection can be otherwise provided.



The Settlement Agreement and Stipulation call for the creation of a plan for the implementation of the Land Conservation Commitment; the LCP fulfills that requirement. The Stipulation (Item 12(a)) requires that the LCP “will state programmatically:

- 1) reasonably exact estimates of acreage, by parcel, within or outside licensed project boundaries, and existing economic uses (including all related agreements);
- 2) objectives to preserve and/or enhance the [BPVs], as defined in Settlement Agreement, Appendix E, of each individual parcel;
- 3) a recommendation for grant of a conservation easement or fee simple donation for each such parcel;
- 4) a finding that the intended donee of such easement or fee simple has the funding and other capacity to maintain that property interest so as to preserve and/or enhance the beneficial public values thereof;
- 5) an analysis of tax and other economic and physical impacts of such disposition strategy, and a commitment by an appropriate entity...to provide property tax revenue, other equivalent revenue source, or a lump sum payment so that the totality of dispositions in each affected county...will be “tax neutral” for that county;
- 6) a disclosure of all known hazardous waste or substance contamination or other such environmental liabilities associated with each parcel;
- 7) appropriate consideration of whether to split any parcel which is partly used or useful for operation of PG&E’s and/or a co-licensee’s hydroelectric facilities, where the [BPVs] of the unused part may be enhanced by such split, provided that...;
- 8) a strategy to undertake appropriate physical measures to enhance the [BPVs] of individual parcels...;
- 9) a plan to monitor the economic and physical impacts of disposition and implementation of enhancement measures on the applicable management objectives; and
- 10) a schedule for the implementing transactions and measures.”

These requirements are discussed in Volume I of the LCP, and in detail in the appropriate volumes of the LCP.



Organization of the LCP

The planning process for the development of the LCP required extensive research and assessment to develop appropriate recommendations to enhance the BPVs on the Watershed Lands. Since these lands encompass approximately 1,000 parcels in 22 counties, the Stewardship Council began by grouping the properties into 11 overall watersheds. The watersheds were further divided into 47 distinct planning units based on geography and the characteristics of the lands. The individual watersheds are shown in Figure ES-1.

Given the complexity of the planning process, the technical and legal considerations required by the Settlement Agreement and Stipulation, and the need for extensive stakeholder involvement, the Stewardship Council decided to prepare the LCP as a series of three volumes:

- **Volume I: The Land Conservation Framework** establishes the overall framework for the LCP, including legal requirements, the planning process, methodologies, public involvement, and discussion of relevant regulatory processes.
- **Volume II: Planning Unit Concepts** documents existing conditions and presents management objectives, potential measures, and conceptual plans to preserve and/or enhance the BPVs within each watershed and planning unit.
- **Volume III: Disposition Packages** will encompass a series of real estate transaction packages that will detail the specific land conservation and/or disposition requirements for each parcel or parcel cluster.

LCP Approval Process

Volumes I and II of the Draft LCP were initially reviewed by the Board in early 2007. Once revised, the draft volumes were distributed for public review and comment. This process was facilitated by distribution of the document on CD-ROM, posting the document on the internet, and making it available in public spaces in each county that hosts Watershed Lands, and in major metro areas. In addition, several community meetings were held across California to orient the public to the documents and to encourage input from the public. The insights and perspectives that were gained through this process were invaluable to the LCP development process.

The LCP Volumes I-III present the Stewardship Council's recommendations for future land conservation and are intended to support future regulatory approvals (for land transactions/encumbrances) consistent with these recommendations. As illustrated in Figure ES-2, after public review and Board approval of Volumes I and II of the LCP, PG&E will submit a master application to the CPUC to request approval of the company's programmatic

Stewardship Council Watersheds & Planning Units



Figure ES-1 Distribution and Location of the Watershed Lands and Carrizo Plain



approach for disposition of the watershed lands. Volumes I and II of the LCP will be supporting documents for this application.

The Stewardship Council will begin to develop the individual disposition packages that comprise Volume III of the LCP between 2007 and 2013. The Board will take action on Volume III of the LCP in a number of stages and over a number of years. Once approved by the Board, the disposition packages will accompany PG&E's parcel-specific applications to the CPUC, FERC, and other relevant regulatory agencies that will approve the individual land transactions/encumbrances.

Ultimately, the goal is to find qualified fee title and/or conservation easement holders that will care for the lands in perpetuity for the public benefit and consistent with the recommendations described in the LCP. Throughout the land disposition process, the Stewardship Council is committed to an open, inclusive, and collaborative effort. A high priority is placed on getting input from local communities and interested stakeholders across the Watershed Lands, and building a disposition program that is fair, equitable, and responsive to stakeholder input. At the same time, the Stewardship Council will ensure the disposition program meets all regulatory and legal requirements and is consistent with the organization's core values.

Endnote

¹ While the protection and enhancement of BPVs and the enhancement of environmental and economic benefits were extremely important considerations during the planning process, other factors were also important. For example, the Stipulation require the conservation easements to: "(a) honor existing agreements for economic uses; (b) address other priorities such as the continued ability of hydroelectric and water delivery facilities to operate; (c) refrain from any enhancement that may at any time interfere with hydroelectric operations, maintenance, or capital improvements; and (d) preserve and enhance reasonable public access."

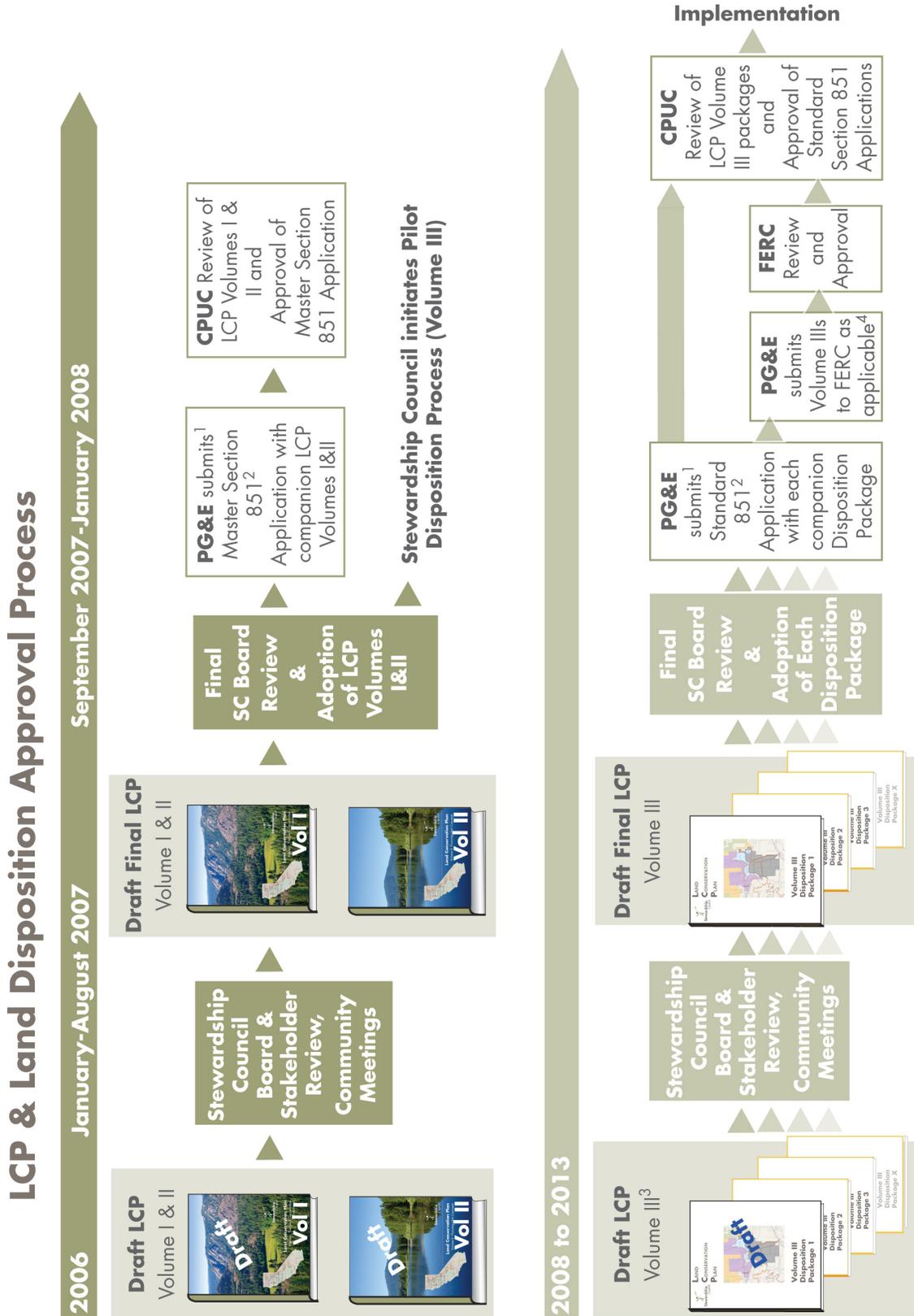


Figure ES-2 LCP Approval Process

¹ Subject to review and acceptance of the LCP recommendations in accordance with PG&E's internal governance process.
² The Section 851 process applies to any and all utility land transactions in California, to ensure that the transaction (or land encumbrance) is in the best interest of rate payers.
³ Volume III Disposition Packages will be developed and approved independent of each other, and on different timelines depending on the complexity of the transactions and other factors.
⁴ Applies to Watershed Lands within FERC jurisdiction.

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