



**Pacific Gas and
Electric Company®**

Power Generation

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May 18, 2012

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USDA, Forest Service
Stanislaus National Forest
Forest Supervisor's Office
Attn: Beth Martinez
19777 Greenly Road
Sonora, CA 95370

State Water Resources Control Board
Division of Water Rights
Attn: Barbara Evoy
Deputy Director
P.O. Box 2000
Sacramento, CA 95812-2000

Tuolumne Utility District
Attn: Peter Kampa
18885 Nugget Blvd.
Sonora, CA 95370

CA. Dept. of Fish and Game
Attn: Sara Bahm
Environmental Specialist III
1234 East Shaw Avenue
Fresno, CA 93719

**Subject: Spring Gap-Stanislaus Hydroelectric Project - FERC Project No. 2130
U.S. Forest Service 4 (e) Condition 34 and
State Water Resources Control Board Condition No. 2
Request for Variance to Drawdown Pinecrest Lake Elevation to 5,606 Feet**

Dear Addressees:

Pursuant to a request by Tuolumne Utilities District (TUD), Pacific Gas and Electric Company (PG&E) is hereby requesting authority to draw down Pinecrest Lake to an elevation of 5,606 feet by Labor Day.

As you know, on April 24, 2009, the Federal Energy Regulatory Commission (Commission) issued to PG&E a new license for the Spring Gap-Stanislaus Hydroelectric Project, FERC Project No. 2130 (Project). United States Forest Service (Forest Service) 4(e) Condition No. 34, and State Water Resources Control Board (State Water Board) Condition No. 2, incorporated into the Project license, requires, among other things, the preparation of annual drawdown curves for Pinecrest Lake.

Forest Service 4(e) Condition No. 34 states, in part, as follows:

The Licensee shall develop its proposed Pinecrest Lake drawdown curve in consultation with the Forest Service, SWRCB, CDFG and TUD; to the extent these agencies request such consultation. The Licensee shall provide its proposed Pinecrest Lake drawdown curve to the Forest Service [and SWRCB] for approval and to CDFG, TUD and others who request such information, no later than April 15 of each year. The Licensee shall operate Pinecrest Lake in conformance with the drawdown curve as approved by the Forest Service [and SWRCB,] the minimum streamflow

requirements specified below and to achieve the specified Operational Objectives.

State Water Board Condition No. 4 states, in part, as follows:

In years when Pinecrest Reservoir cannot be maintained above target elevation 5,608 feet, water releases during the period from the End of Spill through Labor Day shall only be made to meet the minimum streamflow schedule and Spring Gap Powerhouse Demand. Licensee shall draw down Pinecrest Reservoir to reach a target elevation of 5,615 feet as early as reasonably feasible each year after the End of Spill, provided that minimum streamflow schedule and Spring Gap Powerhouse Demand can be met, and Pinecrest Reservoir elevation can be maintained above a target elevation of 5,608 feet prior to and including Labor Day.

Within nine months of license issuance the Licensee shall submit a Pinecrest Reservoir minimum lake-level study plan (Lake-level Study), developed in consultation with the USFS, DFG, State Water Board staff, and TUD, to the Deputy Director for modification and approval that will determine the minimum Pinecrest Reservoir elevation between End of Spill through Labor Day that protects recreational uses (specifically, Day-Use Area beaches, the marina to just east of the handicap fishing access, and other areas as directed by the State Water Board). Licensee shall complete the Lake-level Study as approved by the Deputy Director by the end of the first full calendar year after license issuance. The completed study shall be provided to the USFS, DFG, State Water Board staff, and TUD for review and comment. By March 1 of the year following completion of the Lake-level Study, the Licensee shall submit to the Deputy Director for approval the completed study, including any comments received.

Within six months of approval of the Lake-level Study by the Deputy Director, Licensee may request the State Water Board modify the target elevation of 5,608 feet based on the results of the Lake-level Study, after the State Water Board provides notice to affected parties.

On December 16, 2011, PG&E submitted to the State Water Board a "Request for Modification of State Water Resources Control Board Target Elevation for Pinecrest Lake by Labor Day; Spring Gap – Stanislaus Hydroelectric Project, FERC Project No. 2130." In this submittal, PG&E requested the following Pinecrest Lake Level modifications based on water year types prior to Labor Day:

- 5,606 in Wet water-year types
- 5,604 in Normal-Wet water year types
- 5,600 in Normal – Dry and Dry water year types

These lake level elevation modification requests were developed as a result of the Pinecrest minimum lake level study required by State Water Board Condition No. 4. PG&E's modification request remains pending.

On March 27, 2012, PG&E held its annual meeting with the Forest Service. During the meeting, PG&E shared with the Forest Service the latest drawdown curve for Pinecrest Lake. PG&E also advised the Forest Service that precipitation levels were 54 percent of normal for the Central Sierra.

On April 13, 2012, PG&E submitted the following documents to your offices:

- 2012 Forecasted Drawdown Curve for Pinecrest Lake containing the instream flows for Pinecrest Reach as measured at Gaging Stations S-61 and S-83
- Stanislaus River at Kennedy Meadows Gaging Station S-52 Middle Fork Daily Mean Discharge in Cubic feet/second for Water Year Oct 2010 to Sep 2011

On May 11, 2012, TUD submitted a letter to PG&E and the State Water Board (enclosed), in which it states that it will have difficulty meeting its customers' consumptive needs (including irrigation needs) at a lake level elevation of 5,608 feet (as currently required by State Water Board Condition No. 4). TUD's letter requests that PG&E seek a variance from the State Water Board authorizing it to draw down Pinecrest Lake to elevation 5,606 feet. The 2011 lake level study indicates that a lake level of 5,606 feet would not impact recreation at Pinecrest Lake.

Pursuant to TUD's request, PG&E has prepared revised drawdown curves effectuating a lake level elevation of 5,606 feet and encloses them here (along with revised stream flows) for your review and approval.

Please provide me with any comments, concerns or suggestions at your earliest opportunity. My email address is RJD2@PGE.COM, or you can reach me at (415) 973-4480.

Sincerely,



Richard J. Doble, Senior License Coordinator
Hydro Licensing

Enclosures

cc: Central Sierra Environmental Resource Center
Attn: John Buckley
P.O. Box 396
Twain Harte, CA 95383



TUOLUMNE UTILITIES DISTRICT

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May 11, 2012

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Barbara Evoy, Deputy Director
Division of Water Rights
State Water Resources Control Board
P.O. Box 100
Sacramento, CA 95812-0100
cc: Les Grober, Assistant Deputy Director
Erin Ragazzi, WQ Cert. Env. Program Manager I
Jeff Parks, WQ Cert. WRCE

Subject: Request for variance from State Water Resources Control Board Pinecrest Lake elevation on Labor Day 2012; Spring Gap-Stanislaus Hydroelectric Project, FERC Project No. 2130.

Dear Addressees:

Purpose

The purpose of this letter is to request an immediate variance from the above-referenced Water Quality Certification. Without the requested variance, the primary drinking water supply of Tuolumne County, and the health and safety of over 55,000 people will be at risk.

Background

The Tuolumne Utilities District (TUD) provides water supply to a majority of the County of Tuolumne, a population of over 55,365. TUD serves potable water within the County to residential, commercial, industrial and agricultural customers. TUD does not transfer or import water out of the County or its service area. Ninety five percent of TUD's water supply is derived from a contract with Pacific Gas and Electric (PG&E) for water delivered from Pinecrest Lake and Lyons Reservoir. TUD has no alternate source of water supply for the community, other than water delivered from these two Reservoirs.

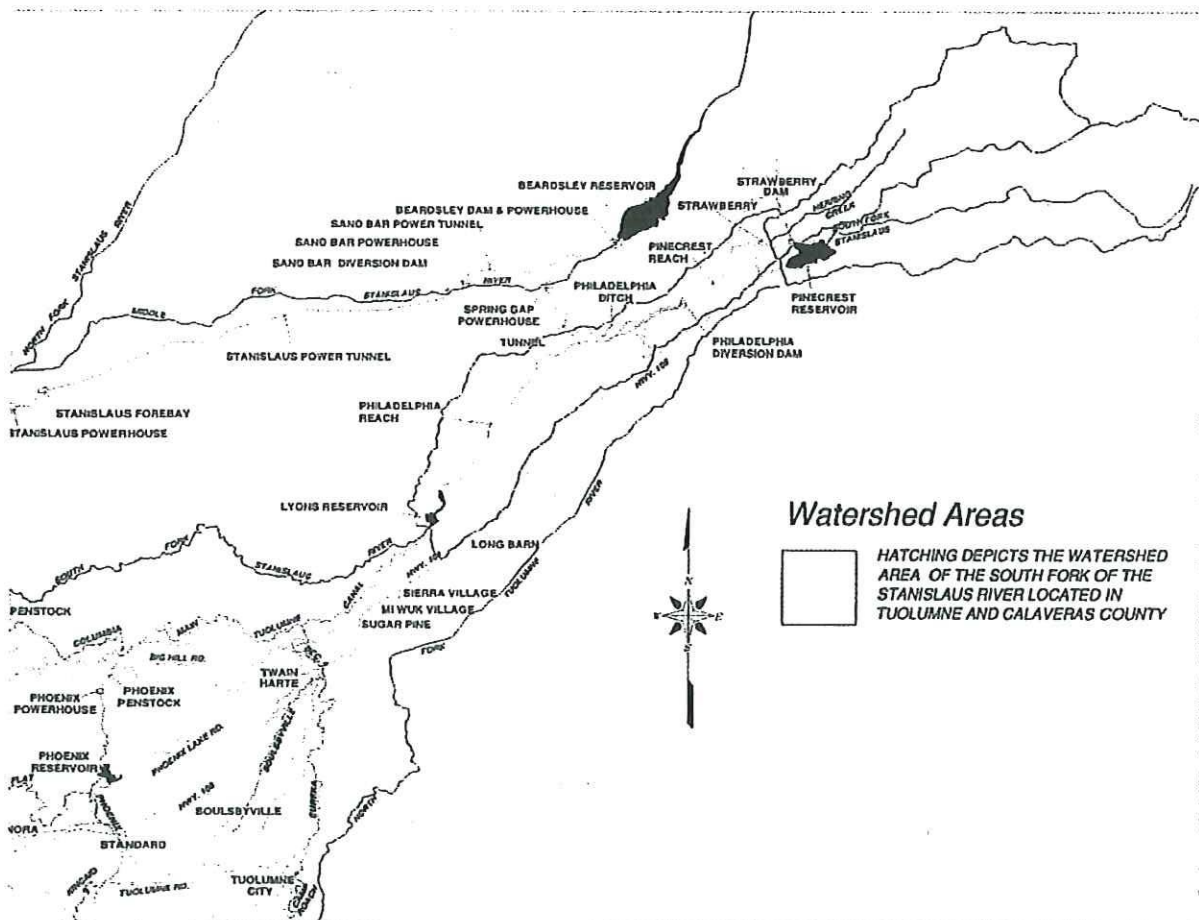
Under the current conditions of the State of California Water Quality Certification for the Spring-Gap-Stanislaus Hydroelectric Project, Federal Energy Regulatory Commission,(FERC), Project No. 2130, Condition No. 4, it states that "...in years that Pinecrest cannot be maintained above target elevation 5,608 feet, water releases during the period from the end of spill through Labor Day shall only be made to meet the minimum stream flow schedule and the Spring Gap Powerhouse demand." Condition #5 outlines that until the state water board issues a decision modifying the target elevation, the licensee may propose modification to condition #4.

Request

TUD is requesting a variance from Condition #4 to allow the withdrawal of water from Pinecrest Lake for domestic purposes between the period from the end of spill and Labor Day. Although this year is not a Critically Dry year, the end of spill timing may be one of the earliest on record and will result in conditions equal to or worse than those experienced in a Critically Dry Year. Even though TUD and its customers are conserving water, without water delivery from Pinecrest Lake, conservation will not be enough to compensate for the unusual early end of spill.

Description of Reservoir Operations

PG&E uses water stored in Pinecrest Lake and Lyons Reservoir for power generation purposes at the Spring Gap and Phoenix Powerhouses. Flow for the Spring Gap Power House is diverted at the Philadelphia Canal from the South Fork Stanislaus River located on the Philadelphia Reach below Pinecrest Reservoir. Water for the Phoenix Powerhouse is delivered via the Tuolumne Main Canal from Lyons Reservoir. TUD receives domestic water through a contract with PG&E delivered via the Tuolumne Main Canal from Lyons Reservoir. During the summer months, hydro-electric power generation water is set to a minimum flow. First TUD receives water from storage at Lyons Reservoir and then later in the summer receives water supplemented from Pinecrest Lake. In normal years, the volume of water in storage in Lyons Reservoir is enough to support domestic supply spanning the time frame between July 1st and Labor Day. An end of spill date earlier than July 1st results in significant water shortages to TUD and the need to receive supplemental water supply from Pinecrest before Labor Day.



Very Dry Conditions

TUD is particularly vulnerable in drought or early snow melt off conditions. The amount of water that can be held in storage in Lyons Reservoir is not enough to sustain the TUD consumptive, recreational and environmental needs in years with low runoff and an early end of spill without early supplemental releases from Pinecrest Lake. The end of spill date at these Reservoirs is predicted to be unusually early similar to what occurred in 2007. The end of spill in 2007 was June 8th and that water year required deliveries of supplemental water from Pinecrest Lake starting in early August. The current water year is predicted to be dryer than in 2007, and TUD will require delivery of domestic supply water from Pinecrest Lake prior to Labor Day even with significant water conservation in place by TUD and all of its customers. This is true even though the current water demand by TUD and its customers is less than it was in 2007 due ongoing conservation and system improvements.

The current snow water content readings from automated gaging stations located near the Pinecrest watershed are some of the driest on record. The May 9, San Joaquin Valley Water Type Index is 2.2. An index of 2.1 or less is considered Critically Dry. Long range weather forecasts do not appear favorable for the remainder of the year and based on these dry conditions, TUD is certain that supplemental water delivery from Pinecrest will be necessary prior to Labor Day. If supplemental water is not available from Pinecrest Lake due to the Certification's minimum lake level restriction, TUD will not be able to meet basic health and human service needs, including fire protection, within the County.

Modified Pinecrest Lake Level

TUD is requesting a variance to condition #4 to allow Pinecrest Lake to be drawn down to 5606.0 feet in elevation at Labor Day this season.

The reason this is necessary is that Lyons Reservoir capacity is too small to support domestic supply for more than 72 days, the time frame between end of spill and Labor Day even with customer conservation. It is predicted that the end of spill this year may be as early as June 1 representing about 92 days between the end of spill and Labor Day this year. The timing of the end of spill further impacts Lyons Reservoir due to the ramp up restrictions listed.

Storage Volume at Lyons

The storage volume at Lyons Reservoir can support domestic supply for about 65 days of normal water usage. With significant water conservation measures implemented, this storage volume at Lyons Reservoir can support domestic supply for about 72 days. An end of spill to Labor Day time frame greater than 72 days results in a water shortage to Tuolumne County unless water is allowed to be drawn from Pinecrest Lake prior to Labor Day.

End of Spill Compared to 2007

The current snow pack and climate conditions are dryer than in 2007. The end of spill in 2007 was approximately June 8th, therefore it is expected that the end of spill will be as early as June 1 this year. This will be the earliest end of spill date since 1974. Without support from Pinecrest Lake prior to Labor Day, Tuolumne County would be out of water for about 20 days.

Ramp up Restrictions

Further impacting this condition is the 'ramp up' restrictions which prohibit changes in river flow rate greater ten CFS per week for withdrawals out of Pinecrest Lake. This restriction impacts Lyons reservoir

as it takes three weeks ramp up time to catch up to the withdrawals out of Lyons during the September time-frame. Therefore, the 'ramp up' must start prior to Labor Day and prior to Lyons falling below a minimum of 1,700 acre-feet of storage.

Pinecrest Lake Level

If Pinecrest Lake is allowed to be lowered to approximately 5606.0 feet, it is estimated Lyons Reservoir could be held to just reach a minimum of 1,200 acre-feet. These forecast figures are based on PG&E curtailing water flow to the Philadelphia Canal for this season, TUD implementing significant water conservation and accounting for current climate and forecast information. Due to the nature of forecasting uncertainties, especially evaluating four months in the future, TUD wishes to express that this planning is respecting the Pinecrest Lake Level as much as possible and leaves little room for error in water supply to Tuolumne County.

Water Planning

In an effort to prevent this water emergency from happening, and at the first signs of a dry year in January, TUD has been working closely with PG&E to reduce flows in the main canal and curtail flows for hydro-electric power generation. The TUD Board also enacted Phase II water conservation on March 1st and TUD and its customers have been effective in reducing water demands significantly and will continue this level of conservation until the fall. However, regardless of all water conservation measures in place, TUD cannot maintain water supply to its customers without supplemental water delivered from Pinecrest before Labor Day.

On December 16, 2011, and pursuant to the provisions contained within the Certification, PG&E requested a modification of the State Water Resources Control Board's minimum lake level restriction. The request outlined what we are currently experiencing, which is an early end of spill in a water year would result in the need for water delivery to TUD prior to Labor Day. If the modified lake level had been approved as detailed in PG&E's request, this emergency request would not be necessary and our community would not be faced with the potential for severe health and safety hardship.

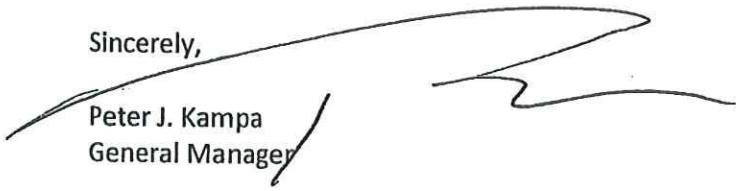
Time is of the Essence

Because of the severe impact to our customers; TUD is requesting a response to this letter by **May 25, 2012**. We would provide more time if we could, but if our request is denied, we will need time to appeal the decision directly to the State Water Resources Control Board.

In Closing

Snow pack and related water planning is unusual this year and validates the rationale used by TUD and PG&E in submittal of the modified lake level request. The need for domestic water for our communities is paramount to the residents, visitors and businesses in Tuolumne County. We request that you grant our request for a lower level in Pinecrest on Labor Day 2012 to 5606. If you or your staff have any questions, need additional information or would like to discuss this matter further please contact me at (209) 532-5536 ext. 480 (office), (209) 770-1545 (mobile) or pkampa@tudwater.com.

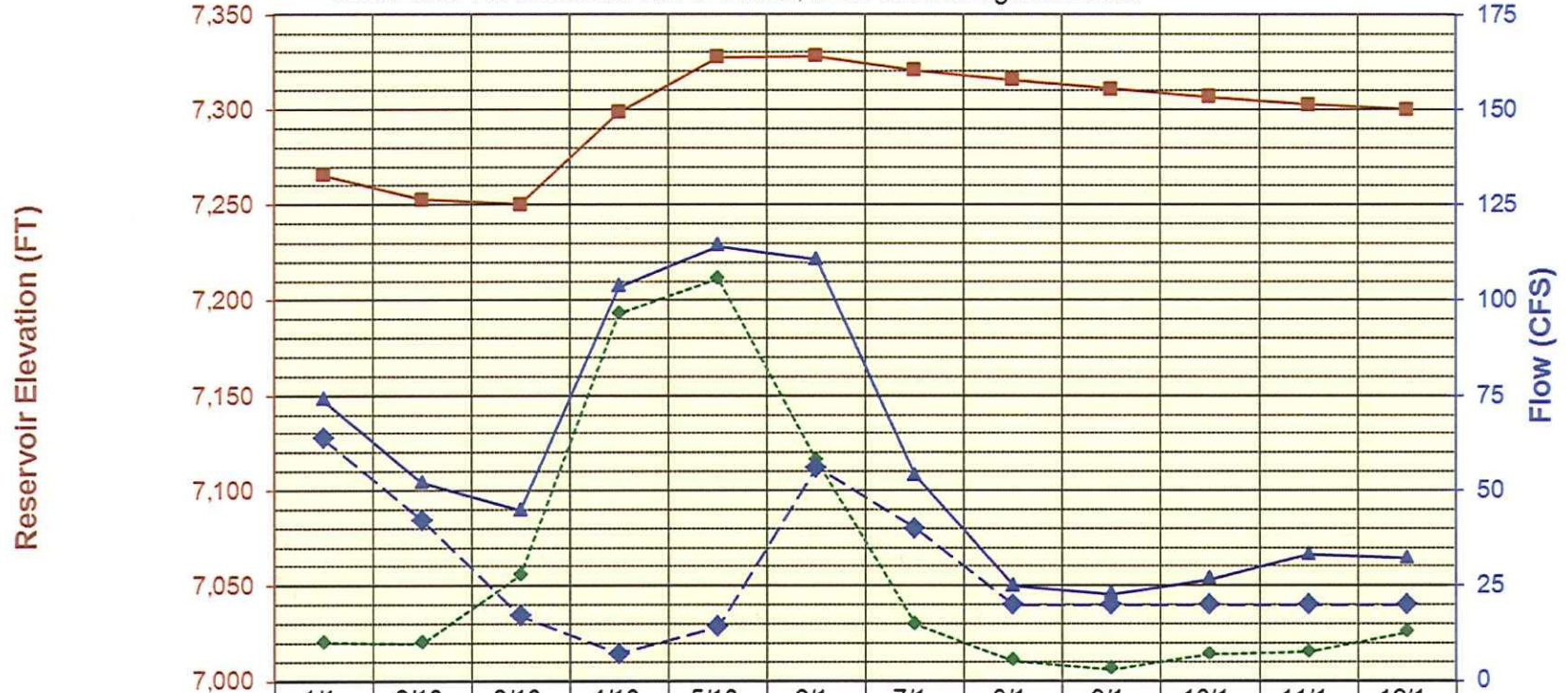
Sincerely,


Peter J. Kampa
General Manager

**Revised 2012 Forecasted Drawdown Curve for Relief Reservoir
containing the instream flows for Relief Reach as measured at
Gaging Stations S-2 and S-52**

Relief Reservoir Best Fit Drawdown Curve & Flow Regime*- 2012: Dry Water Year

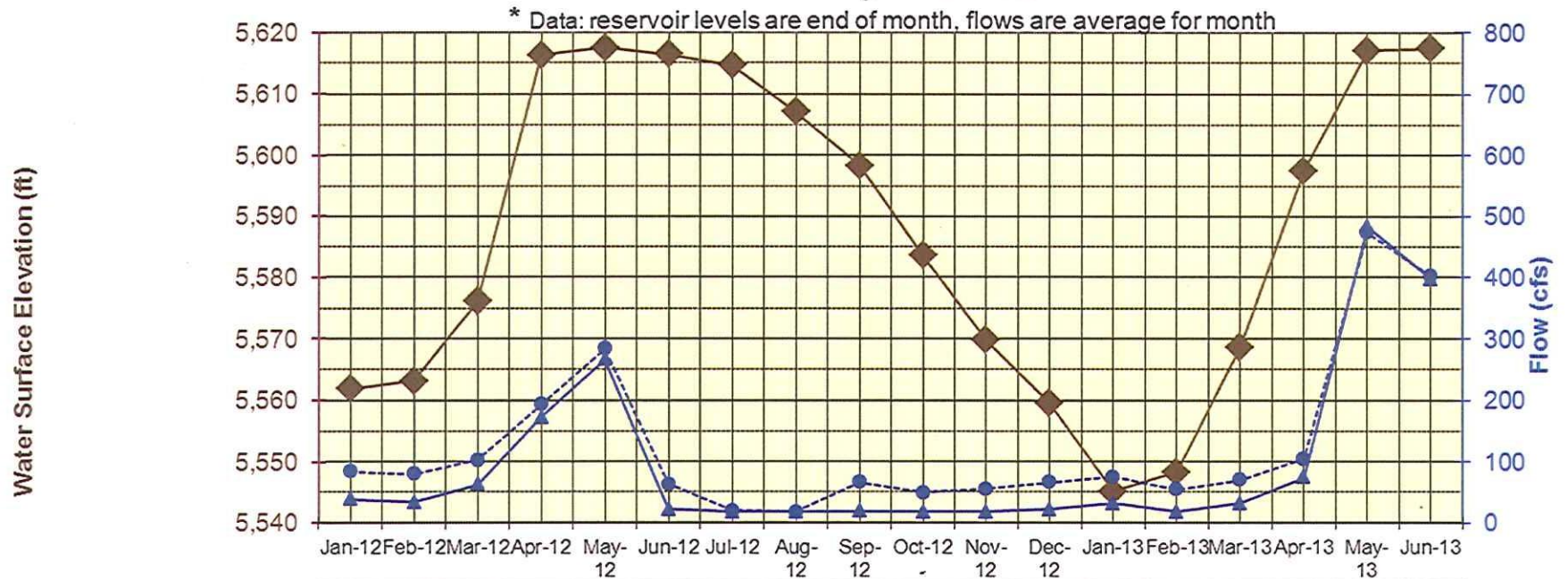
* Data: reservoir levels are end of month, flows are average for month



	1/1-2/9	2/10-3/9	3/10-4/9	4/10-5/9	5/10-5/31	6/1-6/30	7/1-7/31	8/1-8/31	9/1-9/30	10/1-10/31	11/1-11/30	12/1-12/31
—■— Res Elevation (EOM, ft)	7,266	7,253	7,250	7,299	7,328	7,328	7,321	7,316	7,311	7,307	7,303	7,300
- - -◆- - - Est Inflow to Relief (cfs)	10	10	28	96	106	58	15	5	3	7	8	13
- - -◆- - - Est Release @ S-2 (cfs)	64	42	17	7	14	56	40	20	20	20	20	20
—▲— Est Flow @ S-52 (cfs)	74	52	45	104	114	111	54	25	23	27	33	32

**Revised 2012 Forecasted Drawdown Curve for Pinecrest containing
the instream flows for Pinecrest Reach as measured at Gaging
Stations S-61 and S-83**

Strawberry / Pinecrest Reservoir Monthly Drawdown Curve & Flow Regime* 2012: Dry Water Year



	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13
◆ WS Elevation (ft)	5562	5563	5576	5616	5618	5616	5615	5607	5598	5584	5570	5560	5545	5548	5569	5598	5617	5617
● Est. Flow @ S61 (CFS)	84	80	103	193	284	63	20	18	66	50	55	66	75	55	70	104	474	402
▲ Est. Flow @ S83 (CFS)	38	34	62	172	266	22	18	18	18	18	18	22	32	18	32	75	483	398

Current estimates :

End of spill: June 1, +/- 5 days

Drawdown to elev. 5615 ft: July 28, +/- 5 days

WS elev. on Labor Day: 5606 ft

S-61 (11296500) SF Stanislaus R at Strawberry

S-83 (11297200) SF Stanislaus R nr Strawberry Div. Dam

May 10, 2012