

Lupe Anguiano

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Sent: Tuesday, July 21, 2009 10:06 AM
Attach: PG&E response Pac Connector.pdf
Subject: PG&E's response to sign on letter
 Hello Everyone,

Thanks, again, to everyone who signed on to the letter sent to PG&E a couple of weeks ago. I'm writing with an update, specifically PG&E's response to the letter which we received as a hard copy letter. I have scanned it, and it's attached. The response is predictable and pretty unremarkable—basically, the company says they're following the regulatory procedure under FERC, it complies with the law, and they support laws that aim to reduce greenhouse gas emissions.

It's worth noting that as the letter acknowledges, this project is operated not by PG&E's utility, but by something called PG&E Strategic Capital. The creation of this entity was enabled by the repeal of the Public Utility Company Holding Act (PUHCA) a few years ago, thus enabling utilities to invest in assets outside their utility business. As we learned from former CPUC President Loretta Lynch at a panel discussion about this project last week, this allows for utilities to become pieces of larger vertically integrated corporations for the first time since 1935. Here is more information from Public Citizen about the little-noticed repeal of PUHCA, and why it marked a huge change in the way utilities like PG&E can do business:

http://www.citizen.org/cmep/energy_enviro_nuclear/electricity/deregulation/puhca/

Next steps:

Last week, Sierra Club California passed a resolution that is very similar to the sign on letter. This will be sent to PG&E by the Sierra Club, meaning PG&E will get a similar message to the one we sent them from a venerable and well known organization. I am also working with Chris Daly, one of the San Francisco Supervisors, to pass a city resolution asking PG&E to divest from the project. The resolution will likely be introduced today, and voted on next Tuesday. If anyone can be at the SF Board of Supes meeting next Tuesday afternoon beginning at 2, please do let me know. After the Sierra Club letter and the SF resolution, I will pursue a meeting with Mr. Darbee, as he welcomes in the letter.

As many of you know, we are also working with the Oregon groups in defeating this project at the permitting agencies. We have already filed volumes of comments on the project at FERC and at some of the relevant state agencies. It's likely there will be a decision at FERC at their next meeting on September 17. Even if they approve it, we have opportunities at some of the state agencies to defeat the project, and we also have a legal team lined up in case we need to sue FERC.

Again, thanks for your support on this!

-Rory

We've Moved! Please update your records.....

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Protecting the Living Environment of the Pacific Rim

7/21/2009



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July 16, 2009

Mr. David Gordon
Executive Director
Pacific Environment
251 Kearny St, Second Floor
San Francisco, CA 94108-4530

Dear Mr. Gordon,

Thank you for your letter dated July 6 to Peter Darbee requesting that PG&E Corporation withdraw from its participation in the Pacific Connector Gas Pipeline project (PCGP). Mr. Darbee asked that I respond on his behalf.

PG&E Corporation's wholly owned subsidiary, PG&E Strategic Capital, Inc., and other partners in PCGP are working to develop a Federal Energy Regulatory Commission (FERC) regulated gas transmission pipeline. We have a one-third ownership in the partnership. The pipeline would be built from Coos Bay, Oregon, the location of the Jordan Cove Energy terminal, to Malin, Oregon, the point of interconnect with Pacific Gas and Electric Company, Gas Transmission NW and Tuscaraora gas transmission pipelines. It will also include interconnects to Williams Northwest Pipeline near Myrtle Creek, Oregon, and Avista Corporation's distribution system near Shady Cove, Oregon.

The PCGP project has undergone extensive environmental review. The project filed its initial application with FERC over three years ago. FERC issued its Final Environmental Impact Statement (EIS) for the PCGP project on May 1 after extensive analysis of pipeline routing alternatives and environmental impacts related to forests, wildlife, endangered species and safety, among others. FERC worked closely with numerous federal and state agencies, received comments from many environmental groups and other stakeholders and consulted members of the public impacted by the project.

PG&E Strategic Capital, Inc. is not the same company as Pacific Gas and Electric Company, the utility. PG&E Strategic Capital, Inc. is not regulated by the California Public Utilities Commission, and you do not have to buy PG&E Strategic Capital, Inc. products in order to continue to receive quality regulated services from the utility.

The EIS both assessed the potential environmental impact of the project and identified appropriate measures or actions necessary to mitigate these impacts. FERC concluded that the project would have limited environmental impacts, and that with implementation of proposed mitigation measures, those impacts would be substantially reduced. Section 5.1 of the EIS contains a compilation of FERC's 131 recommended mitigation measures and PCGP will continue to work with various stakeholders to finalize all mitigation plans as it moves forward.

With regard to climate change and greenhouse gas emissions, PG&E Corporation has long supported taking action on climate change. Most recently, PG&E Corporation supported passage of H.R. 2454, the American Clean Energy and Security Act. The American Clean Energy and Security Act takes a comprehensive approach to addressing climate change and would result in the regulation of greenhouse gas emissions from all fuel sources, including natural gas, at various points along the supply and consumption chain. This includes emissions associated with the combustion of natural gas as well as emissions associated with pipeline compressor stations and fugitive emissions. As such, any gas transmitted through the PCGP would be regulated under the American Clean Energy and Security Act.

Regarding the critical issue of safety, the PCGP project will be safe. PCGP is no different than other gas transmission pipelines built and operated throughout the United States. Natural gas pipelines continue to be one of the safest and most reliable forms of energy transmission. PCGP will be monitored by Williams' Northwest Pipeline's Gas Control, which monitors pipeline operations 24 hours-a-day, 365 days-a-year.

Finally, I would like to emphasize that PG&E Corporation, its subsidiaries, and related entities are committed to environmentally sound projects and to fully complying with all applicable environmental laws and regulations. PG&E Corporation tracks its environmental footprint and performance (including CO₂ emissions) in its Annual Corporate Responsibility Report, which is available online at www.pge-corp.com. In addition, the Corporation was a charter member of the California Climate Action Registry, and will continue to voluntarily report its independently verified emissions with The Climate Registry. Also, please be assured that PG&E Corporation's investment in the PCGP project has no bearing on Pacific Gas and Electric Company's ability or commitment to comply with California's renewable portfolio standard or the California Global Warming Solutions Act (AB 32).

Please let me know if you wish to meet to discuss the PCGP project. I can be reached at (925) 628-0936. Finally, I would greatly appreciate it if you could forward this letter to the other parties who signed on to your letter to Mr. Darbee, as, regrettably, we do not have the majority of their addresses.

Sincerely,



Dan Thomas

cc: Rory Cox, Pacific Environment