

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



July 18, 2007

Advice Letter 3054-E

Brian K. Cherry
Vice President, Regulatory Relations
Pacific Gas & Electric Company
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177

Subject: City of Folsom Bike Path Easement – Request for Approval
Under Section 851

Dear Mr. Cherry:

Advice Letter 3054-E is effective July 12, 2007.

Sincerely,

A handwritten signature in black ink, appearing to read "Sean H. Gallagher".

Sean H. Gallagher, Director
Energy Division



Brian K. Cherry
Vice President
Regulatory Relations

Pacific Gas and Electric Company
77 Beale St., Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177

415.973.4977
Fax: 415.973.7226

May 18, 2007

Advice 3054-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: City of Folsom Bike Path Easement – Request for Approval
Under Section 851**

Purpose

Pacific Gas and Electric Company (“PG&E”) submits this filing seeking approval under Public Utilities Code § 851 to grant the City of Folsom (“the City”) a non-exclusive easement to construct and maintain for public use a bike and pedestrian path over PG&E electric transmission fee property.

Background

PG&E requests Commission approval under Public Utilities Code § 851 to grant to the City a non-exclusive Easement Agreement (“Agreement”) to construct and maintain for public use, a bike and pedestrian path (“Bike Path”) and associated landscaping improvements on PG&E electric transmission fee property located within the City of Folsom in Sacramento County. The City of Folsom is a medium-sized community contained in a land area of 15 square miles and is located in Sacramento County, approximately 20 miles northeast of the City of Sacramento. Construction of the Bike Path is part of the Oak Parkway Corridor Trail Project, to be completed by the City of Folsom along PG&E’s fee property. Ultimately, the path segment will be part of a three-mile long bike trail, which is planned to extend from East Natoma Street to the B.T. Collins Park located in Folsom. The PG&E property consists of PG&E electric transmission fee land and PG&E facilities situated on that land. There are two towers located on the property with two sets of overhead transmission lines attached that run east to west through the subject property. The two transmission lines supported by the property are the 230kV Atlantic-Gold Hill line located to the south end of the property and the 115kV Placer-Gold Hill #1 located to the north end of the property.

In accordance with Resolution ALJ-186, Appendix B, Section III.B, PG&E provides the following information related to the proposed transaction:

(a) Identity of All Parties to the Proposed Transaction:

Pacific Gas and Electric Company	City of Folsom
Andrew L. Niven	Jim Konopka
Peter Van Mieghem	Planning Department
Law Department	50 Natoma Street
P.O. Box 7442	Folsom, CA 95630
San Francisco, CA 94120	Telephone: (916) 351-3516
Telephone: (415) 973-2902	
Facsimile: (415) 973-5520	City of Folsom
Email: PPV1@pge.com	Bruce Cline
	City of Folsom Attorney
	50 Natoma Street
	Folsom, CA 95630
	Telephone: (916) 355-7350

(b) Complete Description of the Property Including Present Location, Condition and Use:

PG&E owns certain real property within the City of Folsom, County of Sacramento, State of California, commonly known as Rio Oso-Gold Hill 230kV Electric Transmission Fee Strip Property (Assessor's Parcel Number (APN) 071-0320-004, State Board of Equalization No. (SBE) 135-34-076), more particularly described in the Easement Agreement (Attachment 1-Exhibit A and Exhibit B) PG&E's electric transmission fee property supports two towers located on the property with two sets of overhead transmission lines attached that run east to west through the subject property. The two transmission lines supported by the property are the 230kV Atlantic-Gold Hill line located to the south end of the property and the 115kV Placer-Gold Hill #1 located to the north end of the property. The transmission lines stretch from East Natoma Street at its west end, to approximately 110 feet west of Willow Creek Drive at its east end, and an average distance of approximately 2,718 linear feet in the City of Folsom, Sacramento County ("Property"), and is primarily used as a utility corridor. Other than PG&E's overhead electric transmission facilities, the land is currently undeveloped.

(c) Intended Use of the Property:

The City of Folsom is requesting a non-exclusive easement of approximately one hundred twelve (112) feet in width to install, construct, reconstruct, resurface, replace, repair, maintain and use a paved bicycle and pedestrian path, and appurtenant support facilities including trail directional and regulatory signing, with a paved area to be determined, for use by pedestrians and bicycles and other non-motorized vehicles on PG&E owned electric transmission fee property. The proposed Bike Path will be a 10-foot wide paved asphalt path with a 4-foot wide shoulder on one

side and a 1-foot shoulder on the other. Some shrubs or small trees may also be planted to mitigate views of the path and traffic by nearby residents. The path will allow for public recreation use by bikers, joggers, walkers, and leashed dogs. The path will be aligned to be setback a minimum of 10-feet from utility tower footings and will not interfere with PG&E's existing facilities. A map of the Easement Area is provided in the Easement Agreement (Attachment 1 – Exhibit B).

(d) Complete Description of Financial Terms of the Proposed Transaction:

As provided in the Agreement, the City of Folsom has agreed to pay a one-time fee of One Hundred and Fifty Two Thousand Dollars (\$152,000.00) for the easement.

(e) Indication of How Financial Proceeds of the Transaction Will Be Distributed:

The property at issue in this application is non-depreciable land used for electric transmission service and is currently included in PG&E's rate base. The PG&E electric transmission system is within the control of the California Independent System Operator Corporation and is subject to Federal Energy Regulatory Commission ("FERC") jurisdiction for ratemaking. All costs for PG&E's electric transmission system are now part of FERC ratemaking for transmission service in PG&E's transmission owner cases. In consideration for the easement, The City of Folsom has agreed to pay PG&E a one-time fee of One Hundred and Fifty Two Thousand Dollars (\$152,000.00). PG&E will account for the one-time easement fee as Electric Other Operating Revenue. No PG&E property is being sold or disposed of, and as such, there are no changes to PG&E's rate base as a result of granting the proposed easement.

(f) Sufficient Information and Documentation (Including Environmental Review Information) to Indicate that All Criteria Set Forth in Section II(A) of Resolution ALJ-186 Are Satisfied:

PG&E has provided information in this advice letter to meet the eligibility criteria under the advice letter pilot program. Under the CEQA Checklist, the activity proposed in the transaction will not require environmental review by the CPUC as a lead agency. The proposed transaction will not have an adverse effect on the public interest. In fact, the proposed transaction will serve the public interest because it will provide recreational use to bikers, joggers, walkers, leashed dogs, and Folsom Police cycle patrols. Payment for the proposed easement is well below the \$5 million threshold set forth for fee property and lease equivalents. Finally, the transaction does not

involve the transfer or change in ownership of facilities currently used in utility operations.

(g) Complete Description of any Recent Past (Within the Prior Two Years) or Anticipated Future Transactions that May Appear To Be Related to the Present Transaction:

To PG&E's knowledge, there are no recent past or anticipated future transactions that may appear to be related to the subject transaction.

(h) For Sales of Real Property and Depreciable Assets, the Advice Letter Shall Include the Original Cost, Present Book Value, and Present Fair Market Value, and a Detailed Description of How the Fair Market Value Was Determined (e.g., Appraisal):

Not applicable.

(i) For Leases of Real Property, the Advice Letter Shall Include the Fair Market Rental Value, and a Detailed Description of How the Fair Market Rental Value Was Determined:

The fair market value for the easement was determined by an appraisal, details of which are provided in the Easement Agreement (Attachment 1).

(j) Additional Information to Assist in the Review of the Advice Letter:

No additional information is readily available, other than what is already included with this filing.

(k) CEQA Checklist

Exemption

(1) Has the proposed transaction been found exempt from CEQA by a government agency?

The proposed transaction was found exempt from CEQA by the City of Folsom.

(a) If yes, please attach notice of exemption. Please provide name of agency, date of exemption, and state clearinghouse number.

The City of Folsom filed a Notice of Exemption on September 20, 2001 citing the exemption as a Categorical Exemption: Minor alteration to land, Section 15304 (State Clearing House

Number: 2001098489). The Notice of Exemption is included in the Easement Agreement (Attachment 1).

- (b) If no, does the applicant contend that the project is exempt from CEQA? If yes, please identify the specific exemption or exemptions that apply, citing to the applicable CEQA guideline(s).

Not applicable.

Prior or Subsequent CEQA review

(1) Has the project undergone CEQA review by another government agency? If yes, please identify the agency, the CEQA document that was prepared (EIR, MND, etc.) and its date, and provide one copy of any and all CEQA documents to the Director of the relevant Industry Division with a copy of the advice letter. Be prepared to provide additional copies upon request.

The project has not undergone CEQA review by another government agency.

(2) Identify any aspects of the project or its environment that have changed since the issuance of the prior CEQA document.

Not applicable.

(3) Identify and provide section and page numbers for the environmental impacts, mitigation measures, and findings in the prior CEQA document that relate to the approval sought from the CPUC.

Not applicable.

(4) Does the project require approval by governmental agencies other than the CPUC? If so, please identify all such agencies, and the type of approval that is required from each agency.

Not applicable.

Need CEQA?

If no exemption is applicable, and no prior review has occurred, please identify what applicant believes is the correct level of CEQA review.

Not applicable.

Protests

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, by facsimile or electronically, any of which must be received no later than **June 18, 2007**, which is 30 days after the date of this filing.¹ Protests should be mailed to:

CPUC Energy Division
Tariff Files, Room 4005
DMS Branch
505 Van Ness Avenue
San Francisco, California 94102

Facsimile: (415) 703-2200
E-mail: anj@cpuc.ca.gov and mas@cpuc.ca.gov

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

The protest also should be sent via U.S. mail (and by facsimile and electronically, if possible) to PG&E at the address shown below on the same date it is mailed or delivered to the Commission:

Brian K. Cherry
Vice President, Regulatory Relations
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, California 94177

Facsimile: (415) 973-7226
E-mail: PGETariffs@pge.com

Effective Date

Pursuant to the review process outlined in Resolution ALJ-186, PG&E requests that this advice filing become effective on **July 2, 2007**, which is 45 calendar days after the date of filing.

Notice

In accordance with General Order 96-A, Section III, Paragraph G, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list. Address changes to the General Order 96-A service list should be

¹ The 30 day protest period concludes on a weekend. PG&E is hereby moving this date to the following business day.

directed to Rose de la Torre at (415) 973-4716. Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs>

A handwritten signature in black ink, appearing to read "Frank Cheng" with a stylized flourish at the end.

Vice President, Regulatory Relations

Attachment 1

cc: Service List – Advice Letter 3054-E

***** SERVICE LIST Advice 3054-E *****
APPENDIX A

***** STATE EMPLOYEE *****

Peter V. Allen
Administrative Law Judge Division
505 VAN NESS AVE
San Francisco CA 94102 3298
(415) 703-1123
pva@cpuc.ca.gov

Lynn T. Carew
Administrative Law Judge Division
505 VAN NESS AVE
San Francisco CA 94102 3298
(415) 703- 1721
ltc@cpuc.ca.gov

Andrew Barnsdale
Energy Division
505 VAN NESS AVE
San Francisco CA 94102 3298
(415) 703-3221
bca@cpuc.ca.gov

Junaid Rahman
Energy Division
505 VAN NESS AVE
San Francisco CA 94102 3298
(415) 355- 5492
jnr@cpuc.ca.gov

Brewster Fong
Division Ratepayer Advocates
505 VAN NESS AVE
San Francisco CA 94102 3298
(415) 703- 2187
bfs@cpuc.ca.gov

***** AGENCIES *****

Robert Sherry
Sacramento County
Director of Community Planning
827 7th Street, Sacramento, CA 95814
Phone: 916-874-6141
Fax: 916-874-6400
Email: sherryr@saccounty.net

***** 3rd Party *****

City of Folsom
Jim Konopka
Planning Department
50 Natoma Street
Folsom, CA 95630
Telephone: (916) 351-3516
Fax (916) 355-7274

City of Folsom
Bruce Cline
City of Folsom Attorney
50 Natoma Street
Folsom, CA 95630
Telephone: (916) 355-7350

(END OF APPENDIX A)

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **Pacific Gas and Electric Company (ID U39)**

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person: Scott Muranishi

Phone #: (415) 973-0237

E-mail: s3m2@pge.com

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas
 PLC = Pipeline HEAT = Heat WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: **3054-E**

Subject of AL: City of Folsom Bike Path Easement - Request for Approval Under Section 851

Keywords (choose from CPUC listing): Section 851

AL filing type: Monthly Quarterly Annual One-Time Other _____

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

ALJ-186

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: N/A

Summarize differences between the AL and the prior withdrawn or rejected AL¹: _____

Resolution Required? Yes No

Requested effective date: **July 2, 2007**

No. of tariff sheets: 0

Estimated system annual revenue effect (%): \$152,000.00 (One-Time Easement Fee) - PG&E will Account for the One-Time Easement Fee as Electric Other Operating Revenue

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed¹: N/A

Pending advice letters that revise the same tariff sheets: N/A

Protests and all other correspondence regarding this AL are due no later than 30 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
Tariff Files, Room 4005
DMS Branch
505 Van Ness Ave.,
San Francisco, CA 94102
gnj@cpuc.ca.gov and mas@cpuc.ca.gov

Pacific Gas and Electric Company
Attn: Brian K. Cherry
Vice President, Regulatory Relations
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177
E-mail: PGETariffs@pge.com

¹ Discuss in AL if more space is needed.

Attachment 1

Easement Agreement

LD 2110-07-0979

Bicycle/Pedestrian Easement (City of Folsom Bike Path Easement)

RECORDING REQUESTED BY AND RETURN TO:

PACIFIC GAS AND ELECTRIC COMPANY

Land Services Office
343 Sacramento Street
Auburn, CA 95603

Location: City/Uninc Folsom

Recording Fee \$ (Government Code Section 27383)

Document Transfer Tax \$ (Revenue and Taxation Code Section 11922)]

Signature of declarant or agent determining tax

(A portion of APN 071-0320-004)

EASEMENT AGREEMENT

(Bike Trail)

This Easement Agreement ("**Agreement**") is made and entered into this _____ day of _____, 200__ (the "**Effective Date**") by PACIFIC GAS AND ELECTRIC COMPANY, a California corporation, hereinafter called "**PG&E**", and City of Folsom, a public body of the state of California, hereinafter called "**Grantee**."

RECITALS

A. PG&E owns certain real property within the City of Folsom, County of Sacramento, State of California, commonly known as Rio Oso-Gold Hill 230kv Electric Transmission Fee Strip Property (Assessor's Parcel Number (APN) 071-0320-004, State Board of Equalization No. (SBE) 135-34-076) and more particularly described in **Exhibit A** and shown on **Exhibit B**, attached hereto and made a part hereof (hereinafter, the "**Property**").

B. Grantee proposes to construct and maintain a bike and pedestrian path (hereinafter, the "**Bike Path**") with associated landscaping improvements in connection therewith, Grantee has requested that PG&E grant an easement for the installation, maintenance and use of said bike path traversing the Property.

C. PG&E is willing to grant such easement(s) on the terms and subject to the conditions set forth herein.

Now, therefore, in consideration of Grantee's agreement to pay the sum of One Hundred and Fifty Two Thousand Dollars (\$152,000), and for other good and valuable consideration, PG&E and Grantee agree as follows:

1. Grant of Easement(s): PG&E hereby grants to Grantee, upon the terms and conditions set forth in this Agreement, the following easement(s):

(a) Bicycle/Pedestrian Path. A non-exclusive easement approximately one hundred twelve (112) feet in width to install, construct, reconstruct, resurface, replace, repair, maintain and use a paved bicycle and pedestrian path, and appurtenant support facilities including trail directional and regulatory signing, with a paved area to be determined, for use by pedestrians and bicycles and other non-motorized vehicles, the approximate location of the Easement Area, depicted as parcel number one, is shown on said **Exhibit B**.

2. Limitations on Use.

(a) The Easement Area, and any facilities permitted to be constructed thereon, are to be used by Grantee only for those uses permitted in Section 1 above, and for no other purpose.

(b) PG&E reserves the right to restrict access to the Easement Area or any portion or portions thereof in the event of fire, earthquake, storm, riot, civil disturbance, or other casualty or emergency, or in connection with PG&E's response thereto, or if emergency repairs or maintenance are required to PG&E facilities within or in the vicinity of the Easement Area, or otherwise when PG&E deems it advisable to do so, including in connection with events and emergencies occurring or affecting PG&E's business operations located elsewhere than in the immediate vicinity of the Property.

(c) Grantee shall not erect or construct any building or other structure, or drill or operate any well, within fifteen (15) feet of any of PG&E's electric or gas facilities.

3. Condition of Easement Area. Grantee accepts the Easement Area in its existing physical condition, without warranty by PG&E or any duty or obligation on the part of PG&E to maintain the Easement Area. Grantee acknowledges that one or more of the following (collectively, "**Potential Environmental Hazards**") may be located in, on or underlying the Property and/or the Easement Area:

(a) electric fields, magnetic fields, electromagnetic fields, electromagnetic radiation, power frequency fields, and extremely low frequency fields, however designated, and whether emitted by electric transmission lines, other distribution equipment or otherwise ("**EMFs**");

(b) Hazardous Substances (as hereinafter defined). For purposes hereof, the term "**Hazardous Substances**" means any hazardous or toxic material or waste which is or becomes regulated by Legal Requirements (as hereinafter defined) relating to the protection of human health or safety, or regulating or relating to industrial hygiene or environmental conditions, or the protection of the environment, or pollution or contamination of the air, soil, surface water or groundwater, including, but not limited to, laws, requirements and regulations pertaining to reporting, licensing, permitting, investigating and remediating emissions, discharges, releases or threatened releases of such substances into the air, surface water, or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of

such substances. Without limiting the generality of the foregoing, the term Hazardous Substances includes any material or substance:

(1) now or hereafter defined as a "hazardous substance," "hazardous waste," "hazardous material," "extremely hazardous waste," "restricted hazardous waste" or "toxic substance" or words of similar import under any applicable local, state or federal law or under the regulations adopted or promulgated pursuant thereto, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. §§9601 et seq. ("CERCLA"); the Resource Conservation and Recovery Act of 1976, 42 U.S.C. §§6901 et seq.; the Clean Air Act, 42 U.S.C. §§7401 et seq.; the Clean Water Act, 33 U.S.C. §§1251 et seq.; the Toxic Substance Control Act, 15 U.S.C. §§2601 et seq.; the Federal Insecticide, Fungicide, and Rodenticide Act, 7 U.S.C. §§136 et seq.; the Atomic Energy Act of 1954, 42 U.S.C. §§2014 et seq.; the Nuclear Waste Policy Act of 1982, 42 U.S.C. §§10101 et seq.; the California Hazardous Waste Control Law, Cal. Health and Safety Code §§25100 et seq.; the Porter-Cologne Water Quality Control Act, Cal. Water Code §§13000 et seq.; the Carpenter-Presley-Tanner Hazardous Substance Account Act (Health and Safety Code §§25300 et seq.); and the Medical Waste Management Act (Health and Safety Code §§25015 et seq.); or

(2) which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise hazardous, and is now or hereafter regulated as a Hazardous Substance by the United States, the State of California, any local governmental authority or any political subdivision thereof, or which cause, or are listed by the State of California as being known to the State of California to cause, cancer or reproductive toxicity; or

(3) the presence of which on the Property poses or threatens to pose a hazard to the health or safety of persons on or about the Property or to the environment; or

(4) which contains gasoline, diesel fuel or other petroleum hydrocarbons; or

(5) which contains lead-based paint or other lead contamination, polychlorinated biphenyls ("PCBs") or asbestos or asbestos-containing materials or urea formaldehyde foam insulation; or

(6) which contains radon gas;

(c) fuel or chemical storage tanks, energized electrical conductors or equipment, or natural gas transmission or distribution pipelines; and

(d) other potentially hazardous substances, materials, products or conditions.

Grantee shall take reasonable precautions to protect its employees, contractors, consultants, agents and invitees ("**Grantee's Representatives**") from risks of harm from Potential Environmental Hazards. Grantee acknowledges that it has previously evaluated the condition of the Easement Area and all matters affecting the suitability of the Easement Area for the uses permitted by this Agreement, including, but not limited to, the Potential Environmental Hazards listed herein.

4. Construction and Maintenance. Grantee hereby covenants and agrees:

(a) to construct and install, at no cost to PG&E, such facilities and improvements (“**Improvements**”) as may be necessary and appropriate for Grantee’s permitted use, as specified in Section 1. All such construction shall be performed in accordance with detailed plans and specifications (“**Plans**”) previously approved by PG&E, shown on **Exhibit C**, attached hereto and made a part hereof, and shall comply with all Legal Requirements. Before commencing construction of any Improvements, Grantee shall obtain all permits, authorizations or other approvals, at Grantee’s sole cost and expense as may be necessary for such construction. Without limiting the generality of the foregoing, Grantee shall be responsible for complying with the requirements of the California Environmental Quality Act (“**CEQA**”) and satisfying, at Grantee’s sole expense, any and all mitigation measures under CEQA that may apply to Grantee’s proposed occupancy and use of the Easement Area, and to the construction, maintenance and use of Grantee’s proposed Improvements and facilities. Grantee shall promptly notify PG&E of any and all proposed mitigation measures that may affect PG&E or the Property. If PG&E determines in good faith that any such mitigation measures may adversely affect PG&E or the Property, or impose limitations on PG&E’s ability to use the Property as specified in Section 9, then PG&E shall have the right, without liability to Grantee, to give notice of termination of this Agreement to Grantee, whereupon this Agreement and the rights granted to Grantee shall terminate and revert in Grantor, unless within ten (10) days following delivery of such notice, Grantee gives notice to Grantor by which Grantee agrees to modify its proposed Project (as that term is defined under CEQA) so as to eliminate the necessity for such mitigation measures. In the event of such termination, PG&E and Grantee shall each be released from all obligations under this Agreement, except those which expressly survive termination. Grantee acknowledges and agrees that PG&E’s review of Grantee’s Plans is solely for the purpose of protecting PG&E’s interests, and shall not be deemed to create any liability of any kind on the part of PG&E, or to constitute a representation on the part of PG&E or any person consulted by PG&E in connection with such review that the Plans or the Improvements contemplated by such Plans are adequate or appropriate for any purpose, or comply with applicable Legal Requirements. Grantee shall not commence construction or installation of any Improvements without the prior written consent of PG&E, which consent shall not be unreasonably withheld, conditioned or delayed, and the prior consent, to the extent required by applicable law or regulation, of the California Public Utilities Commission (hereinafter, “**CPUC**”);

(b) to comply with all Legal Requirements which relate to the generation, use, storage, handling, treatment, transportation or disposal of Hazardous Substances, as defined herein, or to health, safety, noise, environmental protection, air quality or water quality. Grantee shall furnish satisfactory evidence of such compliance upon request by PG&E;

(c) to notify PG&E in writing within three (3) business days of any investigation, order or enforcement proceeding which in any way relates to the Property, or to any suspected contamination on, within or underlying the Property. Such notice shall include a complete copy of any order, complaint, agreement, or other document which may have been issued, executed or proposed, whether draft or final;

(d) not to interfere in any way or permit any interference with the use by PG&E of the Property. Interference shall include, but not be limited to, any activity by Grantee that

places any of PG&E's gas or electric facilities in violation of any of the provisions of General Order Nos. 95 (Overhead Electric), 112 (Gas), and 128 (Underground Electric) of the CPUC or to any other Legal Requirements under which the operations of utility facilities are controlled or regulated. Grantee shall not erect, handle, or operate any tools, machinery, apparatus, equipment, or materials closer to any of PG&E's high-voltage electric conductors than the minimum clearances set forth in the High-Voltage Electrical Safety Orders of the California Division of Industrial Safety; which minimum clearances are incorporated herein by reference; but in no event closer than ten (10) feet to any energized electric conductors or appliances. Grantee shall not drill, bore, or excavate within thirty (30) feet of any of PG&E's underground facilities, including, but not limited to, gas pipelines, valves, regulators or electric conduits. Grantee shall provide notice to Underground Service Alert at 1-800-227-2600 at least two (2) business days prior to commencing any drilling, boring or excavating permitted hereunder to assist Grantee with locating any and all underground facilities, including, but not limited to, gas pipelines, valves, regulators or electric conduits;

(e) to conduct its activities and operations within and on the Easement Area in such a manner so as not to endanger the Property, PG&E's utility facilities, the environment and human health and safety. In the event PG&E determines that Grantee's activities in any way endanger the Property, PG&E's utility facilities, the environment, or human health and safety, PG&E may, in PG&E's sole discretion, require that Grantee halt such activities until appropriate protective measures are taken to PG&E's satisfaction. Grantee shall hold PG&E harmless from any claims for damages resulting from any delay under this paragraph. PG&E's right to halt activities under this paragraph shall not in any way affect or alter Grantee's insurance obligations under this Agreement, nor shall it relieve Grantee from any of its obligations hereunder that pertain to health, safety, or the protection of the environment;

(f) to maintain its facilities and Improvements in good condition and repair, and be responsible for the security of, the facilities installed hereunder;

(g) to repair any damage it may cause to PG&E's facilities and improvements in or around said Easement Area;

(h) to coordinate all activities regarding the easements granted herein to reasonably minimize any interference with the use by PG&E of the Easement Area and PG&E's adjoining lands.

(i) that if Grantee fails to perform any act or other obligation on its part to be performed hereunder, and such failure is not remedied within fifteen (15) days following notice from PG&E (or in the case of an emergency, following such notice, if any, as may be reasonably practicable under the existing circumstances), PG&E may (but without obligation to do so, and without waiving or releasing Grantee from any of its obligations) perform any such act or satisfy such obligation, or otherwise remedy such emergency or such failure on the part of Grantee. All costs incurred by PG&E in responding to or remedying such failure by Grantee shall be payable by Grantee to PG&E on demand.

5. Indemnification.

(a) Grantee shall, to the maximum extent permitted by law, indemnify, protect, defend and hold harmless PG&E, its parent corporation, subsidiaries and affiliates, and their respective officers, managers, directors, representatives, agents, employees, transferees, successors and assigns (each, an “**Indemnitee**” and collectively, “**Indemnitees**”) from and against all claims, losses (including, but not limited to, diminution in value), actions, demands, damages, costs, expenses (including, but not limited to, experts fees and reasonable attorneys’ fees and costs) and liabilities of whatever kind or nature (collectively, “**Claims**”), which arise from or are in any way connected with the occupancy or use of the Easement Area by Grantee or Grantee’s Representatives, or the exercise by Grantee of its rights hereunder, or the performance of, or failure to perform, Grantee’s duties under this Agreement, including, but not limited to, Claims arising out of: (1) injury to or death of persons, including but not limited to employees of Grantee (and including, but not limited to, injury due to exposure to EMFs and other Potential Environmental Hazards in, on or about the Property) (but not including employees of PG&E acting in the course and scope of their employment) ; (2) injury to property or other interest of PG&E, Grantee or any third party; (3) violation of any applicable federal, state, or local laws, statutes, regulations, or ordinances, including all Legal Requirements relating to human health or the environment, and including any liability which may be imposed by law or regulation without regard to fault; excepting only with respect to any Indemnitee, to the extent of any Claim arising from the sole negligence or willful misconduct of such Indemnitee. Without limiting the generality of the foregoing, Grantee shall, to the maximum extent permitted by law, indemnify, protect, defend and hold Indemnitees harmless from and against Claims arising out of or in connection with any work of improvement constructed or installed at or on, labor performed on, or materials delivered to, or incorporated in any improvements constructed on, the Easement Area by, or at the request or for the benefit of, Grantee. In the event any action or proceeding is brought against any Indemnitee for any Claim against which Grantee is obligated to indemnify or provide a defense hereunder, Grantee upon written notice from PG&E shall defend such action or proceeding at Grantee’s sole expense by counsel acceptable to PG&E in its reasonable discretion.

(b) Grantee acknowledges that all Claims arising out of or in any way connected with releases or discharges of Hazardous Substance occurring as a result of or in connection with Grantee’s use or occupancy of the Easement Area, or any of the activities of Grantee and Grantee’s Representatives, and all costs, expenses and liabilities for environmental investigations, monitoring, containment, abatement, removal, repair, cleanup, restoration, remediation and other response costs, including reasonable attorneys’ fees and disbursements and any fines and penalties imposed for the violation of Legal Requirements relating to the environment or human health, are expressly within the scope of the indemnity set forth above.

(c) Grantee accepts all risk relating to its occupancy and use of the Easement Area. PG&E shall not be liable to Grantee for, and Grantee hereby waives and releases PG&E and the other Indemnitees from, any and all liability, whether in contract, tort or on any other basis, for any injury, damage, or loss resulting from or attributable to any occurrence on or about the Easement Area, the condition of Easement Area, or the use or occupancy of the Easement Area, except in the case of any Indemnitee, to the extent that such injury, damage, or loss was proximately caused by the sole negligence or willful misconduct of such Indemnitee.

(d) Grantee shall, to the maximum extent permitted by law, indemnify, protect, defend and hold Indemnitees harmless against claims, losses, costs (including, but not limited to, attorneys' fees and costs), liabilities and damages resulting from the failure of Grantee, or any of its contractors or subcontractors, to comply with the insurance requirements set forth in **Exhibit D**, attached hereto and made a part hereof. If Grantee fails to so indemnify, protect, defend or hold harmless any Indemnitee, then at PG&E's option, this Easement shall terminate, and the estate and interest herein granted to Grantee shall revert to and revest in PG&E, if such failure continues for five (5) days following the giving of written notice of termination to Grantee, unless within such time such failure is cured to the reasonable satisfaction of PG&E.

(e) The provisions of this Section 5 shall survive the termination of this Agreement.

6. Additional Facilities. Grantee shall not install any additional facilities or improvements in, on, under or over the Easement Area without the prior written consent of PG&E, which consent may be granted or withheld in PG&E's sole and absolute discretion, and the prior consent, to the extent required by applicable law or regulation, of the CPUC. Grantee shall submit plans for installation of any proposed additional facilities within the Easement Area to PG&E for its written approval at the address specified in Section 14.

7. Compliance with Laws. Grantee shall, at its sole cost and expense, promptly comply with all laws, statutes, ordinances, rules, regulations, requirements or orders of municipal, state, and federal authorities now in force or that may later be in force, with the conditions of any permit, occupancy certificate, license or other approval issued by public officers relating to Grantee's use or occupancy of the Easement Area; and with any liens, encumbrances, easements, covenants, conditions, restrictions and servitudes (if any) of record, or of which Grantee has notice, which may be applicable to the Easement Area (collectively, "**Legal Requirements**"), regardless of when they become effective, insofar as they relate to the use or occupancy of the Easement Area by Grantee. The judgment of any court of competent jurisdiction, or the admission of Grantee in any action or proceeding against Grantee, whether or not PG&E is a party in such action or proceeding, that Grantee has violated any Legal Requirement relating to the use or occupancy of the Easement Area, shall be conclusive of that fact as between PG&E and Grantee.

8. Abandonment, Termination. In the event Grantee abandons the facilities installed hereunder, this Agreement shall terminate and all of the easements and other rights of Grantee hereunder shall revert to PG&E. The non-use of such facilities for a continuous period of two (2) years, unless such nonuse is due to factors outside Grantee's reasonable control, in which case such period is extended to four (4) years, shall be conclusive evidence of such abandonment. Upon any termination of this Easement, Grantee shall remove, at no cost to PG&E, such of Grantee's facilities and equipment installed pursuant to this Agreement as PG&E may specify. Upon any termination of this Easement, Grantee shall execute, acknowledge and deliver to PG&E a quitclaim deed or such other documents or instruments, in a form reasonably acceptable to PG&E, as may be reasonably necessary to eliminate this Agreement as an encumbrance on the title to the Easement Area or any larger parcel of property containing the Easement Area.

9. Reserved Rights. Subject to the provisions of Section 11 below, PG&E reserves the right to use the Easement Area for any and all purposes which will not unreasonably interfere with Grantee's facilities. Without limiting the generality of the foregoing:

(a) PG&E reserves the right to make use the Easement Area for such purposes as it may deem necessary or appropriate if, and whenever, in the interest of its service to its patrons or consumers or the public, it shall appear necessary or desirable to do so.

(b) Grantee acknowledges that PG&E may have previously granted, and may in the future grant, certain rights in and across the Easement Area to others, and the use of the word "grant" in this Agreement shall not be construed as a warranty or covenant by PG&E that there are no such other rights.

(c) Grantee shall not make use of the Easement Area in any way which will endanger human health or the environment, create a nuisance or otherwise be incompatible with the use of the Easement Area, the Property, or PG&E's adjacent property, by PG&E or others entitled to use such property.

(d) This grant is made subject to all applicable provisions of General Order No. 95 (Overhead Electric), General Order 112 (Gas) and General Order No. 128 (Underground Electric) of the CPUC, in like manner as though said provisions were set forth herein.

10. Governmental Approvals. This Agreement shall not become effective, notwithstanding that it may have been executed and delivered by the parties, and Grantee shall not commence construction or other activities hereunder, unless and until the CPUC approves this Agreement and the easements granted and other transactions contemplated hereby (including the adequacy of the compensation to be paid by Grantee), by an order which is final, unconditional and unappealable (including exhaustion of all administrative appeals or remedies before the CPUC). Grantee further acknowledges and agrees that PG&E makes no representation or warranty regarding the prospects for CPUC approval, and Grantee hereby waives all Claims against PG&E which may arise out of the need for such CPUC approval or the failure of the CPUC to grant such approval. This Agreement is made subject to all the provisions of such approval, as more particularly set forth in CPUC Decision D-[insert decision number] (Application No. [Insert application number]), in like manner as though said provisions were set forth in full herein.

11. Relocation. Subject to the provisions of this Section 11, the rights granted to Grantee herein shall forever be subordinate to PG&E's right to replace, reconstruct, relocate, operate and maintain PG&E's existing transmission lines which traverse the Easement Area and PG&E's adjacent lands. If PG&E's use of its reserved rights described above necessitates the relocation of any of Grantee's facilities, Grantee shall, at its own cost and expense, relocate such facilities to an alternate location mutually agreed upon between PG&E and Grantee, provided Grantee is given at least sixty (60) days prior written notice of such required relocation. Any such relocation of Grantee's facilities shall be coordinated and scheduled between PG&E and Grantee so as to minimize, to the extent practicable, any interference with Grantee's use and operation of its facilities resulting from such relocation. If no alternate location is available on the Property, this Agreement shall terminate.

12. Compliance; Insurance. PG&E shall have a right to access and inspect the Easement Area at any time to confirm Grantee's compliance with Legal Requirements and the provisions of this Agreement. Prior to the Effective Date of this Agreement, Grantee shall procure, and thereafter Grantee shall carry and maintain in effect at all times during the term of the Agreement, the insurance specified in **Exhibit D**, attached hereto and made a part hereof by this reference, provided that PG&E reserves the right to review and modify from time to time the coverages and limits of coverage required hereunder, as well as the deductibles and/or self-insurance retentions in effect from time to time (but PG&E agrees that it will not increase required coverage limits more often than once in any five-year period). All insurance shall be written on forms and with insurance carriers acceptable to PG&E. *For so long as Grantee (a) is an agency or instrumentality of the United States of America, the State of California or any political subdivision thereof, or (b) is a public utility (as that term is defined in the California Public Utilities Code), or (c) maintains a net worth (measured in accordance with generally accepted accounting principles applicable to public utility companies) not less than twenty (20) times the limit of liability (per-occurrence) from time to time required hereunder for Grantee's Commercial General Liability Insurance coverage (or if such coverage is no longer available, its replacement); then Grantee may elect to self-insure for any or all of the required coverage.* Grantee is also responsible for causing its agents, contractors and subcontractors to comply with the insurance requirements of this Agreement at all relevant times.

13. Mechanics' Liens. Grantee shall keep the Property free and clear of all mechanics', material suppliers' or similar liens, or claims thereof, arising or alleged to arise in connection with any work performed, labor or materials supplied or delivered, or similar activities performed by Grantee or at its request or for its benefit. If any mechanics' liens are placed on the Property in connection with the activities or facilities set forth in this Agreement, Grantee shall promptly cause such liens to be released and removed from title, either by payment or by recording a lien release bond in the manner specified in California Civil Code Section 3143 or any successor statute.

14. Notice. Any notices or communications hereunder shall be in writing and shall be personally delivered or sent by first class mail, certified or registered, postage prepaid, or sent by national overnight courier, with charges prepaid for next business day delivery, addressed to the addressee party at its address or addresses listed below, or to such other address or addresses for a party as such party may from time to time designate by notice given to the other party. Notices shall be deemed received upon actual receipt by the party being sent the notice, or on the following business day if sent by overnight courier, or on the expiration of three (3) business days after the date of mailing.

If to PG&E:

Pacific Gas and Electric Company
Attention: Land Agent
343 Sacramento Street
Auburn, CA 95603

With a copy to:

If to Law Department via personal delivery or overnight courier:

Wendy T. Coleman, Esq.
Pacific Gas and Electric Company
77 Beale Street, Mail Code B30A
San Francisco, CA 94105
Phone No. (415) 973-6067

If to Law Department via standard U.S. Mail or by registered or certified mail, return receipt requested:

Wendy T. Coleman, Esq.
Pacific Gas and Electric Company
P.O. Box 7442
San Francisco, CA 94120

If to Grantee:

City of Folsom
50 Natomas Street
Folsom, CA 95630
Attention: Jim Konopka

With a copy to:

City of Folsom Attorney
50 Natomas Street
Folsom, CA 95630
Attention: Bruce Cline

15. Governing Law; Venue. This Agreement shall in all respects be interpreted, enforced, and governed by and under the laws of the State of California. PG&E and Licensee agree that the venue of any action, proceeding or counterclaim shall be in the County of Sacramento, California. The covenants of the parties contained in this section shall survive the termination of this Easement Agreement.

16. Entire Agreement. This Agreement supersedes all previous oral and written agreements between and representations by or on behalf of the parties and constitutes the entire agreement of the parties with respect to the subject matter hereof. This Agreement may not be amended except by a written agreement executed by both parties.

17. Binding Effect. This Agreement and the covenants and agreements contained herein shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective heirs, successors and assigns (subject to the provisions of Section 18). No assignment or delegation by Grantee, whether by operation of law or otherwise, shall relieve Grantee of any of its duties, obligations or liabilities hereunder, in whole or in part. The covenants of PG&E hereunder shall run with the land.

18. Assignment. Grantee shall not assign, convey, encumber, or otherwise transfer the easements and other rights herein conveyed, or any portion thereof or interest herein, without the prior written consent of PG&E. Such consent may be given or withheld by PG&E for any reason or for no reason, provided, however, that notwithstanding the foregoing, PG&E agrees that its consent will not be unreasonably withheld, delayed or conditioned in the case of: (a) a proposed transfer or dedication to a governmental agency, or (b) a proposed transfer to an Affiliate (as hereinafter defined) of Grantee, or (c) a proposed transfer to a public or private utility to which Grantee also transfers its interest in the Plant. For purposes of the foregoing, an Affiliate of Grantee means an entity that controls, is controlled by, or is under common control with Grantee; the term “**control**” means the possession, directly or indirectly, of the power, whether or not exercised, to direct or cause the direction of the management or policies of an entity, whether through the ownership of voting securities, by contract or otherwise; and the term “**controlled**” and “**common control**” have correlative meanings. Grantee acknowledges and agrees that in any instance where PG&E is required not to unreasonably withhold its consent, it shall be reasonable for PG&E to withhold its consent if any regulatory agency having or asserting jurisdiction over PG&E or the Easement Area, or having or claiming a right to review and/or approve the proposed transfer, fails to grant approval thereof (or imposes conditions on such approval which are not acceptable to PG&E, in its reasonable discretion). Grantee further acknowledges and agrees that in any instance where PG&E is required not to unreasonably delay giving or withholding its consent, it shall be reasonable for PG&E to make application for approval to any regulatory agency having or asserting jurisdiction, and to defer the giving or withholding of consent, without liability hereunder for delay, during the pendency and for a reasonable time following the conclusion of any such regulatory proceedings.

19. Attorneys’ Fees. Should either party bring an action against the other party, by reason of or alleging the failure of the other party with respect to any or all of its obligations hereunder, whether for declaratory or other relief, then the party which prevails in such action shall be entitled to its reasonable attorneys’ fees (of both in-house and outside counsel) and expenses related to such action, in addition to all other recovery or relief. A party shall be deemed to have prevailed in any such action (without limiting the generality of the foregoing) if such action is dismissed upon the payment by the other party of the sums allegedly due or the performance of obligations allegedly not complied with, or if such party obtains substantially the relief sought by it in the action, irrespective of whether such action is prosecuted to judgment. Attorneys’ fees shall include, without limitation, fees incurred in discovery, contempt proceedings and bankruptcy litigation, and in any appellate proceeding. The non-prevailing party shall also pay the attorney’s fees and costs incurred by the prevailing party in any post-judgment proceedings to collect and enforce the judgment. The covenant in the preceding sentence is separate and several and shall survive the merger of this provision into any judgment on this Agreement. For purposes hereof, the reasonable fees of PG&E’s in-house attorneys and the City of Folsom’s in-house attorneys who perform services in connection with any such action shall be recoverable, and shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the relevant subject matter area of the law, in the case of PG&E, in law firms in the City of San Francisco with approximately the same number of attorneys as are employed by PG&E’s Law Department and, in the case of the City of Folsom, in law firms in the City of Folsom with approximately the same number of attorneys as are employed by the City of Folsom’s Law Department.

20. No Waiver. No waiver with respect to any provision of this Agreement shall be effective unless in writing and signed by the party against whom it is asserted. No waiver of any provision of this Agreement by a party shall be construed as a waiver of any subsequent breach or failure of the same term or condition, or as a waiver of any other provision of this Agreement.

21. No Offsets. Grantee acknowledges that PG&E is executing this Agreement in its capacity as the owner of the Easement Area, and not in its capacity as a public utility company or provider of electricity and natural gas. Notwithstanding anything to the contrary contained herein, no act or omission of Pacific Gas and Electric Company or its employees, agents or contractors as a provider of electricity and natural gas shall abrogate, diminish, or otherwise affect the respective rights, obligations and liabilities of PG&E and Grantee under this Agreement. Further, Grantee covenants not to raise as a defense to its obligations under this Agreement, or assert as a counterclaim or cross-claim in any litigation or arbitration between PG&E and Grantee relating to this Agreement, any claim, loss, damage, cause of action, liability, cost or expense (including, but not limited to, attorneys' fees) arising from or in connection with Pacific Gas and Electric Company's provision of (or failure to provide) electricity and natural gas.

22. No Dedication. Nothing contained in this Agreement shall be deemed to be a gift or dedication of land or rights to the general public. The right of the public or any person, including Grantee, to make any use whatsoever of the Easement Area(s) or any portion thereof, other than as expressly permitted herein or as expressly allowed by a recorded map, agreement, deed or dedication, is by permission and is subject to the control of PG&E in its sole discretion.

23. No Third Party Beneficiary. This Agreement is solely for the benefit of the parties hereto and their respective successors and permitted assigns, and, except as expressly provided herein, does not confer any rights or remedies on any other person or entity.

24. Captions. The captions in this Agreement are for reference only and shall in no way define or interpret any provision hereof.

25. Time. Except as otherwise expressly provided herein, the parties agree that as to any obligation or action to be performed hereunder, time is of the essence.

26. Severability. If any provision of this Agreement shall be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby, and each provision of this Agreement shall be valid and enforced to the full extent permitted by law, provided the material provisions of this Agreement can be determined and effectuated.

27. Counterparts. This Agreement may be executed in identical counterpart copies, each of which shall be an original, but all of which taken together shall constitute one and the same agreement.

28. Other Documents. Each party agrees to sign any additional documents or permit applications which may be reasonably required to effectuate the purpose of this Agreement. Provided, however, that PG&E will not be required to take any action or execute any document that would result in any cost, expense or liability to PG&E.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first set forth above.

PACIFIC GAS AND ELECTRIC COMPANY, a California corporation

By: _____
Loren Loo

Its: Manager, Land Asset Management
Technical & Land Services

CITY OF FOLSOM, A Municipal Corporation: APPROVED

Date Kerry L. Miller, City Manager

ATTEST: FUNDING APPROVED

Christa Schmidt, City Clerk Navdeep S. Gill, Assistant City Manager/CFO

ORIGINAL APPROVED AS TO CONTENT: ORIGINAL APPROVED AS TO FORM:

Robert Goss, Parks & Recreation Director Bruce Cline, City Attorney

Exhibits A, B, C, and D attached

ADMINISTRATIVE INFORMATION BLOCK

Area 6-North Valley
Auburn Land Service Office
Operating Department: E-Trans
T.10N. R.07E. Sec.36 N2 of the NE4
FERC License Number:
PG&E Drawing Number: 135-34-076-1
LD of any affected documents: 2110-07-0310
LD of any Cross-referenced documents: 2110-07-0310
Type of Interest: 11c
SBE Parcel Number: 135-34-076
(For Quitclaims, % being quitclaimed):
Order# : 40617913-0011
JCN:
County: Sacramento
Utility Notice Numbers:
Prepared By: JTSg
Checked By: RLSz
Revision Number: 1

EXHIBIT A

PG&E REAL PROPERTY

LEGAL DESCRIPTION

The parcel of land, situate in the City of Folsom, conveyed by Beresa, Inc. to Pacific Gas and Electric Company by deed dated April 3, 1958 and recorded in Book 3495 of Official Records at Page 189 and again in Book 3547 of Official Records at Page 418 both Sacramento County Records.

EXHIBIT B
EASEMENT AREA

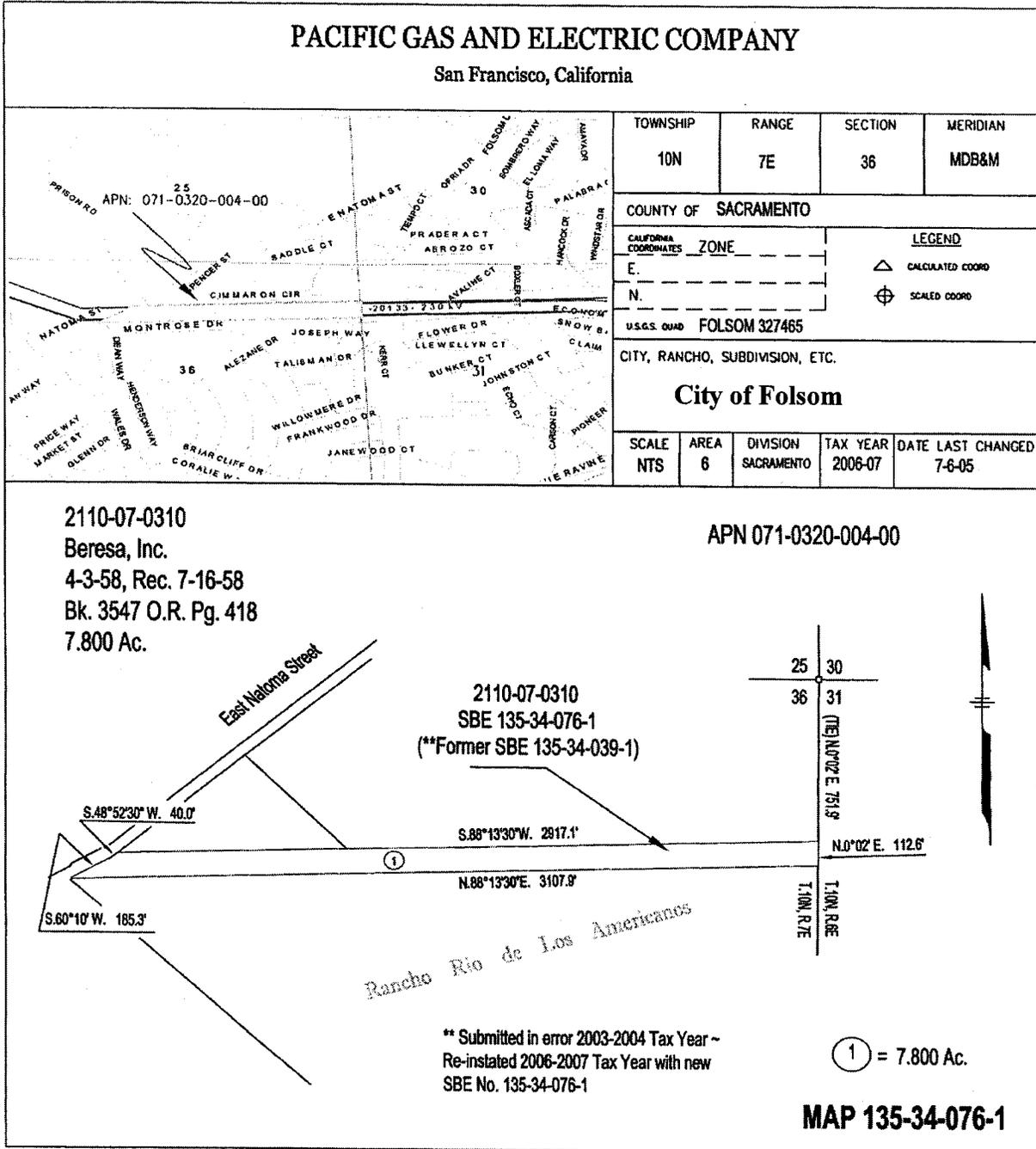


EXHIBIT D

INSURANCE REQUIREMENTS

Grantee shall procure, carry and maintain in effect throughout the term of this Agreement, in a form and with deductibles acceptable to PG&E and with such insurance companies as are acceptable to PG&E, the following insurance coverages (subject to periodic revision of the required coverage and limits of coverage as provided in Section 13 of this Agreement). Grantee is also responsible for the compliance of its contractors and subcontractors with the insurance requirements set forth below, as appropriate, provided that Grantee may, in the exercise of its reasonable judgment, permit its contractors and subcontractors to maintain coverages and limits lower than those specified below so long as the coverages and limits required by Grantee are commercially reasonable in light of applicable circumstances.

A. Workers' Compensation and Employers' Liability

1. Workers' Compensation insurance indicating compliance with any and all applicable labor codes, acts, laws or statutes, state or federal.
2. Employer's Liability insurance shall not be less than \$1,000,000 for injury or death, each accident.

B. Commercial General Liability

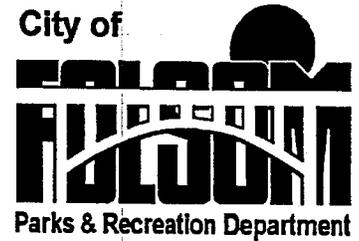
1. Commercial General Liability coverage with respect to the Easement Area and the use, occupancy and activities by and on behalf of Grantee, its employees and agents on or about the Easement Area, including construction and other related activities on the Easement Area, against claims for bodily injury (including death) and property damage (including loss of use), and at least as broad as the Commercial General Liability insurance occurrence policy form CG 00 01, or a substitute form providing equivalent coverage, covering liability imposed by applicable laws upon Grantee and such other insured parties ("**Commercial General Liability Insurance**"), having limits of not less than One Million Dollars (\$1,000,000) per occurrence, Two Million Dollars (\$2,000,000) aggregate for bodily injury and property damage, personal injury liability, and products and completed operations. Defense costs are to be provided as an additional benefit and not included within the limits of liability of the Commercial General Liability Insurance Products and completed operations coverage shall remain in effect until two (2) years following completion of construction.
2. Coverage shall include: a) an "Additional Insured" endorsement (ISO Additional Insured form CG 2026, or a policy provision or substitute endorsement providing equivalent coverage, as reasonably approved by PG&E) adding as additional insureds PG&E, its directors, officers, agents and employees with respect to liability arising out of work performed by or for Grantee and to the extent of the indemnity obligations assumed hereunder; and b) an endorsement or policy provision specifying that the Grantee's insurance is primary and that any insurance or self-insurance maintained by PG&E shall be excess and non-contributing.

C. Additional Insurance Provisions

1. Upon the Effective Date of the Easement Agreement, and before commencing any work, Grantee shall furnish PG&E with two (2) sets of certificates of insurance evidencing all required insurance for Grantee, including copies of required endorsements.
2. All policies shall provide (or be endorsed to provide), and all certificates of insurance shall expressly specify, that the insurer will provide PG&E thirty (30) days advance written notice of policy cancellation, failure to renew, or reduction of coverage.
3. Certificates of insurance must be signed by a person authorized by that insurer to bind coverage on its behalf. Certificates and endorsements shall be submitted to:

Pacific Gas and Electric Company Insurance Department - B24H Post Office Box 770000 San Francisco, California 94177	Pacific Gas and Electric Company 343 Sacramento Street Auburn, CA 95603 Attention: Land Agent
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4. Upon request, Grantee shall furnish PG&E evidence of insurance for its agents or contractors.
5. All insurance required under this Agreement shall be effected under valid enforceable policies issued by insurers of recognized responsibility, as reasonably determined by PG&E.
6. If Grantee is permitted to self-insure hereunder for any required insurance, and elects to do so, Grantee shall be liable to PG&E for the full equivalent of insurance coverage which would have been available to PG&E if the applicable insurance policies had been obtained by Grantee from a third party insurer, in full compliance with the provisions of this Exhibit D, and shall pay on behalf of or indemnify PG&E for all amounts which would have been payable by the third party insurer. In addition, Grantee shall act with the same promptness and subject to the same standards of good faith as would apply to a third party insurance company.
7. Any policy of liability insurance required to be maintained hereunder by Grantee may be maintained under a so-called "blanket policy" insuring other locations and/or other persons, so long as PG&E is specifically named as an additional insured under such policy and the coverages and amounts of insurance required to be provided hereunder are not thereby impaired or diminished. In addition, liability insurance coverages may be provided under single policies for the full limits, or by a combination of underlying policies with the balance provided by excess or umbrella liability insurance policies.
8. Grantee agrees, at PG&E's request, to deliver complete certified copies of all policies, and/or to permit PG&E to inspect the original policies at any time and from time to time.

CITY OF FOLSOM
Parks & Recreation Department
50 Natoma Street
Folsom, California 95630
(916) 355-7285
Fax (916) 351-5931



February 21, 2006

Justin Smith
PG&E
Land Services
343 Sacramento Street
Auburn, CA 95603

Subject: Bike Trail within PG&E Property

Dear Mr. Smith:

Attached for your review are the following items:

Completed property appraisal
Two Scenarios:

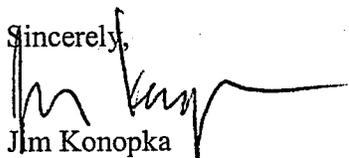
1. Value of a 20-foot wide trail easement for the length of the right-of-way.
2. Value of easement for the entire 7.8 acre property, with the bike trail to be constructed within the property.

The city would prefer to pursue the second scenario and acquire an easement over the entire 7.8 acres. As discussed with Robert, the City would entertain the idea of taking over maintenance of the corridor (including fire breaks, litter removal, weed abatement, etc.) in lieu of paying up front for the easement.

Let me know if you need any additional information and if you have any questions.

Thanks and I look forward to hearing from you soon.

Sincerely,



Jim Konopka

**COMPLETE APPRAISAL -
SUMMARY REPORT**
*Partial Acquisition for Phase I -
Oak Parkway Corridor Trail*
- Property Owned by -
Pacific Gas & Electric Co.
APN: 071-0320-004

Prepared for: Mr. Jim Konopka
c/o Parks & Recreation Department
City of Folsom
50 Natoma Street
Folsom, CA 95630

Prepared by: Vicki Briggs, MAI / Tim Landes, SRWA
Sierra West Valuation
164 Maple Street, Suite #1
Auburn, CA 95603

Value Date: February 2, 2006

Report Date: February 13, 2006

Sierra West  *Valuation*

*Tim Landes, SR/WA
Vicki Briggs, MAI*

*164 Maple Street, Suite 1
Auburn, California 95603*

February 13, 2006

Mr. Jim Konopka
c/o Parks & Recreation Department
City of Folsom
50 Natoma Street
Folsom, CA 95630

**Re: Complete Appraisal - Summary Report
Partial acquisition for a pedestrian/bike trail easement
Oak Parkway Corridor Trail
Utility corridor property owned by Pacific Gas & Electric Company
APN: 071-0320-004; City of Folsom**

Dear Mr. Konopka:

The following represents a Complete Appraisal – Summary Report which values the partial acquisition required from a 7.8-acre parcel owned by Pacific Gas & Electric Company described above. The acquisition is necessary for the construction of Phase I of the Oak Parkway Corridor Trail, to be completed by the City of Folsom along this 125' wide utility corridor. The PG&E property, as well as the easement to be acquired, stretches from East Natoma Street east to approximately 110 feet west of Willow Creek Drive. Ultimately the subject trail segment will be part of a three-mile long bike trail, which is planned to extend from East Natoma Street to the B.T. Collins Park.

The purpose of the appraisal is to estimate the *fair market value* of the partial acquisition required. The function of the report is for use in negotiations between the City of Folsom and the property owner (PG&E) for the acquisition of a permanent bike trail easement.

(continued)

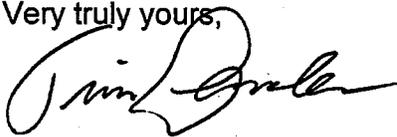
Mr. Jim Konopka
February 13, 2006
Page 2 of 2

The City has asked the appraisers to value the property under two acquisition scenarios as described on page 3. As exact language for the proposed easement document has not yet been drawn up, under both scenarios the appraisers have relied upon verbal information provided by the City as to the rights and corresponding obligations to be conveyed by the proposed pedestrian/bike trail easement. *The value conclusions reported herein are subject to the general and extraordinary assumptions and limiting conditions listed on pages 8-11 of the report. If actual language of the easement is substantially different than what has been provided, the appraisers reserve the right to amend the value conclusions reported herein.*

The appraisal report has been prepared in conformance with the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute, with eminent domain law within the State of California, and with the Uniform Standards for Professional Appraisal Practice (USPAP) adopted by the Appraisal Foundation. We hereby certify that we have impartially considered all of the data considered relevant to the valuation process and that we have no interest - past, present, or anticipated - in the property appraised.

If there are any questions or comments on this report, please feel free to contact us. Thank you for the opportunity to prepare this report for the City of Folsom.

Very truly yours,



Tim Landes, SRWA
California Certified General Real Estate Appraiser #AG005980



Vicki Briggs, MAI
California Certified General Real Estate Appraiser #AG008234

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Letter of Transmittal
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**SECTION I
INTRODUCTION**

Sierra West Valuation

PG&E Property - Phase 1 - Oak Parkway Corridor Trail
East Natoma Street to Willow Creek Drive, Folsom

Vicki Briggs, MAI & Tim Landes, SRWA

Executive Summary

- Purpose of the Appraisal:** To estimate the "fair market value" of a permanent pedestrian/bike trail easement to be acquired over a 125' wide; 7.8-acre strip of land owned in fee by the Pacific Gas and Electric Company. The valuation considers two potential acquisition scenarios for the easement, as described on the following page.
- Assessor's Parcel No.:** The PG&E property is identified as Sacramento County Assessor's Parcel No. 071-0320-004.
- Current Use of Property:** The property is currently being utilized by PG&E as a utility corridor supporting two sets of overhead transmission lines, including towers and guy wires. Other minor utility easements also cross through the property.
- Property Owner:** Pacific Gas and Electric Company (PG&E)
- Larger Parcel Appraised:** The 7.8-acre, 125' wide strip of land owned by PG&E represents the larger parcel appraised.
- Highest & Best Use:** Without the transmission lines, the highest and best use of the land would be for low-density residential and office development, in accordance with the zoning. As currently encumbered by the transmission lines, the highest and best use of the land is as part of a utility and recreational corridor.
- Adjacent Land Uses:** With a few exceptions, a majority of the land adjacent to the corridor is being utilized for residential and public purposes. Good quality single-family residences in the 3 to 4 lot per acre range along with the City owned water treatment plant property abut the north side of the corridor. Uses along the south side of the corridor include an office building, a private school (Saint John's elementary) single-family residences, duplexes and other small multi-family complexes.
- Appraisal Methodology:** As a utility corridor, the subject property represents a special purpose property. Valuation is based on the ATF (Across the Fence) methodology.

Sierra West Valuation

PG&E Property - Phase 1 - Oak Parkway Corridor Trail
East Natoma Street to Willow Creek Drive, Folsom

Vicki Briggs, MAI & Tim Landes, SRWA

Date of Value: February 2, 2006

Date of Report: February 13, 2006

Valuation Summary:

The following value conclusions are subject to the assumptions and limiting conditions summarized on pages 7 – 10.¹

- Under Scenario 1 the City of Folsom would acquire a surface easement for Phase I of the Oak Parkway pedestrian/bike trail over a 20' wide strip of land that will meander through the PG&E property, encumbering a total area of 59,000 s.f. The 10' wide middle portion of the easement will be paved with asphalt, with 4' wide gravel shoulders plus an additional 1' on each side, for a total 20' width. A map showing the location for the proposed bike trail easement is included on the following page.

Scenario 1 - Just Compensation Estimate: \$152,000

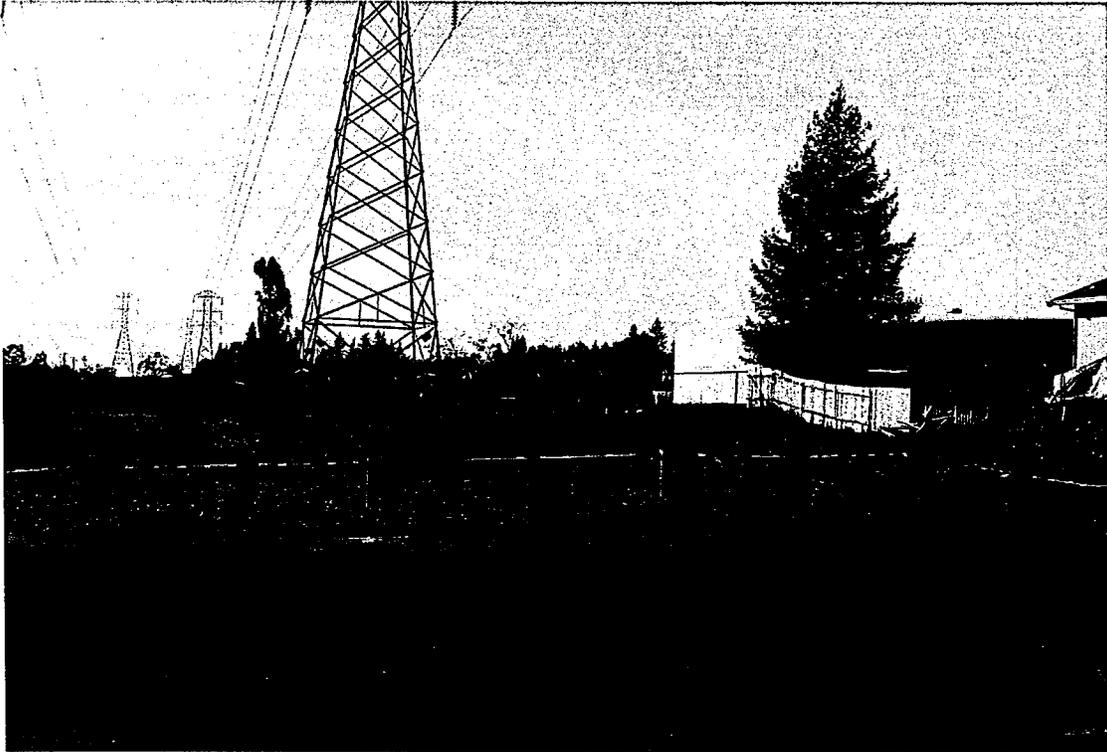
- Under Scenario 2 the City of Folsom would acquire a surface easement for a pedestrian/bike trail over the entire 7.8-acre (339,768 s.f.) corridor property owned by PG&E. The trail itself would be constructed by the City to the same specifications, and along the same route, as described for Scenario 1.

Scenario 2 - Just Compensation Estimate: \$225,000

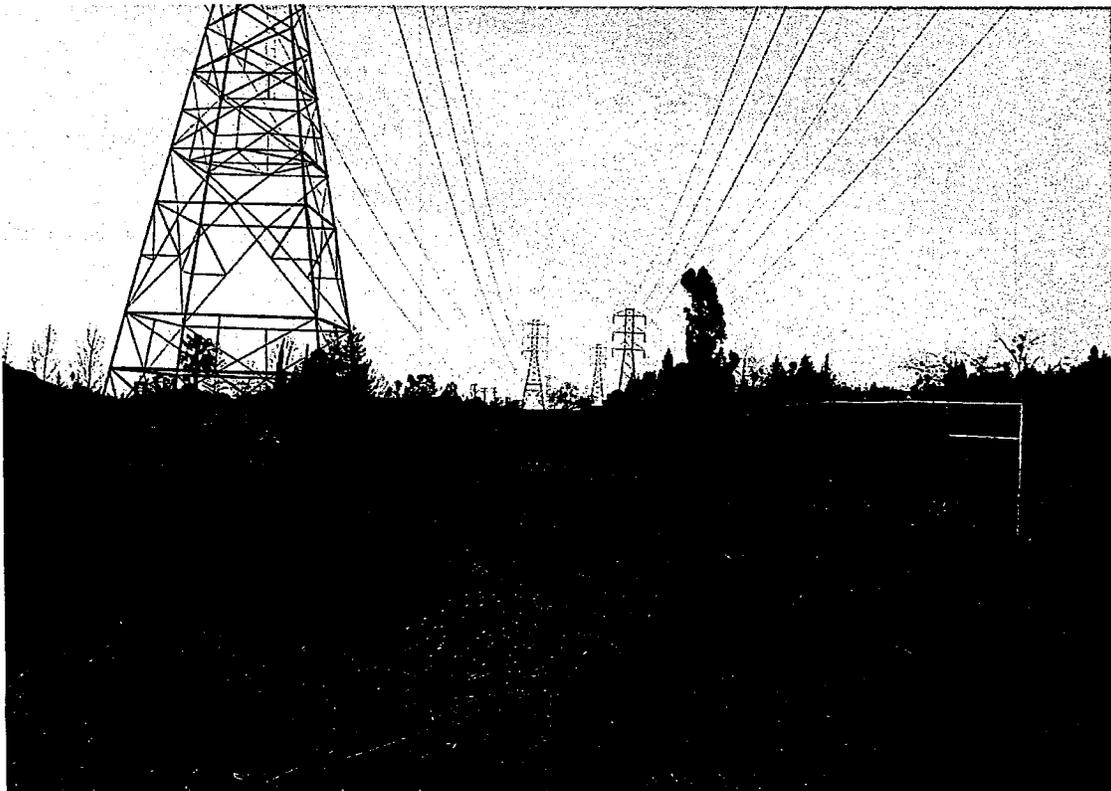
¹ Under both valuation Scenarios 1 and 2 it is an extraordinary assumption of this appraisal that PG&E will continue to have the right to unrestricted overhead, surface and underground use of their land in the after situation, so long as the proposed use does not interfere with the City's pedestrian/bike trail use. Furthermore, and under both valuation scenarios, it is assumed that the City of Folsom would be responsible for maintenance of the bike trail improvements but that PG&E would continue to be responsible for maintenance of the remainder of their property, outside the area of the bike path itself.

Sierra West Valuation

SUBJECT PHOTOGRAPHS



Looking west along PG&E corridor from Willow Creek Drive.



Typical view along corridor (looking west).

Scope of the Appraisal

To arrive at a fair market value for the property to be acquired, the following actions relating to valuation have been accomplished:

- The appraisers met with Jim Konopka with the City's Parks and Recreation Department to discuss the proposed bike trail project.
- A map of the "Oak Parkway Corridor Trail" dated February 2006, as prepared by the City of Folsom, was reviewed to obtain information regarding the overall property, the location and width of the proposed bike trail easement, and the existence and location of any other existing easements within the corridor.
- An investigation and analysis was made to determine the highest and best use of the subject property, which was determined to be for continued use as a utility corridor, with recreational use added.
- Research regarding corridor and utility line easement valuation was updated, including researching recent articles on the subject in the *Appraisal Journal*, published by the Appraisal Institute, and articles from *Right-of-Way Magazine*, published by the International Right of Way Association (IRWA).
- A physical inspection of the subject property was made and the adjoining land uses were noted. Land uses located immediately adjacent to the corridor were researched through visual inspection and through Metroscan data.
- The appraisers reviewed the preliminary title policy prepared by Placer Title Company (dated September 17, 2005). Easements and/or other exceptions noted in the title report were reviewed and considered by the appraisers as to possible impacts on use and value.
- Information on comparable land sales data considered relevant to the valuation at hand and which has been referenced in this report was collected and verified by County records and with parties involved in, or otherwise knowledgeable of the details for each transaction (including either buyer, seller, broker or appraiser, for each transaction).

The market data gathered during the preparation of this report is from sources believed to be reliable and which have been used to document the value conclusions herein.

Sierra West Valuation

PG&E Property - Phase 1 - Oak Parkway Corridor Trail
East Natoma Street to Willow Creek Drive, Folsom

Vicki Briggs, MAI & Tim Landes, SR/WA

Scope of the Appraisal

To arrive at a fair market value for the property to be acquired, the following actions relating to valuation have been accomplished:

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- A map of the "Oak Parkway Corridor Trail" dated February 2006, as prepared by the City of Folsom, was reviewed to obtain information regarding the overall property, the location and width of the proposed bike trail easement, and the existence and location of any other existing easements within the corridor.
- An investigation and analysis was made to determine the highest and best use of the subject property, which was determined to be for continued use as a utility corridor, with recreational use added.
- Research regarding corridor and utility line easement valuation was updated, including researching recent articles on the subject in the *Appraisal Journal*, published by the Appraisal Institute, and articles from *Right-of-Way Magazine*, published by the International Right of Way Association (IRWA).
- A physical inspection of the subject property was made and the adjoining land uses were noted. Land uses located immediately adjacent to the corridor were researched through visual inspection and through Metroscan data.
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The market data gathered during the preparation of this report is from sources believed to be reliable and which have been used to document the value conclusions herein.

Sierra West Valuation

PG&E Property - Phase 1 - Oak Parkway Corridor Trail
East Natoma Street to Willow Creek Drive, Folsom

Vicki Briggs, MAI & Tim Landes, SRWA

Property Identification/Legal Description

The property appraised consists of a 125-foot wide, 7.8-acre (339,768+/- s.f.) strip of land that is owned and being utilized by the property owner, PG&E, as a utility corridor, supporting two sets of overhead transmission lines. The property is identified as Sacramento County Assessors Parcel 071-0320-004, as shown on the map on the facing page. A legal description for the property is contained in the preliminary title report issued by Placer Title Company, dated September 14, 2005. A copy of the title report has been included in the report addenda.

The PG&E property is situated within an established, predominately residential neighborhood within the Folsom City limits. The property stretches from East Natoma Street at its west end, to approximately 110 feet west of Willow Creek Drive at its east end, an average distance of approximately 2,718 linear feet. The power lines continue both east and west of the subject parcel as easements, crossing through land under private ownership. East of the subject property the power lines cross through land in the Willow Creek Estates subdivision and to the west the power lines extend through the Folsom Prison property, which is owned by the State of California.

Purpose and Intended Use of the Appraisal

The purpose of this appraisal is to estimate the *fair market value* of the proposed partial acquisition based on the two alternative scenarios described herein. The appraisal is to be used by the client, the City of Folsom, in negotiations to acquire a pedestrian/bike trail easement from the property owner, PG&E.

Dates of Inspection and Date of Value

The appraisers inspected the subject property and the surrounding neighborhood at various times between December 2005 and February 2, 2006, the most recent date being the effective date of value for this appraisal.

Real Property Rights Appraised

The property rights appraised are estimated in *fee simple* subject only to any known leases/licenses/agreements/easements and rights of way of record.

Sierra West Valuation

PG&E Property - Phase 1 - Oak Parkway Corridor Trail
East Natoma Street to Willow Creek Drive, Folsom

Vicki Briggs, MAI & Tim Landes, SRWA

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report has been made subject to the following general assumptions and limiting conditions:

- This appraisal report has been prepared for the use of the client, the City of Folsom. No responsibility is assumed for its possession, use, or reliance upon factual data, or conclusions, contained herein by anyone other than the addressee. The report is intended solely for the purpose stated herein.
- The Appraisers assume no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor do the Appraisers render any opinion as to the title, which is assumed to be good and marketable.
- The Appraisers have made no survey of the property appraised and assume no responsibility in connection with such matters. Any sketch or identified survey of the properties included in this report is only for the purpose of assisting the reader to visualize the property.
- The Appraisers assume that there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. The Appraisers assume no responsibility for such conditions, or for engineering studies which might be required to discover such factors.
- The information identified in this report as being furnished by others is believed to be reliable, but no responsibility for its accuracy is assumed.
- The "Estimate of Fair Market Value" in the appraisal report is not based in whole or in part upon the race, color, or national origin of the prospective owners or occupants of the property appraised, or upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property appraised.
- It is assumed that the property appraised conforms to all applicable zoning and use regulations and restrictions unless such nonconformity has been identified, described and considered in the appraisal report.
- It is assumed that the properties are in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.

Sierra West Valuation

PG&E Property - Phase 1 - Oak Parkway Corridor Trail
East Natoma Street to Willow Creek Drive, Folsom

Vicki Briggs, MAI & Tim Landes, SR/WA

- It is assumed that the use of the land is confined within the boundaries or property lines of the property described, and that there is no encroachment or trespass unless otherwise noted in this report.
- Possession of this report, or a copy thereof, does not carry with it the right of publication.
- Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the written consent and approval of the appraiser.
- The liability of the appraiser, the appraisal firm, and/or its associates is limited to the client only and to the fee actually received by the appraisal firm. There is no obligation, accountability, or liability whatsoever to third parties. If the appraisal report is provided to anyone other than the client, the client shall make such party or parties aware of all limiting conditions and assumptions affecting the appraisal.
- Neither the appraiser nor the appraisal firm are in any way responsible for any costs incurred to discover or correct any physical, financial, and/or legal deficiencies of any type present in the subject property.

Sierra West Valuation

PG&E Property - Phase 1 - Oak Parkway Corridor Trail
East Natoma Street to Willow Creek Drive, Folsom

Vicki Briggs, MAI & Tim Landes, SRWA

EXTRAORDINARY ASSUMPTIONS

This appraisal report has been made subject to the following extraordinary assumptions:

- The scope of the appraisal is limited to the portion of the utility corridor owned by PG&E (i.e., the "larger parcel").
- Land areas quoted and used for the proposed easement were provided by the City of Folsom, Parks and Recreation Department. The proposed trail map and the square footage areas provided by the City were relied upon in this appraisal. The appraisers reserve the right to revalue the property if the areas should change.
- Exact language for the proposed easement document has not yet been drawn up. In valuing the proposed partial acquisition, the appraisers have relied upon verbal information provided by Jim Konopka with the City's Parks and Recreation Department. According to Mr. Konopka, the rights and corresponding obligations conveyed by the proposed pedestrian/bike trail easement will essentially be as follows:
 - Under both valuation scenarios, anything PG&E needs to do below, above or on the surface of their land can continue to be accommodated as long as it doesn't unreasonably interfere with the use of the pedestrian/bike trail.
 - PG&E would have the right to relocate the bike trail, or portions of the trail, within the corridor (at PG&E's expense) as long as the trail remains functional within the corridor.
 - The City would have the right to enter upon the easement corridor for all reasonable and necessary construction, maintenance and repair of the pedestrian/bike trail itself, including the use of maintenance vehicles as needed. *However, under both valuation scenarios it is assumed that PG&E would continue to be responsible for any and all maintenance required on the remainder of their property (outside the actual trail itself).*
 - The appraisal assumes that the City would indemnify PG&E (and its successors and assigns) against any liability for claims of injury to, or death of, persons or damage to property caused by public use of the easement corridor.
- The location and extent of any uses existing in the corridor (including easements, etc.) are assumed to be as represented by the map trail map provided by the City, and as described in the preliminary title report. *Unless otherwise specifically mentioned in the appraisal, other easements, licenses, and/or agreements that may exist within the*

Sierra West Valuation

PG&E Property - Phase 1 - Oak Parkway Corridor Trail
East Natoma Street to Willow Creek Drive, Folsom

Vicki Briggs, MAI & Tim Landes, SRWA

corridor are not considered to have a significant impact on the valuation. No independent investigation to confirm the existence and/or locations for additional easements that may or may not exist within the corridor has been made by the appraisers.

- The appraisal assumes the subject property to be unaffected by toxic waste or other potentially hazardous material resulting from past or present uses of the subject or of nearby properties. The appraisers are not experts in toxic or hazardous material recognition. If there is any doubt as to such toxic/hazardous presence on the subject property, the client should retain the services of a qualified engineering company.

Sierra West Valuation

PG&E Property - Phase 1 - Oak Parkway Corridor Trail
East Natoma Street to Willow Creek Drive, Folsom

Vicki Briggs, MAI & Tim Landes, SRWA

CERTIFICATION OF APPRAISERS

We hereby certify that:

- The undersigned appraisers have personally inspected the property herein appraised. A personal field inspection of the surrounding neighborhood and the comparable sales used in making the appraisals has also been made. The subject property and the comparable sales are as represented by the photographs and/or maps contained in the report.
- To the best of our knowledge and belief the statements contained in this appraisal are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions and conclusions.
- We understand that said appraisal is to be used in connection with negotiations between the City of Folsom and the Pacific Gas and Electric Company for the possible acquisition of a public pedestrian/bike trail easement.
- The analysis, opinions, and conclusions in this report were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Professional Practice of the Appraisal Institute and the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- That neither our employment nor the compensation made for making this appraisal and report, are in any way contingent upon the values reported herein. Our compensation is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- We have no direct or indirect, present or contemplated future personal interest in the properties appraised, or in any benefit from the acquisition of such properties, nor do we have any personal interest with respect to the parties involved.
- We have no bias with respect to the properties that are the subject of this report or the parties involved with the assignment.

(continued)

Sierra West Valuation

PG&E Property - Phase 1 - Oak Parkway Corridor Trail
East Natoma Street to Willow Creek Drive, Folsom

Vicki Briggs, MAI & Tim Landes, SRWA

CERTIFICATION OF APPRAISERS (con't)

- The undersigned appraisers have the necessary appraisal education and experience to competently complete the appraisal assignment.
- We have not revealed the findings and/or results of this appraisal to anyone other than the proper officials of the City of Folsom, and/or its designated representatives, and we will not do so until so authorized by the client, or until required to do so by due process of law, or until relieved of this obligation by having publicly testified as to such findings.
- The Appraisal Institute conducts a program of continuing education for its designated members. As of the date of this report, undersigned appraiser Vicki Briggs, MAI, has completed the requirements of the continuing education program of the Appraisal Institute.
- No one provided significant professional assistance to the persons signing this report.
- That said appraisal has been made in conformity with the appropriate State laws, Title VI of the 1964 Civil Rights Act, regulations and policies and procedures applicable to eminent domain real estate appraisals, and, that to the best of our knowledge, no portion of the value assigned to such properties consists of items which are non-compensable under law of California.



Tim Landes, SRWA
CA Certified General Real Estate Appraiser #AG005980

2/13/06
Date



Vicki Briggs, MAI
CA Certified General Real Estate Appraiser #AG008234

2/13/06
Date

**SECTION II
DEFINITIONS**

MARKET VALUE

The subject property is appraised based on its "Fair Market Value". Fair Market Value is defined in Section 1263.32 of the California Code of Civil Procedure as:

- a) "the *highest price* on the date of valuation that would be agreed to by a seller, being willing to sell but under no particular or urgent necessity for so doing, nor being obliged to sell, and a buyer, being ready, willing and able to buy but under no particular necessity for so doing, each dealing with the other with full knowledge of all the uses and purposes for which the property is reasonably adaptable and available.";
- b) "The fair market value of property taken for which there is no relevant comparable market is its value on the date of valuation as determined by any method of valuation that is just and equitable."

The above differs from the standard definition of "Market Value" as defined in the Uniform Standards of Appraisal Practice, which states as follows:

"The *most probable price* which a property would bring in a competitive and open market under conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title to a buyer under conditions whereby:

- 1) buyer and seller are typically motivated;
- 2) both parties are well informed or well advised, acting in what they consider their own best interests;
- 3) reasonable time is allowed for exposure in the open market;
- 4) payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
- 5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."

Sierra West Valuation

PG&E Property - Phase 1 - Oak Parkway Corridor Trail
East Natoma Street to Willow Creek Drive, Folsom

Vicki Briggs, MAI & Tim Landes, SR/WA

Special Purpose Property

The subject property represents a "special purpose" property, defined as:

"A limited-market property with a unique physical design, special construction materials, or a layout that restricts its utility to the use for which it was built."²

Methodology Used in Corridor Valuation

The methodology(s) selected as appropriate for valuation is determined based on the highest and best use concluded for the particular property appraised. As discussed later in this report, based on the unique physical features as well as the current use and demand for the subject property, the highest and best use of the property is for continued use as a utility/recreational corridor.

Corridor

A corridor is defined as a special purpose property assembled from portions of adjacent properties into a long narrow strip of land for which the highest and best use is for transportation, communication, utility and/or recreational purposes. A corridor connects end-points and serves in-between points with resultant economic and/or social advantages.³ The various appraisal methodologies appropriate for corridor valuation are described below. The methodology utilized for a particular corridor property is dependent upon its use.

Corridor Valuation - Methodologies

The range of possible valuation methodologies for a corridor include:

- **ATF (Across the Fence) Method:** ATF is the land valuation method most often used to estimate the value of a real estate corridor, including railroad or pipeline rights of way, highways, or other corridor real estate. The price or value of land adjacent to the corridor (i.e., "across the fence") is considered for the valuation. This is usually an intermediate value without (or prior to) the consideration of the corridor factor, as discussed below.
- **Sales Comparison Approach (Corridor Sales Analysis):** As is true for typical (non-special purpose use) properties, the Sales Comparison Approach can also be utilized in the valuation of corridors. As is always the case, the Sales Comparison Approach is most useful and applicable when several truly comparable properties located in the subject's immediate market area have recently sold. The sales are then adjusted to reflect any measurable differences

² Dictionary of Real Estate Appraisal, 3rd Edition, Appraisal Institute, page 342.

³ "Valuation of Transportation/Communication Corridors," *The Appraisal Journal* (October 1978); 509-522.

Sierra West Valuation

that may exist between the sale property and the subject. Unfortunately, it is extremely rare to have multiple corridors with similar uses and adjacent land uses sell within the same market area and within a similar time frame. Additionally, adjustments to reflect differences in location, physical encumbrances, corridor widths, and density of nearby development are difficult to support in the marketplace.

- **Corridor Factor:** (Also called *railroad factor, synergism factor, enhancement factor, or continuity factor.*) When a buyer pays more for a corridor than the market value developed via the ATF method, a corridor enhancement factor is created. *A corridor enhancement factor exists only if a buyer (or potential buyers) "acknowledge" that the assembled corridor is more valuable than the sum of its component parts.* Although by definition an enhancement factor must be a positive number, in some instances sales prices are quoted based on the ATF value times a discount percentage or factor. A discount factor would reflect the fact that while there is a demand for the property, the demand may be limited for that particular corridor.
- **Net Liquidation Value (NLV):** Net Liquidation Value is an appropriate method of valuation for a corridor if it has been determined that no demand exists for the property for continued use as a corridor. As such, the corridor is viewed as if divided up into smaller parcels, consistent with surrounding land subdivision, and sold off by a buyer of the former corridor who then sells off parcels on a piecemeal basis to adjacent owners, or others, over a reasonable time period. The NLV represents the present value of the net amount the investor/buyer would realize from the sale. Net proceeds are determined after all costs are deducted, including administrative, marketing, real estate taxes, clean-up, net demolition costs and the time value of money.
- **Replacement Cost New (RCN):** This method is also referred to as the "cost of assemblage". It includes the cost of the part taken (the land acquired to create a new corridor), appraisal, negotiation, acquisition and title costs, relocation of inhabitants and businesses, grading and project management costs as well as any demo costs.
- **Going Concern Value (GCV):** GCV represents "the value created by proven property operations; considered as a separate entity to be valued with a specific business establishment."⁴ GCV is often used in valuing an operating railroad corridor.

⁴ The Dictionary of Real Estate, 3rd Edition, 1993, Appraisal Institute

Sierra West Valuation

The cost of creating an entirely new corridor (Method 5) would represent the upper limit of value for a property and the net liquidation value (Method 4) would typically represent the lower limit of value. The market value of a property determined to have a highest and best use as a corridor should fall somewhere between these upper and lower extremes. The position within the two extremes depends upon the demand that exists for the corridor appraised.

Larger Parcel - Defined

In condemnation the *Larger Parcel* is defined as follows: "That tract or tracts of land which are under the beneficial control of a single individual or entity and have the same, or an integrated, highest and best use. Elements for consideration by the appraiser in making a determination in this regard are contiguity, or proximity, as it bears on the highest and best use of the property, unity of ownership, and unity of highest and best use."⁵ A *Larger Parcel* may include more than one "zone of value." A single property can have more than one highest and best use on differing sections of that property if each "zone of value" meets separate tests for highest and best use. For example, a homesite on an agricultural parcel can be valued at a different per unit value than the adjoining farmland. In valuing the subject property, the 7.8-acre property owned by PG&E represents the larger parcel appraised.

Easements - Defined

Easements are generally defined as: "A non-possessory interest in the land of another, which allows the owner of the easement to prohibit the landowner from making a particular use of the land."⁶ Easements can be either appurtenant easements, which pass with title, or in "gross", which are for specific persons or uses and end when that person dies or that particular use ceases.

Easements can generally be classified as either *permanent* or *temporary*. For example, for highway acquisition purposes, permanent easements can be for road slopes, utilities and/or drainage. Some states or localities may acquire the needed right of way for a roadway in an easement, rather than in fee simple. In the latter cases, if the use of the roadway/highway ceases, usually the land affected by the easements reverts back to the original owner, or successor in title, of the adjacent property.

⁵ *The Dictionary of Real Estate Appraisal*, Third Edition, Appraisal Institute, page 202

⁶Source: "Legal Aspects of Easements" manual, IRWA, page 6, revised 1988.

Sierra West Valuation

Temporary easements are used for various short-term purposes, such as a *temporary construction easement*, where land is "leased" for a specific period of time, after which time the easement ceases to exist and easement rights revert back to the property owner.

The valuation of easements is difficult, as normally there are few market examples that can be compared to the individual acquisition situation. The loss in market value of an easement can range from one percent to ninety-nine percent depending on the purpose of the easement and the restriction on the land's use to the "servient tenement" (i.e., the property over which the easement dominates). ***The measure of an easement's value is the loss of utility of the portion of the property encumbered by the easement plus any resulting damages to the remaining property caused by the easement and/or the easement's use.***

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East Natoma Street to Willow Creek Drive, Folsom

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**SECTION III
NEIGHBORHOOD AND PROPERTY DATA**

Sierra West Valuation

PG&E Property - Phase 1 - Oak Parkway Corridor Trail
East Natoma Street to Willow Creek Drive, Folsom

Vicki Briggs, MAI & Tim Landes, SRWA

NEIGHBORHOOD AND SUBJECT PROPERTY DESCRIPTION

The subject property extends east-west through a well-established residential neighborhood within the incorporated City limits of Folsom. The area was largely developed during the 1970's – 1990's, with very few vacant parcels of land remaining in this part of the City. Land along Natoma Street which abuts the west end of the subject property is improved with small commercial buildings and offices, including the offices for the City of Folsom, The Folsom State Prison and surrounding open space is west and northwest of Natoma Street and Folsom Lake is further to the north. Land to the south and east is developed with residential uses.

The City's 16.6-acre water treatment plant is located at the northeast end of the corridor and a private school (Saint John's elementary) abuts a portion of the south side of the corridor. The remaining properties immediately adjacent to the corridor are developed with residential uses, including single-family residences in the 3 to 4-lot per acre range north of the corridor, along Cimmaron Circle, and a mix of single family residences (along Ruth Court), duplexes, 4-plexes and other multi-family rental complexes along Montrose Way border the subject corridor on the south.

The residential lots abutting the north side of the PG&E property (along Cimmaron Circle) include the reservation of an 80' wide strip of land adjacent to the corridor for future vehicular ingress/egress rights - for a proposed arterial road (the extension of Oak Avenue Parkway). As a result, the fence lines for the residential lots along the north side of the PG&E property follow an irregular line, with some homeowners fencing in the 80' wide reservation as part of their yards and others constructing their fences to the north of the reservation area. According to City representatives, there are no current plans to construct this section of the roadway and it is unknown whether or not the road will ever be built.

Two sets of transmission lines extend through the PG&E property. The southern set of towers (Atlantic-Gold Hill, a 230 KV line) is located entirely within the limits of the PG&E property. The northern set (Placer-Gold Hill #1, a 115 KV line) overlaps onto a 25' wide PG&E easement which crosses through the rear yards of the residences on Cimmaron Circle (within the area reserved for the extension of Oak Avenue Parkway) and along the southern boundary of the City owned water treatment plant property.

In summary, the land uses in the neighborhood surrounding the subject property consists primarily of residential and public uses, with small office and commercial uses along Natoma Street.

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SUBJECT PROPERTY DESCRIPTION

Acre Size: 7.8-acres

Width: 125' wide (consistent width along the entire parcel)

Length: 2,718+/- Linear Feet (average)⁷

Terrain/Access: Terrain is rolling. The west end of the corridor includes a low-lying drainage area. Elevations range from a low of about 320' near the west end of the corridor to a high of 380' on the mid-portion of the property. Elevations near the east end of the property range from about 350' to 365'. The subject parcel extends between Natoma Street and just prior to Willow Creek Drive, with access currently available off of Willow Creek Drive and from the south side of the property, off of Marchant Drive, which dead ends at the PG&E property. A cyclone fenced pedestrian access trail crosses north/south through the PG&E property between Cimmaron Circle and Marchant Drive just west of the Saint John's school, providing pedestrian access to the school.

Surface Improvements: As described previously, two PG&E overhead transmission lines run east-west through the subject property. The 230 KV Atlantic-Gold Hill T/L is to the south and the 115KV Placer Gold-Hill T/L is to the north. Towers for the northern line overlap onto the privately owned properties north of the PG&E corridor, within a 25' wide utility easement granted to PG&E. The transmission lines continue east and west of the PG&E parcel via easements through both privately and publicly owned land.

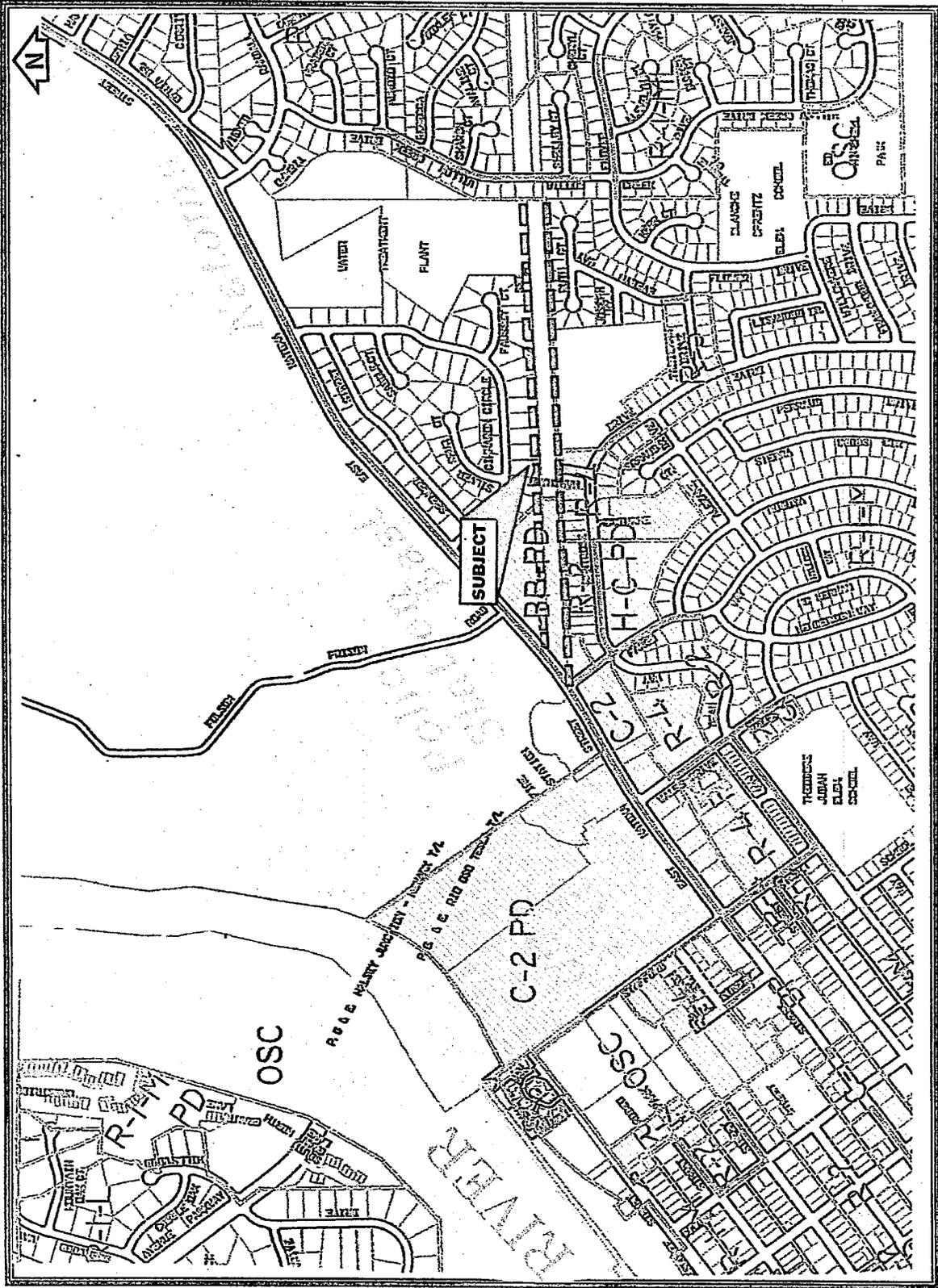
Legal Considerations

Existing Easements: Based on the preliminary title report issued for this property as well as the map for the proposed bike trail as provided by the City, the following easements currently encumber the subject property:

- Easement over said land in favor of Pacific Telephone for the right to construct, maintain and replace anchor and guys and to keep same free from trees or foliage. Said easement is indefinite as to location. (Recorded March 28, 1931, Book 340, Page 136.)

⁷ Since Natoma Street runs at an angle, the south line of the corridor extends further west than the north line.

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- 25' foot wide water pipeline easement granted to Natomas Water Company. (Recorded May 19, 1955, Book 2835, Page 391).
- 15' wide water pipeline easement (for two pipelines) in favor of the City of Folsom (Recorded June 25, 1976, Book 7606-24, Page 677)
- Concrete drain structure located near the easterly end of the property.
- 10' wide sewer pipeline easement in favor of the City of Folsom (Recorded July 31, 1978, Book 78-07-31, Page 1209).
- Easement for a 10' wide drainage ditch for conveying surface run-off water granted to the City of Folsom (Recorded May 23, 1979, Book 7905-29, Page 950)

With the exception of the power lines, which are linear easements, the easement map prepared by the City of Folsom shows easements crossing north/south through the PG&E property, but none of the easements extend lengthwise (east/west) through the property. Existing easements do not preclude the main use of the property for overhead transmission lines, nor would the towers or the easements appear to preclude the proposed surface use of the land for a pedestrian/bike trail.

General Plan:

The general plan designation for the subject is the same as for adjacent land, which includes single-family (SF) and multi-family uses (MLD). (Note: The subject property is not specifically designated as a corridor on the City of Folsom General Plan map.)

Zoning:

Refer to the zoning map on the facing page. The zoning for the PG&E property coincides with the zoning for the adjacent parcels to the north. The west end of the corridor is zoned for business-professional use (BP) and the remainder of the corridor is zoned for low-density residential use (R-1-ML; single-family residential, medium lot – 10,000 s.f. minimum lot size). A copy of the zoning map showing the location of the subject property and the properties adjacent to the subject corridor is shown on the facing page.

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Environmental Considerations:

Hazardous Wastes/Toxics: As stated in the "Extraordinary Assumptions" valuation assumes that the subject property is free and clear of toxic waste, asbestos, or other potentially hazardous material and/or substances resulting from past or present uses of the subject and/or of nearby properties.

Flood Hazard:

The subject property is located on FEMA Community Panel No's 0600263 003 B and 004C. The corridor property, as well as the immediately adjacent land, is located in Zone C an area of minimal flooding.

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**SECTION V
ANALYSIS AND VALUATION**

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Highest and Best Use Analysis – Before Situation

Determining the highest and best use of a property involves four stages of analysis, as follows:

- **Physically Possible:** What are the physical constraints on the property, i.e., terrain, access, utilities, etc.?
- **Legally Permissible:** Which uses are permitted by zoning, deed restrictions, etc.?
- **Financially Feasible:** Which of the legally permissible and physically possible uses appear to produce a positive return to the property owner?
- **Maximally Productive:** Among the uses determined to be legally permissible, physically possible, and financially feasible, which use will produce the highest net present value of the property?

Highest and best use analysis is especially important with respect to corridors because of its impact on the selection of the method, or methods, of valuation utilized. If, in the appraiser's opinion, the highest and best use of the land is for continued corridor operation, then Across the Fence (ATF) valuation provides an appropriate method of analysis. Courts recognize, and most corridor properties are valued based on, ATF. However, if it is determined that there is no current or anticipated future demand for continued corridor use, then the corridor should be viewed as divided up into smaller parcels, consistent with surrounding land subdivision, and/or sold to the adjacent owners (net liquidation).

The range of *possible* uses for corridor properties include, but are not limited to, the following:

- 1) Freight or passenger railroads
- 2) Highways, toll roads, busways, high-speed transit, or other roadways
- 3) Electrical transmission lines and fiber optic, coaxial and/or television cables
- 4) Sanitary and/or storm sewer lines
- 5) Gas, oil, and/or chemical pipelines
- 6) Flood control
- 7) Aqueducts
- 8) Non-traditional transportation and recreational uses including bikeways, pedestrian routes, hiking trails, bridle paths, etc.
- 9) Industrial or commercial uses related to and dependant upon operation of a corridor, including rail-served building sites, pumping stations, parking lots, interchanges, etc.
- 10) Linear parks
- 11) Land banking for a future (but currently unknown) use.

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Physically Possible Uses:

Size, shape, terrain, access, exposure, and the availability of utilities represent some of the most important physical considerations for real estate. The subject property has a uniform width of 125'. While corridors can vary substantially in width, a corridor must be wide enough to accommodate its "primary function", which in this case is a location for overhead transmission lines. Access is another important consideration. In this case the subject property extends between Natoma Street and Willow Creek Drive, with access currently available off Willow Creek Drive or from south of the corridor, off of Marchant Drive, which dead-ends at the PG&E property. Although the subject property abuts Natoma Street, access is not currently available at that end.

The subject property represents a short segment of a longer utility corridor that extends as an easement through land under multiple ownerships. Physically the long, narrow shape of the subject land is well suited for use as a utility corridor, with other properties sharing similar physical characteristics typically being used for some type of corridor purpose. With the power lines remaining in place it would also be physically possible to split up (liquidate) the land and sell off smaller pieces to adjacent landowners, who would add the land to their existing yards. Other possible uses for the land that would also be physically possible with the power lines remaining in place include parking, a contractors storage yard, additional utilities, and recreational uses including tennis courts, linear park, bike path, and similar uses.

Despite the narrow shape of the property, if the power lines were removed a much broader range of uses would be possible for the land. The PG&E property could be developed as a roadway, connecting between Natoma Street and Willow Creek Drive. Additionally, the 125' strip would be wide enough to support a residential development of single-loaded lots (homes along only one side of the street). An example of this situation is provided by the East Land Park subdivision in Sacramento County, where a similar long, narrow strip of land that was originally part of the Walnut Grove Branch line railroad corridor was recently developed as a 90-lot residential subdivision. Small office buildings likely also could be accommodated near the west end of the corridor, although the terrain in this area would constrain the uses made in this area.

Legally Permissible Uses:

Deed restrictions, zoning regulations, building codes, special district considerations and controls as well as environmental regulations may preclude certain uses and will impact the highest and best use of a property. As described previously, the subject has the same zoning as the immediately adjacent parcels to the north. The far western portion of the

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corridor property, as well as the adjacent land to both the north and a smaller area to the south is designated for business professional use. The remainder of the corridor, as well as the land to the immediate north of the corridor, is zoned for low-density single-family residential development, with a 10,000 s.f. minimum lot size. No private deed restrictions are known to exist on the corridor property, the land is not in a flood plain nor is it known to be subject to any special environmental regulations, historic district controls or unusual building restrictions. The property is not specifically designated for preservation as a corridor in the City's general plan.

Financially Feasible Uses:

Financially feasible uses for the subject property that are also both legally permissible and physically possible include both continued corridor use by one or more corridor users, or subdivision of the corridor into smaller parcels to be sold off to either adjacent landowners or to other users for independent use. Absent the power lines, the most economic use of the property would be for development of the property in accordance with the zoning, including low-density single-family residences along with a limited area for small professional offices near Natoma Street.

Maximally Productive Use:

To represent the maximally productive use of the land, the use made of a property must be probable, as opposed to speculative or conjectural. A possible demand must exist for the use, and it must return to the land the highest net return over the longest period of time.

A corridor's value rests with its ability to connect two points with resulting benefits or economic advantage to a variety of users. As the corridor owned by PG&E is comparatively short in length, the additional demand for this property as a utility corridor would be expected to be fairly limited. In addition to the existing power lines and the proposed bike trail, other possible uses for the property as a corridor include additional above-ground or underground utilities, communications, energy transport, drainage, or as a linear park. With the power lines remaining in place the land could also be utilized by adjacent property owners on a limited basis; however, all but one vacant parcel adjacent to the corridor has already been developed. As a result, adjacent property owners would likely have little incentive to acquire the land and the price would have to be steeply discounted to entice an adjacent owner to buy.

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Absent the power lines, the most economic use of the subject land would be for development in accordance with the zoning, including low-density single-family residences, with a professional office use near Natoma Street.

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VALUATION METHODOLOGY

The selection of the most appropriate method of valuation for the subject property is based on the highest and best use concluded for the property. In this instance the subject is a special purpose property functioning as a utility corridor. The ATF method of corridor valuation is considered to be appropriate, with the valuation taking into account the zoning for the corridor property as well as for surrounding land uses.

1) Across the Fence (ATF) Value:

Valuation of a corridor using the ATF methodology is based on the premise that the corridor land should be worth at least as much as the land through which it passes. The ATF method utilizes a variation of the sales comparison approach, based on the concept of "what would the highest and best use of each segment of the corridor be if it enjoyed the characteristics of typical parcels found in the immediate vicinity, rather than the actual size, shape and access attributes of the existing corridor".

The first step in determining the ATF value is to separate the subject property into segments based on physical boundaries, zoning and the highest and best use of the corridor as well as the adjacent land. The next step is to collect and verify land sales considered to be as similar as possible to the typical property within that land segment. Their appropriate unit (i.e., per lot or per square foot) sale price is then computed. Appropriate adjustments are then made to the sale properties for location, access, availability of utilities, motives of buyer and seller, etc. The comparable sales are then reconciled to conclude to a per-unit value for each property use within the segment. The appraiser then summarizes the ATF values for the segments to estimate the ATF value for the entire corridor property. When appropriate, areas for public streets and existing easements, if any, are then discounted to reflect their restricted use.

For the purpose of this analysis the land sales data considered appropriate for valuation of the subject corridor consists of tentatively mapped low-density residential land along a majority of the corridor and business professional zoned land at the west end of the corridor. Several of the comparable land sales used to value the subject are summarized on the table on the following page. All of the sales conveyed fee interest in the properties sold and all sales involved either cash or financing deemed to be cash equivalent. The comparables selected and given most consideration by the appraisers included properties located in Folsom and other neighborhoods with similar property values within the Sacramento region.

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LAND SALES DATA

#	Location/APN	Sale Date	Sale Price	Site Size	Price / Acre Price/SF	Comments
RESIDENTIAL LAND						
1	Proposed Almond Wood subdivision (sold without a tentative map) 5845 Almond Avenue, Orangevale APN: 261-0270-013, Sacramento County	6/04 COE (4- month escrow)	\$4,260,000	10.0 Gross Ac	\$426,000/Acre \$9,78/SF	RD-4 zoning allows 4 homes per acre. There was no tentative map at the time of sale. Buyer Crestleigh Homes is processing all plans & engineering & hopes to develop the property with 38 SFR lots.
2	Fieldstone Meadows (sold with a tentative map) S side of East Bidwell Street, East of Woodsmoke Way, City of Folsom APN: 072-0032-004	7/04 COE (April 2004 contract)	\$12,905,000	23.96 Gross Ac	\$538,606/Gross Ac	89 lot subdivision now under construction (3.7 lots per gross acre). Wetlands to east of property had to be avoided & construction of retaining wall was required. Buyer originally estimated costs to finish lots @ \$48,590/lot, but actual costs ended up much higher @ \$75,000/lot. No Mello Roos bonds.
3	Brentwood Village & The Estates @ Brentwood (sold with tentative maps) SEC Pecan Avenue & Greenback Lane, Orangevale APN's: 223-0161-015 & 016	5/05 (Feb. 2005 contract)	\$10,608,524	20.0 Gross Ac Gross = Net	\$530,426/Acre \$12.18/SF	Two - 10 acre parcels sold with tentative maps for a 35-lot subdivision (The Estates) and a 88 lot cluster home development (Brentwood Village). The average density for the two projects is 6.15 lots per acre. The purchase price was impacted by the fact that lot development costs were anticipated to be higher than typical due to required sewer and off-site drainage upgrades required in this older, infill neighborhood (\$6,690,000, or \$54,387/lot average).
4	Stock Ranch Parcel 3 (Portion) SEC Fountain Square Drive & Stock Ranch Road, Citrus Heights APN: 243-0010-027; Sacramento County	Current Escrow (to close March '06)	\$9,200,000	12.96 Gross Ac 11.2 developable 163 Units 12.6 units/acre	\$821,429/Net Ac \$18.86/Net SF	Higher Density Project (12.6 units per acre). Purchase is contingent upon tentative map approval, which buyer is responsible for processing. The price is fixed regardless of the number of units approved. 163 unit attached condo project is proposed.
BUSINESS PROFESSIONAL LAND (BP)						
7	Vacant parcel located to the immediate north of the subject PG&E property - E side Natoma Street North of Montrose Drive City of Folsom APN: 071-0320-042	6/04	\$670,000	4.86 Gross Ac 2.5 to 3.0 +/- Ac estimated to be useable	\$137,860/Gross Ac \$223,333 to \$268,000/useable Ac \$5.13 to \$6.15/net SF	BP zoned parcel located to the immediate north of the subject corridor. Difficult property to develop due to drainage swales, oak trees and access, similar to the terrain at the west end of the subject property. In addition, 80' wide strip along southern boundary must be left open for potential future dedication of Oak Avenue. Buyer originally planned to change zoning to allow residential use but was unsuccessful. Current plans are for multi-building professional office complex.
8	SEC Kilgore Road & Trade Center Drive Rancho Cordova APN: 072-0223-001, 002 & 003	1/05	\$1,337,500	4.64 Acres	\$288,254/Acre \$6.62/SF	MP zoned land located in the Capital Center business park to be developed with office buildings.

Segment lengths as well as the square footage estimated for the subject corridor and the two different land uses adjoining the PG&E property are summarized below. Based on the sales data, the ATF value is concluded for the two segments.

- **Segment 1:** Natoma Street to the easterly boundary of the business-professional zoned site along the north side of the corridor, a distance of 960+/- linear feet (per the APN map). The square footage indicated for Segment 1 is 120,000 s.f. (125' width x 960 LF). Terrain along this portion of the corridor is varied and a drainage swale cuts through the western portion of the corridor property, as well as through portions of the adjacent vacant BP land to the immediate north and south. The physical features of the property negatively impact its use potential, as well as value, as evidenced by the selling price reported for Sale 7, which represents the June 2004 sale of the 4.86-acre parcel to the immediate north of the PG&E corridor. Considering the terrain in this area, and relying primarily on Sale 5, the value estimated for this segment of the corridor is \$240,000 per acre, or approximately \$5.50 per square foot.
- **Segment 2:** The remaining 1,758 LF (219,750 s.f.) of the corridor, from the east end of Segment 1 to the east end of the PG&E property is valued in accordance with the zoning for the corridor, and for the adjacent land uses, which is R-1-ML (single-family, 10,000 s.f. minimum lot size). Sale 1 represents the low end of the range due primarily to the fact that there was no tentative map at the time of purchase. Sales 2 and 3 sold with tentative maps and were approved for densities that were similar to what would be permitted by the zoning on the subject land. Sale 4 represents a current escrow on much higher density land (12.6 units per acre), which will close escrow once the tentative map is approved. Placing most weight on Sales 2 and 3, with adjustments for the passage of time, location and other factors of comparison, the value of Segment 2 is estimated at \$575,000 per acre, or \$13.20/s.f.

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CONCLUSION - ATF VALUE FOR THE CORRIDOR

The following table includes a summary of the ATF values for the two corridor segments:

Description	Zoning	Linear Feet Along Corridor	SF Area (LF x125')	Est. ATF Value (\$/SF)	Indicated ATF Value
Segment 1	BP	960 LF	120,000 SF	\$ 5.50/SF	\$ 660,000
Segment 2	R-1-ML	1,758 LF	219,750 SF	\$13.20/SF	\$2,900,700
CORRIDOR TOTALS:		2,718 LF	339,750 SF (7.8 Ac)	\$10.48/SF \$456,410/Ac	\$3,560,000 (rd)

Before Value of the Larger Parcel

The ATF value (\$3,560,000, or \$10.48/s.f.) estimated for the subject property reflects the value of the land unencumbered by the transmission lines and/or other existing easements on the property. At this point the question to be answered is: What could be done with the property before the transmission towers and lines were present that cannot be done now that they are present?

Without the encumbrance imposed by the transmission lines and towers, the land could be put to use for office and residential development in accordance with the zoning. However, with the restrictions imposed by the transmission lines, only secondary surface uses are possible, along with underground and limited overhead uses. In other words, the transmissions lines significantly diminish the range of additional uses for the property.

As discussed in the highest and best use analysis, possible secondary uses for the utility corridor include parking, contractors storage yard, a location for additional utilities, tennis courts, a linear park and similar uses. Since nearly all of the properties adjacent to the power lines have already been developed, there would be little demand in this area for additional parking. A contractor's storage yard would not be permitted by the zoning and would likely be adamantly opposed by adjacent residents. The only remaining practical secondary uses for the property are to accommodate additional utilities, or for recreational purposes including a bike or horse trail, tennis courts, or a linear park.

Considering the extent of the limitation on use, a 75% reduction in the ATF value is estimated for the PG&E property due to the presence of the transmission lines. Although a few other utility easements also cross through portions of the subject land,

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those easements encumber much smaller areas, are much less invasive and are not estimated to impact the use or value of the subject land to a significant degree.

The estimated before value of the land, subject to the encumbrance from the transmission lines is estimated to be equal to 25% of the unencumbered fee value, which equates to a 75% reduction in the value of the unencumbered fee value of the land, or **\$890,000 (\$2.62/s.f.)** calculated as follows:

$$(\$10.48/\text{s.f.} \times 25\%) \times 339,768 \text{ s.f.} = \$890,000 (\$2.62/\text{s.f.})$$

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AFTER VALUE – SCENARIO 1

Before Area:	339,768 s.f.; 7.8 acres
Permanent pedestrian/bike trail easement:	59,000 s.f.; 1.4 acres
Remainder outside the pedestrian/bike trail easement:	280,768 s.f.; 6.4 acres

Under acquisition Scenario 1 the City would acquire a permanent easement for the proposed Oak Parkway corridor pedestrian/bike trail over 59,000 s.f. of the subject parcel. The easement would encumber a 20' wide strip of land that will meander back and forth through the property, avoiding the towers. The 10' wide middle portion of the easement will be paved with asphalt, with 4' wide gravel shoulders plus an additional 1' on each side, for a total 20' width. Construction work will be accomplished from within the easement area. Refer to the map showing the location of the proposed bike trail easement on page 4.

Value of the Part Taken – Scenario 1:

As discussed previously, the loss in market value from an easement can range from one percent to ninety-nine percent of fee value, depending on the purpose of the easement and the restriction on the land's use to the "servient tenement" (i.e., the property over which the easement dominates). The measure of an easement's value is the loss of utility to the portion of the property encumbered by the easement plus any resulting damages to the remaining property caused by the easement and/or the easement's use. The valuation should reflect what the owner has lost, not what the acquiring party has gained. Again, the question to be answered is: What could be done with the subject land before the pedestrian/bike trail easement was present that cannot be done once the trail easement is present?

In this case PG&E would continue to be able to utilize their land for its current purpose, as a utility corridor and the presence of the bike trail would not be expected to adversely impact that use. Likewise, liability issues should not be a consideration as it is assumed that the City would indemnify PG&E (and its successors and assigns) against any liability for claims of injury to, or death of, persons or damage to property caused by public use of the bike trail. Even if PG&E decided to relocate a tower on the property, or add some other new use of the land within the bike trail easement, they would have the right to do so as long as they recreated the bike trail in another functional location on the property. (PG&E would, however, incur costs to replicate the trail on another portion of the property.) The land underlying the trail easement would also continue to be available for other purposes, including utilities, like sewer and water lines, and,

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depending on height, overhead uses might also be possible. The land outside the bike trail easement could be utilized for other purposes, such as tennis courts, a dog park, or for other recreational or utility purposes.

As discussed above, the before value of the land as encumbered by the transmission lines is estimated to be 25% of the estimated ATF value, or \$2.62/s.f. (\$10.48/s.f. ATF value x 25%) x 339,768 s.f. = \$890,000 (\$2.62/s.f.). As other surface uses will no longer be possible in the area of the bike path easement, the trail easement is estimated to devalue the 59,000 s.f. acquisition area to some degree. However since other underground and some overhead uses will continue to be possible, it is logical that the land would be devalued by somewhat less than the full \$2.62/s.f.

Examples of other similarly invasive easements known to the appraisers to have been acquired within corridors in other parts of Sacramento Region indicate a diminution in value for this type of easement in the range of about 50%. As an example, in 2002 the City of Sacramento negotiated the acquisition of emergency access and bike path easements along a 15' wide section of a corridor property owned by Regional Transit in the South Land Park neighborhood at 50% of ATF value (there were no overlapping easements or encumbrances). Sewer line easements were subsequently acquired within, as well as outside, portions of the above easement area, with the acquisition price being equal to 50% x 50% of the ATF value.

Considering the limitations that the proposed bike path easement will impose on the property, the acquisition is valued at 50% of the ATF value, as already encumbered by the power lines, or:

$$(\$10.48/\text{s.f.} \times 25\%) \times 50\% \times 59,000 \text{ s.f.} = \$77,290$$

Rounded to: \$78,000

Value of the Remainder as Part of the Whole – Scenario 1:

The before value, less the Value of the Part Taken equals the Value of the Remainder as Part of the Whole, or:

Before Value of the Larger Parcel (unencumbered)	Before Value as Encumbered by the Transmission Lines	Less the Value of the Part Taken	= Value of the Remainder as Part of the Whole (before considering damages/benefits)
\$3,560,000 (\$10.48/s.f.)	\$890,000 (\$2.62/s.f.)	\$78,000	\$812,000

Sierra West Valuation

Value of the Remainder, Considering Damages – Scenario 1:

Pipelines and most other linear easements typically run through a property along a straight line. In this case, because of differences in terrain and to avoid the transmission towers, the bike path easement will meander back and forth over the 125 width of the corridor. Although PG&E will have the right to relocate the bike path within the corridor, costs would be involved. The City would not have the right to relocate the bike path outside the easement area, however, its meandering course will make it less convenient for PG&E to make other use of the remaining property. As a result, the 280,768 s.f. remainder outside of the 59,000 s.f. area of the bike trail easement itself is estimated to be damaged to some degree, estimated at 10% of the encumbered fee value, or:

$$[(\$10.48/\text{s.f.} \times 25\%) \times 10\%] \times 280,768 \text{ s.f.} = \$73,561$$

Rounded to: \$74,000

Value of the Remainder, Considering Benefits - Scenario 1

While the neighborhood in general will benefit from the presence of the bike trail no benefits specific to the subject property are estimated. Therefore, the value of the remainder, considering damages and benefits, is estimated as follows:

Value of the Remainder as Part of the Whole, as Encumbered by the Transmission Lines (before considering damages/benefits)	Less Damages	Value of the Remainder Considering Damages and Benefits:
\$812,000	\$74,000	\$738,000

Sierra West Valuation

**SCENARIO 1
SUMMARY OF JUST COMPENSATION
ACQUISITION OF A 20' WIDE / 59,000 SF TRAIL EASEMENT**

Estimated ATF value before the taking – if unencumbered.....	\$3,560,000
Estimated value before the taking – with the transmission lines.....	\$ 890,000
Estimated value after the taking, before damages	\$ 812,000
Estimated value after taking, after damages	\$ 738,000
Estimated value after taking with benefits	\$ 738,000
Estimated Just Compensation	\$ 152,000

Summary of Just Compensation:

Value of the Part Taken:

- *Fee Acquisition:* n/a
- *Permanent Bike Trail Easement:*

(\$10.48/s.f. x 25%) x 50% x 59,000 s.f. = \$ 78,000

Total Land Taken = \$ 78,000

Estimated Damages to the Remainder: \$ 74,000
 Less: Benefits: (n/a)
 Net Severance Damages: \$ 74,000

Costs-to-Cure: \$ -0-

TOTAL ESTIMATED JUST COMPENSATION: **\$ 152,000**

Construction Contract Work:

Not applicable.

NOTE: The above value conclusions are subject to the extraordinary assumptions listed on pages 10 & 11.

Sierra West Valuation

AFTER VALUE – SCENARIO 2

Before Area:	339,768 s.f.; 7.8 acres
Permanent pedestrian/bike trail easement:	339,768 s.f.; 7.8 acres

Under acquisition Scenario 2 the City would acquire a permanent easement for the proposed Oak Parkway corridor pedestrian/bike trail over the *entire* 7.8-acre subject parcel. Even though the easement extends over the entire property the City would locate the bike trail along the same route as shown on the map (in the same location as for Scenario 1). The trail itself would continue to consist of a 10' wide paved section with 4' wide gravel shoulders plus an additional 1' on each side, for a total 20' width.

Value of the Part Taken – Scenario 2:

PG&E would continue to be able to utilize their land for its current purpose, as a utility corridor, and the presence of the bike trail would not adversely impact that use. As described in Scenario 1, with indemnification from the City, liability issues would not be a consideration. As described in the extraordinary assumptions, despite the encumbrance by the City, anything PG&E needs/wants to do below, above or on the surface of their land can continue to be accommodated as long as it doesn't unreasonably interfere with the use of the pedestrian/bike trail.

However, the bike path easement over the entire parcel raises the possibility of uses by the City ancillary to recreational activities. Such an easement might result in a shift of the location of the bike path itself within the corridor. At the very least, a bike path easement over the entire surface area of the corridor would require PG&E to gain approval from the City for another surface use in order to insure that the City's interests in the easement are protected. While the servient tenement will likely be granted affirmative responses to such requests from the dominant tenement, acceptance can not be guaranteed; at the least a level of bureaucracy will be installed to further prohibit free use of the property now held by PG&E in fee simple.

Sierra West Valuation

PG&E Property - Phase 1 - Oak Parkway Corridor Trail
East Natoma Street to Willow Creek Drive, Folsom

Vicki Briggs, MAI & Tim Landes, SRWA

For the above reasons, the land outside of the actual 20-foot wide bike path is reduced in value to a greater extent than the 10% diminution in Scenario 1. A 20% reduction in the before value is considered reasonable under Scenario 2, while the land within the bike path is reduced by 50% as in Scenario 1, or:

▪ Permanent easement for 20'-wide bike path:			
	59,000 s.f. @ [(\$10.48 x 25%) x 50%]	=	\$ 78,000
▪ Permanent bike path easement over the remaining			
	PG&E corridor: 280,768 s.f. @ [(\$10.48 x 25%) x 20%	=	<u>\$147,122</u>
<i>Value of the part taken – Scenario 2</i>		=	<u>\$225,122</u>
	<i>Rounded to</i>	=	\$225,000

Value of the Remainder as Part of the Whole – Scenario 2:

The before value, less the Value of the Part Taken equals the Value of the Remainder as Part of the Whole, or:

Before Value of the Larger Parcel (unencumbered)	Before Value as Encumbered by the Transmission Lines	Less the Value of the Part Taken	= Value of the Remainder as Part of the Whole (before considering damages/benefits)
\$3,560,000 (\$10.48/s.f.)	\$890,000 (\$2.62/s.f.)	\$225,000	\$665,000

Value of the Remainder, Considering Damages – Scenario 2:

No damages are estimated beyond the reduction in value to the overall property shown above. Therefore, the value of the remainder, considering damages, is estimated to be \$665,000.

Value of the Remainder, Considering Benefits - Scenario 2

The neighborhood in general will benefit from the presence of the bike trail however no benefits specific to the subject property are estimated. Therefore, the value of the remainder, considering damages and benefits, is estimated as follows:

Value of the Remainder as Part of the Whole, as Encumbered by the Transmission Lines (before considering damages/benefits)	Less Damages	Value of the Remainder Considering Damages and Benefits:
\$665,000	-0-	\$665,000

Sierra West Valuation

**SCENARIO 2
SUMMARY OF JUST COMPENSATION
TRAIL EASEMENT ENCUMBERING THE ENTIRE (7.8 ACRE) PG&E PROPERTY**

Estimated ATF value before the taking – if unencumbered.....	\$3,560,000
Estimated value before the taking – with the transmission lines.....	\$ 890,000
Estimated value after the taking, before damages	\$ 665,000
Estimated value after taking, after damages	\$ 665,000
Estimated value after taking with benefits	\$ 665,000
Estimated Just Compensation	\$ 225,000

Summary of Just Compensation:

Value of the Part Taken:

▪ <i>Fee Acquisition:</i>	<i>n/a</i>
▪ <i>Permanent Bike Trail Easement</i>	
Permanent easement for 20'-wide bike path:	
59,000 s.f. @ [(\$10.48 x 25%) x 50%]	= \$ 78,000
▪ Permanent bike path easement over the remaining	
PG&E corridor: 280,768 s.f. @ [(\$10.48 x 25%) x 20%]	= <u>\$147,122</u>
Total Land Taken	= \$225,122

<i>Estimated Damages to the Remainder:</i>	\$ N/A
Less: Benefits:	<u>(N/A)</u>
Net Severance Damages:	\$ -0-

<i>Costs-to-Cure:</i>	<u>\$ -0-</u>
------------------------------	---------------

TOTAL ESTIMATED JUST COMPENSATION:	\$225,122
	<i>Rounded to: \$225,000</i>

Construction Contract Work:

Not applicable.

NOTE: The above value conclusions are subject to the extraordinary assumptions listed on pages 10 & 11.

Sierra West Valuation

PG&E Property - Phase 1 - Oak Parkway Corridor Trail
East Natoma Street to Willow Creek Drive, Folsom

Vicki Briggs, MAI & Tim Landes, SR/WA

ADDENDA

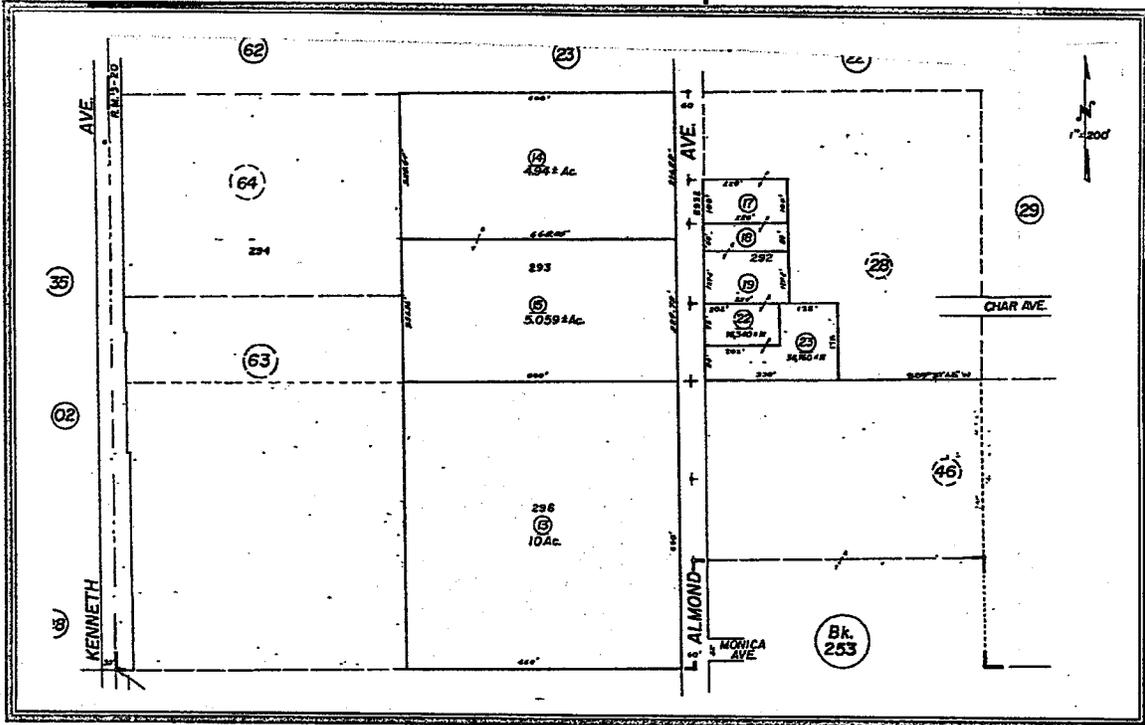
- *Parcel Maps - Comparable Land Sales*
- *Preliminary Title Report*
- *Appraiser Qualifications*

Sierra West Valuation

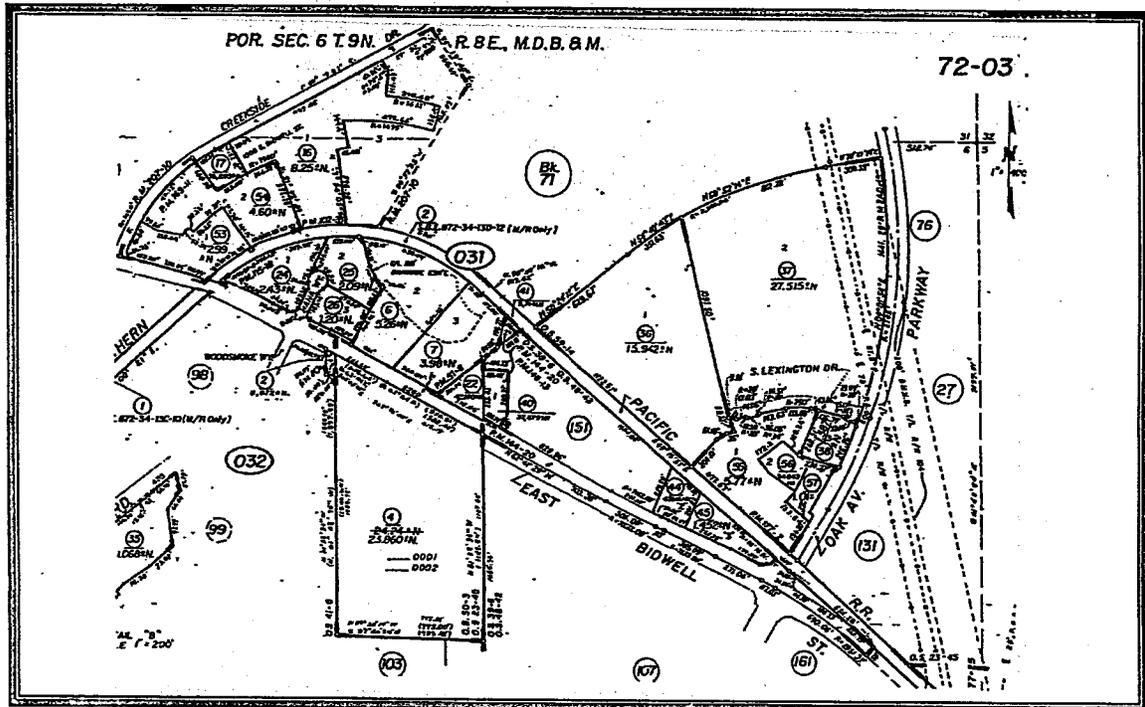
PG&E Property - Phase 1 - Oak Parkway Corridor Trail
East Natoma Street to Willow Creek Drive, Folsom

Vicki Briggs, MAI & Tim Landes, SRWA

Land Sale Parcel Maps

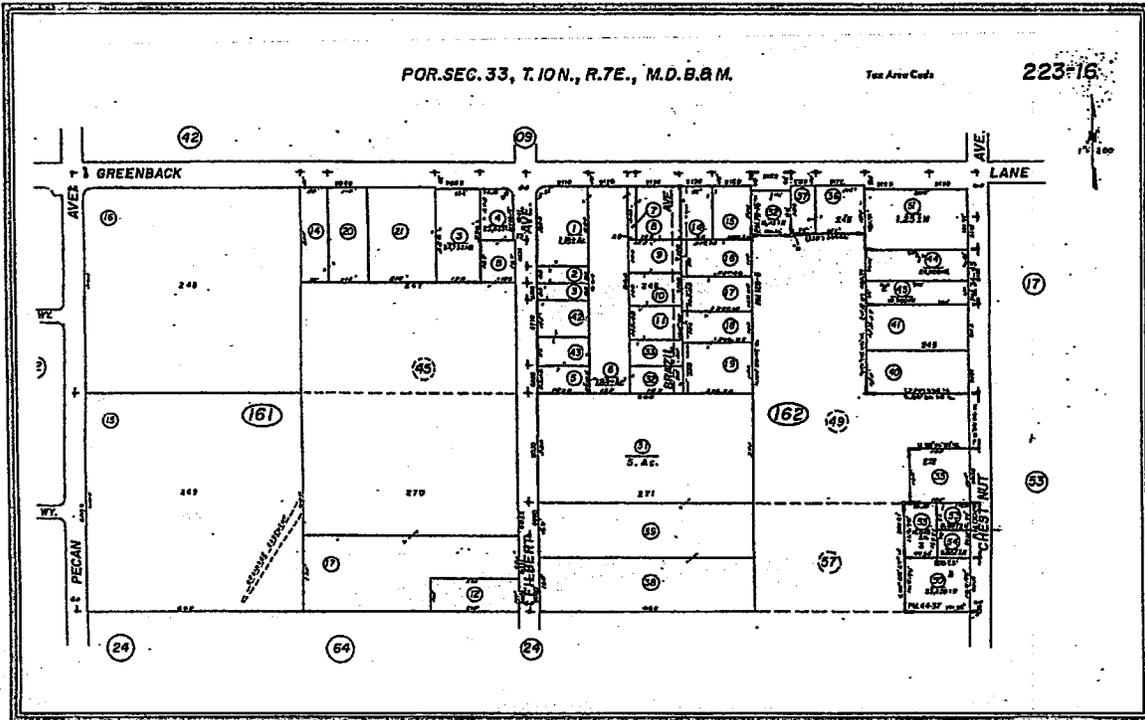


Residential Land Sale 1 (Almond Wood Subdivision)

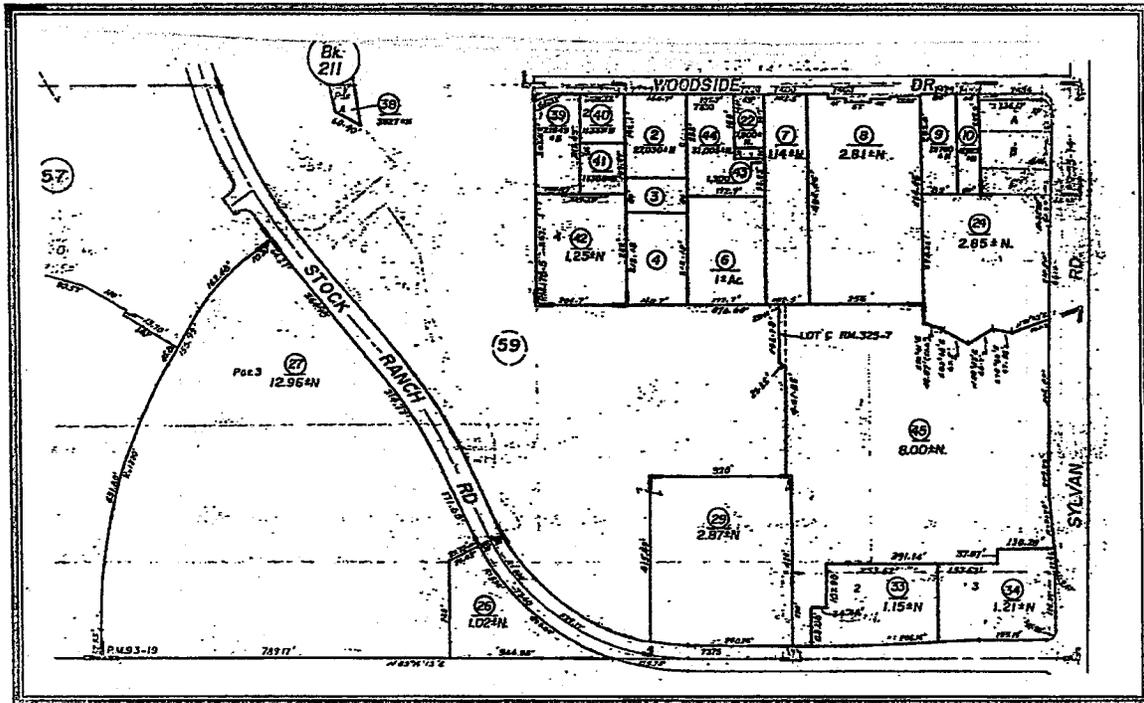


Residential Land Sale 2 (Fieldstone Meadows Subdivision)

Land Sale Parcel Maps

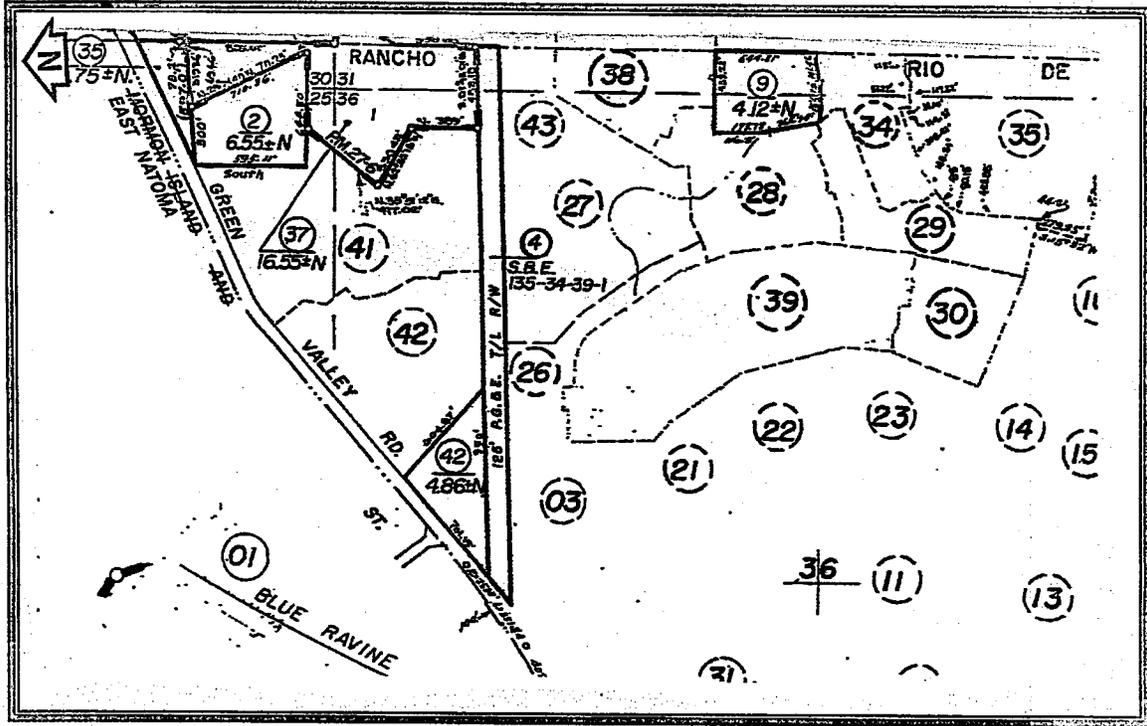


Residential Land Sale 3 (Brentwood Village & Estates @ Brentwood Village)

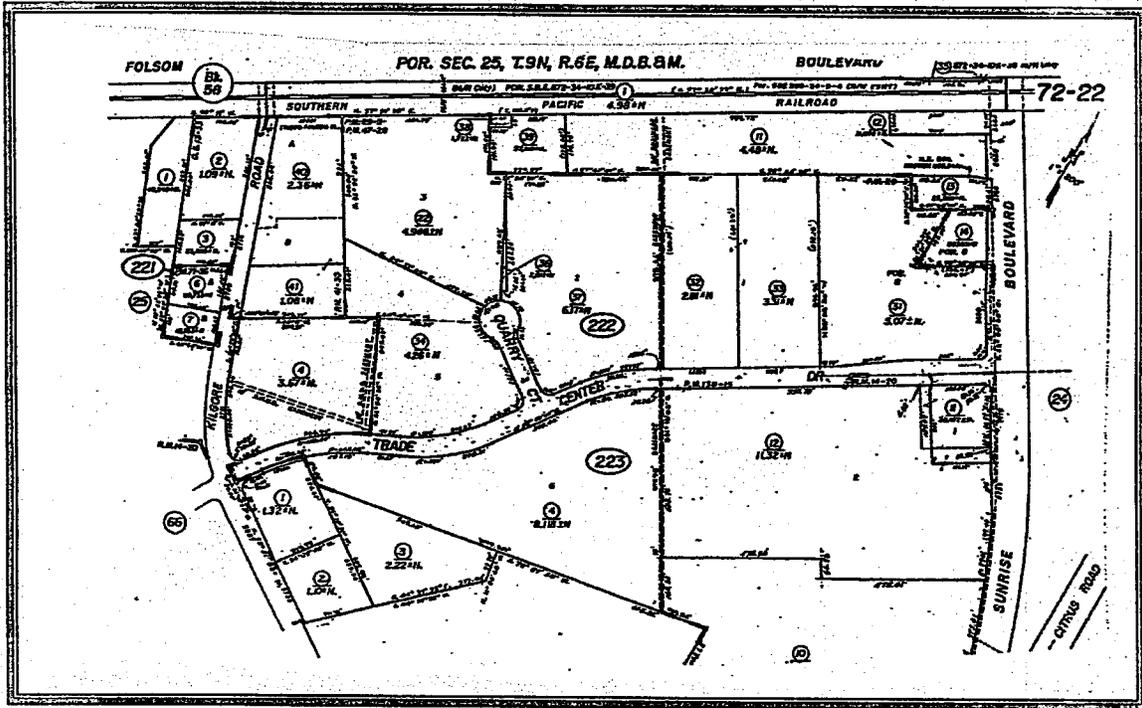


Residential Land Sale 4 (Stock Ranch – Triangle Parcel)

Land Sale Parcel Maps



BP Land Sale 7 – East side Natoma Street North of PG&E Parcel



BP Land Sale 8 – Vicinity of Kilgore Road & Trade Center Drive

PLACER TITLE COMPANY

Preliminary Report

Order No. 407-4714

Issued By:

PLACER TITLE COMPANY
1143 SIBLEY STREET
SUITE 500
FOLSOM, CA 95630
Escrow Officer: Cara Filipelli
Phone: 916-353-1953
Fax: 916-353-1073
Escrow Officer Email: cfilipelli@placertitle.com
Email Loan Docs To: 407edocs@placertitle.com

Customer Reference: A.P.N. 071-0320-004

Property Address: A.P.N. 071-0320-004, FOLSOM, CA 95630

In response to the above referenced application for a policy of title insurance, PLACER TITLE COMPANY hereby reports that it is prepared to issue, or cause to be issued, through one of its authorized underwriters, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception below or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said Policy forms.

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said Policy or Policies are set forth in the attached. Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in the attached. Copies of the Policy forms should be read. They are available from the office which issued this report.

PLEASE READ THE EXCEPTIONS SHOWN OR REFERRED TO BELOW AND THE EXCEPTIONS AND EXCLUSIONS SET FORTH IN THE ATTACHED CAREFULLY. THE EXCEPTIONS AND EXCLUSIONS ARE MEANT TO PROVIDE YOU WITH NOTICE OF MATTERS WHICH ARE NOT COVERED UNDER THE TERMS OF TITLE INSURANCE POLICY AND SHOULD BE CAREFULLY CONSIDERED. IT IS IMPORTANT TO NOTE THAT THIS PRELIMINARY REPORT IS NOT A WRITTEN REPRESENTATION AS TO THE CONDITION OF TITLE AND MAY NOT LIST ALL LIENS, DEFECTS AND ENCUMBRANCES AFFECTING TITLE TO THE LAND.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

Dated as of September 14, 2005 at 7:30 a.m.

Title Officer: Jimi Hans

Order No. 407-4714

The form of policy of title insurance contemplated by this report is:

CLTA Owners Policy

The estate or interest in the land hereinafter described or referred to covered by this Report is:

A FEE SIMPLE

Title to said estate or interest at the date hereof is vested in:

PACIFIC GAS AND ELECTRIC COMPANY, A CALIFORNIA CORPORATION

The land referred to herein is described as follows:

SEE EXHIBIT "A" ATTACHED

EXHIBIT "A"
LEGAL DESCRIPTION

THE LAND DESCRIBED HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF SACRAMENTO, CITY OF FOLSOM, AND IS DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF THAT CERTAIN 115 ACRE PARCEL OF LAND DESCRIBED IN THE DEED FROM FOLSOM DEVELOPMENT ASSOCIATION TO BERESA, INC., DATED JANUARY 7, 1957 AND RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY OF SACRAMENTO IN BOOK 3249 OF OFFICIAL RECORDS AT PAGE 521, SAID NORTHEAST CORNER BEING IN THE WESTERLY BOUNDARY LINE OF SECTION 31, TOWNSHIP 10 NORTH, RANGE 8 EAST, M.D.B. & M., FROM WHICH THE PIPE WITH A U. S.G.L.O. BRASS CAP IN A ROCK MOUND MARKING THE NORTHWEST CORNER OF SAID SECTION 31 BEARS NORTH 0 DEGREES 02' EAST 751.9 FEET DISTANT AND RUNNING THENCE ALONG THE BOUNDARY LINE OF SAID 115 ACRE PARCEL OF LAND THE FOLLOWING THREE COURSES AND DISTANCES, NAMELY: SOUTH 88 DEGREES 13' AND ONE-HALF WEST 2918.1 FEET; THENCE SOUTH 48 DEGREES 52' AND ONE-HALF WEST 40.0 FEET; AND THENCE SOUTH 60 DEGREES 10' WEST 185.3 FEET; THENCE NORTH 88 DEGREES 13' AND ONE-HALF EAST, PARALLEL WITH AND DISTANT 112.5 FEET SOUTHERLY FROM (MEASURED AT A RIGHT ANGLE TO) THE NORTHERLY BOUNDARY LINE OF SAID 115 ACRE PARCEL OF LAND, 3107.9 FEET TO THE EASTERLY BOUNDARY LINE OF SAID 115 ACRE PARCEL OF LAND, SAID LAST MENTIONED BOUNDARY LINE BEING THE WESTERLY BOUNDARY LINE OF SAID SECTION 31; THENCE NORTH 0 DEGREES 02' EAST; ALONG THE LAST MENTIONED BOUNDARY LINE, 112.6 FEET, MORE OR LESS, TO THE POINT OF BEGINNING AND BEING A PORTION OF RANCHO RIO DE LOS AMERICANOS.

APN 071-0320-004 (PORTION)

EXCEPTIONS

At the date hereof exceptions to coverage in addition to the printed Exceptions and Exclusions in said policy form would be as follows:

1. TAXES, SPECIAL AND GENERAL, ASSESSMENT DISTRICTS AND SERVICE AREAS FOR THE FISCAL YEAR 2005-2006, A LIEN, NOT YET DUE OR PAYABLE.
2. PROPERTY TAXES AS ASSESSED ON THE COUNTY UTILITY TAX ROLL BY THE STATE BOARD OF EQUALIZATION, WHICH A LIEN FOR THE FISCAL YEAR OF 2005-2006.
3. THE LIEN OF SUPPLEMENTAL TAXES, IF ANY, ASSESSED PURSUANT TO THE PROVISIONS OF CHAPTER 3.5, (COMMENCING WITH SECTION 75) OF THE REVENUE AND TAXATION CODE, OF THE STATE OF CALIFORNIA.
4. RIGHTS AS TO THAT PORTION OF THE HEREIN DESCRIBED PROPERTY LYING WITHIN ANY PUBLIC ROAD.
5. ANY ENCROACHMENTS OF EXISTING PUBLIC UTILITIES THAT MAY HAVE BEEN INSTALLED WITHIN.
6. AN EASEMENT OVER SAID LAND FOR THE RIGHT TO CONSTRUCT, PLACE, INSPECT, MAINTAIN AND REPLACE THEREON ONE ANCHOR AND GUYS, AND TO KEEP THE SAME FREE FROM ANY TREES OR ANY PARTS OF TREES OR ANY FOLIAGE, AS GRANTED TO THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY, IN DEED RECORDED MARCH 28, 1931, IN BOOK 340 AT PAGE 136, OFFICIAL RECORDS.

INDEFINITE AS TO EXACT LOCATION

NO REPRESENTATION IS MADE AS TO THE CURRENT OWNERSHIP OF SAID EASEMENT.

7. AN EASEMENT OVER SAID LAND FOR TO BUILD, CONSTRUCT, RECONSTRUCT AND TO OPERATE AND MAINTAIN WATER PIPELINES TOGETHER WITH ANY AND ALL APPURTENANCES APPERTAINING HERETO AND INCIDENTAL PURPOSES, AS GRANTED TO NATOMAS WATER COMPANY, A CORPORATION, IN DEED RECORDED MAY 19, 1955, IN BOOK 2835 AT PAGE 391, OFFICIAL RECORDS.

NO REPRESENTATION IS MADE AS TO THE CURRENT OWNERSHIP OF SAID EASEMENT.

8. AN EASEMENT OVER SAID LAND FOR THE RIGHT TO EXCAVATE FOR, INSTALL, REPAIR, MAINTAIN AND USE A TWO PIPELINES FOR CONVEYING WATER AND INCIDENTAL PURPOSES, AS GRANTED TO THE CITY OF FOLSOM, IN DEED RECORDED JUNE 25, 1976, IN BOOK 7606-24 AT PAGE 677, OFFICIAL RECORDS.

NO REPRESENTATION IS MADE AS TO THE CURRENT OWNERSHIP OF SAID EASEMENT.

9. AN EASEMENT OVER SAID LAND FOR THE RIGHT TO EXCAVATE FOR, INSTALL, REPAIR, MAINTAIN AND USE A SEWER PIPE LINE AND INCIDENTAL PURPOSES, AS

EXCEPTIONS
(Continued)

GRANTED TO THE CITY OF FOLSOM, IN DEED RECORDED JULY 31, 1978, IN BOOK 78-07-31 AT PAGE 1209, OFFICIAL RECORDS.

NO REPRESENTATION IS MADE AS TO THE CURRENT OWNERSHIP OF SAID EASEMENT.

- 10. AN EASEMENT OVER SAID LAND FOR THE RIGHT TO EXCEVATE FOR, CONSTRUCT, MAINTAIN AND USE A DRAINAGE DITCH FOR CONVEYING SURFACE RUN-OFF WATER AND INCIDENTAL PURPOSES, AS GRANTED TO THE CITY OF FOLSOM, IN DEED RECORDED MAY 23, 1979, IN BOOK 7905-29 AT PAGE 950, OFFICIAL RECORDS.

NO REPRESENTATION IS MADE AS TO THE CURRENT OWNERSHIP OF SAID EASEMENT.

- 11. ANY OUTSTANDING TRUST INDENTURES OR MORTGAGES TO SECURE ANY BOND ISSUES EXECUTED BY PACIFIC GAS AND ELECTRIC COMPANY OR ITS PREDECESSORS.
- 12. VESTEE, BEING A PUBLIC UTILITY, IS SUBJECT TO THE JURISDICTION OF THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA AND MAY BE SUBJECT TO THE INTERSTATE COMMERCE ACT IF ENGAGED IN INTERSTATE COMMERCE.
- 13. DISCREPANCIES, CONFLICTS IN BOUNDARY LINES, SHORTAGES IN AREA, ENCROACHMENTS OR ANY OTHER FACTS WHICH A CORRECT SURVEY WOULD DISCLOSE AND WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
- 14. ANY UNRECORDED LEASES OR SUBLEASES AFFECTING THE HEREIN DESCRIBED PROPERTY.

NOTE: THIS TRANSACTION IS NOT ELIGIBLE FOR THE SHORT TERM RATE.

CHAIN OF TITLE REPORT:

ACCORDING TO THE PUBLIC RECORDS, NO DEEDS CONVEYING THE PROPERTY DESCRIBED IN THIS REPORT HAVE BEEN RECORDED WITHIN A PERIOD OF 2 YEARS PRIOR TO THE DATE OF THIS REPORT, EXCEPT AS SHOWN HEREIN:

NONE

THIS REPORT IS SUBJECT TO A MINIMUM CANCELLATION CHARGE OF \$400.00 AS REQUIRED BY SECTION 12404 OF INSURANCE CODE AND RULE 2 OF BULLETIN NO.

**APPRAISAL QUALIFICATIONS
OF
TIM LANDES, SR/WA**

General Experience

Entered the real estate field in 1970, with specialization in eminent domain real estate appraising since 1971. Employed with the Maryland Department of Transportation as: Negotiator; Relocation Officer; Appraiser (eight years), and; Senior Review Appraiser (seven years). Independent appraiser and consultant in California since 1986.

Types of Property Appraised

Commercial retail/office, medical office, industrial, multi-family residential, single-family residential, subdivisions, agricultural, recreational and various special purpose properties. Experienced in eminent domain appraising, partial acquisitions, leasehold interests, easements, toxic contamination, railroad rights of way valuation. Appraisal review services for governmentally funded projects involving all property types.

Formal Education

- Master of Business Administration (MBA), 1982
Frostburg University, Frostburg, Maryland
- Bachelor of Arts, 1970
Virginia Polytechnic Institute, Blacksburg, Virginia

Specialized Education

Appraisal Institute Courses & Seminars:

Standards & Ethics (USPAP)	2005, Sacramento, CA
Support for Capitalization Rates	2004, Lake Tahoe, Nevada
Land Valuation Adjustments	2003, Lake Tahoe, Nevada
Appraisal Consulting	2002, Reno, Nevada
Corridors and Rights of Way; Valuation & Policy	2002, Washington, DC
Valuation of Detrimental Conditions In Real Estate	2002, Jacksonville, Florida
Law & Value – Telecommunications & Corridor Valuation	2001, Sacramento, CA
Standards and Ethics	2001, Sacramento, CA
"The Master's Class"	2000, Sacramento, CA
Report Writing	1989, Sacramento, CA
Case Studies	1989, Tempe, Arizona
Capitalization Theory (I-B)	1988, Sacramento, CA
Industrial Valuation	1984, Columbus, Ohio
Investment Analysis	1983, Chapel Hill, NC
Condemnation Appraising	1975, Chicago, Illinois
Urban Properties Valuation	1974, Charlottesville, VA
Capitalization Theory (I-B)	1973, Baltimore, Maryland
Residential Appraising	1973, College Park, Maryland
Appraisal Theory (I-A)	1973, Baltimore, Maryland

QUALIFICATIONS OF TIM LANDES (continued)

Other Related Specialized Education:

- "Law of Easements", Lorman Education Services, Sacramento; October 2005
- REAMUG (Real Estate Appraisers Microprocessors User Group) semi-annual conference, Oakland, September 2004.
- San Joaquin and Stanislaus County Real Estate Update; sponsored by Appraisal Institute, Modesto; August 2004.
- Various Appraisal Related Seminars attended at the 2003 IRWA Educational Conference, Kansas City, Missouri.
- "Steering Through the Obstacles of a RW Project"; IRWA; Ventura, March 2003.
- Various Appraisal Related Seminars attended at the 2002 IRWA Educational Conference, Mobile, Alabama.
- Review of Eminent Domain Appraisals – IRWA, Vancouver, BC, June, 2001
- Various Seminars attended at the IRWA Educational Conference, Vancouver, BC, June, 2001
- CLE (Continuing Legal Education) – 3rd Annual Eminent Domain Conference, San Francisco, California, November, 2000.
- Valuation of Transportation Corridors, Sacramento, CA. (American Institute & IRWA Seminar). Sept. 1999;
- Internet Search Strategies for Real Estate Appraising (sponsored by the Appraisal Institute), Sacramento, California, July, 1998
- Annual Educational Conference, International Right of way Association, Minneapolis, Minnesota, June 1998.
- The Internet and Appraising (sponsored by the Appraisal Institute), Pleasantown, CA, May 22, 1997.
- Easement Valuation, International Right of Way Association (IRWA), Hayward, CA, September, 1996.
- Business Valuation, Appraisal Institute, Reno, Nevada, February, 1996.
- Ethics, Course 103, IRWA, Reno, February 1995
- Partial Acquisitions, Course 401, IRWA Alameda, California; October, 1994.
- Legal Aspects of Easements, IRWA, Reno, Nevada; April, 1994.
- Commercial Construction Seminar, Appraisal Institute, San Mateo, June, 1993.
- Subdivision Analysis Seminar, Appraisal Institute, Sacramento, February, 1993.
- California Appraiser Certification Seminar, Appraisal Institute Seminar, Sacramento, August, 1991.
- Federal Appraisal Requirements Seminar, Sacramento February, 1991.
- Federal/State Acquisition Procedures Seminar, IRWA, May, 1988.
- Income Approach to Right of Way, IRWA, Feb., 1988.
- Easement Valuation, IRWA, Feb., 1988.
- Expert Testimony Seminar, IRWA, December, 1987.

Professional Affiliations and Licenses

- "Certified General" Appraiser, State of California; #AG005980
- Senior Member (SRWA), International Right of Way Association (IRWA), Sacramento Chapter #27
- General Member of the Appraisal Institute.

Other:

- Qualified as an Expert Witness in the Superior Court of California for Sacramento, Tuolumne, Placer and Amador Counties.
- Instructor for appraisal courses (401- Partial Acquisitions, and 403 - Easement Valuation) for the International Right of Way Association.
- 2003 President, Chapter 27, International Right of Way Association.
- Instructor – Public Real Estate Transactions, U.C. Davis Extension; 2002-2005.
- Member, REAMUG (Real Estate Appraisers Microprocessors User Group.)

QUALIFICATIONS OF TIM LANDES (continued)

Partial List of Clients Served

The following is a partial list of clients that have had appraisal reports prepared by Tim Landes, SRWA, as the principal appraiser:

City of Paso Robles, California
Teichert Land Company
Various Private Property Owners
City of Folsom, California
Sacramento Housing and Redevelopment Agency
City of Elk Grove, California
San Joaquin Council of Governments
City of Lincoln, California
McDonough, Holland & Allen, Inc.
City of Chico, California
County of Butte, Public Works
Desmond, Nolan, Livaich & Cunningham
Hyde, Miller, Owen & Trost
State of California, Department of Justice
State of California, Department of Fish and Game
Sacramento Municipal Utility District (SMUD)
O'Brien & Brown, LLP
Grupe Company
Placer County Water Agency (PCWA)
City of Newman, California
Placer Savings Bank
Natomas (Sacramento) Unified School District
City of Citrus Heights, California
City of Modesto, California
County of Glenn, California
Wells Fargo Bank, Sacramento, California
U.S. Army Corps of Engineers
County of El Dorado, California
U.S. Bank, Sacramento, California
County of Placer, California
El Dorado County Transit Authority
Sacramento Regional Transit District
City of Manteca, California
California Department of Water Resources
City of West Sacramento, California
East Bay Municipal Utilities District, Oakland, California
The Spink Corporation, Sacramento, California
Whitney Development Company, Sacramento, California
City of Sonora, Tuolumne County, California
Willdan Associates, Sacramento, California
County of Amador, California
City of Sacramento, California

County of Sacramento, California
Morse Laboratories, Inc., California
Mariposa County, California
Aba Daba Rental Company, Sacramento, California
J.J. Re-Bar Corporation, Sacramento, California
City of Roseville, California
California Department of Transportation
County of Tuolumne, CA, Dept. of Transportation
City of Vacaville, CA, Public Works Department
City of Woodland, CA, Public Works Department
Yolo County, California, Board of Education
City of Woodland Parks and Recreation Department
Maryland Dept. of Trans., State Highway Admin; Dept. of General Services
Chesapeake and Potomac Telephone Company, Inc., Maryland
First Federal Savings of Western Maryland, Cumberland, Maryland

PROFESSIONAL QUALIFICATIONS
OF
Vicki Briggs, MAI

Profile

Entered the real estate field in 1980 as a real estate broker, with training and experience in property management, real estate sales and leasing. Commercial real estate appraiser since 1987. Partner in the firm of *Sierra West Valuation*, specializing in eminent domain real estate appraising, since 1995. MAI - member of the Appraisal Institute since 1993. Experience includes the preparation and review of appraisal reports, feasibility studies, locational analysis, and consulting on real estate and eminent domain related issues for private property owners, lenders, business owners and government clients.

Education

Formal Education

California State University, Sacramento

B.S. Degree, 1979, Business Administration major; Real Estate concentration

Specialized Education:

▪ **Appraisal Institute Courses:**

Appraisal 1A-1, Real Estate Appraisal Principles – 1988

Appraisal 1A-2, Basic Valuation Procedures – 1988

Appraisal 1B-A, Capitalization Theory and Techniques, Part A – 1988

Appraisal 1B-B, Capitalization Theory and Techniques, Part B – 1988

Course 021, Case Studies In Real Estate Valuation – 1992

Course 520, Highest and Best Use and Marketability Analysis – 1993

Course 540, Report Writing and Valuation Analysis – 1994

Course 420, Standards of Professional Practice, Parts A & B – 1994

Course 430, Standards of Professional Practice, Part C – 2000

The Masters Course, 3/2000

Course 720, Condemnation Appraising, Advanced Topics - 2001

Appraisal Consulting – 4/03

Land Valuation Adjustment Procedures & Assignments– 10/03

Contemporary Issues Relative to Corridor & Goodwill Valuation – 9/03

Course 400 - National USPAP Update – 3/2004 & 9/05

Support for Capitalization Rates – 10/2004

Business Practices & Ethics – 9/05

Eminent Domain – CA Case Update – 9/05

Subdivision Valuation – 10/05

▪ **International Right of Way Association (IRWA) Courses:**

Course 401, The Appraisal of Partial Acquisitions – 1995

How to Plan and Execute a Successful Right-of-Way Project – 11/95

Course 802, Legal Aspects of Easements – 11/98

Course 403, Easement Valuation – 11/98

Course 502, Business Relocation – 6/01

Reviewing Eminent Domain Appraisals – 6/01

Course 900, Principles of Real Estate Engineering- 2/03

Course 800, Principles of Real Estate Law – 2/03

Course 200, Principles of Real Estate Negotiations – 3/03

Course 901, Engineering Plan Development & Application – 4/04

**PROFESSIONAL QUALIFICATIONS
OF VICKI BRIGGS, MAI (con't)**

Specialized Education (con't)

Other Related Courses and Seminars:

Dale Carnegie – Effective Communication & Interpersonal Skills – 1/03-4/03
Continuing Legal Education – 3rd Annual Eminent Domain Conference – 11/2000
Attorneys, Appraisers, & Real Estate Update Seminar; Appraisal Institute – 9/98
Internet Search Strategies for Real Estate Appraising; Appraisal Institute – 7/98
Analyzing Operating Expenses; Appraisal Institute - 1/97
Environmental Issues in the Sacramento Area; Appraisal Institute – 6/96
Large Scale Development Issues, Solutions and Risks; Appraisal Institute – 6/96
Federal and State Laws and Regulations; Appraisal Institute – 11/95
Commercial Construction Seminar; Appraisal Institute – 6/93
Appraisal Regulations of Banking Institutions; Appraisal Institute – 2/91
Commercial Construction Seminar; AIREA – 3/89
HP 12C Calculator Seminar: AIREA – 4/88
Lotus Seminar, AIREA
Various Property Management Seminars - Institute of Real Estate Management

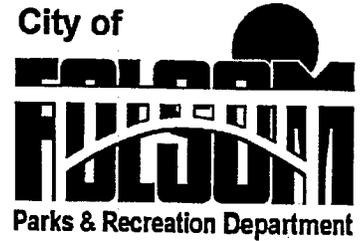
Professional Affiliations and Licenses

Certified California General Real estate Appraiser (CA License No. AG008234)
MAI Member of the Appraisal Institute
Member, International Right of Way Association

The following represents a listing of property types appraised by Vicki Briggs, MAI as the principal appraiser:

Vacant office, retail, commercial, industrial and residential sites
Office buildings
Warehouse buildings
Residential subdivisions and raw land
Manufacturing and distribution buildings
Special purpose properties (surgery center, mini-storage, restaurant, etc.)
Retail strip centers
Mixed-use projects
Apartment complexes
Pipeline and roadway projects
Partial acquisitions

CITY OF FOLSOM
Parks & Recreation Department
50 Natoma Street
Folsom, California 95630
(916) 355-7285
Fax (916) 351-5931



March 3, 2006

Justin Smith
PG&E
Land Department
343 Sacramento Street
Sacramento, CA 95603

Subject: Work Plan – Trail Project
APN 071-0320-004

Dear Mr. Smith:

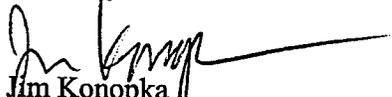
Per your request, described below is a work plan for the proposed bike trail within PG&E parcel APN 071-0320-004.

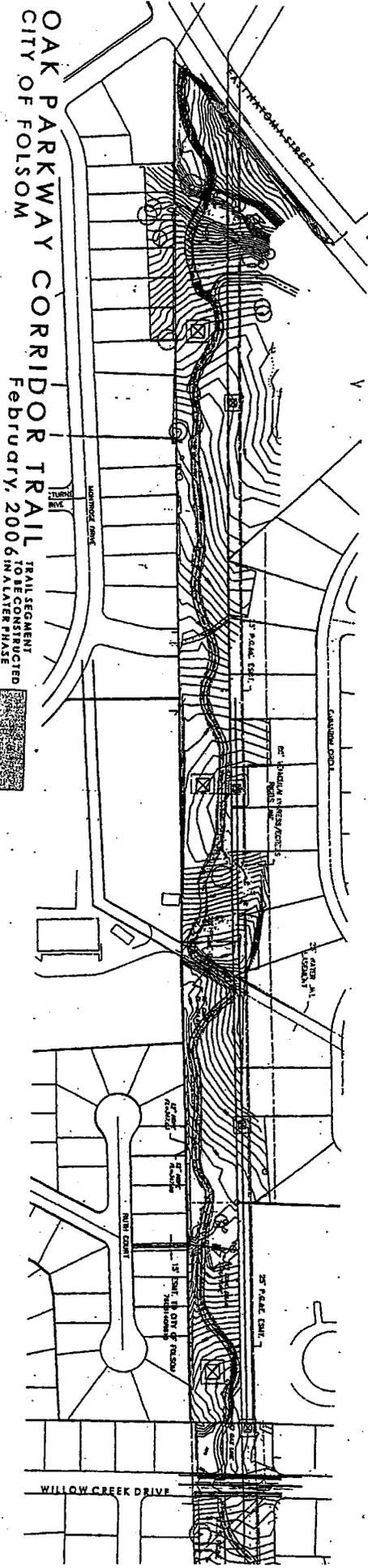
The City proposes to construct a 10-wide paved asphalt bike rail with a 4-foot wide shoulder on one side and a one-foot shoulder on the other. The trail meanders the full length of the parcel from East Natoma Street to Willow Creek Drive. Trail will be for non-motorized vehicles only. Post and cable barrier fencing will be provided along the frontage of Willow Creek Drive to prevent unauthorized vehicle access. Fold down bollards will be installed at trail intersection with Willow Creek Drive to provide emergency and maintenance vehicle access.

The trail will be aligned to be setback a minimum of 10-feet from utility tower footings. The trail cross section is 3" of asphalt and 6" of aggregate base.

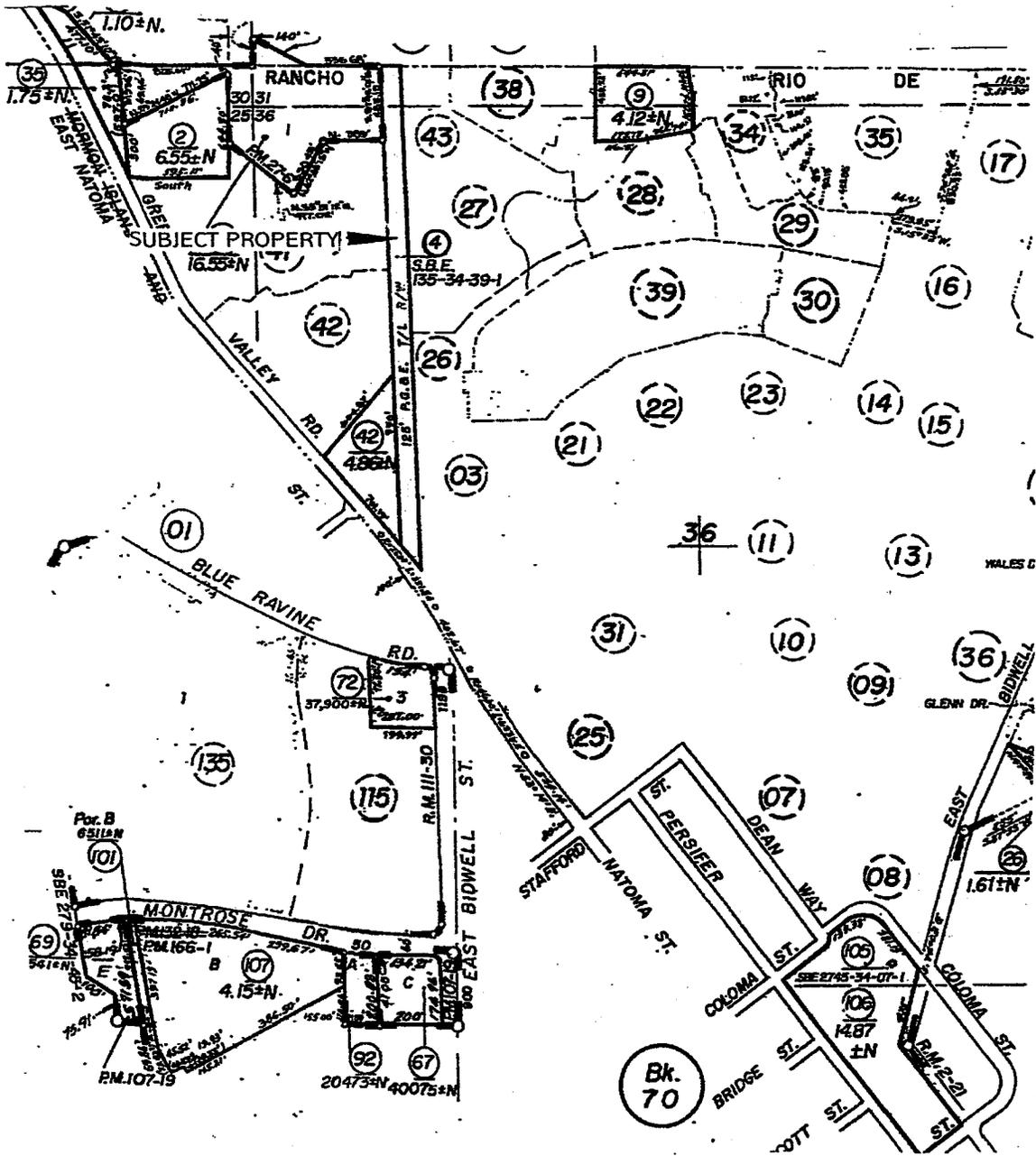
I also attached a map that shows the general trail alignment through the parcel. Please contact me at 916-351-3516 if you have any questions.

Sincerely,


Jim Konopka
Trail Development Coordinator



SCALE: 1" = 100'



COPY

**PG&E Gas and Electric Advice
Filing List
General Order 96-A, Section III(G)**

ABAG Power Pool	Douglass & Liddell	PG&E National Energy Group
Accent Energy	Downey, Brand, Seymour & Rohwer	Pinnacle CNG Company
Aglet Consumer Alliance	Duke Energy	PITCO
Agnews Developmental Center	Duke Energy North America	Plurimi, Inc.
Ahmed, Ali	Duncan, Virgil E.	PPL EnergyPlus, LLC
Alcantar & Kahl	Dutcher, John	Praxair, Inc.
Ancillary Services Coalition	Dynegy Inc.	Price, Roy
Anderson Donovan & Poole P.C.	Ellison Schneider	Product Development Dept
Applied Power Technologies	Energy Law Group LLP	R. M. Hairston & Company
APS Energy Services Co Inc	Energy Management Services, LLC	R. W. Beck & Associates
Arter & Hadden LLP	Exelon Energy Ohio, Inc	Recon Research
Avista Corp	Exeter Associates	Regional Cogeneration Service
Barkovich & Yap, Inc.	Foster Farms	RMC Lonestar
BART	Foster, Wheeler, Martinez	Sacramento Municipal Utility District
Bartle Wells Associates	Franciscan Mobilehome	SCD Energy Solutions
Blue Ridge Gas	Future Resources Associates, Inc	Seattle City Light
Bohannon Development Co	G. A. Krause & Assoc	Sempra
BP Energy Company	Gas Transmission Northwest Corporation	Sempra Energy
Braun & Associates	GLJ Energy Publications	Sequoia Union HS Dist
C & H Sugar Co.	Goodin, MacBride, Squeri, Schlotz &	SESCO
CA Bldg Industry Association	Hanna & Morton	Sierra Pacific Power Company
CA Cotton Ginners & Growers Assoc.	Heeg, Peggy A.	Silicon Valley Power
CA League of Food Processors	Hitachi Global Storage Technologies	Smurfit Stone Container Corp
CA Water Service Group	Hogan Manufacturing, Inc	Southern California Edison
California Energy Commission	House, Lon	SPURR
California Farm Bureau Federation	Imperial Irrigation District	St. Paul Assoc
California Gas Acquisition Svcs	Integrated Utility Consulting Group	Sutherland, Asbill & Brennan
California ISO	International Power Technology	Tabors Caramanis & Associates
Calpine	Interstate Gas Services, Inc.	Tecogen, Inc
Calpine Corp	IUCG/Sunshine Design LLC	TFS Energy
Calpine Gilroy Cogen	J. R. Wood, Inc	Transcanada
Cambridge Energy Research Assoc	JTM, Inc	Turlock Irrigation District
Cameron McKenna	Luce, Forward, Hamilton & Scripps	U S Borax, Inc
Cardinal Cogen	Manatt, Phelps & Phillips	United Cogen Inc.
Cellnet Data Systems	Marcus, David	URM Groups
Chevron Texaco	Matthew V. Brady & Associates	Utility Resource Network
Chevron USA Production Co.	Maynor, Donald H.	Wellhead Electric Company
City of Glendale	MBMC, Inc.	White & Case
City of Healdsburg	McKenzie & Assoc	WMA
City of Palo Alto	McKenzie & Associates	
City of Redding	Meek, Daniel W.	
CLECA Law Office	Mirant California, LLC	
Commerce Energy	Modesto Irrigation Dist	
Constellation New Energy	Morrison & Foerster	
CPUC	Morse Richard Weisenmiller & Assoc.	
Cross Border Inc	Navigant Consulting	
Crossborder Inc	New United Motor Mfg, Inc	
CSC Energy Services	Norris & Wong Associates	
Davis, Wright, Tremaine LLP	North Coast Solar Resources	
Defense Fuel Support Center	Northern California Power Agency	
Department of the Army	Office of Energy Assessments	
Department of Water & Power City	OnGrid Solar	
DGS Natural Gas Services	Palo Alto Muni Utilities	