

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



January 4, 2008

Advice Letter 3134-E

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

Subject: County of Shasta Road & Utility Easement –
Request for Approval Under Section 851

Dear Mr. Cherry:

Advice Letter 3134-E is effective December 20, 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

77 Beale Street, Room 1087
San Francisco, CA 94105

Mailing Address
Mail Code B10C
Pacific Gas and Electric Company
P.O. Box 770000
San Francisco, CA 94177

Fax: 415.973.7226

October 10, 2007

Advice 3134-E

(Pacific Gas and Electric Company ID U 39 E)

**Subject: County of Shasta Road & Utility Easement – Request for
Approval Under Section 851**

Public Utilities Commission of the State of California

Purpose

Pacific Gas and Electric Company (“PG&E”) submits this advice letter seeking approval under Public Utilities Code §851 to grant an easement for road and utility purposes within a portion of PG&E electric substation fee property in Shasta County.

Background

PG&E owns certain real property within the City of Whitmore, County of Shasta, California, commonly known as Whitmore Substation (the “Property”). Warren Sauer and L. Sue Sauer, husband and wife, John Edward Greenwood and Beth Greenwood, husband and wife, and Ryan Sauer (collectively the “Grantees”) are owners of certain real property within the County (the “Benefited Property”). The Benefited Property is accessed by an existing road, known as Atkins Road, which runs across the Property. An easement already exists over Atkins Road for use by another adjacent property owner. The Grantees currently have no documented right to use Atkins Road although they have used Atkins Road to access their property, and as a result, have requested from PG&E a grant of easement along Atkins Road to document access to the Benefited Property.

In accordance with Resolution ALJ-186, as extended and modified by ALJ-202, Appendix A, Section IV., PG&E provides the following information related to the proposed transaction:

(1) Identity of All Parties and Addresses to the Proposed Transaction:

Pacific Gas and Electric Company
Andrew L. Niven
Peter Van Mieghem

Ryan K. Sauer
P.O. Box #225
Whitmore, CA 96096

Deborah Shefler
Law Department
P.O. Box 7442
San Francisco, CA 94120
Telephone: (415) 973-2902
Facsimile: (415) 973-5520
Email: PPV1@pge.com

Telephone: (530) 472-1851
Facsimile: (530) 524-5604
Email: rsauer7@frontiernet.net

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

The City of Whitmore is located 23 miles east of Redding, California between Mount Shasta and Mount Lassen. The Property is a corner lot of approximately 47,916 square feet in size and is irregular in shape. The Property is identified by Assessor's Parcel Number (APN) 99-040-007, State Board of Equalization No. (SBE) 135-45-012B-7 and is more particularly described in the Agreement (Attachment 1 – Exhibit A). The Property is located between Whitmore Road, Hidden Springs Road and is bisected by Atkins Road. Improvements to the property include PG&E's 60 kilovolt (kV) Whitmore Substation located along the Kilarc-Deschutes 60 kV electric transmission corridor. Adjacent property owners are homeowner residences and a Shasta County Fire Station. An easement already exists over Atkins Road for use by another adjacent property owner.

(3) Intended Use of the Property:

The Grantees propose to utilize 0.15+/- acres of the existing easement right-of-way at Atkins Road ("Easement Area") for access purposes to the Benefited Property. The Benefited Property is not contiguous and is located over one-half mile north of the Property. PG&E is informed that the Grantees plan to obtain construction funding to build a residential home on the Benefited Property and that such funding cannot be obtained until an easement is granted. The grant of easement, as proposed in the Easement Agreement, will not interfere with the use of the Property by PG&E and other entitled persons. In fact, Grantees already use this route for access to the Benefited Property; the grant of easement will legally document Grantees' right to utilize this access.

A map of the Easement Area is provided in the Easement Agreement (Attachment 1 – Exhibit B).

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

As provided in the Agreement, the Grantees have agreed to pay a one-time fee of Two Hundred Dollars (\$200.00) for the easement.

(5) Description of How Financial Proceeds of the Transaction Will Be Distributed:

The property at issue in this advice letter is non-depreciable land used for electric substation service and is currently included in PG&E's rate base. The PG&E electric substation 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 substation system are part of FERC ratemaking for substation service in PG&E's substation owner cases. In consideration for the easement, the Grantees have agreed to pay PG&E a one-time fee of Two Hundred Dollars (\$200.00). 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.

(6) Impact of the Transaction on Ratebase and Any Effect on the Ability of the Utility to Serve Customers and the Public:

There are no changes to PG&E's ratebase as a result of the proposed transaction. The grant of easement, as proposed in the Agreement, will not interfere with the use of the Property by PG&E and other entitled persons.

(7) The Original Cost, Present Book Value, and Present Fair Market Value for Sales of Real Property and Depreciable Assets, and a Detailed Description of How the Fair Market Value Was Determined (e.g., Appraisal):

Not applicable.

(8) The Fair Market Rental Value for Leases of Real Property, and a Detailed Description of How the Fair Market Rental Value Was Determined:

Not applicable.

(9) The Fair Market Value of the Easement or Right-of-Way 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 Attachment 2.

(10) A 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 transactions that appear to be related to the present transaction. PG&E is informed that the Grantees plan to obtain construction funding to build a residential home on the Property in the near future and that such funding cannot be obtained until an easement is granted. The Grantees will have to obtain a building permit from the Shasta County Planning Department in order to proceed with construction.

(11) Sufficient Information and Documentation (Including Environmental Documentation) to Show that All Criteria Set Forth in Section II of Resolution ALJ-202 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 requirements provided in ALJ-202, 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 access for adjoining property owners. The Grantees merely desire to utilize an existing road that serves the needs of the adjoining property owners. 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.

(12) 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.

(13) Environmental Information

Pursuant to ALJ-202, the advice letter program only applies to proposed transactions that (a) will not require environmental review by the CPUC as a lead agency or responsible agency under CEQA either because a statutory or categorical exemption applies or (b) because the transaction is not a project under CEQA.

a. Exemption

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

- (a) If yes, please attach notice of exemption. Please provide name of agency, date of Notice of Exemption, and State Clearinghouse number.

Not applicable.

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

Not applicable.

b. “No Project” Under CEQA

- (1) If the transaction is not a “project” under CEQA, please explain why.

Under the existing circumstances, no CEQA review is required for the proposed transaction. Neither this advice letter nor the transaction for which approval is sought has any potential for resulting in either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment within the meaning of CEQA Guideline 15378(a). The property being exchanged will be used in the same manner as previously, and neither applicant seeks authority from the Commission for a change in the existing use. Therefore, the grant of easement for road and utility purposes within a portion of PG&E electric substation fee property does not meet the definition of a “project” as provided in CEQA Guideline 15378, and in accordance with CEQA Guideline 15060(c), CEQA does not apply.

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 20 days after the date of this filing, which is **October 30, 2007**. Protests should be mailed to:

CPUC Energy Division
Attention: Tariff Unit, 4th Floor
505 Van Ness Avenue
San Francisco, California 94102

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

Pacific Gas and Electric Company
Attention: Brian Cherry
Vice President, Regulatory Relations
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-202, PG&E requests that this advice filing become effective by Commission resolution as soon as possible. **PG&E submits this filing as a Tier 3.**

Notice

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list. Address changes should be directed to Rose de la Torre at (415) 973-4716. Advice letter filings can also be accessed electronically at:

<http://www.pge.com/tariffs>



Vice President, Regulatory Relations

Attachments 1-2

cc: Service List – Advice Letter 3134-E

***** **SERVICE LIST Advice 3134-E** *****
APPENDIX A

***** **STATE EMPLOYEES** *****

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

***** **AGENCIES** *****

Russ Mull, R.E.H.S., A.I.C.P., Director
County of Shasta Department of Resource
Management, Building Division
1855 Placer Street, Suite 102
Redding, CA 96001
Telephone: (530) 225-5761
Facsimile: (530) 245-6468
Email: rmull@co.shasta.ca.us

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

Ryan K. Sauer
P.O. Box #225
Whitmore, CA 96096
Telephone: (530) 472-1851
Facsimile: (530) 524-5604
Email: rsauer7@frontiernet.net

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 M)**

Utility type:

ELC

GAS

PLC

HEAT

WATER

Contact Person: David Poster

Phone #: (415) 973-1082

E-mail: DXPU@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) #: **3134-E**

Tier: **[3]**

Subject of AL: County of Shasta Road & Utility 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 #:

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

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

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for: No

Confidential information will be made available to those who have executed a nondisclosure agreement: N/A

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information:

Resolution Required? Yes No

Requested effective date: **ASAP – No later than 12/20/07**

No. of tariff sheets: N/A

Estimated system annual revenue effect (%): N/A

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 proposed: N/A

Protests, dispositions, and all other correspondence regarding this AL are due no later than 20 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

jn@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

Advice 3134-E

Attachment 1

LD# 2432-01-0271

Appurtenant Easement for Atkins Road @ Whitmore Substation

RECORDING REQUESTED BY, AND
WHEN RECORDED RETURN TO:

PACIFIC GAS AND ELECTRIC COMPANY
3600 Meadowview Drive
Redding, CA 96002
Attention: Land Agent

Location: City/Uninc _____
Recording Fee \$ _____
Document Transfer Tax \$ _____

- This is a conveyance where the consideration and value is less than \$100.00 (R&T 11911)
- Computed on Full Value of Property Conveyed, or
- Computed on Full Value Less Liens & Encumbrances Remaining at Time of Sale

Signature of declarant or agent determining tax

(A portion of APN 99-040-007)

EASEMENT AGREEMENT (Road and Utility Purposes)

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 Warren Sauer and L. Sue Sauer, husband and wife, John Edward Greenwood and Beth Greenwood, husband and wife, and Ryan Sauer, hereinafter collectively called “**Grantee.**”

RECITALS

A. PG&E owns certain real property within the County of Shasta, State of California, commonly known as Whitmore Substation (Assessor’s Parcel Number 99-040-007, State Board of Equalization Number 135-45-012B-7) and more particularly described in **Exhibit A**, attached hereto and made a part hereof (hereinafter, the “**Property**”).

B. Grantee is the owner of certain real property (the “**Benefited Property**”) within the County of Shasta, State of California, more particularly described in **Exhibit D**, attached hereto and made a part hereof. Access to the Benefited Property is by use of an existing road, commonly known as Atkins Road, which runs across the Property. Grantee has no documented right to use Atkins Road. Grantee proposes to subdivide the Benefited Property, and in connection therewith,

Grantee has requested that PG&E grant an easement for road and utility purposes appurtenant to the Benefited Property.

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

Now, therefore, in consideration of Grantee's agreement to pay the sum of two hundred Dollars (\$200), and for other good and valuable consideration, PG&E and Grantee agree as follows:

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

(a) A non-exclusive appurtenant easement to excavate, install, construct, reconstruct, repair, replace, maintain and use a road and utilities on and over a portion of the Property (the "**Easement Area**") described and shown in **Exhibit B** attached hereto and made a part hereof.

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 0 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.

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 be solely responsible for the health and safety of, and shall take all necessary 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. Grantee's Covenants. Grantee hereby covenants and agrees:

(a) Construction of Improvements. Grantee agrees 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 0. All such construction shall be performed in accordance with detailed plans and specifications (“**Plans**”) previously approved by PG&E, 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 any and all applicable requirements of the National Environmental Policy Act (“**NEPA**”) and 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 8, 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 PG&E, unless within ten (10) days following delivery of such notice, Grantee gives notice to PG&E 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) Compliance with Laws. Grantee shall, at its sole cost and expense, promptly comply with (a) 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, including, but not limited to, those relating 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; (b) 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 (c) 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. Grantee shall furnish satisfactory evidence of such compliance upon request by PG&E. 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.

(c) Notice of Enforcement Proceedings. Grantee agrees 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 contamination or 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) Non-Interference. Grantee agrees not to interfere in any way or permit any interference with the use of the Property by PG&E and other entitled persons. 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) Avoiding Dangerous Activities. Grantee agrees 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. Grantee shall not cause or permit any Hazardous Substances, as defined herein, to be brought upon, produced, stored, used, discharged or disposed of on, or in the vicinity of the Property, except in compliance with all applicable Legal Requirements. Grantee shall be responsible for the cost of remediating any discharge or release of Hazardous Substances resulting from or arising in connection with Grantee’s use of the Property, and shall immediately notify PG&E and the appropriate regulatory authorities where required by law, of any such release. If 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 and absolute 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 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 or indemnity 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) Maintenance. Grantee agrees to maintain its facilities and Improvements in good condition and repair, and be responsible for the security of, the facilities installed hereunder;

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

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

(i) PG&E Right to Cure. Grantee agrees 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; Release.

(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 PG&E or Grantee (and including, but not limited to, injury due to exposure to EMFs and other Potential Environmental Hazards in, on or about the Property); (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

Indemnitor 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 approved by PG&E, which approval shall not be unreasonably withheld, conditioned or delayed.

(b) Grantee acknowledges that all Claims arising out of or in any way connected with releases or discharges of any Hazardous Substance, or the exacerbation of a Potential Environmental Hazard, occurring as a result of or in connection with Grantee's use or occupancy of the Easement Area or the surrounding Property, 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's use of the Property shall be at its sole risk and expense. 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 Indemnitors 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.

(d) Grantee shall, to the maximum extent permitted by law, indemnify, protect, defend and hold Indemnitors 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 C**, attached hereto and made a part hereof. If Grantee fails to so indemnify, protect, defend or hold harmless any Indemnitor, then at PG&E's option, this Agreement 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 13.

7. 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 Agreement, 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 Agreement, 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.

8. Reserved Rights. Subject to the provisions of Section 10 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.

9. 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-_____ ¹ (Application No. _____ ²), in like manner as though said provisions were set forth in full herein.

10. Relocation. Subject to the provisions of this Section 10, the rights granted to Grantee herein shall forever be subordinate to PG&E's right to replace, reconstruct, relocate,

¹ insert CPUC decision number.

² insert CPUC application number.

operate and maintain PG&E's existing and/or future facilities, including, but not limited to, PG&E's existing electrical substation and transmission lines which traverse the Easement Area and the Property. 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 twenty (20) 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.

11. 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, with respect to the Easement Area and the use, occupancy and activities of Grantee, its employees and agents on or about the Easement Area, the insurance specified in **Exhibit C**, 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 required under this Agreement shall be effected under valid, enforceable policies issued by insurers of recognized responsibility, as reasonably determined by PG&E, and shall be written on forms and with insurance carriers acceptable to PG&E. Grantee is also responsible for causing its agents, contractors and subcontractors to comply with the insurance requirements of this Agreement at all relevant times (provided, however, that Grantee, in the exercise of its reasonable judgment, may permit contractors and subcontractors to maintain coverages and limits lower than those required of Grantee, provided the coverages and limits required by Grantee are commercially reasonable in light of applicable circumstances). 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.

12. 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.

13. 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
3600 Meadowview Drive
Redding, CA 96002

With a copy to:

Pacific Gas and Electric Company
77 Beale Street
Mail Code B30A
San Francisco, California 94120
Attention: Grant Guerra, Esq.

If to Grantee:

Ryan Sauer
P.O. Box 225
Whitmore, CA 96096

14. Governing Law. This Agreement shall in all respects be interpreted, enforced, and governed by and under the laws of the State of California.

15. 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.

16. 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 17). 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.

17. Assignment. This Agreement and the rights of Grantee hereunder are appurtenant to the Benefited Property, and may not be separately assigned, transferred, conveyed or encumbered without prior written consent by PG&E. Any purported assignment, transfer, conveyance or encumbrance violating the foregoing condition shall be void and of no effect.

18. 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 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 law firms in the City of San Francisco with approximately the same number of attorneys as are employed by PG&E's Law Department.

19. 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.

20. 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.

21. 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.

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

23. 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.

24. 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.

25. 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.

26. 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 have executed this Agreement 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

Warren Sauer

L. Sue Sauer

John Edward Greenwood

Beth Greenwood

Ryan Sauer

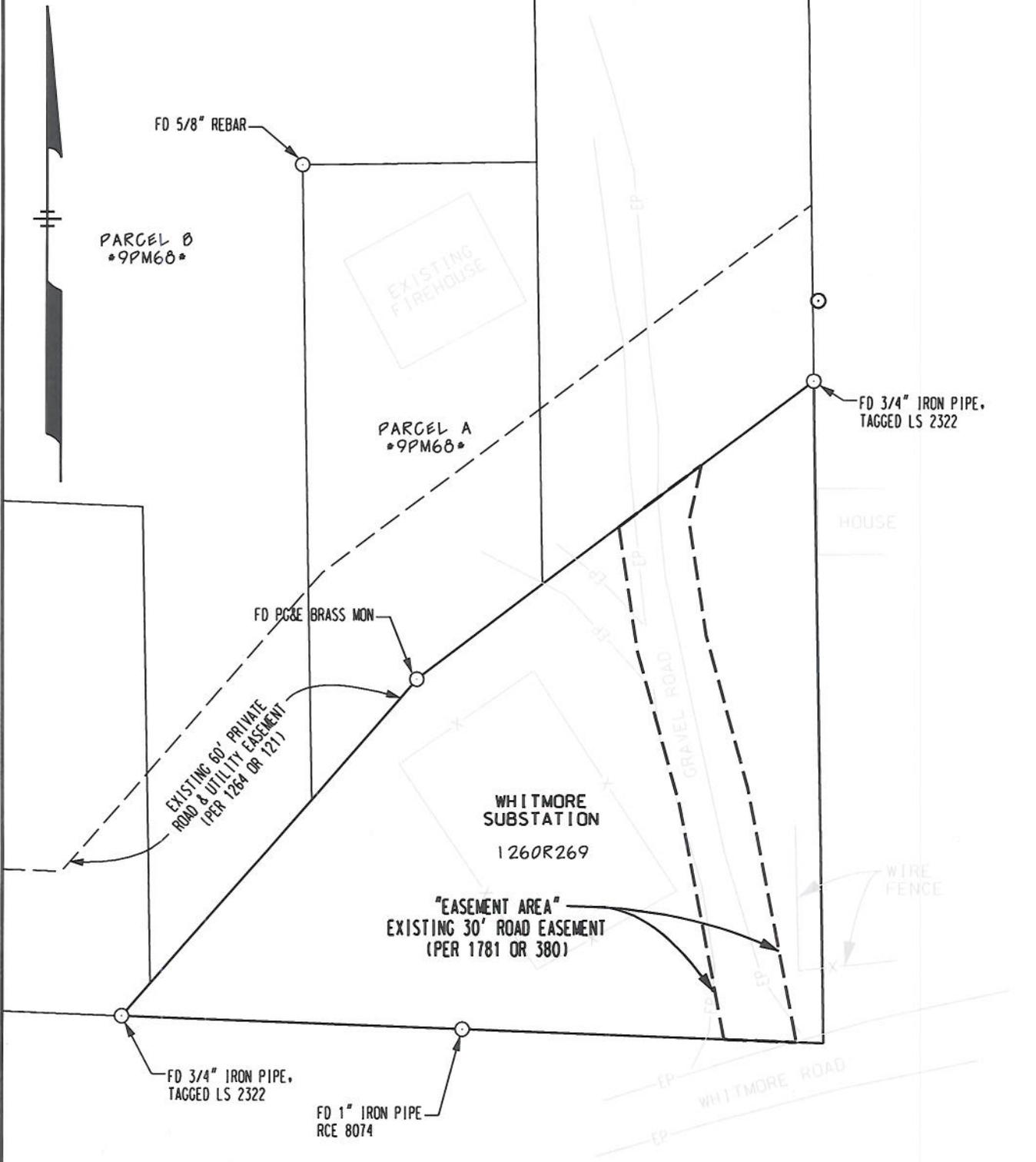
Exhibits A, B, C and D attached

North Valley – Area 6
Redding Land Service Office
Operating Department: Substation
USGS location: T. 32N., R.1W., Sec: 13: SE ¼ of the NE ¼
FERC License Number(s): N/A
PG&E Drawing Number(s): Exhibits
PLAT NO.:
LD of any affected documents: 2432-01-0065
LD of any Cross-referenced documents: 2432-01-0064, 0020
TYPE OF INTEREST: 11C
SBE Parcel Number: 135-45-12B-7
(For Quitclaims, % being quitclaimed): N/A
Order # or PM #: 40614425
JCN:
County: Shasta
Utility Notice Numbers:
851 Approval Application No. _____ Decision _____
Prepared By: JATx
Checked By: DBW2
Revision Number:

EXHIBIT A
PG&E PROPERTY

That portion of the southeast quarter of the northeast quarter of Section 13, Township 32 North, Range 1 West, MDB&M, described in the deed from Southern Pacific Land Company to Pacific Gas and Electric Company dated June 23, 1937 and recorded in Book 126 of Official Records at page 269, Shasta County Records.

T32N, R1W, MDB&M
(SE 1/4, NE 1/4 SEC 13)



SCALE: 1" = 60'

EXHIBIT B

AUTHORIZATION
40614425-0010
BY D DOYLE
DR S TOUTGES
CH
O.K. S WILSON
DATE 10/10/2006

ROAD AND UTILITY EASEMENT
(ATKINS ROAD)
WHITMORE SUBSTATION
SHASTA COUNTY
PACIFIC GAS AND ELECTRIC COMPANY
SAN FRANCISCO CAL.



JCN	06-06-074	
REGION	AREA 6	
COUNTY	SHASTA	
PROFILE	N/A	
SHEET NO.	2	OF 2
DRAWING NUMBER		CHANGE
		2

EXHIBIT C

INSURANCE REQUIREMENTS

Licensee shall procure, carry and maintain the following insurance coverage:

A. Personal Liability

1. Coverage shall be at least as broad as the Insurance Services Office (ISO) Homeowners' or Personal Liability Coverage "occurrence" form.
2. The limit shall not be less than One Million Dollars (\$1,000,000) each occurrence for bodily injury, property damage and personal injury.
3. Coverage shall: a) By "Additional Insured" endorsement add as insureds PG&E, its directors, officers, agents and employees with respect to liability arising out of work performed by or for the Licensee; b) Be endorsed to specify that the Licensee's insurance is primary and that any insurance or self-insurance maintained by PG&E shall not contribute with it.

B. Personal Auto

1. Personal Auto Coverage form covering any owned auto.
2. The limit shall not be less than One Million Dollars (\$1,000,000) each accident for bodily injury and property damage.

C. Additional Insurance Provisions

1. Before commencing performance of work under this License Agreement, Licensee shall furnish PG&E with certificates of insurance and endorsements of all required insurance for Licensee.
2. The documentation shall state that coverage shall not be canceled except after thirty (30) days prior written notice has been given to PG&E.
3. The documentation must be signed by a person authorized by that insurer to bind coverage on its behalf and shall be submitted to:

Pacific Gas and Electric Company
Insurance Department
One Market, Spear Tower, Suite 2400
San Francisco, CA 94105

A copy of all such insurance documents shall be sent to PG&E's Land Agent as specified under Notices in the body of the License Agreement.

4. PG&E may inspect the original policies or require complete certified copies, at any time.
5. Upon request, Licensee shall furnish PG&E evidence of insurance for Licensee's agents or contractors.

EXHIBIT D

LEGAL DESCRIPTION OF BENEFITED PROPERTY

Parcel 1 as shown upon Parcel Map 375-75, filed for record in Book 11 of Parcel Maps at page 25, Shasta County Record.

Advice 3134-E

Attachment 2

**AN APPRAISAL OF
WHITMORE SUBSTATION UTILITY EASEMENT**



LOCATED AT
Atkins Road, Whitmore, CA

FOR OUR CLIENT
Mr. Ryan Sauer



Ryan & Murphy Group, Inc., real estate analysts and consultants

Sale History

On-line public records and / or a private data-reporting service were used to search for prior sales of the subject real estate. This research discovered no recorded conveyance of the subject during the three-years preceding this report's effective value date.

Subject's Current Ownership	
<i>Owner</i>	<i>Information Source</i>
Pacific Gas and Electric	Public Records

Volcanic Activity

The subject property is within an area known to experience volcanic activity. Our scope of work does not include any research, study, or other effort to detect the source of volcanic activity. No research, study, or other effort was conducted to determine the value loss, if any, caused by volcanic activity. This appraisal assumes the subject is not adversely affected, in any way, by volcanic activity.

Agricultural Activity

The subject property is within an area of agricultural activities. Our scope of work does not include any research, study, or other effort to detect the source of unfavorable agricultural activities, chemicals, or by-products including but not limited to noxious odors, malodorous scents, or potential contaminants like fertilizers, pesticides, or animal waste. No research, study or other effort was conducted to determine the value loss, if any, caused by any agricultural activity. This valuation assumes the subject is not adversely affected, in any way, by agricultural activity.

Alquist-Priolo Special Studies Zone

The subject property is not within an earthquake study zone, such as "Alquist-Priolo" earthquake study areas, but does require Seismic Zone 3 building codes in their Uniform Building Code.

Subject Site			
<i>Address</i>	Utility Easement (Atkins Road) Whitmore Substation, Shasta County, California		
<i>Dimensions</i>	192.20 x 211.15 x 279.63 x 300.19	<i>Size</i>	1.1 acres 47,916 SF
<i>Easements</i>	See easement agreement in addenda	<i>Alley</i>	None
<i>Encroachments</i>	None known; none assumed	<i>Access</i>	Typical
<i>Shape</i>	Irregular	<i>Street Paving</i>	dirt road
<i>Curbs & Gutters</i>	None	<i>Sidewalks</i>	None
<i>Topography</i>	Almost level	<i>Gas</i>	None
<i>Water & Sewer</i>	Private well and septic		
<i>Major Flaws</i>	None observed		
Overall Features	The land has inferior physical features as compared to similar alternatives. Its overall locational attributes are fair to average relative to competitive parcels. The parcel is a corner lot, located between Whitmore Road, Hidden Springs Road and Atkins Road, and is bisected by the Atkins Road easement.		



Analyses & Conclusions

Valuation Process

Introduction

Real property value is based upon the concepts and principles of anticipation, change, supply and demand, substitution, and balance; all working as interacting market forces over time to produce value. Real property analysis entails three traditional valuation approaches. Traditional approaches are the sales comparison approach, the cost approach, and the income approach.

Sales Comparison Approach

Employment of the sales comparison approach is primarily through direct comparison to recent similar sold properties, escrows, and listing prices of properties for sale. The principal of substitution is the basic concept behind the sales comparison approach, and in effect means: the market participants will pay no more for a parcel of land than the lowest priced property of similar characteristics offering the same benefits within the market place.

Cost Approach

Analysis through the cost approach involves estimating the current cost new or replacement cost new of the improvements attached to the land minus depreciation caused by physical deterioration, functional obsolescence, and external obsolescence affecting the improvements (and in certain cases to the land). The land value is then added to arrive at an indication of value by the cost approach.

Income Approach

Income approach analysis technique is applicable only to properties capable of generating income production. The analysis is based upon the principal of anticipation and change. Income producing properties are purchased for the anticipated benefits received from ownership. The indicated value arrived at by the income approach is the present worth of estimated or known income streams.

We have employed the sales comparison approach.

Highest and Best Use

A highest and best use analysis identifies the most probable and profitable competitive use the subject property could be used for. Since economic conditions change, a property's highest and

best use changes as well. This analysis is an essential step in the determination of market value because it forms a framework for the proper selection of comparables.

There are four main tests in a highest and best use study: (1) governmental requirements and limitations like zoning and private deed restrictions; (2) physical constraints; (3) financial feasibility, and (4) maximum productivity. If more than one use survives the first three tests, then the use that produces the highest positive reward with the least risk is the highest and best use.

Highest and best use analyses can be categorized into two different levels of detail - inferred and fundamental. This appraisal's level of detail was disclosed in the Scope of Work - Appraisal Development section. A fundamental analysis forecasts demand from broad demographic and economic data like population and income. Existing supply is inventoried. Then the relationship of supply and demand is weighed to determine net demand. An inferred analysis is based on local trends and patterns from which inferences are made. Sales, listings, marketing intervals, and/or price change for other similar land infer there is adequate demand for the subject parcel at a price level congruous with this data. Inferred analyses emphasize historical data while fundamental analyses are based on future projections.

There are two types of highest and best use - "as though vacant" and "as though now improved". The former presumes the land is vacant and available for development. The latter considers whether the building should be retained as is, renovated, remodeled, repaired, enlarged, demolished, or converted to an alternate use.

Zoning permits limited residential and mobile homes, and the general plan permits mixed use. Nearby lands are compatibly zoned. Physical attributes of the property appraised are well suited to serve the use selected below. Usage of the property in this manner produces a positive reward with acceptable risk. There is no significant potential for rezoning to a significantly different use. Based upon legalities, physical elements, as well as economic factors, the following highest and best use determinations were made for the subject real estate:

<i>As Though Vacant</i>	Residential Lot
<i>As Now Improved</i>	Assuming Economic Use, Not Applicable

In light of the foregoing highest and best use determinations, land comparables were selected with the same or similar highest and best use. This data was used to frame a value opinion for the property being appraised.



Land Value In Before Condition

Land Value

Introduction

The best method of valuing vacant land is the sales comparison approach. Sales of similar sites are gathered and compared to the parcel being appraised. Differences affecting value are noted. Adjustments to compensate for dissimilarities are applied applicable transactions. Adjusted comparables produce an indication of value for the subject parcel.

Any factor can affect value. Those considered during this appraisal's land valuation process included prominence of location, date of sale, size, shape, availability of utilities, zoning, topography, and access. Numerous sales were reviewed; however, only those deemed most comparable were selected for detailed analysis. All conveyed on an "arm's length" basis except if specifically noted otherwise. Land sales shown herein are presented on a dollar per square foot basis as a common denominator.



Comparable Land Sale No. 1

<p>Identification & Location:</p> <p>APN: 098-110-014 County: Shasta Property Type: Land Location: Lot 142 Houston, Oak Run, CA Verified With: Sean Wilson, Listing Agent, Private service providers, Grant Deed Verification Date: 2/22/2007 Data Compiled by: Lesley Parkin</p>	<p>Sales Information:</p> <p>Seller: Audie & Beth Anne Aker Buyer: Doc No.: Doc Recorded: Sale Date: 1/29/2007 Sale Price: \$10,000 Adjusted Sale Price: \$ Financing Terms: Cash Property Rights: Fee Simple Condition of Sale: Arm's Length Buyer Motivation: Unknown</p>
<p>Site Description:</p> <p>Land Area: 1.7 Acres / 74,487 SF Number of lots: N/A Average lot size: N/A Developmental cost: N/A Zoning: R-R-T-BSM, Rural Residential, Mobile Home, Building Site Minimum Utilities: Telephone Access: Dirt Topography: Sloping, Gentle Shape: Rectangular</p>	<p>Property Factors:</p> <p>Current Use: Vacant Prior Sales History: Sold 7/22/2003 for \$15,000, Doc # 2003R0047014 List Date: 12/2/2006 Exposure Period: 2 months Adjusted Price/ISF: \$0.134 Adjusted Price/acre: \$5,882 Density:</p>
<p>Comments: This parcel is wooded and slopes upward on the front before leveling at the back 1/3 to 1/2 of the property. No power, septic or well is available on site. Access is via a dirt road.</p>	



Comparable Land Sale No. 2

<p>Identification & Location:</p> <p>APN: 098-110-014 County: Shasta Property Type: Land Location: Lot 50 Stagecoach Road, Oak Run, CA Verified With: Sean Wilson, Listing Agent, Private service providers, Grant Deed Verification Date: 2/22/2007 Data Compiled by: Lesley Parkin</p>	<p>Sales Information:</p> <p>Seller: John & Marjorie-Lee Craft Buyer: Doc No.: Doc Recorded: Sale Date: 1/29/2007 Sale Price: \$8,999 Adjusted Sale Price: \$ Financing Terms: Cash Property Rights: Fee Simple Condition of Sale: Arm's Length Buyer Motivation: Unknown</p>
<p>Site Description:</p> <p>Land Area: 1.12 Acres / 48,787 SF Number of lots: N/A Average lot size: N/A Developmental cost: N/A Zoning: R-R-T-BSM, Rural Residential, Mobile Home, Building Site Minimum Utilities: Telephone Access: Dirt Road Topography: Sloping, gentle Shape: Irregular</p>	<p>Property Factors:</p> <p>Current Use: Vacant Prior Sales History: List Date: 12/20/2006 Exposure Period: 1 month Adjusted Price/SF: \$0.184 Adjusted Price/acre: \$8,035 Density:</p>
<p>Comments: The property is wooded and slopes downward to a draw. It slopes up again and is gentler. Topography on the north side is better than the rest. No power, well or septic exists, but phone is available. Access is via a dirt road.</p>	



Comparable Land Sale No. 3

<p>Identification & Location:</p> <p>APN: 098-110-021 County: Shasta Property Type: Land Location: Lot 21, Huston Lane, Oak Run, CA Verified With: Sean Wilson, Listing Agent, Grant Deed, Private service providers Verification Date: 2/22/2007 Data Complied by: Lesley Parkin</p>	<p>Sales Information:</p> <p>Seller: Sharon Blevins Trust Buyer: Robert & Maria Schinauer Doc No.: 2006R0060262 Doc Recorded: 11/29/2006 Sale Date: 12/1/2006 Sale Price: \$10,500 Adjusted Sale Price: \$ Financing Terms: Cash Property Rights: Fee Simple Condition of Sale: Arm's Length Buyer Motivation: Unknown</p>
<p>Site Description:</p> <p>Land Area: 1.29 Acres / 56,192 SF Number of lots: N/A Average lot size: N/A Developmental cost: N/A Zoning: R-R-T-BSM, Rural Residential, Mobile Home, Building Site Minimum Utilities: Telephone Access: Dirt Topography: Sloping, gentle Shape: Rectangular</p>	<p>Property Factors:</p> <p>Current Use: Vacant Prior Sales History: List Date: 10/16/2006 Exposure Period: 2 months Adjusted Price/SF: \$0.187 Adjusted Price/acre: \$8,139.53 Density:</p>
<p>Comments: This property is wooded with oak and pines and slopes gently. No power, well or septic is available, but telephone is accessible. The property backs up to 640 acres of Roseburg Timber property. Access is via a dirt road.</p>	



Comparable Land Sale No. 4

<p>Identification & Location:</p> <p>APN: 099-190-034 County: Shasta Property Type: Land Location: Grindley Ranch Rd, Whitmore, CA Verified With: Clint Cronin, Listing Agent, Private service providers, Grant Deed Verification Date: 2/22/2007 Data Compiled by: Lesley Parkin</p>	<p>Sales Information:</p> <p>Seller: Michael & Francis Quinn Buyer: Dan Gazzigli Doc No.: 2006R0054065 Doc Recorded: 10/25/2006 Sale Date: 10/24/2006 Sale Price: \$55,000 Adjusted Sale Price: \$ Financing Terms: Unknown Property Rights: Fee Simple Condition of Sale: Arm's Length Buyer Motivation: Unknown</p>
<p>Site Description:</p> <p>Land Area: 5 Acres / 217,800 SF Number of lots: N/A Average lot size: N/A Developmental cost: N/A Zoning: Unclassified Utilities: Electricity Access: Dirt Road Topography: Gentle, Level Shape: Rectangular</p>	<p>Property Factors:</p> <p>Current Use: Vacant Prior Sales History: Sold 4/30/1986 for \$18,500 List Date: 7/9/2006 Exposure Period: 3 months Adjusted Price/SF: \$0.253 Adjusted Price/acre: \$11,000 Density: N/A</p>
<p>Comments: This property is located near the corner of Grindley Ranch Road and Squirrel Lane, close to Whitmore.</p>	



Comparable Land Sale No. 5

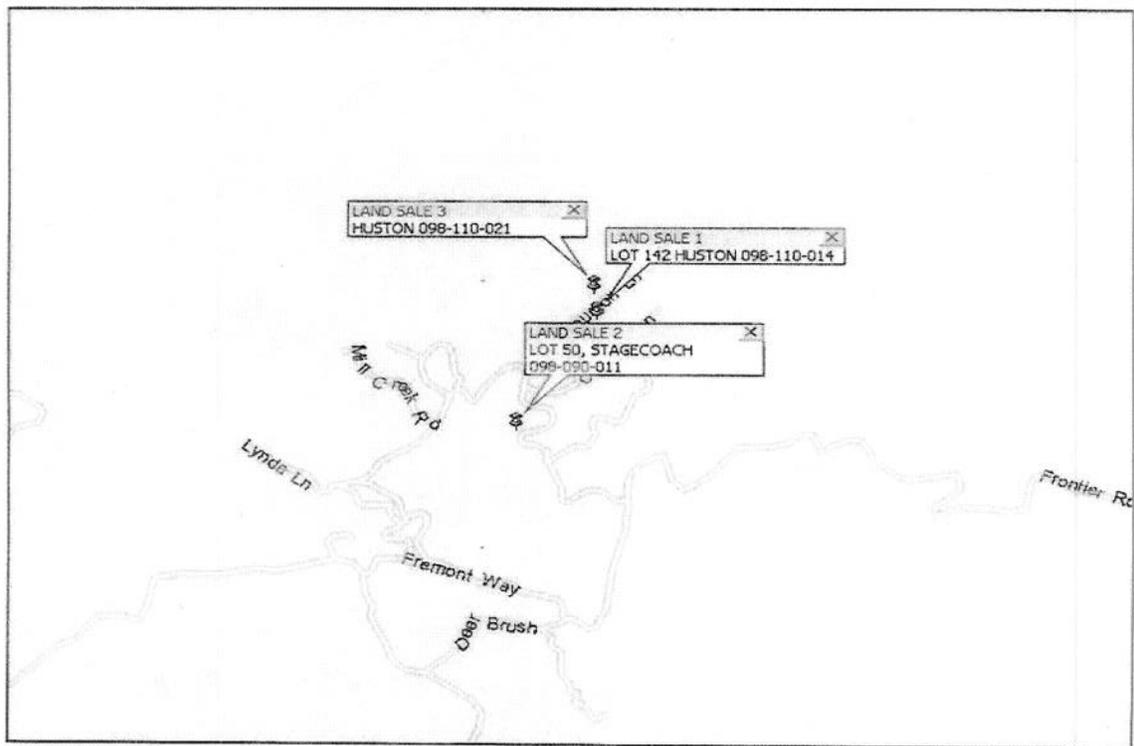
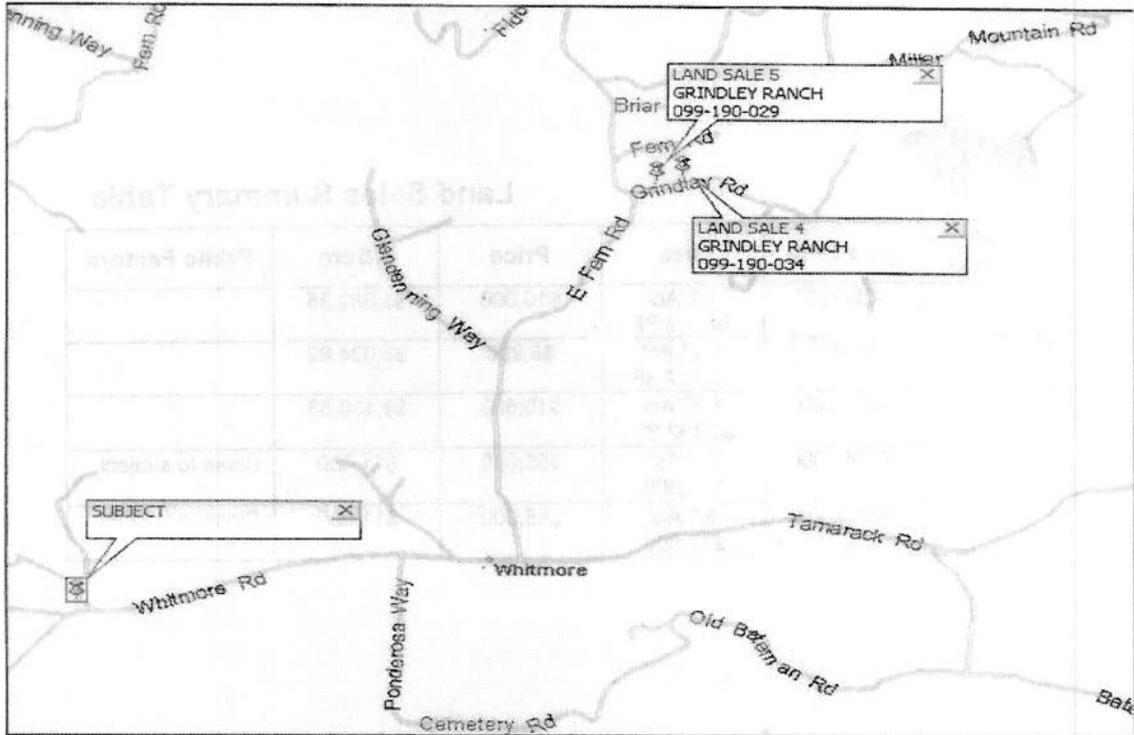
<p>Identification & Location:</p> <p>APN: 099-190-029 County: Shasta Property Type: Land Location: Grindley Rd & Squirrel Ln, Whitmore, CA Verified With: Clint Cronic, Keller-Williams Private service providers, Grant Deed Verification Date: 2/22/2007 Data Complied by: Lesley Parkin</p>	<p>Sales Information:</p> <p>Seller: Buyer: Doc No.: 2005R0017216 Doc Recorded: 3/29/2005 Sale Date: Sale Price: \$55,000 Adjusted Sale Price: \$ Financing Terms: Unknown Property Rights: Fee Simple Condition of Sale: Arm's Length Buyer Motivation: Unknown</p>
<p>Site Description:</p> <p>Land Area: 5 Acres / 217,800 SF Number of lots: N/A Average lot size: N/A Developmental cost: N/A Zoning: Unclassified Utilities: Electricity Access: Dirt Road Topography: Flat Shape: Rectangular</p>	<p>Property Factors:</p> <p>Current Use: Vacant Prior Sales History: List Date: N/A Exposure Period: N/A Adjusted Price/SF: \$0.253 Adjusted Price/acre: \$11,000 Density: N/A</p>
<p>Comments: This property is located on the corner of Grindley Ranch Road and Squirrel Lane, close to Whitmore.</p>	



Land Sales Summary Table

Sale Number	Sale Date	Size	Price	\$/Acre	Prime Factors
1	1/29/2007	1.7 Ac/ 74,052 SF	\$10,000	\$5,882.35	
2	1/29/2007	1.12 Ac/ 48,787 SF	\$8,999	\$8,034.82	
3	12/01/2006	1.29 Ac/ 56,192 SF	\$10,500	\$8,139.53	
4	10/24/2006	5.0 Ac/ 217,800	\$55,000	\$11,000	Close to subject
5	3/29/2005	5.0 Ac/ 217,800	\$55,000	\$11,000	Close to subject

Comparable Land Sale Maps



Analysis & Conclusions

The subject site and all foregoing sales have rural residential, mobile home zoning. All are located within Shasta County. These factors are therefore constant, hence justify the inclusion of these comparables within this analysis. Adjustments to compensate for dissimilarities between the subject and the cited comparables are applied where necessary. The adjusted transactions then produce an indication of worth for the subject land.

Property Rights Agreements or laws create partial interests in real estate. If the interest conveyed for a comparable sale is different from the interest being appraised, then a property rights adjustment is necessary. A common adjustment of this type compensates for a lease that disfavors ownership, and negatively affects value. Unless stated otherwise, property rights are virtually the same for the subject and all cited conveyances. Hence, no adjustments are necessary for this element of comparison.

Financing Non-market financing is a common technique used to finance the acquisition of real estate during periods of high interest rates. When non-market financing is used, financing terms are typically favorable to the buyer so the sale price is usually inflated. The escalated price can be envisioned as a composite of real estate, and advantageous financing terms. Since value created by financing is not real property, the contribution of the advantageous financing must be deducted from total sale price to derive a true price for just the realty. Unless a statement is made to the contrary, beneficial financing was not used to acquire any comparable sale cited in this report. Therefore, no compensations are necessary for financing.

Conditions of Sale An adjustment for conditions of sale compensates for unusual buyer or seller motivations that affect sale price. For instance, when a seller gives the buyer an atypical rebate, discount, credit, or something of value to induce a conveyance, it is logical to deduct the worth of the giveback from the sale price. Residual sums represent the net or effective sale price. Unless stated otherwise, no adjustments are necessary for conditions of sale.

Expenditures Post Sale This is a situation when a buyer has to invest monies in a property immediately after acquisition for some atypical reason. Post-sale invested sums are customarily added to a comparable's sale price, which produces an adjusted sale price. Examples are demolition costs or building-code compliance costs. Unless a contrary statement is made, no adjustments are necessary for post sale expenditures.

Market Conditions This is an adjustment for change in value due to change in market conditions. It is commonly referred to as a time adjustment, but this is misleading. Value does not change simply due to the passage of time. Values fluctuate due to changes in market conditions, so this

adjustment compensates for change in market conditions between a sale's transaction date and a later point in time. All cited comparables conveyed between March 2005 and this report's effective value date. No market condition adjustments were made.

Location Each property was rated to the subject for locational aspects such as value growth potential, access, and general desirability. Those transactions with superior locations were adjusted downward and vice versa. Properties No. 1, 2, and 3 are estimated to have inferior location as compared to the subject. Sales 4 and 5 are similar in location to the subject. The subject property is located on a corner of Whitmore Road and Atkins Road.

Utilities The subject property has an electric substation which provides electricity to the site. Comparable sales 1 through 3 do not have any utilities. Wells and septic systems would need to be installed for residential use, and power is not available at those sites. For these reasons, sales 1 through 3 are considered inferior to the subject. Sales 3 and 4 have electrical power to the land, but do not have other utilities. They are considered similar to the subject for utilities.

Physical Attributes A myriad of physical characteristics can affect value. Some examples are lot size, building size, physical condition of the building, functionality, and visual appeal. Those sales with superior physical qualities warrant downward adjustment and vice versa.

Property size is an influential element of comparison. Often an inverse relationship exists between price and size. That is, the larger the parcel, the lower the price per acre selling price. With the comparable sales chosen, all are between one and five acres, so no adjustment was necessary for size.

Value Indication

Comparable Sales No. 1, 2, and 3 are ranked inferior as compared to the subject. Sales 4 and 5 are given the most weight because of their location closer to the subject, and their access to electrical power at the sight. Property No. 2 is close in size as the subject but is in an inferior location. Based on the location and other factors, Sale 4 is used to determine the high end of land sales in the area

Subject Parcel(s)	1.10	Acre @	\$10,890	Per Acre =	\$11,979
<i>Indicated Market Value of Subject Land in Before Condition Via Sales Comparison, Say</i>					\$12,000



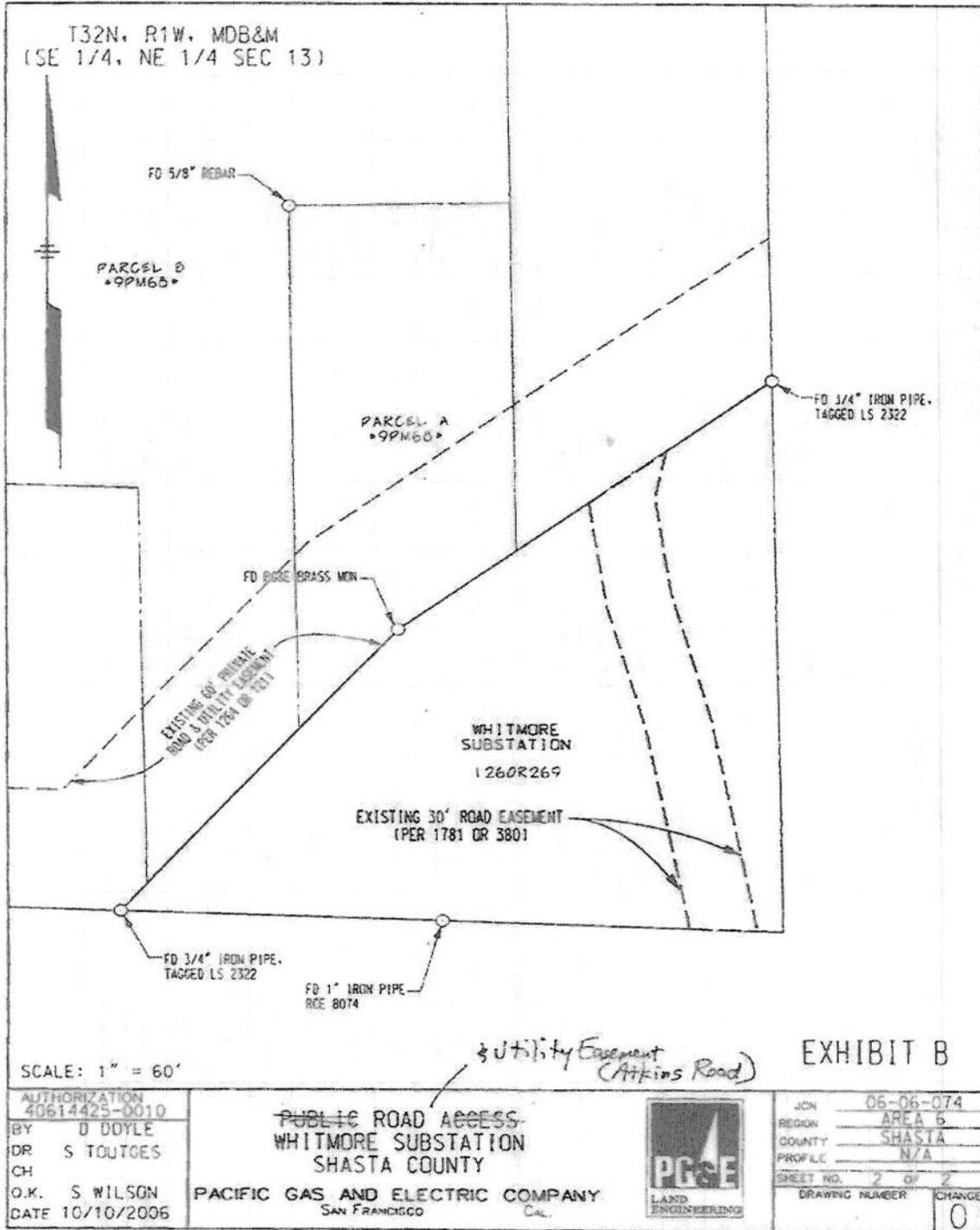
Land Sales Summary & Adjustment Grid

Characteristic	Subject		Sale No. 1 Lot 142 Huston Ln		Sale No. 2 Lot 50, Stagecoach		Sale No. 3 Lot 21, Huston Ln		Sale No. 4 & 5 Grindley Ranch Rd	
	Detail	Adj	Detail	Adj	Detail	Adj	Detail	Adj	Detail	Adj
Sales Price	Objective		\$10,000		\$8,999		\$10,500		\$55,000	
Property Rights	Fee Simple		Similar		Similar		Similar		Similar	
Financing	Cash Eq.		Similar		Similar		Similar		Similar	
Conditions	Average		Similar		Similar		Similar		Similar	
Date of Sale	N/A		1/29/2007		1/29/2007		12/1/2006		3/29/2005 10/24/2006	
Non-Reality	None		Similar		Similar		Similar		Similar	
Property Type	Land		Similar		Similar		Similar		Similar	
Adj. Price/Acre	Objective		\$5,882.35		\$8,034.82		\$8,139.53		\$11,000	

Qualitative Comparison of Physical Characteristics In Order of Influence Per Unit of Comparison

Characteristic	Subject		Sale No. 1 Lot 142 Huston Ln		Sale No. 2 Lot 50, Stagecoach		Sale No. 3 Lot 21, Huston Ln		Sale No. 4 & 5 Grindley Ranch Rd	
	Detail	Adj	Detail	Adj	Detail	Adj	Detail	Adj	Detail	Adj
Location	Whitmore Rd		Inferior		Inferior		Inferior		Superior	
Size/Acres	1.1Acre		1.7 - Inferior		1.12 - Similar		1.29 - Inferior		5.0 - Inferior	
Topography	Level		Inferior		Inferior		Inferior		Similar	
Access	Dirt Road		Similar		Similar		Similar		Similar	
Utilities	Electric		Inferior		Inferior		Inferior		Superior	
Zoning	Rural Resid		Similar		Similar		Similar		Similar	
Amenities	Wooded		Similar		Similar		Similar		Similar	
Adj. Price/Acre	Objective		\$5,882		\$8,034		\$8,139		\$11,000	
Final Ranking	Objective		Inferior		Inferior		Inferior		Superior	

Proposed RW Easement Sketch



Discussion of the Acquisition

General Description of the Right of Way Acquisition

Right of way acquisition involves partial acquisition of 0.15+/- acres of the subject road right of way as a condition of map approval. The subdivision project is not contiguous and located over one-half mile north of the subject parcel. Shasta County requires the easement as a condition to be met for final recordation. Current land use within the acquisition area is gravel roadway which is already utilized by numerous property owners on a prescriptive basis. The proposed road easement will further encumber the easement area, reducing the bundle of rights enjoyed by the property owner. Property owner is due just compensation for the additional loss of enjoyment of use. In this case, most rights of use have already been encumbered by existing prescriptive use and reported deeded easements within the proposed right of way easement area. We estimate maximum compensation to the underlying fee title holder to be ten percent of our estimated market value of the take area.

Legal Description of the Proposed Easement

The legal description is Exhibit "A" located in the easement agreement in the addenda.

Description of the Remainder

After the project is constructed, the subject property's gross land area will possess the same basic shape and configuration overall, but will be encumbered by another easement. Based on analysis of the market data and review of the scope of the project, the remainder parcel for the subject property will have the same estimated highest and best use as in the before condition.

As in the before condition, the owner will be granted unlimited access across the proposed right of way easement. Few, if any, rights of use will be left the owner, other than the underlying fee interest within the proposed right of way. Any road work or contract work required of the "benefited property" within the proposed right of way will be paid for by the owner of the benefited property. Furthermore, no alterations to existing subject property uses will occur as a result of this easement, including, but not limited to, underground, surface, or overhead utility apparatuses on the remainder or in the easement area.

Severance Damages and Benefits

Based upon the analysis through application of standard before and after methodologies, no severance damages or benefits were indicated.

Value Estimate of the Easement

Estimated Land Value in the Before Condition

As discussed in the sales comparison approach, the land value estimated for the property in the before condition is \$12,000.

Construction Cost

No cost to cure items are readily apparent.

Estimated Compensation for Road Right of Way Easement

Road easement area is equated to fee simple acquisition first, in order to calculate ten percent of its market value. Just compensation due the owner is equal to ten percent of the market value of the easement area. Calculations follow:

0.15 acre	@	\$10,890 per acre	=	\$1,633
\$1,633	@	10% of Fee Value	=	\$ 163
Rounded				\$ 200

Estimated Land Values in the After Condition

Analysis using proposed remainder parcel characteristics justifies using the same comparable sales in the after condition. In fact, the highest and best use estimate will remain the same. In the after condition, the subject parcel is estimated to possess the same estimated land value as in the before condition minus the estimated diminished value within the easement area of \$200.

Before Condition Value	\$12,000
Less Value of Easement	<u>\$ - 200</u>
After Condition Value	\$11,800

Final Reconciliation of Value

We have completed the appraisal process concluding to an estimate of the highest and best use of the subject property in both the before and after property conditions supported by the analysis of the region, neighborhood, subject characteristics and recent real estate activity. Based on analysis of the data contained in this report, and the definition of market value for easement purposes, we estimate the market values for the subject, as of February 23, 2007, to be as follows:

Estimated Market Value of the Land in the Before Condition:	\$12,000
Estimated Market Value of the Land in the After Condition:	\$11,800

Estimated Value of Portion Acquired

Easement	\$200
Improvements in the Take Area	\$0
Cost to Cure	\$0
Plus Severance Damages	\$0
Less Special Benefits	\$0

ESTIMATED JUST COMPENSATION: (Rounded)	\$200
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Exposure Time

Terminology abounds in the real estate appraisal profession. Two related but different concepts that are often confused are Exposure Time and Marketing Time. USPAP specifically addresses the confusion.

Term	Definition	Explanation
Exposure Time (Statement 6)	<i>"... the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal".</i>	Backward looking; ends on the effective value date. Based on factual, past events.
Marketing Time (Advisory Opinion 7)	<i>"... an opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value during the period immediately after the effective date of the appraisal".</i>	Forward looking; starts on the effective value date. A forecast based on expectancies of future occurrences.

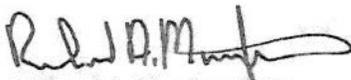
Marketing time and exposure time are both influenced by price. That is, a prudent buyer could be enticed to acquire the property in less time if the price were less. Hence, the time span cited below coincides with the value opinion(s) formed herein.

USPAP Standard rule 1-2(c)(iv) requires an opinion of exposure time, not marketing time, when the purpose of the appraisal is to estimate market value. In the recent past, the volume of competitive properties offered for sale, sale prices, and vacancy rates have fluctuated little. Sale concessions have not been prevalent. In light thereof, an estimated exposure time for the subject is 8 to 12 months assuming competitive pricing and prudent marketing efforts.

Certificate of Appraisal

I certify that to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct;
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, unbiased professional analyses, opinions, and conclusions;
3. I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved;
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results;
6. My compensation for completing this assignment 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;
7. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*;
8. I have made a personal inspection of the property that is the subject of this report and the property owner, or his/her designated representative, was given the opportunity to accompany the appraiser on the property inspection;
9. Lesley Parkin provided significant professional assistance to the person signing this certification;
10. As of the date of this report, I, Richard A. Murphy, MAI, have completed the requirements under the continuing education program of the Appraisal Institute;
11. The reported analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the *Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute*.
12. I certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.



Richard A. Murphy, MAI
Certified General Real Estate Appraiser
California License AG004181
License Expiration Date: 11/3/2008

Qualifications of Richard A. Murphy

Richard A. Murphy is Owner and President of the valuation consulting firm **RYAN & MURPHY GROUP, INC.**, real estate analyst and consultants. Mr. Murphy has been a member of the Appraisal Institute for 20 years and continues to serve in a leadership capacity. Mr. Murphy has appraised various use types as well as subdivisions, office buildings, retail centers, industrial properties, research and development, manufacturing complexes, multi-tenant residential properties, senior housing, as well as troubled and distressed properties. He has performed appraisals for various purposes including, purchases, sales, lending, partial interest, right of way acquisition, eminent domain condemnation proceedings, and litigation issues. In addition to appraisals, he has completed market analysis, feasibility studies, and extensive rental surveys. Mr. Murphy has been deposed as an expert witness in both Shasta and Tehama Counties. Mr. Murphy is an active member in both the **Sacramento Sierra and Northern California Chapters of the Appraisal Institute** currently serving as Vice Chair of the Appraisal Institute California Government Relations Board.

Professional Positions

2003 - Present	Owner, Ryan & Murphy Group, Inc.
1987 - 2002	Senior Analyst, Ryan & Associates
1986 - 1987	Appraiser, Park & Associates, Inc., Colorado Springs, CO
1984 - 1986	Appraiser, Ohio Department of Transportation, Division of Real Estate, Columbus, OH

Professional Affiliations and State Certification

MAI Designation	Member, Appraisal Institute
Board of Directors	Sacramento Sierra Chapter of the Appraisal Institute 2002-2004
Chairman Newsletter Committee	Sacramento Sierra Chapter of the Appraisal Institute 2000-2002
Secretary Treasurer	Sacramento Sierra Chapter of the Appraisal Institute 2003
Region 1 Representative	Sacramento Sierra Chapter of the Appraisal Institute 2003
Vice President	Sacramento Sierra Chapter of the Appraisal Institute 2004
President	Sacramento Sierra Chapter of the Appraisal Institute 2005
Past President	Sacramento Sierra Chapter of the Appraisal Institute 2006
Vice Chair Government Relations	State of California Appraisal Institute 2007
State of California	Certified General Real Estate Appraiser Number AG 004181

Academic Background

Bachelors of Arts Degree-1984	College of Arts and Sciences, Ohio State University
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Qualifications of Lesley C. Parkin

Lesley Parkin is a Certified General Appraiser Trainee. She is an Associate Member of the Appraisal Institute and is working towards her State Certification and MAI designation.

Professional Positions

2006 – Present	Certified General Appraiser Trainee, Ryan & Murphy Group, Inc.
2001-2005	Principal, Palmer Middle School, Palmer, Alaska
1989-2001	Assistant Principal at various middle schools in Anchorage, Alaska
1977-1989	Middle school science and math teacher

Professional Affiliations and State Certification

Associate Member of the Appraisal Institute
American Friends of Cambridge University

Academic Background

Master of Education Degree	South Dakota State University, Brookings, SD
Bachelor of Education, Honors Degree	Hughes Hall College, Cambridge University, Cambridge, England.

Digital Images

Our world is rapidly shifting to a global economy in which technology and e-commerce play major roles. Digitized signatures and digital photographs are key elements of this shift. This appraisal may contain digital photographs, which are true and accurate representations. Brightness and/or contrast of these images may have been adjusted to enhance visibility when lighting conditions were too light or too dark. However, the content of these images was not altered or augmented in any way.

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Appraisal Institute

The Appraisal Institute, the professional organization that awards the MAI and SRA appraisal designations, conducts a program of continuing professional education only for its designated members. Associate and Affiliated Members may attend educational courses and seminars, but they do not receive continuing education credit from the Appraisal Institute.

Declarations

- Completed The appraiser is a designated member of the Appraisal Institute who declares he/she has completed the continuing education program prior to this report's publication date.
- Not Completed The appraiser is a designated member of the Appraisal Institute who declares he/she has not completed the continuing education program prior to this report's publication date.
- Does Not Apply The appraiser is not a designated member of the Appraisal Institute so this organization's continuing education program does not apply.

Each appraiser affixing his/her signature to this document makes the following declaration, which is defined immediately above.

Appraiser	Declaration
Richard A. Murphy, MAI	Completed
Lesley Parkin	Does Not Apply

Signatories to this report, who are Appraisal Institute designated members, associates, or affiliates, incorporate the following Certifications to those listed under the bolded topic named "Certifications" contained within this report.

- The reported analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which includes the Uniform Standards of Professional Appraisal Practice.
- Use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

**PG&E Gas and Electric
Advice Filing List
General Order 96-B, Section IV**

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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	Dynergy 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
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Blue Ridge Gas	Future Resources Associates, Inc	Seattle City Light
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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	