Introduction

PG&E would like to inform you about environmental investigations and cleanup activities taking place on the former Potrero Power Plant property (the "Site") located at 1201 Illinois Street in San Francisco. PG&E is committed to addressing impacts from our historical utility operations. We are working under the oversight of the Regional Water Quality Control Board (Water Board) and other regulatory agencies to address environmental impacts related to our activities at the Site. This includes the investigation and cleanup of a former manufactured gas plant (MGP) that operated on the Site from the 1870s until the 1930s (see timeline below).

To help facilitate the work, the Site has been divided into seven work areas (also called Remediation Areas). These areas are shown on the attached figure. We have made significant progress in our efforts and the project is on schedule to achieve important investigation and cleanup milestones this year (see below).

Site History and Overview

The Former Potrero Power Plant Site is located in San Francisco’s Central Waterfront area. It is about 34 acres in size and has been used for industrial activities since the mid-1800s. Some of the past uses on and near the site included ship building and repair, foundries, sugar refining, and barrel manufacturing. PG&E and its predecessors operated an MGP in the northeastern portion of the site from the 1870s to the 1930s. In the mid 1800s and early 1900s, before natural gas was available as an energy source, more than 1,500 MGPs were located in cities and towns across the country. MGPs would use coal and/or oil to produce gas for lighting, heating and cooking. With the arrival of natural gas in the 1930s, most MGPs in California were no longer needed and closed.

Additionally, a power plant, commonly referred to as the Potrero Power Plant, was built around 1910 and upgraded and expanded in the 1960s. PG&E sold the power plant property to Southern Company (subsequently, Mirant Corp. and now GenOn Energy the current owner) in 1999, while retaining portions of the site for such uses as an electrical switch yard and storage. The existing power plant was retired in March 2011 following the completion of the Trans Bay Cable project. The Trans Bay Cable project allowed additional power to be imported from Pittsburg across the Bay into San Francisco. While PG&E no longer owns the Potrero Power Plant, we are taking responsibility for the impact of our past operations.

Timeline

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
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<tbody>
<tr>
<td>1870</td>
<td>An MGP operated on Potrero Property</td>
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<tr>
<td>1890</td>
<td>PG&amp;E operates Potrero Power Plant Station A (Units 1 and 2)</td>
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<tr>
<td>1900</td>
<td>1910s-1970s</td>
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<tr>
<td>1910</td>
<td>1910s-1970s</td>
</tr>
<tr>
<td>1920</td>
<td>PG&amp;E opens Potrero Power Plant Unit 3</td>
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<tr>
<td>1930</td>
<td>1965</td>
</tr>
<tr>
<td>1940</td>
<td>1999</td>
</tr>
<tr>
<td>1950</td>
<td>PG&amp;E sells Potrero Power Plant to Southern Company (subsequently, Mirant Corp. and now GenOn Energy the current owner)</td>
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<tr>
<td>1960</td>
<td>2000</td>
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<tr>
<td>1970</td>
<td>2007-2010</td>
</tr>
<tr>
<td>1980</td>
<td>Trans Bay Cable Project completed</td>
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<tr>
<td>1990</td>
<td>Potrero Power Plant shuts down 2011</td>
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<tr>
<td>2010</td>
<td>Environmental investigations begin 1990</td>
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Site Facts at a Glance

- 34 acres
- Used for industrial activities since the mid-1800s
- Potrero Power Plant, owned by GenOn Energy, retired March 1, 2011
- Investigation and remediation work related to former MGP and other industrial uses is underway
- Shoreline cleanup, capping, and stabilization, serving as an interim remedial action on a portion of shoreline completed in 2010
Remediation Areas

The site has been divided into seven work areas to allow cleanup work to proceed in those areas unimpeded by existing structures. The following describes the cleanup progress in each of the seven areas.

**Hoe Down Yard**
Investigations of the Hoe Down Yard (a PG&E construction and equipment storage area) found an area with soil containing arsenic at concentrations above naturally occurring levels. No significant environmental impacts were found on the other areas of the site. A Screening Level Human Health Risk Evaluation was submitted to the Water Board in August 2011.

**Switchyard and General Construction Yard Areas**
The Switchyard and General Construction Yard remain an integral part of San Francisco’s electrical infrastructure. The site is currently covered by gravel, concrete or asphalt; this prevents exposure to underlying soil containing residual pollutants. An Environmental Covenant and Deed Restriction that restricts the property to commercial/industrial uses will be applied to this area of the Site. Should the Switchyard and General Construction Yard be removed in the future, additional investigations and cleanup may take place.

**Station A Area**
Site investigations are completed and a Human Health Risk Assessment (HHRA) was submitted to the Water Board in January 2011. This document is used to make decisions as to whether cleanup or other actions are needed. The HHRA results and recommendations should be made in late 2011.

**Power Generation Facility**
This area includes the recently shut down Unit 3 power plant and immediate surroundings. Some soil and groundwater investigations have already been conducted in this area; additional investigations will take place once the former plant structures are demolished by GenOn. A cleanup/closure plan, which will be made available for public review and comment, will follow.

**Tank Farm Area**
This area includes three large above-ground fuel tanks formerly used to house fuel oil. Some soil and groundwater investigations have already been conducted in this area and additional investigations will take place once the tanks are removed by GenOn Energy. A cleanup closure plan will follow.

**Northeast Area**
This area includes the shoreline and the southern portion of Pier 70 owned by the Port of San Francisco. Several site investigations have been conducted, beginning in 1990, and data from the Pier 70 portion is currently being evaluated. Results will be submitted to the Water Board in summer 2011. A draft Feasibility Study to evaluate cleanup options and proposed Remedial Action Plan (cleanup plan) is expected to be submitted to the Water Board in 2012 and 2013, respectively.

**Power Generation Facility**
This area includes sediments in San Francisco Bay near the former power plant property. PG&E has conducted three phases of sediment investigation since 2009 and is currently in the process of presenting the data to stakeholders and regulatory agencies. Subsequently, a Feasibility Study will be developed to evaluate cleanup options.
Project Status

PG&E is on schedule to achieve important remediation milestones in 2011 and 2012. These include:

- The approval of an Environmental Covenant and Deed Restriction for the Switchyard and General Construction Yard Areas is expected by the end of 2011.
- A draft Feasibility Study for the Northeast Area is expected to be submitted to the Water Board in 2012.
- A decision on whether additional cleanup is needed in the Station A Area, based on the HHRA results and recommendations, should be made in late 2011.

Frequently Asked Questions

Who owns the former Potrero Power Plant property? PG&E sold the Potrero Power Plant property in April 1999 to Southern Company (subsequently, Mirant Corp. and now GenOn Energy, the current owner). Other areas near the power plant property, such as the Switchyard and General Construction Yard Areas, are owned by PG&E.

What is the status of the remediation of the property? PG&E has made significant progress on the environmental investigation and remediation of the Former Potrero MGP Remediation Site. The site has been divided into seven work areas to facilitate the remediation process. This allows for the investigation and remediation of certain areas to proceed while further studies are needed in others and some areas remain inaccessible because of existing structures. Most investigation activities have been completed in the accessible areas. Other remediation activities, including conducting feasibility studies, health risk assessments, and remedial action plans, are in various stages of completion.

What are the environmental impacts at the site? The site has a long history of industrial use and has environmental impacts associated with this industrial past. The primary impacts at the site are associated with leftover MGP residues. Residues found at some MGP sites are comprised of many chemicals, including polycyclic aromatic hydrocarbons (PAHs) and volatile organic compounds (VOCs). Heavy metals have also been detected in site soil, along with naturally occurring asbestos, both of which can be associated with fill material or the serpentinite bedrock located beneath the site and surrounding area. Petroleum hydrocarbons have been found in soil and groundwater.

Why is PG&E cleaning up the former Potrero Power Plant property? While PG&E no longer owns the Potrero Power Plant, we are responsible for the environmental impacts of our historic operations. Investigations will be conducted subsequent to the former plant’s demolition by GenOn Energy, and a cleanup plan will be formulated based on site data and anticipated future use.

Who is overseeing the remediation? PG&E is working under the oversight of the California Regional Water Quality Control Board, San Francisco Bay Region, an organization within the California Environmental Protection Agency, which is the lead agency overseeing the environmental investigations and cleanup at the site. The City of San Francisco, Port of San Francisco and several other local, state and federal agencies, including the California Department of Fish and Game are working with the Water Board and PG&E as support agencies.

For More Information

For more information, please contact the Environmental Remediation Information and Response Line at 1-866-247-0581 or email Zeynep Ungun at zxu1@pge.com. You may also contact Mark Johnson of the Water Board at (510) 622-2493 or by email at mjohnson@waterboards.ca.gov.