

PUBLIC UTILITIES COMMISSION
505 Van Ness Avenue
San Francisco CA 94102-3298



**Pacific Gas & Electric Company
ELC (Corp ID 39)
Status of Advice Letter 6457E
As of March 1, 2022**

Subject: Cow Creek Land Donation - Request for Approval under Decision D.03-12-035, D.08-11-043, D.10-08-004, and Public Utilities Code Section 851

Division Assigned: Energy

Date Filed: 01-11-2022

Date to Calendar: 01-14-2022

Authorizing Documents: D0312035

Authorizing Documents: D0811043

Authorizing Documents: D1008004

Disposition:	Accepted
Effective Date:	02-03-2022

PUBLIC UTILITIES COMMISSION
505 Van Ness Avenue
San Francisco CA 94102-3298



Resolution Required: No

Resolution Number: None

Commission Meeting Date: None

CPUC Contact Information:

edtariffunit@cpuc.ca.gov

AL Certificate Contact Information:

Annie Ho

415-973-8794

PGETariffs@pge.com

PUBLIC UTILITIES COMMISSION
505 Van Ness Avenue
San Francisco CA 94102-3298



To: Energy Company Filing Advice Letter

From: Energy Division PAL Coordinator

Subject: Your Advice Letter Filing

The Energy Division of the California Public Utilities Commission has processed your recent Advice Letter (AL) filing and is returning an AL status certificate for your records.

The AL status certificate indicates:

- Advice Letter Number
- Name of Filer
- CPUC Corporate ID number of Filer
- Subject of Filing
- Date Filed
- Disposition of Filing (Accepted, Rejected, Withdrawn, etc.)
- Effective Date of Filing
- Other Miscellaneous Information (e.g., Resolution, if applicable, etc.)

The Energy Division has made no changes to your copy of the Advice Letter Filing; please review your Advice Letter Filing with the information contained in the AL status certificate, and update your Advice Letter and tariff records accordingly.

All inquiries to the California Public Utilities Commission on the status of your Advice Letter Filing will be answered by Energy Division staff based on the information contained in the Energy Division's PAL database from which the AL status certificate is generated. If you have any questions on this matter please contact the:

Energy Division's Tariff Unit by e-mail to
edtariffunit@cpuc.ca.gov



Sidney Bob Dietz II
Director
Regulatory Relations

Pacific Gas and Electric Company
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P.O. Box 770000
San Francisco, CA 94177

Fax: 415-973-3582

January 3, 2022

Advice 6457-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Cow Creek Land Donation - Request for Approval under Decision D.03-12-035, D.08-11-043, D.10-08-004, and Public Utilities Code Section 851

Purpose

Pursuant to the streamlined procedures adopted by the California Public Utilities Commission ("Commission" or "CPUC") in Decision (D.) 08-11-043 (as modified by D.10-08-004), Pacific Gas and Electric Company ("PG&E") requests disposition letter approving PG&E's donation of fee simple title to approximately 2,246 acres of land in Shasta County, commonly known as Cow Creek ("Property") to the Department of Forestry and Fire Protection ("CALFIRE"). This donation is being made in the public interest and will protect and preserve the Beneficial Public Values ("BPVs") on the Property, including the habitat of fish, wildlife and plants, forest resources, the scenic viewshed of the Property, outdoor recreation, agriculture and identified historic and cultural values by restricting any use of the Property that would significantly impair or interfere with the protection of these values. This donation is in accordance with the terms and conditions specified in the Settlement Agreement and Stipulation that were approved by the Commission in D.03-12-035 ("Stipulation").

Background

Pursuant to the Stipulation, the Pacific Forest and Watershed Lands Stewardship Council ("Stewardship Council") was established in 2004 to develop a plan to permanently protect, for the benefit of the citizens of California, more than 140,000 acres of watershed lands ("Watershed Lands") owned by PG&E. This effort is known as PG&E's Land Conservation Commitment ("LCC"). PG&E is fulfilling its commitment through fee donation of certain Watershed Lands and/or the conveyance of conservation easements, (or satisfactory assurance in another form) to ensure that each parcel will be managed consistent with the purpose of the Land Conservation Commitment. PG&E will not make fee simple donations of lands that contain hydroelectric project features, hydroelectric projects licensed by the Federal Energy Regulatory Commission ("FERC"), or properties whose ownership is otherwise required for utility operations. The Stipulation also includes

provisions to ensure the rights necessary to operate and maintain current and future hydroelectric and associated water delivery facilities are reserved, and the existing agreements for economic uses will be honored.

A detailed description of this proposed donation, which addresses the requirements set forth in Section 12(a) of the Stipulation, is provided in the attached Land Conservation and Conveyance Plan (Attachment A) prepared by the Stewardship Council and approved by their Board of Directors. Land Conservation and Conveyance Plans will be issued serially for all Watershed Lands and together will comprise the Land Conservation Plan Volume III.

Property Specific Considerations

In accordance with the streamlined procedure adopted by the Commission in D.08-11-043 (as modified by D.10-08-004), PG&E provides the following information as required by Ordering Paragraph 2:

(1) Identity of the Conservation Property

The Property, identified as Parcels 292-299 (totaling approximately 2,246 acres of land) on the map included in Attachment A, page 5, is in Shasta County. The Property is approximately 25 miles east of Redding and approximately 8 miles north of Shingletown. The Property is surrounded by private properties including ranches, timberlands, and rural residential developments.

(2) Type of Property Interest Disposition

Per the Stewardship Council recommendation, PG&E will convey fee simple title to CALFIRE. CALFIRE will then immediately convey a conservation easement (Attachment B) to the Shasta Land Trust ("SLT"), which will permanently protect the BPVs on the Property. The Property will be transferred subject to a Grant Deed with certain restrictions and reserved rights for the continued operation of Electric Activities and Hydro Project Activities. For the complete text of the Grant Deed, see Attachment C.

The State Board of Equalization estimates the value of the Property is \$1,148,533 (Attachment D).

A. Property Encumbrances and Uses

There are recorded encumbrances on the Property for roads, a bridge, underground wires, and a communication cable. There are no unrecorded encumbrances. There are three existing third-party agreements for economic uses on the Property, as delineated in Exhibit C of the conservation easement. PG&E will assign the Licenses to the Donee upon close of escrow. Two agreements are

for grazing and one is for beekeeping. For the complete text of the Assignment and Assumption agreement see Attachment E.

The Stipulation includes provisions to ensure the rights necessary to operate and maintain current and future hydroelectric and associated water delivery facilities are reserved, and the existing agreements for economic uses will be honored. Compliance with these requirements is reflected in the Conservation Easement (Attachment B, pages 3, 5, 6).

B. Public Access

The public can access Parcel 295 from South Cow Creek Road and Parcel 296 from Whitmore Road. All other parcels are contiguous and accessible from those two parcels with the exception of Parcel 299, which Calfire is securing access to from an adjacent landowner.

Public access to the Property will not be changed because of the donation of the Property. For complete text regarding Public Access, please see the Conservation Easement (Attachment B, page 11).

C. Building Envelopes

The conservation easement between CALFIRE and SLT includes reserved rights in favor of CALFIRE allowing for one (1) or more Potential Building Envelopes to be located on the conveyed lands. CALFIRE will have the ability to select Building Envelope sites within the Potential Building Envelopes until such a time that a total of ten (10) acres have been selected. For the complete agreement between PG&E and CALFIRE regarding building envelopes, please see the Conservation Easement (Attachment B, pages 7 and 8).

D. Utility Facility Access, Operation and Maintenance Easement

PG&E and CALFIRE will also enter into a Utility Facility Access, Operation and Maintenance Easement Agreement covering PG&E's continued use, maintenance, and access to all current and future hydroelectric facilities. For the complete text of the Utility Facility Access, Operation and Maintenance Easement Agreement see Attachment F.

E. PG&E's Assumption of Liability

Section 12(f) of the Stipulation requires that PG&E hold the donee and/or conservation organizations harmless for hazardous waste or substance liability. Fulfillment of that obligation is reflected in the Environmental Agreement, attached hereto as Attachment G.

PG&E conducted an environmental review as part of its due diligence in preparation for donation of the Property. The environmental review included an Environmental Site Assessment (ESA). The ESA assessed the past and present uses, ownership, and environmental conditions of the Property in order to identify potential issues that present known or possible environmental areas of concern. The ESA included, but was not limited to, a site reconnaissance, interviews, and historical and regulatory document review. No potential environmental issues were identified on the Property.

(3) Legal Name and Location of Receiving Parties

State of California
Department of Forestry & Fire Protection
1300 U Street (A-45)
Sacramento, CA 95817
Attn: Technical Services Section

State Public Works Board
915 L Street, 9th Floor
Sacramento, CA 95814
Attn: Executive Director

Shasta Land Trust
5170 Bechelli Lane
Redding, CA 96002
Attn: Executive Director

(4) Proposed Uses and Conservation Management Objectives:

As set forth in the Stipulation, the cornerstone of the LCC is the requirement that the Watershed Lands be preserved and enhanced for the following broad range of BPVs, which are as follows:

- Protection of the Natural Habitat of Fish, Wildlife, and Plants
- Sustainable Forestry
- Preservation of Open Space
- Historic Values
- Outdoor Recreation by the General Public
- Agricultural Uses

The conservation easement for the Property ensures permanent protection of those BPVs listed in the Stipulation that are present on the Property. Attachment B, Section E provides that the following BPVs are protected on the Property:

A. Protection of the Natural Habitat of Fish, Wildlife, and Plants

A diverse range of plant, animal, fungal, and micro biotic communities exist in the ecosystems that make up the Property. Habitat for these communities includes a wide range of forest and range structures and the various ecological and anthropogenic processes that influence forest dynamics.

B. Sustainable Forestry

The Property is heavily forested. It consists of a mixed conifer forest containing ponderosa pine, grey pine, California black oak, incense-cedar, and blue oaks. Beneath the canopy are annual grasslands and open meadows.

C. Preservation of Open Space

The Property provides open space and view shed values that contribute to both the rural character of Shasta County and its open, natural landscape.

D. Historic Values

The Property is located within the ancestral territory of the Central Yana people. The character of the Property includes lands historically utilized by Native Americans. The Property was also historically homesteaded, and the remains of these homesteads can be found across the Property.

E. Outdoor Recreation by the General Public

Due to limited access there is little recreation on the property. The outdoor recreational opportunities that do exist are hiking, berry picking, sightseeing, swimming and birdwatching.

F. Agricultural Uses

The Property provides for ample agricultural values with two current grazing leases covering a total of almost 2,000 acres present on the Property. Grazing has been vital to this region since it was originally settled in the mid-1800s and remains the dominant agricultural use for surrounding lands.

(5) Environmental Information

The proposed transaction constitutes a change in ownership with no proposed changes to land uses; thus, no direct or indirect environmental impacts will occur as a result. Therefore, the transaction does not constitute a "project" under the California Environmental Quality Act (CEQA). Accordingly, as stated in D.99-12-030 (pages 7 and 9), this advice letter process is not subject to review under CEQA.

PG&E's Review & Finding

PG&E has reviewed the transaction and documents herein and has determined that the proposed transaction is compliant with requirements of the Stipulation. Additionally, this transaction will not have an adverse effect on the public interest or on the ability of the utility to provide safe and reliable service to customers at reasonable rates.

Lastly, the Stewardship Council intends to provide funding to satisfy property tax payments in perpetuity for the Property.¹ Upon CPUC approval of fee title donation of the Property, Shasta County will receive a one-time lump sum payment to satisfy property tax in perpetuity for the Property. The County would, in-turn, be required to distribute the funds to the general fund and applicable special districts consistent with the Tax Rate Area in effect for the parcels.

Protests

*****Due to the COVID-19 pandemic, PG&E is currently unable to receive protests or comments to this advice letter via U.S. mail or fax. Please submit protests or comments to this advice letter to EDTariffUnit@cpuc.ca.gov and PGETariffs@pge.com*****

Anyone wishing to protest this submittal may do so by letter sent via U.S. mail by facsimile or electronically, any of which must be received no later than January 31, 2022, which is 20 days after the date of this submittal. Protests should be mailed to:

CPUC Energy Division
ED Tariff Unit
505 Van Ness Avenue, 4th Floor
San Francisco, California 94102
Facsimile: (415) 703-2200
E-mail: EDTariffUnit@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.

¹ As stated in Resolution E-4644 the Commission endorses the Stewardship Council 1) Guidelines Regarding Satisfaction of Tax Neutrality, and 2) the Property Tax Neutrality Methodology adopted by the Stewardship Council.

Sidney Bob Dietz II
Director, Regulatory Relations
Pacific Gas and Electric Company
77 Beale Street, Mail Code B13U
P.O. Box 770000
San Francisco, California 94177
Facsimile: (415) 973-3582
E-mail: PGETariffs@pge.com

Any person (including individuals, groups, or organizations) may protest or respond to this advice letter; the requirements for responding to advice letters are set forth in General Order 96-B, Rules 3.11; see also Decision 08-11-043 (as modified by Decision 10-08-004).

Effective Date

Pursuant to the review process outlined in D.08-11-043 (as modified by D.10-08-004), PG&E requests that this **Category 1** advice submittal become effective as soon as possible.

Notice

In accordance with General Order 96-B, Section IV, and D.08-11-043, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list, Service List A.08-04-020 and I.02-04-026, Appendix A and additional parties identified by the Stewardship Council. Address changes to the General Order 96-B service list should be directed to e-mail PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process_Office@cpuc.ca.gov. Send all electronic approvals to PGETariffs@pge.com. Advice letter submittals can also be accessed electronically at: <http://www.pge.com/tariffs>.

/S/

Sidney Bob Dietz II
Director, Regulatory Relations

Attachments:

- A Land Conservation and Conveyance Plan
- B Conservation Easement
- C Grant Deed
- D State Board of Equalization Land Appraisal Record
- E Assignment and Assumption Agreement
- F Utility Facility Access, Operation and Maintenance Easement Agreement
- G Environmental Agreement – (Fee Donee)

Note: (1) the Property Acquisition Agreement between PG&E and CALFIRE is available upon request.

cc: Service List Appendix A - Advice Letter 6457-E
Heidi Krolick, Stewardship Council
Erin Healy, Stewardship Council
Service List A.08-04-020 and I.02-04-026
Additional Parties Identified by the Stewardship Council

***** **SERVICE LIST Advice 6457-E** *****
APPENDIX A

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505 Van Ness Avenue
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(415) 355-5596
jzr@cpuc.ca.gov

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Robert (Mark) Pocta
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Michael Rosauer
Energy Division
505 Van Ness Avenue
San Francisco, CA 94102
(415) 703-2579
fly@cpuc.ca.gov

State of California
Department of Forestry & Fire Protection
1300 U Street (A-45)
Sacramento, CA 95817
Attn: Technical Services Section
Mike.Duggan@fire.ca.gov

State Public Works Board
915 L Street, 9th Floor
Sacramento, CA 95814
Attn: Executive Director
sally.lukenbill@dof.ca.gov

Shasta Land Trust
5170 Bechelli Lane
Redding, CA 96002
Attn: Executive Director
pvienneau@shastalandtrust.org

Stewardship Council
Attention: Heidi Krolick, Executive Director
Attention: Executive Director
3300 Douglas Blvd. Ste. 250
Roseville, CA 95661
Telephone: (916) 297-6660



ADVICE LETTER 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 E)

Utility type:

- ELC GAS WATER
 PLC HEAT

Contact Person: Annie Ho

Phone #: (415) 973-8794

E-mail: PGETariffs@pge.com

E-mail Disposition Notice to: AMHP@pge.com

EXPLANATION OF UTILITY TYPE

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

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #: 6457-E

Tier Designation: 1

Subject of AL: Cow Creek Land Donation - Request for Approval under Decision D.03-12-035, D.08-11-043, D.10-08-004, and Public Utilities Code Section 851

Keywords (choose from CPUC listing): Agreements, Section 851

AL Type: Monthly Quarterly Annual One-Time Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #: D.03-12-035, D.08-11-043, D.10-08-004

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:

Confidential treatment requested? Yes No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:

Resolution required? Yes No

Requested effective date:

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 proposed¹: N/A

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

¹Discuss in AL if more space is needed.

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this submittal, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102
Email: EDTariffUnit@cpuc.ca.gov

Name: Sidney Bob Dietz II, c/o Megan Lawson
Title: Director, Regulatory Relations
Utility Name: Pacific Gas and Electric Company
Address: 77 Beale Street, Mail Code B13U
City: San Francisco, CA 94177
State: California Zip: 94177
Telephone (xxx) xxx-xxxx: (415)973-2093
Facsimile (xxx) xxx-xxxx: (415)973-3582
Email: PGETariffs@pge.com

Name:
Title:
Utility Name:
Address:
City:
State: District of Columbia Zip:
Telephone (xxx) xxx-xxxx:
Facsimile (xxx) xxx-xxxx:
Email:

Attachment A

Land Conservation and Conveyance Plan

Final LCCP

April 29, 2020

Updated December 23, 2021



Stewardship
Council

Land Conservation and Conveyance Plan

Lands for Donation to CAL FIRE
at Cow Creek Planning Unit

Executive Summary

Subject

LCCP Cow Creek Planning Unit (Lands Donated to CAL FIRE)
Land Conservation Plan Identification Numbers (Parcels) 292-299 as shown on the map attached as Exhibit 1.

Type of Property Interest Disposition

- The California Department of Forestry and Fire Protection (CAL FIRE) to hold fee simple title to approximately 2,246 acres within Parcels 292-299 of the Cow Creek planning unit.
- Shasta Land Trust (SLT) to hold the conservation easement on the 2,246 acres of Parcels 292-299 donated to CAL FIRE.

Summary

Approximately 2,246 acres within 8 parcels (Parcels 292-299) will be donated to CAL FIRE and, consistent with the conditions in the Settlement Agreement, the property will be subject to a perpetual conservation easement granted to SLT. Pending California Public Utilities Commission (CPUC) approval, and immediately following PG&E's conveyance of 2,246 acres within Parcels 292-299 to CAL FIRE, CAL FIRE and SLT will encumber the property with the conservation easement. 20 acres within Parcels 292-299 will be retained by PG&E and are addressed in a separate Land Conservation and Conveyance Plan (LCCP) along with 46 acres in Parcels 300 and 301.

The 2,246 acres in Parcels 292-299 to be donated to CAL FIRE are outside the Cow Creek FERC Project boundary (FERC #606) and PG&E has determined this acreage does not need to be retained for existing or future utility operations. Therefore, this acreage is available for donation, subject to PG&E's reserved rights.

This transaction will not have an adverse effect on the public interest or on the ability of the utility to provide safe and reliable service to customers at reasonable rates.

Property Location

The property subject to this LCCP consists of 2,246 acres along Mill Creek in Shasta County near the rural community of Whitmore.

Economic Uses and Agreements

There are recorded encumbrances on the acreage for donation to CAL FIRE at the Cow Creek planning unit for use of a road and bridge and for underground wires and cable. There are three lease agreements for economic uses on the lands to be donated to CAL FIRE in the Cow Creek planning unit. Two agreements are for grazing use of the property and one is for beekeeping.

Consistent with the Settlement Agreement, PG&E will reserve its rights to maintain and operate existing and future utility facilities on the parcels to be conveyed in fee. The specific reserved rights are set forth in the grant deed and conservation easement, which can be found in Appendices 2 and 3, respectively.

Permanent Protection of the Beneficial Public Values

The grant deed transferring fee title to CAL FIRE includes a recital that CAL FIRE and PG&E acknowledge that the conveyance, together with the conservation easement transaction being entered into with SLT, is being made in the public interest with the intent to ensure the permanent protection of the beneficial public values (BPVs) on the Property as identified in the Land Conservation Plan while allowing the ongoing use of the Property by PG&E for hydroelectric operations, water delivery, and related activities, and acknowledging and honoring the existing third party uses.

Conservation Management Objectives to Preserve and/or Enhance the Beneficial Public Values

The conservation easement for Parcels 292-299 within the Cow Creek planning unit lists the following Beneficial Public Values (BPVs) that are to be protected:

- Fish, Plant and Wildlife Habitat. A diverse range of plant, animal, fungal, and micro biotic communities exist in the ecosystems that make up the Property. Habitat for these communities includes a wide range of forest and range structures and the various ecological and anthropogenic processes that influence forest dynamics.
- Forest Resources. The Property is heavily forested. It consists of a mixed conifer forest containing ponderosa pine, grey pine, California black oak, incense-cedar, and blue oaks. Beneath the canopy are annual grasslands and open meadows.
- Open Space. The Property provides open space and view shed values that contribute to both the rural character of Shasta County and its open, natural landscape.
- Historic Resources. The Property is located within the ancestral territory of the Central Yana people. The character of the Property includes lands historically utilized by Native Americans. The Property was also historically homesteaded, and the remains of these homesteads can be found across the Property.
- Outdoor Recreation. Due to limited access there is little recreation on the property. The outdoor recreational opportunities that do exist are hiking, berry picking, sightseeing, swimming and birdwatching.
- Agriculture. The Property provides for ample agricultural values with two current grazing leases covering a total of almost 2,000 acres present on the Property.

Grazing has been vital to this region since it was originally settled in the mid-1800s and remains the dominant agricultural use for surrounding lands.

Tax Neutrality

After the lands are donated to CAL FIRE, a committee will be formed by CAL FIRE to determine the annual payments due from CAL FIRE in lieu of property taxes (pursuant to Section 4654 of the Public Resources Code). If the new amount is less than PG&E's current tax payments, the Stewardship Council will pay 100% of the difference to Shasta County, who has elected to receive a lump sum payment consistent with the methodology described in the Property Tax Neutrality Methodology adopted on June 27, 2012 and amended most recently on November 15, 2017.

Hazardous Waste Disclosure

PG&E has provided the Cow Creek Planning Unit Environmental Site Assessment Report dated October 25, 2011, to CAL FIRE and SLT, fulfilling the disclosure requirements of the Land Conservation Commitment.

Consideration of Parcel Split

Within Parcels 292-299, approximately 20 acres will be retained by PG&E. PG&E determined that operational needs would be met sufficiently through the reservation of rights for ongoing hydroelectric operations on the remaining 2,246 acres within these parcels. To effectuate transfer of a portion of the property, a parcel split will be required to comply with the California Subdivision Map Act (Government Code Section 66410, et seq). Certain exemptions to the Map Act apply to public utilities and/or to governmental entities and may apply to future conveyances of parcels within this planning unit.

Applicable CEQA Exemption(s) or Reason Why Transaction is not a "Project **Under CEQA**"

The Cow Creek transaction will not result in a direct physical change or a reasonably foreseeable indirect physical change in the environment; therefore, the Stewardship Council does not believe that the transaction is a project under CEQA. In addition, the transfer of land to preserve open space, habitat, or historical resources is categorically exempt under Section 15325 of the CEQA Guidelines (CFR Title 14, Chapter 3) and Public Resources Code 21080.28 clarifies that CEQA review is not required before a public agency transfers an interest in property, provided the purpose of the transfer is to conserve the land for habitat, open space, agricultural, or historic preservation, among other purposes.

The establishment of a conservation easement is also categorically exempt under Section 15325 of the CEQA Guidelines (CFR Title 14, Chapter 3). While the principal effect of the conservation easement will be to significantly restrict development on the site in perpetuity, the conservation easement reserves to CAL FIRE the right to develop no more

than a total of ten acres within designated Building Envelopes for uses including recreation, research, or forest management subject to the limitations in the conservation easement. However, CAL FIRE is not proposing to carry out any development or change in use at this time. Instead, at least for the time being, CAL FIRE intends to manage the Property as PG&E does presently. If, in the future, CAL FIRE decides to pursue new development or uses that are allowed by the conservation easement, it must first obtain all necessary permits and conduct any necessary CEQA review at that time. Public Resources Code 21080.28 states that CEQA review is not required even when physical changes to the property are reasonably foreseeable as a result of the transfer, provided that environmental review occurs before those changes occur.

Exhibit 1. Map of the Property

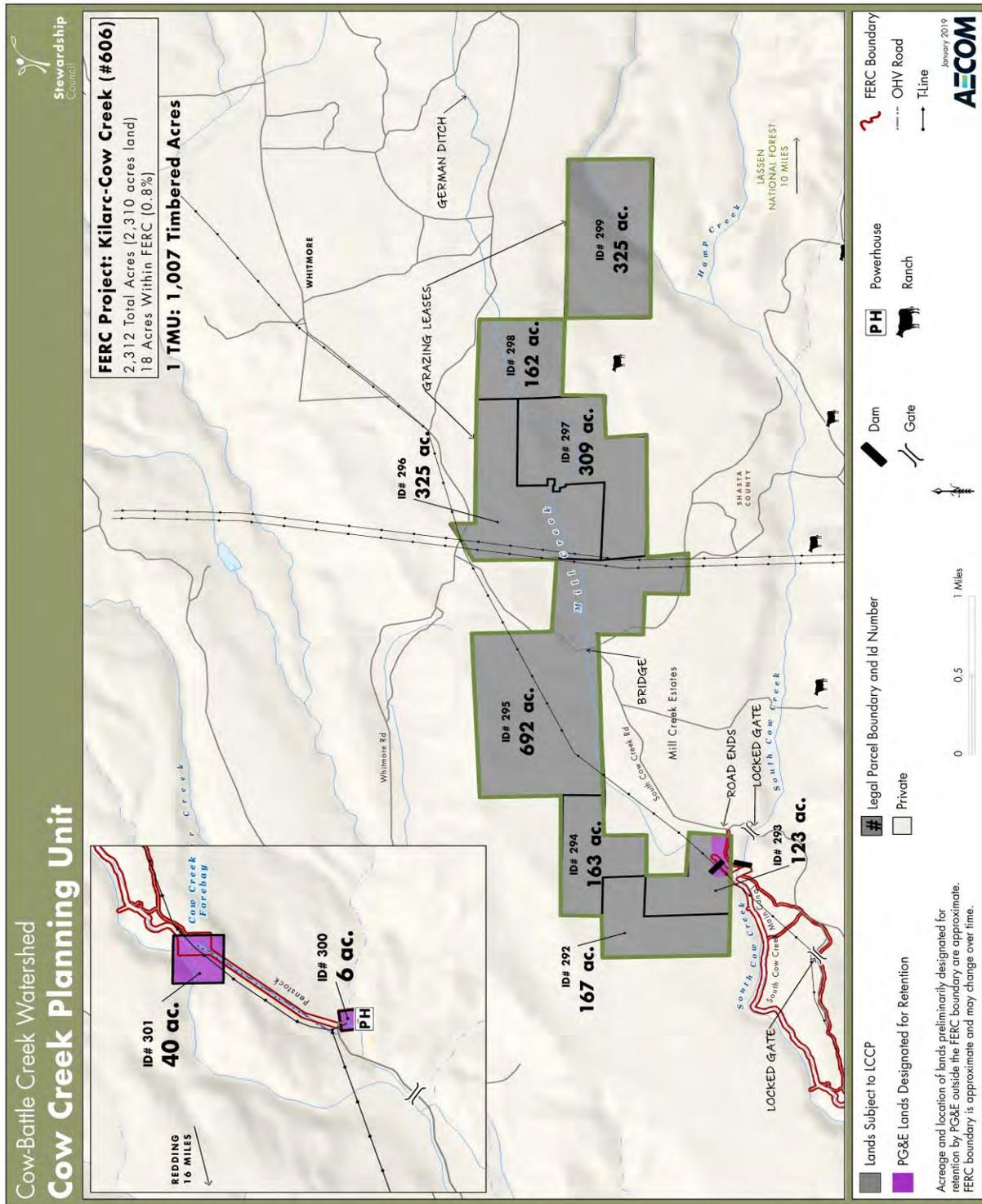


Table of Contents

Executive Summary.....	1
Introduction.....	7
1. Acreage, Existing Economic Uses and Agreements.....	11
2. Objectives to Preserve and/or Enhance the BPVs.....	13
3. Recommendations for Conservation Easement and Fee Simple Donation.....	15
4. Finding of Donee Funding and Other Capacity to Maintain Lands to Preserve and/or Enhance the BPVs.....	17
5. Analysis of Tax and Other Economic and Physical Impacts.....	19
6. Hazardous Waste Disclosure.....	22
7. Consideration of Parcel Split.....	23
8. Strategy for Physical Measures to Enhance the BPVs.....	24
9. Monitoring Plan for the Economic and Physical Impacts of Disposition and Implementation of Enhancement Measures.....	25
10. Implementation Schedule for Transactions and Measures.....	26

Appendices

Appendix 1. Summary of Public Outreach.....	27
Appendix 2. Grant Deed.....	33
Appendix 3. Conservation Easement.....	41
Appendix 4. Stewardship Council Funding Agreement.....	77
Appendix 5. Property Tax Neutrality Methodology.....	86
Appendix 6. Settlement Agreement, Appendix E.....	90

Introduction

The Pacific Forest and Watershed Lands Stewardship Council (Stewardship Council) is a private, nonprofit foundation established in 2004 pursuant to a Settlement Agreement and a Stipulation Resolving Issues Regarding the Land Conservation Commitment approved by the California Public Utilities Commission (CPUC) in Decision 03-12-035 (Dec. 18, 2003). The Stewardship Council Board of Directors includes appointees from state and federal agencies, water districts, Native American and rural interests, forest and farm industry groups, conservation organizations, the CPUC, and Pacific Gas and Electric Company (PG&E).

The Stewardship Council has developed a plan to protect more than 140,000 acres of watershed lands (Watershed Lands) currently owned by PG&E for the benefit of the citizens of California. Protecting the Watershed Lands will be accomplished through (1) PG&E's grant of conservation easements to one or more public agencies or qualified conservation organizations so as to protect the natural habitat of fish, wildlife, and plants, the preservation of open space, outdoor recreation by the general public, sustainable forestry, agricultural uses, and historic values (collectively the Beneficial Public Values), and in some cases, (2) PG&E's donation of the Watershed Lands in fee to one or more public entities or qualified conservation organizations, whose ownership would be consistent with these conservation objectives.

Located primarily in the Sierra Nevada and Cascade Mountain range watersheds, the Watershed Lands contain some of the most pristine and resource-rich landscapes found in the state. The properties are diverse and geographically remote, located in 21 counties from the northern reaches of the state to the southern end of the Central Valley.

As required by the Settlement and Stipulation, the Stewardship Council prepared a Land Conservation Plan (LCP) to establish a framework for the conservation and/or enhancement of the Watershed Lands, and to ensure the permanent protection of these lands for the benefit of current and future generations of Californians. To address the challenge of a conservation effort of this large scope and unique nature, and to facilitate engagement of a wide range of stakeholders and interested members of the public, the Stewardship Council grouped the Watershed Lands into 47 planning units and established a phased approach to development and implementation of the LCP.

In 2007, the Stewardship Council board adopted Volumes I and II of the LCP:

- **Volume I:** The Land Conservation Framework establishes the overall framework for the LCP, including legal requirements, the planning process, methodologies, public involvement, and relevant regulatory processes.
- **Volume II:** Planning Unit Concepts documents existing conditions and presents management objectives, potential measures, and conceptual plans to preserve and/or enhance the Beneficial Public Values (BPVs) within each planning unit. It also documents existing economic uses.

Volume III, consisting of Land Conservation and Conveyance Plans (LCCPs) to be issued serially and cumulatively, will encompass a series of real estate transaction packages that will detail the specific land conservation and/or disposition requirements for each parcel or parcel cluster. LCCPs represent the Stewardship Council's recommendations for preserving and/or enhancing the BPVs of the Watershed Lands, and are intended to support required regulatory approvals of the land transactions resulting from the Stewardship Council's recommendations. The content of the LCCP spans a number of issues required by the Settlement and Stipulation, such as an express reservation of a right for continued operation and maintenance of hydroelectric facilities and associated water delivery facilities, including project replacements and improvements required to meet existing and future water delivery requirements for power generation and consumptive water use by existing users, compliance with any Federal Energy Regulatory Commission (FERC) license, FERC license renewal, or other regulatory requirements. In addition, conservation easements will honor existing agreements for economic uses, including consumptive water deliveries, and preserve or enhance reasonable public access to the Watershed Lands.

During the development of LCP Volumes I and II and the LCCPs, the Stewardship Council implemented a public outreach program to ensure local communities, elected representatives, neighboring property owners, Native American tribes and groups, and other key stakeholders had many opportunities to engage in the Stewardship Council's effort to preserve and enhance the Watershed Lands. To solicit additional input from the public on potential fee title recipients or conservation easement holders (referred to as donees), the Stewardship Council hosted a series of public information meetings. These meetings were designed to (1) provide an overview and update on the Stewardship Council's Land Conservation Program, (2) outline next steps, timeline, and opportunities for additional public input, and (3) solicit public input on the desired qualifications of potential donees and the future stewardship of the planning units. The Stewardship Council also made a concerted effort to extend the benefits of PG&E's Land Conservation Commitment to Native American tribes and groups, including meeting in person with representatives of Native American entities and conducting special outreach to best ensure Native American entities were aware of, and provided full access to participate in the opportunities presented by PG&E's Land Conservation Commitment.

Public input that the Stewardship Council received as a result of the public outreach process, including comments on Volume II of the LCP, comments from public information meetings on the selection of donees and other issues, and correspondence received by the Stewardship Council were considered by the Stewardship Council in its evaluation of the potential donees and their land stewardship proposals. In addition to public meetings, the public was given the opportunity to participate in all of the Stewardship Council's public board meetings where decisions were made on fee title and conservation easement donees. Prior to making a decision regarding the disposition of any parcel, the Stewardship Council will provide notice to the Board of Supervisors of the affected county, each affected city, town, and water supply entity, each affected Tribe and/or co-licensee, and each landowner located within one mile of the exterior boundary of the parcel, by mail or other effective manner. A summary of the public outreach

process for this subject LCCP, the Cow Creek planning unit, is provided in Appendix 1. Furthermore, the proposed LCCP will be made available for public review and comment before it is forwarded by the Watershed Planning Committee to the board for its review and approval.

The Stewardship Council Board of Directors recommends that the California Department of Forestry and Fire Protection (CAL FIRE) receive 2,246 acres within 8 parcels (292-299) of the Cow Creek planning unit in fee and that the Shasta Land Trust (SLT) hold a conservation easement over the lands recommended for donation to CAL FIRE in these parcels (292-299) of the Cow Creek planning unit.

Table 1 identifies Stipulation requirements that will be addressed in the LCCP and includes pertinent language from the Stipulation.

Table 1 Stipulation 12(a) Requirements

<p>(1) Acreage, Existing Economic Uses and Agreements <i>“Reasonably exact estimates of acreage, by parcel, within or outside licensed project boundaries, and existing economic uses (including all related agreements);”</i></p>
<p>(2) Objectives to Preserve and/or Enhance <i>“Objectives to preserve and/or enhance the BPVs, as defined in the Settlement Agreement, Appendix E, of each individual parcel;”</i></p>
<p>(3) Recommendations for Conservation Easement and Fee Simple Donation <i>“A recommendation for grant of a conservation easement or fee simple donation for each such parcel;”</i></p>
<p>(4) Finding of Donee Funding and Other Capacity to Maintain Lands to Preserve and/or Enhance BPVs <i>“A finding that the intended donee of such easement or fee simple has the funding and other capacity to maintain that property interest so as to preserve and/or enhance the BPVs thereof;”</i></p>
<p>(5) Analysis of Tax and Other Economic and Physical Impacts <i>“An analysis of tax and other economic and physical impacts of such disposition strategy, and a commitment by an appropriate entity to provide property tax revenue, other equivalent revenue source, or a lump sum payment, so that the totality of dispositions in each affected county under the LCC will be 'tax neutral' for that county;”</i></p>
<p>(6) Hazardous Waste Disclosure <i>“A disclosure of all known hazardous waste or substance contamination or other such environmental liabilities associated with each parcel;”</i></p>
<p>(7) Consideration of Parcel Split <i>“Appropriate consideration whether to split any parcel which is partly used or useful for operation of PG&E's and/or a co-licensee's hydroelectric facilities, where the beneficial public values of the unused part may be enhanced by such split, provided that it is consistent with Section 12(b)(4) of this Stipulation and that, in the event that governmental approval of a parcel split imposes conditions or restrictions on other PG&E property, the decision to accept or reject such conditions will be at PG&E's sole discretion;”</i></p>
<p>(8) Strategy for Physical Measures to Enhance BPVs <i>“A strategy to undertake appropriate physical measures to enhance the BPVs of individual parcels; provided that no such measure will be in conflict with the provisions of Settlement Agreement paragraph 17(c) and Appendix E paragraph 1;”</i></p>
<p>(9) Monitoring Plan for the Economic and Physical Impacts of Disposition and Implementation of Enhancement Measures <i>“A plan to monitor the economic and physical impacts of disposition and implementation of enhancement measures on the applicable management objectives;”</i></p>
<p>(10) Implementation Schedule for Transactions and Measures <i>“A schedule for the implementing transactions and measures.”</i></p>

1. Acreage, Existing Economic Uses and Agreements

Acreage and Property Description

Approximately 2,246 acres in Parcels 292-299 will be donated to CAL FIRE and, consistent with the conditions in the Settlement Agreement, the Property will be subject to a perpetual conservation easement granted to SLT. 20 acres within Parcel 293 will be retained by PG&E and is subject to a conservation easement.

The Cow Creek planning unit is comprised of parcels located just southwest of the rural community of Whitmore in Shasta County, approximately 30 miles east of the City of Redding. The planning unit is primarily semi-timbered grazing land.

The Cow Creek planning unit provides riparian and aquatic habitat along Mill Creek and South Cow Creek. Mill Creek runs east to west through the planning unit from Parcel 297 to Parcel 293. South Cow Creek flows through Parcel 299. The planning unit is within critical winter range for deer. Wetlands are located near the springs at the headwaters of Mill Creek. The creek also supports both wet and dry meadows adjacent to the creek channel.

There is very little recreation use within the planning unit due to limited access; many secondary unimproved dirt roads in the planning unit are not well maintained or signed and navigation can be difficult. There is some recreation at the Mill Creek Bridge. Additionally, some hunting for deer and turkey occurs within the planning unit, and unauthorized OHV use has also been noted.

There is one PG&E Timber Management Unit (TMU) for the planning unit consisting of 1,007 timbered acres. The TMU is managed under a Sustainable Timber Management prescription, meaning that sustained timber production is regarded as the highest and best use of the land while also placing an emphasis on protecting water quality, wildlife and fisheries habitat, soils, carbon sequestration, and cultural resources.

Most of the planning unit lands outside the FERC boundary are currently grazed under two grazing leases. One lease covers the majority of the lands (1,467 acres) within the planning unit. The second lease (324 acres) covers the eastern parcel. Approximately 521 acres are not under a lease due to the lack of available forage.

The Cow Creek planning unit lies within the ancestral territory of the Central Yana people. Cultural resources are likely present on the property, but have not been inventoried. The Property was also historically homesteaded, and the remains of these homesteads can be found across the Property.

PG&E High Voltage Transmission Lines cross the property. The Round Mountain – Table Mountain #1 and #2 500 kV transmission lines run parallel, north-south through the center of the property and the Kilarc – Deschutes 60 kV transmission line runs southwest to northeast through the property.

Adjacent and Nearby Landowners

The parcels subject to donation to CAL FIRE are surrounded by private property, primarily ranches, timberlands, and rural residential developments. CAL FIRE is securing access to parcel 299 from an adjacent landowner. Parcel 295 is accessible from South Cow Creek Road, Parcel 296 is accessible from Whitmore Road, and all other parcels are contiguous and accessible from those two parcels.

The Stewardship Council notified and invited landowners located within one mile of the subject parcels to provide comment during key phases of the land conservation and conveyance planning process.

Existing Economic Uses and Agreements

There are recorded encumbrances on the acreage for donation to CAL FIRE at the Cow Creek planning unit for use of a road and bridge and for underground wires and cable. There are three lease agreements for economic uses on the lands to be donated to CAL FIRE in the Cow Creek planning unit. Two agreements are for grazing use of the property and one is for beekeeping.

PG&E's specific reserved rights are set forth in the grant deed and conservation easement, which can be found in Appendices 2 and 3, respectively.

2. Objectives to Preserve and/or Enhance the BPVs

The Land Conservation Commitment provides that “PG&E shall ensure that the Watershed Lands it owns... are conserved for a broad range of beneficial public values, including the protection of the natural habitat of fish, wildlife and plants, the preservation of open space, outdoor recreation by the general public, sustainable forestry, agricultural uses, and historic values. PG&E will protect these beneficial public values associated with the Watershed Lands... from uses that would conflict with their conservation. PG&E recognizes that such lands are important to maintaining the quality of life of local communities and all the people of California in many ways, and it is PG&E’s intention to protect and preserve the beneficial public values of these lands under the terms of any agreements concerning their future ownership or management.”¹

The following text lists the objectives for each BPV at the Cow Creek planning unit that the Stewardship Council board approved in LCP Volume II, as well as a description of how the transaction, as summarized by this LCCP, supports each objective and preserves and/or enhances the BPVs.

The conservation easement will protect the BPVs, subject to PG&E’s hydro and other reserved rights as provided in the conservation easement.

1. Objective: Preserve and enhance habitat in order to protect special biological resources.

The conservation easement (Appendix 3) will permanently protect habitat by preventing any use of the Property that will significantly impair the Conservation Values, and restricting development and the landowner’s uses to those that are consistent with the protection of the BPVs on the property. In addition, the land will be managed in accordance with a Demonstration State Forest Management Plan that will be developed subsequent to fee title transfer.

2. Objective: Preserve open space in order to protect natural and cultural resources, viewsheds, and agricultural land uses.

The conservation easement will ensure that no further development will occur unless specifically authorized by the conservation easement and consistent with the Conservation Values.

3. Objective: Enhance recreational management in order to provide appropriate recreation use.

The conservation easement recognizes that access to the Property is inherent or may be inherent in the enjoyment of the Conservation Values and the Informal Uses. Therefore, CAL FIRE will allow public access to the Property that is substantially consistent with

¹ Land Conservation Commitment I.02-04-026, Appendix E, p. 38

the public access existing on the date the conservation easement is recorded, subject to reasonable rules and regulations.

4. Objective: Develop and implement forestry practices in order to contribute to a sustainable forest, preserve and enhance habitat, as well as to ensure appropriate fuel load and fire management.

CAL FIRE proposes to conduct timber harvest activities on the Property in accordance with a Demonstration State Forest Management Plan that incorporates the following Forest Management Goals: maintain healthy and vigorous forest stands; protect important riparian resources; manage for sustainable stands of native tree species historically present on the landscape; improve resistance to drought and pests; address any infestation of insects or disease that threatens the viability of the forest; address any build-up of fuel to reduce risks of catastrophic fire; enhance climate benefits through carbon sequestration and storage; establish and maintain a full and balanced range of stand ages and characteristics, allowed to move across the landscape over time, including early-seral, mid-seral and late-seral forest conditions; provide adequate amounts of snags and cavity trees; provide adequate amounts of downed woody debris; manage for edge effects; and maintain and enhance vegetation types and structural elements across the landscape that support fish and wildlife habitats for native species historically present on the landscape.

5. Objective: Preserve and enhance grazing in order to support associated economic benefits, as well as to protect open space and habitat resources.

The conservation easement identifies agricultural values, including grazing, as a beneficial public value. Existing grazing leases will be honored in accordance with Section 11 of the conservation easement as Express Third Party Uses.

6. Objective: Identify and manage cultural resources in order to ensure their protection.

The conservation easement will protect identified historical and cultural values on the Property to the extent they are protected by state and federal law.

3. Recommendations for Conservation Easement and Fee Simple Donation

The Settlement and Stipulation require that the Watershed Lands: (1) be subject to permanent conservation easements restricting development of the Watershed Lands so as to protect and preserve the BPVs, and/or (2) be donated in fee simple to one or more public entities or qualified nonprofit conservation organizations, whose ownership will ensure the protection of these BPVs.

Conservation Easement

The Settlement Agreement states that “the conservation easements shall provide for the preservation of land areas for the protection of the natural habitat of fish, wildlife and plants, the preservation of open space, outdoor recreation by the general public, sustainable forestry, agricultural uses, and historic values and, shall prevent any other uses that will significantly impair or interfere with those values. Conservation easements on the Watershed Lands will include an express reservation of a right for continued operation and maintenance of hydroelectric facilities and associated water delivery facilities, including project replacements and improvements required to meet existing and future water delivery requirements for power generation and consumptive water use by existing users, compliance with any FERC license, FERC license renewal or other regulatory requirements. In addition, conservation easements will honor existing agreements for economic uses, including consumptive water deliveries. The conservation easements shall be donated to and managed by one or more non-profit conservation trustees, qualified conservation organizations or public agencies with the experience and expertise to fully and strictly implement the conservation easements” (Land Conservation Commitment I.02-04-026, Appendix E, pp. 38-39).

For the complete text of the conservation easement, see Appendix 3.

Conservation easements must be donated to nonprofit organizations, Native American tribes, or public agencies that meet the requirements of California Civil Code section 815.3 and possess the experience and capacity to fully and strictly implement the terms of the conservation easement. SLT will hold the conservation easement over the lands to be donated to CAL FIRE in the Cow Creek planning unit that are the subject of this LCCP. The qualifications of SLT are described in Chapter 4.

Accordingly, immediately prior to PG&E's conveyance of the lands to be donated to CAL FIRE in the Cow Creek planning unit, a conservation easement on the Property will be conveyed to SLT and recorded.

Retention or Donation of Fee Title

The Settlement Agreement states that PG&E will not be expected to make fee simple donations of Watershed Lands with hydroelectric project features, and conservation easements and enhancements may not interfere with hydroelectric operations. In general, PG&E will retain fee title to those Watershed Lands within the boundaries of

hydroelectric projects licensed by the FERC, as well as other properties required for continuing and future utility operations. However, these Watershed Lands will be conserved via a conservation easement. See Appendix 6 for a description of PG&E's Land Conservation Commitment.

The 2,246 acres proposed for donation to CAL FIRE in Parcels 292-299 were identified as available for donation, subject to PG&E's reserved rights.

Lands to be Donated by PG&E

2,246 acres within 8 parcels (292-299) will be donated to CAL FIRE pending CPUC approval of the Section 851 filing for the transaction. The legal description of the parcels is included in the grant deed, which is provided in Appendix 2. The qualifications and capacity of CAL FIRE to manage the Cow Creek property recommended for donation are described in Chapter 4.

The map provided in Exhibit 1 shows all of the land within Parcels 292-299 in the Cow Creek planning unit that will be donated. The map also shows key features in the planning unit and surrounding area, and the ownership of adjacent land.

Lands to be Retained by PG&E

The remaining 20 acres in Parcels 292-299 in the Cow Creek planning unit will be retained by PG&E and are the subject of a separate LCCP along with the 46 acres retained in Parcels 300 and 301.

4. Finding of Donee Funding and Other Capacity to Maintain Lands to Preserve and/or Enhance the BPVs

Selected Organizations

At the conclusion of the selection process referenced below, the following organizations were endorsed by the Stewardship Council board on September 15, 2011:

- The California Department of Forestry and Fire Protection (CAL FIRE) to hold fee simple title to 2,246 acres within Parcels 292-299.
- The Shasta Land Trust (SLT) to hold a conservation easement over the 2,246 acres to be donated to CAL FIRE in Parcels 292-299.

Capacity of Selected Organizations

The Stewardship Council board finds that CAL FIRE and SLT will have the funding and other capacity to maintain the property interest so as to preserve and/or enhance the BPVs².

A. CAL FIRE:

- CAL FIRE manages approximately 70,000 acres of Demonstration State Forests across California including the 9,033 acre LaTour Demonstration State Forest in eastern Shasta County. The eight Demonstration State Forests are managed and used to support research and demonstration projects on forest management, public recreation opportunities, fish and wildlife habitat, and watershed protection.
- At each of the Demonstration State Forests, CAL FIRE works in cooperation with a variety of entities to implement research, fuels management, and fire protection activities. In Shasta County, CAL FIRE maintains an active role in research and professional forestry.

B. SLT:

- Established in 1998, SLT's mission is to conserve the beauty, character, and diversity of significant lands in far northern California.
- SLT holds twelve conservation easements totaling over 24,000 acres.
- SLT is guided by a nine member board of directors with several standing committees and strong volunteer support. SLT's board includes a retired assistant director of the Wildlife Conservation Board, planners, financial advisors, and a project manager.
- SLT is an accredited land trust.

² Stipulation, Section 12(a)(4)

Donee Selection Process

The Stewardship Council used a formal multi-step process to solicit and select organizations interested in receiving a donation of Watershed Lands or becoming a conservation easement holder at the Cow Creek planning unit. The process consisted of the following key steps:

- Organizations were invited to register via the Stewardship Council’s Interested Donee Registry and were invited to submit a statement of qualifications (SOQ). The Stewardship Council reviewed the SOQs that were submitted to identify organizations that: (a) were determined to be a qualified nonprofit conservation organization; a federal, state or local governmental entity; or, a recognized tribe; (b) appeared to have sufficient financial and organizational capacity relative to the property interest sought within the planning unit; and, (c) appeared to be capable of satisfying the requirements of the Settlement and Stipulation for receiving a donation of fee title or to hold the conservation easement.
- Organizations interested in a fee title donation were invited to submit a land stewardship proposal (“LSP” or “proposal”) describing their capacity and interest in preserving and enhancing the BPVs. The LSPs were posted on the Stewardship Council’s website. On May 13, 2011, the Stewardship Council received a land stewardship proposal from CAL FIRE, which was the only organization to submit a LSP.
- Organizations demonstrating sufficient capacity and determined by the Stewardship Council to be best-suited to receive a donation of property interest (fee or conservation easement) in particular Watershed Lands within a planning unit are being recommended to PG&E to receive fee title and/or conservation easements.

5. Analysis of Tax and Other Economic and Physical Impacts

The Stipulation requires that the LCCP provide “an analysis of tax and other economic and physical impacts of such disposition strategy, and a commitment by an appropriate entity [which may be PG&E, subject to being authorized by the Commission to fully recover in rates any such costs in approving PG&E’s Section 851 application or in another appropriate Commission proceeding, Stewardship Council, donee, or a third party, depending on the individual circumstances] to provide property tax revenue, other equivalent revenue source, or a lump sum payment, so that the totality of dispositions in each affected county under this Land Conservation Commitment will be ‘tax neutral’ for that county.”

The following sections address the Stewardship Council’s plan for achieving tax neutrality for Shasta County, the county in which the Property is located. The final LCCP submitted for all PG&E Watershed Lands located in Shasta County will address tax neutrality for the totality of all fee title transfers within the county, as required under the Settlement and Stipulation.

Stewardship Council Board Policies and Guidelines

The Stewardship Council board adopted a set of Guidelines Regarding Satisfaction of Tax Neutrality on March 30, 2011, after an opportunity for public comment. Under the guidelines, the Stewardship Council outlined the following overarching assumptions:

1. The Stewardship Council will address property tax neutrality based upon the most current property taxes paid by PG&E on the lands being transferred at the time of the actual transfer of fee title from PG&E to the selected donee.
2. The Stewardship Council’s achievement of property tax neutrality applies to all property taxes that would be distributed directly to County General Funds, School and Fire Districts, Regional Conservation and Water Districts, and any other special districts as defined by the applicable Tax Rate Area.
3. The Settlement and Stipulation direct the Stewardship Council to ensure that the effects of distributions be made tax neutral for the affected counties. Therefore, the Stewardship Council’s property tax neutrality commitment will not apply to any amount of property tax payments that are subject to apportionment by the State of California.

On June 27, 2012, the Stewardship Council board approved an amendment to the property tax neutrality methodology it had adopted on May 2, 2012, after an opportunity for public comment and specific outreach to all potentially affected counties. The methodology establishes a standard payment process when lands are transferred to organizations that are exempt from paying property taxes (see Appendix 5).

On August 14, 2014, the California Public Utilities Commission approved Resolution E-4644. The resolution states that the Commission endorses the Guidelines Regarding

Satisfaction of Tax Neutrality and the Property Tax Neutrality Methodology adopted by the Stewardship Council.

As of November 15, 2017, the Stewardship Council board approved further revisions to the property tax neutrality methodology. The revisions established that the County will receive a one-time lump sum payment allocated based upon the applicable Tax Rate Area at the time of the payment. Counties and special districts would then be free to determine the best use of the funds pursuant to the needs of the county or special district, including, if desired investment in a shared investment pool of the county's choosing.

Achieving Property Tax Neutrality

2,246 acres in Parcels 292-299 in the Cow Creek planning unit are being donated to CAL FIRE. Section 4654 of the California Public Resources Code states:

“There shall be paid to each county in which lands acquired for state forest purposes are situated, out of funds hereafter made available for such purpose, an amount equivalent to taxes levied by the county on similar land similarly situated in the county in the same manner as provided in the Revenue and Taxation Code for secured property tax payments as long as the state continues to own the land. Such payments shall be based only upon the value of the forest lands used for purposes of continuous commercial forest production and not upon value of such forest land used for any other purposes, including any improvements on such lands. Determination of what constitutes similar land similarly situated shall be made by a committee consisting of the county assessor of the county in which the land is located, a representative of the State Board of Equalization and a representative of the department.”³

Subsequent to the transfer of lands, if land value as determined by the committee is less than the most recent appraised value on the lands at the time of transfer, the Stewardship Council will provide funding to Shasta County to make up the difference in property tax payments.

Whether there would otherwise be a reduction of Shasta County's annual property taxes based on the committee's valuation and the amount of any reduction will not be known until after the transfer of lands is complete.

If funding from the Stewardship Council is necessary to ensure property tax neutrality, Shasta County has chosen the lump-sum option, therefore the Stewardship Council would make a one-time payment to the county. Shasta County would, in-turn, be required to distribute the funds to the general fund and applicable special districts consistent with the Tax Rate Area in effect for the parcels.

³ California Public Resources Code Section 4654

Other Economic and Physical Impacts

The Settlement and Stipulation require an analysis of the physical and economic impacts of each fee title transfer. The transaction agreements for the donation of 2,246 acres within the Cow Creek planning unit have not mandated any changes to the physical or economic uses of the lands. CAL FIRE intends to manage the lands in a manner consistent with the current physical and economic uses of the lands. No new activities are proposed that will result in physical impacts.

While the principal effect of the conservation easement will be to significantly restrict development on the site in perpetuity, the conservation easement reserves to CAL FIRE the right to develop no more than a total of ten acres within designated Building Envelopes for uses including recreation, research, or forest management subject to the limitations in the conservation easement. However, CAL FIRE is not proposing to carry out any development or change in use at this time. Instead, at least for the time being, CAL FIRE intends to manage the Property as PG&E does presently. If, in the future, CAL FIRE decides to pursue new development or uses that are allowed by the conservation easement, it must first obtain all necessary permits and conduct any necessary CEQA review at that time. Public Resources Code 21080.28 states that CEQA review is not required even when physical changes to the property are reasonably foreseeable as a result of the transfer, provided that environmental review occurs before those changes occur.

6. Hazardous Waste Disclosure

The Stipulation states that in the transfer of fee title and conveyance of a conservation easement, PG&E will disclose all known hazardous waste, substance contamination, or other such environmental liabilities associated with each parcel and hold the donee harmless.

Lands to be Donated by PG&E

PG&E has provided the Cow Creek Planning Unit Environmental Site Assessment Report dated October 25, 2011, to CAL FIRE and SLT, fulfilling the disclosure requirements of the Land Conservation Commitment.

Environmental Agreement

Pending CPUC approval of the transaction, PG&E will execute Environmental Agreements with CAL FIRE and SLT, satisfying the requirements of Section 12(f) of the Stipulation.

7. Consideration of Parcel Split

Within Parcels 292-299, approximately 20 acres will be retained by PG&E. PG&E determined that operational needs would be met sufficiently through the reservation of rights for ongoing hydroelectric operations on the remaining 2,246 acres within these parcels. To effectuate transfer of a portion of the property, a parcel split will be required to comply with the California Subdivision Map Act (Government Code Section 66410, et seq). Certain exemptions to the Map Act apply to public utilities and/or to governmental entities and may apply to future conveyances of parcels within this planning unit.

8. Strategy for Physical Measures to Enhance the BPVs

The Stewardship Council developed and implemented a strategy to identify and undertake appropriate physical measures to enhance the BPVs of the Watershed Lands consistent with Settlement Agreement paragraph 17(c)⁴ and Appendix E, paragraph 1.

During the preparation of Volume II of the LCP, a number of potential physical enhancement measures to preserve and/or enhance the BPVs were identified. These measures were identified with public input and were intended to be illustrative in nature and subject to change over time in coordination with the future landowner.

The Stewardship Council has developed a grant program that will fund selected enhancements on the Watershed Lands. It is anticipated that grant funding will be available to accomplish future projects that enhance one or more of the six Beneficial Public Values. Projects may include habitat restoration or physical measures such as developing trails, day use areas, and other public access improvements.

⁴ Settlement Agreement Paragraph 17(c) states, “PG&E shall fund PG&E Environmental Enhancement Corporation with \$70 million in Cash to cover administrative expenses and the costs of environmental enhancements to the Watershed Lands... provided that no such enhancement may at any time interfere with PG&E’s hydroelectric operations maintenance or capital improvements.”

9. Monitoring Plan for the Economic and Physical Impacts of Disposition and Implementation of Enhancement Measures

The Stipulation requires that the LCCP outline a plan to monitor the economic and physical impacts of disposition and implementation of enhancement measures.

The conservation easement holder is required to monitor every conservation easement that it holds to ensure that the landowner is complying with the terms of the easement. The Stewardship Council will enter into a Conservation Easement Funding Agreement (Appendix 4) with each conservation easement holder whereby the holder will receive a monitoring and enforcement endowment from the Stewardship Council to fund its monitoring activities.

To further meet the requirement of monitoring the economic and physical impacts, the Stewardship Council will enter into an agreement with the Sierra Nevada Conservancy (SNC), a state agency, whereby the agency will agree to undertake certain duties designed to monitor the impacts of PG&E's Land Conservation Commitment.

When the Stewardship Council has completed its work, it will be dissolved. Prior to its dissolution, the Stewardship Council expects to prepare a report providing an assessment of any economic and physical impacts resulting from the Land Conservation Commitment as of that time. Stewardship Council's close-out report will include, among other things, the following information:

- How the property tax neutrality requirement was satisfied with regard to each parcel donated to a tax exempt organization.
- A report regarding the enhancements that were funded by the Stewardship Council.

It is anticipated that several years after the dissolution of the Stewardship Council, SNC will prepare a report assessing the physical and economic impacts of the Land Conservation Commitment up until that time. The report is expected to cover the following topics:

- Impact of the Land Conservation Commitment on agreements for economic uses.
- Changes in entities holding conservation easements or fee title.
- Performance of duties by conservation easement holders.

In addition to preparing an assessment report, which will be submitted to the CPUC and PG&E, SNC will serve as a public repository for key transaction documents and other documents pertaining to the Land Conservation Commitment through June 2025.

10. Implementation Schedule for Transactions and Measures

Schedule for Transaction

- CPUC review and approval (2022)
- Public Works Board review and approval (2022)
- Close of escrow (2022)
- Stewardship Council release of funds to SLT per conservation easement funding agreement (2022)

Compliance with Local Land Use Planning Requirements

Future management of the donated property at the Cow Creek planning unit is anticipated to comply with all applicable County ordinances and/or General Plan policies.

Appendix 1: Summary of Public Outreach

SUMMARY OF PUBLIC OUTREACH PROGRAM

The Stewardship Council established a comprehensive public outreach program to both inform and solicit input from the public on the development and implementation of a plan to permanently protect over 140,000 acres of PG&E watershed lands. A variety of tools and techniques are used to engage the public, including:

- Stewardship Council Website: the website provides background information on the land conservation program and is regularly updated with board meeting agendas and minutes, proposed recommendations, and other announcements.
- Stakeholder Database and E-mailing: regular e-mail notifications are sent directly to individuals and organizations that have signed-up to receive e-mails. The e-mails provide updates on the status of the land conservation program, including pending actions by the board and upcoming public meetings.
- Targeted Newspaper Noticing and Paid Advertisements: newspaper advertisements and notices are placed in local newspapers circulated in the area where a board or public meeting is taking place or in communities that may have an interest in a particular topic on an upcoming meeting agenda.
- News Releases: news releases are issued to statewide and local media outlets at key intervals during the planning process.
- Public Information Meetings and Workshops: public information meetings and workshops are conducted throughout the watershed lands to provide updates and solicit input from interested stakeholders on the land conservation program and individual planning units. In many workshops, public comments were sought on potential measures to protect and enhance the beneficial public values on specific lands as well as the desired qualifications of potential donee organizations. Individuals and organizations unable to attend are provided an opportunity to submit comments in writing and review meeting summaries posted on the web site.
- Notice by Mail of Pending Decisions Regarding the Conveyance of Individual Parcels and Invitation to Comment:
 - Noticing of Affected Governmental Entities: prior to the Watershed Planning Committee forwarding a recommendation to the board that a proposed Land Conservation and Conveyance Plan (LCCP) be adopted by the board, a notice will be mailed to the Board of Supervisors of the affected county; each affected city, town, and water supply entity; and each affected tribe and/or co-licensee.
 - Noticing of landowners: postcards or letters are sent to all landowners located within one mile of lands that are the subject of a proposed LCCP prior to the Watershed Planning Committee forwarding a recommendation to the board that the proposed LCCP be adopted by the board.
- Individual Meetings with Stakeholders: Over the course of the preparation of Volumes I and II of the Land Conservation Plan (LCP) and the LCCP, Stewardship Council staff met, and communicated via the telephone and email, with a number of stakeholders interested in the Watershed Lands.

Appendix 1: Summary of Public Outreach

- The Stewardship Council Board of Directors meets five to six times per year, typically on a bimonthly schedule. At the board meetings, the public is invited to directly address the board on an agenda item or on any other matter. The meetings have been held at locations in northern and central California and across the watershed lands to help facilitate public participation. Agendas are available one week prior to meetings, and meeting minutes are posted on the Stewardship Council public website approximately three weeks following those meetings.

COW CREEK PLANNING UNIT PUBLIC OUTREACH

Highlighted below are the opportunities that have been, or are being, provided for public input on key documents and decisions concerning the Cow Creek planning unit and the land conservation and conveyance process.

I. PUBLIC REVIEW OF VOLUMES I AND II OF THE LCP

The Draft Land Conservation Plan Volumes I and II were released in June 2007 for a 60-day public comment period. During this time, the Stewardship Council held ten public meetings to publicize the availability of the Draft LCP and to encourage public comment. These meetings were advertised via an e-mail sent to contacts in the Stewardship Council's database, an announcement posted on the Stewardship Council's web site, a press release issued to local newspapers, a paid advertisement in local papers, and a postcard sent to all landowners on record that reside within one mile of any PG&E parcel. Comments were received via email, the website, and hardcopy letters. The comments were reviewed, and responded to individually; and the text in the draft LCP was revised as appropriate.

Thirteen public comments were submitted concerning the Cow Creek Planning Unit during public review of Volumes I and II of the LCP. Public comments emphasized the following regarding the future management of the property:

- Support for the lands available for donation to be transferred to Shasta County, Western Shasta Resource Conservation District, and the Cow Creek Watershed Management Group
- Support for the preservation of open space in the Whitmore area
- Prohibit motorized travel, firearms, and fires
- Use adaptive management approaches to ensure recreation adapts to changing conditions
- Conduct a full environmental/ecological study before donating any lands
- Develop a recreation plan to determine appropriate land uses and carry capacity
- Ensure that the terms of the conservation easement are enforced
- Avoid any possible conflict with the Cow-Kilarc decommissioning project
- Maintain and conserve the land and existing uses, including open space; timber; grazing; flora; fauna; and wildlife for the benefit of present and future residents
- Restrict public access to protect adjacent lands from vandalism
- Concern expressed that changes to Kilarc/German Ditch will impact adjacent adjudicated/riparian water rights

II. NOTICING OF LANDOWNERS WITHIN ONE MILE

In the fall of 2006 a postcard was distributed to the approximately 26,000 landowners located within one mile of the exterior boundary of all the parcels to notify and invite comment on Volume I and II of

Appendix 1: Summary of Public Outreach

the LCP. A postcard was also sent to notify and invite all landowners located within one mile of the parcels within the Cow Creek planning unit to a Public Information Meeting that was held in Palo Cedro in 2011. In addition, simultaneous with the release of the proposed subject LCCP for public comment, adjacent landowners located within one mile of the subject parcels are noticed by mail 30 days before the Watershed Planning Committee considers forwarding the proposed subject LCCP to the board for final approval.

III. PUBLIC INFORMATION MEETING

A Public Information Meeting workshop for several planning units in the Pit-McCloud and Cow Battle Creek Watershed areas was hosted by the Stewardship Council on March 24, 2011, in Palo Cedro, California. The meeting concerned eight planning units: Battle Creek, Burney Gardens, Cow Creek, Iron Canyon Reservoir, Kilarc, Lake McCloud, Pit River, and Tunnel Reservoir. Attendees at the workshop included a total of 49 individuals representing a wide variety of interests including local and federal governments, community organizations, and community members. The meeting was advertised via an e-mail sent to contacts in the Stewardship Council's database, an announcement posted on the Stewardship Council's web site, a press release issued to the local newspaper, and a postcard sent to all landowners on record located within one mile of any PG&E parcel associated with the Cow Creek planning unit.

The purpose of the workshop was to: (1) provide a review and update on the Stewardship Council's Land Conservation Program; and, (2) solicit additional public input on future stewardship of the eight planning units. Stations were set up with maps, other pertinent information, and easels with blank paper.

Below is a summary the notes that were recorded on the easels and provided on comment cards.

Cow Creek Planning Unit

- Restrict public access (due to fire hazards)
- Restrict hunting
- Increase fuels management along South Cow Creek
- Manage feral pigs
- Organizations submitting a land stewardship proposal should acknowledge concerns of adjacent landowners regarding access, OHV use, and safety (fire and firearms)
- Prescriptive and deeded rights should be protected if land is transferred to a new owner

General Comments received

- Concern expressed about an organization's financial capacity to own and manage the lands available for donation
- Timely updates should be posted on the Stewardship Council's website
- Support for lands available for donation to be transferred to CAL FIRE and/or Shasta County
- Concern expressed about transferring forested lands to the US Forest Service or Pit River Tribe
- Forested lands should be managed for long-term productivity

Appendix 1: Summary of Public Outreach

IV. PUBLIC REVIEW OF LAND STEWARDSHIP PROPOSALS

In 2011 the Stewardship Council received one Land Stewardship Proposal from the California Department of Forestry and Fire Protection (CAL FIRE), interested in being considered for a donation of fee title to certain lands located within the Cow Creek planning unit. CAL FIRE prepared and submitted its proposal which was posted on the Stewardship Council's website for public review and comment, and an e-mail was sent to contacts in the Stewardship Council's database to notify them of the postings.

V. PUBLIC REVIEW OF LAND CONSERVATION PROGRAM POLICIES & GUIDELINES

Public comment was sought on policies and guidelines that helped inform the Stewardship Council's land conservation and conveyance process. These documents were provided to the public in advance of being reviewed and endorsed by the Watershed Planning Committee or Fiduciary Committee and forwarded to the board for review and consideration.

Land Conservation Program Funding Policy

The Stewardship Council created a Land Conservation Program Funding Policy to help guide future planning and decision-making regarding funding of the long term management and stewardship of the watershed lands. In June and July, 2009, the draft policy was posted on the Stewardship Council's web site and made available for review and comment to a group of stakeholders consisting of all registered potential donees and representatives of the counties in which the watershed lands are located. Two comments were received during the 30-day review and comment period. Both comments were reviewed, and it was determined that neither comment necessitated a change in the draft policy. The Stewardship Council's Board of Directors adopted the policy at a public board meeting in Sonora, Calif. on September 17, 2009.

Guidelines for Achieving Property Tax Neutrality

The Stewardship Council created guidelines for achieving property tax neutrality to describe scenarios when the Stewardship Council will make property tax payments to affected counties as in lieu payments for property taxes that are lost due to the donation of PG&E watershed lands to an entity that is exempt from paying property taxes. The guidelines also defined a set of overarching assumptions regarding property tax neutrality payments. The draft guidelines were posted on the Stewardship Council's web site in December 2010. A notice inviting review and comment on the guidelines was sent to the Stewardship Council's stakeholder database. Additional targeted outreach was performed to inform the affected counties. Nine comments were received during the 60-day review and comment period. After consideration of public comments, the Stewardship Council Board adopted a set of guidelines at its public board meeting on March 30, 2011.

Proposed methodology for achieving tax neutrality

The proposed methodology for achieving tax neutrality on donated lands was e-mailed to all land stakeholders and posted on Stewardship Council's website for public review and comment on January 9, 2012. The deadline for submission of comments was March 9, 2012. The Stewardship Council received one request to extend this deadline, which was granted. By the new deadline March 30, 2012, six

Appendix 1: Summary of Public Outreach

comments were received. Upon consideration of the comments received, the Stewardship Council board deferred adoption of the full methodology until the June 27, 2012 board meeting so that the affected counties could be notified of the proposed change to the capitalization rate. No comments were received on the revised capitalization rate. The revised methodology was adopted by the board at its June 27, 2012 meeting.

VI. WATERSHED PLANNING COMMITTEE RECOMMENDATIONS OF FEE TITLE AND CONSERVATION EASEMENT DONEES

Staff recommendations for prospective fee title donees and conservation easement holders that are endorsed by the Watershed Planning Committee are posted on the Stewardship Council's website for public review and comment. The proposed board action is noticed via an e-mail sent to contacts in the Stewardship Council's database. In addition, public board meetings are advertised via an e-mail sent to contacts in the Stewardship Council's database, an announcement posted on the Stewardship Council's web site, a press release issued to local papers, and an advertisement placed in local newspapers in the area where a board or public meeting is taking place or in communities that may have an interest in a particular topic on an upcoming meeting agenda. The board action taken is also noted in the meeting minutes that are posted on the Stewardship Council's website following each meeting.

All public comments received by staff concerning the fee and conservation easement recommendations at the Cow Creek planning unit were provided to the board for consideration at the relevant public board meetings.

VII. PUBLIC REVIEW OF THE LAND CONSERVATION AND CONVEYANCE PLANS

The public is provided an opportunity to review and comment on the proposed Land Conservation and Conveyance Plans (LCCPs), and the comments received are shared with board members prior to the Watershed Planning Committee's forwarding the proposed LCCP to the board for its review and approval. The 30-day public review and comment periods are announced via an e-mail sent to contacts in the Stewardship Council's database, a posting on the Stewardship Council's web site, and an advertisement placed in local newspapers in communities that may have an interest in a particular planning unit. A notice inviting review and comment on the proposed LCCP is also sent to all landowners on record located within one mile of the subject PG&E parcels and to PG&E leaseholders. In addition, a notice is mailed to the board of supervisors of the affected county; each affected city, town, and water supply entity; and each affected tribe and/or co-licensee. After receiving public comment, the Watershed Planning Committee may make revisions to a proposed LCCP prior to forwarding a recommendation to the board.

VIII. STEWARDSHIP COUNCIL BOARD OF DIRECTORS MEETINGS

Proposed LCCPs endorsed by the Watershed Planning Committee are posted on the Stewardship Council's website for additional public review and comment approximately 30 days prior to being considered by the board at a public board meeting. The posting of proposed LCCPs is advertised via an e-mail sent to contacts in the Stewardship Council's database. In addition, public board meetings are advertised via an e-mail sent to contacts in the Stewardship Council's database, an announcement

Appendix 1: Summary of Public Outreach

posted on the Stewardship Council's web site, a press release issued to local papers, and an advertisement placed in local newspapers in the area where a board or public meeting is taking place or in communities that may have an interest in a particular topic on an upcoming meeting agenda. The board action taken is noted in the meeting minutes that are posted on the Stewardship Council's website following each meeting.

All public comments received will be provided to the board. There is also an additional opportunity for public comment at the public board meeting when the board considers approval of the proposed LCCP. Adoption of an LCCP by the board would be the final step in the Stewardship Council's process for selecting donees. The prospective donees are responsible for securing its own internal approvals prior to the transaction being completed. Transactions will be finalized upon LCCP review and transaction approval by the California Public Utilities Commission.

RECORDING REQUESTED BY AND RETURN TO:

STATE OF CALIFORNIA
Department of General Services
Real Property Services Division, Acquisition Unit
707 Third Street, 5th Floor, MS 505
West Sacramento, CA 95605

OFFICIAL STATE BUSINESS – EXEMPT FROM RECORDING FEES
PURSUANT TO GOVERNMENT CODE SECTION 27383 AND
DOCUMENTARY TRANSFER TAX PURSUANT TO REVENUE AND
TAXATION CODE SECTION 11922

(SPACE ABOVE FOR RECORDER'S USE ONLY)

LD

DEED

APN Nos. 099-140-004, 099-150-003, 099-150-016, 099-150-028, 099-280-001, 099-360-020,
099-360-034, 099-360-055

GRANT DEED AND RESERVATION OF RIGHTS

I. CONVEYANCE OF FEE

PACIFIC GAS AND ELECTRIC COMPANY, a California corporation ("**Grantor**"), does hereby grant to the STATE OF CALIFORNIA ("**STATE**"), all of its right, title, and interest in and to the real property situated in the unincorporated area of the County of Shasta, State of California ("**Property**"), described in **Exhibit A** attached hereto and by this reference incorporated herein, and shown on **Exhibit A-1** attached hereto and by this reference incorporated herein.

II. RECITALS

A. Grantor is a party to that certain Settlement Agreement ("**Settlement Agreement**") as modified and approved by the Public Utilities Commission of the State of California ("**CPUC**") in its Opinion and Order of December 18, 2003 (Decision 03-12-035).

B. In furtherance of the Settlement Agreement, and to provide additional detail regarding the implementation of the "**Land Conservation Commitment**" (defined below), the parties to the Settlement Agreement and other interested parties entered into that certain Stipulation Resolving Issues Regarding the Land Conservation Commitment dated September 25, 2003 ("**Stipulation**").

C. The Settlement Agreement and the Stipulation (collectively, "**Governing Documents**") require Grantor to ensure that approximately 140,000 acres of watershed lands, all owned by Grantor (collectively, "**Watershed Lands**"), including the Property, are conserved for a broad range of beneficial public values, including the protection of the natural habitat of fish, wildlife and plants; the preservation of open space; outdoor recreation by the general public; sustainable forestry; agricultural uses; and historic values. The obligations of Grantor to convey

fee interests and/or conservation easements and to protect such beneficial public values on the Watershed Lands, as well as certain other obligations related thereto, are set forth in detail in Appendix E of the Settlement Agreement (as further explicated in Section 12 of the Stipulation), and are defined therein as the "**Land Conservation Commitment.**"

D. Pursuant to the Governing Documents, the Pacific Forest and Watershed Lands Stewardship Council, a California non-profit public benefit corporation ("**Stewardship Council**") was created to oversee and carry out the Land Conservation Commitment. Pursuant to the Governing Documents, the Stewardship Council developed a plan for protection of the Watershed Lands for the benefit of the citizens of California ("**Land Conservation Plan**" or "**LCP**"). The LCP includes, among other things, objectives to preserve and/or enhance the beneficial public values identified on each parcel of Watershed Lands.

E. Grantor has used and continues to use the Property for the purpose of generating and transmitting hydroelectric energy, managing and monitoring the flow of water over the existing waterways for consumptive and non-consumptive uses, conducting various biological and land use studies mandated by the Federal Energy Regulatory Commission ("**FERC**"), and for other purposes as described more fully in Section III below (collectively, "**Hydro Project Activities**"). Additionally, Grantor has used and continues to use the Property to erect, construct, reconstruct, replace, remove, operate, inspect, maintain and use facilities of the type hereinafter specified for the transformation, transmission and distribution of electric energy and for communication purposes (collectively "**Electric Activities**").

F. To facilitate the Hydro Project Activities and Electric Activities following the conveyance effected by this Grant Deed and Reservation of Rights (this "**Grant Deed**"), and the continued use, maintenance, repair and replacement of those existing and future facilities, structures and improvements now or hereafter located on, above, or under the Property, that are associated with the Hydro Project Activities and/or the Electric Activities, STATE, as grantor, and Grantor, as grantee, are executing and delivering that certain Utility Facility Access, Operation and Maintenance Easement of even date with this Grant Deed (the "**Utility Facility Access, Operation and Maintenance Easement**").

G. Consistent with the terms of the Governing Documents, Grantor and STATE acknowledge this conveyance, together with Utility Facility Access, Operation and Maintenance Easement and the conservation easement transaction being entered into by STATE and Mother Lode Land Trust concurrently with this conveyance, is being made in the public interest with the intent to ensure the permanent protection of the beneficial public values on the Property as identified in the LCP while allowing the ongoing use of the Property by Grantor for hydroelectric operations, water delivery, and related activities, and acknowledging and honoring the existing third party uses.

III. RESERVATION OF RIGHTS; EASEMENT AGREEMENT

Grantor expressly reserves all riparian water rights inherent in and part and parcel of the Property, all appropriative surface water rights (including, but not limited to, any appropriative surface water rights having a point of diversion, place of storage, or place of use on the Property); all prescriptive surface water rights; and all other right, title and interest of any nature whatsoever

in and to the surface waters (including subsurface flow) which are now or hereafter located or flowing upon or abutting the Property.

Grantor and STATE acknowledge that the Utility Facility Access, Operation and Maintenance Easement shall be effective immediately upon the execution, delivery and effectiveness of this Grant Deed with the same force and effect as if the easement rights set forth in the Utility Facility Access, Operation and Maintenance Easement were expressly reserved by Grantor in this Grant Deed.

IV. TERMS OF GRANT

The conveyance by Grantor to STATE pursuant to this Grant Deed is subject to: (a) a lien securing payment of real estate taxes and assessments; (b) all matters that would be disclosed by a physical inspection or survey of the Property or that are actually known to STATE; and (c) all contracts, leases, licenses, covenants, conditions, easements, restrictions, liens, encumbrances and other exceptions of record or unrecorded.

The provisions hereof shall inure to the benefit of and bind the successors and assigns of the respective parties hereto, and all covenants shall apply to and run with the Property. All future conveyances of the fee interest in the Property shall be consistent with the terms of the Governing Documents. In accordance with Section 12b(4) of the Stipulation, STATE, and its successors and assigns shall not convey all or any portion of the fee interest in the Property to any governmental entity, public agency, or Native American tribe without the prior written consent of the Grantor, which consent shall be in Grantor's sole discretion exercised in good faith.

V. MISCELLANEOUS

If any provision of this Grant Deed shall be unenforceable or invalid, the same shall not affect the remaining provisions hereof and to this end the provisions hereof are intended to be and shall be severable.

The real property hereby conveyed is no longer necessary or useful to Grantor in the performance by it of its duties to the public.

The California Public Utilities Commission, in Decision No. _____, has approved transfer of the Property under State of California Public Utilities Code Section 851.

[SIGNATURES FOLLOW ON NEXT PAGES]

IN WITNESS WHEREOF, the undersigned has executed this Grant Deed dated as of _____, _____.

Grantor:

PACIFIC GAS AND ELECTRIC COMPANY,
a California corporation

By: _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of _____)

On _____, before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

CERTIFICATE OF ACCEPTANCE

This is to certify that, pursuant to Sections 15853 and 27281 of the California Government Code, the interest in real property conveyed by the Grant Deed dated _____, ____ from PACIFIC GAS AND ELECTRIC COMPANY, a California corporation, to the STATE OF CALIFORNIA is hereby accepted by the undersigned officer on behalf of the State Public Works Board pursuant to the approval action by said Board and duly adopted on _____. The Grantee consents to the recordation thereof by its duly authorized officer.

ACCEPTED:

STATE OF CALIFORNIA
State Public Works Board

By: _____
Michael McGinness, Deputy Director

Date: _____

ACKNOWLEDGED:

STATE OF CALIFORNIA
Director, Department of General Services

By: _____
Michael P. Butler, Chief
Real Property Services Section

Date: _____

Exhibit A

Legal Description of Property
(Attached behind this Page)

Exhibit A-1

Property Maps
(Attached behind this Page)

RECORDING REQUESTED BY:

State of California—Official Business
Department of General Services

Exempt from recording fees as per
Gov't. Code Sec. 27388.1

WHEN RECORDED MAIL TO:

STATE OF CALIFORNIA
Department of General Services
Real Property Services Division,
707 Third Street, 5th Floor, MS 505
West Sacramento, CA 95605
Attn: Acquisition Unit

WITH A COPY TO:

Shasta Land Trust
P.O. Box 992026
Redding, CA 96099-2026
Attn: Executive Director

CONSERVATION EASEMENT

THIS CONSERVATION EASEMENT (“**Conservation Easement**”) is made and entered into this ____ day of _____, 20__ (“**Effective Date**”), by and between the STATE OF CALIFORNIA (“**STATE**”), acting by and through the DEPARTMENT OF GENERAL SERVICES (“**DGS**”), on behalf of the DEPARTMENT OF FORESTRY AND FIRE PROTECTION (“**CALFIRE**”), and the SHASTA LAND TRUST, a California nonprofit public benefit corporation (“**Grantee**”), with reference to the following facts:

RECITALS

A. STATE is the owner of approximately 2,246 acres of real property located in the County of Shasta (“**County**”), State of California, as more particularly described in **Exhibit A** attached hereto and incorporated herein by reference, together with all improvements and appurtenances thereto (“**Property**”). A map of the Property identifying the improvements existing on the Property as of the date of this Conservation Easement and various other natural features of the Property is attached hereto as **Exhibit B** and incorporated herein by reference (“**Property Maps**”).

Appendix 3: Conservation Easement

B. Pacific Gas and Electric Company, a California corporation (“**PG&E**”), transferred fee title to the Property to the STATE by Grant Deed, recorded in the Official Records of the County before recordation of this Conservation Easement (the “**Grant Deed**”), the form of which is attached hereto as **Exhibit C** and incorporated herein by reference. PG&E transferred fee title to the Property to the STATE in connection with PG&E’s implementation of the “Land Conservation Commitment” (defined below) provided for in the following documents and described more fully below:

- a. That certain Settlement Agreement (“**Settlement Agreement**”) as modified and approved by the Public Utilities Commission of the State of California (“**Commission**”) in its Opinion and Order of December 18, 2003 (Decision 03-12-035); and
- b. That certain Stipulation Resolving Issues Regarding the Land Conservation Commitment dated September 25, 2003 (“**Stipulation**”). The Stipulation provides, among other things, that conservation easements will preserve or enhance reasonable public access.

C. The Settlement Agreement and the Stipulation (collectively, “**Governing Documents**”) require PG&E to ensure that approximately 140,000 acres of watershed lands, all located in California and owned by PG&E as of the date the Governing Documents were entered into (collectively, “**Watershed Lands**”), including the Property, are conserved for a broad range of beneficial public values, including the protection of the natural habitat of fish, wildlife and plants; the preservation of open space; outdoor recreation by the general public; sustainable forestry; agricultural uses; and historic values (collectively, “**Beneficial Public Values**” or “**BPVs**”). The Property is included in these Watershed Lands.

D. Pursuant to the Governing Documents, the Pacific Forest and Watershed Lands Stewardship Council, a California nonprofit public benefit corporation (“**Stewardship Council**”), was created to oversee and carry out the Land Conservation Commitment. Pursuant to the Governing Documents, the Stewardship Council developed a plan for protection of the Watershed Lands for the benefit of the citizens of California (“**Land Conservation Plan**” or “**LCP**”). The LCP includes, among other things, recommended objectives to preserve and/or enhance the Beneficial Public Values identified on each parcel of Watershed Lands, including the Property.

E. The Beneficial Public Values present at the Property are referred to herein as “**Conservation Values**” as more specifically provided below. The “**Land Conservation Commitment**” constitutes the obligations of PG&E to convey fee title and conservation easements to Watershed Lands, and to protect the Beneficial Public Values of the Watershed Lands, as well as certain other obligations related thereto, as set forth in detail in the Governing Documents.

F. The Property possesses forested, recreational, historical, scenic and open space characteristics, valuable to the people of the County, the State of California, and the public in general.

Appendix 3: Conservation Easement

G. The Governing Documents also include a requirement that conservation easements encumbering Watershed Lands honor existing agreements for economic uses, including consumptive water deliveries.

H. The Stewardship Council has defined the “sustainable forestry” BPV as “the practice of managing dynamic forest ecosystems to provide ecological, economic, social and cultural benefits for present and future generations.”

I. The Property includes the following specific Conservation Values:

- a. Fish, Plant and Wildlife Habitat. A diverse range of plant, animal, fungal, and micro biotic communities exist in the ecosystems that make up the Property. Habitat for these communities includes a wide range of forest and range structures and the various ecological and anthropogenic processes that influence forest dynamics.
- b. Forest Resources. The Property is heavily forested. It consists of a mixed conifer forest containing ponderosa pine, grey pine, California black oak, incense-cedar, and blue oaks. Beneath the canopy are annual grasslands and open meadows.
- c. Open Space. The Property provides open space and view shed values that contribute to both the rural character of Shasta County and its open, natural landscape.
- d. Historic Resources. The Property is located within the ancestral territory of the Central Yana people. The character of the Property includes lands historically utilized by Native Americans. The Property was also historically homesteaded, and the remains of these homesteads can be found across the Property.
- e. Outdoor Recreation. Due to limited access there is little recreation on the property. The outdoor recreational opportunities that do exist are hiking, berry picking, sightseeing, swimming and birdwatching.
- f. Agriculture. The Property provides for ample agricultural values with two current grazing leases covering a total of almost 2,000 acres present on the Property. Grazing has been vital to this region since it was originally settled in the mid-1800s and remains the dominant agricultural use for surrounding lands.

J. All rights of STATE and Grantee hereunder are subject to (i) PG&E’s reservation of certain rights in and to the Property, as set forth in the Grant Deed (“**PG&E Reserved Rights**”), (ii) that certain **Utility Facility Access, Operation and Maintenance Easement** (“**Utility Facility Access, Operation and Maintenance Easement**”) in favor of PG&E with respect to the Property, recorded in the Official Records of the County before recordation of this Conservation Easement, the form of which is attached hereto as **Exhibit D** and incorporated herein by reference (“**PG&E Easement Reserved Rights**”), and (iii) the third-party rights to use the Property in effect as of the

Appendix 3: Conservation Easement

Effective Date, as included on **Exhibit E** attached hereto and incorporated herein by reference (“**Express Third Party Uses**”).

K. The Legislature of the State of California, as set forth in California Civil Code section 815 et seq., has found and declared it to be the public policy and in the public interest of this state to encourage the preservation of land predominantly in its natural, scenic, agricultural, historical, forested, or open-space condition. Grantee is a tax-exempt nonprofit organization qualified under section 501(c)(3) of the Internal Revenue Code and is eligible to acquire and hold a perpetual conservation easement pursuant to section 815.3(a) of the California Civil Code. In furtherance of the Land Conservation Commitment and the above-described public policy purposes, STATE desires to grant to Grantee, and Grantee desires to accept from STATE, a conservation easement over and upon the Property.

L. STATE and Grantee each desires through this Conservation Easement to ensure the permanent protection of the Conservation Values on the Property. Specifically, the parties desire to assure that the Conservation Values on the Property will be protected in perpetuity as provided herein, and that uses of the Property that significantly impair the Conservation Values will be prevented or corrected.

COVENANTS, TERMS, CONDITIONS AND RESTRICTIONS

NOW THEREFORE, in consideration of the above recitals, all of which are expressly incorporated into this Conservation Easement, the mutual promises and covenants contained in this Conservation Easement, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, STATE hereby voluntarily grants and conveys to Grantee, and to Grantee’s successors and assigns, and Grantee hereby accepts from STATE, a perpetual conservation easement as defined by Section 815.1 of the Conservation Easement Act of 1979 (California Civil Code section 815 et seq.), of the nature and character described in this Conservation Easement, in, on, over and across the Property on the following terms and conditions as hereinafter set forth.

1. Conservation Purpose. The purpose of this Conservation Easement is as follows (“**Conservation Purpose**”): to protect the Conservation Values in perpetuity by preventing any use of the Property that will significantly impair the Conservation Values. Subject to the following terms and conditions, STATE and Grantee intend that this Conservation Easement will confine the uses of the Property to such activities that do not significantly impair the Conservation Values. As used in this Conservation Easement, the terms “significantly impair” and “significant impairment” mean a material adverse change in Conservation Values. Any consideration as to whether an actual or potential impact of a particular activity or use has or may significantly impair Conservation Values shall take into account the actual and potential impacts of the activity or use in question as well as the cumulative impacts of other uses and activities on the Property excepting therefrom the cumulative impacts of STATE’s Reserved Rights (as defined below), PG&E Reserved Rights, PG&E Easement Reserved Rights and the Express Third Party Uses. In every evaluation of whether significant impairment of Conservation Values has occurred or is threatened, Grantee shall evaluate the magnitude (including, without limitation, consideration of the rarity and fragility of the natural resource affected and the area of land, wildlife habitat or vegetation community involved both locally and in relation to total acreage of that type of land, wildlife

Appendix 3: Conservation Easement

habitat or vegetation community in the Property) and the duration of the actual or potential change(s).

STATE and Grantee acknowledge that the Governing Documents reflect the intention of the parties thereto (1) to honor Express Third-Party Uses and (2) to continue to permit beneficial uses of the Property that preserve and/or enhance the Conservation Values. It is intended that this Conservation Easement shall allow uses on the Property that are consistent with the protection and preservation of each of the Conservation Values in harmony with each other. While permitted actions required or taken to protect and preserve one or more individual Conservation Values may impair, on an individual and stand-alone basis, one or more of the other Conservation Values, STATE and Grantee understand that achieving the Conservation Purpose requires the preservation and protection, on balance, of all of the Conservation Values actually existing on the Property, to the extent possible. It is recognized that in protecting and/or enhancing one or more of the Conservation Values, another Conservation Value may be impaired, but this is not meant to be a permanent occurrence, nor a reason to re-prioritize one Conservation Value over another. All attempts should be made to balance on a collective basis, the Conservation Values on the whole Property whenever possible. This Conservation Easement prohibits use of the Property for any purpose that would significantly impair the Conservation Values on a collective, not individual basis, taking into account the relative condition and quality of each of the Conservation Values existing on the Property as of the Effective Date.

2. PG&E Reserved Rights. All rights and obligations of STATE and Grantee under this Conservation Easement are subject to the PG&E Reserved Rights. In the event of a conflict between the PG&E Reserved Rights and the Conservation Purpose, this Conservation Easement shall be construed to unconditionally permit the exercise of the PG&E Reserved Rights.

3. Utility Facility Access, Operation and Maintenance Easement. All rights and obligations of STATE and Grantee under this Conservation Easement are subject to the PG&E Easement Reserved Rights. In the event of a conflict between the PG&E Easement Reserved Rights and the Conservation Purpose, this Conservation Easement shall be construed to unconditionally permit the exercise of the PG&E Easement Reserved Rights.

4. Baseline Documentation Report. The parties hereto acknowledge that a baseline documentation report (“**Report**”) has been prepared, a copy of which is on file with STATE and Grantee at their respective addresses for notices set forth below. The Report contains representations of the physical condition of the Property existing as of the Effective Date. The Report is intended to serve as an objective, though nonexclusive, information baseline for monitoring compliance with the terms of this Conservation Easement. Notwithstanding the foregoing, if a controversy arises with respect to the nature and extent of the physical or biological condition of the Property or the historical uses of the Property or the permitted uses of the Property under this Conservation Easement, the parties shall not be foreclosed from utilizing any and all other relevant documents, surveys or other evidence or information to assist in the resolution of the controversy.

5. Rights Conveyed To Grantee. In order to accomplish the Conservation Purpose, STATE transfers and conveys to Grantee the following rights and interests:

Appendix 3: Conservation Easement

(a) **Preserve and Protect.** Subject to the exceptions listed in **Section 7(a)** below and elsewhere in this Conservation Easement, Grantee has the right to identify, preserve and protect in perpetuity the Conservation Values of the Property.

(b) **Entry and Access Rights.** Grantee and Grantee's directors, officers, employees, contractors, subcontractors, consultants, representatives, and agents, including entities authorized by Grantee to conduct monitoring activities on Grantee's behalf ("**Grantee's Representatives**") are hereby granted rights of access to enter upon the Property, and may enter upon the Property after giving notice to STATE, as required below, in order to monitor compliance with and otherwise enforce the terms of this Conservation Easement, to determine whether STATE's activities are in compliance with the terms of this Conservation Easement and to take all actions deemed necessary by Grantee to identify, preserve, protect, and monitor in perpetuity the Conservation Values, all in compliance with the provisions of **Section 12**. Except in cases where Grantee determines that immediate entry is required to prevent, terminate, or mitigate a violation of this Conservation Easement, Grantee shall give STATE fourteen (14) days prior written notice of such entry. Grantee's Representatives may enter the Property immediately, where such entry is necessary to prevent, terminate, or mitigate damage to, or the destruction of any of the Conservation Values, or to prevent, terminate or mitigate a violation of the terms of this Conservation Easement. STATE's representatives shall have the right to accompany Grantee's Representatives during monitoring visits or on any other visit permitted by this **Section 5(b)**. All access and entry allowed under this **Section 5(b)** shall be made in a manner that will not unreasonably interfere with the permitted use(s) or enjoyment of the Property by STATE, its successors in interest, and any legally-recognized user(s) of the Property, including without limitation, PG&E with regards to the exercise of any PG&E Reserved Rights or PG&E Easement Reserved Rights, and third-parties with regards to the exercise of any Express Third Party Uses.

(c) **Enforcement.** Subject to and in accordance with the provisions of **Section 12**, Grantee, has the right to enforce the terms of this Conservation Easement, to enjoin any activity on the Property or other use of the Property which is in violation of the terms of this Conservation Easement, and to enforce the restoration of such areas or features of the Property as may hereafter be damaged as a result of activity or use that is determined to be in violation of the Conservation Easement. Any requirement of STATE to expend monies to act and/or restore the Property under this Conservation Easement shall be subject to **Section 12(d)** of this Conservation Easement.

6. Demonstration State Forest Management Plan. As long as the Property is owned in fee by STATE or another party that is qualified to own and manage a Demonstration State Forest, the STATE and/or other qualified party may conduct timber harvest activities on the Property as a "Demonstration State Forest" in accordance with a Demonstration State Forest Management Plan that incorporates the Forest Management Goals (as defined in **Section 9(a)** below) and has been approved by the State Board of Forestry and Fire Protection (or successor agency or department of the State of California having jurisdiction over timber harvest activities in the State of California) ("**State Board of Forestry**") that satisfies the following requirements ("**Demonstration State Forest Management Plan**"): (1) permits activities that do not significantly impair the Conservation Values of the Property; (2) complies with legislative mandates and State Board of Forestry policy for Demonstration State Forests and meets the requirements of the California Forest Practice Act and Rules; (3) has been approved by the State Board of Forestry in an open public process that provides an opportunity for public input and is

Appendix 3: Conservation Easement

subject to the State Board of Forestry's periodic review as defined in policy adopted by the State Board of Forestry for Demonstration State Forests; (4) shall be publicly available; and (5) shall be subject to Grantee's review and comment in conjunction with the State Board of Forestry's initial and subsequent periodic review.

(a) **Timber Harvest.** Any Demonstration State Forest Management Plan shall describe the timber harvest and related activities that STATE intends to undertake on the Property, including without limitation, a comprehensive summary of STATE's forest management objectives, forest stand descriptions and locations including site classes, stand volumes, growth rates, relevant inventory information and maps, locations of soils, estimates of slope and erosion potential, locations of known wildlife habitats, especially species listed as threatened or endangered at the federal or state level, known rare plants, wetlands, description of management history, silvicultural and harvest methods, projections of harvest yields, reforestation and management activities (collectively, the "**Management Plan Components**").

(b) **Research.** Grantee understands that research and demonstration into sustainable forestry practices, best management practices, potential new forest practice rules, and other forestry-related research is an important component of STATE's management of the Property as a Demonstration State Forest. The Demonstration State Forest Management Plan will describe the range of research and demonstration forest activities and projects that may be conducted on the Property.

(c) **Alternative Forest Management Plan.** If the Property is not owned in fee by the State of California or another party that is qualified to own and manage a Demonstration State Forest, such successor Property owner and/or the STATE may continue to conduct sustainable timber harvest activities on the Property in accordance with a management plan that satisfies the following requirements ("**Forest Management Plan**"): (1) incorporates the Forest Management Goals; (2) describes all of the Management Plan Components; (3) permits only activities that do not significantly impair the Conservation Values of the Property; (4) complies with legislative mandates and State Board of Forestry policy and meets the requirements of the California Forest Practice Act and Rules and all other Applicable Laws (as defined in Section 10 below); and (5) has been approved in advance by Grantee. Any modifications or amendments to an approved Forest Management Plan shall be subject to Grantee's prior written consent.

7. Prohibited Uses, Change in Use, Unauthorized Use, Acts of God, Emergencies, Acts of Unrelated Third Parties.

(a) **Prohibited Uses.** Any activity on or use of the Property that significantly impairs Conservation Values is prohibited. Without limiting the generality of the foregoing, STATE will not actively engage in, or knowingly permit others to actively engage in, the following prohibited uses (collectively, "**Prohibited Uses**") which could significantly impair Conservation Values and are in violation of the terms of this Conservation Easement and therefore prohibited on the Property, in each case (1) except as required or permitted pursuant to the PG&E Reserved Rights or the PG&E Easement Reserved Rights (as described in **Sections 2 and 3** above); (2) except as permitted under, and performed in accordance with, Express Third Party Uses; (3) except as required or permitted as part of a Demonstration State Forest Management Plan (as defined in

Appendix 3: Conservation Easement

Section 6 above); (4) except as expressly permitted under **Sections 7 and 9** below and elsewhere in this Conservation Easement; and (5) except as required to be undertaken under any Applicable Law (as defined below):

(i) Construction and Development. STATE reserves the right to develop no more than a total of ten (10) acres of the Property within one or more building envelopes (“**Building Envelopes**”), the locations of which are to be determined in the future. Development shall be limited to any one of the authorized uses of the state forests, which are recreation, research or forest management¹, and associated parking, constructed in a neutral style in keeping with the surrounding environment so that it unobtrusively blends into the environment. Examples of such development include, but are not limited to, a fire station, forest headquarters, and/or research/education facilities. Before constructing any improvement(s) within the Building Envelopes, (i) STATE and Grantee shall designate the exact location of the Building Envelopes by survey or other reasonably precise method at STATE’s cost, and (ii) STATE shall record in the Official Records of the County a map and addendum to this Conservation Easement which identifies the designated location of the Building Envelopes. Prior to construction, Building Envelopes may be relocated if unforeseen circumstances prevent and/or unreasonably limit construction within previously selected Building Envelopes. Under no circumstances shall the aggregate acreage of the selected Building Envelopes exceed ten (10) acres in total size.

In accordance with **Sections 9(g), 9(j), and 9(k)**, development, installation, protection, and use of utilities and underground water resources on the Property to serve the permitted structures, may extend outside of the Building Envelopes. Such development may include, without limitation, access roads, wells, pump houses, underground pipelines, electricity facilities, and any additional infrastructure required, not including parking. Any existing structures (detailed in Report) and utilities may be maintained and repaired/replaced as necessary.

(ii) Use or Transfer of Development Rights. All development rights that are now or hereafter allocated to, implied, reserved, or inherent in or to the Property are terminated and extinguished and may not be used on or transferred to any portion of the Property as it now or hereafter may be bounded or described, or to any other property (whether adjacent or otherwise).

(iii) Subdivision. The Property is already comprised of several legal parcels owned by the STATE. There shall be no legal or *de facto* sale or gift of less than all of the parcels within the Property, nor any further division, subdivision or partitioning of the Property. The Property may not be sold, conveyed or otherwise transferred in separate parcels or lots, and STATE shall continue to maintain the parcels comprising the Property, and all interests therein, under common ownership, as though a single legal parcel.

¹ California Public Resources Code, Section 4631.5, 4651.

Appendix 3: Conservation Easement

(iv) Motorized Vehicles. Off-road use of motorized vehicles is allowed in conjunction with STATE's forest management activities in **Sections 9(a) and 9(e)** or as otherwise authorized in this Conservation Easement. This provision is not intended to otherwise limit the use of motorized vehicles on roads or driveways permitted under this Conservation Easement or in conjunction with construction and maintenance of permitted buildings, structures, roads, trails and other improvements.

(v) Dumping or Salvage. There shall be no dumping, storage or other disposal on the Property of soil, trash or garbage except for (a) refuse generated on the Property which may be stored on the Property on a temporary basis prior to its removal from the Property in areas where the Conservation Values of the Property are not significantly impaired, or (b) compostable refuse generated on the Property which may be disposed of on the Property in a responsible manner which does not significantly impair the Conservation Values of the Property. There shall be no dumping, storage or other disposal on the Property of ashes, sludge, Hazardous Substances (as defined below), or other unsightly or dangerous materials. This restriction does not apply to ashes from wildfire or other fire conducted for resource management or research purposes. There shall be no storage or disassembly on the Property of inoperable automobiles, trucks, or other vehicles or equipment for purposes of sale, or rental of space for that purpose. Pursuant to **Section 7(c)** below, STATE shall make a reasonable effort to prevent unauthorized dumping by the public.

(vi) Vegetation. There shall be no removal, cutting or destruction on the Property of native vegetation. STATE reserves the right to (a) prune, cut down or remove dead or diseased trees, shrubs and other vegetation and to prune, as reasonably necessary and appropriate to control or prevent hazardous conditions or fire and to keep fire roads and trails clear and (b) exercise any of the exceptions listed in **Section 7(a)**. Except as authorized under the provisions of **Section 9(f)**, there shall be no deliberate introduction by STATE on the Property of any invasive plant outside of the Building Envelopes. Invasive vegetation may be removed, cut, or destroyed at STATE's discretion. Lists of native, non-native and invasive plants can be found on the California Natural Diversity Database (CNDDDB) website or in the Jepson Manual.

(vii) Roads. Except with prior written consent of Grantee or pursuant to one of the exceptions listed in **Section 7(a)** or as otherwise expressly authorized herein, there shall be no oiling of existing roads or creation of new roads. Dust abatement treatments shall be acceptable.

(viii) Fences and Walls. Except with prior written consent of Grantee and pursuant to one of the exceptions listed in **Section 7(a) or 9(h)** or as reasonably necessary in connection with permitted research or for public safety purposes or as otherwise expressly authorized herein, there shall be no construction of any new, permanent fences or walls outside of the Building Envelopes. STATE may repair or replace existing and/or otherwise permitted fences or walls on the Property.

(ix) Alteration of Land or Excavation. Except with prior written consent of Grantee and pursuant to one of the exceptions listed in **Section 7(a)** or for permitted

Appendix 3: Conservation Easement

research purposes upon Grantee's prior written consent or as otherwise expressly authorized herein, there shall be no filling, excavating, grading, draining or dredging on the Property, nor any change in the general topography of the Property, outside of the Building Envelopes.

(x) Mining and Drilling. There shall be no mining, dredging, drilling, removing, or exploring for or extracting of minerals, oil, gas, coal, or other hydrocarbons, soils, sands, gravel, loam, rocks or any other material on, under, or at the Property; provided, however, in no event shall the foregoing restriction be deemed to prohibit testing, drilling or operating groundwater wells on the Property as reasonably necessary in connection with STATE's exercise of any permitted rights.

(xi) Historical and Cultural Resource Identification. There shall be no activities, actions or uses that disturb or impair any identified historical or cultural resources on the Property in violation of state or federal law.

(xii) Water Resources. There shall be no development of any waters on the Property for fish farming or any other commercial or industrial purpose. Except with prior written consent of Grantee and pursuant to one of the exceptions listed in **Section 7(a)** or as otherwise expressly authorized herein, there shall be no manipulation or alteration of natural water courses, wetland, stream bank, shorelines or bodies of water or activities or uses that significantly impair water quality. Groundwater wells may be installed for local use on the Property as reasonably necessary to support the permitted uses of the Property under **Section 9** below.

(xiii) Water Rights. There shall be no severance, conveyance, impairment or encumbrance of water or water rights appurtenant to the Property, separately from the underlying fee title to the Property, or other action which diminishes or extinguishes such water rights, and this Conservation Easement shall not sever or impair any riparian water rights appurtenant to the Property.

(xiv) Water Quality Degradation. There shall be no uses permitted under this Conservation Easement whereby runoff from such uses results in a violation of applicable federal, state, and local water quality laws.

(b) **Changes in Use**. STATE understands that the Prohibited Uses may be more economically valuable than permitted uses under this Conservation Easement and that neighboring properties may in the future be put entirely to such Prohibited Uses. It is the intent of both STATE and Grantee that any such changes shall not be deemed to be circumstances justifying the termination, extinguishment or modification of this Conservation Easement. In addition, the inability of STATE, or STATE's successors, or assigns, to conduct or implement any or all of the uses permitted under the terms of this Conservation Easement, or the unprofitability of doing so, shall not impair the validity of the Conservation Easement or be considered grounds for the termination, extinguishment or modification of same.

(c) **Unauthorized Third Party Uses and STATE's Obligations**. If Grantee discovers any unauthorized third-party use or activity on the Property that violates the terms of

Appendix 3: Conservation Easement

this Conservation Easement, and Grantee gives STATE written notice thereof, STATE shall use reasonable efforts to stop or prevent any such unauthorized use of the Property, subject to the provisions of **Section 12(d)** below.

(d) **Acts of God; Emergencies; Acts of Unrelated Third Parties; Pre-Existing Conditions.** Nothing in this Conservation Easement shall require STATE to take any action to restore the condition of the Property (i) after any Act of God, which includes, without limitation, fire, climatic change, flood, storm, earth movement, or natural evolutionary changes in the condition of the Property from that described in the Report; (ii) after any action taken by STATE under emergency conditions to prevent, abate, or mitigate unreasonable impairment to the Conservation Values, or to any person resulting from such causes; (iii) after any acts of unrelated third parties, so long as STATE has satisfied its obligations under **Section 7(c)**, above, and **Section 8(d)**, below; or (iv) if such condition existed prior to the Effective Date of this Conservation Easement.

8. Public Access:

(a) **Informal Uses and Public Access.** STATE and Grantee recognize that the Property has been used by third parties for recreational, cultural, and other non-commercial or informal purposes without formal written agreements to conduct such activities (the “**Informal Uses**”). STATE and Grantee further recognize that access to the Property is inherent or may be inherent in the enjoyment of the Conservation Values and the Informal Uses. Consistent with the objectives articulated in the Governing Documents to provide continued reasonable access by the public to the Watershed Lands, STATE shall allow public access to the Property that is substantially consistent with the public access existing on the Effective Date of the Conservation Easement. STATE reserves the right to make reasonable rules and regulations to control, limit, or, as necessary, exclude Informal Uses and public access, including without limitation, (i) by posting and other means; and (ii) by restricting access to areas of the Property under active cultivation, grazing, study, temporarily to prevent vandalism and dumping, seasonally to prevent erosion/sedimentation concerns, or for safety purposes during timber harvesting or other permitted management activities that may pose a hazard. STATE shall make reasonable efforts to prevent Informal Uses that significantly impair the Conservation Values.

(b) **New or Increased Public Access.** If STATE desires to allow new public access or Informal Uses or expansion of public access or Informal Uses on the Property, Grantee’s advance written consent is required, which consent shall not be unreasonably withheld, provided such new or expanded use does not significantly impair the Conservation Values.

(c) **Limitations and Conditions.** **Sections 8(a) and 8(b)** above are subject to the following:

(i) **Liability Limitation.** STATE and Grantee claim all of the rights and immunities against liability for injury to the public to the fullest extent allowable by law, including without limitation, under the California Tort Claims Act, California Government Code section 810 et seq., as amended and any successor provisions thereof.

(ii) **Periodic Review of Informal Uses.** As part of Grantee’s annual

Appendix 3: Conservation Easement

compliance monitoring, (i) STATE and Grantee shall consult on the known Informal Uses and public access on the Property conducted under **Sections 8(a) and 8(b)** above during the preceding monitoring period for the purpose of Grantee's assessment of STATE's compliance with the requirements set forth in those sections; and (ii) with respect to Informal Uses allowed by the STATE on the Property in accordance with **Section 8(a)** above, STATE and Grantee will consult, and include recommendations, if any, regarding the necessity of controlling, limiting, or excluding Informal Uses to ensure the protection of the Conservation Values from significant impairment.

(d) **Unauthorized Public Access.** If STATE or Grantee discovers any unauthorized public access use or activity that violates the terms of this Conservation Easement, STATE shall use reasonable efforts, in consultation with Grantee, to stop or prevent any such unauthorized use of the Property, subject to the provisions of **Section 12(d)** below. The Parties acknowledge and agree that any form of legal action by STATE shall be subject to authorization by the California Attorney General.

9. STATE's Reserved Rights: Notwithstanding anything to the contrary in this Conservation Easement, STATE expressly reserves all rights accruing from the ownership of the Property, including the right to engage in or permit or invite others to engage in all uses of the Property that are not expressly prohibited by this Conservation Easement and are not in conflict with the Conservation Purpose ("**STATE's Reserved Rights**"). Pursuant to California Civil Code section 815.4, all interests in the Property not expressly transferred and conveyed to Grantee by this Conservation Easement or reserved to PG&E as the PG&E Reserved Rights or the PG&E Easement Reserved Rights (as described in **Sections 2 and 3 above**), shall remain with STATE. In exercising STATE's Reserved Rights, STATE will (i) use reasonable efforts to consult with Grantee, and (ii) use reasonable efforts to employ methods and practices that will not significantly impair the Conservation Values.

The following uses and practices, though not necessarily an exhaustive recital of consistent uses and practices, are expressly permitted under this Conservation Easement:

(a) **Forest Management.** STATE reserves the right to conduct forestry activities on the Property, in accordance with the following **Forest Management Goals** and **Section 6** above:

It is the intent of STATE and Grantee that any timber harvesting activities conducted on the Property in accordance with this Conservation Easement maintain healthy and vigorous forest stands, protect important riparian resources, manage for sustainable stands of native tree species historically present on the landscape, encourage regeneration of oak trees where applicable, improve resistance to drought and pests, address any infestation of insects or disease which threatens the viability of the forest, address any build-up of fuel to reduce risks of catastrophic fire, enhance climate benefits through carbon sequestration and storage, establish and maintain a full and balanced range of stand ages and characteristics, allowed to move across the landscape over time, including early-seral, mid-seral and late-seral forest conditions, provide adequate amounts of snags and cavity trees, provide adequate amounts of downed woody debris, manage for edge effects, and maintain and enhance vegetation types and structural elements

Appendix 3: Conservation Easement

across the landscape that support fish and wildlife habitats (collectively, the “**Forest Management Goals**”). The Forest Management Goals shall be accomplished by complying with the Forest Practice Act and Rules and the provisions set forth in this section.

(b) **Development.** Subject to **Section 7(a)**, any and all development on the Property shall be restricted to the Building Envelopes, and shall meet all Applicable Laws for buildings in Timber Production Zones. Additionally, development shall be constructed in a manner and with a design complementary to the surrounding environment.

(c) **Recreational Use.** Recreational use by STATE and the general public is permitted in accordance with **Section 8**.

(d) **Roads.** STATE reserves the right to maintain the existing network of roads on the Property as shown in **Exhibit B**. Placing rock on the road network is permitted, however oiling of roads not traditionally treated in this manner, is not allowed. New roads are permitted to the extent incorporated in the Demonstration State Forest Management Plan or a Forest Management Plan, provided such roads do not significantly impair Conservation Values. Subject to **Section 7(a)**, new roads or the resurfacing of existing roads are permitted within the Building Envelopes. In addition, STATE may, after providing written notice to Grantee, improve roads outside the Building Envelopes in conjunction with permitted maintenance, repair, replacement and construction of improvements under this Conservation Easement. STATE will take reasonable actions to ensure abandoned roads that were originally constructed by STATE blend with the surrounding landscape subject to the provisions of **Section 12(d)** below.

(e) **Motorized Vehicles.** STATE reserves the right to use motorized vehicles on the Property, including off-road vehicles (such as motorcycles and all-terrain vehicles) for non-recreational purposes, specifically for ingress and egress purposes, for practices permitted under this Conservation Easement, and for patrolling purposes, provided that such uses do not significantly impair the Conservation Values.

(f) **Non-Native Plants.** STATE reserves the right to remove and control non-native plants and noxious weeds (such as thistle), provided that the measures taken to remove and control the non-native plants and noxious weeds, including controlled burning, comply with Applicable Laws and regulations and do not significantly impair the Conservation Values of the Property. STATE reserves the right under a Demonstration State Forest Management Plan to introduce non-native species and species from different areas and seed zones for the purposes of research, adaptive management, ecosystem restoration and other objectives.

(g) **Water and Irrigation.** STATE reserves the right to conduct the following:

- (i) develop groundwater wells where necessary. Such wells and their associated infrastructure must be in accordance with **Section 9(j)-Utilities**;
- (ii) subject to Grantee’s prior written consent, develop wildlife enhancement ponds and/or guzzlers in a manner that does not significantly impair the Conservation Values; and
- (iii) develop water drafting sites that minimize impacts to water quality, riparian species, and the Conservation Values. Water drafting sites may be used

Appendix 3: Conservation Easement

for water collection for dust abatement, fire suppression purposes or other activities associated with the Property, and must be sited, constructed and maintained in order to not significantly impair the Conservation Values of the Property.

(h) **Fences.** Any new fencing shall be sited and designed not to significantly impair the Conservation Values of the Property, must allow for the free movement of wildlife to the extent practicable and compatible with any livestock exclusion fences in **Section 9(n)**, and shall be constructed according to standards established by the current best management practices recommended by the California Department of Fish and Wildlife. Fences to protect research, monitoring and other sensitive installations may be designed to exclude wildlife.

(i) **Waste and Hazardous Substances.** The dumping, release, burning, permanent storage or disposal of waste, refuse, debris, motorized vehicles or hazardous materials is prohibited; provided, however, that vehicles, building materials, machinery or supplies, including, without limitation, petroleum products and pesticides, required for permitted and legal uses may be temporarily stored on roads, landings, and other clearings outside of riparian zones in compliance with all Applicable Laws; and provided that organic debris from forest management activities permitted in this Conservation Easement may be piled, burned or otherwise treated in a manner that is consistent with applicable regulations and the Forest Management Plan.

(j) **Utilities.** STATE reserves the right to grant utility easements on and over the Property to serve the allowed improvements and uses within the Building Envelopes in accordance with **Section 7(a)**, provided the uses under such easements do not significantly impair the Conservation Values. Right-of-way widths shall comply with the requirements of the California Forest Practice Act and Rules and any other applicable state or federal laws. New technology such as photovoltaic cells, solar arrays and windmills may be constructed in the Building Envelopes or in support of research projects in accordance with **Section 7(a)**. All utility infrastructure on the Property shall serve only the improvements permitted on the Property, except that any electricity generated from permitted utility infrastructure facilities in excess of requirements of the permitted improvements and uses on the Property may be sold to public utilities. Notwithstanding the foregoing, commercial power generation, collection or transmission facilities are prohibited.

The construction, operation and maintenance of power lines and pipelines are permitted, provided that, without limiting the PG&E Reserved Rights and PG&E Easement Reserved Rights, STATE shall use reasonable efforts to bury transmission or power lines or pipelines related to such activity or to align such lines along roadways, and the construction of new power lines and pipelines hereunder shall be limited to the support of STATE's permitted activities hereunder must be unobtrusively sited and shall not significantly impair the Conservation Values.

(k) **Renewable Energy Sources.** STATE reserves the right, subject to prior written consent from Grantee, to construct solar energy structures for generation of power for use on the Property, including generation of power for research equipment, provided, however, that:

Appendix 3: Conservation Easement

(i) all such solar energy structures shall be located within **Building Envelopes** (as defined in Section 7(a)(i) above), with the limited exception of solar energy structures used to power research equipment allowed to be used elsewhere on the Property; and (ii) no construction of solar energy structures shall be allowed to significantly impair the Conservation Values. Grantee's consent shall not be unreasonably delayed or withheld. STATE and Grantee agree that the provisions of this **Subsection 9(k)** restricting the locations of the installation of solar energy systems and prohibiting the construction of solar energy structures that would significantly impair the Conservation Values are "reasonable restrictions" within the meaning of California Civil Code § 714."

(l) **Future Easements, Leases, Licenses, Permits, and Contracts.**

Excepting the Express Third Party Uses which are subject to **Section 11** below, STATE reserves the right to grant subsequent easements, leases, licenses, permits and contracts on or relating to the Property, provided that any such subsequent easement, lease, license, permit, or contract is for a permitted use and is subordinate, subject to, and consistent with the terms of this Conservation Easement, which is documented in a separate written agreement, subject to Grantee's consent, which consent shall not be unreasonably withheld, conditioned or delayed. If STATE wishes to grant subsequent easements, leases, licenses, permits and contracts on or relating to the Property, STATE shall so notify Grantee at least sixty (60) days in advance of any such proposed grant, shall provide to Grantee a copy of any proposed easement grant document together with any such additional information relating to the proposed grant as Grantee may reasonably request. STATE shall request Grantee's consent of such grant. Grantee will review the proposal and may, in its reasonable discretion, (a) approve the proposal as being consistent with the Conservation Purpose or (b) approve the proposal on conditions intended to ensure its consistency with the Conservation Purpose or (c) disapprove the proposal as being actually or potentially inconsistent with the Conservation Purpose. Failure of Grantee to respond in writing within sixty (60) days shall be deemed consent of the proposal as being consistent with the Conservation Purpose.

(m) **Trails.** STATE reserves the right to build multi-use recreation trails on the Property provided all new trails are approved by Grantee and are sited, constructed, and used in a manner that does not significantly impair the Conservation Values and does not damage soil, vegetation, or water quality in any riparian areas identified in the Report. New trails must be built with a natural base. Any trails built by the STATE and later abandoned promptly shall be restored to a condition consistent with the surrounding landscape subject to the provisions of **Section 12(d)** below.

(n) **Wildfire Suppression and Property Restoration.** In instances of active wildfires on or in immediate vicinity of the Property, STATE reserves the right to suppress the wildfire by any means necessary, at full discretion of STATE. All wildfire suppression activities will be carried out, to the extent practicable, in a manner that minimizes negative impacts to the Conservation Values. The STATE shall ensure installation of erosion control on all constructed firelines, if needed. Within the riparian zones, an organic surface cover shall be applied to areas of exposed soil caused by fireline construction.

(o) **Animal Grazing.** Due to state and local open-range laws in effect on the Property as of the Effective Date, STATE shall not be required herein to exclude livestock

Appendix 3: Conservation Easement

owned by third parties from the Property provided, however, that STATE, in its sole and absolute discretion, may, but shall not be obligated to, construct, maintain, repair, and replace fences for the purpose of excluding livestock from all or any portion of the Property.

(p) **Plant Gathering.** STATE reserves the right to allow pre-approved collection of native plants, historically collected by Native Americans and other ethnic groups, for traditional purposes. Any new proposed plant collections must be approved by the Grantee.

10. Responsibility for Operations. Nothing in this Conservation Easement shall be construed as giving any right or ability to Grantee to exercise physical or managerial control of the day-to-day operations of the Property or of STATE's activities on the Property. STATE shall have and retain all responsibility for, the ownership of the Property, and, in connection with STATE's use or occupancy of the Property, compliance with any present and future applicable laws, ordinances, rules, regulations, permits, authorizations, orders and requirements, whether or not in the current contemplation of the parties, which may affect or be applicable to the Property or any part of the Property (including, without limitation, any subsurface area), all consents or approvals required to be obtained from, and all rules and regulations of, and all building and zoning laws of, all federal, state, county and municipal governments, the departments, bureaus, agencies or commissions thereof, authorities, board of officers, any national or local board of fire underwriters, or any other body or bodies exercising similar functions, having or acquiring jurisdiction of the Property (in each case, an "**Applicable Law**" and, collectively "**Applicable Laws**"), except as expressly stated otherwise in this Conservation Easement. Without placing any limitation on the foregoing sentence, the parties agree as follows:

(a) **Condition of Property.** Grantee shall have no duty or responsibility for (i) the operation or maintenance of the Property except to the extent specifically undertaken by Grantee as permitted under this Conservation Easement, (ii) the monitoring of any hazardous conditions thereon, or (iii) the protection of STATE, the public, or any other person or entity from any risks relating to conditions on the Property, except to the extent that the risks involved are the result of the activities of Grantee or Grantee's Representatives on the Property.

(b) **Taxes.** Grantee shall have no duty or responsibility for real property taxes and assessments levied by competent authority on the Property.

(c) **Permits and Approvals.** STATE shall be solely responsible for obtaining any and all applicable governmental permits and approvals for, and otherwise complying with all Applicable Laws relating to, any activity or use of the Property by STATE which is permitted by this Conservation Easement; provided, however, STATE shall have no responsibility pursuant to this Conservation Easement for obtaining permits and approvals required on behalf of unrelated third parties who use the Property. Grantee shall be solely responsible for obtaining any and all applicable governmental permits and approvals for, and otherwise complying with all Applicable Laws relating to, any activity or use of the Property by Grantee which is permitted by this Conservation Easement.

(d) **No Owner or Operator Liability.** The parties do not intend this Conservation Easement to be, and this Conservation Easement shall not be, construed such that it

Appendix 3: Conservation Easement

creates in or gives to Grantee any of the following solely as the result of being a passive holder of the Conservation Easement:

- (i) The obligations or liability of an “owner” or “operator” or “arranger,” as those terms are defined and used in Environmental Requirements, including, but not limited to, CERCLA;
- (ii) The obligations or liabilities of a person described in 42 U.S.C. section 9607(a)(3) or (4);
- (iii) The obligations of a responsible person under any applicable Environmental Requirements (as defined below);
- (iv) The right to investigate and remediate any Hazardous Substances associated with the Property; or
- (v) Any control over STATE’s ability to investigate, remove, remediate or otherwise clean up any Hazardous Substances associated with the Property.

As used in this Conservation Easement the term “**Environmental Requirements**” means all applicable present and future laws, statutes, regulations, rules, ordinances, codes, licenses, permits, orders, approvals, plans, authorizations, judicial, administrative and regulatory decrees, directives and judgments of all governmental agencies, departments, commissions and boards, 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, without limitation, all requirements and regulations pertaining to reporting, licensing, permitting, investigating and remediating emissions, discharges, releases or threatened releases of Hazardous Substances, whether solid, liquid or gaseous in nature, into the air, surface water, or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Substances, whether solid, liquid or gaseous in nature. As used in this Conservation Easement, the term “**Hazardous Substances**” means any hazardous or toxic material or waste which is or becomes regulated by any local governmental authority, the State of California or the United States Government under any Environmental Requirements, including, without limitation, any material or substance:

- (A) 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 (42 U.S.C. § 9601 et seq.) (“CERCLA”); the Hazardous Materials Transportation Act (49 U.S.C. § 5101 et seq.); the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.); the Federal Water Pollution Control Act (33 U.S.C. § 1251 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 Safe Drinking Water Act (42 U.S.C. § 300f et seq.); the River and Harbors Act of

Appendix 3: Conservation Easement

1899 (33 U.S.C. § 401 et seq.); the National Emission Standard for Asbestos (40 C.F.R. § 61.140 et seq.), the OSHA Construction Standards (29 C.F.R. § 1926.1 et seq.); the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.); the Oil Pollution Act (33 U.S.C. § 2701 et seq.); the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. § 136 et seq.); the Emergency Planning and Community Right-to-Know Act (42 U.S.C. § 11001 et seq.); the Atomic Energy Act of 1954, (42 U.S.C. § 2011 et seq.); the Nuclear Waste Policy Act of 1982 (42 U.S.C. § 10101 et seq.); the Medical Waste Management Act (Cal. Health & Safety Code § 117600 et seq.); the Porter-Cologne Water Quality Control Act (Cal. Water Code § 13020 et seq.); the Safe Drinking Water and Toxic Enforcement Act of 1986 (Cal. Health & Safety Code § 25249.5 et seq.); the Carpenter-Presley-Tanner Hazardous Substance Account Act (Cal. Health & Safety Code § 25300 et seq.); the Hazardous Waste Control Act (Cal. Health & Safety Code § 25100 et seq.); and all rules and regulations of the United States or California Environmental Protection Agency or any successor agency, or any other state or federal department, board or agency, or any other agency or governmental board or entity having jurisdiction, as any of the foregoing have been, or are hereafter amended from time to time; or

(B) which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise hazardous, and is now or hereafter regulated as a Hazardous Substance by any governmental authority, agency, department, commission, board, agency or instrumentality of the United States, any State of the United States 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

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

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

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

(F) which contains radon gas.

(e) **Reporting to Grantee.** Not less frequently than annually, STATE shall make reasonable efforts to inform Grantee of the construction and/or development activities that STATE anticipates undertaking on the Property within the following twelve (12) months. In the event Grantee determines that any of the anticipated activities may violate the terms of this Conservation Easement, the parties will meet and confer regarding such activities within thirty (30) days after Grantee's written request.

11. Express Third Party Uses. Exhibit E hereto describes the existing third party uses of the Property permitted with the express agreement of STATE ("**Express Third Party**

Appendix 3: Conservation Easement

Uses:”). STATE retains the right to maintain, renew, and replace all agreements memorializing the Express Third Party Uses (“**Third Party Use Agreements**”) and to engage in all activities reasonably required to comply with STATE’s obligations with respect to the Express Third Party Uses, subject to the following conditions:

(a) **Increases in Intensity or Expansion of Location or Size or Change in Use.** Any (i) increase in the intensity, or (ii) expansion of the location or size, or (iii) a change in the use, of an Express Third-Party Use (whether through a new agreement or an amendment to an existing agreement), that STATE determines in STATE’s reasonable discretion exercised in good faith are likely to significantly impair the Conservation Values, shall be subject to Grantee’s prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed by Grantee.

(b) **Renewal or Replacement of Third Party Use Agreements.** All Third Party Use Agreements existing on the Effective Date are identified on **Exhibit E**. As Third Party Use Agreements are renewed or replaced (either with the existing user or a new user), STATE, in consultation with the Grantee, shall include contractual provisions to bring the continuation of the Express Third-Party Use and the preservation of the Conservation Values into alignment to the fullest extent reasonably practicable.

(c) **Enforcement of Third Party Use Agreements.** If STATE or Grantee discovers any default under a Third Party Use Agreement that significantly impairs the Conservation Values (and if Grantee makes such discovery, Grantee gives STATE written notice thereof), subject to the provisions of **Section 12(d)** below, STATE shall use reasonable efforts to stop or prevent such violation. The Parties acknowledge and agree that any form of legal action by STATE shall be subject to authorization by the California Attorney General.

12. Enforcement and Remedies.

(a) **Notice of Violation.** If a party hereto (“**Non-Breaching Party**”) determines there is a violation of the terms of this Conservation Easement or that a violation is threatened (“**Violation**”), written notice of such Violation (“**Violation Notice**”) and a demand for corrective action sufficient to cure the Violation shall be given by the Non-Breaching Party to the party allegedly violating this Conservation Easement (“**Breaching Party**”). Within thirty (30) days after delivery of a Violation Notice, STATE and Grantee shall meet at a location that STATE and Grantee agree upon to discuss the circumstances of the alleged or threatened Violation and to attempt to agree on appropriate corrective action. If the parties determine that it is appropriate and desirable, a duly qualified expert in the subject matter of the alleged or threatened Violation (“**Consulting Expert**”) shall attend the meeting. CALFIRE and Grantee shall each pay one-half of the costs of retaining the services of the Consulting Expert for such discussion; provided, however, that if STATE and Grantee are unable to agree upon a Consulting Expert, each party may retain the services of an expert at its own expense. If STATE and Grantee are unable to agree on appropriate corrective action (or if any such corrective action is required) within thirty (30) days after such meeting, then the Non-Breaching Party shall deliver a further written notice to the Breaching Party to demand reasonable, particular corrective action to cure the Violation (“**Second Notice**”). Upon the giving of a Second Notice, the Breaching Party shall promptly commence, and thereafter diligently pursue to completion, corrective action sufficient to cure the Violation

Appendix 3: Conservation Easement

and, where the Violation involves injury to the Property resulting from any use or activity that conflicts with the Conservation Values or the Conservation Purpose, to restore the portion of the Property so injured. If a Violation is not cured within thirty (30) days after the delivery of the Second Notice (“**Final Cure Period**”), or if the cure reasonably requires more than thirty (30) days to complete and there is failure to begin the cure or failure to continue diligently to complete the cure within the thirty (30) day period, the parties may elect to proceed with the Legal Remedies as provided in **Section 12(b)**.

(b) **Legal Remedies.** If the parties are not able to settle the claim or dispute through consultation pursuant to **Section 12(a)** above, following exhaustion of all requisite administrative remedies, if any, the parties may, pursuant to California Civil Code section 815.7, bring an action at law or in equity in a court of competent jurisdiction to seek injunctive relief and/or money damages to enforce the terms of this Conservation Easement. If any party hereto determines that the circumstances require immediate action to prevent or mitigate unreasonable damage to the Conservation Values from a Violation, then that party may pursue its remedies under this **Section 12(b)** without first complying with **Section 12(a)** above.

(c) **Enforcement Discretion.** Enforcement of the terms of this Conservation Easement shall be at the respective discretion of Grantee and STATE and any forbearance to exercise rights of enforcement under this Conservation Easement in the event of any breach of any term of this Conservation Easement shall not be deemed or construed to be a waiver of such term or of any subsequent breach of the same or any other term of this Conservation Easement or of any rights under this Conservation Easement. No delay or omission in the exercise of any right or remedy upon any breach shall impair such right or remedy or be construed as a waiver.

(d) **Subject to Appropriation.** The parties hereto agree and acknowledge that any expenditures of money that may be required by the STATE under this Conservation Easement shall be contingent on the appropriation of funds by the Legislature for the specific purpose of STATE complying with its obligations in this Conservation Easement. Any delay or failure of the STATE to perform and comply with its obligations in this Conservation Easement due to funds not being appropriated or being terminated by the Legislature shall not be considered a breach or default of the terms of this Conservation Easement, and STATE shall not be liable in any way due to delay or failure to perform under the terms of this Conservation Easement, including undertaking corrective action and/or restorative action, as a result of the funds not being appropriated or being terminated by the Legislature. Notwithstanding, STATE agrees to make diligent efforts to obtain the necessary budget appropriations in amounts reasonably calculated to support the fulfillment of its obligations under this Conservation Easement as expeditiously as possible. This section only applies to the STATE.

13. Indemnification

(a) **Indemnification of STATE by Grantee.** Other than violation or breach of the terms of this Conservation Easement by STATE Grantee waives all claims against STATE, its agencies, departments, boards, commissions, officers, agents, and employees (collectively “Indemnitees”), for loss or damage caused by, arising out of, or in any way connected with the Grantee’s exercise of this Conservation Easement. Grantee shall protect, indemnify, and hold Indemnitees harmless and defend Indemnitees, with counsel selected by Indemnitees, from and

Appendix 3: Conservation Easement

against any suits, actions, judgments, legal or administrative proceedings, arbitrations, claims, demands, causes of action, damages, liabilities, interest, reasonable attorneys' fees, fines, penalties, losses, costs and expenses of whatsoever kind or nature, arising out of, in connection with or incidental to any injury to or the death of any person, or damage to any property arising out of, caused by, or resulting from (in whole or in part) the negligence or willful misconduct of Grantee and/or Grantee's Representatives and their respective employees, agents and subcontractors on the Property in connection with Grantee's exercise of this Conservation Easement. Grantee's duty to defend the Indemnitees is separate from, independent of and free-standing of Grantee's duty to indemnify the Indemnitees and applies whether the issue of either parties negligence, breach of contract or other fault or obligations has in any way been determined. Grantee's indemnity obligations under this Agreement shall not extend to that portion of such loss or damage that shall have been caused by any of the Indemnitees' comparative negligence or willful misconduct. The indemnity set forth in this section shall survive the termination of this Conservation Easement until such time as action against the Indemnitees on account of any matter covered by this indemnity is barred by the applicable statute of limitations.

Grantee shall, further, cause such indemnification in favor of the Indemnitees to be inserted in each contract and/or agreement for the provision of services to Grantee on the Property or entry onto the Property by Grantee's Representatives. Grantee's failure to comply with this indemnification provision shall be considered a material breach of this Conservation Easement, however such breach shall not impair the perpetual nature of this Conservation Easement.

The provisions of this **Section 13(a)** shall be inoperative at any time, and for so long as, the fee interest in the Property is owned by an entity other than the STATE, and the indemnification provisions of **Sections 13(b) and 13(c)** shall instead be operative and binding on such successor fee interest owner ("**Grantor**"); provided, any obligation of Grantee to STATE arising prior to such transfer of the fee interest in the Property from STATE to a non-STATE entity shall survive the transfer.

(b) **Indemnification by Grantor other than the STATE.** Grantor shall hold harmless, indemnify, and defend Grantee and its directors, officers, employees, agents, and contractors and the heirs, personal representatives, successors, and assigns of each of them (each a "**Grantee Indemnified Party**" and collectively, the "**Grantee Indemnified Parties**"), from and against any and all liabilities, penalties, costs, losses, damages, expenses (including, without limitation, reasonable attorneys' fees and experts' fees), causes of action, claims, demands, orders, liens or judgments (each a "**Claim**" and, collectively, "**Claims**"), arising from or in any way connected with: (a) injury to or the death of any person, or physical damage to any property, resulting from any act, omission, condition, or other matter related to or occurring on or about the Property, including but not limited to any such act, omission, condition or other matter occurring in connection with the presence of the general public on the Property, regardless of cause, unless due to the negligence or willful misconduct of any of the Grantee Indemnified Parties while acting upon the authority of Grantee; or (b) Grantor's obligations specified in this Conservation Easement; or (c) a breach of any of Grantor's representations or warranties made in this Conservation Easement; or (d) any violation of, or other failure to comply with, any state, federal or local law, regulation or requirement related to the Property, by Grantor, or any entity other than a Grantee Indemnified Party acting upon the authority of Grantee, in any way affecting, involving or relating to the Property; or (e) any Hazardous Substances or underground storage tanks present,

Appendix 3: Conservation Easement

alleged to be present, released in, from or about, or otherwise associated with the Property at any time, except with respect to any Hazardous Substances placed, disposed or released by a Grantee Indemnified Party acting upon the authority of Grantee, including Claims for injury to or death of any person or physical damage to any Property and for the violation or alleged violation of, or other failure to comply with, any Environmental Requirement. If any action or proceeding is brought against any Grantee Indemnified Party by reason of any such Claim, Grantor shall, at the election of and upon written notice from the applicable Grantee Indemnified Party, defend such action or proceeding by counsel reasonably acceptable to the Grantee Indemnified Party.

(c) **Indemnification by Grantee to Grantor other than the STATE.** Grantee shall hold harmless, indemnify, and defend Grantor and its members, directors, officers, employees, agents, and contractors and the heirs, personal representatives, successors, and assigns of each of them (each a **Grantor Indemnified Party** and, collectively, the "**Grantor Indemnified Parties**"), from and against any and all Claims arising from or in any way connected with: (a) injury to or the death of any person, or physical damage to any property, occurring on or about the Property, resulting from the negligence of any Grantee Indemnified Party, while acting on behalf of Grantee; or (b) Grantee's obligations specified in this Conservation Easement; or (c) any violation of, or other failure to comply with, any state, federal or local law, regulation or requirement, by any Grantee Indemnified Party while acting on behalf of Grantee in any way affecting, involving or relating to the Property. If any action or proceeding is brought against any Grantor Indemnified Party by reason of any such Claim, Grantee shall, at the election of and upon written notice from the applicable Grantor Indemnified Party, defend such action or proceeding by counsel reasonably acceptable to the Grantor Indemnified Party.

14. Insurance. Prior to any entry onto the Property under the terms of this Conservation Easement by Grantee or Grantee's Representatives, Grantee and Grantee's Representatives shall each, at their own expense, provide STATE evidence of insurance as follows:

a) **Commercial General Liability.** Grantee and Grantee's Representatives shall maintain general liability on an occurrence form with limits not less than \$1,000,000 per occurrence and \$2,000,000 aggregate for bodily injury and property damage liability. The policy must include coverage for liabilities arising out of premises operations, independent contractors, products/completed operations, personal & advertising injury and liability assumed under an insured contract. This insurance shall apply separately to each insured against whom claim is made or suit is brought subject to the Grantee and/or Grantee's Representatives limit of liability. The policy must include: Department of Forestry and Fire Protection, State of California, its officers, agents and employees as additional insureds. This endorsement must be supplied under form acceptable to DGS' Office of Risk and Insurance Management.

b) **Automobile Liability.** Grantee and Grantee's Representatives shall maintain motor vehicle liability with limits not less than \$1,000,000 combined single limit per accident. Such insurance shall cover liability arising out of a motor vehicle including owned, hired and non-owned motor vehicles. The same additional insured designation and endorsement required for general liability is to be provided for this coverage.

c) **Workers' Compensation and Employers' Liability.** Grantee and Grantee's Representatives shall maintain statutory workers' compensation and employers' liability

Appendix 3: Conservation Easement

for all employees who will be engaged in the performance of any activities and/or work related to the Property as authorized under this Conservation Easement. Employers' liability limits of \$1,000,000 are required. Workers' compensation policy shall contain a waiver of subrogation endorsement in favor of the STATE.

At any time, and for so long as, the fee interest in the Property is owned by an entity other than the STATE, such successor Grantor shall maintain a commercially available general liability policy, or self-insurance, insuring against bodily injury and property damage on the Property in the amount of not less than \$1,000,000 per occurrence \$2,000,000 in aggregate. Grantee shall be named an additional insured on any policy. For any claim covered by the indemnification in **Section 13(b)** above, the liability insurance shall apply as primary insurance with respect to any other insurance or self-insurance programs afforded to Grantee with respect to Grantee's entries onto the Property pursuant to the Conservation Easement. Grantor waives all rights of subrogation against the Grantee Indemnified Parties for recovery of damages to the extent these damages are covered by insurance maintained pursuant to this Conservation Easement. Grantor shall furnish Grantee with certificate(s) of insurance, executed by a duly authorized representative of each insurer, showing compliance with the insurance requirements set forth above. Any failure of Grantee to demand such certificate or other evidence of full compliance with these insurance requirements or failure of Grantee to identify a deficiency from evidence that is provided shall not be construed as a waiver of Grantor's obligation to maintain such insurance.

15. Grantee Assignment of Conservation Easement.

(a) **Voluntary Assignment.** In the event that Grantee decides to assign its interest under this Conservation Easement, Grantee shall only assign such interest to an organization that is: (1) qualified to hold a conservation easement under Section 815.3 of the California Civil Code; (2) experienced in holding and monitoring conservation easements on properties similar to the Property; and (3) willing and financially able to assume all of the responsibilities imposed on Grantee under this Conservation Easement. Before assigning its interest under this Conservation Easement, Grantee shall provide STATE and the Sierra Nevada Conservancy ("SNC") with written notice of such intention to transfer ("**Transfer Notice**"). The Transfer Notice shall identify the proposed assignee and include a description of how the proposed assignee meets the assignee designation criteria set forth in this section. Grantee shall allow SNC, with the consent of STATE, a period of not less than sixty (60) days to approve the proposed assignee, which consent shall not be unreasonably withheld and shall be based on whether the proposed assignee meets the designation criteria specified in this section. If SNC does not approve the proposed assignee, SNC shall provide Grantee with the reasons behind such decision. Notwithstanding, any approved assignment by Grantee of this Conservation Easement to an approved assignee shall not relieve Grantee from any obligations hereunder arising prior to the date of the assignment.

(b) **Involuntary Assignment.** If Grantee ever ceases to exist or no longer qualifies under applicable state law to hold a conservation easement interest, then SNC shall, with the consent of STATE, select an assignee that meets all the designation criteria specified in **Section 15(a)** above. If SNC is unable to identify an assignee that meets all the designation criteria specified in **Section 15(a)** above that is willing to accept such assignment, then SNC shall petition a court of competent jurisdiction to effect a transfer of the Conservation Easement to an

Appendix 3: Conservation Easement

organization that meets each of the qualifications criteria in **Subsection 15(a)**. Notwithstanding the foregoing, SNC may elect to serve as such assignee but only on a temporary basis until a permanent assignee can be identified by SNC and/or such transfer is effectuated by a court of competent jurisdiction.

(c) **Conditions of Assignment.** As conditions to any assignment of this Conservation Easement, Grantee and/or the SNC shall: (1) require the assignee to expressly agree in writing to assume Grantee's obligations hereunder; (2) ensure that assignee has the resources to fulfill its obligations under the Conservation Easement; and (3) not relieve Grantee from any obligations under the Conservation Easement arising prior to the date of the assignment.

(d) **Successor to SNC.** Upon any liquidation or dissolution of SNC, SNC or STATE shall have the right to assign SNC's rights and obligations under this **Section 15** to another entity that has a conservation mission and level of expertise consistent with that of SNC and sufficient resources and capacity to carry out the obligations of SNC.

(e) **Recording.** Pursuant to California Civil Code section 815.5, any instrument assigning or otherwise transferring this Conservation Easement shall be recorded in the Official Records of the County.

16. Subsequent Property Transfers.

(a) STATE shall disclose the existence of this Conservation Easement in any deed or other legal instrument by which STATE divests itself of a real property interest in all or a portion of the Property, including, without limitation, a leasehold interest. STATE shall notify Grantee in writing not more than thirty (30) days after any grant by STATE to any third party of any interest in any portion of the Property, whether such interest is a fee, easement, lease, or other interest. The failure of STATE to perform any act required by this **Section 16** shall not impair the validity of this Conservation Easement or limit its enforcement in any way or create any obligation on the part of Grantee.

(b) **Release of Fee Title and Demonstration State Forest Status.** In the event that STATE transfers fee title to an unaffiliated third-party not qualified to own and manage a Demonstration State Forest, STATE shall release, relinquish and forever terminate, in a manner that shall be binding upon all successors in interest to the Property, all rights of STATE described in **Sections 6(a) and 6(b)**.

17. Extinguishment and Condemnation.

(a) **Judicial Extinguishment.** If circumstances arise in the future that render the Conservation Purpose impossible or impracticable to accomplish, this Conservation Easement can be terminated or extinguished, whether in whole or in part, only by judicial proceedings in a court of competent jurisdiction, and the amount of the compensation to which Grantee shall be entitled from any sale, exchange, or involuntary conversion of all or any portion of the Property after such termination or extinguishment, shall be determined, unless otherwise provided by California law at the time, in accordance with **Section 17(c)**. Grantee must use any proceeds received under the circumstances described in this section in a manner consistent with the

Appendix 3: Conservation Easement

Conservation Purposes, which are exemplified and articulated by the Conservation Easement and contemporaneously prepared exhibits to it and other documentation.

(b) **Condemnation.** If all or any part of the Property is taken by exercise of eminent domain, or acquired by purchase in lieu of condemnation, so as to terminate this Conservation Easement in whole or in part, STATE and Grantee may join in appropriate actions to recover the full value of their respective interests in the Property so taken or purchased, and all direct or incidental resulting damages. All expenses reasonably incurred by the STATE and Grantee in any such action shall be first reimbursed out of the recovered proceeds; the remainder of such proceeds shall be divided between STATE and Grantee in proportion to their respective interests in the Property, or portion thereof, as established by **Section 17(c)**.

(c) **Valuation.** In accordance with California Civil Code section 815.2, STATE and Grantee acknowledge and agree that this Conservation Easement shall not be deemed personal in nature and shall constitute a real property interest in the Property vested in Grantee upon recording notwithstanding that this Conservation Easement is an obligation, and not a financial asset. For the purpose of **Sections 17(a) and 17(b)**, the fair market value of the Conservation Easement shall be determined as of the time of the extinguishment or termination by an appraisal set forth in a written report prepared and signed by an appropriately licensed or certified real estate appraiser in good standing pursuant to Part 3 (commencing with Section 11300) of Division 4 of the Business and Professions Code and its implementing regulations, Title 10 Section 3701 of the California Code of Regulations, the California Department of General Services Appraisal Specifications, and shall conform to the Uniform Standards of Professional Appraisal Practice. STATE and Grantee shall mutually agree on the appraiser and shall share equally in the costs of preparing the appraisal report. The fair market value as set forth in the appraisal report is subject to the approval of the California Department of General Services.

(d) **No Merger.** Due to the Conservation Purpose of the Conservation Easement, it is the intent of STATE and Grantee that notwithstanding the provisions of Civil Code Section 811, any time the fee title to all or any portion of the Property is vested in an entity, including STATE, which also holds this Conservation Easement, the interest in the Conservation Easement shall not merge into the fee title (whether by operation of law or otherwise), and the Conservation Easement shall remain in full force and effect as to all portions of the Property, until and unless explicitly terminated by judicial proceedings (and then, only to the extent so terminated).

18. Notices. Any notice or other communication required or permitted under this Conservation Easement shall be in writing and shall be either personally delivered or transmitted by registered or certified mail, return receipt requested, postage prepaid, or by a nationally recognized overnight courier, such as FedEx or Airborne Express, addressed to the parties as follows:

Appendix 3: Conservation Easement

If to STATE:

California Department of Forestry and Fire Protection
P.O. Box 944246
Sacramento, CA 94244
Attn: State Forests Program Manager

With a copy to:

Department of General Services
707 Third Street, 5th Floor (MS 505)
West Sacramento, CA 95605
Attn: RESD/RPSS--Acquisitions Unit

If to Grantee:

Shasta Land Trust
P.O. Box 992026
Redding, CA 96099-2026
Attn: Executive Director

If to Sierra Nevada Conservancy:

Sierra Nevada Conservancy
11521 Blocker Drive, Suite 205
Auburn, CA 95603
Attn: Executive Director

The date of any notice or communication shall be deemed to be the date of receipt if delivered personally, or the date of the receipt or refusal of delivery if transmitted by mail or overnight courier. Any party may change the address for notice by giving notice to the other party in accordance with this **Section 18**.

19. Amendment. This Conservation Easement may be amended by STATE and Grantee or their respective successors and assigns, by mutual written agreement of STATE and Grantee. STATE and Grantee shall have no right to amend **Sections 2 or 3** hereof without the written consent of PG&E in its sole and absolute discretion. Without limiting the scope of the aforementioned power to amend, the parties anticipate that future amendments may be necessary to reflect corrections to the boundary line that may result in the removal of portion(s) of the Property from the encumbrance of this Conservation Easement, clarifications, and corrections to the Conservation Easement and agree to mutually cooperate in good faith to accomplish such future amendments, to the extent such amendments are to clarify the terms of this Conservation Easement and do not significantly impair the Conservation Values. Any such amendment shall be consistent with the Conservation Purpose of this Conservation Easement and shall not affect its perpetual duration, and Grantee shall promptly record the amendment in the official records of the County, and shall thereafter promptly provide a conformed copy of the recorded amendment to STATE.

Appendix 3: Conservation Easement

Notwithstanding the foregoing, STATE and Grantee have no right or power to consent to any action or agree to any amendment of this Conservation Easement that would result in significant impairment of the Conservation Values or limit the term or result in termination of the Conservation Easement, or adversely affect the qualification of the Conservation Easement as a conservation easement under California Civil Code section 815 et seq. or the status of Grantee as an entity authorized to acquire and hold conservation easements under California Civil Code section 815.3. Any amendment to this Conservation Easement shall comply with California Civil Code section 815 et seq. and other Applicable Laws.

20. General Provisions.

(a) **Governing Law.** This Conservation Easement shall be governed by, and construed and enforced in accordance with, the laws of the State of California.

(b) **No Public Dedication.** Nothing contained in this Conservation Easement shall be deemed to be a gift or dedication of any portion of the Property to the general public.

(c) **Liberal Construction.** Any general rule of construction to the contrary notwithstanding, this Conservation Easement shall be liberally construed in favor of Grantee to effect the purposes of this Conservation Easement and the policy and purpose of California Civil Code section 815 et seq. If any provision in this Conservation Easement is found to be ambiguous, an interpretation consistent with the purposes of this Conservation Easement which recognizes the PG&E Reserved Rights and the PG&E Easement Reserved Rights (as described in **Sections 2 and 3 above**), and STATE's Reserved Rights and that would render the provision valid shall be favored over any interpretation that would render it invalid.

(d) **Further Assurances.** Each party hereto agrees to execute and deliver to the other party such further documents or instruments as may be necessary or appropriate in order to carry out the intentions of the parties as contained in this Conservation Easement.

(e) **Severability.** If any provision of this Conservation Easement shall be unenforceable or invalid, the same shall not affect the remaining provisions of this Conservation Easement and to this end the provisions of this Conservation Easement are intended to be and shall be severable.

(f) **Entire Agreement.** This Conservation Easement sets forth the entire agreement of the parties with respect to the Conservation Easement and supersedes all prior discussions, negotiations, understandings, or agreements relating to the Conservation Easement all of which are merged herein.

(g) **No Forfeiture.** Nothing contained herein will result in a forfeiture or reversion of STATE's title in any respect.

(h) **Successors.** The Conservation Easement shall be a servitude running with the land in perpetuity. The covenants, terms, conditions, and restrictions of this Conservation Easement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns and shall continue as a servitude running with the Property.

Appendix 3: Conservation Easement

(i) **Recordation.** Grantee shall promptly record this Conservation Easement in the official records of the County, and shall thereafter promptly provide a conformed copy of the recorded Conservation Easement to STATE. Grantee may re-record at any time as may be required to preserve its rights in this Conservation Easement.

(j) **Termination of Rights and Obligations.** Except as otherwise stated herein, a party's rights and obligations under this Conservation Easement shall terminate only upon transfer of the party's interest in all or portions of either the Conservation Easement or the Property, except that liability for acts or omissions occurring prior to transfer shall survive the transfer.

(k) **Captions.** The captions in this Conservation Easement have been inserted solely for convenience of reference and are not a part of this Conservation Easement and shall have no effect upon construction or interpretation.

(l) **List of Exhibits.** The following exhibits are attached hereto and incorporated herein:

<u>Exhibit A</u>	Legal Description of the Property
<u>Exhibit B</u>	Property Maps
<u>Exhibit C</u>	Form of Grant Deed
<u>Exhibit D</u>	Copy of Recorded Utility Facility Access, Operation and Maintenance Easement
<u>Exhibit E</u>	Schedule of Express Third-Party Uses

(m) **Counterparts.** This Conservation Easement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

//signatures follow on next page//

Appendix 3: Conservation Easement

IN WITNESS WHEREOF, STATE has granted to Grantee, and Grantee has accepted this Conservation Easement and the parties mutually agree to the covenants set forth above, as of the Effective Date.

STATE:

AUTHORIZED PER GOVERNMENT CODE §14666

STATE OF CALIFORNIA
Department of General Services

By: _____
Michael P. Butler, Chief
Real Property Services Section

Dated: _____

APPROVAL PER GOVERNMENT CODE §14666

STATE OF CALIFORNIA
Department of Forestry and Fire Protection

By: _____
Thom Porter, Director

Dated: _____

GRANTEE:

SHASTA LAND TRUST,
a California nonprofit public benefit corporation

By: _____

Its: _____

Dated: _____

ACCEPTANCE OF CONDITIONAL RIGHT OF ENFORCEMENT

Appendix 3: Conservation Easement

The Sierra Nevada Conservancy, a subdivision of the California Natural Resources Agency, hereby acknowledges and accepts the conditional enforcement rights set forth in Section 15 hereof.

By: _____

Its: _____

Dated: _____

[Need Notary Acknowledgement to record]

Appendix 3: Conservation Easement

EXHIBIT A

Legal Description of the Property

[Attached Behind this Page]

Appendix 3: Conservation Easement

EXHIBIT B

Property Maps

[Attached Behind this Page]

Appendix 3: Conservation Easement

EXHIBIT C

Form of Grant Deed

[Attached Behind this Page]

Appendix 3: Conservation Easement

EXHIBIT D

Form of Utility Facility Access, Operation and Maintenance Easement

[Attached Behind this Page]

EXHIBIT E

Express Third-Party Uses and Third Party Use Agreements

Express Third Party Uses

The Express Third Party Uses on the Property are all uses permitted by and pursuant to the Third Party Use Agreements.

2. Third Party Use Agreements

The Third Party Use Agreements on the Property are those agreements and rights disclosed by the following:

- (a)
1. License Agreement for Grazing Purposes is made and entered into by PACIFIC GAS AND ELECTRIC COMPANY, a California corporation, and BETTIE HIXSON. This License Agreement shall be for a term of ten (10) years commencing on January 1, 2019 and expiring December 31, 2028.
 2. License Agreement for Grazing Purposes is made and entered into by PACIFIC GAS AND ELECTRIC COMPANY, a California corporation, and VIRGINIA LEE MORELLI. This License Agreement shall be for a term of ten (10) years commencing on January 1, 2014 and expiring December 31, 2018 (license in holdover, pending renewal).
 3. License Agreement for Agricultural Purposes is made and entered into by PACIFIC GAS AND ELECTRIC COMPANY, a California corporation, and OLIVAREZ HONEYBEES, INC., a California corporation. This License Agreement shall be for a term of ten (10) years commencing on June 1, 2019 and expiring May 31, 2029.
- (b)
1. AN UNRECORDED RIGHT OF WAY CONVEYED TO NORTHERN CALIFORNIA POWER COMPANY BY DEED NO. 715-F, DATED APRIL 4, 1918, AS DISCLOSED BY INSTRUMENT RECORDED APRIL 9, 1925 IN BOOK 2, PAGE 446, OFFICIAL RECORDS, SUBJECT TO THE TERMS AND PROVISIONS AS CONTAINED THEREIN.
 2. AN EASEMENT FOR ANY AND ALL COUNTY ROADS HERETOFORE LAWFULLY ESTABLISHED AND NOW IN PUBLIC USE, AS RESERVED BY CENTRAL PACIFIC RAILWAY COMPANY, IN DEED RECORDED APRIL 09, 1925, IN BOOK 2, PAGE 446, OFFICIAL RECORDS.

AFFECTS: SEE DOCUMENTS FOR FULL PARTICULARS

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

Appendix 3: Conservation Easement

3. AN EASEMENT OVER SAID LAND FOR THE RIGHT TO CONSTRUCT MAINTAIN AND USE A ROAD AND VEHICLE BRIDGE AND INCIDENTAL PURPOSES, AS GRANTED TO ELMER HUFFORD AND CHRISTINE HUFFORD , HUSBAND AND WIFE, IN DEED RECORDED JULY 20, 1965, IN BOOK 844 PAGE 444, OFFICIAL RECORDS.

AFFECTS: PORTION PARCEL TWO; APN: 099-140-004 PGE#2432-01-0009

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

4. AN EASEMENT OVER SAID LAND FOR CONSTRUCT, RECONSTRUCT, MAINTAIN AND USE A ROAD AND TO INSTALL, REPAIR AND MAINTAIN UTILITIES AND INCIDENTAL PURPOSES, AS GRANTED TO JOHN PEREZ AND MARY ANNIE PEREZ, HUSBAND AND WIFE, AS JOINT TENANTS, IN INSTRUMENT RECORDED MAY 24, 1974, IN BOOK 1223, PAGE 264, OFFICIAL RECORDS.

AFFECTS: SEE DOCUMENT FOR FULL PARTICULARS

NO REPRESENTATION IS MADE AS TO THE CURRENT OWNERSHIP OF SAID EASEMENT. REFERENCE IS MADE TO SAID DOCUMENT FOR FULL PARTICULARS

5. AN EASEMENT OVER SAID LAND FOR UNDERGROUND WIRES, AND CABLE FOR COMMUNICATION AND INCIDENTAL PURPOSES, AS GRANTED TO TUOLUMNE TELEPHONE CO., A CORPORATION, IN INSTRUMENT RECORDED APRIL 17, 1984, IN BOOK 2054, PAGE 318, OFFICIAL RECORDS.

AFFECTS: PORTION PARCEL 4; A.P.N. 099-150-003 AND 099-150-028



**Conservation Easement Funding Agreement
Cow Creek Planning Unit,
Lands Donated to the California Department of Forestry & Fire Protection**

This Conservation Easement Funding Agreement (“**Agreement**”) is entered into as of the Effective Date (defined below) by and between the Pacific Forest and Watershed Lands Stewardship Council, a California nonprofit public benefit corporation (the “**Stewardship Council**”) and the Shasta Land Trust a California nonprofit public benefit corporation (“**Grantee**”) (each a “**Party**” and collectively the “**Parties**”) with reference to the following facts:

A. The Stewardship Council was created to oversee the “**Land Conservation Commitment**” described in (1) that certain Settlement Agreement among Pacific Gas and Electric Company (“**PG&E**”), PG&E Corporation, and the California Public Utilities Commission (the “**Commission**”) as modified and approved by the Commission in its Opinion and Order of December 18, 2003 (Decision 03-12-035) (the “**Settlement Agreement**”); and (2) that certain Stipulation Resolving Issues Regarding the Land Conservation Commitment dated September 25, 2003 (the “**Stipulation**”).

B. Pursuant to the Settlement and Stipulation, certain lands owned by PG&E at the time of the Settlement (the “**PG&E Watershed Lands**”) are to be conserved for a broad range of beneficial public values, including the protection of the natural habitat of fish, wildlife and plants; the preservation of open space; outdoor recreation by the general public; sustainable forestry; agricultural uses; and historic values. The Stewardship Council is charged with developing a Land Conservation Plan for the protection and enhancement of the PG&E Watershed Lands.

C. Grantee is a publicly-supported, tax exempt nonprofit organization, qualified under Section 501 (c)(3) of the Internal Revenue Code (“**IRC**”), whose primary purpose is to preserve, protect or enhance, land in its natural scenic, historical agricultural, forested or open space condition or use and conserve natural areas for aesthetic, scientific, charitable and educational purposes. Grantee is eligible to hold a conservation easement pursuant to California Civil Code Section 815.3.

D. In connection with the Land Conservation Commitment, Grantee has agreed to accept a perpetual conservation easement created pursuant to California Civil Code Section 815 *et seq.* (the “**Conservation Easement**”) over a portion of the PG&E Watershed Lands that is being donated to the California Department of Forestry and Fire Protection (“**CAL FIRE**”) by PG&E consisting of approximately 2,246 acres of real property located in the County of Shasta, State of California, as more particularly described in **Exhibit A** attached hereto and incorporated herein by reference (the “**Property**”).

E. Grantee has agreed to accept perpetual conservation easements over PG&E Watershed Lands that are subject to PG&E’s Land Conservation Commitment in the Burney Gardens, Cow Creek, Fall River Mills, Hat Creek, Lake Britton, Pit River, and Tunnel Reservoir planning units (the “**Watershed Properties**”).

F. In consideration of Grantee’s agreement to accept the Conservation Easement and assume the duties and obligations of the easement holder, the Stewardship Council has agreed



to provide funding to Grantee in the amounts and subject to the terms and conditions described below.

NOW, THEREFORE, the Stewardship Council and Grantee agree as follows:

1. Effective Date. This Agreement shall become effective upon the recording of the Conservation Easement in favor of Grantee in the Official Records of Shasta County (the "**Effective Date**"). It is understood and agreed that if for any reason whatsoever the recording of the Conservation Easement does not occur on or before December 31, 2022, this Agreement shall be of no further force or effect and the Parties shall thereupon be released from any obligations under this Agreement.

2. Grant Amount and Payment Terms. Effective upon the Effective Date, the Stewardship Council grants **One Hundred Eighty-One Thousand Three Hundred Dollars (\$181,300)** (the "**Grant Funds**") to Grantee. The Grant Funds shall be payable to Grantee within thirty (30) days of the Effective Date. Grantee will use the Grant Funds for the purposes described in this Agreement and for no other purpose without the prior written consent of the Stewardship Council. The Stewardship Council reserves the right to require the total or partial return of Grant Funds in the event Grantee fails to comply with the terms and conditions of this Agreement.

3. Grant Restrictions. The use of the Grant Funds shall be restricted as follows:

a. No less than Eighty-Five Thousand Six Hundred and Fifty Dollars (\$85,650) of the Grant Funds shall be deposited into a non-wasting endowment restricted solely for the purpose of funding Grantee's costs for the stewardship and monitoring of conservation easements on the Watershed Properties (the "**Monitoring and Stewardship Endowment Funds**"). The types of allowable expenditures of these funds is described in Section 5 below.

b. Ten Thousand Dollars (\$10,000) of the Grant Funds shall be restricted to the legal defense and enforcement of conservation easements held by Grantee, including, but not limited to, the conservation easements established on the Watershed Properties (the "**Defense and Enforcement Funds**"). The types of allowable expenditures of these funds is described in Section 6 below.

c. The remainder of the Grant Funds shall be restricted for the purpose of funding Grantee's costs for the stewardship and monitoring of any conservation easements held by Grantee, including but not limited to the conservation easements on the Watershed Properties (the "**General Monitoring and Stewardship Funds**"). Grantee may use the General Monitoring and Stewardship Funds to monitor any of its conservation easements as long as Grantee meets its obligations as described in Section 5 below.

4. Grant Deposit Requirements.

a. Within thirty (30) days of receipt of funds, Grantee will provide the Stewardship Council with evidence of deposit of the Monitoring and Stewardship Endowment Funds into an account which shall be restricted solely for the purpose of



funding Grantee's costs for the stewardship and monitoring of conservation easements on the Watershed Properties and shall be treated as a non-wasting endowment.

b. Within thirty (30) days of receipt of funds, Grantee will provide the Stewardship Council with evidence of deposit of the General Monitoring and Stewardship Funds and the Defense and Enforcement Funds into an account which shall be restricted to the stewardship, monitoring, and legal defense or enforcement of the conservation easements held by the Grantee, including but not limited to the Conservation Easement on the Property. Notwithstanding the right of Grantee to deposit the Monitoring and Stewardship Funds and the Defense and Enforcement Funds into a single account, the use of each type of funds is restricted as provided in Section 3 above.

c. The requirement to provide evidence of deposit will be satisfied when Grantee submits to the Stewardship Council the form attached as **Exhibit B**.

5. Conservation Easement Monitoring. From and after the Effective Date, Grantee agrees to conduct regular monitoring of the Property to ensure compliance with the terms of the Conservation Easement. Grantee shall conduct on-site monitoring of the Property not less than annually to assess compliance with the terms and conditions of the Conservation Easement and note any material changes to the Property compared to the baseline documentation report and prior monitoring reports. Upon written request, the Stewardship Council or its designee shall be permitted to accompany the Grantee on its monitoring visits and to receive a copy of any monitoring report prepared by Grantee. Permissible uses of General Monitoring and Stewardship Funds and Monitoring and Stewardship Endowment Funds shall include, but not be limited to:

a. Regular on-site inspection and monitoring to ensure that the terms of Conservation Easement are being met;

b. Recordkeeping and preparation of reports, notices of violation, any written consent to be submitted to the fee title owner of the property which is subject to the easement, and other documentation related to the Conservation Easement and the Property;

c. Payments for staff, consultants and attorney time necessary to carry out Grantee's stewardship responsibilities with regard to its conservation easements;

d. Communications with the fee title owner of the property which is subject to the easement regarding the provisions of the Conservation Easement and planned or completed activities on the lands to be performed or allowed by the fee title owner or a licensee/lessee;

e. Responding to any inquiries or concerns raised by entities that have leases or licenses on the Property or other stakeholders who have an interest in ensuring the beneficial public values are protected.



6. Defense and Enforcement Funds. Grantee shall be permitted to use the Defense and Enforcement Funds for the following purposes:

- a. To make direct expenditures of attorneys' fees, costs and disbursements incurred in connection with proceedings to enforce and/or defend the provisions of the Conservation Easement against legal challenge, including any claims by third parties;
- b. To "pool" funds for legal expenses to enforce and/or defend against legal challenge conservation easements held by the Grantee, including without limitation the Conservation Easement on the Property;
- c. To pay premiums into a Conservation Defense Insurance Program offered through the Land Trust Alliance, or other nationally-recognized conservation organization of which Grantee is a member for the enforcement and defense of conservation easements held by member organizations, or to cover deductibles related to such insurance.

7. Grant Report. Grantee agrees to submit to the Stewardship Council and/or its designee the following grant Status Reports pursuant to this Agreement. The initial Status Report shall be submitted to the Stewardship Council by the fourth quarter of the 2023 calendar year and include data up to the date of the initial Status Report. The final Status Report shall be submitted to the Stewardship Council or its designee on or before December 31, 2025. The due dates of the initial and final Status Reports can be changed by the Stewardship Council or its designee with at least 60 days written notice to Grantee. The Stewardship Council or its designee shall notify Grantee in a timely manner of the form and content of each Status Report, which shall include, at a minimum:

- a. Copies of annual monitoring reports pertaining to the Conservation Easement for years selected by the Stewardship Council or its designee;
- b. A statement as to whether any violations of the Conservation Easement were observed during the reporting period, and the outcome of any action taken to correct such violation;
- c. A statement as to whether any amendments to the Conservation Easement were approved during the reporting period, with copies of any such amendments included in the Status Reports;
- d. A statement as to whether fee title of the property was conveyed, the date of such conveyance, and the identity of the transferee; and
- e. A report providing an accounting of how the Grant Funds have been invested or expended in furtherance of the purposes of this Agreement.

8. Records. Grantee will indicate the Grant Funds separately on its books of account, and maintain such records in accordance with generally accepted accounting principles. Grantee shall additionally maintain written records including the baseline documentation report, the Deed of Conservation Easement, any amendments to the Conservation Easement, other transaction documents, and copies of monitoring reports, notices



to the landowner, and other communications pursuant to the Conservation Easement in accordance with the practices generally accepted in the land trust community.

9. Inspection. The Stewardship Council or its designee shall have the right to inspect the books and records of Grantee and evaluate Grantee's use of Grant Funds, so long as (i) such inspection or evaluation occurs during regular business hours; (ii) such inspection or evaluation does not unreasonably interfere with Grantee's regular operations; and (iii) the Stewardship Council or its designee provides at least three (3) days prior notice of any such inspection or evaluation.

10. Assignment and Transfer of Funds. Grantee shall not assign its interest under the Conservation Easement except in accordance with the provisions of the Conservation Easement relating to permitted assignments. In the event that Grantee assigns its interest under the Conservation Easement to a successor conservation easement holder ("**Assignee**"), Grantee shall transfer all Grant Funds in its possession to Assignee and require that Assignee assume all of Grantee's obligations under this agreement.

11. Publicity. The Stewardship Council may include information regarding this Agreement and Grantee in its periodic public reports, press releases, or other public communications.

12. Representations and Warranties. Grantee warrants and represents that it is a tax exempt organization under Section 501(c)(3) of the IRC, and is not a private foundation as defined in section 509(a) of the IRC or is an exempt operating foundation described in Section 4940(d)(2) of the IRC. Grantee further represents and warrants that it shall not use the Grant Funds to attempt to influence legislation or otherwise carry out lobbying activities within the meaning of Sections 501(h), 4911, 4945(d)(1) or 4945(e) of the IRC. No part of the Grant Funds may be used to attempt to influence the outcome of any specific public election, or to carry on, directly or indirectly, any voter registration drive. No part of the Grant Funds may be used for purposes other than charitable, scientific, literary, or educational purposes within the meaning of IRC Section 501(c)(3).

Grantee does not knowingly employ individuals or contribute funds to organizations found on any terrorist-related list prepared by the U.S. Government, the United Nations, or the European Union, including the Department of Treasury's Office of Foreign Assets Control Specially Designated Nationals List, the Department of Justice's Terrorist Exclusion List, or the list attached to Executive Order 13224. Should any change occur with respect to the preceding sentence, Grantee will notify the Stewardship Council within 7 days of such change.

13. Indemnification. Grantee hereby agrees to indemnify, defend, and hold harmless the Stewardship Council, and the Stewardship Council's past, present and future officers, directors, and employees, from and against any and all claims, demands, losses, costs, expenses, obligations, liabilities, damages, recoveries, and deficiencies, including interest, penalties, and reasonable attorney fees and costs, that they may incur or suffer and that result from, or are related to, the receipt and use of the Grant Funds by Grantee.

14. Limit of Stewardship Council Obligations. The Stewardship Council's obligations under this Agreement shall under no circumstances exceed the Grant Funds amount set forth in Section 2 above.



15. Assignment. This Agreement may not be assigned by the Grantee in whole or in part except as provided in Section 10 above. The Stewardship Council may assign its rights and delegate its obligations under this Agreement to a third party at the Stewardship Council's sole discretion. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit and burden of the Parties and their respective heirs, successors and assigns.

16. Amendment; Entire Agreement. This Agreement may not be amended or modified except by written instrument signed by both Parties. This Agreement constitutes the entire understanding of the Parties concerning the subject matter hereof, and supersedes any and all previous negotiations, agreements, or understandings, if any, regarding the matters contained herein.

17. Governing Law. This Agreement shall be governed by the laws of the State of California.

18. Counterparts. This Agreement may be executed in counterparts which together shall constitute a single agreement.

Pacific Forest and Watershed Lands Stewardship Council,
a California Nonprofit Public Benefit Corporation

By: _____

Title: _____

Date: _____

Shasta Land Trust,
a California Nonprofit Public Benefit Corporation

By: _____

Title: _____

Date: _____



EXHIBIT B TO CONSERVATION EASEMENT FUNDING AGREEMENT

Evidence of Grant Fund Deposit and Restriction of Use Certification

Date:	Planning Unit/Property Title: Cow Creek Planning Unit (CAL FIRE Donated)
Grantee Name: Shasta Land Trust	Grantee Address:

*Date of Deposit of Grant Funds:		Amount Deposited:	
Bank Name:	Account Name:	Account #:	
Certification of Deposit of Grant Funds and Restricted Use of Monitoring of Conservation Easement Funds			
I, hereby state that the above referenced information is true and accurate, and understand that the above information, if misrepresented, or incomplete, may be grounds for immediate repayment of grant funds. I also agree that account activity will be restricted to the permissible uses of General Monitoring and Stewardship Funds as set forth in Sections 3c and 5 of the Grant Agreement.			
Name:		Title:	
Signature:		Date:	

*Date of Deposit of Grant Funds:		Amount Deposited:	
Bank Name:	Account Name:	Account #:	
Certification of Deposit of Monitoring and Stewardship Endowment Funds in Non-Wasting Endowment			
I, hereby state that the above referenced information is true and accurate, and understand that the above information, if misrepresented, or incomplete, may be grounds for immediate repayment of grant funds. I also agree that account activity will be restricted solely for the purpose of funding Grantee’s costs for the stewardship and monitoring of conservation easements on the Watershed Properties and shall be treated as a non-wasting endowment as set forth in Sections 3a and 4a of the Grant Agreement.			
Name:		Title:	
Signature:		Date:	

For third section, see page 2



EXHIBIT B TO CONSERVATION EASEMENT FUNDING AGREEMENT – Page 2

*Date of Deposit of Grant Funds:		Amount Deposited:
Bank Name:	Account Name:	Account #:
Certification of Deposit of Grant Funds and Restricted Use of Defense & Enforcement Funds		
I, hereby state that the above referenced information is true and accurate, and understand that the above information, if misrepresented, or incomplete, may be grounds for immediate repayment of grant funds. I also agree that account activity will be restricted to the permissible uses of the Defense and Enforcement Funds as set forth in Sections 3b and 6 of the Grant Agreement.		
Name:	Title:	
Signature:	Date:	

Return to:

Stewardship Council
 3300 Douglas Blvd, Suite 250
 Roseville, CA 95661
Phone: (916) 297-6660

***Please include a copy of the bank statement(s) referencing the above deposit(s).**

PROPERTY TAX NEUTRALITY METHODOLOGY

INTRODUCTION

The Settlement Agreement¹ and Stipulation² that established the Land Conservation Commitment require that the Land Conservation Plan being developed by the Stewardship Council provide property tax revenue, other equivalent revenue source, or a lump sum payment, so that the totality of dispositions in each affected county will be “tax neutral” for each county. Section 4.3 of Volume I of the Land Conservation Plan (LCP) adopted by the Stewardship Council in November 2007 described the Stewardship Council’s potential strategies and anticipated approach to achieving property tax neutrality at a programmatic level.

More recently, on September 17, 2009, the Stewardship Council adopted a funding policy. This policy further clarified the Stewardship Council’s approach to property tax neutrality and identified several potential vehicles to achieving this requirement. On March 30, 2011, the Stewardship Council adopted a set of guidelines which describe scenarios in which the Stewardship Council will make property tax payments to affected counties and further defined a set of overarching assumptions regarding property tax neutrality payments.

Table 1 in Appendix A lists the estimated acreage and estimated annual property taxes associated with PG&E watershed lands which have been recommended by the Stewardship Council Board of Directors for donation. The estimated total tax liability that would be subject to tax neutrality will depend upon the total acreage actually transferred, and the types of organizations receiving fee title to the lands. No PG&E watershed lands will be recommended for donation in counties that are not listed in Table 1.

PURPOSE OF PROPOSED METHODOLOGY

The purpose of this methodology is to establish a standard payment process when lands are transferred to organizations that are exempt from paying property taxes. The following methodology will be applied to all counties which experience a loss in property tax revenues due to a recommended donation of fee title as part of the Stewardship Council’s Land Conservation Commitment.

DETERMINING TAX NEUTRALITY PAYMENT AMOUNT

Following the Stewardship Council approval of a fee-title donation, the Stewardship Council will work with the affected county to calculate the payment amount for inclusion in the Stewardship Council’s Land Conservation and Conveyance Plan (LCCP).

1. Using the legal description and/or survey of lands identified for transfer to an organization which is exempt from paying property taxes, the Stewardship Council and PG&E will prepare an estimate of the annual taxes on lands to be donated. If assessed values on the lands recommended for donation change prior to the transfer of land, the

¹ *Opinion Modifying the Proposed Settlement Agreement of Pacific Gas & Electric Company, PG&E Corporation and the Commission Staff, and Approving the Modified Settlement Agreement*, December 18, 2003:

http://www.stewardshipcouncil.org/documents/Settlement_Agreement.pdf

² *Stipulation Resolving Issues Regarding the Land Conservation Commitment*, September 25, 2003:

http://www.stewardshipcouncil.org/documents/Stipulation_Agreement.pdf

Appendix 5: Tax Neutrality Methodology

Adopted 06/27/2012
Amended 06/24/2015
Amended 01/21/2016
Amended 11/15/2017

Stewardship Council will revise the payment calculation included in the proposed tax neutrality funding agreement prior to its execution by the parties.

2. The reduction in annual taxes caused by the donation of acres to organizations exempt from property tax will constitute the “Annual Base Value” for the funding calculation.
3. The County will receive a one-time lump sum payment The Stewardship Council will provide a draft funding agreement for county review and approval using the Annual Base Value and payment option. The draft funding agreement is expected to include, among other items, the following acknowledgements by the county:
 - a. Payment by the Stewardship Council satisfies the tax neutrality requirement as specified in the Settlement and Stipulation for the subject fee-title donation.
 - b. The county has issued (or will not reasonably withhold) a Welfare Tax Exemption for the new landowner, if required.
 - c. The county will agree to distribute the lump-sum payment to the applicable special districts as dictated in the relevant Tax Rate Area at the time of payment. In consideration for the additional administrative responsibility of the county to set up the process to allocate payments to special districts, the Stewardship Council will make a \$3,000 payment to the county for county’s anticipated costs to perform such activities for the first fee title donation of lands in the county. Said payment will be made at the time the Stewardship Council makes its lump-sum tax neutrality payment. For subsequent fee title donations, if a county expects to incur more than \$3,000 in costs to perform such activities, then it shall make a request to the Stewardship Council for increased funding no later than 60 days following the recording of the grant deed for each additional fee title donation or the execution of a tax neutrality funding agreement, whichever comes later. The Stewardship Council will review each funding request and provide the county with sufficient funds to cover all reasonable anticipated costs.
4. The Stewardship Council will fund the settlement amount according to the terms of the tax neutrality funding agreement as described in number 3 above no later than 60 days following the recording of the grant deed for the fee title donation or the execution of a tax neutrality funding agreement, whichever comes later.

Lump-sum payment

Lump-sum payments in satisfaction of property tax neutrality would be calculated based upon the net present value of the Annual Base Value at the time that lands are removed from the property tax rolls. The lump-sum payment will be calculated using a discounted cash flows analysis for perpetual payment streams, otherwise known as a Capitalization Rate (Cap Rate).

The Cap Rate calculation requires an assumption of a long-term rate of return on comparable investments, and a long-term inflation rate. In order to develop a Cap Rate for a lump-sum payment, the Stewardship Council considered multiple long-term inputs, including long term equity and fixed income returns (Dow Jones Industrial Average, S&P 500, U.S. Treasury,

Appendix 5: Tax Neutrality Methodology

Adopted 06/27/2012
Amended 06/24/2015
Amended 01/21/2016
Amended 11/15/2017

CalPERS), weighted average borrowing costs for subject counties, and discount rate assumptions for pension and other post-employment benefits.

Based upon the analysis described above, **the Stewardship Council is offering counties a Cap Rate of 4.0%** to be used in the calculation of a lump-sum payment in satisfaction of property tax neutrality. The calculation for arriving at a lump-sum payment is as follows:

$$\text{Lump Sum Value} = \text{Annual Base Value} \div 4.0\%$$

The following table provides an example of the application of the Cap Rate to various Annual Base Values:

Annual Base Value	\$500	\$1,000	\$5,000	\$10,000
Lump Sum at 4.0%	\$12,500	\$25,000	\$125,000	\$250,000

Lump-sum payments would be allocated based upon the applicable Tax Rate Area at the time of payment. The Stewardship Council envisions making these lump-sum payments as unrestricted payments in lieu of property taxes, subject to the distribution method described in section 4.c above. Counties and special districts would be free to determine the best use of the funds pursuant to the needs of the county or special district, including, if desired investment in a shared investment pool of the county's choosing.

Appendix A

Estimated acreage and property taxes associated with PG&E watershed lands which have been recommended by the Stewardship Council Board of Directors for donation.

Table 1

Table 1 – Estimated Property Taxes From Land Available for Donation³

County	Lands Available for Donation	Total Taxes (Annual)	Total Taxes (Lump)
Alpine	410	2,948	\$73,691
Amador	2,040	\$8,577	\$214,431
Butte	N/A	\$0	\$0
Calaveras	60	\$53	\$1,320
El Dorado	N/A	\$0	\$0
Fresno	267	\$2,413	\$60,334
Kern	N/A	\$0	\$0
Lake	986	\$31,844	\$796,090
Lassen	N/A	\$0	\$0
Madera	220	\$10,271	\$256,770
Mariposa	N/A	\$0	\$0
Mendocino	797	\$17,011	\$425,289

Appendix 5: Tax Neutrality Methodology

*Adopted 06/27/2012
 Amended 06/24/2015
 Amended 01/21/2016
 Amended 11/15/2017*

Merced	N/A	\$0	\$0
Nevada	1,867	\$13,150	\$328,758
Placer	2,683	\$46,794	\$1,169,882
Plumas	3,278	\$40,873	\$1,021,828
San Luis Obispo	N/A	\$0	\$0
Shasta	23,386	\$89,727	\$2,243,172
Tehama	151	\$45	\$1125
Tulare	N/A	\$0	\$0
Tuolumne	868	\$360	\$9,9009
Yuba	41	\$530	\$13,256
Total	\$37,054	\$264,597	\$6,614,955

^a This acreage includes lands within parcels that cross county boundaries

I.02-04-026

APPENDIX E
LAND CONSERVATION COMMITMENT

STATEMENT OF PURPOSE

PG&E shall ensure that the Watershed Lands it owns and Carizzo Plains are conserved for a broad range of beneficial public values, including the protection of the natural habitat of fish, wildlife and plants, the preservation of open space, outdoor recreation by the general public, sustainable forestry, agricultural uses, and historic values. PG&E will protect these beneficial public values associated with the Watershed Lands and Carizzo Plains from uses that would conflict with their conservation. PG&E recognizes that such lands are important to maintaining the quality of life of local communities and all the people of California in many ways, and it is PG&E's intention to protect and preserve the beneficial public values of these lands under the terms of any agreements concerning their future ownership or management.

PG&E Environmental Enhancement Corporation will develop a plan for protection of these lands for the benefit of the citizens of California. Protecting such lands will be accomplished through either (1) PG&E's donation of conservation easements to one or more public agencies or qualified conservation organizations consistent with these objectives, or (2) PG&E's donation of lands in fee to one or more public entities or qualified conservation organizations, whose ownership would be consistent with these conservation objectives.

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COMMITMENTS

1. PG&E Shall Place Permanent Conservation Easements on or Donate Watershed Lands: The Watershed Lands and Carizzo Plains shall (1) be subject to permanent conservation easements restricting development of the lands so as to protect and preserve their beneficial public values, and/or (2) be donated in fee simple to one or more public entities or qualified non-profit conservation organizations, whose ownership will ensure the protection of these beneficial public values. PG&E will not be expected to make fee simple donations of Watershed Lands that contain PG&E's or a joint licensee's hydroelectric project features. In instances where PG&E has donated land in fee, some may be sold to private entities subject to conservation easements and others, without significant public interest value, may be sold to private entities with few or no restrictions.

The conservation easements shall provide for the preservation of land areas for the protection of the natural habitat of fish, wildlife and plants, the preservation of open space, outdoor recreation by the general public, sustainable forestry, agricultural uses, and historic values and, shall prevent any other uses that will significantly impair or interfere with those values. Conservation easements on the Watershed Lands will include an express reservation of a right for continued operation and maintenance of hydroelectric facilities and associated water delivery facilities, including project replacements and improvements required to meet existing and

I.02-04-026

future water delivery requirements for power generation and consumptive water use by existing users, compliance with any FERC license, FERC license renewal or other regulatory requirements. In addition, easements will honor existing agreements for economic uses, including consumptive water deliveries. The conservation easements shall be donated to and managed by one or more non-profit conservation trustees, qualified conservation organizations or public agencies with the experience and expertise to fully and strictly implement the conservation easements.

2. Process For Development of the Conservation Easements and Land Donation Plan: PG&E will work with PG&E Environmental Enhancement Corporation and the Commission in the development and implementation of the conservation easements and land donation plan. PG&E Environmental Enhancement Corporation will recommend to PG&E (1) conservation objectives for the properties, including identification of conservation values, (2) criteria for ultimate disposition of the properties, (3) conservation easements guidelines, and (4) land disposition plans.

3. Reporting Responsibilities: PG&E Environmental Enhancement Corporation will prepare a report to the Commission within 18 months of the Effective Date describing the status of the conservation easement and land disposition plan. PG&E Environmental Enhancement Corporation will make the report available to the public upon request. Every two years following the first report, PG&E Environmental Enhancement Corporation will prepare a report to the Commission on the implementation of the conservation easement and land disposition plan.

Attachment B

Conservation Easement

RECORDING REQUESTED BY:

State of California—Official Business
Department of General Services

Exempt from recording fees as per
Gov't. Code Sec. 27388.1

WHEN RECORDED MAIL TO:

STATE OF CALIFORNIA
Department of General Services
Real Property Services Division,
707 Third Street, 5th Floor, MS 505
West Sacramento, CA 95605
Attn: Acquisition Unit

WITH A COPY TO:

Shasta Land Trust
P.O. Box 992026
Redding, CA 96099-2026
Attn: Executive Director

CONSERVATION EASEMENT

THIS CONSERVATION EASEMENT (“**Conservation Easement**”) is made and entered into this ____ day of _____, 20__ (“**Effective Date**”), by and between the STATE OF CALIFORNIA (“**STATE**”), acting by and through the DEPARTMENT OF GENERAL SERVICES (“**DGS**”), on behalf of the DEPARTMENT OF FORESTRY AND FIRE PROTECTION (“**CALFIRE**”), and the SHASTA LAND TRUST, a California nonprofit public benefit corporation (“**Grantee**”), with reference to the following facts:

RECITALS

A. STATE is the owner of approximately 2,246 acres of real property located in the County of Shasta (“**County**”), State of California, as more particularly described in **Exhibit A** attached hereto and incorporated herein by reference, together with all improvements and appurtenances thereto (“**Property**”). A map of the Property identifying the improvements existing on the Property as of the date of this Conservation Easement and various other natural features of the Property is attached hereto as **Exhibit B** and incorporated herein by reference (“**Property Maps**”).

B. Pacific Gas and Electric Company, a California corporation (“**PG&E**”), transferred fee title to the Property to the STATE by Grant Deed, recorded in the Official Records of the County before recordation of this Conservation Easement (the “**Grant Deed**”), the form of which is attached hereto as **Exhibit C** and incorporated herein by reference. PG&E transferred fee title to the Property to the STATE in connection with PG&E’s implementation of the “Land Conservation Commitment” (defined below) provided for in the following documents and described more fully below:

- a. That certain Settlement Agreement (“**Settlement Agreement**”) as modified and approved by the Public Utilities Commission of the State of California (“**Commission**”) in its Opinion and Order of December 18, 2003 (Decision 03-12-035); and
- b. That certain Stipulation Resolving Issues Regarding the Land Conservation Commitment dated September 25, 2003 (“**Stipulation**”). The Stipulation provides, among other things, that conservation easements will preserve or enhance reasonable public access.

C. The Settlement Agreement and the Stipulation (collectively, “**Governing Documents**”) require PG&E to ensure that approximately 140,000 acres of watershed lands, all located in California and owned by PG&E as of the date the Governing Documents were entered into (collectively, “**Watershed Lands**”), including the Property, are conserved for a broad range of beneficial public values, including the protection of the natural habitat of fish, wildlife and plants; the preservation of open space; outdoor recreation by the general public; sustainable forestry; agricultural uses; and historic values (collectively, “**Beneficial Public Values**” or “**BPVs**”). The Property is included in these Watershed Lands.

D. Pursuant to the Governing Documents, the Pacific Forest and Watershed Lands Stewardship Council, a California nonprofit public benefit corporation (“**Stewardship Council**”), was created to oversee and carry out the Land Conservation Commitment. Pursuant to the Governing Documents, the Stewardship Council developed a plan for protection of the Watershed Lands for the benefit of the citizens of California (“**Land Conservation Plan**” or “**LCP**”). The LCP includes, among other things, recommended objectives to preserve and/or enhance the Beneficial Public Values identified on each parcel of Watershed Lands, including the Property.

E. The Beneficial Public Values present at the Property are referred to herein as “**Conservation Values**” as more specifically provided below. The “**Land Conservation Commitment**” constitutes the obligations of PG&E to convey fee title and conservation easements to Watershed Lands, and to protect the Beneficial Public Values of the Watershed Lands, as well as certain other obligations related thereto, as set forth in detail in the Governing Documents.

F. The Property possesses forested, recreational, historical, scenic and open space characteristics, valuable to the people of the County, the State of California, and the public in general.

G. The Governing Documents also include a requirement that conservation easements encumbering Watershed Lands honor existing agreements for economic uses, including consumptive water deliveries.

H. The Stewardship Council has defined the “sustainable forestry” BPV as “the practice of managing dynamic forest ecosystems to provide ecological, economic, social and cultural benefits for present and future generations.”

I. The Property includes the following specific Conservation Values:

- a. Fish, Plant and Wildlife Habitat. A diverse range of plant, animal, fungal, and micro biotic communities exist in the ecosystems that make up the Property. Habitat for these communities includes a wide range of forest and range structures and the various ecological and anthropogenic processes that influence forest dynamics.
- b. Forest Resources. The Property is heavily forested. It consists of a mixed conifer forest containing ponderosa pine, grey pine, California black oak, incense-cedar, and blue oaks. Beneath the canopy are annual grasslands and open meadows.
- c. Open Space. The Property provides open space and view shed values that contribute to both the rural character of Shasta County and its open, natural landscape.
- d. Historic Resources. The Property is located within the ancestral territory of the Central Yana people. The character of the Property includes lands historically utilized by Native Americans. The Property was also historically homesteaded, and the remains of these homesteads can be found across the Property.
- e. Outdoor Recreation. Due to limited access there is little recreation on the property. The outdoor recreational opportunities that do exist are hiking, berry picking, sightseeing, swimming and birdwatching.
- f. Agriculture. The Property provides for ample agricultural values with two current grazing leases covering a total of almost 2,000 acres present on the Property. Grazing has been vital to this region since it was originally settled in the mid-1800s and remains the dominant agricultural use for surrounding lands.

J. All rights of STATE and Grantee hereunder are subject to (i) PG&E’s reservation of certain rights in and to the Property, as set forth in the Grant Deed (“**PG&E Reserved Rights**”), (ii) that certain **Utility Facility Access, Operation and Maintenance Easement** (“**Utility Facility Access, Operation and Maintenance Easement**”) in favor of PG&E with respect to the Property, recorded in the Official Records of the County before recordation of this Conservation Easement, the form of which is attached hereto as **Exhibit D** and incorporated herein by reference (“**PG&E Easement Reserved Rights**”), and (iii) the third-party rights to use the Property in effect as of the

Effective Date, as included on **Exhibit E** attached hereto and incorporated herein by reference (“**Express Third Party Uses**”).

K. The Legislature of the State of California, as set forth in California Civil Code section 815 et seq., has found and declared it to be the public policy and in the public interest of this state to encourage the preservation of land predominantly in its natural, scenic, agricultural, historical, forested, or open-space condition. Grantee is a tax-exempt nonprofit organization qualified under section 501(c)(3) of the Internal Revenue Code and is eligible to acquire and hold a perpetual conservation easement pursuant to section 815.3(a) of the California Civil Code. In furtherance of the Land Conservation Commitment and the above-described public policy purposes, STATE desires to grant to Grantee, and Grantee desires to accept from STATE, a conservation easement over and upon the Property.

L. STATE and Grantee each desires through this Conservation Easement to ensure the permanent protection of the Conservation Values on the Property. Specifically, the parties desire to assure that the Conservation Values on the Property will be protected in perpetuity as provided herein, and that uses of the Property that significantly impair the Conservation Values will be prevented or corrected.

COVENANTS, TERMS, CONDITIONS AND RESTRICTIONS

NOW THEREFORE, in consideration of the above recitals, all of which are expressly incorporated into this Conservation Easement, the mutual promises and covenants contained in this Conservation Easement, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, STATE hereby voluntarily grants and conveys to Grantee, and to Grantee’s successors and assigns, and Grantee hereby accepts from STATE, a perpetual conservation easement as defined by Section 815.1 of the Conservation Easement Act of 1979 (California Civil Code section 815 et seq.), of the nature and character described in this Conservation Easement, in, on, over and across the Property on the following terms and conditions as hereinafter set forth.

1. Conservation Purpose. The purpose of this Conservation Easement is as follows (“**Conservation Purpose**”): to protect the Conservation Values in perpetuity by preventing any use of the Property that will significantly impair the Conservation Values. Subject to the following terms and conditions, STATE and Grantee intend that this Conservation Easement will confine the uses of the Property to such activities that do not significantly impair the Conservation Values. As used in this Conservation Easement, the terms “significantly impair” and “significant impairment” mean a material adverse change in Conservation Values. Any consideration as to whether an actual or potential impact of a particular activity or use has or may significantly impair Conservation Values shall take into account the actual and potential impacts of the activity or use in question as well as the cumulative impacts of other uses and activities on the Property excepting therefrom the cumulative impacts of STATE’s Reserved Rights (as defined below), PG&E Reserved Rights, PG&E Easement Reserved Rights and the Express Third Party Uses. In every evaluation of whether significant impairment of Conservation Values has occurred or is threatened, Grantee shall evaluate the magnitude (including, without limitation, consideration of the rarity and fragility of the natural resource affected and the area of land, wildlife habitat or vegetation community involved both locally and in relation to total acreage of that type of land, wildlife

habitat or vegetation community in the Property) and the duration of the actual or potential change(s).

STATE and Grantee acknowledge that the Governing Documents reflect the intention of the parties thereto (1) to honor Express Third-Party Uses and (2) to continue to permit beneficial uses of the Property that preserve and/or enhance the Conservation Values. It is intended that this Conservation Easement shall allow uses on the Property that are consistent with the protection and preservation of each of the Conservation Values in harmony with each other. While permitted actions required or taken to protect and preserve one or more individual Conservation Values may impair, on an individual and stand-alone basis, one or more of the other Conservation Values, STATE and Grantee understand that achieving the Conservation Purpose requires the preservation and protection, on balance, of all of the Conservation Values actually existing on the Property, to the extent possible. It is recognized that in protecting and/or enhancing one or more of the Conservation Values, another Conservation Value may be impaired, but this is not meant to be a permanent occurrence, nor a reason to re-prioritize one Conservation Value over another. All attempts should be made to balance on a collective basis, the Conservation Values on the whole Property whenever possible. This Conservation Easement prohibits use of the Property for any purpose that would significantly impair the Conservation Values on a collective, not individual basis, taking into account the relative condition and quality of each of the Conservation Values existing on the Property as of the Effective Date.

2. PG&E Reserved Rights. All rights and obligations of STATE and Grantee under this Conservation Easement are subject to the PG&E Reserved Rights. In the event of a conflict between the PG&E Reserved Rights and the Conservation Purpose, this Conservation Easement shall be construed to unconditionally permit the exercise of the PG&E Reserved Rights.

3. Utility Facility Access, Operation and Maintenance Easement. All rights and obligations of STATE and Grantee under this Conservation Easement are subject to the PG&E Easement Reserved Rights. In the event of a conflict between the PG&E Easement Reserved Rights and the Conservation Purpose, this Conservation Easement shall be construed to unconditionally permit the exercise of the PG&E Easement Reserved Rights.

4. Baseline Documentation Report. The parties hereto acknowledge that a baseline documentation report (“**Report**”) has been prepared, a copy of which is on file with STATE and Grantee at their respective addresses for notices set forth below. The Report contains representations of the physical condition of the Property existing as of the Effective Date. The Report is intended to serve as an objective, though nonexclusive, information baseline for monitoring compliance with the terms of this Conservation Easement. Notwithstanding the foregoing, if a controversy arises with respect to the nature and extent of the physical or biological condition of the Property or the historical uses of the Property or the permitted uses of the Property under this Conservation Easement, the parties shall not be foreclosed from utilizing any and all other relevant documents, surveys or other evidence or information to assist in the resolution of the controversy.

5. Rights Conveyed To Grantee. In order to accomplish the Conservation Purpose, STATE transfers and conveys to Grantee the following rights and interests:

(a) **Preserve and Protect.** Subject to the exceptions listed in **Section 7(a)** below and elsewhere in this Conservation Easement, Grantee has the right to identify, preserve and protect in perpetuity the Conservation Values of the Property.

(b) **Entry and Access Rights.** Grantee and Grantee's directors, officers, employees, contractors, subcontractors, consultants, representatives, and agents, including entities authorized by Grantee to conduct monitoring activities on Grantee's behalf ("**Grantee's Representatives**") are hereby granted rights of access to enter upon the Property, and may enter upon the Property after giving notice to STATE, as required below, in order to monitor compliance with and otherwise enforce the terms of this Conservation Easement, to determine whether STATE's activities are in compliance with the terms of this Conservation Easement and to take all actions deemed necessary by Grantee to identify, preserve, protect, and monitor in perpetuity the Conservation Values, all in compliance with the provisions of **Section 12**. Except in cases where Grantee determines that immediate entry is required to prevent, terminate, or mitigate a violation of this Conservation Easement, Grantee shall give STATE fourteen (14) days prior written notice of such entry. Grantee's Representatives may enter the Property immediately, where such entry is necessary to prevent, terminate, or mitigate damage to, or the destruction of any of the Conservation Values, or to prevent, terminate or mitigate a violation of the terms of this Conservation Easement. STATE's representatives shall have the right to accompany Grantee's Representatives during monitoring visits or on any other visit permitted by this **Section 5(b)**. All access and entry allowed under this **Section 5(b)** shall be made in a manner that will not unreasonably interfere with the permitted use(s) or enjoyment of the Property by STATE, its successors in interest, and any legally-recognized user(s) of the Property, including without limitation, PG&E with regards to the exercise of any PG&E Reserved Rights or PG&E Easement Reserved Rights, and third-parties with regards to the exercise of any Express Third Party Uses.

(c) **Enforcement.** Subject to and in accordance with the provisions of **Section 12**, Grantee, has the right to enforce the terms of this Conservation Easement, to enjoin any activity on the Property or other use of the Property which is in violation of the terms of this Conservation Easement, and to enforce the restoration of such areas or features of the Property as may hereafter be damaged as a result of activity or use that is determined to be in violation of the Conservation Easement. Any requirement of STATE to expend monies to act and/or restore the Property under this Conservation Easement shall be subject to **Section 12(d)** of this Conservation Easement.

6. Demonstration State Forest Management Plan. As long as the Property is owned in fee by STATE or another party that is qualified to own and manage a Demonstration State Forest, the STATE and/or other qualified party may conduct timber harvest activities on the Property as a "Demonstration State Forest" in accordance with a Demonstration State Forest Management Plan that incorporates the Forest Management Goals (as defined in **Section 9(a)** below) and has been approved by the State Board of Forestry and Fire Protection (or successor agency or department of the State of California having jurisdiction over timber harvest activities in the State of California) ("**State Board of Forestry**") that satisfies the following requirements ("**Demonstration State Forest Management Plan**"): (1) permits activities that do not significantly impair the Conservation Values of the Property; (2) complies with legislative mandates and State Board of Forestry policy for Demonstration State Forests and meets the requirements of the California Forest Practice Act and Rules; (3) has been approved by the State Board of Forestry in an open public process that provides an opportunity for public input and is

subject to the State Board of Forestry's periodic review as defined in policy adopted by the State Board of Forestry for Demonstration State Forests; (4) shall be publicly available; and (5) shall be subject to Grantee's review and comment in conjunction with the State Board of Forestry's initial and subsequent periodic review.

(a) **Timber Harvest.** Any Demonstration State Forest Management Plan shall describe the timber harvest and related activities that STATE intends to undertake on the Property, including without limitation, a comprehensive summary of STATE's forest management objectives, forest stand descriptions and locations including site classes, stand volumes, growth rates, relevant inventory information and maps, locations of soils, estimates of slope and erosion potential, locations of known wildlife habitats, especially species listed as threatened or endangered at the federal or state level, known rare plants, wetlands, description of management history, silvicultural and harvest methods, projections of harvest yields, reforestation and management activities (collectively, the "**Management Plan Components**").

(b) **Research.** Grantee understands that research and demonstration into sustainable forestry practices, best management practices, potential new forest practice rules, and other forestry-related research is an important component of STATE's management of the Property as a Demonstration State Forest. The Demonstration State Forest Management Plan will describe the range of research and demonstration forest activities and projects that may be conducted on the Property.

(c) **Alternative Forest Management Plan.** If the Property is not owned in fee by the State of California or another party that is qualified to own and manage a Demonstration State Forest, such successor Property owner and/or the STATE may continue to conduct sustainable timber harvest activities on the Property in accordance with a management plan that satisfies the following requirements ("**Forest Management Plan**"): (1) incorporates the Forest Management Goals; (2) describes all of the Management Plan Components; (3) permits only activities that do not significantly impair the Conservation Values of the Property; (4) complies with legislative mandates and State Board of Forestry policy and meets the requirements of the California Forest Practice Act and Rules and all other Applicable Laws (as defined in Section 10 below); and (5) has been approved in advance by Grantee. Any modifications or amendments to an approved Forest Management Plan shall be subject to Grantee's prior written consent.

7. Prohibited Uses, Change in Use, Unauthorized Use, Acts of God, Emergencies, Acts of Unrelated Third Parties.

(a) **Prohibited Uses.** Any activity on or use of the Property that significantly impairs Conservation Values is prohibited. Without limiting the generality of the foregoing, STATE will not actively engage in, or knowingly permit others to actively engage in, the following prohibited uses (collectively, "**Prohibited Uses**") which could significantly impair Conservation Values and are in violation of the terms of this Conservation Easement and therefore prohibited on the Property, in each case (1) except as required or permitted pursuant to the PG&E Reserved Rights or the PG&E Easement Reserved Rights (as described in **Sections 2 and 3** above); (2) except as permitted under, and performed in accordance with, Express Third Party Uses; (3) except as required or permitted as part of a Demonstration State Forest Management Plan (as defined in

Section 6 above); (4) except as expressly permitted under **Sections 7 and 9** below and elsewhere in this Conservation Easement; and (5) except as required to be undertaken under any Applicable Law (as defined below):

(i) Construction and Development. STATE reserves the right to develop no more than a total of ten (10) acres of the Property within one or more building envelopes (“**Building Envelopes**”), the locations of which are to be determined in the future. Development shall be limited to any one of the authorized uses of the state forests, which are recreation, research or forest management¹, and associated parking, constructed in a neutral style in keeping with the surrounding environment so that it unobtrusively blends into the environment. Examples of such development include, but are not limited to, a fire station, forest headquarters, and/or research/education facilities. Before constructing any improvement(s) within the Building Envelopes, (i) STATE and Grantee shall designate the exact location of the Building Envelopes by survey or other reasonably precise method at STATE’s cost, and (ii) STATE shall record in the Official Records of the County a map and addendum to this Conservation Easement which identifies the designated location of the Building Envelopes. Prior to construction, Building Envelopes may be relocated if unforeseen circumstances prevent and/or unreasonably limit construction within previously selected Building Envelopes. Under no circumstances shall the aggregate acreage of the selected Building Envelopes exceed ten (10) acres in total size.

In accordance with **Sections 9(g), 9(j), and 9(k)**, development, installation, protection, and use of utilities and underground water resources on the Property to serve the permitted structures, may extend outside of the Building Envelopes. Such development may include, without limitation, access roads, wells, pump houses, underground pipelines, electricity facilities, and any additional infrastructure required, not including parking. Any existing structures (detailed in Report) and utilities may be maintained and repaired/replaced as necessary.

(ii) Use or Transfer of Development Rights. All development rights that are now or hereafter allocated to, implied, reserved, or inherent in or to the Property are terminated and extinguished and may not be used on or transferred to any portion of the Property as it now or hereafter may be bounded or described, or to any other property (whether adjacent or otherwise).

(iii) Subdivision. The Property is already comprised of several legal parcels owned by the STATE. There shall be no legal or *de facto* sale or gift of less than all of the parcels within the Property, nor any further division, subdivision or partitioning of the Property. The Property may not be sold, conveyed or otherwise transferred in separate parcels or lots, and STATE shall continue to maintain the parcels comprising the Property, and all interests therein, under common ownership, as though a single legal parcel.

¹ California Public Resources Code, Section 4631.5, 4651.

(iv) Motorized Vehicles. Off-road use of motorized vehicles is allowed in conjunction with STATE's forest management activities in **Sections 9(a) and 9(e)** or as otherwise authorized in this Conservation Easement. This provision is not intended to otherwise limit the use of motorized vehicles on roads or driveways permitted under this Conservation Easement or in conjunction with construction and maintenance of permitted buildings, structures, roads, trails and other improvements.

(v) Dumping or Salvage. There shall be no dumping, storage or other disposal on the Property of soil, trash or garbage except for (a) refuse generated on the Property which may be stored on the Property on a temporary basis prior to its removal from the Property in areas where the Conservation Values of the Property are not significantly impaired, or (b) compostable refuse generated on the Property which may be disposed of on the Property in a responsible manner which does not significantly impair the Conservation Values of the Property. There shall be no dumping, storage or other disposal on the Property of ashes, sludge, Hazardous Substances (as defined below), or other unsightly or dangerous materials. This restriction does not apply to ashes from wildfire or other fire conducted for resource management or research purposes. There shall be no storage or disassembly on the Property of inoperable automobiles, trucks, or other vehicles or equipment for purposes of sale, or rental of space for that purpose. Pursuant to **Section 7(c)** below, STATE shall make a reasonable effort to prevent unauthorized dumping by the public.

(vi) Vegetation. There shall be no removal, cutting or destruction on the Property of native vegetation. STATE reserves the right to (a) prune, cut down or remove dead or diseased trees, shrubs and other vegetation and to prune, as reasonably necessary and appropriate to control or prevent hazardous conditions or fire and to keep fire roads and trails clear and (b) exercise any of the exceptions listed in **Section 7(a)**. Except as authorized under the provisions of **Section 9(f)**, there shall be no deliberate introduction by STATE on the Property of any invasive plant outside of the Building Envelopes. Invasive vegetation may be removed, cut, or destroyed at STATE's discretion. Lists of native, non-native and invasive plants can be found on the California Natural Diversity Database (CNDDDB) website or in the Jepson Manual.

(vii) Roads. Except with prior written consent of Grantee or pursuant to one of the exceptions listed in **Section 7(a)** or as otherwise expressly authorized herein, there shall be no oiling of existing roads or creation of new roads. Dust abatement treatments shall be acceptable.

(viii) Fences and Walls. Except with prior written consent of Grantee and pursuant to one of the exceptions listed in **Section 7(a) or 9(h)** or as reasonably necessary in connection with permitted research or for public safety purposes or as otherwise expressly authorized herein, there shall be no construction of any new, permanent fences or walls outside of the Building Envelopes. STATE may repair or replace existing and/or otherwise permitted fences or walls on the Property.

(ix) Alteration of Land or Excavation. Except with prior written consent of Grantee and pursuant to one of the exceptions listed in **Section 7(a)** or for permitted

research purposes upon Grantee's prior written consent or as otherwise expressly authorized herein, there shall be no filling, excavating, grading, draining or dredging on the Property, nor any change in the general topography of the Property, outside of the Building Envelopes.

(x) Mining and Drilling. There shall be no mining, dredging, drilling, removing, or exploring for or extracting of minerals, oil, gas, coal, or other hydrocarbons, soils, sands, gravel, loam, rocks or any other material on, under, or at the Property; provided, however, in no event shall the foregoing restriction be deemed to prohibit testing, drilling or operating groundwater wells on the Property as reasonably necessary in connection with STATE's exercise of any permitted rights.

(xi) Historical and Cultural Resource Identification. There shall be no activities, actions or uses that disturb or impair any identified historical or cultural resources on the Property in violation of state or federal law.

(xii) Water Resources. There shall be no development of any waters on the Property for fish farming or any other commercial or industrial purpose. Except with prior written consent of Grantee and pursuant to one of the exceptions listed in **Section 7(a)** or as otherwise expressly authorized herein, there shall be no manipulation or alteration of natural water courses, wetland, stream bank, shorelines or bodies of water or activities or uses that significantly impair water quality. Groundwater wells may be installed for local use on the Property as reasonably necessary to support the permitted uses of the Property under **Section 9** below.

(xiii) Water Rights. There shall be no severance, conveyance, impairment or encumbrance of water or water rights appurtenant to the Property, separately from the underlying fee title to the Property, or other action which diminishes or extinguishes such water rights, and this Conservation Easement shall not sever or impair any riparian water rights appurtenant to the Property.

(xiv) Water Quality Degradation. There shall be no uses permitted under this Conservation Easement whereby runoff from such uses results in a violation of applicable federal, state, and local water quality laws.

(b) **Changes in Use**. STATE understands that the Prohibited Uses may be more economically valuable than permitted uses under this Conservation Easement and that neighboring properties may in the future be put entirely to such Prohibited Uses. It is the intent of both STATE and Grantee that any such changes shall not be deemed to be circumstances justifying the termination, extinguishment or modification of this Conservation Easement. In addition, the inability of STATE, or STATE's successors, or assigns, to conduct or implement any or all of the uses permitted under the terms of this Conservation Easement, or the unprofitability of doing so, shall not impair the validity of the Conservation Easement or be considered grounds for the termination, extinguishment or modification of same.

(c) **Unauthorized Third Party Uses and STATE's Obligations**. If Grantee discovers any unauthorized third-party use or activity on the Property that violates the terms of

this Conservation Easement, and Grantee gives STATE written notice thereof, STATE shall use reasonable efforts to stop or prevent any such unauthorized use of the Property, subject to the provisions of **Section 12(d)** below.

(d) **Acts of God; Emergencies; Acts of Unrelated Third Parties; Pre-Existing Conditions.** Nothing in this Conservation Easement shall require STATE to take any action to restore the condition of the Property (i) after any Act of God, which includes, without limitation, fire, climatic change, flood, storm, earth movement, or natural evolutionary changes in the condition of the Property from that described in the Report; (ii) after any action taken by STATE under emergency conditions to prevent, abate, or mitigate unreasonable impairment to the Conservation Values, or to any person resulting from such causes; (iii) after any acts of unrelated third parties, so long as STATE has satisfied its obligations under **Section 7(c)**, above, and **Section 8(d)**, below; or (iv) if such condition existed prior to the Effective Date of this Conservation Easement.

8. Public Access:

(a) **Informal Uses and Public Access.** STATE and Grantee recognize that the Property has been used by third parties for recreational, cultural, and other non-commercial or informal purposes without formal written agreements to conduct such activities (the “**Informal Uses**”). STATE and Grantee further recognize that access to the Property is inherent or may be inherent in the enjoyment of the Conservation Values and the Informal Uses. Consistent with the objectives articulated in the Governing Documents to provide continued reasonable access by the public to the Watershed Lands, STATE shall allow public access to the Property that is substantially consistent with the public access existing on the Effective Date of the Conservation Easement. STATE reserves the right to make reasonable rules and regulations to control, limit, or, as necessary, exclude Informal Uses and public access, including without limitation, (i) by posting and other means; and (ii) by restricting access to areas of the Property under active cultivation, grazing, study, temporarily to prevent vandalism and dumping, seasonally to prevent erosion/sedimentation concerns, or for safety purposes during timber harvesting or other permitted management activities that may pose a hazard. STATE shall make reasonable efforts to prevent Informal Uses that significantly impair the Conservation Values.

(b) **New or Increased Public Access.** If STATE desires to allow new public access or Informal Uses or expansion of public access or Informal Uses on the Property, Grantee’s advance written consent is required, which consent shall not be unreasonably withheld, provided such new or expanded use does not significantly impair the Conservation Values.

(c) **Limitations and Conditions.** **Sections 8(a) and 8(b)** above are subject to the following:

(i) **Liability Limitation.** STATE and Grantee claim all of the rights and immunities against liability for injury to the public to the fullest extent allowable by law, including without limitation, under the California Tort Claims Act, California Government Code section 810 et seq., as amended and any successor provisions thereof.

(ii) **Periodic Review of Informal Uses.** As part of Grantee’s annual

compliance monitoring, (i) STATE and Grantee shall consult on the known Informal Uses and public access on the Property conducted under **Sections 8(a) and 8(b)** above during the preceding monitoring period for the purpose of Grantee's assessment of STATE's compliance with the requirements set forth in those sections; and (ii) with respect to Informal Uses allowed by the STATE on the Property in accordance with **Section 8(a)** above, STATE and Grantee will consult, and include recommendations, if any, regarding the necessity of controlling, limiting, or excluding Informal Uses to ensure the protection of the Conservation Values from significant impairment.

(d) **Unauthorized Public Access.** If STATE or Grantee discovers any unauthorized public access use or activity that violates the terms of this Conservation Easement, STATE shall use reasonable efforts, in consultation with Grantee, to stop or prevent any such unauthorized use of the Property, subject to the provisions of **Section 12(d)** below. The Parties acknowledge and agree that any form of legal action by STATE shall be subject to authorization by the California Attorney General.

9. STATE's Reserved Rights: Notwithstanding anything to the contrary in this Conservation Easement, STATE expressly reserves all rights accruing from the ownership of the Property, including the right to engage in or permit or invite others to engage in all uses of the Property that are not expressly prohibited by this Conservation Easement and are not in conflict with the Conservation Purpose ("**STATE's Reserved Rights**"). Pursuant to California Civil Code section 815.4, all interests in the Property not expressly transferred and conveyed to Grantee by this Conservation Easement or reserved to PG&E as the PG&E Reserved Rights or the PG&E Easement Reserved Rights (as described in **Sections 2 and 3 above**), shall remain with STATE. In exercising STATE's Reserved Rights, STATE will (i) use reasonable efforts to consult with Grantee, and (ii) use reasonable efforts to employ methods and practices that will not significantly impair the Conservation Values.

The following uses and practices, though not necessarily an exhaustive recital of consistent uses and practices, are expressly permitted under this Conservation Easement:

(a) **Forest Management.** STATE reserves the right to conduct forestry activities on the Property, in accordance with the following **Forest Management Goals** and **Section 6** above:

It is the intent of STATE and Grantee that any timber harvesting activities conducted on the Property in accordance with this Conservation Easement maintain healthy and vigorous forest stands, protect important riparian resources, manage for sustainable stands of native tree species historically present on the landscape, encourage regeneration of oak trees where applicable, improve resistance to drought and pests, address any infestation of insects or disease which threatens the viability of the forest, address any build-up of fuel to reduce risks of catastrophic fire, enhance climate benefits through carbon sequestration and storage, establish and maintain a full and balanced range of stand ages and characteristics, allowed to move across the landscape over time, including early-seral, mid-seral and late-seral forest conditions, provide adequate amounts of snags and cavity trees, provide adequate amounts of downed woody debris, manage for edge effects, and maintain and enhance vegetation types and structural elements

across the landscape that support fish and wildlife habitats (collectively, the “**Forest Management Goals**”). The Forest Management Goals shall be accomplished by complying with the Forest Practice Act and Rules and the provisions set forth in this section.

(b) **Development.** Subject to **Section 7(a)**, any and all development on the Property shall be restricted to the Building Envelopes, and shall meet all Applicable Laws for buildings in Timber Production Zones. Additionally, development shall be constructed in a manner and with a design complementary to the surrounding environment.

(c) **Recreational Use.** Recreational use by STATE and the general public is permitted in accordance with **Section 8**.

(d) **Roads.** STATE reserves the right to maintain the existing network of roads on the Property as shown in **Exhibit B**. Placing rock on the road network is permitted, however oiling of roads not traditionally treated in this manner, is not allowed. New roads are permitted to the extent incorporated in the Demonstration State Forest Management Plan or a Forest Management Plan, provided such roads do not significantly impair Conservation Values. Subject to **Section 7(a)**, new roads or the resurfacing of existing roads are permitted within the Building Envelopes. In addition, STATE may, after providing written notice to Grantee, improve roads outside the Building Envelopes in conjunction with permitted maintenance, repair, replacement and construction of improvements under this Conservation Easement. STATE will take reasonable actions to ensure abandoned roads that were originally constructed by STATE blend with the surrounding landscape subject to the provisions of **Section 12(d)** below.

(e) **Motorized Vehicles.** STATE reserves the right to use motorized vehicles on the Property, including off-road vehicles (such as motorcycles and all-terrain vehicles) for non-recreational purposes, specifically for ingress and egress purposes, for practices permitted under this Conservation Easement, and for patrolling purposes, provided that such uses do not significantly impair the Conservation Values.

(f) **Non-Native Plants.** STATE reserves the right to remove and control non-native plants and noxious weeds (such as thistle), provided that the measures taken to remove and control the non-native plants and noxious weeds, including controlled burning, comply with Applicable Laws and regulations and do not significantly impair the Conservation Values of the Property. STATE reserves the right under a Demonstration State Forest Management Plan to introduce non-native species and species from different areas and seed zones for the purposes of research, adaptive management, ecosystem restoration and other objectives.

(g) **Water and Irrigation.** STATE reserves the right to conduct the following:

- (i) develop groundwater wells where necessary. Such wells and their associated infrastructure must be in accordance with **Section 9(j)-Utilities**;
- (ii) subject to Grantee’s prior written consent, develop wildlife enhancement ponds and/or guzzlers in a manner that does not significantly impair the Conservation Values; and
- (iii) develop water drafting sites that minimize impacts to water quality, riparian species, and the Conservation Values. Water drafting sites may be used

for water collection for dust abatement, fire suppression purposes or other activities associated with the Property, and must be sited, constructed and maintained in order to not significantly impair the Conservation Values of the Property.

(h) **Fences.** Any new fencing shall be sited and designed not to significantly impair the Conservation Values of the Property, must allow for the free movement of wildlife to the extent practicable and compatible with any livestock exclusion fences in **Section 9(n)**, and shall be constructed according to standards established by the current best management practices recommended by the California Department of Fish and Wildlife. Fences to protect research, monitoring and other sensitive installations may be designed to exclude wildlife.

(i) **Waste and Hazardous Substances.** The dumping, release, burning, permanent storage or disposal of waste, refuse, debris, motorized vehicles or hazardous materials is prohibited; provided, however, that vehicles, building materials, machinery or supplies, including, without limitation, petroleum products and pesticides, required for permitted and legal uses may be temporarily stored on roads, landings, and other clearings outside of riparian zones in compliance with all Applicable Laws; and provided that organic debris from forest management activities permitted in this Conservation Easement may be piled, burned or otherwise treated in a manner that is consistent with applicable regulations and the Forest Management Plan.

(j) **Utilities.** STATE reserves the right to grant utility easements on and over the Property to serve the allowed improvements and uses within the Building Envelopes in accordance with **Section 7(a)**, provided the uses under such easements do not significantly impair the Conservation Values. Right-of-way widths shall comply with the requirements of the California Forest Practice Act and Rules and any other applicable state or federal laws. New technology such as photovoltaic cells, solar arrays and windmills may be constructed in the Building Envelopes or in support of research projects in accordance with **Section 7(a)**. All utility infrastructure on the Property shall serve only the improvements permitted on the Property, except that any electricity generated from permitted utility infrastructure facilities in excess of requirements of the permitted improvements and uses on the Property may be sold to public utilities. Notwithstanding the foregoing, commercial power generation, collection or transmission facilities are prohibited.

The construction, operation and maintenance of power lines and pipelines are permitted, provided that, without limiting the PG&E Reserved Rights and PG&E Easement Reserved Rights, STATE shall use reasonable efforts to bury transmission or power lines or pipelines related to such activity or to align such lines along roadways, and the construction of new power lines and pipelines hereunder shall be limited to the support of STATE's permitted activities hereunder must be unobtrusively sited and shall not significantly impair the Conservation Values.

(k) **Renewable Energy Sources.** STATE reserves the right, subject to prior written consent from Grantee, to construct solar energy structures for generation of power for use on the Property, including generation of power for research equipment, provided, however, that:

(i) all such solar energy structures shall be located within **Building Envelopes** (as defined in Section 7(a)(i) above), with the limited exception of solar energy structures used to power research equipment allowed to be used elsewhere on the Property; and (ii) no construction of solar energy structures shall be allowed to significantly impair the Conservation Values. Grantee's consent shall not be unreasonably delayed or withheld. STATE and Grantee agree that the provisions of this **Subsection 9(k)** restricting the locations of the installation of solar energy systems and prohibiting the construction of solar energy structures that would significantly impair the Conservation Values are "reasonable restrictions" within the meaning of California Civil Code § 714."

(l) **Future Easements, Leases, Licenses, Permits, and Contracts.**

Excepting the Express Third Party Uses which are subject to **Section 11** below, STATE reserves the right to grant subsequent easements, leases, licenses, permits and contracts on or relating to the Property, provided that any such subsequent easement, lease, license, permit, or contract is for a permitted use and is subordinate, subject to, and consistent with the terms of this Conservation Easement, which is documented in a separate written agreement, subject to Grantee's consent, which consent shall not be unreasonably withheld, conditioned or delayed. If STATE wishes to grant subsequent easements, leases, licenses, permits and contracts on or relating to the Property, STATE shall so notify Grantee at least sixty (60) days in advance of any such proposed grant, shall provide to Grantee a copy of any proposed easement grant document together with any such additional information relating to the proposed grant as Grantee may reasonably request. STATE shall request Grantee's consent of such grant. Grantee will review the proposal and may, in its reasonable discretion, (a) approve the proposal as being consistent with the Conservation Purpose or (b) approve the proposal on conditions intended to ensure its consistency with the Conservation Purpose or (c) disapprove the proposal as being actually or potentially inconsistent with the Conservation Purpose. Failure of Grantee to respond in writing within sixty (60) days shall be deemed consent of the proposal as being consistent with the Conservation Purpose.

(m) **Trails.** STATE reserves the right to build multi-use recreation trails on the Property provided all new trails are approved by Grantee and are sited, constructed, and used in a manner that does not significantly impair the Conservation Values and does not damage soil, vegetation, or water quality in any riparian areas identified in the Report. New trails must be built with a natural base. Any trails built by the STATE and later abandoned promptly shall be restored to a condition consistent with the surrounding landscape subject to the provisions of **Section 12(d)** below.

(n) **Wildfire Suppression and Property Restoration.** In instances of active wildfires on or in immediate vicinity of the Property, STATE reserves the right to suppress the wildfire by any means necessary, at full discretion of STATE. All wildfire suppression activities will be carried out, to the extent practicable, in a manner that minimizes negative impacts to the Conservation Values. The STATE shall ensure installation of erosion control on all constructed firelines, if needed. Within the riparian zones, an organic surface cover shall be applied to areas of exposed soil caused by fireline construction.

(o) **Animal Grazing.** Due to state and local open-range laws in effect on the Property as of the Effective Date, STATE shall not be required herein to exclude livestock

owned by third parties from the Property provided, however, that STATE, in its sole and absolute discretion, may, but shall not be obligated to, construct, maintain, repair, and replace fences for the purpose of excluding livestock from all or any portion of the Property.

(p) **Plant Gathering.** STATE reserves the right to allow pre-approved collection of native plants, historically collected by Native Americans and other ethnic groups, for traditional purposes. Any new proposed plant collections must be approved by the Grantee.

10. Responsibility for Operations. Nothing in this Conservation Easement shall be construed as giving any right or ability to Grantee to exercise physical or managerial control of the day-to-day operations of the Property or of STATE's activities on the Property. STATE shall have and retain all responsibility for, the ownership of the Property, and, in connection with STATE's use or occupancy of the Property, compliance with any present and future applicable laws, ordinances, rules, regulations, permits, authorizations, orders and requirements, whether or not in the current contemplation of the parties, which may affect or be applicable to the Property or any part of the Property (including, without limitation, any subsurface area), all consents or approvals required to be obtained from, and all rules and regulations of, and all building and zoning laws of, all federal, state, county and municipal governments, the departments, bureaus, agencies or commissions thereof, authorities, board of officers, any national or local board of fire underwriters, or any other body or bodies exercising similar functions, having or acquiring jurisdiction of the Property (in each case, an "**Applicable Law**" and, collectively "**Applicable Laws**"), except as expressly stated otherwise in this Conservation Easement. Without placing any limitation on the foregoing sentence, the parties agree as follows:

(a) **Condition of Property.** Grantee shall have no duty or responsibility for (i) the operation or maintenance of the Property except to the extent specifically undertaken by Grantee as permitted under this Conservation Easement, (ii) the monitoring of any hazardous conditions thereon, or (iii) the protection of STATE, the public, or any other person or entity from any risks relating to conditions on the Property, except to the extent that the risks involved are the result of the activities of Grantee or Grantee's Representatives on the Property.

(b) **Taxes.** Grantee shall have no duty or responsibility for real property taxes and assessments levied by competent authority on the Property.

(c) **Permits and Approvals.** STATE shall be solely responsible for obtaining any and all applicable governmental permits and approvals for, and otherwise complying with all Applicable Laws relating to, any activity or use of the Property by STATE which is permitted by this Conservation Easement; provided, however, STATE shall have no responsibility pursuant to this Conservation Easement for obtaining permits and approvals required on behalf of unrelated third parties who use the Property. Grantee shall be solely responsible for obtaining any and all applicable governmental permits and approvals for, and otherwise complying with all Applicable Laws relating to, any activity or use of the Property by Grantee which is permitted by this Conservation Easement.

(d) **No Owner or Operator Liability.** The parties do not intend this Conservation Easement to be, and this Conservation Easement shall not be, construed such that it

creates in or gives to Grantee any of the following solely as the result of being a passive holder of the Conservation Easement:

- (i) The obligations or liability of an “owner” or “operator” or “arranger,” as those terms are defined and used in Environmental Requirements, including, but not limited to, CERCLA;
- (ii) The obligations or liabilities of a person described in 42 U.S.C. section 9607(a)(3) or (4);
- (iii) The obligations of a responsible person under any applicable Environmental Requirements (as defined below);
- (iv) The right to investigate and remediate any Hazardous Substances associated with the Property; or
- (v) Any control over STATE’s ability to investigate, remove, remediate or otherwise clean up any Hazardous Substances associated with the Property.

As used in this Conservation Easement the term “**Environmental Requirements**” means all applicable present and future laws, statutes, regulations, rules, ordinances, codes, licenses, permits, orders, approvals, plans, authorizations, judicial, administrative and regulatory decrees, directives and judgments of all governmental agencies, departments, commissions and boards, 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, without limitation, all requirements and regulations pertaining to reporting, licensing, permitting, investigating and remediating emissions, discharges, releases or threatened releases of Hazardous Substances, whether solid, liquid or gaseous in nature, into the air, surface water, or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Substances, whether solid, liquid or gaseous in nature. As used in this Conservation Easement, the term “**Hazardous Substances**” means any hazardous or toxic material or waste which is or becomes regulated by any local governmental authority, the State of California or the United States Government under any Environmental Requirements, including, without limitation, any material or substance:

- (A) 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 (42 U.S.C. § 9601 et seq.) (“CERCLA”); the Hazardous Materials Transportation Act (49 U.S.C. § 5101 et seq.); the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.); the Federal Water Pollution Control Act (33 U.S.C. § 1251 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 Safe Drinking Water Act (42 U.S.C. § 300f et seq.); the River and Harbors Act of

1899 (33 U.S.C. § 401 et seq.); the National Emission Standard for Asbestos (40 C.F.R. § 61.140 et seq.), the OSHA Construction Standards (29 C.F.R. § 1926.1 et seq.); the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.); the Oil Pollution Act (33 U.S.C. § 2701 et seq.); the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. § 136 et seq.); the Emergency Planning and Community Right-to-Know Act (42 U.S.C. § 11001 et seq.); the Atomic Energy Act of 1954, (42 U.S.C. § 2011 et seq.); the Nuclear Waste Policy Act of 1982 (42 U.S.C. § 10101 et seq.); the Medical Waste Management Act (Cal. Health & Safety Code § 117600 et seq.); the Porter-Cologne Water Quality Control Act (Cal. Water Code § 13020 et seq.); the Safe Drinking Water and Toxic Enforcement Act of 1986 (Cal. Health & Safety Code § 25249.5 et seq.); the Carpenter-Presley-Tanner Hazardous Substance Account Act (Cal. Health & Safety Code § 25300 et seq.); the Hazardous Waste Control Act (Cal. Health & Safety Code § 25100 et seq.); and all rules and regulations of the United States or California Environmental Protection Agency or any successor agency, or any other state or federal department, board or agency, or any other agency or governmental board or entity having jurisdiction, as any of the foregoing have been, or are hereafter amended from time to time; or

(B) which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise hazardous, and is now or hereafter regulated as a Hazardous Substance by any governmental authority, agency, department, commission, board, agency or instrumentality of the United States, any State of the United States 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

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

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

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

(F) which contains radon gas.

(e) **Reporting to Grantee.** Not less frequently than annually, STATE shall make reasonable efforts to inform Grantee of the construction and/or development activities that STATE anticipates undertaking on the Property within the following twelve (12) months. In the event Grantee determines that any of the anticipated activities may violate the terms of this Conservation Easement, the parties will meet and confer regarding such activities within thirty (30) days after Grantee's written request.

11. Express Third Party Uses. Exhibit E hereto describes the existing third party uses of the Property permitted with the express agreement of STATE ("**Express Third Party**

Uses:”). STATE retains the right to maintain, renew, and replace all agreements memorializing the Express Third Party Uses (“**Third Party Use Agreements**”) and to engage in all activities reasonably required to comply with STATE’s obligations with respect to the Express Third Party Uses, subject to the following conditions:

(a) **Increases in Intensity or Expansion of Location or Size or Change in Use.** Any (i) increase in the intensity, or (ii) expansion of the location or size, or (iii) a change in the use, of an Express Third-Party Use (whether through a new agreement or an amendment to an existing agreement), that STATE determines in STATE’s reasonable discretion exercised in good faith are likely to significantly impair the Conservation Values, shall be subject to Grantee’s prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed by Grantee.

(b) **Renewal or Replacement of Third Party Use Agreements.** All Third Party Use Agreements existing on the Effective Date are identified on **Exhibit E**. As Third Party Use Agreements are renewed or replaced (either with the existing user or a new user), STATE, in consultation with the Grantee, shall include contractual provisions to bring the continuation of the Express Third-Party Use and the preservation of the Conservation Values into alignment to the fullest extent reasonably practicable.

(c) **Enforcement of Third Party Use Agreements.** If STATE or Grantee discovers any default under a Third Party Use Agreement that significantly impairs the Conservation Values (and if Grantee makes such discovery, Grantee gives STATE written notice thereof), subject to the provisions of **Section 12(d)** below, STATE shall use reasonable efforts to stop or prevent such violation. The Parties acknowledge and agree that any form of legal action by STATE shall be subject to authorization by the California Attorney General.

12. Enforcement and Remedies.

(a) **Notice of Violation.** If a party hereto (“**Non-Breaching Party**”) determines there is a violation of the terms of this Conservation Easement or that a violation is threatened (“**Violation**”), written notice of such Violation (“**Violation Notice**”) and a demand for corrective action sufficient to cure the Violation shall be given by the Non-Breaching Party to the party allegedly violating this Conservation Easement (“**Breaching Party**”). Within thirty (30) days after delivery of a Violation Notice, STATE and Grantee shall meet at a location that STATE and Grantee agree upon to discuss the circumstances of the alleged or threatened Violation and to attempt to agree on appropriate corrective action. If the parties determine that it is appropriate and desirable, a duly qualified expert in the subject matter of the alleged or threatened Violation (“**Consulting Expert**”) shall attend the meeting. CALFIRE and Grantee shall each pay one-half of the costs of retaining the services of the Consulting Expert for such discussion; provided, however, that if STATE and Grantee are unable to agree upon a Consulting Expert, each party may retain the services of an expert at its own expense. If STATE and Grantee are unable to agree on appropriate corrective action (or if any such corrective action is required) within thirty (30) days after such meeting, then the Non-Breaching Party shall deliver a further written notice to the Breaching Party to demand reasonable, particular corrective action to cure the Violation (“**Second Notice**”). Upon the giving of a Second Notice, the Breaching Party shall promptly commence, and thereafter diligently pursue to completion, corrective action sufficient to cure the Violation

and, where the Violation involves injury to the Property resulting from any use or activity that conflicts with the Conservation Values or the Conservation Purpose, to restore the portion of the Property so injured. If a Violation is not cured within thirty (30) days after the delivery of the Second Notice (“**Final Cure Period**”), or if the cure reasonably requires more than thirty (30) days to complete and there is failure to begin the cure or failure to continue diligently to complete the cure within the thirty (30) day period, the parties may elect to proceed with the Legal Remedies as provided in **Section 12(b)**.

(b) **Legal Remedies.** If the parties are not able to settle the claim or dispute through consultation pursuant to **Section 12(a)** above, following exhaustion of all requisite administrative remedies, if any, the parties may, pursuant to California Civil Code section 815.7, bring an action at law or in equity in a court of competent jurisdiction to seek injunctive relief and/or money damages to enforce the terms of this Conservation Easement. If any party hereto determines that the circumstances require immediate action to prevent or mitigate unreasonable damage to the Conservation Values from a Violation, then that party may pursue its remedies under this **Section 12(b)** without first complying with **Section 12(a)** above.

(c) **Enforcement Discretion.** Enforcement of the terms of this Conservation Easement shall be at the respective discretion of Grantee and STATE and any forbearance to exercise rights of enforcement under this Conservation Easement in the event of any breach of any term of this Conservation Easement shall not be deemed or construed to be a waiver of such term or of any subsequent breach of the same or any other term of this Conservation Easement or of any rights under this Conservation Easement. No delay or omission in the exercise of any right or remedy upon any breach shall impair such right or remedy or be construed as a waiver.

(d) **Subject to Appropriation.** The parties hereto agree and acknowledge that any expenditures of money that may be required by the STATE under this Conservation Easement shall be contingent on the appropriation of funds by the Legislature for the specific purpose of STATE complying with its obligations in this Conservation Easement. Any delay or failure of the STATE to perform and comply with its obligations in this Conservation Easement due to funds not being appropriated or being terminated by the Legislature shall not be considered a breach or default of the terms of this Conservation Easement, and STATE shall not be liable in any way due to delay or failure to perform under the terms of this Conservation Easement, including undertaking corrective action and/or restorative action, as a result of the funds not being appropriated or being terminated by the Legislature. Notwithstanding, STATE agrees to make diligent efforts to obtain the necessary budget appropriations in amounts reasonably calculated to support the fulfillment of its obligations under this Conservation Easement as expeditiously as possible. This section only applies to the STATE.

13. Indemnification

(a) **Indemnification of STATE by Grantee.** Other than violation or breach of the terms of this Conservation Easement by STATE Grantee waives all claims against STATE, its agencies, departments, boards, commissions, officers, agents, and employees (collectively “Indemnitees”), for loss or damage caused by, arising out of, or in any way connected with the Grantee’s exercise of this Conservation Easement. Grantee shall protect, indemnify, and hold Indemnitees harmless and defend Indemnitees, with counsel selected by Indemnitees, from and

against any suits, actions, judgments, legal or administrative proceedings, arbitrations, claims, demands, causes of action, damages, liabilities, interest, reasonable attorneys' fees, fines, penalties, losses, costs and expenses of whatsoever kind or nature, arising out of, in connection with or incidental to any injury to or the death of any person, or damage to any property arising out of, caused by, or resulting from (in whole or in part) the negligence or willful misconduct of Grantee and/or Grantee's Representatives and their respective employees, agents and subcontractors on the Property in connection with Grantee's exercise of this Conservation Easement. Grantee's duty to defend the Indemnitees is separate from, independent of and free-standing of Grantee's duty to indemnify the Indemnitees and applies whether the issue of either parties negligence, breach of contract or other fault or obligations has in any way been determined. Grantee's indemnity obligations under this Agreement shall not extend to that portion of such loss or damage that shall have been caused by any of the Indemnitees' comparative negligence or willful misconduct. The indemnity set forth in this section shall survive the termination of this Conservation Easement until such time as action against the Indemnitees on account of any matter covered by this indemnity is barred by the applicable statute of limitations.

Grantee shall, further, cause such indemnification in favor of the Indemnitees to be inserted in each contract and/or agreement for the provision of services to Grantee on the Property or entry onto the Property by Grantee's Representatives. Grantee's failure to comply with this indemnification provision shall be considered a material breach of this Conservation Easement, however such breach shall not impair the perpetual nature of this Conservation Easement.

The provisions of this **Section 13(a)** shall be inoperative at any time, and for so long as, the fee interest in the Property is owned by an entity other than the STATE, and the indemnification provisions of **Sections 13(b) and 13(c)** shall instead be operative and binding on such successor fee interest owner ("**Grantor**"); provided, any obligation of Grantee to STATE arising prior to such transfer of the fee interest in the Property from STATE to a non-STATE entity shall survive the transfer.

(b) **Indemnification by Grantor other than the STATE.** Grantor shall hold harmless, indemnify, and defend Grantee and its directors, officers, employees, agents, and contractors and the heirs, personal representatives, successors, and assigns of each of them (each a "**Grantee Indemnified Party**" and collectively, the "**Grantee Indemnified Parties**"), from and against any and all liabilities, penalties, costs, losses, damages, expenses (including, without limitation, reasonable attorneys' fees and experts' fees), causes of action, claims, demands, orders, liens or judgments (each a "**Claim**" and, collectively, "**Claims**"), arising from or in any way connected with: (a) injury to or the death of any person, or physical damage to any property, resulting from any act, omission, condition, or other matter related to or occurring on or about the Property, including but not limited to any such act, omission, condition or other matter occurring in connection with the presence of the general public on the Property, regardless of cause, unless due to the negligence or willful misconduct of any of the Grantee Indemnified Parties while acting upon the authority of Grantee; or (b) Grantor's obligations specified in this Conservation Easement; or (c) a breach of any of Grantor's representations or warranties made in this Conservation Easement; or (d) any violation of, or other failure to comply with, any state, federal or local law, regulation or requirement related to the Property, by Grantor, or any entity other than a Grantee Indemnified Party acting upon the authority of Grantee, in any way affecting, involving or relating to the Property; or (e) any Hazardous Substances or underground storage tanks present,

alleged to be present, released in, from or about, or otherwise associated with the Property at any time, except with respect to any Hazardous Substances placed, disposed or released by a Grantee Indemnified Party acting upon the authority of Grantee, including Claims for injury to or death of any person or physical damage to any Property and for the violation or alleged violation of, or other failure to comply with, any Environmental Requirement. If any action or proceeding is brought against any Grantee Indemnified Party by reason of any such Claim, Grantor shall, at the election of and upon written notice from the applicable Grantee Indemnified Party, defend such action or proceeding by counsel reasonably acceptable to the Grantee Indemnified Party.

(c) **Indemnification by Grantee to Grantor other than the STATE.** Grantee shall hold harmless, indemnify, and defend Grantor and its members, directors, officers, employees, agents, and contractors and the heirs, personal representatives, successors, and assigns of each of them (each a **Grantor Indemnified Party** and, collectively, the "**Grantor Indemnified Parties**"), from and against any and all Claims arising from or in any way connected with: (a) injury to or the death of any person, or physical damage to any property, occurring on or about the Property, resulting from the negligence of any Grantee Indemnified Party, while acting on behalf of Grantee; or (b) Grantee's obligations specified in this Conservation Easement; or (c) any violation of, or other failure to comply with, any state, federal or local law, regulation or requirement, by any Grantee Indemnified Party while acting on behalf of Grantee in any way affecting, involving or relating to the Property. If any action or proceeding is brought against any Grantor Indemnified Party by reason of any such Claim, Grantee shall, at the election of and upon written notice from the applicable Grantor Indemnified Party, defend such action or proceeding by counsel reasonably acceptable to the Grantor Indemnified Party.

14. Insurance. Prior to any entry onto the Property under the terms of this Conservation Easement by Grantee or Grantee's Representatives, Grantee and Grantee's Representatives shall each, at their own expense, provide STATE evidence of insurance as follows:

a) **Commercial General Liability.** Grantee and Grantee's Representatives shall maintain general liability on an occurrence form with limits not less than \$1,000,000 per occurrence and \$2,000,000 aggregate for bodily injury and property damage liability. The policy must include coverage for liabilities arising out of premises operations, independent contractors, products/completed operations, personal & advertising injury and liability assumed under an insured contract. This insurance shall apply separately to each insured against whom claim is made or suit is brought subject to the Grantee and/or Grantee's Representatives limit of liability. The policy must include: Department of Forestry and Fire Protection, State of California, its officers, agents and employees as additional insureds. This endorsement must be supplied under form acceptable to DGS' Office of Risk and Insurance Management.

b) **Automobile Liability.** Grantee and Grantee's Representatives shall maintain motor vehicle liability with limits not less than \$1,000,000 combined single limit per accident. Such insurance shall cover liability arising out of a motor vehicle including owned, hired and non-owned motor vehicles. The same additional insured designation and endorsement required for general liability is to be provided for this coverage.

c) **Workers' Compensation and Employers' Liability.** Grantee and Grantee's Representatives shall maintain statutory workers' compensation and employers' liability

for all employees who will be engaged in the performance of any activities and/or work related to the Property as authorized under this Conservation Easement. Employers' liability limits of \$1,000,000 are required. Workers' compensation policy shall contain a waiver of subrogation endorsement in favor of the STATE.

At any time, and for so long as, the fee interest in the Property is owned by an entity other than the STATE, such successor Grantor shall maintain a commercially available general liability policy, or self-insurance, insuring against bodily injury and property damage on the Property in the amount of not less than \$1,000,000 per occurrence \$2,000,000 in aggregate. Grantee shall be named an additional insured on any policy. For any claim covered by the indemnification in **Section 13(b)** above, the liability insurance shall apply as primary insurance with respect to any other insurance or self-insurance programs afforded to Grantee with respect to Grantee's entries onto the Property pursuant to the Conservation Easement. Grantor waives all rights of subrogation against the Grantee Indemnified Parties for recovery of damages to the extent these damages are covered by insurance maintained pursuant to this Conservation Easement. Grantor shall furnish Grantee with certificate(s) of insurance, executed by a duly authorized representative of each insurer, showing compliance with the insurance requirements set forth above. Any failure of Grantee to demand such certificate or other evidence of full compliance with these insurance requirements or failure of Grantee to identify a deficiency from evidence that is provided shall not be construed as a waiver of Grantor's obligation to maintain such insurance.

15. Grantee Assignment of Conservation Easement.

(a) **Voluntary Assignment.** In the event that Grantee decides to assign its interest under this Conservation Easement, Grantee shall only assign such interest to an organization that is: (1) qualified to hold a conservation easement under Section 815.3 of the California Civil Code; (2) experienced in holding and monitoring conservation easements on properties similar to the Property; and (3) willing and financially able to assume all of the responsibilities imposed on Grantee under this Conservation Easement. Before assigning its interest under this Conservation Easement, Grantee shall provide STATE and the Sierra Nevada Conservancy ("SNC") with written notice of such intention to transfer ("**Transfer Notice**"). The Transfer Notice shall identify the proposed assignee and include a description of how the proposed assignee meets the assignee designation criteria set forth in this section. Grantee shall allow SNC, with the consent of STATE, a period of not less than sixty (60) days to approve the proposed assignee, which consent shall not be unreasonably withheld and shall be based on whether the proposed assignee meets the designation criteria specified in this section. If SNC does not approve the proposed assignee, SNC shall provide Grantee with the reasons behind such decision. Notwithstanding, any approved assignment by Grantee of this Conservation Easement to an approved assignee shall not relieve Grantee from any obligations hereunder arising prior to the date of the assignment.

(b) **Involuntary Assignment.** If Grantee ever ceases to exist or no longer qualifies under applicable state law to hold a conservation easement interest, then SNC shall, with the consent of STATE, select an assignee that meets all the designation criteria specified in **Section 15(a)** above. If SNC is unable to identify an assignee that meets all the designation criteria specified in **Section 15(a)** above that is willing to accept such assignment, then SNC shall petition a court of competent jurisdiction to effect a transfer of the Conservation Easement to an

organization that meets each of the qualifications criteria in **Subsection 15(a)**. Notwithstanding the foregoing, SNC may elect to serve as such assignee but only on a temporary basis until a permanent assignee can be identified by SNC and/or such transfer is effectuated by a court of competent jurisdiction.

(c) **Conditions of Assignment.** As conditions to any assignment of this Conservation Easement, Grantee and/or the SNC shall: (1) require the assignee to expressly agree in writing to assume Grantee's obligations hereunder; (2) ensure that assignee has the resources to fulfill its obligations under the Conservation Easement; and (3) not relieve Grantee from any obligations under the Conservation Easement arising prior to the date of the assignment.

(d) **Successor to SNC.** Upon any liquidation or dissolution of SNC, SNC or STATE shall have the right to assign SNC's rights and obligations under this **Section 15** to another entity that has a conservation mission and level of expertise consistent with that of SNC and sufficient resources and capacity to carry out the obligations of SNC.

(e) **Recording.** Pursuant to California Civil Code section 815.5, any instrument assigning or otherwise transferring this Conservation Easement shall be recorded in the Official Records of the County.

16. Subsequent Property Transfers.

(a) STATE shall disclose the existence of this Conservation Easement in any deed or other legal instrument by which STATE divests itself of a real property interest in all or a portion of the Property, including, without limitation, a leasehold interest. STATE shall notify Grantee in writing not more than thirty (30) days after any grant by STATE to any third party of any interest in any portion of the Property, whether such interest is a fee, easement, lease, or other interest. The failure of STATE to perform any act required by this **Section 16** shall not impair the validity of this Conservation Easement or limit its enforcement in any way or create any obligation on the part of Grantee.

(b) **Release of Fee Title and Demonstration State Forest Status.** In the event that STATE transfers fee title to an unaffiliated third-party not qualified to own and manage a Demonstration State Forest, STATE shall release, relinquish and forever terminate, in a manner that shall be binding upon all successors in interest to the Property, all rights of STATE described in **Sections 6(a) and 6(b)**.

17. Extinguishment and Condemnation.

(a) **Judicial Extinguishment.** If circumstances arise in the future that render the Conservation Purpose impossible or impracticable to accomplish, this Conservation Easement can be terminated or extinguished, whether in whole or in part, only by judicial proceedings in a court of competent jurisdiction, and the amount of the compensation to which Grantee shall be entitled from any sale, exchange, or involuntary conversion of all or any portion of the Property after such termination or extinguishment, shall be determined, unless otherwise provided by California law at the time, in accordance with **Section 17(c)**. Grantee must use any proceeds received under the circumstances described in this section in a manner consistent with the

Conservation Purposes, which are exemplified and articulated by the Conservation Easement and contemporaneously prepared exhibits to it and other documentation.

(b) **Condemnation.** If all or any part of the Property is taken by exercise of eminent domain, or acquired by purchase in lieu of condemnation, so as to terminate this Conservation Easement in whole or in part, STATE and Grantee may join in appropriate actions to recover the full value of their respective interests in the Property so taken or purchased, and all direct or incidental resulting damages. All expenses reasonably incurred by the STATE and Grantee in any such action shall be first reimbursed out of the recovered proceeds; the remainder of such proceeds shall be divided between STATE and Grantee in proportion to their respective interests in the Property, or portion thereof, as established by **Section 17(c)**.

(c) **Valuation.** In accordance with California Civil Code section 815.2, STATE and Grantee acknowledge and agree that this Conservation Easement shall not be deemed personal in nature and shall constitute a real property interest in the Property vested in Grantee upon recording notwithstanding that this Conservation Easement is an obligation, and not a financial asset. For the purpose of **Sections 17(a) and 17(b)**, the fair market value of the Conservation Easement shall be determined as of the time of the extinguishment or termination by an appraisal set forth in a written report prepared and signed by an appropriately licensed or certified real estate appraiser in good standing pursuant to Part 3 (commencing with Section 11300) of Division 4 of the Business and Professions Code and its implementing regulations, Title 10 Section 3701 of the California Code of Regulations, the California Department of General Services Appraisal Specifications, and shall conform to the Uniform Standards of Professional Appraisal Practice. STATE and Grantee shall mutually agree on the appraiser and shall share equally in the costs of preparing the appraisal report. The fair market value as set forth in the appraisal report is subject to the approval of the California Department of General Services.

(d) **No Merger.** Due to the Conservation Purpose of the Conservation Easement, it is the intent of STATE and Grantee that notwithstanding the provisions of Civil Code Section 811, any time the fee title to all or any portion of the Property is vested in an entity, including STATE, which also holds this Conservation Easement, the interest in the Conservation Easement shall not merge into the fee title (whether by operation of law or otherwise), and the Conservation Easement shall remain in full force and effect as to all portions of the Property, until and unless explicitly terminated by judicial proceedings (and then, only to the extent so terminated).

18. Notices. Any notice or other communication required or permitted under this Conservation Easement shall be in writing and shall be either personally delivered or transmitted by registered or certified mail, return receipt requested, postage prepaid, or by a nationally recognized overnight courier, such as FedEx or Airborne Express, addressed to the parties as follows:

If to STATE:

California Department of Forestry and Fire Protection
P.O. Box 944246
Sacramento, CA 94244
Attn: State Forests Program Manager

With a copy to:

Department of General Services
707 Third Street, 5th Floor (MS 505)
West Sacramento, CA 95605
Attn: RESD/RPSS--Acquisitions Unit

If to Grantee:

Shasta Land Trust
P.O. Box 992026
Redding, CA 96099-2026
Attn: Executive Director

If to Sierra Nevada Conservancy:

Sierra Nevada Conservancy
11521 Blocker Drive, Suite 205
Auburn, CA 95603
Attn: Executive Director

The date of any notice or communication shall be deemed to be the date of receipt if delivered personally, or the date of the receipt or refusal of delivery if transmitted by mail or overnight courier. Any party may change the address for notice by giving notice to the other party in accordance with this **Section 18**.

19. Amendment. This Conservation Easement may be amended by STATE and Grantee or their respective successors and assigns, by mutual written agreement of STATE and Grantee. STATE and Grantee shall have no right to amend **Sections 2 or 3** hereof without the written consent of PG&E in its sole and absolute discretion. Without limiting the scope of the aforementioned power to amend, the parties anticipate that future amendments may be necessary to reflect corrections to the boundary line that may result in the removal of portion(s) of the Property from the encumbrance of this Conservation Easement, clarifications, and corrections to the Conservation Easement and agree to mutually cooperate in good faith to accomplish such future amendments, to the extent such amendments are to clarify the terms of this Conservation Easement and do not significantly impair the Conservation Values. Any such amendment shall be consistent with the Conservation Purpose of this Conservation Easement and shall not affect its perpetual duration, and Grantee shall promptly record the amendment in the official records of the County, and shall thereafter promptly provide a conformed copy of the recorded amendment to STATE.

Notwithstanding the foregoing, STATE and Grantee have no right or power to consent to any action or agree to any amendment of this Conservation Easement that would result in significant impairment of the Conservation Values or limit the term or result in termination of the Conservation Easement, or adversely affect the qualification of the Conservation Easement as a conservation easement under California Civil Code section 815 et seq. or the status of Grantee as an entity authorized to acquire and hold conservation easements under California Civil Code section 815.3. Any amendment to this Conservation Easement shall comply with California Civil Code section 815 et seq. and other Applicable Laws.

20. General Provisions.

(a) **Governing Law.** This Conservation Easement shall be governed by, and construed and enforced in accordance with, the laws of the State of California.

(b) **No Public Dedication.** Nothing contained in this Conservation Easement shall be deemed to be a gift or dedication of any portion of the Property to the general public.

(c) **Liberal Construction.** Any general rule of construction to the contrary notwithstanding, this Conservation Easement shall be liberally construed in favor of Grantee to effect the purposes of this Conservation Easement and the policy and purpose of California Civil Code section 815 et seq. If any provision in this Conservation Easement is found to be ambiguous, an interpretation consistent with the purposes of this Conservation Easement which recognizes the PG&E Reserved Rights and the PG&E Easement Reserved Rights (as described in **Sections 2 and 3 above**), and STATE's Reserved Rights and that would render the provision valid shall be favored over any interpretation that would render it invalid.

(d) **Further Assurances.** Each party hereto agrees to execute and deliver to the other party such further documents or instruments as may be necessary or appropriate in order to carry out the intentions of the parties as contained in this Conservation Easement.

(e) **Severability.** If any provision of this Conservation Easement shall be unenforceable or invalid, the same shall not affect the remaining provisions of this Conservation Easement and to this end the provisions of this Conservation Easement are intended to be and shall be severable.

(f) **Entire Agreement.** This Conservation Easement sets forth the entire agreement of the parties with respect to the Conservation Easement and supersedes all prior discussions, negotiations, understandings, or agreements relating to the Conservation Easement all of which are merged herein.

(g) **No Forfeiture.** Nothing contained herein will result in a forfeiture or reversion of STATE's title in any respect.

(h) **Successors.** The Conservation Easement shall be a servitude running with the land in perpetuity. The covenants, terms, conditions, and restrictions of this Conservation Easement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns and shall continue as a servitude running with the Property.

(i) **Recordation.** Grantee shall promptly record this Conservation Easement in the official records of the County, and shall thereafter promptly provide a conformed copy of the recorded Conservation Easement to STATE. Grantee may re-record at any time as may be required to preserve its rights in this Conservation Easement.

(j) **Termination of Rights and Obligations.** Except as otherwise stated herein, a party's rights and obligations under this Conservation Easement shall terminate only upon transfer of the party's interest in all or portions of either the Conservation Easement or the Property, except that liability for acts or omissions occurring prior to transfer shall survive the transfer.

(k) **Captions.** The captions in this Conservation Easement have been inserted solely for convenience of reference and are not a part of this Conservation Easement and shall have no effect upon construction or interpretation.

(l) **List of Exhibits.** The following exhibits are attached hereto and incorporated herein:

<u>Exhibit A</u>	Legal Description of the Property
<u>Exhibit B</u>	Property Maps
<u>Exhibit C</u>	Form of Grant Deed
<u>Exhibit D</u>	Copy of Recorded Utility Facility Access, Operation and Maintenance Easement
<u>Exhibit E</u>	Schedule of Express Third-Party Uses

(m) **Counterparts.** This Conservation Easement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

//signatures follow on next page//

IN WITNESS WHEREOF, STATE has granted to Grantee, and Grantee has accepted this Conservation Easement and the parties mutually agree to the covenants set forth above, as of the Effective Date.

STATE:

AUTHORIZED PER GOVERNMENT CODE §14666

STATE OF CALIFORNIA
Department of General Services

By: _____
Michael P. Butler, Chief
Real Property Services Section

Dated: _____

APPROVAL PER GOVERNMENT CODE §14666

STATE OF CALIFORNIA
Department of Forestry and Fire Protection

By: _____
Thom Porter, Director

Dated: _____

GRANTEE:

SHASTA LAND TRUST,
a California nonprofit public benefit corporation

By: _____

Its: _____

Dated: _____

ACCEPTANCE OF CONDITIONAL RIGHT OF ENFORCEMENT

The Sierra Nevada Conservancy, a subdivision of the California Natural Resources Agency, hereby acknowledges and accepts the conditional enforcement rights set forth in Section 15 hereof.

By: _____

Its: _____

Dated: _____

[Need Notary Acknowledgement to record]

EXHIBIT A

Legal Description of the Property

[Attached Behind this Page]

EXHIBIT B

Property Maps

[Attached Behind this Page]

EXHIBIT C

Form of Grant Deed

[Attached Behind this Page]

EXHIBIT D

Form of Utility Facility Access, Operation and Maintenance Easement

[Attached Behind this Page]

EXHIBIT E

Express Third-Party Uses and Third Party Use Agreements

Express Third Party Uses

The Express Third Party Uses on the Property are all uses permitted by and pursuant to the Third Party Use Agreements.

2. Third Party Use Agreements

The Third Party Use Agreements on the Property are those agreements and rights disclosed by the following:

- (a)
 - 1. License Agreement for Grazing Purposes is made and entered into by PACIFIC GAS AND ELECTRIC COMPANY, a California corporation, and BETTIE HIXSON. This License Agreement shall be for a term of ten (10) years commencing on January 1, 2019 and expiring December 31, 2028.
 - 2. License Agreement for Grazing Purposes is made and entered into by PACIFIC GAS AND ELECTRIC COMPANY, a California corporation, and VIRGINIA LEE MORELLI. This License Agreement shall be for a term of ten (10) years commencing on January 1, 2014 and expiring December 31, 2018 (license in holdover, pending renewal).
 - 3. License Agreement for Agricultural Purposes is made and entered into by PACIFIC GAS AND ELECTRIC COMPANY, a California corporation, and OLIVAREZ HONEYBEES, INC., a California corporation. This License Agreement shall be for a term of ten (10) years commencing on June 1, 2019 and expiring May 31, 2029.
- (b)
 - 1. AN UNRECORDED RIGHT OF WAY CONVEYED TO NORTHERN CALIFORNIA POWER COMPANY BY DEED NO. 715-F, DATED APRIL 4, 1918, AS DISCLOSED BY INSTRUMENT RECORDED APRIL 9, 1925 IN BOOK 2, PAGE 446, OFFICIAL RECORDS, SUBJECT TO THE TERMS AND PROVISIONS AS CONTAINED THEREIN.
 - 2. AN EASEMENT FOR ANY AND ALL COUNTY ROADS HERETOFORE LAWFULLY ESTABLISHED AND NOW IN PUBLIC USE, AS RESERVED BY CENTRAL PACIFIC RAILWAY COMPANY, IN DEED RECORDED APRIL 09, 1925, IN BOOK 2, PAGE 446, OFFICIAL RECORDS.

AFFECTS: SEE DOCUMENTS FOR FULL PARTICULARS

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

3. AN EASEMENT OVER SAID LAND FOR THE RIGHT TO CONSTRUCT MAINTAIN AND USE A ROAD AND VEHICLE BRIDGE AND INCIDENTAL PURPOSES, AS GRANTED TO ELMER HUFFORD AND CHRISTINE HUFFORD , HUSBAND AND WIFE, IN DEED RECORDED JULY 20, 1965, IN BOOK 844 PAGE 444, OFFICIAL RECORDS.

AFFECTS: PORTION PARCEL TWO; APN: 099-140-004 PGE#2432-01-0009

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

4. AN EASEMENT OVER SAID LAND FOR CONSTRUCT, RECONSTRUCT, MAINTAIN AND USE A ROAD AND TO INSTALL, REPAIR AND MAINTAIN UTILITIES AND INCIDENTAL PURPOSES, AS GRANTED TO JOHN PEREZ AND MARY ANNIE PEREZ, HUSBAND AND WIFE, AS JOINT TENANTS, IN INSTRUMENT RECORDED MAY 24, 1974, IN BOOK 1223, PAGE 264, OFFICIAL RECORDS.

AFFECTS: SEE DOCUMENT FOR FULL PARTICULARS

NO REPRESENTATION IS MADE AS TO THE CURRENT OWNERSHIP OF SAID EASEMENT. REFERENCE IS MADE TO SAID DOCUMENT FOR FULL PARTICULARS

5. AN EASEMENT OVER SAID LAND FOR UNDERGROUND WIRES, AND CABLE FOR COMMUNICATION AND INCIDENTAL PURPOSES, AS GRANTED TO TUOLUMNE TELEPHONE CO., A CORPORATION, IN INSTRUMENT RECORDED APRIL 17, 1984, IN BOOK 2054, PAGE 318, OFFICIAL RECORDS.

AFFECTS: PORTION PARCEL 4; A.P.N. 099-150-003 AND 099-150-028

Attachment C

Grant Deed

RECORDING REQUESTED BY AND RETURN TO:

STATE OF CALIFORNIA
Department of General Services
Real Property Services Division, Acquisition Unit
707 Third Street, 5th Floor, MS 505
West Sacramento, CA 95605

OFFICIAL STATE BUSINESS – EXEMPT FROM RECORDING FEES
PURSUANT TO GOVERNMENT CODE SECTION 27383 AND
DOCUMENTARY TRANSFER TAX PURSUANT TO REVENUE AND
TAXATION CODE SECTION 11922

(SPACE ABOVE FOR RECORDER'S USE ONLY)

LD

DEED

APN Nos. 099-140-004, 099-150-003, 099-150-016, 099-150-028, 099-280-001, 099-360-020,
099-360-034, 099-360-055

GRANT DEED AND RESERVATION OF RIGHTS

I. CONVEYANCE OF FEE

PACIFIC GAS AND ELECTRIC COMPANY, a California corporation ("**Grantor**"), does hereby grant to the STATE OF CALIFORNIA ("**STATE**"), all of its right, title, and interest in and to the real property situated in the unincorporated area of the County of Shasta, State of California ("**Property**"), described in **Exhibit A** attached hereto and by this reference incorporated herein, and shown on **Exhibit A-1** attached hereto and by this reference incorporated herein.

II. RECITALS

A. Grantor is a party to that certain Settlement Agreement ("**Settlement Agreement**") as modified and approved by the Public Utilities Commission of the State of California ("**CPUC**") in its Opinion and Order of December 18, 2003 (Decision 03-12-035).

B. In furtherance of the Settlement Agreement, and to provide additional detail regarding the implementation of the "**Land Conservation Commitment**" (defined below), the parties to the Settlement Agreement and other interested parties entered into that certain Stipulation Resolving Issues Regarding the Land Conservation Commitment dated September 25, 2003 ("**Stipulation**").

C. The Settlement Agreement and the Stipulation (collectively, "**Governing Documents**") require Grantor to ensure that approximately 140,000 acres of watershed lands, all owned by Grantor (collectively, "**Watershed Lands**"), including the Property, are conserved for a broad range of beneficial public values, including the protection of the natural habitat of fish, wildlife and plants; the preservation of open space; outdoor recreation by the general public; sustainable forestry; agricultural uses; and historic values. The obligations of Grantor to convey

fee interests and/or conservation easements and to protect such beneficial public values on the Watershed Lands, as well as certain other obligations related thereto, are set forth in detail in Appendix E of the Settlement Agreement (as further explicated in Section 12 of the Stipulation), and are defined therein as the "**Land Conservation Commitment.**"

D. Pursuant to the Governing Documents, the Pacific Forest and Watershed Lands Stewardship Council, a California non-profit public benefit corporation ("**Stewardship Council**") was created to oversee and carry out the Land Conservation Commitment. Pursuant to the Governing Documents, the Stewardship Council developed a plan for protection of the Watershed Lands for the benefit of the citizens of California ("**Land Conservation Plan**" or "**LCP**"). The LCP includes, among other things, objectives to preserve and/or enhance the beneficial public values identified on each parcel of Watershed Lands.

E. Grantor has used and continues to use the Property for the purpose of generating and transmitting hydroelectric energy, managing and monitoring the flow of water over the existing waterways for consumptive and non-consumptive uses, conducting various biological and land use studies mandated by the Federal Energy Regulatory Commission ("**FERC**"), and for other purposes as described more fully in Section III below (collectively, "**Hydro Project Activities**"). Additionally, Grantor has used and continues to use the Property to erect, construct, reconstruct, replace, remove, operate, inspect, maintain and use facilities of the type hereinafter specified for the transformation, transmission and distribution of electric energy and for communication purposes (collectively "**Electric Activities**").

F. To facilitate the Hydro Project Activities and Electric Activities following the conveyance effected by this Grant Deed and Reservation of Rights (this "**Grant Deed**"), and the continued use, maintenance, repair and replacement of those existing and future facilities, structures and improvements now or hereafter located on, above, or under the Property, that are associated with the Hydro Project Activities and/or the Electric Activities, STATE, as grantor, and Grantor, as grantee, are executing and delivering that certain Utility Facility Access, Operation and Maintenance Easement of even date with this Grant Deed (the "**Utility Facility Access, Operation and Maintenance Easement**").

G. Consistent with the terms of the Governing Documents, Grantor and STATE acknowledge this conveyance, together with Utility Facility Access, Operation and Maintenance Easement and the conservation easement transaction being entered into by STATE and Mother Lode Land Trust concurrently with this conveyance, is being made in the public interest with the intent to ensure the permanent protection of the beneficial public values on the Property as identified in the LCP while allowing the ongoing use of the Property by Grantor for hydroelectric operations, water delivery, and related activities, and acknowledging and honoring the existing third party uses.

III. RESERVATION OF RIGHTS; EASEMENT AGREEMENT

Grantor expressly reserves all riparian water rights inherent in and part and parcel of the Property, all appropriative surface water rights (including, but not limited to, any appropriative surface water rights having a point of diversion, place of storage, or place of use on the Property); all prescriptive surface water rights; and all other right, title and interest of any nature whatsoever

in and to the surface waters (including subsurface flow) which are now or hereafter located or flowing upon or abutting the Property.

Grantor and STATE acknowledge that the Utility Facility Access, Operation and Maintenance Easement shall be effective immediately upon the execution, delivery and effectiveness of this Grant Deed with the same force and effect as if the easement rights set forth in the Utility Facility Access, Operation and Maintenance Easement were expressly reserved by Grantor in this Grant Deed.

IV. TERMS OF GRANT

The conveyance by Grantor to STATE pursuant to this Grant Deed is subject to: (a) a lien securing payment of real estate taxes and assessments; (b) all matters that would be disclosed by a physical inspection or survey of the Property or that are actually known to STATE; and (c) all contracts, leases, licenses, covenants, conditions, easements, restrictions, liens, encumbrances and other exceptions of record or unrecorded.

The provisions hereof shall inure to the benefit of and bind the successors and assigns of the respective parties hereto, and all covenants shall apply to and run with the Property. All future conveyances of the fee interest in the Property shall be consistent with the terms of the Governing Documents. In accordance with Section 12b(4) of the Stipulation, STATE, and its successors and assigns shall not convey all or any portion of the fee interest in the Property to any governmental entity, public agency, or Native American tribe without the prior written consent of the Grantor, which consent shall be in Grantor's sole discretion exercised in good faith.

V. MISCELLANEOUS

If any provision of this Grant Deed shall be unenforceable or invalid, the same shall not affect the remaining provisions hereof and to this end the provisions hereof are intended to be and shall be severable.

The real property hereby conveyed is no longer necessary or useful to Grantor in the performance by it of its duties to the public.

The California Public Utilities Commission, in Decision No. _____, has approved transfer of the Property under State of California Public Utilities Code Section 851.

[SIGNATURES FOLLOW ON NEXT PAGES]

IN WITNESS WHEREOF, the undersigned has executed this Grant Deed dated as of _____, _____.

Grantor:

PACIFIC GAS AND ELECTRIC COMPANY,
a California corporation

By: _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of _____)

On _____, before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

CERTIFICATE OF ACCEPTANCE

This is to certify that, pursuant to Sections 15853 and 27281 of the California Government Code, the interest in real property conveyed by the Grant Deed dated _____, ____ from PACIFIC GAS AND ELECTRIC COMPANY, a California corporation, to the STATE OF CALIFORNIA is hereby accepted by the undersigned officer on behalf of the State Public Works Board pursuant to the approval action by said Board and duly adopted on _____. The Grantee consents to the recordation thereof by its duly authorized officer.

ACCEPTED:

STATE OF CALIFORNIA
State Public Works Board

By: _____
Michael McGinness, Deputy Director

Date: _____

ACKNOWLEDGED:

STATE OF CALIFORNIA
Director, Department of General Services

By: _____
Michael P. Butler, Chief
Real Property Services Section

Date: _____

Exhibit A

Legal Description of Property
(Attached behind this Page)

Exhibit A-1

Property Maps
(Attached behind this Page)

Attachment D

State Board of Equalization Land Appraisal Record

BRLNP705

State Board of Equalization
Board Roll System
Land Subsystem

Cow Creek

07/29/21
1:15 PM

Page 160

Selected by: Assessee 0135 Pacific Gas & Electric Company
County 45 SHASTA

Post List
Roll Year 2021

										----- Market Values -----						
Map	Asse	Asse	Cnty	Map	Par	Non-Fee	Status	Class	TRA	Miles	Index	Esc	R/W	Op Not	Non-	Total
Asse	Asse	Cnty	Map	Par	Non-Fee	Status	Class	TRA	Miles	Index	Esc	Ind	R/W	R/W	Unitary	Total
0135	0135	45	004	03		328 Acres	191	000 - 001		IND	001	6D N			212,999	212,999
0135	0135	45	005D	01		240 Acres	491	141 - 000		IND	001	6D N			8,817	8,817
0135	0135	45	005D	02		200 Acres	191	000 - 001		IND	001	6D N		19,000	181,000	200,000
0135	0135	45	005H	01		440 Acres	191	000 - 001		IND	001	6D N		9,000	431,000	440,000
0135	0135	45	005H	02		80 Acres	491	141 - 000		IND	001	6D N			3,920	3,920
0135	0135	45	005H	03		320 Acres	191	000 - 001		IND	001	6D N		19,000	301,000	320,000

BRLNP705

State Board of Equalization
Board Roll System
Land Subsystem

07/29/21
1:15 PM

Cow Creek

Page 161

Selected by: Assessee 0135 Pacific Gas & Electric Company
County 45 SHASTA

Post List
Roll Year 2021

										----- Market Values -----							
Map								Index		Esc			Op Not	Non-	Total		
Asse	Asse	Cnty	Map	Par	Non-Fee	Status	Class	TRA	Miles	Typ	Num	Sht	Ind	R/W	R/W	Unitary	
0135	0135	45	005H	04		570 Acres	491	141 - 000		IND	001	6D	N		23,550	16,686	40,236
0135	0135	45	005H	05		40 Acres	191	000 - 001		IND	001	6D	N		26,000	14,000	40,000

Attachment E

Assignment and Assumption Agreement

ASSIGNMENT AND ASSUMPTION OF LEASES AND OCCUPANCY AGREEMENTS

THIS ASSIGNMENT AND ASSUMPTION OF LEASES AND OCCUPANCY AGREEMENTS ("Agreement"), dated for reference purposes only as of _____, 20____, is made by and between **PACIFIC GAS AND ELECTRIC COMPANY**, a California corporation ("Assignor"), and the **STATE OF CALIFORNIA**, acting by and through the **DEPARTMENT OF FORESTRY AND FIRE PROTECTION** ("Assignee").

RECITALS:

A. This Agreement is delivered pursuant to that certain Property Acquisition Agreement dated _____, _____, by and between STATE and GRANTOR, relating to the real property located in the County of Shasta, State of California, as more particularly described in Exhibit A attached hereto and made a part hereof ("Real Property").

B. Unless otherwise specifically provided herein, all provisions of this Agreement shall be effective as of the date ("Effective Date") that the grant deed conveying title to the Real Property to Assignee is recorded in the official records of Shasta County.

FOR VALUABLE CONSIDERATION, the receipt and adequacy of which is hereby acknowledged, Assignor and Assignee hereby agree as follows:

1. Assignment. Assignor hereby sells, transfers, assigns and conveys to Assignee all of Assignor's right, title and interest, if any, in and to the leases, licenses and other occupancy agreements affecting the Real Property, and all guarantees thereof, set forth on Exhibit B attached hereto and made a part hereof (the "Leases"), to the extent the same are assignable by their respective terms and not revoked, terminated or subject to revocation or termination upon such assignment.

2. Acceptance and Assumption. Assignee hereby accepts the foregoing transfer, assignment and conveyance and hereby agrees to assume and discharge, in accordance with the terms thereof, all of the burdens and obligations of Assignor relating to the Leases first arising and accruing on and after the Effective Date.

3. No Representation or Warranty. The assignment is made without any covenant, representation or warranty by, or recourse against, Assignor or Assignor's Affiliates (as defined below) of any kind whatsoever.

4. Waiver and Release. Assignee hereby unconditionally and irrevocably waives any and all claims and causes of action of any nature whatsoever it may now or hereafter have against Assignor or Assignor's present or future officers, directors, employees, agents, affiliates, members, representatives, stockholders or other principals and representatives, and their respective heirs, successors and assigns (collectively, "Assignor's Affiliates"), and hereby unconditionally and irrevocably fully

releases and discharges Assignor and Assignor's Affiliates from any and all liability whatsoever which may now or hereafter accrue in favor of Assignee against Assignor or Assignor's Affiliates, in connection with or arising out of the Leases. With respect to the foregoing release, Assignee hereby acknowledges that such release is made with the advice of counsel and with full knowledge and understanding of the consequences and effects of such release. Further, as to unknown and unsuspected claims as of the Effective Date, Assignee hereby acknowledges that such release is made with the full knowledge, understanding and agreement that California Civil Code § 1542 provides as follows, and Assignee hereby agrees that the protection afforded by said Code Section and any similar law of any other state, territory or jurisdiction is specifically waived:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."

Assignee: STATE OF CALIFORNIA,
Department of Forestry and Fire Protection

By: _____
Print Name: _____
Its: _____

By: _____
Print Name: _____
Its: _____

5. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[Signature page follows]

IN WITNESS WHEREOF, Assignor and Assignee have duly executed this Agreement.

ASSIGNOR:
PACIFIC GAS AND ELECTRIC COMPANY,
a California corporation

STATE OF CALIFORNIA,
Department of Forestry and Fire Protection

By: _____

By: _____

Print Name: _____

Print Name: _____

Its: _____

Its: _____

By: _____

Print Name: _____

Its: _____

EXHIBIT A
LEGAL DESCRIPTION OF PROPERTY

[Follows this page]

EXHIBIT B

LEASES

1. License Agreement for Grazing Purposes, dated January 1, 2019, between Pacific Gas and Electric Company and Morelli Ranch, LLC.
2. License Agreement for Grazing Purposes, dated January 1, 2019, between Pacific Gas and Electric Company and Bettie Hixson.
3. License Agreement for Agricultural Purposes, dated June 1, 2019, between Pacific Gas and Electric Company and Olivarez Honey Bees, Inc.

Attachment F

**Utility Facility Access, Operation and Maintenance
Easement Agreement**

RECORDING REQUESTED BY AND WHEN RECORDED MAIL TO: PACIFIC GAS AND ELECTRIC COMPANY Land Department Attention: Paul Coviello 1850 Gateway Blvd, Room 7043C Concord, CA 94520	
WITH A COPY TO: STATE OF CALIFORNIA Department of General Services 707 3 rd Street, MS-501 West Sacramento, CA 95605 Attention: Mike Butler	
	(Space Above this Line for Recorder's Use)
A.P.N. 099-140-004, 099-150-003, 099- 150-016, 099-150-028, 099-280-001, 099- 360-020, 099-360-034, 099-360-055 LD: 2432-01-10008	Agency: Department of Forestry and Fire Protection Project: Cow Creek

Date: _____

UTILITY FACILITY ACCESS, OPERATION AND MAINTENANCE EASEMENT

Between

STATE OF CALIFORNIA, acting by and through the DEPARTMENT OF GENERAL SERVICES,
on behalf of the DEPARTMENT OF FORESTRY AND FIRE PROTECTION,

as Grantor

and

PACIFIC GAS AND ELECTRIC COMPANY, a California corporation,

as Grantee

UTILITY FACILITY ACCESS, OPERATION AND MAINTENANCE EASEMENT

This UTILITY FACILITY ACCESS, OPERATION AND MAINTENANCE EASEMENT (the "**Agreement**") is made and entered into by and between the STATE OF CALIFORNIA (hereinafter referred to as "**STATE**"), acting by and through the DEPARTMENT OF GENERAL SERVICES ("**DGS**"), on behalf of the DEPARTMENT OF FORESTRY AND FIRE PROTECTION ("**CAL FIRE**"), and PACIFIC GAS AND ELECTRIC COMPANY, a California corporation ("**GRANTEE**"). The STATE, DGS, CAL FIRE and GRANTEE are collectively referred to as the "**PARTIES**". Capitalized terms used in this Agreement shall have the meanings ascribed to them by the section in which such term is first defined. This Agreement includes all exhibits attached hereto.

RECITALS

- A. STATE is the owner of approximately 2,246 acres of land in the unincorporated area of Shasta County (the "**County**"), State of California, with the Assessor's Parcel Numbers noted on the first page of this Agreement and is more particularly described in **Exhibit A** and shown on **Exhibit A-1**, each attached hereto and incorporated by this reference into this Agreement (the "**Property**"). STATE acquired fee title to the Property from GRANTEE immediately before the recordation of this Agreement.
- B. GRANTEE is a party to that certain Settlement Agreement ("**Settlement Agreement**") as modified and approved by the Public Utilities Commission of the State of California ("**CPUC**") in its Opinion and Order of December 18, 2003 (Decision 03-12-035).
- C. In furtherance of the Settlement Agreement, and to provide additional detail regarding the implementation of the "**Land Conservation Commitment**" (defined below), the parties to the Settlement Agreement and other interested parties entered into that certain Stipulation Resolving Issues Regarding the Land Conservation Commitment dated September 25, 2003 ("**Stipulation**").
- D. The Settlement Agreement and the Stipulation (collectively, "**Governing Documents**") require GRANTEE to ensure that approximately 140,000 acres of watershed lands, all owned by GRANTEE (collectively, "**Watershed Lands**"), which included the Property, are conserved for a broad range of beneficial public values, including the protection of the natural habitat of fish, wildlife and plants; the preservation of open space; outdoor recreation by the general public; sustainable forestry; agricultural uses; and historic values. The obligations of GRANTEE to convey fee interests and/or conservation easements and protect such beneficial public values on the Watershed Lands, as well as certain other obligations related thereto, are set forth in detail in Appendix E of the Settlement Agreement (as further explicated in Section 12 of the Stipulation), and are defined therein as the "**Land Conservation Commitment**".
- E. Pursuant to the Governing Documents, the Pacific Forest and Watershed Lands Stewardship Council, a California non-profit public benefit corporation ("**Stewardship Council**"), was created to oversee and carry out the Land Conservation Commitment. Pursuant to the Governing Documents, the Stewardship Council developed a plan for protection of the Watershed Lands for the benefit of the citizens of California ("**Land Conservation Plan**" or "**LCP**"). The LCP includes, among other things, objectives to preserve and/or enhance the beneficial public values identified on each parcel of Watershed Lands. In addition, the Stewardship Council Board of Directors

adopted that certain Cow Creek Planning Unit Land Conservation and Conveyance Plan on or about April 29, 2020 (the “**Cow Creek LCCP**”).

- F. In furtherance of the LCP and the Cow Creek LCCP, and with CPUC approval, GRANTEE conveyed the Property in fee to STATE pursuant to that certain Grant Deed and Reservation of Rights recorded in the Official Records of the County immediately prior to the recordation of this Agreement (the “**Grant Deed**”).
- G. Consistent with the conditions in the Governing Documents, immediately following the recordation of the Grant Deed and this Agreement, the Property shall be subject to a perpetual conservation easement (the “**Conservation Easement**”) granted by STATE to the Shasta Land Trust, a California nonprofit public benefit corporation (“**SLT**”). The Conservation Easement shall be subject to the rights of GRANTEE reserved in the Grant Deed and the rights and interests of GRANTEE conveyed pursuant to this Agreement (such rights and interests being collectively referred to as the “**PG&E Reserved Rights**”).
- H. Pursuant to the Cow Creek LCCP, the Property is not associated with a Federal Energy Regulatory Commission (“**FERC**”) project and GRANTEE determined the Property did not need to be retained for existing or future utility operations.
- I. GRANTEE has used and continues to use the Property for the purpose of generating and transmitting hydroelectric energy, managing and monitoring the flow of water over the existing waterways for consumptive and non-consumptive uses, conducting various biological and land use studies mandated by the FERC, and for other purposes as described more fully below (collectively, “**Hydro Project Activities**”). Additionally, Grantee has used and desires to continue to use the Property to erect, construct, reconstruct, replace, remove, operate, inspect, maintain and use facilities of the type hereinafter specified for the transformation, transmission and distribution of electric energy and for communication purposes (collectively “**Electric Activities**”). As used herein, “**Hydroelectric Facilities and associated Water Delivery Facilities**” and “**Electric Facilities**” refers to those existing and future facilities, structures and improvements now or hereafter located on, above, or under the Property, that are associated with the Hydro Project Activities and the Electric Activities, as described more fully below.
- J. THE PARTIES enter into this Agreement for the purpose of GRANTEE receiving easements for the purposes described below in this Agreement over the area of the Property more particularly described in **Exhibit C** and shown on **Exhibit D**, each attached hereto and incorporated by this reference into this Agreement (referred to in this Agreement as the “**Easement Area**”).

AGREEMENT

NOW THEREFORE, in consideration of the above recitals, all of which are expressly incorporated into this Agreement, and the mutual promises and covenants contained in this Agreement, the PARTIES agree as follows:

1. Grant of Non-Exclusive Easement. STATE, pursuant to the provisions of Section 14666 of the Government Code of the State of California, hereby grants to GRANTEE a non-exclusive, perpetual easement to engage in or invite or permit others to engage in the activities and uses set forth below (collectively, the “**Non-Exclusive Easement**”), as GRANTEE may determine in GRANTEE's sole discretion exercised in good faith is required for GRANTEE's continued Hydro Project Activities and Electric Activities, including the continued operation and maintenance of Hydroelectric Facilities and associated Water Delivery Facilities, and Electric Facilities (collectively the “**Permitted Uses**”):

- a. The right of GRANTEE and/or GRANTEE's agents, employees, contractors, subcontractors of any tier, and invitees (collectively "**GRANTEE's Representatives**") to operate and maintain existing and future Hydroelectric Facilities and associated Water Delivery Facilities within the Easement Area, including project replacements and improvements required to meet existing and future water delivery and other requirements for power generation and consumptive water use by existing and future users, compliance with any applicable license issued by the FERC ("**FERC License**"), FERC License renewal, or other regulatory requirements.
- b. The right of GRANTEE and GRANTEE's Representatives to conduct any and all uses and activities within the Easement Area now or at any time in the future deemed necessary or appropriate by GRANTEE in GRANTEE's sole discretion exercised in good faith in connection with the generation of hydroelectric energy, including, but not limited to the operation, repair, alteration, replacement and expansion of existing Hydroelectric Facilities and Water Delivery Facilities, and the construction, operation, repair, alteration, replacement and expansion of new Hydroelectric Facilities and Water Delivery Facilities.
- c. The right of GRANTEE and GRANTEE's Representatives to use, maintain, establish, construct, alter, expand and improve water sources, courses, and bodies upon and within the Property, and to take, divert and appropriate water.
- d. The right of GRANTEE and GRANTEE's Representatives to increase or otherwise modify water storage capacities of Water Delivery Facilities within the Easement Area.
- e. The right of GRANTEE and GRANTEE's Representatives to conduct any and all uses and activities within the Easement Area currently or in the future deemed necessary or appropriate by GRANTEE in GRANTEE's sole discretion exercised in good faith to comply with any applicable FERC License or other regulatory requirements, including any amendments thereto and replacements thereof, and with applicable regulations and orders of the FERC or other regulatory agencies.
- f. The right of GRANTEE and GRANTEE's Representatives to conduct any and all uses and activities now or at any time hereafter deemed necessary or appropriate by GRANTEE in GRANTEE's sole discretion exercised in good faith to comply with the Federal Power Act (Title 16 United States Code, Chapter 12).
- g. The right of GRANTEE and GRANTEE's Representatives to decommission all or any portion of existing and future Hydroelectric Facilities and associated Water Delivery Facilities in accordance with any applicable FERC License.
- h. The right of GRANTEE and GRANTEE's Representatives to access the Easement Area to operate and maintain GRANTEE's existing and future facilities for the transformation, transmission and distribution of electric energy, and for communication purposes within the strips of land described below and also the right to construct, install, repair, enlarge, improve, reconstruct, replace, remove, maintain and use the same as GRANTEE shall at any time and from time to time deem necessary, together with the rights to excavate for, construct, install, repair, enlarge, improve, reconstruct, replace, remove, maintain and use, at any time and from time to time, additional facilities for the transformation, transmission and distribution of electric energy, and for communication purposes, consisting of such devices and equipment with suitable concrete pads and adequate protection therefor necessary for transforming electric energy, one or more lines of towers, poles and/or other structures, wires and cables, including both underground and overhead ground wires, and all necessary and proper foundations, footings, cross arms and other

appliances and fixtures for use in connection with said towers, poles and/or other structures, wires and cables; all to be on land described as follows:

- (a). The strips of land described in **Exhibit E** (excluding Strip 6 described therein) and shown on **Exhibit F**, attached hereto and made a part hereof ("**Non-Exclusive Electrical Strips**").
2. **Grant of Exclusive Easement.** STATE, pursuant to the provisions of Section 14666 of the Government Code of the State of California, hereby grants to GRANTEE an exclusive, perpetual easement (collectively, the "**Exclusive Easement**") for GRANTEE and GRANTEE's Representatives to operate and maintain, within Strip 6 described in **Exhibit E** and shown on **Exhibit F**, attached hereto and made a part hereof ("**Exclusive Electrical Strip**"), GRANTEE's existing and future facilities for the transformation, transmission and distribution of electric energy, and for communication purposes within the Exclusive Electrical Strip and also the exclusive right to construct, install, repair, enlarge, improve, reconstruct, replace, remove, maintain and use the same within the Exclusive Electrical Strip, with the exclusive rights to excavate for, construct, install, repair, enlarge, improve, reconstruct, replace, remove, maintain and use within the Exclusive Electrical Strip, at any time and from time to time, additional facilities for the transformation, transmission and distribution of electric energy, and for communication purposes, consisting of such devices and equipment with suitable concrete pads and adequate protection therefor necessary for transforming electric energy, one or more lines of towers, poles and/or other structures, wires and cables, including both underground and overhead ground wires, and all necessary and proper foundations, footings, cross arms and other appliances and fixtures for use in connection with said towers, poles and/or other structures, wires and cables, all as GRANTEE may determine in GRANTEE's sole discretion exercised in good faith is required for GRANTEE's continued Permitted Uses.

Collectively, the Non-Exclusive Electrical Strips and the Exclusive Electrical Strip, are hereinafter referred to as the "**Electrical Strips.**"

3. **Additional Non-Exclusive Easements.** STATE, pursuant to the provisions of Section 14666 of the Government Code of the State of California, hereby grants to GRANTEE a non-exclusive, perpetual easement to engage in or invite or permit others to engage in the activities and uses set forth below (collectively, the "**Additional Easements**"), as GRANTEE may determine in GRANTEE's sole discretion exercised in good faith is required for GRANTEE's continued Permitted Uses:
 - a. The non-exclusive right of ingress to and egress over and across the Property by means of the existing roads and lanes thereon and/or any replacement or relocation thereof (collectively, "**Access Roads**") or by such route or routes as shall occasion the least practicable damage and inconvenience to STATE and to use said Access Roads or routes to provide access to any of GRANTEE's easements and facilities on lands adjacent to said real property.
 - b. The non-exclusive right of GRANTEE and GRANTEE's Representatives to install, maintain and use gates in all fences which now or in the future cross the Property, and in the event locked gates are placed in fences now or hereafter crossing Access Roads or routes, GRANTEE shall provide locks in such a manner that the gates may be used without disturbing the locks of others.
 - c. The right from time to time to enlarge, improve, reconstruct, relocate and replace any poles, towers or other structures constructed hereunder with any other number or type of poles or towers or other structures either in the original location or at any alternate location or locations within said Electrical Strips.

- d. The right to use such portion of said lands contiguous to said Electrical Strips as may be reasonably necessary in connection with the excavation, construction, reconstruction, replacement, removal, maintenance and inspection of said facilities.
- e. The right, from time to time, to trim or to cut down any and all trees and brush now or hereafter within the Easement Area, Access Roads, and/or routes and shall have the further right, from time to time, to trim and cut down trees and brush within the Property which now or hereafter in the opinion of Grantee may interfere with or be a hazard to the facilities installed hereunder, or as Grantee deems necessary to comply with applicable state or federal regulations.
- f. The right to mark the location of the Electrical Strips by suitable markers set in the ground; provided that said markers shall be placed in fences or other locations which will not interfere with any reasonable use STATE shall make of said easement area.

The Non-Exclusive Easement, the Exclusive Easements and the Additional Easements are collectively referred to herein as the "**Easement.**"

- 4. "Required" Exercise. An exercise of the Easement shall be "required" (as used in the preceding Sections 1, 2 and 3 above where GRANTEE determines in its sole discretion exercised in good faith that such exercise is necessary to fulfill requirements or directives of any one or more of the following: (a) the CPUC or the FERC; (b) other local, state or federal governmental entities; (c) any applicable law, ordinance, rule or regulation of local, state or federal governmental entity; (d) any third party agreement entered into by GRANTEE in good faith or by which GRANTEE is bound; or (e) professional engineering and design standards governing the ownership, maintenance, and/or operation of the Hydroelectric Facilities and associated Water Delivery Facilities and/or Electric Facilities.
- 5. Notification and Consultation. GRANTEE will use reasonable efforts to notify and consult with STATE in advance of the exercise of the PG&E Reserved Rights and use reasonable efforts to employ methods and practices that will not significantly impair the beneficial public values of the Property except in the event of emergency response or for routine maintenance with no excavation.
- 6. Nature of Easement. This Agreement creates an easement and runs with the land in accordance with California Civil code sections 1460 – 1461. Each covenant of either party to this Agreement to do or refrain from doing some act stated in this Agreement is expressly for the benefit of the land of the other party to this Agreement which is described in this Agreement. Each covenant runs with the land owned by or granted to the STATE and will benefit or be binding on each successive owner, during his, her, or its ownership, of any portion of the land affected by this Agreement and on each person having any interest in it derived through any owner thereof. This Agreement shall be recorded in the Official Records of the County.
- 7. Opportunity to Cure. If STATE, in its reasonable discretion, determines that a violation of the terms, covenants or conditions of the Agreement, including, but not limited to, use of the Easement Area beyond the Permitted Uses, has occurred, STATE shall give written notice to GRANTEE of such violation and specify the corrective action to cure the violation (the "**Corrective Notice**"). If GRANTEE fails to cure the violation to the reasonable satisfaction of STATE within one hundred and twenty (120) calendar days after receipt of the Corrective Notice, or under circumstances where the violation cannot be cured within a one hundred and twenty (120) day period, fails to begin curing such violation within such one hundred and twenty (120) day period, or fails to continue diligently to cure and finally cure such violation to the reasonable satisfaction of STATE, such continued violation shall be deemed a breach of this Agreement and

STATE shall have the right to pursue any right or remedy as provided herein or at law or in equity; provided, however, that STATE shall not have the right to terminate the Easement. Any delay by STATE in providing notice to GRANTEE of a violation or after default of any of the terms, conditions or covenants to be performed, kept or observed by GRANTEE or GRANTEE's successors and assigns shall not be deemed a waiver on the part of STATE of (i) any right or remedy as provided herein or at law or in equity, or (ii) be construed to be or act as a waiver of any of the terms, covenants or conditions herein contained to be performed, kept and observed by GRANTEE or GRANTEE's successors and assigns. Nothing contained herein shall be deemed to limit GRANTEE's right to challenge a breach or material breach declared by STATE under this Paragraph.

8. **Restrictions.** STATE agrees that it shall not plant any trees, crops, vines or other vegetation that naturally exceeds a height of ten feet (10') at maturity within the Electrical Strips. STATE shall not:
 - (a). erect or construct any building or other structure, or drill or operate any well, or construct any reservoir or other obstruction, or add to the ground level within the immediate area of the then-existing Hydroelectric Facilities and associated Water Delivery Facilities without first submitting a work plan for GRANTEE's review and approval which approval will not be unreasonably withheld, conditioned or delayed. The work plan shall include an engineered design (if applicable), a scope of work, and an approximate schedule for commencement and completion;
 - (b). erect or construct any building or other structure, or drill or operate any well, or construct any reservoir or other obstruction, or add to the ground level within the Electrical Strips, which in the good faith sole discretion opinion of GRANTEE, constitute a hazard to persons or property, including the Hydroelectric Facilities and associated Water Delivery Facilities located within the Electrical Strips;
 - (c). deposit, or permit or allow to be deposited, earth, rubbish, debris or any other substance or material, whether combustible or noncombustible, within the Electrical Strips, which in the good faith sole discretion opinion of GRANTEE, constitute a hazard to persons or property, including the Hydroelectric Facilities and associated Water Delivery Facilities located within the Electrical Strips;
 - (d). grant any easement on, over, or under said Exclusive Electrical Strips without the written consent of GRANTEE; and
 - (e). STATE and GRANTEE acknowledge and agree that paragraphs 6 (b) and 6(c) are not intended to restrict STATE's forest management activities that are performed outside of the Electrical Strips.
9. **STATE Reservation.** STATE and STATE's agents, employees, licensees, lessees, invitees, contractors, and subcontractors of any tier, reserves the right to access and use the Easement Area and the Access Roads (the "**STATE Reservation**"), as long as STATE'S' use does not unreasonably interfere with GRANTEE's Permitted Uses of the Easement Area and Access Roads. Additionally, STATE may install fences and underground pipelines with the written consent of GRANTEE which consent shall not be unreasonably withheld.
10. **Further Grants.** STATE agrees to grant future easements at no cost to GRANTEE, with substantially the same provisions described herein, that are necessary for the future installation of Electric Facilities outside of the Electrical Strips ("**Future Easements**"), as long as said Future Easements do not unreasonably interfere with STATE's use of the Property.

11. Exhibits. The following Exhibits are attached to this Agreement and incorporated by reference herein.

- a. Exhibit A Legal Description of Property
- b. Exhibit A-1 Property Maps
- c. Exhibit B [Intentionally Deleted]
- d. Exhibit C Description of Easement Area
- e. Exhibit D Map Description of Easement Area
- f. Exhibit E Description of Electrical Strips
- g. Exhibit F Map Description of Electrical Strips
- h. Exhibit G Additional Terms and Conditions

[SIGNATURES BEGIN ON PAGE 8]

STATE:

**AUTHORIZED PER GOVERNMENT CODE
§14666**

STATE OF CALIFORNIA
DEPARTMENT OF GENERAL SERVICES

BY: _____
MICHAEL P. BUTLER, CHIEF
REAL PROPERTY SERVICES SECTION

DATED: _____

**APPROVED PER GOVERNMENT CODE
§14666:**

STATE OF CALIFORNIA
DEPARTMENT OF FORESTRY AND FIRE
PROTECTION

BY: _____
[INSERT NAME AND TITLE]

DATED: _____

GRANTEE:

PACIFIC GAS AND ELECTRIC COMPANY,
a California corporation

BY: _____
ANDREW K. WILLIAMS
VICE PRESIDENT
SHARED SERVICES

DATED: _____

EXHIBIT A

Legal Description of Property
(Attached behind this Page)

EXHIBIT A-1

Property Maps
(Attached behind this Page)

EXHIBIT B

[Intentionally Deleted]

EXHIBIT C

Description of Easement Area

See Exhibit A. The Property is the Easement Area.

EXHIBIT D

Map Description of Easement Area

See Exhibit A-1. The Property is the Easement Area.

EXHIBIT E

Description of Electrical Strips
(Attached behind this Page)

EXHIBIT F

Map Description of Electrical Strips
(Attached behind this Page)

EXHIBIT G

ADDITIONAL TERMS AND CONDITIONS

This Agreement and the Easement herein granted to GRANTEE is subject to the following additional terms and conditions:

1. All rights and obligations of STATE and SLT under the Conservation Easement are subject to the GRANTEE's rights conveyed pursuant to this Agreement.
2. This Easement is subject to existing contracts, leases, licenses, easements, encumbrances, and claims of record which may affect the Property and the use of the words "grant" and "reservation" herein shall not be construed as a covenant against the existence of any thereof.
3. GRANTEE acknowledges and covenants that their use of the Easement shall comply with the Land Conservation Commitment and Governing Documents.
4. GRANTEE agrees, at its sole cost and expense, to indemnify, protect, defend with counsel acceptable to STATE, and hold harmless STATE and its agencies, departments, boards, offices, commissions, officers, employees, agents, and representatives (collectively "Indemnitees"), from and against any and all claims, demands, damages, losses, liabilities, obligations, penalties, fines, actions, causes of action, judgments, suits, proceedings, costs and expenses (including, without limitation, reasonable attorneys' fees, court costs, administrative procedural costs and experts' fees) of any kind or nature whatsoever which may at any time be imposed upon, incurred or suffered by, or asserted or awarded against, Indemnitees relating to or arising directly or indirectly from: (i) GRANTEE's or GRANTEE's Representatives' occupation and use of the Easement Area and/or Access Roads pursuant to this Agreement; (ii) GRANTEE's or GRANTEE's Representatives' use, handling, generation, storage, release, transport, threatened release or disposal of Hazardous Substances on or around the Easement Area and/or Access Roads on or after the date of this Agreement; and (iii) any required or necessary remediation, repair, cleanup or detoxification and the preparation of required plans which occurs as a result of GRANTEE's or GRANTEE's Representatives' use, generation, storage, release, transport threatened release or disposal of Hazardous Substances on or around the Easement Area and/or Access Roads on or after the date of this Agreement. For the purposes of this Paragraph, "Hazardous Substances" means any hazardous or toxic material or waste that is or becomes regulated by the laws of any local governmental authority, the State of California or the United States Government under any Environmental Requirements applicable to the PARTIES in the management of property owned by them. Hazardous Substances may be defined differently based on the laws, regulations and policies applicable to each of the PARTIES to this Agreement. For purposes of this Agreement, Hazardous Substances may include, without limitation, any material or substance:
 - a. 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 (42 U.S.C. § 9601 et seq.) ("CERCLA"); the Hazardous Materials Transportation Act (49 U.S.C. § 1801 et

seq.); the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.); the Federal Water Pollution Control Act (33 U.S.C. § 1251 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 Safe Drinking Water Act (33 U.S.C. § 300f et seq.); the River and Harbors Act of 1899 (33 U.S.C. §§ 401 et seq.); the National Emission Standard for Hazardous Air Pollutants for Asbestos (40 C.F.R. §§ 61.140 et seq.), the OSHA Construction Standard (29 C.F.R. §§ 1926.1001 et seq.); the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.); the Oil Pollution Act (33 U.S.C. § 300f et seq.); the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. §§136 et seq.); the Emergency Planning and Community Right-to-Know Act (42 U.S.C. § 11001 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 Medical Waste Management Act (Cal. Health and Safety Code §§25015 et seq.); the Porter-Cologne Water Quality Control Act (Cal. Water Code § 13020 et seq.); the Safe Drinking Water and Toxic Enforcement Act of 1986 (Cal. Health & Safety Code § 25249.5 et seq.); the Carpenter-Presley-Tanner Hazardous Substance Account Act (Cal. Health and Safety Code §§25300 et seq.); the Hazardous Waste Control Act (Cal. Health & Safety Code § 25100 et seq.); and all rules and regulations of the United States or California Environmental Protection Agency or any successor agency, or any other state or federal department, board or agency, or any other agency or governmental board or entity having jurisdiction, as any of the foregoing have been, or are hereafter amended from time to time; or

- b. that is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise hazardous, and is now or hereafter regulated as a Hazardous Substance by any governmental authority, agency, department, commission, board, agency or instrumentality of the United States, any State of the United States or any political subdivision thereof having jurisdiction over the PARTIES to this Agreement; or, as applicable to GRANTOR, 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
- c. the presence of which on the Property poses or threatens to pose a hazard to the health or safety of persons or to the environment; or
- d. that contains gasoline, diesel fuel or other petroleum hydrocarbons; or
- e. that contains lead-based paint or other lead contamination, polychlorinated biphenyls ("PCBs") or asbestos or asbestos-containing materials or urea formaldehyde foam insulation; or
- f. that contains radon gas.

GRANTEE's duty to defend Indemnitees, is separate from, independent of and free-standing of GRANTEE's duty to indemnify Indemnitees under this Agreement, and applies whether the issue of the PARTIES negligence, breach of contract or other fault or obligations has in any way been determined. GRANTEE's indemnity obligations under this Agreement shall not extend to that portion of such loss or damage that shall have been caused by any of the Indemnitees' comparative negligence or willful misconduct. GRANTEE shall have no cleanup liability, nor any obligation to defend, hold harmless or indemnify under this Agreement from and against any claims resulting from any pre-existing

Hazardous Substances conditions. This indemnity shall survive the termination of this Agreement.

5. Prior to any entry onto the Easement Area or the Access Roads under the terms of this Agreement, GRANTEE and GRANTEE's Representatives shall each, at their own expense, provide STATE evidence of insurance as follows:
 - a. Commercial General Liability – GRANTEE and GRANTEE's Representatives shall maintain general liability on an occurrence form with limits not less than \$1,000,000 per occurrence and \$2,000,000 aggregate for bodily injury and property damage liability. The policy must include coverage for liabilities arising out of premises operations, independent contractors, products/completed operations, personal & advertising injury and liability assumed under an insured contract. This insurance shall apply separately to each insured against whom claim is made or suit is brought subject to the GRANTEE's and/or GRANTEE's Representatives limit of liability. The policy must include: **Department of Forestry and Fire Protection, State of California, its officers, agents and employees as additional insureds**. This endorsement must be supplied under form acceptable to DGS' Office of Risk and Insurance Management.
 - b. Automobile Liability – GRANTEE and GRANTEE's Representatives shall maintain motor vehicle liability with limits not less than \$1,000,000 combined single limit per accident. Such insurance shall cover liability arising out of a motor vehicle including owned, hired and non-owned motor vehicles. The same additional insured designation and endorsement required for general liability is to be provided for this coverage.
 - c. Workers' Compensation and Employers' Liability – GRANTEE and GRANTEE's Representatives shall maintain statutory workers' compensation and employers' liability for all employees who will be engaged in the performance of any work and/or maintenance related to the Easement Area and/or the Access Roads. Employers' liability limits of \$1,000,000 are required. Workers' compensation policy shall contain a waiver of subrogation endorsement in favor of the STATE.
 - d. GRANTEE shall have the right to self-insure with respect to any insurance requirements under this Agreement. In the event GRANTEE elects to self-insure with respect to any insurance requirements under this Agreement, GRANTEE shall submit a letter of self-insurance signed by a duly authorized representative to STATE, evidencing that the self-insurance program is in full force and effect and in compliance with and subject to all the terms, agreements, covenants, conditions and provisions of this Agreement.
6. GRANTEE understands that this Easement will be located within a State forest, and GRANTEE agrees to abide by certain regulations and restrictions set forth in subparagraphs a. through d. of this Paragraph, concerning GRANTEE'S access and use of the Easement Area and/or the Access Roads:

- a. Use of any part of the Property outside of the Easement Area, Access Roads, and/or routes for any reason by GRANTEE or GRANTEE's Representatives shall be restricted to that use reasonably necessary in connection with the construction, operation, maintenance and repair of the Hydroelectric Facilities and associated Water Delivery Facilities, and Electric Facilities.
 - b. GRANTEE shall be solely responsible for the maintenance and repair of any damage caused by its use of the Easement Area at no cost to STATE. GRANTEE further agrees that any erosion or drainage problems caused by the use of the Easement Area by GRANTEE and GRANTEE's Representatives shall be corrected by GRANTEE without cost to STATE and to the reasonable satisfaction of the STATE.
 - c. GRANTEE shall be solely responsible for the repair of any damage caused by its use of the Access Roads and/or routes, excluding fair wear and tear from normal usage. For so long as the Access Roads and routes shall exist in private ownership, STATE and GRANTEE and their respective successors and assigns, shall bear the expenses of the reasonable maintenance of the Access Roads and/or routes in proportion to their respective use. Reasonable maintenance shall include such work as is necessary to maintain said Access Roads and/or routes in their existing condition as unpaved roads in good, usable condition, but shall not include the enlargement of or betterment of the Access Roads and/or routes.
 - d. GRANTEE shall not consent to the use of the Easement Area, Access Roads, and/or routes by any member of the general public not associated with any of the Permitted Uses without first obtaining written approval from STATE.
7. In making any excavation in the Easement Area and/or the Access Roads, GRANTEE shall make all excavation activities available to the STATE archaeologist for observation and monitoring. During excavation, the STATE archaeological monitor may observe and report to the STATE on all excavation. STATE archaeological monitor shall be empowered to stop construction activities in the event the monitor determines that significant cultural resource values are being disturbed. In the event that significant cultural resource values are being disturbed, all work within thirty feet (30') of the find shall be immediately halted.

Should GRANTEE or GRANTEE's Representatives find any cultural or historical resources in the absence of a STATE archaeologist, GRANTEE covenants to halt all work within thirty feet (30') of the find and immediately notify the STATE archaeological monitor. GRANTEE further covenants that work shall not resume within thirty feet (30') of the find until authorized by the STATE archaeological monitor. Should human bone or bones of questionable appearance be disturbed during excavation, GRANTEE agrees to halt all excavation within thirty feet (30') until the County Coroner and a representative of the local Native American community have examined the remains and determined redisposition. The archaeological conditions shall comply with STATE directives, policies, regulations and laws, including, but not limited to, Public Resources Code §5024 and §5097 which outline procedures in the event Native American remains are discovered. Work shall not resume in the area of the find until authorized by the STATE archaeological monitor.

GRANTEE and/or GRANTEE's Representatives shall provide a work schedule to STATE so that the STATE archaeological monitor can arrange to be on site on the necessary days; GRANTEE agrees to notify the STATE archaeologist of any preconstruction meetings with GRANTEE's Representatives. Except in the case of emergencies the archaeologist should be provided at least two (2) weeks advanced notice of the construction start date. In the event of emergency work, GRANTEE will provide notice to the archaeologist within one (1) week of when the emergency work is discovered.

8. This Agreement shall be governed and construed by the laws of the State of California. The successive owners of the Property are bound by this Easement for the benefit of the GRANTEE. This Easement will be permanent and perpetual except as specifically provided herein.

9. GRANTEE shall have sole responsibility for obtaining all applicable city and county authorizations necessary to enjoy this Easement. STATE agrees to provide such reasonable cooperation, subject to reimbursement by GRANTEE of STATE's administrative expenses, as may be deemed appropriate by STATE to enable GRANTEE to implement and exercise the rights granted herein, including but not limited to the completion and/or execution of any applications, rights of access, and other supporting or required documentation necessary to GRANTEE'S processing and obtaining local, state and federal approvals of the Permitted Uses on the Easement Area and/or the Access Roads.

10. Any notice, tender, delivery, or other communication pursuant to this Agreement shall be in writing and shall be deemed to be properly given if delivered, mailed or sent by wire or other telegraphic communication in accordance with the time frames and any other requirements provided in this Agreement, to the following persons:

STATE: State of California
Department of Forestry & Fire Protection
1300 U Street (A-45)
Sacramento, CA 95817
Attn: Technical Services Section

With copies to: Department of General Services
707 Third Street, 5th Floor (MS 505)
West Sacramento, CA 95605
Attn: RESD/RPSS--Acquisitions Unit

GRANTEE: Manager, Hydro Support
Pacific Gas and Electric Company
2730 Gateways Oaks, Suite 220
Sacramento, CA 95833

With copies to: Law Department
Pacific Gas and Electric Company
P.O. Box 770000, Mail Code N10A
San Francisco, CA 94177

Re: Land Conservation Commitment

The PARTIES may change the person to be provided notice or the address for notices to be sent by giving notice pursuant to this section.

Attachment G

Environmental Agreement – (Fee Donee)

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

PACIFIC GAS AND ELECTRIC COMPANY
245 Market Street, N10A, Room 1015
P.O. Box 770000, Mail Code N10A
San Francisco, CA 94177

WITH A COPY TO:

State of California – Official Business
Department of General Services
707 3rd Street, MS-501
West Sacramento, CA 95605
Attention: Mike Butler

**ENVIRONMENTAL AGREEMENT
(Fee Grantee)**

THIS ENVIRONMENTAL AGREEMENT ("Agreement"), dated _____, _____, executed by and between the STATE OF CALIFORNIA, acting by and through the DEPARTMENT OF FORESTRY AND FIRE PROTECTION ("STATE") and PACIFIC GAS AND ELECTRIC COMPANY, a California corporation ("GRANTOR"), is entered into with reference to that certain Property Acquisition Agreement dated _____, _____, by and between STATE and GRANTOR ("Transaction Agreement"), pursuant to which GRANTOR is conveying to STATE fee title to that certain real property legally described in Exhibit A hereto and made a part hereof, and shown on Exhibit A-1 hereto and made a part hereof (the "Property"). GRANTOR and STATE are collectively referred to herein as the "PARTIES" and each is sometimes referred to as a "PARTY."

In consideration of, and as a material inducement to, GRANTOR's conveyance of the Property to STATE and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, GRANTOR and STATE hereby agree as follows:

1. Definitions. The following terms have the meanings ascribed to them below for purposes of this Agreement:

1.1. "Applicable Laws" means all present and future laws, statutes, regulations, rules, ordinances, codes, licenses, permits, orders, approvals, plans, authorizations, judicial, administrative and regulatory decrees, directives and judgments of all governmental agencies, departments, commissions and boards that regulate the conduct of either GRANTOR or STATE in the management of their respective real property or Hazardous Substances (defined below in Paragraph 1.5); provided, however, that nothing in this Agreement is intended to express or imply consent of the STATE to the regulation of its conduct under any law, regulation, order, policy or other provision of any unit of local government the application of which the California State Legislature has not previously expressly waived the sovereign immunity of the STATE.

1.2. "Closing Date" means the date on which the Grant Deed is recorded in the Official Records of the County of Shasta conveying fee title to the Property to STATE pursuant to the terms of the Transaction Agreement.

1.3. "Environmental Requirements" means Applicable Laws regulating the actions of GRANTOR or STATE 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, without limitation, all requirements and regulations pertaining to reporting, licensing, permitting, investigating and remediating emissions, discharges, releases or threatened releases of Hazardous Substances, whether solid, liquid or gaseous in nature, into the air, surface water, or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Substances, whether solid, liquid or gaseous in nature. The Environmental Requirements applicable to each PARTY may differ based on the laws, regulations and policies regulating the actions of each PARTY.

1.4. "Grant Deed" means the Grant Deed and Reservation of Rights conveying title to the Property from GRANTOR to STATE.

1.5. "Hazardous Substances" means any hazardous or toxic material or waste that is or becomes regulated by the laws of any local governmental authority, the State of California or the United States Government under any Environmental Requirements. applicable to either GRANTOR or STATE in the management of property owned by either. Hazardous Substances may be defined differently based on the laws, regulations and policies applicable to each PARTY to this Agreement. For purposes of this Agreement, Hazardous Substances may include, without limitation, any material or substance:

(a) 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 (42 U.S.C. § 9601 et seq.) ("CERCLA"); the Hazardous Materials Transportation Act (49 U.S.C. § 5101 et seq.); the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.); the Federal Water Pollution Control Act (33 U.S.C. § 1151 et seq.); the Clean Air Act (42 U.S.C. § 7401 et seq.); the Safe Drinking Water Act (42 U.S.C. § 300f et seq.); the River and Harbor Act of 1899 (33 U.S.C. § 401 et seq.); the National Emission Standard for Asbestos (40 C.F.R. § 61.140 et seq.), the OSHA Construction Standards (29 C.F.R. § 1926.1001 et seq.); the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.); the Oil Pollution Act (33 U.S.C. § 2701 et seq.); the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. §136 et seq.); the Emergency Planning and Community Right-to-Know Act (42 U.S.C. § 11001 et seq.); the Atomic Energy Act of 1954, (42 U.S.C. §2011 et seq.); the Nuclear Waste Policy Act of 1982 (42 U.S.C. §10101 et seq.); the Medical Waste Management Act (Cal. Health & Safety Code §25015 et seq.); the Porter-Cologne Water Quality Control Act (Cal. Water Code § 13000 et seq.); the Safe Drinking Water and Toxic Enforcement Act of 1986 (Cal. Health & Safety Code § 25249.5 et seq.); the Carpenter-Presley-Tanner Hazardous Substance Account Act (Cal. Health and Safety Code § 25300 et seq.); the Hazardous Waste Act (Cal. Health & Safety Code § 25100 et seq.); and all rules and regulations of the United States or California Environmental Protection Agency or any successor agency, or any other state or federal department, board or agency, or any other agency or governmental board or entity having jurisdiction, as any of the foregoing have been, or are hereafter amended from time to time; or

(b) that is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise hazardous, and is now or hereafter regulated as a Hazardous Substance by any governmental authority, agency, department, commission, board, agency or instrumentality of the United States, the State of California or any political subdivision thereof having jurisdiction over either PARTY to this Agreement; or which causes, or is listed by the State of California as being known to the State of California to cause, cancer or reproductive toxicity; or

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

(d) that contains gasoline, diesel fuel or other petroleum hydrocarbons; or

(e) that contains lead-based paint or other lead contamination, polychlorinated biphenyls or asbestos or asbestos-containing materials or urea formaldehyde foam insulation; or

(f) that contains radon gas.

1.6. "Necessary Remediation" means Remediation required by any governmental agency having jurisdiction over the Remediation pursuant to the applicable Environmental Requirements, to address a Hazardous Substances release or disposal, or to enable the current use of the Property as of the Closing Date.

1.7. "Remediation" refers to the process of, and all work and planning performed in connection with, the investigation, testing for, monitoring, remediation, containment, transportation, removal and disposal or recycling of Hazardous Substances from the Property and any other property to which Hazardous Substances originating on the Property have migrated or may migrate in the future, and the repair and restoration of the Property, and restoration and mitigation of affected natural resources, regardless of whether such actions are required by applicable Environmental Requirements.

2. History of Use and Current Uses of the Property.

2.1. GRANTOR has prepared certain Environmental Reports concerning the Property. Copies of these Environmental Reports as described on Exhibit B (the "Environmental Reports") have been provided to STATE.

2.2. STATE has prepared an Environmental Site Assessment dated May, 2020.

3. Environmental Agreement. GRANTOR and STATE agree that each will comply with Applicable Laws regulating the conduct of each with respect to any storage, disposal or release of a Hazardous Substance in, on or to the Property based on Environmental Requirements applicable to each PARTY.

3.1. GRANTOR's obligations under this Paragraph 3 are supplemented by the "Stipulation Resolving Issues Regarding Land Conservation Commitment dated April 22, 2002, and filed with the Public Utilities Commission of the State of California" filed in the Commission's Investigation I02-04-026 under the Commission's "Order Instituting Investigation into the

Ratemaking Implications for Pacific Gas and Electric Company (PG&E) Pursuant to the Commission's Alternative Plan of Reorganization Under Chapter 11 of the Bankruptcy Code for PG&E in the United States Bankruptcy Court, Northern District of California, San Francisco Division, In re Pacific Gas and Electric Company, Case No. 01-30923DM (U 39M)" (hereafter "Stipulation"). In the Stipulation, GRANTOR agreed, among other provisions, to convey some of the lands it owns under the terms in the Stipulation to suitable donees, and further agreed as follows:

"In disposition of fee title, PG&E will hold the donee harmless for hazardous waste or substance liability, provided that PG&E may decline to agree to such disposition unless the Commission first authorizes PG&E to recover the costs of such liability and any associated mitigation or remediation in rates. In the absence of such authorization related to fee title, PG&E will convey a conservation easement that holds the donee harmless for such liability; provided that no such easement will permit any use that increases human exposure to hazardous waste or substance, unless the Commission first authorizes PG&E to recover the costs of any necessary mitigation or remediation in rates."

The terms of the Stipulation were formally adopted and approved by the California Public Utilities Commission by Decision 03-12-035, issued December 18, 2003, in Investigation I.02-04-026 and apply to this donation.

3.2. STATE warrants that it has no actual knowledge of any release or threatened release of Hazardous Substances in, on, to, beneath or from the Property except as disclosed in Paragraph 2, above. As used herein, the "actual knowledge" of the STATE means the current actual, not imputed, knowledge of STATE's Representative, without any duty of investigation or inquiry. As used herein, "STATE's Representative" means Dakota Smith, who is the employee of STATE familiar with the Property.

3.3. GRANTOR's obligation under this Agreement with regard to Hazardous Substances is limited to the Necessary Remediation of Hazardous Substances which were released onto the Property prior to the Closing Date. None of the forgoing limits GRANTOR's obligations under any Applicable Laws.

3.4. GRANTOR's retention of responsibility in this Paragraph 3 shall exclude:

(a) Remediation of naturally-occurring Hazardous Substances;

(b) Remediation of Hazardous Substances present at background or ambient concentrations;

(c) Remediation of Hazardous Substances in excess of Necessary Remediation, if any, that otherwise would have been the responsibility of GRANTOR in accordance with this Agreement, where such excess Remediation is caused by STATE or as a result of STATE's negligence, including Remediation necessitated by STATE's exacerbation of a Hazardous Substance release present as of the Closing Date. The preceding sentence is not intended to allocate GRANTOR's responsibility to undertake Necessary Remediation to STATE as otherwise would have been required by GRANTOR in accordance with this Agreement; and

(d) Liability to parties other than STATE (i.e. successors and assigns of STATE).

None of the forgoing in this Section 3.4 limits GRANTOR's obligations under any Applicable Laws.

4. Performance and Completion of Necessary Remediation. Any Necessary Remediation performed hereunder shall be conducted in a manner consistent with applicable Environmental Requirements and shall be considered complete when the PARTY conducting the Necessary Remediation obtains from the California Department of Toxic Substances Control or other governmental agency with jurisdiction over the matter, a "No Further Remedial Action Required Letter," "Certificate of Completion," or similar governmental certification indicating that additional Remediation is not required for the current land use from the governmental agency with jurisdiction over the performance of the Necessary Remediation. STATE shall allow GRANTOR necessary and reasonable access to the property to perform any Necessary Remediation that GRANTOR is required to perform under the terms of this Agreement on such terms and conditions as are mutually agreed by the PARTIES.

5. Dispute Resolution. In the event of a disagreement or dispute related to this Agreement, the PARTIES hereto agree first to seek an administrative resolution of the dispute by meeting prior to resorting to legal action for enforcement of this Agreement. The meeting will involve representatives for each of the PARTIES with an appropriate level of authority to consider and attempt to resolve the disputed matter. Each PARTY shall bear its own costs for participation in the administrative dispute resolution ("ADR") process and shall be entitled to be accompanied by in-house or outside counsel. Either PARTY may give the other PARTY written notice of any disagreement or dispute and its election to initiate the ADR process. Within thirty (30) days after delivery of said notice, the representatives will meet at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary to exchange information and to attempt to resolve the disagreement or dispute. If the matter has not been resolved within sixty (60) days of the first meeting, then either PARTY may seek relief in a court of competent jurisdiction. Notwithstanding the foregoing, either PARTY may seek equitable, legal or administrative relief pursuant to or necessary to comply with the California Tort Claims Act (generally, California Government Code §§ 810-996.6, and its progeny) or similar applicable statutes (if any) to preserve the status quo prior to participating in the ADR process or at any time during the ADR process.

6. Other Provisions.

6.1. This Agreement shall be binding upon and inure to the benefit of the heirs, assignees and other successors in interest of STATE and GRANTOR. No transfer of an interest in the Property or this Agreement by STATE or its assignees shall operate to relieve GRANTOR or STATE of their obligations hereunder. This Agreement shall not create or bestow any right in any third party. STATE and GRANTOR agree that no third party beneficiary to this Agreement exists and that nothing contained herein shall be construed as giving any other person or entity third party beneficiary status.

6.2. The failure of GRANTOR or STATE to insist upon strict compliance with any of the terms hereof shall not be considered to be a waiver of any of the other terms of this Agreement, nor shall it militate against the right of GRANTOR or STATE to insist upon strict compliance with any term of this Agreement at any later time.

6.3. This Agreement shall not constitute or be construed as an admission of liability or fact by GRANTOR or STATE for any purpose whatsoever.

6.4. STATE and GRANTOR shall execute, acknowledge and deliver to each other all documents, and shall take all actions reasonably required by each of them from time to time to confirm or effect the matters set forth herein, or otherwise to carry out the purposes of this Agreement.

6.5. The representations, warranties, covenants, and agreements of GRANTOR and STATE contained in this Agreement shall survive the recordation of the Grant Deed.

6.6. Time is of the essence of this Agreement.

6.7. This Agreement shall be governed by the laws of the State of California.

6.8. If any portion, word, clause, phrase, sentence or paragraph of this Agreement is declared void or unenforceable, such portion shall be considered independent and severable from the remainder, and the validity of the remainder of the terms of this Agreement shall remain unaffected.

6.9. This Agreement sets forth the entire understanding of STATE and GRANTOR in connection with the subject matter hereof, and each acknowledges that the other has made no statement, representation or warranty relating to the Property upon which either has relied or that acted as an inducement for either to enter into this Agreement. GRANTOR's and STATE's obligations under this Agreement may not be altered or amended in any respect except by a writing executed by both STATE and GRANTOR and recorded in the same Official Records where this Agreement is recorded.

6.10. The covenants contained in this Agreement shall survive the conveyance of title to the Property from GRANTOR to the STATE, shall be construed as running with the title to the Property conveyed by GRANTOR to STATE, and may be enforced by either PARTY, subject to the Dispute Resolution provisions in Paragraph 5, above.

6.11. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[Signature page follows]

IN WITNESS WHEREOF, GRANTOR and STATE have executed this Agreement as of the date first written above.

GRANTOR:

PACIFIC GAS AND ELECTRIC COMPANY,
a California corporation

By: _____

Andrew K. Williams
Vice President
Shared Services

STATE:

STATE OF CALIFORNIA,
Department of Forestry and Fire Protection

By: _____

Print Name: _____

Its: _____

By: _____

Print Name: _____

Its: _____

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY
(Attached behind this Page)

EXHIBIT A-1

PROPERTY MAPS
(Attached behind this Page)

EXHIBIT B

LIST OF ENVIRONMENTAL REPORTS

1. Cow Creek Environmental Site Assessment prepared by AMEC Geomatrix, Inc., dated June 8, 2011.
2. Cow Creek Environmental Site Assessment Refresh prepared by Amec Foster Wheeler Environment & Infrastructure, Inc., dated December 2015.

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of _____)

On _____, before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of _____)

On _____, before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

Stewardship Council's List of Individuals and Entities to Whom it has Provided Notice Regarding Cow Creek (CAL FIRE) Donated

WITHIN A MILE MAILING			
OWNER	CARE OF	MAIL ADDRESS	CITY, STATE & ZIP CODE
See Attached			
WATER AGENCY MAILING			
Burney Water District		20222 Hudson St	Burney, CA 96013
Fall River Mills CSD		24850 3rd St	Fall River Mills, CA 96028
Sanford Vina Irrigation District	Bill Berens	P.O. Box 248	Vina, CA 96092
Other (County) Co. Special Districts			
None			
BOARD OF SUPERVISORS MAILING			
The Honorable Joe Chimenti, District 1	Shasta County Board of Supervisor	1450 Court St. # 308B	Redding, CA 96001
The Honorable Leonard Moty, District 2	Shasta County Board of Supervisor	1450 Court St. # 308B	Redding, CA 96001
The Honorable Mary Rickert, District 3	Shasta County Board of Supervisor	1450 Court St. # 308B	Redding, CA 96001
The Honorable Steve Morgan, District 4	Shasta County Board of Supervisor	1450 Court St. # 308B	Redding, CA 96001
The Honorable Les Baugh, District 5	Shasta County Board of Supervisor	1450 Court St. # 308B	Redding, CA 96001
CITIES/TOWNS AFFECTED MAILING			
None			
NATIVE AMERICAN TRIBAL MAILING			
Redding Rancheria	Jack Potter Jr, Chairperson	2000 Redding Rancheria Road	Redding, CA 96001
Pit River Tribe of California	AgnesGonzalez, Chairperson	36970 Park Ave	Burney, CA 96013
Shasta Nation	Roy V. Hall, Jr, Chairperson	PO Box 1054	Yreka, CA 96097
Wintu Tribe of Northern California	Wade McMaster, Chairperson	PO Box 995	Shasta Lake, CA 96019
Winnemem Wintu Tribe	Caleen Sisk, Tribal Chair	14840 Bear Mountain Road	Redding, CA 96003
Wintun Educational and Cultural Council	Robert Burns	PO Box 486	Hayfork, CA 96041
Nor-Rel Muk Wintu Nation	John Hayward, Chairperson	PO Box 1967	Weaverville, CA 96093
	Howard Wyant	PO Box 34	Macdoel, CA 96058
INDIVIDUALS & ENTITIES WHO SUBMITTED COMMENTS			
Tina Eubanks	12362 Fern Rd.	Whitmore, CA 96096	
Bob Prosser	bvprosser@yahoo.com		
Dave Albrecht	198 Sprucemont Pl.	San Jose, CA	
Robert & Sherry Robinson	3871 Rancho Rd.	Redding, CA 96002	
INDIVIDUALS & ENTITIES WHO SPOKE AT BOARD MEETING ON April 29, 2020			
Kelly Sackheim			

Stewardship Council's List of Individuals and Entities to Whom it has Provided Notice Regarding Cow Creek (CAL FIRE) Donated

Kevin Conway (CAL FIRE)			
OTHER ORGANIZATIONS THAT SUBMITTED LSPs ON COW CREEK PLANNING UNIT			
NONE			

WHITMORE UN SCHOOL DIST		PO BOX 10	WHITMORE CA 96096
RONALD A ALBERTINI		PO BOX 101	WHITMORE CA 96096
DONALD WAYNE & MARY L SCHWARTZ		PO BOX 103	WHITMORE CA 96096
RAMONA & BENJAMIN FESER		PO BOX 11	WHITMORE CA 96096
DWAYNE M & TERESA G REED		PO BOX 112	WHITMORE CA 96096
LAFFERTY FAMILY LIVING TRUST	STEVEN PATRICK & LINDA JEAN LAFF	PO BOX 113	MILLVILLE CA 96062
JOAN V MILLER	JOAN V MILLER TR	PO BOX 119	WHITMORE CA 96096
PAUL POST		PO BOX 120	WHITMORE CA 96096
SADIE DAY THUET		PO BOX 13	MILLVILLE CA 96062
JERALD J BURGER		PO BOX 14	WHITMORE CA 96096
EVERETT L & LINDA L MCCLELLAN		PO BOX 145	WHITMORE CA 96096
ROBERT C MILLER		PO BOX 147	WHITMORE CA 96096
SUN HILL FAMILY REV TRUST OF 2000	JAMES R & LIA V SUBRECKY TRS	PO BOX 147	MILLVILLE CA 96062
ROBERT & SHERRY L ROBINSON		PO BOX 148	WHITMORE CA 96096
DANIEL R FIGUEROA	C/O MARGARET FIGUERO	PO BOX 149	WHITMORE CA 96096
STEVEN SNYDER		PO BOX 155	WHITMORE CA 96096
THOMAS E & MARIA E MCAFEE		PO BOX 157	WHITMORE CA 96096
BRIAN C & SEIDEL BONNIE S EVANS		PO BOX 164	WHITMORE CA 96096
JOHN S & KIMBERLY A KLAPP		PO BOX 165	WHITMORE CA 96096
BROWER FAMILY TRUST	MAYNARD G & EDITH C BROWER TR	PO BOX 176	WHITMORE CA 96096
LAURA SHACKELFORD		PO BOX 177	WHITMORE CA 96096
RONALD DOELKER		PO BOX 179	WHITMORE CA 96096
GLENN S & MARILYN B BOWEN		PO BOX 190	WHITMORE CA 96096
ROBERT J BOSER		PO BOX 2006	FERNLEY NV 89408
ROBERT D & BETTY G CLEMENTS	10767 BLUE MT RANCH RD	PO BOX 204	WHITMORE CA 96096
THEOBALD 2019 FAMILY TRUST	GRANT A & JEANINE F	PO BOX 205	WHITMORE CA 96096
DAVID P BRAGA		PO BOX 209	WHITMORE CA 96096
MORELLI RANCH LLC		PO BOX 216	MILLVILLE CA 96062
REED FAMILY TRUST	BENJAMIN L & EVELYN M REED TRS	PO BOX 221	WHITMORE CA 96096
JESS H CAMARENA		PO BOX 231	WHITMORE CA 96096
PETER W & DIANE L DUBYAK		PO BOX 233	WHITMORE CA 96096
ERIC RAYMOND & SUSAN MARIE FEAMSTER		PO BOX 235	MILLVILLE CA 96062
CARLOS & TERRI LYNN MORALES		PO BOX 239	WHITMORE CA 96096 239
CHRISTOPHER J & STEPHANIE L WELLS	CHRISTOPHER J & STEPHANIE L WELLS	PO BOX 244	WHITMORE CA 96096
MARK E & KORI M METZ		PO BOX 245	PALO CEDRO CA 96073
DIANE & JOSEPH RODRIGUES		PO BOX 26	WHITMORE CA 96096 26
WILLIAM J ROBERTS		PO BOX 264	WHITMORE CA 96096
VICTORIA A SANDS		PO BOX 277	WHITMORE CA 96096 9555
CLINTON KING LEE		PO BOX 281	WHITMORE CA 96096
TERESA E HUFFORD		PO BOX 284	BATH MI 48808
WHITMORE COMMUNITY CENTER INC		PO BOX 287	WHITMORE CA 96096
DON J & DENISE L WELLS	DON J & DENISE L WELLS TRS	PO BOX 289	WHITMORE CA 96096
RICHARD E & LINDA L RICE	RICHARD E & LINDA L RICE TRS	PO BOX 29	WHITMORE CA 96096
CHRISTOPHER DAVID WITHEY		PO BOX 296	WHITMORE CA 96096
MARGARET BRODIE	C/O ROBERT B BRODIE	PO BOX 296	KODIAK AK 99615
DEANNA LYNN WITHEY		PO BOX 3	WHITMORE CA 96096
CAMIE LOUISE WEIR		PO BOX 31	WHITMORE CA 96096
JEFF & KARRIE KISER		PO BOX 363	MILLVILLE CA 96062
KATHLEEN R MARTIN		PO BOX 37	WHITMORE CA 96096
ROBERT BRADY & MEREDITH HOPE FEAMSTER		PO BOX 382	PALO CEDRO CA 96073
PELLETIER FAMILY REVOCABLE TRUST OF	LUCIEN R & SHEILA B PELLETIER TRS	PO BOX 40	WHITMORE CA 96096
WARREN JIMISON		PO BOX 407	SHASTA LAKE CA 96019
JOAQUIN SEPULVEDA		PO BOX 462	LOS OLIVOS CA 93441
ARMSTRONG LIVING TRUST	KAREN L ARMSTRONG TR	PO BOX 492693	REDDING CA 96049
BETTIE FRANCES HIXSON		PO BOX 494562	REDDING CA 96049
BRUCE A & DELLA K BRACKETT		PO BOX 494785	REDDING CA 96049 4785
JEFFREY C & JUDY B DRESEN		PO BOX 51	WHITMORE CA 96096
BERG TRUST	DONA B BERG TR	PO BOX 53	WHITMORE CA 96096
JOSE LUIS RAMIREZ		PO BOX 55	WHITMORE CA 96096
BRIAN C & GEORGIA A BUSH		PO BOX 58	WHITMORE CA 96096
TITO J RAMIREZ		PO BOX 59793	SAN JOSE CA 95159
NO CALIF CONF ASSN 7 DAY ADV	C/O NCC PROPERTY MANAGEMENT	PO BOX 619015	ROSEVILLE CA 95661
JAMES W & SHIRLEY J SCHMITT		PO BOX 63	IGO CA 96047
ROBERTA ELAINE COPPER		PO BOX 65185	PORT LUDLOW WA 98365
CHARLES & MELISSA BREHMER		PO BOX 67	WHITMORE CA 96096
MICHAEL R & BRELLO ELAINE M MEENA		PO BOX 676	CORTE MADERA CA 94976
JUSTIN D MITCHELL		PO BOX 7	WHITMORE CA 96096
SUSAN D GOODWIN		PO BOX 71	WHITMORE CA 96096
GERALD A SMITH		PO BOX 74	WHITMORE CA 96096

CHRISTINE L KNOCH		PO BOX 794	FALL RIVER MILLS CA 96028
KELLY M KAWSUNIAK	KELLY M KAWSUNIAK TR	PO BOX 81	WHITMORE CA 96096
LARRY W HUTCHERSON		PO BOX 825	BELMONT CA 94002
SUE M PLAKE		PO BOX 85	WHITMORE CA 96096
HAROLD C FISK		PO BOX 86	WHITMORE CA 96096
WILLIAM S & JUDITH B ARNOLD		PO BOX 94	WHITMORE CA 96096
ARTHUR M & GAYLE H TILLES		PO BOX 97	WHITMORE CA 96096
RED RIVER FORSTS PTNRSHIP ETAL	C/O W M BEATY & ASSOC INC	PO BOX 990898	REDDING CA 96099
SHASTA FORESTS TIMBERLANDS LLC	C/O W M BEATY & ASSOCIATES INC	PO BOX 990898	REDDING CA 96099 898
GREGORY MICHAEL B 2019 SEP PROP TR	MICHAEL B GREGORY TR	PO BOX 992747	REDDING CA 96099
KNOWLES 2012 TRUST	KENNIE C & WILMA E KNOWLES TRS	PO BOX 994732	REDDING CA 96099
WEICHING HUANG		1010 5TH AVE	OAKLAND CA 94606
DONALD D & KATHLEEN M HEATH		10222 DESCHUTES RD	PALO CEDRO CA 96073
TERY SCOTT		10363 HUFFORD RANCH RD	WHITMORE CA 96096
SAMUEL B & MOLLY FRANKLIN		10518 HUFFORD RANCH RD	WHITMORE CA 96096
ROBERT W & DIXIE L HENSLEY		10555 HONEY BEAR LN	WHITMORE CA 96096
JOHN LEON & SARAH ELIZABETH LEVY		10577 PINESEED LN	WHITMORE CA 96096
DANIEL L & SHANNON G LIVVENDAHL		10588 HIS HAVEN LN	WHITMORE CA 96096
LAURABETH BRADFORD & PATRICK JAMES SIMS		10599 TESSA LN	WHITMORE CA 96096
BERNSTEIN-PEREZ TRUST	M L BERNSTEIN & J A PEREZ TRS	1060 FULTON ST	SAN FRANCISCO CA 94117
CHARLES & AUDREY KWIATKOWSKI		10600 HIS HAVEN WAY	WHITMORE CA 96096
MARK S & LAURLEEN M SCHOLZ		10632 RIDGETOP RD	WHITMORE CA 96096
JOAQUIN SEPULVEDA		10672 RIDGETOP RD	WHITMORE CA 96096
LARRY & RUTH PATRICK	LARRY K & RUTH F PATRICK TRS	10692 BLUE MOUNTAIN RANCH RD	WHITMORE CA 96096
JAMES J JANSEN	JAMES J JANSEN JR TR	10707 HUFFORD RANCH RD	WHITMORE CA 96096
MICHAEL TALLEY		10720 HUFFORD RANCH RD	WHITMORE CA 96096
DONALD R ZLENDICK		10745 BLUE MOUNTAIN RANCH RD	WHITMORE CA 96096
ROSE FIGUEROA	ROSE FIGUEROA TR	10746 PLATEAU DR	SUNLAND CA 91040
ANNIS FAMILY REVOCABLE TRUST ETAL	DAVID COURTNEY & KIM	10801 BLUE MOUNTAIN RANCH RD	WHITMORE CA 96096
PROSSER / BURNS FAMILY TRUST	ROBERT V PROSSER & JANICE M BUF	10835 HUFFORD RANCH RD	WHITMORE CA 96096
MICHAEL R & CARRIE L COPITHORNE		11427 ANGLER AVE	WHITMORE CA 96096
DWAYNE T & SHANNON M SMITH		11475 ANGLER AVE	WHITMORE CA 96096
LEATHA I & LISA ROCHELLE SCHUETTE		11483 ANGLER AVE	WHITMORE CA 96096
NANCY & LAN SHIFU HUANG		11505 BOSWORTH LN	WHITMORE CA 96096
BARRY W & PAMELA F MICHAEL		11559 EMERALD WOODS LN	WHITMORE CA 96096
BRYAN K & SHERRI A MORRIS		11685 EMERALD WOODS LN	WHITMORE CA 96096
GINGER L HOCKENBERRY		11716 EMERALD WOOD	WHITMORE CA 96096
KRISTINA M & HALE DONALD F POLLYCUTT		11755 NOTTA RD	WHITMORE CA 96096
TODD & DARLENE BASINGER		1238 HOPKINS GULCH RD	BOULDER CREEK CA 95006
MICHAEL L & LORI ANJOLA		15070 PEPPERTREE LN	RED BLUFF CA 96080
SHASTA COUNTY OF	DEPT OF PUBLIC WORKS	1855 PLACER ST	REDDING CA 96001
WILLIAM S & BETH A HICKS		19 WOODCREST RD	ORINDA CA 94563
MARK WEDEMEYER	MARK B WEDEMEYER TR	19701 SE TICKLE CREEK RD	BORING OR 97009
DAVID W & MYRA L ALBRECHT		198 SPRUCEMONT PL	SAN JOSE CA 95139
DAVID L & STRAWN LARRY E FITZPATRICK		20594 STRAWN DR	REDDING CA 96003
ERIC DORICKO		2076 WILKINS AVE	NAPA CA 94559
LEWIS F WRIGHT		2125 N OLIVE AVE #A-11	TURLOCK CA 95382
TIM O & SHELLI M LIENHARD		215 LAKE BLVD #668	REDDING CA 96003
ROBERT M GERTSCH		21963 REGNA DR	PALO CEDRO CA 96073
DOUGLAS WINBORNE	DOUGLAS WINBORNE TR	22113 BURBANK BLVD #6	WOODLAND HILLS CA 91367
CALIFORNIA REFORESTATION INC		22230 S COLORADO RIVER DR	SONORA CA 95370
FORCELLA J & J FAMILY REV TRUST 2003	JAMES H & Y JANETTE FORCELLA TRS	22358 MATTISON LN	PALO CEDRO CA 96073
MATTHEW H & JODY E DONLEY		2249 HAVANA ST	AURORA CO 80010 1226
BLUE MOUNTAIN RANCH LLC	C/O KATHLEEN CROWE MAAS	263 WILSON RD	ASHLAND OR 97520
COW CREEK RANCH LLC	C/O JAMES UMSTED	26837 WHITMORE RD	MILLVILLE CA 96062
RICHARD & JULIA GROSS	RICHARD S & JULIA A GROSS TRS	2788 SUMMERBREEZE PL	REDDING CA 96001
GEORGIA OSBORN		2818 FREEBRIDGE ST	REDDING CA 96001
J A & K A CARDENAS	J ALEX & KATHLEEN A CARDENAS TR	28783 WHITMORE RD	WHITMORE CA 96096
DAVID & JUDITH WRIGHT	DAVID & JUDITH WRIGHT TRS	28832 WHITMORE RD	WHITMORE CA 96096
MICHAEL & DENISE STOCKTON		28898 S COW CREEK RD	WHITMORE CA 96096 9555
PETER & YEATER JANE MYERS		28899 WHITMORE RD	WHITMORE CA 96096
EDWARD R & LINDA S MCCOSKEY		28923 S COW CREEK RD	WHITMORE CA 96096
LUKE C FORTKAMP		28940 WHITMORE RD	WHITMORE CA 96096
ROBIN R & JACQUELYN WHITE		28945 FAIR THEE WELL LN	WHITMORE CA 96096 9591
CHARLES L & DEBORAH D NICORA	CHARLES L & DEBORAH	28948 S COW CREEK RD	WHITMORE CA 96096
LYN A ROUNTREE	LYN A ROUNTREE TR	28974 WHITMORE RD	WHITMORE CA 96096
EDDIE & NATALIE DEANGELO		28980 S COW CREEK RD	WHITMORE CA 96096
PAMELA G MEDLAND-HOFER		28982 WHITMORE RD	WHITMORE CA 96096
TERRY & JERI L JOHNSON		29014 S COW CREEK RD	WHITMORE CA 96096 9556

ROBERT LEE & BONNIE J MARK		29029 S COW CREEK RD	WHITMORE CA 96096
BRUCE FREDRICK & MARILYN E WALLS		29051 S COW CREEK RD	WHITMORE CA 96096
SHI JI LI		29061 S COW CREEK RD	WHITMORE CA 96096
EDWARD J & OAS-WESLEY DAGNE WESLEY		29068 S COW CREEK RD	WHITMORE CA 96096 9556
KAREN TIMBERMAN	KAREN TIMBERMAN TR	29077 WHITMORE RD	WHITMORE CA 96096
MARION L & COLLEEN T THOMAS		29095 OLD COW CREEK RD	WHITMORE CA 96096
SCOTT M & LINDA LINHART		29122 S COW CREEK RD	WHITMORE CA 96096
JUDITH F LOVEJOY		29150 S COW CREEK RD	WHITMORE CA 96096
LINDA J DUESLER		29153 S COW CREEK RD	WHITMORE CA 96096
MATTHEW AISSIN		29196 S COW CREEK RD	WHITMORE CA 96096
SPENCER S & MICHELLE L BARONE		29215 BIG SPRINGS RD	WHITMORE CA 96096
KENNETH D FRY		29226 S COW CREEK RD	WHITMORE CA 96096
J & BALDWIN-PULCINI D PULCINI	JOSEPH PULCINI & DEBORAH BALDWIN	29254 S COW CREEK RD	WHITMORE CA 96096
RUSSELL L JOSLIN	C/O MARLENE JOSLIN	29285 S COW CREEK RD	WHITMORE CA 96096
ROBERT M & DEBRA L THORBURN		29319 S COW CREEK RD	WHITMORE CA 96096
ALLYSON SUTER		29323 S COW CREEK RD	WHITMORE CA 96096
DANIEL J KOVARIK		29347 S COW CREEK RD	WHITMORE CA 96096
MANUEL & HILLARY RAMOS		29348 S COW CREEK RD	WHITMORE CA 96096
RUSTE FAMILY REVOCABLE TRUST OF 201 ERICK C & DONNA J RUSTE TRS		29393 S COW CREEK RD	WHITMORE CA 96096
SAMUEL BURKE & ROSEMARY LYNN MARTIN		29404 PINE SPRINGS RD	WHITMORE CA 96096
SHELLEY & JOEL CASE		29423 PINE SPRINGS LN	WHITMORE CA 96096
DAVID & KATHY ROTH		29464 BIG SPRINGS RD	WHITMORE CA 96096 9550
STEVE & NANCY SKAGGS		29676 S COW CREEK RD	WHITMORE CA 96096
DANIEL RHOADES		29692 S COW CREEK RD	WHITMORE CA 96096
MARTIN SCHULTZ		29702 S COW CREEK RD	WHITMORE CA 96096
LESLIE V & WILMA GERALDINE WRIGHT		29985 WHITMORE RD	WHITMORE CA 96096
KENNETH T SANDS		3009 FOREST HILLS DR	REDDING CA 96002
HALLIE DORIS		30206 WHITMORE RD	WHITMORE CA 96096
DALE & ELLIOTT LESLIE COLE		30220 WHITMORE RD	WHITMORE CA 96096
WENDY QING & HOANG WINSTON LI		30221 WHITMORE RD	WHITMORE CA 96096
BRENDA KELLY	BRENDA KELLY TR	30287 WHITMORE RD	WHITMORE CA 96096
RAYMOND GONZALES		30292 WHITMORE RD	WHITMORE CA 96096
RICHARD N THIBERT		30324 WHITMORE RD	WHITMORE CA 96096
KEVIN K & LINDA M RUSSELL		31625 GRINDLEY RANCH RD	WHITMORE CA 96096
PETER MYERS		322 E 48TH ST	MINNEAPOLIS MN 55419
DAVID E & BARBARA J KLASSON		3299 LAKE REDDING DR	REDDING CA 96003
HERBERT J & DONNA J MONCRIEF		3465 KESWICK DAM RD	REDDING CA 96003
JESS D & NEAL TERESA A WOODS		3717 ST NICHOLAS #8	REDDING CA 96003
RIDER REVOCABLE TRUST	C/O REX GENE RIDER	4211 SUDDEN WIND CT	REDDING CA 96001
JIMMY D & ERICKSON LYNNETTA HOAD		4535 FARRIER WAY	ROSEVILLE CA 95747 8909
S-D TRUST ETAL	ELISA W & TIMOTHY SMITH SUCTR	4578 IRON HILL ST	PLEASANT HILL CA 94523
DAVID G & JANE E RANGLES		500 K LAPACHE AVE	TACOMA WA 98422
BONNIE L MOBBS		5078 PATRICK CREEK DR	MCKINLEYVILLE CA 95519
JOSE ORTIZ		5170 MARLEN WAY	LA MESA CA 91942
GARY B & SUSAN MACLEAN		5625 RUBY ST	TORRANCE CA 90503
PETER KOLOSOV		5920 LANDIS AVE	CARMICHAEL CA 95608
PAUL TAYLOR		6425 BOSE LN	SAN JOSE CA 95120
LISA D ADAMS		650 RANDOLPH WAY	SUSANVILLE CA 96130
GARY NARRAMORE		70 SEWARD ST	SAN FRANCISCO CA 94114
JAMES EDWARD GILLEY		737 ANITA CIR	BENICIA CA 94510
DAVID R BAU		8071 BASS POND RD	MILLVILLE CA 96062
MICHAEL J & DEBORAH L OKEY	MICHAEL J & DEBORAH L OKEY TRS	8471 RANCHETTE DR	REDDING CA 96001
UNGER FAMILY TRUST 2018	GREGORY R & DEENA S UNGER TRS	8687 DESCHUTES RD	PALO CEDRO CA 96073
STRONGHOLD IRREV KINGS	DEBRA JEAN ALWARD TR	8839 SIMMONS RD	REDDING CA 96001
SUSAN RENEE BRYANT		9065 SWASEY DR	REDDING CA 96001
J E POWELL	JAMES E POWELL JR TR	921 BELL AIR DR	SACRAMENTO CA 95822

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

AT&T
Albion Power Company

Alta Power Group, LLC
Anderson & Poole

Atlas ReFuel
BART

Barkovich & Yap, Inc.
California Cotton Ginners & Growers Assn
California Energy Commission

California Hub for Energy Efficiency
Financing

California Alternative Energy and
Advanced Transportation Financing
Authority
California Public Utilities Commission
Calpine

Cameron-Daniel, P.C.
Casner, Steve
Center for Biological Diversity

Chevron Pipeline and Power
City of Palo Alto

City of San Jose
Clean Power Research
Coast Economic Consulting
Commercial Energy
Crossborder Energy
Crown Road Energy, LLC
Davis Wright Tremaine LLP
Day Carter Murphy

Dept of General Services
Don Pickett & Associates, Inc.
Douglass & Liddell

East Bay Community Energy Ellison
Schneider & Harris LLP Energy
Management Service
Engineers and Scientists of California

GenOn Energy, Inc.
Goodin, MacBride, Squeri, Schlotz &
Ritchie
Green Power Institute
Hanna & Morton
ICF
International Power Technology

Intertie

Intestate Gas Services, Inc.
Kelly Group
Ken Bohn Consulting
Keyes & Fox LLP
Leviton Manufacturing Co., Inc.

Los Angeles County Integrated
Waste Management Task Force
MRW & Associates
Manatt Phelps Phillips
Marin Energy Authority
McKenzie & Associates

Modesto Irrigation District
NLine Energy, Inc.
NRG Solar

OnGrid Solar
Pacific Gas and Electric Company
Peninsula Clean Energy

Pioneer Community Energy

Public Advocates Office

Redwood Coast Energy Authority
Regulatory & Cogeneration Service, Inc.
SCD Energy Solutions
San Diego Gas & Electric Company

SPURR
San Francisco Water Power and Sewer
Sempra Utilities

Sierra Telephone Company, Inc.
Southern California Edison Company
Southern California Gas Company
Spark Energy
Sun Light & Power
Sunshine Design
Tecogen, Inc.
TerraVerde Renewable Partners
Tiger Natural Gas, Inc.

TransCanada
Utility Cost Management
Utility Power Solutions
Water and Energy Consulting Wellhead
Electric Company
Western Manufactured Housing
Communities Association (WMA)
Yep Energy