



Pacific Gas and
Electric Company

Power Generation

245 Market Street
San Francisco, CA 94105

Mailing Address
Mail Code N11D
P.O. Box 770000
San Francisco, CA 94117

October 12, 2007

Dear Kilarc-Cow Creek Project Decommissioning Stakeholder,

On September 12, 2007, Pacific Gas and Electric Company (PG&E) released the Preliminary Proposed Decommissioning Plan (Preliminary Plan) for the Kilarc-Cow Creek Project, FERC No. 606 (Project). The Preliminary Plan is PG&E's initial proposal for the disposition of Project facilities and will provide a framework for discussion on the scope of decommissioning. The Preliminary Plan was also posted on the Project website at: <http://www.kilarccowcreek.com>. Upon release of the Plan, PG&E requested that comments on the Preliminary Plan be submitted by October 12, 2007.

PG&E will discuss the comments received at two public meetings scheduled for November 7th and 8th, 2007. The meeting on November 7th will be held at the Millville Grange, 22037 Old 44 Drive, Palo Cedro, CA at 7:30 pm following Cow Creek Watershed Management Group's community meeting. The meeting on November 8th will be held at the Hampton Inn and Suites, 2160 Larkspur Lane, Redding, California at 9:30 am. We look forward to your participation.

After this meeting, PG&E will continue our work on the License Surrender Application (Application). PG&E is required to file an Application including a Decommissioning Plan with the Federal Energy Regulatory Commission (FERC) no later than March 27, 2009. A draft of the Application is expected to be available for review and comment by August, 2008. PG&E is planning to host several public meetings to provide updates on the progress of the Surrender Application and to provide an opportunity for public input. These meetings will be noticed through the Project website, in the newspaper and by letter. We appreciate your participation in the process.

If you have any questions or comments concerning the Project, please contact Stacy Evans at 415-973-4731, or Steve Nevares at 415-973-3174 or by email at kilarccowcreek@ch2m.ca.

Sincerely,

Stacy Evans and Steve Nevares
Co-Project Managers