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September 1, 2006

VIA FACSIMILE & U.S. MAIL

Joel Holtrop, Deputy Chief
National Forest Systems, Forest Service
Washington Office (WO) Lands Staff, Mail Stop 1124
U.S. Department of Agriculture
1400 Independence Avenue, S.W.
Washington, D.C. 20250-0003

**Re: Pacific Gas And Electric Company's Withdrawal Of Requests For
Administrative Hearings And Alternative Conditions Submittals
With Respect To FERC Project Nos. 233, 2105, and 2130**

Dear Mr. Holtrop:

By letters dated December 16, 2005, Pacific Gas and Electric Company ("PG&E"), pursuant to the provisions of § 4(e) of the Federal Power Act ("FPA") and 7 C.F.R. §§ 1.604, 1.621, submitted to your office Requests for Administrative Hearings ("Requests") on disputed issues of material fact related to certain § 4(e) conditions submitted to FERC by the United States Forest Service ("USFS") for inclusion in the new licenses to be issued by FERC to PG&E for PG&E's: Pit 3, 4, 5 Hydroelectric Project, FERC Project No. 233; Upper North Fork Feather River Hydroelectric Project, FERC Project No. 2105; and Spring Gap Stanislaus Hydroelectric Project, FERC Project No. 2130. On December 19, 2005, PG&E, pursuant to the provisions of § 33 of the FPA and 7 C.F.R. §§ 1.604, 1.671, submitted to your office Alternative Conditions Submittals ("Submittals") with respect to the § 4(e) conditions the USFS had submitted to FERC for inclusion in the new licenses for Project Nos. 233, 2105, and 2130.

PG&E and the USFS subsequently entered into settlement discussions regarding the § 4(e) conditions submitted by the USFS to FERC for these and other PG&E projects. As a result of those discussions, the USFS, by letters to FERC dated August 29, 2006, submitted revised conditions for all but two of the § 4(e) conditions it had previously submitted to FERC for Project Nos. 233, 2105, and 2130 that were the subject of PG&E's December 16, 2005 Requests and December 19, 2005 Submittals.

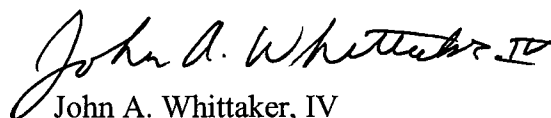
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The August 29, 2006 revisions made by the USFS to certain § 4(e) conditions to which PG&E's Requests and Submittals pertained are satisfactory to PG&E. Therefore, PG&E hereby: (1) withdraws in their entirety its December 16, 2005 Requests for Project Nos. 233, 2105, and 2130; and (2) withdraws its December 19, 2005 Submittals for Project Nos. 233, 2105, and 2130 *except for* those portions pertaining to the conditions on strict liability and indemnification for Project No. 2105 (Condition Nos. 19 and 21) and Project No. 2130 (Condition Nos. 19 and 21). Although PG&E and the USFS are continuing to discuss potential revisions to those conditions, no agreement has yet been reached as to how the conditions should be revised. Accordingly, PG&E must reserve its right to continue to object to them.

Thank you for your assistance in this matter.

Sincerely,



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ATTORNEYS FOR PACIFIC GAS AND ELECTRIC
COMPANY

cc: Federal Energy Regulatory Commission
Service Lists for FERC Project Nos. 233, 2105, & 2130

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