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SMUD Board of Directors' Vote Signals Intent to Purchase PG&E's Chili Bar Hydroelectric Project

SACRAMENTO, Calif.—In a joint announcement made today by Pacific Gas and Electric Company (PG&E) and the Sacramento Municipal Utility District (SMUD), the SMUD Board of Directors voted late yesterday at its regular meeting to approve a resolution signaling intent by SMUD to purchase a PG&E hydroelectric powerhouse and reservoir on the South Fork of the American River.

Thursday night's resolution authorizes SMUD's CEO and general manager to execute an agreement for the purchase of PG&E's Chili Bar Project, including the powerhouse and reservoir, for up to \$10.4 million. Under this approval, PG&E and SMUD will work to finalize the transaction agreements and seek formal approvals from the Federal Energy Regulatory Commission (FERC) and California Public Utilities Commission (CPUC).

The Chili Bar facilities are north of Placerville and began operating in 1965. The powerhouse has a generating capacity of seven megawatts (MW).

PG&E does not anticipate any employee impacts as a result of the sale, as the hydro workers from PG&E's Auburn headquarters who operate Chili Bar also operate and maintain several other powerhouses and facilities.

The Chili Bar hydropower operations are already tightly coordinated with SMUD's Upper American River Project (UARP), which is immediately upstream of Chili Bar Reservoir. The UARP is SMUD's "Stairway of Power" that currently features 11 dams and eight powerhouses. PG&E and SMUD have a long history of partnership and collaboration between the two projects.

Over the past few years, with power values declining and demand on PG&E's grid for generation decreasing, PG&E has been strategically removing certain small hydroelectric projects from its generation portfolio, including ones that are geographically remote. In some cases, the utility has transferred such projects to regional entities for a better fit. The Chili Bar Project provides marginal economic electric generation benefits for PG&E customers and is PG&E's only hydro project in the American River watershed.

PG&E has sold smaller hydroelectric facilities such as its Merced Falls Project to the Merced Irrigation District and the Narrows Project to the Yuba County Water Agency, with the latter acquisition effort expected to close this year. Last year, PG&E also reached a sale agreement for its Deer Creek powerhouse and part of a canal to the Nevada Irrigation District. That sale is awaiting CPUC and FERC approval before it becomes final.

The UARP is a major power producer for SMUD. In a normal water year, the UARP can provide about 20 percent of SMUD customers' power needs, which is especially valuable in hot summer months.

The proposed purchase would increase SMUD's hydroelectric generation portfolio to 695MW and add to SMUD's Renewable Portfolio Standard (RPS) numbers as Chili Bar's generating capacity is under the state's 30MW maximum capacity, qualifying it as renewable. It would also help SMUD realize its carbon reduction goals. The UARP generation resource is a significant factor in why more than 50 percent of SMUD's power supply is non-carbon-emitting.

It's not known when the sale of Chili Bar will be final and ownership formally transferred, however, both parties expect the sale to close in 2020. While the transaction is under regulatory review, PG&E will continue to safely operate the project in compliance with its FERC license.

About PG&E

Pacific Gas and Electric Company, a subsidiary of [PG&E Corporation](#) (NYSE:PCG), is one of the largest combined natural gas and electric energy companies in the United States. Based in San Francisco, with more than 20,000 employees, the company delivers some of the nation's cleanest energy to nearly 16 million people in Northern and Central California. For more information, visit www.pge.com/ and pge.com/news.

About SMUD

As the nation's sixth-largest community-owned, not-for-profit, electric service provider, SMUD has been providing low-cost, reliable electricity for more than 70 years to Sacramento County and small adjoining portions of Placer and Yolo Counties. SMUD is a recognized industry leader and award winner for its innovative energy efficiency programs, renewable power technologies, and for its sustainable solutions for a healthier environment. For more information, visit SMUD.org.

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