

AGREEMENT

THIS AGREEMENT, entered into in the City of Sacramento, State of California, this 6th day of December, 1966, between the State of California acting through its Resources Agency, and Pacific Gas and Electric Company (hereinafter called Pacific),

W I T N E S S E T H:

WHEREAS, Pacific proposes to construct and operate a thermal electric generating station at a coastal site near Diablo Canyon in Rancho Canada de Los Osos y Pecho y Islay in San Luis Obispo County; and

WHEREAS, Pacific plans to construct a compacted fill across Diablo Creek to provide level areas for plant switchyard facilities; and

WHEREAS, Pacific plans to utilize sea water from the Pacific Ocean as condenser cooling water; and

WHEREAS, Pacific recognizes its responsibility to the general public to assist in the protection of the natural resources of the State of California; and

WHEREAS, the Resources Agency in its statement of policy dated June 30, 1965, has defined its objectives and principles regarding the location and operation of power plants,

NOW, THEREFORE, it is mutually agreed as follows:

1. The Resources Agency agrees that with respect to matters covered by this agreement or by Resources Agency's said statement of policy, it will not oppose Pacific in its applications for a certificate of public convenience and necessity for said plant, in proceedings before the Public Utilities Commission of the State of California, or other pre-operational permits or operating licenses required by the Atomic Energy Commission or any other body having jurisdiction, and will indicate thereto that all matters covered by this agreement have been resolved to the satisfaction of the Resources Agency.

2. Pacific agrees that it will not deposit any surplus material excavated from the plant site in the Pacific Ocean or its tidelands, or in any bays, rivers, streams or inlets in the State of California, without first obtaining written authorization from the Resources Agency.

3. Pacific agrees that any fill to be constructed across Diablo Creek about 4,000 feet east of the mouth of Diablo Creek will be provided with adequate bypass facilities to pass flood waters of said creek and will be placed, graded, compacted, and provided with surface drainage facilities so as to minimize erosion of said fill.

Pacific further agrees to make any required application to the Central Coastal Regional Water Quality Control Board for construction of said fill.

4. Pacific agrees that any spoil material deposited on the land will be placed, graded, and compacted so as to minimize any transfer by erosion of the material to the beaches and ocean waters.

5. Pacific agrees that vehicular access, retaining walls, fences, buildings, and equipment will be located and designed in such a way that the physical appearance of the entire installation will be aesthetically compatible with the surroundings.

6. Pacific agrees that this agreement does not constitute approval of the State Lands Commission, the Central Coastal Regional Water Quality Control Board, or the State Water Quality Control Board if its jurisdiction is invoked, with respect to construction or operation or other activities of Pacific at the plant site, and Pacific further agrees that it will make appropriate applications to those agencies whenever reviews or approvals from such agencies are required for any activities in connection with the said plant. The Resources Agency agrees that it will not oppose Pacific in its seeking of required pre-operational reviews or approvals from such agencies with respect to matters covered by this agreement, and will indicate thereto that all matters covered by this agreement have been resolved to the satisfaction of the Resources Agency.

7. Pacific agrees to conduct or support investigations as outlined in the attachment titled "Ocean background investigation for proposed power plant site near Diablo Canyon, San Luis Obispo County, Pacific Gas and Electric Company", and to establish mutually acceptable design criteria for the protection of aquatic life in the waters which may be affected by the proposed facility or its operation. Resources Agency agrees to participate in these investigations and assist in the coordination with other agencies on studies which may yield desirable information.

The ecological study outlined under paragraph 7 "Specifications for Study" of the above-mentioned attachment will be conducted by Department of Fish and Game at Pacific's expense. Department of Fish and Game may conduct said study using its own personnel or by subcontracting with other groups.

Resources Agency and Pacific will jointly evaluate the data and from time to time during the course of the investigation may agree upon modifications

of the investigation to achieve the objectives set forth in the attachment.

In the event critical problems relating to aquatic life or recreational uses occur after and as a result of plant installation, Pacific agrees to continue its cooperative investigations with the objective of modifying plant operation or design to eliminate these problems. In the event that adverse effects accrue to aquatic life or recreation uses due to plant construction or operation, Pacific will provide reasonable mitigation for losses incurred, provided such mitigation will not interfere with the construction or operation of the plant unless otherwise agreed.

8. Pacific agrees to conduct such water quality and radiological surveillance programs, both pre-operational and post-operational for the life of the plant, as may be developed in accordance with statutory authority of the State and Regional Water Quality Control Boards and the State Department of Public Health.

9. Pacific agrees to conduct a comprehensive geologic survey to determine the geologic conditions of the site-- with particular reference to the nature of the foundation materials and seismic activity.

10. Pacific agrees that it will continuously evaluate the additional geologic information that is revealed during preparation of the site for construction, and take the appropriate steps in design and construction of the plant recognizing the geologic conditions.

11. Pacific agrees to furnish the Resources Agency with copies of all geologic reports pertaining to the site filed with other governmental agencies.

12. A copy of this agreement will be filed with the California Public Utilities Commission for its information.

IN WITNESS WHEREOF, the parties have executed this agreement the day and
year first hereinabove written.

PACIFIC GAS AND ELECTRIC COMPANY

By *John F. Bonner*
JOHN F. BONNER
Senior Vice President

STATE OF CALIFORNIA

By *Hugo Fisher*
HUGO FISHER, Administrator
Resources Agency
On Behalf of the:
Department of Conservation
Department of Water Resources
Department of Parks and Recreation
Department of Fish and Game
Department of Harbors and Water Craft