

Appendix E has been crafted to give the Stewardship Council direction and the flexibility to determine how best to preserve and enhance the beneficial public values of the lands. The combination of state agency representation on the governing board with consensus voting, as well as the Commission's § 851 approval process and CEQA review, will ensure that recreational uses that unduly harm the environment are not permitted. We agree with PG&E's reasoning.

**(b) Environmental Opportunity For Urban Youth**

The Greenlining Institute has asked us to expand the LCC to address the needs of low-income urban PG&E ratepayers. A majority of PG&E's ratepayers live in urban areas, not in the Sierra foothills, where the vast majority of the 140,000 acres are located. In order to ensure that environmental benefits of a substantial nature are realized by PG&E's urban ratepayers, our modified Settlement Agreement will augment the \$70 million devoted to environment activities by \$30 million. These additional funds shall be expended to provide a wilderness experience for urban youth, especially disadvantaged urban youth, and to acquire and maintain urban parks and recreation areas. We direct that the acquisition of such parks and recreation areas be focused on creating an environment that will particularly serve the needs of urban low-income youth.

Of the \$30 million, to be expended in equal installments over 10 years, we will expect approximately 1/3 would be used to provide seed money that would establish a permanent program for young people who are least likely to enjoy the wonder of California's natural beauty. This program would allow disadvantaged, inner city youth to experience the environment in nature's own setting. The program would select young citizens in an urban setting, and provide the means to visit these watershed lands for a week or two. While there,

they would be exposed to living in the outdoors and see how the actions of man interact with animal and plant life, both favorably and unfavorably. The 2/3 balance of the \$30 million would be used to acquire urban parks and recreation areas for inner city youth. We will use our three appointments to the Stewardship Council to champion this \$30 million allocation, among their other duties.

**(c) Clean Energy Technology Commitment**

Under the PSA, PG&E will establish a shareholder-funded non-profit corporation dedicated to supporting research and investment in clean energy technologies primarily in PG&E's service territory. (PSA ¶ 18.) The non-profit corporation's governing board will include Commission-selected appointees, PG&E-selected appointees, and appointees jointly selected by the Commission and PG&E. PG&E proposes an initial endowment of the non-profit corporation at \$15 million over five years (not to be recovered in rates). We view this commitment as part of the Commission's, and the State's, ongoing policies encouraging energy efficiency, demand response, renewable generation, and the entire range of more environmentally-friendly options for meeting load growth. However, \$15 million is inadequate. We believe an additional \$15 million (not to be recovered in rates) will assure adequate planning and funding.

**VII. The TURN Dedicated Rate Component Proposal**

TURN recommends that the Commission approve the PSA modified to substitute the issuance of \$2.03 billion in energy recovery bonds (ERBs) secured by a dedicated rate component (DRC) in lieu of the regulatory asset.

TURN claims that this alternate financing structure will achieve all of the goals of the PSA, including restoring PG&E to creditworthy status, within the overall time frame contemplated by the PSA, at a cost to ratepayers of \$2.8 billion less