

PRIVATE INTEREST IN RESOURCE MANAGEMENT

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You are all aware that I work for an investor owned utility. It is a very large utility in that it serves a large geographical area and also has an installed generating capacity of nearly nine thousand megawatts.

We have direct management responsibilities over a rather extensive area of watershed land in northern California, located primarily in the Sierra with some in the south Cascade Range. In this area we own and operate a large number of hydroelectric generating plants and the transmission lines that move the energy from the plants to the load centers. We also own and operate large generating plants along inland and coastal waters.

It is obvious that our operations have an effect on natural resources and environment. This is true of other resources industries such as logging, mining, agricultural and oil.

Thirty years ago, if anyone here wanted to go hunting, he was able to go out and be alone all day. Today the woods are full of people. I think this is really why I am here and why you are here. How do all of us adjust to the use of our natural resources by millions when, just a few years ago, we measured the use in thousands. You cannot create more land, and you cannot allow indiscriminate use of land. Nothing damages land more than uncontrolled use.

My Company does not propose to construct any additional major reservoirs in the Sierra in the foreseeable future. We are now in a position of working out ways in which the maximum recreation and conservation values can be realized from our lands without harmful effects. It may well be that as time goes by people will have to find recreation in areas other than the wide open spaces.

Outside of geographical limitations to recreation development, there are economic limitations. Who is to pay the cost of providing campgrounds and roadside rests?

We are now in an era where the prevailing philosophy is that the utility, where it uses United States land, is responsible for recreation development, and fish and wildlife enhancement of such land. It is true this is of benefit to the taxpayer, but the time may come when it is harmful to the rate payer.

I have generally wandered away from the question of responsibility, and I believe this is understandable. What is needed now are realistic recreation and conservation plans by all agencies and industries. These plans must be developed through joint effort and should be oriented toward providing necessary facilities at the lowest overall economical cost. We all need guidelines with which to work. A concerted effort must be made to avoid spending money just because it is available. To meet the obvious need for outdoor recreation opportunities alone all land owners must work together.

Conservation of natural resources must be included in any discussion of outdoor recreation. Multiple uses of the same land area are not always compatible. A compatibility factor should be acknowledged and included as a term in any equation set up to resolve accommodation of competing uses. Some areas should be "wilderness areas" which have no vehicle access. Other areas should be set aside as wildlife refuge areas. In my opinion, what is needed is a recognition that each of the many interested groups are going to have to settle for something less than the "whole cake."

It must also be remembered that all recreational facilities must be operated and maintained on an annual basis. No facility should be built unless the long term operation, maintenance and rehabilitation money is guaranteed from the beginning. If it is not, all you are doing is introducing slum conditions far removed from the metropolitan area.

For the next few minutes, let me take you on an abbreviated geographical tour of the PG&E system and give you a thumbnail statistical sketch of the natural resource potential with which we have to work. This should be helpful in bringing the scope of the Company's conservation and recreation programs into clearer focus.

Our system or service area--and this will be somewhat of an oversimplification--extends from Mt. Shasta in the north, south to the Tehachapi; in an east-west direction, from the crest of the Sierra to the coast. It is roughly the northern two-thirds of California, an

area of about 95 thousand square miles. Within this service area the Company owns in excess of 200,000 acres of what we call "country lands"-- that is, watershed land, including reservoirs, which lie outside the limits of incorporated cities.

Located in part on these lands are 145 lakes operated in connection with our 66 hydroelectric generating plants and several domestic water systems. These storage reservoirs are operated either solely by us, or, occasionally, in cooperation with local agencies, such as water and irrigation districts. These lakes have an aggregate surface area of about 60 thousand acres; they range from 3 to 4 acres, to nearly 30,000 acres in size. They not only form the backbone of our hydroelectric system, but also are responsible for much of the recreation use which is made of the watersheds which surround them. PG&E lakes with their 450 miles of shoreline, and the 225 miles of live streams which flow through the property, have been open to the public under a long-standing Company policy. "Open to The Public" applies equally to the hundreds of miles of access roads which were built by us into reservoir and powerhouse sites for project construction purposes. Only in areas where safety requirements are prime considerations will the public be excluded.

I would like to add here that in many cases water in the reservoirs is dedicated to irrigation and domestic use as well as power. In a "dry year" or a series of "less than average years" the water in the reservoirs will be released, and by fall the water level may be very low. When this occurs it may detract from the recreation use of the area, but it is a fact of life.

While we have a basic responsibility to our customers and stockholders, we also recognize that our obligation extends beyond these groups and encompasses the entire population of the state. An added obligation, when examined solely within the framework of conservation involves natural resource protection, preservation and enhancement where economically feasible.

This brings me down to a review of some of the conservation programs which PG&E has underway. We are well along with one program, that of assessing the recreation potential of our lakes and adjacent watershed land and of integrating our development proposals into those of others at the local and regional levels -- both with governmental agencies and private land owners. Watershed studies have been completed and recreation developments are currently being made along the Pit, Feather, Yuba, American and Mokelumne Rivers; and studies are nearing completion for the McCloud, San Joaquin, Kings and Kern River drainages.

To date our recreation development program has emphasized the installation

of roadside rests, picnic areas, campgrounds and other public recreational facilities. These projects are directed primarily toward our timbered watershed properties.

We have others in the planning stage, such as vista points, "small fry" fishing lakes, stream and lake rehabilitation projects, and boat launching facilities as well as providing land suitable for resort and summer home-site development. These plans will all move ahead consistent with the primary obligation of an operating utility - that of providing reliable, low cost energy in quantities adequate to meet area needs.

In recent years we have also witnessed an increased interest in the recreation phase of comprehensive planning for the utilization of the renewable natural resources associated with federally-licensed hydroelectric power projects. As a result the scope of our planning activities has been broadened considerably, especially as it relates to the hydroelectric segment of our utility operations.

An outstanding example of our recognition of the need that careful consideration be given to the total resource can be found in a report which we have submitted to the Federal Power Commission. Our Bucks Creek Project Report identifies, and subsequently blends into a comprehensive plan, the various elements essential to coordinated natural resources planning at one of our major hydroelectric projects. The Bucks Creek project on the Feather River already has made Bucks Lake a major center for recreation in Plumas County. Our expanded plan for it is expected to add substantially not only to North Fork Feather River recreation but also to the economic base of Plumas County.

At this point I would like to emphasize that our natural resource planning is not limited to projects licensed under the authority of the Federal Power Commission. In fact, FPC project lands can be considered as "included" within our total watershed ownership complex.

A coordinated, cooperative effort on the part of the company along with other private interests and governmental agencies is essential to the successful outcome of these programs.

You may have seen our display in the lobby; if not, please do so. Here, we have emphasized elements of the recreation segment of our conservation program. The majority of the developments appearing in the brochure which accompanies the display were made as part of our overall watershed planning program, independent of licensed projects falling under the Commission's jurisdiction.

During 1967 our watershed program expanded the capacity of company-developed, improved recreation areas to 4200 persons daily. The location of these public recreation areas is shown in "Your 1967 Guide to P.G.&E. Campgrounds and Picnic Areas."

Our basic development responsibility is primarily that of managing our fee properties. Consequently, we believe, and hope you concur, there is an equal responsibility on the part of governmental agencies and other private owners where their respective lands are concerned.

Where a potential recreation development site is common to two or more ownerships, the principle of "optimum site utilization" can be applied with a high degree of success. In this connection I would like to point with pride to the Silver Lake area, about 2 hours drive from Sacramento via State Highway 88. There, on two separate occasions and where joint ownership of land was involved, the Eldorado National Forest and PG&E cooperated in the development of a campground. On your vacation this summer, we invite you to stop in and visit this facility.

One of our goals is the maximum economical use of appropriate existing lands. Counties, for example, may well take the lead in encouraging state and federal agencies to make increased use of the vast inaccessible and undeveloped government lands already owned in California.

Here, access and development are the keys. This is also true on a much smaller scale of land in private ownership where cooperative arrangements can open broad possibilities for access, development, operation and even maintenance of camping, picnicking and boating facilities by local governments on private lands. In many cases it would be a wise investment of tax dollars to renew and develop a county's natural assets and make them available not only to local residents, but others as well. Such investment will certainly provide a return to the local economy. The emphasis here is on a "development dollar" in contrast to the strictly "acquisition dollar."

For counties, these developments may provide a very direct economic benefit to the people in the county by generating new sources of revenue. In most cases, the development of natural resources has added to the value of other lands and improvements in the area. This, in turn, provides added taxes for the county.

The net effect of all this, together with the numerous forms of grants and other financial assistance available to the various agencies, indicates even a more detailed involvement on the part of all levels of government, especially county agencies and special districts. Stronger

action on the part of local agencies should be forthcoming in the future. We will welcome the opportunity to participate within the framework of our operating requirements.

The concern over water--both its quality and quantity--reflected daily by California's citizens has considerable "spin off" where our total utility operations are concerned. As you are aware by now, PG&E is a major non-consumptive user of this important resource for hydro power and steam plant generation.

In recognition of our responsibility to conserve not only this resource but also resources dependent upon it, we cooperate with the California Department of Fish and Game, and other groups as well, to improve the fishery and wildlife resources in areas affected by our operations.

We've embarked on cooperative programs on our watershed lands which have a strong wildlife orientation. These include providing artificial nesting for Canada geese at Mountain Meadows Reservoir in western Lassen County, and the installation and maintenance of deer escapes and crossings along our canals, especially where migratory herds are involved.

Additionally, studies will soon commence on ways to improve both waterfowl and game habitat on our lands in the Sierra.

A primary Company watershed management objective is to provide a sustained yield of high quality water from its lands. Appropriate scientific vegetation modification practices applied to these lands helps control rapid spring run-off, reducing erosion and flood potentials. By creating openings in the forest canopy, small enough to deter erosion but large enough to catch and hold greater amounts of snow, more water can be stored and conserved than in an unmanaged forest. Furthermore, transpiration and evaporation losses can be reduced by applying harvesting systems tailored to the characteristics of both vegetation and soil, allowing more water to enter streams and reservoirs for power, irrigation, domestic and recreational uses.

Harvesting of merchantable timber is an integral part of the Company's resource management program.

More than one hundred fifty thousand acres of Company land are dedicated as tree farm watershed. Timber is harvested on some of these lands for commercial purposes, part of a program oriented toward continuous forest production.

Natural resource enhancement--whenever economically feasible--becomes more

practicable when considering our commercial timberland properties. In this connection, recently we embarked upon a rather intensive program to identify areas where insect infestations can no longer be termed endemic. Following identification, a selective harvest will be made. Through the sanitation salvage of these trees, a healthier, and in many cases, a more vigorously growing stand will be the beneficial end product.

Another important benefit of Pacific Gas and Electric Company's diversified timber harvesting program is the increase in quantity and quality of wildlife feed and habitat.

The planning for most of the major watersheds along which we operate is nearing completion and the watershed natural resource conservation program is becoming relatively more self-sustaining in terms of administration and management. Hence, our long-range planning will shift somewhat in emphasis as we concentrate our activities on our lands in urban-metropolitan areas.

The results of what all of us can do in the conservation field in the years ahead will be in direct proportion to our imagination, our planning, our cooperation and our efforts. Pacific Gas and Electric Company has a primary responsibility to provide for the energy needs of our exploding California population. At the same time we will continue to exert all reasonable efforts, consistent with our prime obligations, to conserve and enhance the natural resources in the areas in which we operate.

We feel it is our responsibility to protect and preserve as much of our heritage of natural resources as we can. But it must be remembered that each of us is a consumer of natural resources and we all have large appetites. A great deal of work must be done by everyone if we are to bring our consumptive uses into balance with the resources available.

It is our hope that we may be invited back to share with you from time to time other aspects of our operations as they influence our changing environment.