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NEWS RELEASE

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FOR IMMEDIATE RELEASE

PLACER COUNTY WATER AGENCY FILES SUIT AGAINST PG&E FOR BREACH OF CONTRACT

AUBURN, Calif. (January 17, 2023) — Placer County Water Agency (PCWA) has filed suit against Pacific Gas & Electric Company (PG&E) in Sacramento County Superior Court for breach of contract. This action follows disclosure of PG&E's intent to transfer substantially all its power generating assets, including its Drum-Spaulding Hydroelectric Project in Placer County, to a subsidiary recently formed by PG&E. Under a Water Supply Agreement with PG&E, PCWA is entitled to approximately 125,000 acre-feet of water supplied by this project, which is the principal source of water for Placer County residents and businesses.

The Water Supply Agreement between PCWA and PG&E was amended in 2015 to require PG&E to give PCWA at least six months advance notice if it intends to sell some or all of the Drum-Spaulding Hydroelectric Project facilities. During this time, PCWA has the right to discuss its interests and options to secure this source of water for Placer County. PG&E failed to honor this six-month negotiation window.

"PCWA is required to ensure adequate water supplies for the people of Placer County," said PCWA Board Chairman Robert Dugan. "This lawsuit is being filed to protect those supplies and the interests of the people of Placer County by compelling PG&E to comply with our water supply contract."

PCWA began purchasing water from PG&E's Drum-Spaulding Hydroelectric Project in 1968 as part of an agreement in which PCWA bought PG&E's distribution canals and treated water systems serving western Placer County. That arrangement for water supply was expanded in 1982 when PCWA purchased the remainder of PG&E's retail water system in the foothills of Placer County. In 2015, both parties agreed to a 20-year extension of the Water Supply Agreement, including the requirement for the six-month notice and negotiation window.

On September 28, 2022, PCWA was notified by PG&E, for the first time, that it had filed an application with the California Public Utilities Commission to seek approval to transfer its generation assets in the Drum-Spaulding Project to a wholly owned subsidiary company.

PCWA General Manager Andy Fecko stated, “For more than 50 years, PCWA and PG&E have worked cooperatively to ensure the people of Placer County receive the water contractually obligated to them from the Drum-Spaulding Hydroelectric Project. While our preference is to continue this collaborative relationship, PG&E has violated our agreement to discuss our mutual interests by engaging in discussions with another entity and publicly announcing its decision to transfer these assets.”

PCWA’s complaint can be viewed at <https://docs.pcwa.net/breach-of-contract-complaint>.

PCWA’s lawsuit for breach of contract is unrelated to its lawsuit filed last month against PG&E for damages related to the Mosquito Fire ([“Mosquito Fire Update: Placer County Water Agency Files Suit Against Pacific Gas & Electric Company”](#)).

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About PCWA

Placer County Water Agency is the primary water resource agency for Placer County, California, with a broad range of responsibilities including water resource planning and management, retail and wholesale supply of drinking water and irrigation water, and production of hydroelectric energy.