

1: INTRODUCTION

1.1 Introduction and Purpose of the EIR

On June 18, 2001, Wild Goose Storage, Inc.¹ (WGS) filed an application (Application 01-06-029) with the California Public Utilities Commission (CPUC) for an amended Certificate of Public Convenience and Necessity (CPCN). In this application, WGS requested authorization to expand the permitted storage and operational capacity of the Wild Goose Gas Storage Field located in Butte County. WGS also seeks approval to construct a 25.6-mile pipeline from the WGS Remote Facility Site (RFS) to the Pacific Gas and Electric Company (PG&E) Line 400/401 transmission pipeline in Colusa County (see Figure 1.1-1).

The application and accompanying Proponent's Environmental Assessment (PEA) identified the proposed project, including related facility expansions and pipeline alignments. During the review of the PEA application, the CPUC requested clarification of both the application and PEA, and through a series of responses, the Applicant modified elements of the proposed project. The application and PEA as modified were fully considered during the preparation of this Draft Environmental Impact Report (EIR).

For the purposes of evaluating the project under the California Environmental Quality Act (CEQA) and CEQA Guidelines, the "proposed project" as identified in this EIR is the project formally presented in WGS's application and PEA, as modified. As required by CEQA, as amended, this EIR examines the expected individual and cumulative impacts of the proposed project. This EIR also identifies ways to minimize potential adverse impacts (mitigation measures) and evaluates reasonable alternatives to the proposed project, including the No Project Alternative. The CPUC has principal responsibility for approving or denying the project. The CPUC is the lead agency in preparing this EIR.

The CPUC has prepared this EIR to provide the public and responsible agencies with information about the potential effects on the local and regional environment. This EIR was prepared in compliance with CEQA and the CEQA Guidelines.

¹ Wild Goose Storage, Inc. is a wholly owned subsidiary of Alberta Energy Company Ltd.

1.2 Project Overview

BACKGROUND

On June 25, 1997, the CPUC granted WGSi a CPCN to develop, construct, and operate an underground natural gas storage facility in Butte County, California and to provide firm and interruptible storage services at market-based rates.² That approval entitled WGSi to:

- Construct and operate a new Well Pad Site (including the injection and withdrawal of natural gas) atop the depleted Wild Goose Gas Field
- Construct a bi-directional pipeline (Storage Loop Pipeline) from the Well Pad Site to a new remote operating facility (Remote Facility Site)
- Construct a remote operating facility from which all operations of the storage field could be managed and monitored (see Figure 1.2-1)

Initial development and construction of the WGSi project was completed in April 1999. The CPUC's initial approval of the WGSi project authorized the use of one of the Wild Goose Gas Field's twelve gas storage zones (L4). Zone L4 is authorized for the maximum storage of 14 billion cubic feet (bcf) of natural gas. The Commission also required that the daily injection and withdrawal of gas into and from the Field be limited to 80 million cubic feet per day (Mmcf) and 200 Mmcf, respectively.

PROPOSED PROJECT

The proposed project would expand WGSi's permitted storage capacity to 29 bcf, with daily injection and withdrawal rates of 450 Mmcf and 700 Mmcf, respectively (see Table 1.2-1).

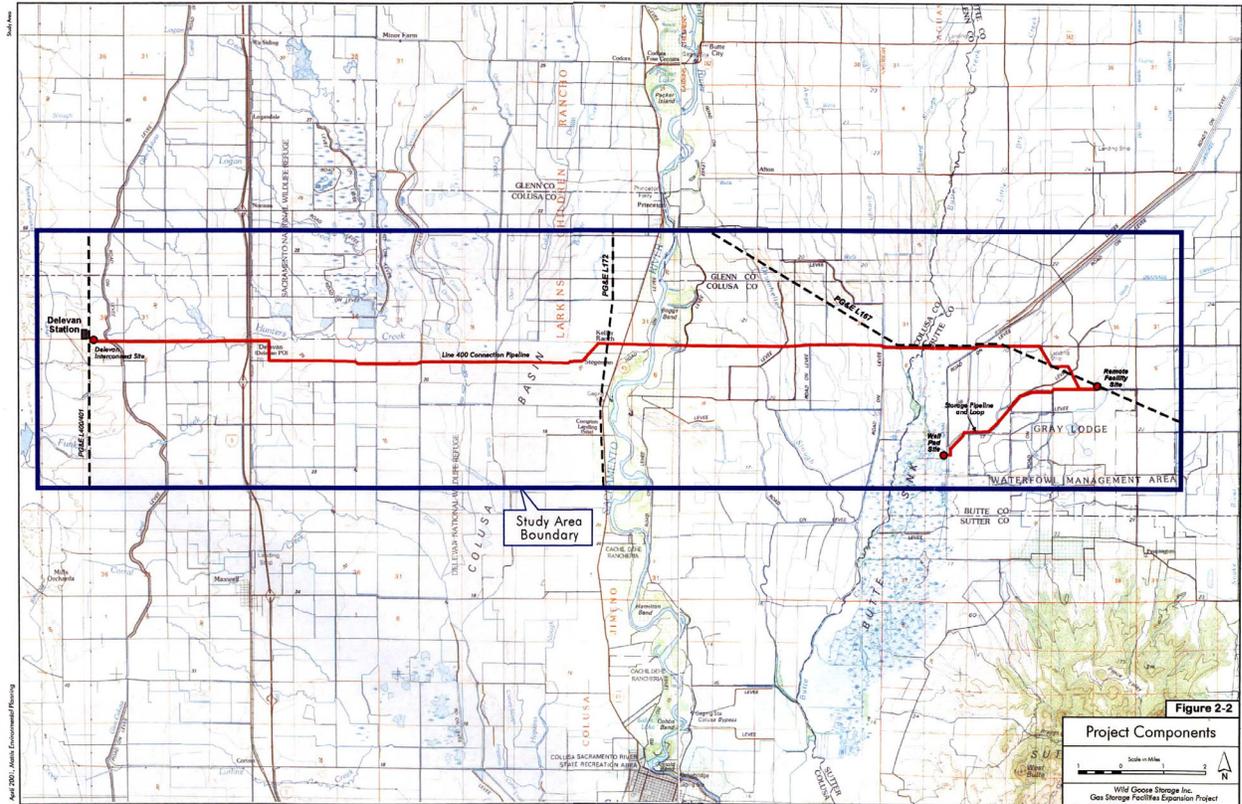
Table 1.2-1: WGSi Maximum Storage, Injection, and Withdrawal Limits

	Existing	Proposed
Storage	14 bcf	29 bcf
Injection	80 Mmcf	450 Mmcf
Withdrawal	200 Mmcf	450 Mmcf

SOURCE: WGSi 2001

² Firm services: A customer "reserves" storage capacity to use as he likes, and pays a fixed fee (reservation charge) for that right, whether he uses it or not, for the term of the contract. Interruptible storage services: A customer uses storage on an "as-available" basis. The storage operation can say, "sorry, nothing available, try again tomorrow." Typically a customer of interruptible storage only pays when he actually uses storage services. Market-based rates: The rates are "negotiable" and subject to the dynamics of supply and demand, rather than based on a "cost of service." Typical monopoly utility rates are set on a cost-of-service basis, with the CPUC ensuring that the costs are reasonable and prudent.

Figure 1.1-1: Pipeline Route



SOURCE: WGSJ 2001, MHA 2002

This Page Intentionally Left Blank

Figure 1.2-1: Remote Facility Site

SOURCE: WGSJ 2000

Four project components have been proposed for expanded storage capacity and greater rates of injection and withdrawal:

- Expansion of the Well Pad Site
- Construction of a second Storage Loop Pipeline
- Expansion of the Remote Facility Site
- Construction of the Line 400/401 Connection Pipeline and Delevan Interconnect Facility

Well Pad Site Expansion

To provide for the added storage capacity and greater rates of injection and withdrawal, WGSJ has proposed expansion of the existing Well Pad Site. This expansion would allow the drilling of up to 16 new wells to be used for injection, withdrawal, and observation; they would be drilled into the Wild Goose reservoir's Zones L1, U1, and U2. The Well Pad Site expansion would displace approximately 1.4 acres of wetland. The pad expansion would require up to 26,000 cubic yards of structural fill material, 1,000 cubic yards of soil for elevation of the Well Pad Site, and construction of a perimeter berm.

Storage Loop Pipeline

WGSJ has proposed construction of a second 18-inch diameter bi-directional Storage Loop Pipeline, along with a fiber optic cable to convey the additional gas volumes between the reservoir and the Remote Facility. The Storage Loop Pipeline and cable would be installed in the same right-of-way as the existing Storage Loop Pipeline.

Remote Facility Site

The added capacity of the Wild Goose reservoir would require expansion of the Remote Facility Site. The site now serves as the operational base for the WGSJ facilities and includes the equipment for receiving gas from the PG&E transmission system, injecting and withdrawing gas from the reservoir, and preparing the gas for reintroduction into the PG&E system. The project would add three additional natural-gas-fueled engines with three additional compressors. These new engines would produce a total of up to 14,400 horsepower.

Expansion of the Remote Facility Site would include:

- Expansion of the Remote Facility Site lease area by 5.8 acres to a total of 11.9 acres
- Three additional natural gas-fueled engines and compressors producing up to 14,400 horsepower
- Up to 6 additional produced-water storage tanks with a total capacity of 200,000 gallons
- Dehydration units and reboilers
- Natural gas coolers
- A relief vent for the compressor station piping
- A new 1,000-gallon glycol supply / drain tank
- A standby generator

Line 400/401 Connection Pipeline and Delevan Interconnect Facility

Gas would be conveyed to and from the WGSJ facilities from the PG&E Line 400/401 gas transmission pipeline, which runs north-south along the west side of the upper Sacramento Valley. The proposed Pipeline, which would be up to 36-inches in diameter, would connect the Remote Facility Site to the PG&E Line 400/401 Pipeline at the Delevan Compressor Station. The project Applicant would install two fiber optic communication cables in the Pipeline trench (one primary and one back-up) so the Applicant could operate valves and data acquisition remotely.

A new interconnect facility with valves, metering, and pressure monitoring equipment would be constructed adjacent to the PG&E Delevan Compressor Station. The Delevan Interconnect Facility would consist of a graveled lot with a small pre-engineered metal building that would house the site's instrumentation electronics and monitoring equipment.

1.3 CPUC CPCN Application Process

In response to WGSi's application, the CPUC must decide whether to amend the existing CPCN to allow WGSi to expand its storage and operational capacity. The CPUC conducts two parallel processes when considering any application for a CPCN: an application process similar to a court proceeding in which the CPCN considers whether the project is needed and is in the public interest, as well as an environmental review process under CEQA. See Section 1.4, "EIR Process," for a full description of the EIR process.

The CPCN application process focuses on utility ratepayer and public benefit issues and through this process, the CPUC determines whether or not a project meets the criteria for approval. An Assigned Commissioner (one of the CPUC's five appointed Commission members) and an Administrative Law Judge (ALJ) supervise the process. The Commission's Natural Gas Policy Statement (R. 98-01-011) and related prior orders favor development of gas storage facilities by non-utility companies. However, WGSi must demonstrate, during the application process, that the project would clearly provide public benefit. The application process includes the following steps:

1. **Application.** The project proponent, WGSi, submitted an Application for a CPCN Amendment to the CPUC on June 18, 2001, for permission to expand and operate the gas storage facility expansion and construct a 25.6-mile pipeline.
2. **Prehearing Conference.** At the prehearing conference on August 8, 2001, the Assigned Commissioner and ALJ heard comments from interested parties about the economic issues to be considered and the schedule for the application's review. At the hearing, members of the public filed appearance forms to become parties and participate in the formal proceeding.
3. **Scoping Memos.** Following the prehearing conference, the ALJ prepared a scoping memo (dated August 29, 2001) that identified the issues that would be considered and set forth the schedule for the rest of the proceeding (see Appendix A).
4. **Exchange of Testimony.** Before the evidentiary hearings, participating parties submitted written testimony on the issues the Commission is considering to all other parties.
5. **Evidentiary Hearings.** During evidentiary hearings conducted by the ALJ from September through December 2001, parties presented information through direct testimony and exhibits. The Commission must decide the ratepayer and public benefit issues based on the evidence from the written testimony, evidentiary hearings, and the public participation hearing. Only people who officially become parties to the case may participate in the evidentiary hearing.
6. **Public Participation Meeting.** A meeting will be held during the 45-day public comment period on the Draft EIR (DEIR) with the Energy Division Project Manager in attendance. Anyone may participate in the public participation meeting. The public may comment on the environmental review during the public participation meeting. If necessary, The Assigned Commissioner and the ALJ will hold a public participation hearing in the project area at a later date to give the public another opportunity to provide the CPUC with opinions and concerns on the proposed project.
7. **Ruling.** Following the completion of all required hearings and the entire EIR process, the ALJ will issue a proposed decision on WGSi's application, which will circulate for 30 days, giving all parties to the proceeding the opportunity to comment on the proposed decision. After that, based on the EIR and all the evidence gathered by the

CPUC, Commissioners will vote on whether or not to approve the project. A Commissioner may reject the ALJ's proposed decision and issue an alternate decision, which would also be considered by the full Commission. In accordance with Rule 77.6 of the CPUC's Rules of Practices and Procedure, alternate decisions must also be circulated for comment before the Commissioners vote on it. Commissioners can vote to approve the project or to disapprove the project either with or without prejudice. Disapproval with prejudice means that the Commissioners reject the application based on its merits, meaning that the project would not be in the public interest or would result in unacceptable impacts on the environment. Disapproval without prejudice means that the project is rejected for another reason, such as because the application was incomplete. In that case, the Applicant can reapply to the Commission once the discrepancy is addressed. The view of the majority of the Commissioners prevails.

- 8. Rehearing.** Once the Commissioners have ruled on a project, parties generally have 30 days to file for a rehearing of the case by the CPUC. (The mere filing of a rehearing request does not excuse compliance with the original order or decision.) According to Rules 8.2, 85, and 86 of the Commission's Rules of Practices and Procedure and California Public Utilities Code Section 1731, if the rehearing request is denied or if parties are not satisfied with the rehearing ruling, the case can be appealed to the State Court of Appeal in the district in which the appealing party resides. The filing party can be the complainant, defendant, respondent, or any intervener in the case.

1.4 EIR Process

CEQA requires all government agencies in California to assess potential impacts to the environment whenever the agencies make a discretionary decision. As lead agency, the CPUC must determine if the WGSJ project would result in significant impacts to the environment, and whether those impacts could be avoided, eliminated, compensated for or reduced to less-than-significant levels. This EIR will become part of a body of evidence that the Commission will use in deciding whether or not to approve the WGSJ application.

NOTICE OF PREPARATION

In accordance with Section 15082 of the State Guidelines for Implementation of the California Environmental Quality Act (CEQA Guidelines), the CPUC prepared a Notice of Preparation (NOP) for this EIR (see Appendix B). The NOP was mailed on December 21, 2001, to local, state, and federal agencies (see Appendix C for mailing list) and the State Clearinghouse for a 30-day review period. The State Clearinghouse cover letter and distribution list are provided along with the NOP under Appendix B. The NOP provided a general description of the proposed project and a summary of the main regulations and permit conditions applicable to its development and operation. The agency comments on the NOP helped to determine the relevant environmental issues associated with the project that are addressed and analyzed in this EIR. Comment letters that were received are presented as Appendix D.

PUBLIC AGENCY PARTICIPATION PROGRAM

The CPUC consulted with other affected agencies and jurisdictions to gather information related to the possible environmental effects of the WGSJ application. The CPUC's Public Agency Outreach Program was developed to establish early contact and open a line of

communication with key public agencies that would be directly affected by a proposed project, and to obtain insight and information for this EIR.

The outreach program for the proposed WGSJ project included consultations with more than 25 public agencies conducted in agency offices and by telephone. Local agency representatives provided background information on the local setting, permitting requirements, regulatory requirements, land use information, community perceptions, and local environmental concerns. Chapter 7, Report Preparation, presents a listing of all agencies consulted during preparation of this EIR.

PUBLIC SCOPING

The CPUC conducted two public scoping meetings to explain the environmental review process and to receive public comments on the scope of this EIR. These meetings were conducted in Colusa and Gridley on January 8, 2002. These locations were chosen for their convenience to individuals who live or own property in the areas where WGSJ proposes to develop facilities. The CPUC sent a notice of the public meetings to more than 50 potentially interested parties. These parties included residents and landowners within or adjacent to the project right-of-way. Notices were also sent to special interest groups and local, regional, and state governmental office holders and agencies. The public meetings were advertised in papers in the vicinity of the proposed project (see Appendix E).

DRAFT EIR

This document is the Draft EIR for the CPUC's Application 01-06-029, the WGSJ Expansion Project. It contains a description of the project, alternatives, description of the environmental setting, identification of direct and cumulative impacts and mitigation measures for impacts found to be significant, as well as an analysis of project alternatives.

FINAL EIR

Written and oral comments received in response to the Draft EIR will be addressed in a Response to Comments document that, together with the Draft EIR, will constitute the Final EIR (FEIR). The FEIR will be released for public review prior to the CPUC making a decision as to whether or not to certify the FEIR. The CPUC will then issue a proposed decision on the application and release it for public comment.

MITIGATION MONITORING AND REPORTING PROGRAM

CEQA and the CEQA Guidelines require lead agencies to "adopt a reporting and mitigation monitoring program for the changes to the project which it has adopted or made a condition of project approval in order to mitigate or avoid significant effects on the environment." A final reporting and monitoring program is not required to be included in the EIR. Throughout the EIR, however, mitigation measures have been clearly identified and presented in language that will facilitate establishment of a monitoring program.

1.5 Key Areas of Environmental Concern

This EIR presents an analysis of all potential environmental impacts of the proposed project and alternatives to the project. WGSJ's Proponent's Environmental Assessment (PEA) and the public and agency scoping process for the EIR identified key areas of environmental concern. These environmental concerns are examined in this EIR. In reviewing the impacts of complex issues, it may be necessary to review multiple technical sections of this EIR, because an issue may be addressed under more than one environmental parameter. The key areas of environmental concern described in this document include:

- Aesthetics
- Agricultural
- Air Quality
- Biological Resources
- Cultural Resources
- Geology, Soils and Mineral Resources
- Hazards and Hazardous materials
- Hydrology
- Land Use and Planning
- Noise
- Population and Housing
- Public Services and Socioeconomics
- Recreation
- Transportation and Traffic
- Utilities and Service Systems

1.6 Areas of Controversy

The CPUC identified areas of controversy on the basis of written responses to the Notice of Preparation, written and oral comments received in public meetings, and comments received during the agency scoping process. General concerns about the project as a whole included comments that construction will impact agricultural planting cycles. Some landowners expressed a desire to run the pipeline along existing public ROWs, rather than across productive agricultural fields, whereas other area residents expressed concern about routing the Line 400/401 Connection Pipeline near their homes.

Farmers along the proposed Line 400/401 Connection Pipeline alignment expressed general concern about the project's potential to interfere with agricultural operations, such as the land that would have to be removed from production during pipeline construction, the access WGSJ would need for ongoing pipeline maintenance following construction, and the effect of the project on farmers' ability to meet irrigation needs. Some farmers also stated that the depth at which WGSJ proposes to install the Line 400/401 Connection

Pipeline was too shallow for certain types of agricultural operations, such as plowing or “ripping” a field in preparation for planting crops.

Some agencies and members of the public expressed concern about being able to respond to emergencies caused by the project, such as explosion and/or fire resulting from a breach of the any of the project’s pipelines.

The United States Environmental Protection Agency stated that mitigation measures should address the net loss of wetland type for creation of the Giant Garter Snake Habitat Enhancement Site. The State Lands Commission expressed concern about decommissioning the project in the future and who would be ultimately responsible for such actions. The Butte County Public Works Department stated that they do not allow diagonal crossing at bridges.

Certain of the identified areas of controversy relate to social and economic issues or project planning issues rather than environmental impacts of the project, such as area resident’s concern that they will suffer all the impacts from the project but will not enjoy any benefits from it. These issues will be addressed as appropriate by the CPUC in its decision-making process. Other environmental areas of controversy may arise during the public comment period on the EIR, and these will be addressed in the responses to those comments.

1.7 Organization of the EIR

The EIR for the proposed WGSJ Expansion Project consists of this Draft EIR, which contains the environmental analysis of the proposed project and project alternatives, and the Final EIR, which will contain comments received during the public review period along with the responses to those comments. This Draft EIR contains the following sections:

Executive Summary. Presents a summary of the environmental impacts of the proposed project and mitigation measures identified to reduce or eliminate significant impacts. The Executive Summary also presents a summary of alternatives to the proposed project.

Section 1: Introduction. Provides an overview that describes the proposed project and the purpose of the EIR, summarizes the EIR review and certification process, identifies key areas of environmental concern, and outlines the CPUC’s CPCN process.

Section 2: Project Description. Presents the project objectives, provides a detailed description of the proposed project, including facilities and construction methods, as well as the permits required for the proposed project’s implementation.

Section 3: Environmental Impact Analyses. Describes existing conditions, evaluates the environmental impacts of the proposed project, and identifies mitigation measures for the impacts identified in this EIR.

Section 4: Cumulative and Growth-Inducing Impacts. Describes cumulative and growth-inducing impacts resulting from implementation of the project, together with reasonably anticipated future projects that may have related or cumulative impacts.

Section 5: Alternatives to the Project. Describes the objectives of the WGSJ project and provides an evaluation of a reasonable range of project options that would reduce or avoid environmental impacts. The alternatives section describes alternative ways of meeting the objective and alternative locations for certain proposed facilities. In addition, the No Project alternative is evaluated.

Section 6: Mitigation, Monitoring, and Reporting Program. Presents a mitigation monitoring and reporting framework for the mitigation measures proposed by the Applicant and mitigation measures recommended by the CPUC for the North Crossing Route Alternative.

Section 7: List of Preparers and Agencies Consulted. Lists people who prepared the report, identifies public agencies that were consulted, and describes public involvement in the EIR process.

Section 8: References. Lists information on the sources of information cited in the EIR.

Section 9: Acronyms and Abbreviations. Defines acronyms and abbreviations used in this EIR, particularly those associated with the natural gas storage, transmission, and distribution processes and their regulation.

Section 10: Glossary. Defines terms used in this EIR, particularly those associated with the natural gas storage, transmission, and distribution processes and their regulation.

Appendices. Includes the Notice of Preparation (NOP) for this EIR, a key issue summary, and background technical material.