

1. INITIAL STUDY ENVIRONMENTAL CHECKLIST FORM

1.1 PROJECT TITLE

Central Valley Gas Storage Project

1.2 LEAD AGENCY NAME AND ADDRESS

California Public Utilities Commission (CPUC)
Energy Division
505 Van Ness Avenue
San Francisco, CA 94102

1.3 CONTACT PERSON AND PHONE NUMBER

Monisha Gangopadhyay, CPUC Project Manager
Energy Division
(415) 703-5595

1.4 PROJECT LOCATION

See Section 4.3 for a description of the project's location. Figure 4-1 shows the project's regional location, and Figure 4-2 shows the location of the individual project components.

1.5 PROJECT SPONSOR'S NAME AND ADDRESS

Central Valley Gas Storage, LLC
3333 Warrenville Road, Suite ~~630~~300
Lisle, Illinois 60532

1.6 GENERAL PLAN DESIGNATION

The proposed project is located within Colusa County, a predominantly agricultural county within the upper Sacramento Valley of northern California. Project components would be located in a rural area on land primarily designated by the Colusa County General Plan as Agriculture General (A-G). In addition, land associated with the community of Delevan by the I-5 corridor is designated as Rural Service Center (RSC). A short segment of the pipeline would cross under I-5 near the northern boundary of the RSC designation (Colusa County 1989).

1.7 ZONING

According to the Colusa County Code (Colusa County Code Appendix I, Article 3, Section 301) zoning designations of the areas adjacent to the components of the proposed project include the following:

- Exclusive Agriculture (E-A): The majority of the proposed project would be located on land zoned E-A.
- Floodway (F-W): Within the project area this zone is associated with the Sacramento River, Colusa Drainage Canal, and the Glenn-Colusa Canal.

1.8 DESCRIPTION OF THE PROJECT

See Section 4.4, Project Description.

1.9 SURROUNDING LAND USES AND SETTING

The project is situated in a rural area in western Sacramento Valley on land used primarily for agricultural purposes. Land uses in the vicinity of the project's surface facilities and connecting pipelines are primarily active agricultural operations and scattered residences. There are several private residences and agricultural facilities in the immediate vicinity of the proposed project. There are five existing residences located above the extent of the Princeton natural gas storage area. Along the proposed 14.7-mile pipeline connecting the compressor station to the PG&E Line 400/401 there are 17 residences located within 3,000 feet of the pipeline (one residence east of Old Highway 99 would be located immediately adjacent to the proposed pipeline alignment). A majority of the connecting pipeline traverses active agricultural fields involved in rice farming (see project alignment sheets in Appendix A). At several points along the pipeline alignment, canals, troughs, and channels are located in the vicinity of the alignment. At these points, the project would auger bore or use horizontal directional drilling (HDD) beneath waterways. One private runway used for crop dusters is located south of the 14.7-mile long alignment, which an auger bore would be used to cross. Two National Wildlife Refuges (NWRs) are located in the vicinity of the 14.7-mile-long connecting pipeline, the Sacramento NWR is to the north, and the Delevan NWR is to the south.

1.10 OTHER PUBLIC AGENCIES WHOSE APPROVAL IS REQUIRED

In addition to the CPCN required by the CPUC for overall project approval and California Environmental Quality Act (CEQA) review, Table 1-1 depicts additional permits and approvals Central Valley will be required to obtain. The California Department of Oil, Gas, and Geothermal Resources (DOGGR) regulate wells drilled into an underground natural gas storage reservoir. Central Valley would submit for approval the necessary Notice of Intent forms to drill, rework, redrill or plug and abandon wells as required.

Central Valley would also complete engineering and geology studies and an injection plan and submit them to DOGGR for approval. These studies would meet the appropriate DOGGR requirements and describe the following:

- Planned well drilling and abandonment program
- Reservoir characteristics
- Casing diagrams
- All geologic units
- Aquifers
- Oil and gas zones.

The studies would further include an isopach map of each injection zone and a geologic cross section through the injection well. An isopach map is a contour map showing the thickness of a given stratigraphic unit. A stratigraphic unit is a rock layer or series of rock layers. The injection plan would include the following features:

- A map showing injection facilities
- Anticipated injection pressures and rates
- A description of the monitoring system to insure that injected gas is confined to the intended zone.

All required data including characteristics of the cap rock, such as areal extent, average thickness, and threshold pressure would be submitted to the appropriate DOGGR District Deputy for the project. A bond would be posted with DOGGR to ensure proper completion or abandonment of any well drilled. Additional DOGGR requirements are listed in Table 1-1 below.

Table 1-1: Required Permits or Approvals	
Agency	Required Permit or Approval
Federal Agencies	
U.S. Army Corps of Engineers (ACOE)	Section 404 of the Clean Water Act – Letter authorizing the use of nationwide permits (possibly No. 12 and 33) for the discharge of fill material into waters of the United States.
U.S. Fish and Wildlife Service (USFWS)	Section 7 of the Federal Endangered Species Act – Biological Opinion for potential take of federally listed species.
U.S. Department of Transportation (USDOT)	Review and approvals related to pipeline safety.
State Agencies	
California Department of Conservation, Division of Oil, Gas, and Geothermal Resources (DOGGR)	Permit to drill wells and conduct well operations Authorization to inject produced water Permit to operate Princeton Gas Field as a storage field Gas well and water injection plan approvals Conformity review of the plugged/abandoned wells Pipeline plan review and approvals associated with water disposal.
California Department of Fish and Game (CDFG)	Streambed Alteration Agreement under Section 1602 of the California Fish and Game Code to trench through drainages that qualify as waters of the state. Concurrence under Section 208 for potential impacts on state-listed wildlife species.
California Department of Transportation (Caltrans), District 3	Encroachment permits for installing the pipeline under Interstate 5 (I-5).
Central Valley Flood Protection Board	Encroachment permit for installation of the gas pipeline under the Colusa Trough.
State Water Regional Control Board (SWRCB), Central/California Regional Water Quality Control Board (RWQCB), Central Valley Region	Section 401 of the Clean Water Act (CWA) – Water Quality Certification required as part of Section 404 permit from ACOE.
SWRCB/RWQCB	Section 402 of the CWA – National Pollutant Discharge Elimination Systems Permit for the disturbance of more than 1 acre of land.
SWRCB/RWQCB	General order for dewatering and other low threat discharges to surface waters.
State Historic Preservation Office (SHPO)	Section 106 of the National Historic Preservation Act (NHPA) – Required to comply with Section 404 of CWA.

Initial Study/Mitigated Negative Declaration
1. Initial Study Environmental Checklist

Table 1-1 (Continued) : Required Permits or Approvals	
Agency	Required Permit or Approval
Local Agencies	
Colusa County Air Pollution Control District (CCAPCD)	Authority to Construct/Permit to Operate
Colusa County Environmental Health Department	Water well permit for the compressor station.
Colusa County Planning and Building Department	Building permits for compressor station and metering station Variance for continuous drilling operations for new well heads <u>Conditional Use Permit</u> Major Use Permit Approvals for release of Williamson Act Lands (if there are any).
Colusa County Public Works Department	Grading permit for all project components Encroachment and transportation permits may be required for construction within public right of way and for hauling any loads that exceed legal limits Non-residential development permit to construct a structure (compressor station) in an area determined to be a special flood hazard (Zone A) <u>Approval of erosion sediment control plan</u> <u>Submit for review and approval an SWPPP</u> Approval of traffic control plan Approval of construction and operation safety and emergency response plan.
<u>Colusa County Office of Emergency Services</u>	<u>Submission of construction and operation safety and emergency response plan to County of Colusa Office of Emergency Services.</u>
Colusa County Planning and Building Department	Building permits for compressor station and metering station Variance for continuous drilling operations for new well heads Approvals for release of Williamson Act Lands (if there are any).
Glenn-Colusa Irrigation District	Conduit crossing/encroachment permit to install the gas pipeline under the Glenn-Colusa Canal.
Other	
Pacific Gas & Electric (PG&E)	Pipeline capacity lease CVGS to provide list of agreements – Permits needed from PG&E to (1) design and operate metering station, the tap connection into its Line 400/401, for the installation of the below-grade piping between the meter site and PG&E Line 400/401, (2) the temporary connection with Line 172, and (3) the tie-in to the 12-kilovolt (kV) line.
Union Pacific Railroad (UPRR)	Crossing permit to install the gas pipeline under the railroad tracks.
County of Colusa residents and businesses	Storage right leases for residences and businesses located above the storage reservoir.

2. ENVIRONMENTAL FACTORS POTENTIALLY AFFECTED

The environmental factors checked below would be potentially affected by this project, involving at least one impact that is a “Potentially Significant Impact” as indicated by the checklist on the following pages.

- | | | |
|--|---|---|
| <input type="checkbox"/> Aesthetics | <input type="checkbox"/> Agricultural Resources | <input type="checkbox"/> Air Quality |
| <input type="checkbox"/> Biological Resources | <input type="checkbox"/> Cultural Resources | <input type="checkbox"/> Geology and Soils |
| <input type="checkbox"/> Hazards and Hazardous Materials | <input type="checkbox"/> Hydrology and Water Quality | <input type="checkbox"/> Land Use and Planning |
| <input type="checkbox"/> Mineral Resources | <input type="checkbox"/> Noise | <input type="checkbox"/> Population and Housing |
| <input type="checkbox"/> Public Services | <input type="checkbox"/> Recreation | <input type="checkbox"/> Transportation and Traffic |
| <input type="checkbox"/> Utilities and Service Systems | <input type="checkbox"/> Mandatory Findings of Significance | |

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3. ENVIRONMENTAL DETERMINATION

On the basis of this initial evaluation:

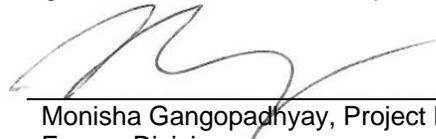
I find that the proposed project COULD NOT have a significant effect on the environment, and a NEGATIVE DECLARATION will be prepared.

I find that although the proposed project could have a significant effect on the environment, there will not be a significant effect in this case because revisions in the project have been made by or agreed to by the applicant. A MITIGATED NEGATIVE DECLARATION will be prepared.

I find that the proposed project MAY have a significant effect on the environment, and an ENVIRONMENTAL IMPACT REPORT (EIR) is required.

I find that the proposed project MAY have a "potentially significant impact" or "potentially significant impact unless mitigated" on the environment, but a least one effect (1) has been adequately analyzed in an earlier document pursuant to applicable legal standards, and (2) has been addressed by mitigation measures based on the earlier analysis as described on attached sheets. An ENVIRONMENTAL IMPACT REPORT is required, but it must analyze only the effects that remain to be addressed.

I find that although the proposed project could have a significant effect on the environment, because all potentially significant effects (a) have been analyzed adequately in an earlier EIR or NEGATIVE DECLARATION pursuant to applicable standards, and (b) have been avoided or mitigated pursuant to that earlier EIR or NEGATIVE DECLARATION, including revisions or mitigation measures that are imposed upon the Proposed Project, nothing further is required.



Monisha Gangopadhyay, Project Manager
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California Public Utilities Commission

4/14/10

Date

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