

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
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September 23, 2011

Mr. Jim Kiefer
Director Project Development
Central Valley Gas Storage, LLC
3333 Warrenville Road, Suite 130
Lisle, Illinois 60532

Subject: Central Valley Natural Gas Storage Project - (Application No. 09.08.008) – Variance Request #12

Dear Mr. Kiefer:

A CPUC Environmental Monitor observed construction crews utilizing unauthorized temporary bridges to provide access across drainages along the pipeline right-of-way (ROW). The CPUC issued a variance approval letter on August 15, 2011 providing approval for the use of fourteen temporary bridges along the pipeline ROW; however the temporary bridges identified by the CPUC Environmental Monitor were not included in the variance approval letter issued by the CPUC.

The CPUC issued an incident report on September 21, 2011, requesting a variance request to be filed with the CPUC for all temporary bridges that are being utilized for construction activities that were not previously included in the variance approval letter submitted to Central Valley Gas Storage (CVGS) on August 15, 2011.

On September 22, 2011, CVGS requested a variance from the California Public Utilities Commission (CPUC) to utilize alternative construction methods from those identified in the Final Initial Study and Mitigated Negative Declaration (FMND). The alternative construction methods include installation of temporary bridges across seven drainages.

The CPUC voted on October 14, 2010 to approve the CVGS Project (Decision D10-10-001) and a Notice of Determination was submitted to the State Clearinghouse (SCH# 2010042067).

The CPUC also adopted a Mitigation, Monitoring, Compliance and Reporting Program (MMCRP) to ensure compliance with all mitigation measures imposed on the CVGS Project during implementation. The MMCRP also acknowledges that additional or revisions to construction methods are anticipated and that a Variance Request would be required for these activities. This letter documents the CPUC's thorough evaluation of all activities covered in this variance, and that no new impacts or increase in impact severity would result from the requested variance activities.

Variance #12 for modifications to install temporary bridges across seven drainages that will be crossed by open-cut trench method within the approved pipeline work area is granted by CPUC for the proposed activities based on the factors described below.

CVGS Variance Request. Excerpts from the CVGS Variance Request, received September 22, 2011 are presented below (indented):

The project description in the IS/MND did not describe the installation of temporary bridges across drainages. The variance requests the CPUC approval to install temporary bridges across (7) agricultural ditches that were identified as being trenched in the MND and permitted for the placement of fill material by the resource agencies. These temporary bridges were installed prior to the issuance of this variance. The CPUC issued an incident report on September 22, 2011 requesting that a variance be submitted for the installation of temporary bridges across the seven of the agricultural ditches (D-2, D-6a, D-41 and D-44). The temporary bridge at D-44 has been removed and site restored as of September 22, 2011 but the six remaining bridges are still in place.

CVGS' contractor installed the temporary bridges across seven drainages during pipeline construction phase (Table 1). The same installation methods described in Variance Request #7 were used to install the bridges across these seven drainages. The six remaining temporary bridges will be removed immediately after the pipeline has been installed across the drainage and all temporary disturbed areas would be restored upon project completion.

Table 1 - Temporary Bridges Proposed as Part of Variance Request No. 12

Drainage Number	Drainage Type	Estimated Width (ft)	Woody Riparian Vegetation Present at Temporary Bridge Crossing	Riparian Vegetation Removed/Trimmed for Bridge Placement
D-2	Roadside Ditch	1	None	None
D-6a	Agricultural Ditch	8	None	None
D-40	Agricultural Ditch	8	None	None
D-41	Agricultural Ditch	6	None	None
D-44	Agricultural Ditch	10	None	None
D-49	Agricultural Ditch	8	None	None
D-52	Agricultural Ditch	8	None	None

CPUC Evaluation of Variance Request.

In accordance with the MMCRP, the subject variance request was reviewed by CPUC to confirm that no new impacts or increase in impact severity would result from the requested variance activities.

The following discussion summarizes this analysis for agricultural, biological, cultural, paleontological, hydrological resources, traffic, sensitive land uses/noise and other issue areas. A list of bulleted conditions is presented to define additional information and clarifications regarding mitigation requirements.

Agricultural Resources – The temporary bridges will not result in impacts to Farmland of Statewide or Local Importance. No new impacts or increase in impact severity for agricultural resources are anticipated.

Biological Resources – The temporary bridges will be utilized to cross drainages that are located within the pipeline work limits identified in the FMND. The drainages will be crossed with a railroad car or timber mats that will span the drainages from top of bank to top of bank. The temporary bridges would span drainages and would be removed immediately after the pipeline has been installed across the drainage and all temporarily disturbed areas would be restored upon project completion.

According to biological reports and surveys completed for the proposed work spaces, the pipeline construction work area, which includes the area where temporary bridges will be constructed supports suitable habitat for a variety of species (giant garter snake, western pond turtle, nesting migratory birds and raptors, Swainson's hawk, burrowing owl, valley elderberry longhorn beetle, and special-status invertebrates). To avoid potential impacts to these species, nesting birds and other wildlife species, CVGS and its contractors will implement the protective measures noted below in the conditions section and included in the MMCRP. No new impacts or increase in impact severity for biological resources are anticipated with the implementation of the conditions.

Cultural & Paleontological Resources – The proposed temporary bridges are located within the limits of the area surveyed as part of the FMND prepared for the CVGS Project. No known resources are known to be present in the area proposed for temporary bridge construction. In the event of an unanticipated discovery of archaeological materials, all ground-disturbing work within the immediate area of the discovery will be suspended. Any new discoveries shall be managed in compliance with the measures identified in the MMCRP. No new impacts or increase in impact severity for cultural resources is anticipated.

Hydrological Resources – Best Management Practices (BMPs) will be installed in accordance with the SWPPP Storm Water Pollution Prevention Plan (SWPPP). The temporary bridges would be removed immediately after the pipeline has been installed across the drainage and all temporarily disturbed areas would be restored upon project completion. No new impacts or increase in impact severity for hydrological resources are anticipated.

Sensitive Land Uses/Noise. The area is rural in nature and supports large-scale agriculture. The temporary bridges included as part of this variance request would be constructed within the pipeline alignment proposed in the FMND. No new impacts or increase in impact severity for sensitive land uses/noise is anticipated.

Other Issue Areas. No concerns noted under this variance.

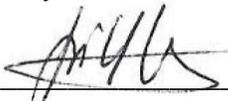
Conditions of Variance Approval.

The conditions presented below shall be met by CVGS and its contractors:

1. All applicable project mitigation measures, APM's, and permit conditions shall be implemented. Some measures have on-going/time-sensitive requirements and shall be implemented prior to and during construction where applicable.
2. Copies of all relevant permits, compliance plans, and this Variance approval shall be available on site for the duration of construction activities.
3. Conduct biological monitoring in compliance with APM BIO-3. Biological monitoring is required to occur immediately preceding and during active construction as part of required biological monitoring activities.
4. All project personnel, shall be provided an environmental briefing focused on resources in the area, erosion control requirements, and the limits of the work area. A log shall be maintained on-site with the names of all crew personnel trained. All participants will receive a hard-hat sticker for ease of compliance verification.

Please contact me if you have any questions.

Sincerely,



Eric Chiang
CPUC Environmental Project Manager
Central Valley Gas Storage Project

cc: *D. Hochart and S. Eckardt, Dudek*
S. Bushnell-Bergfalk, ICF
J. Kiefer, Central Valley Gas Storage, LLC
N. McIntire and H. Salvage, Flour Inc.