

## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



February 24, 2012

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

**Subject: Central Valley Natural Gas Storage Project - (Application No. 09.08.008) – Variance Request #15**

Dear Mr. Kiefer:

On February 8, 2012, Central Valley Natural Gas Storage (CVGS) requested a variance from the California Public Utilities Commission (CPUC) to increase the size of tanks and quantities of hazardous materials that will be stored at the compressor station.

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 minor changes to the project 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 #15 allowing CVGS to increase the size of tanks and quantities of hazardous materials that will be stored at the compressor station is granted by CPUC based on the factors described below.

**CVGS Variance Request.** Excerpts from the CVGS Variance Request, received February 8, 2012 are presented below (indented):

This variance requests the CPUC's approval to increase the size of tanks and quantities of hazardous materials that will be stored at the compressor station. Table 5.8-2 in the IS/MND contains a list of hazardous materials that may be stored at the compressor station site. This table was based on the best available information at the time of the IS/MND was prepared. The most current estimate of quantities required is different than what was originally estimated in the IS/MND. The tank sizes and associated maximum fill capacity provided in the IS/MND (IS/MND Table 5.8-2) and those that are proposed under this variance request are provided below in Table 1.

**Table 1- Hazardous Materials Stored Onsite**

<b>Material</b>	<b>Table 5.8-2 (IS/MND) Estimated Quantity Stored On-Site (gallons)</b>	<b>Variance Request Tank Size (Maximum Fill Capacity) (gallons)</b>	<b>Increase in Quantity Stored On-Site (gallons)</b>
Clean Tri-ethylene glycol	2,500	6,300	5,600
Used Tri-ethylene glycol	2,500	6,300	5,600
Engine Coolant	1,500	6,300	5,600
Engine lube oil	1,000	2,500	2,500
Compressor lube oil	1,000	2,500	2,500
Used lube oil	800	1,480	1,200
Condensate tank	Not Listed but labeled on Figure 4-5	6,300	5,600
Lube oil transfer tank	Not Listed	450	380
Used engine coolant	Not Listed	6,300	5,600
Urea tank	Not Listed	6,500	6,500

**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 aesthetic resources, hazards and hazardous materials, hydrology and water quality, transportation/traffic, and other issue areas. A list of conditions is presented to define additional information and clarifications regarding mitigation requirements.

**Aesthetic Resources** – The visual environment in the area is generally characterized as rural in nature and supports large-scale agriculture. Viewer groups include travelers on local roads immediately adjacent to the site, including McAusland Road to the east and Southam Road to the south. Distant views of the compressor station site are afforded along SR-45; however, at this distance the compressor station and associated facilities are nearly indistinguishable from existing agricultural buildings on adjacent properties.

The IS/MND depicted the storage tanks on the north side of the entry access road just west of McAusland Road located approximately 140 feet from the site boundary. As proposed in the IS/MND, the tanks would have been directly visible to viewers along McAusland Road. Under this variance request the storage tanks would be relocated to being in closer proximity to the compressor station building and would be approximately 300 feet from the site boundary. The proposed relocation of the tanks will result in the

storage tanks being constructed behind buildings and other site equipment, therefore limiting views of the tanks from viewers in the area.

The tanks proposed under this variance request would range in height from 7 feet to 12 feet (5 tanks would be 12 feet, 2 tanks would be 10 feet, and 1 tank would be 7 feet tall). The compressor building being constructed as part of the project is 50 feet tall; therefore, the proposed increase height of tanks is consistent with the scale and mass of the compressor station building.

APM AES-1 will ensure that the proposed tanks will be painted with non-glare, earth tone colors to blend in with the surrounding landscape. Implementation of APM AES-1 will reduce the potential for the tanks to degrade the visual character of the existing setting. Therefore, no new impacts or increase in impact severity for aesthetic resources are anticipated.

**Hazards and Hazardous Materials** – The routine storage and transport of materials will be in accordance with current federal, state, and local regulations. In addition, as required by the California Health and Safety Code (Section 25503.5), CVGS prepared a Hazardous Materials Business Plan for the proposed project. The revised tank sizes and quantities were provided to Colusa County Planning and Building Department in the Hazardous Material Business Plan. This information was also circulated to the Environmental Health Department, Office of Emergency Services, and Fire District. Colusa County and the local Fire District reviewed and approved the increase in tank sizes. In addition, APM HAZ-2 (prepare and implement a construction and operation safety and emergency response plan), APM HYDRO-1 (preparation and implement a Stormwater Pollution Prevention Plan) and Mitigation Measure HAZ-2 (training for specific hazardous chemical safety issues and response procedures) would ensure no new impacts or increase in impact severity to the public or the environment through the use and storage of hazardous materials would result.

**Hydrological Resources** – As stated in the IS/MND, the use of chemicals associated with construction or operation of the facility may impact surface or groundwater. The increase in quantity of hazardous materials stored at the compressor station site could result in accidental spills of hazardous materials. Implementation of APMs HAZ-1, HAZ-2, HYDRO-1, and HYDRO-2, would ensure no new impacts or increase in impact severity for hydrology resources would result.

**Transportation/Traffic** – With the increase in quantity of hazardous materials stored onsite there will be greater intervals between the need to re-stock chemicals stored onsite. The IS/MND identified that materials delivery would occur once per quarter. The increase in quantities of hazardous materials stored onsite will result in a reduction of deliveries being completed once per quarter to once every five or six quarters. The reduction in deliveries would reduce the number of truck trips that were presented in the IS/MND. Therefore, with the reduction in the number of truck trips under this variance would ensure no new impacts or increase in impact severity for transportation would result.

**Other Issue Areas.** No concerns noted under this variance.

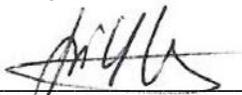
**Conditions of Variance Approval.**

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.
2. Copies of all relevant permits, updated compliance plans with new tank sizes, and this Variance approval shall be available on site for the duration of tank construction activities.
3. In accordance with APM HAZ-2, prior to transporting hazardous materials onsite for storage within the proposed tanks, CVGS will provide the CPUC with an updated Construction and Operation Safety and Emergency Response Plan.
4. In accordance with MM HAZ-2, CVGS will provide all personnel working at the compressor station and remote well pad site with training in the general and specific hazardous chemical safety issues and response procedures.

Please contact me if you have any questions.

Sincerely,



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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.*