

PUBLIC UTILITIES COMMISSION

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July 20, 2011

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 #3

Dear Mr. Kiefer:

On July 12, 2011, Central Valley Natural Gas Storage (CVGS) requested a variance from the California Public Utilities Commission (CPUC) for the PG&E 12-kilovolt (kV) Lines located within Colusa, California. This is a modification to the power lines that were approved for the Central Valley Gas Storage Project in order to provide power to 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 #3 for modifications to the PG&E 12kV line is granted by CPUC for the proposed activities based on the factors described below.

CVGS Variance Request. Excerpts from the CVGS Variance Request, received July 12, 2011 are presented below (indented):

To provide power to the compressor station, CVGS originally planned to connect to the existing 12-kilovolt (kV) PG&E overhead line along Highway 45 via Dodge Road. Instead, PG&E has proposed a connection to their existing 12kV overhead line along Southam Road starting with their existing pole at the north-east corner of the McAusland and Southam Road intersection. The new overhead line would route northwards along the west side of McAusland to the proposed electric meter location.

Four (4) new poles would be installed along the west side of McAusland Road. The proposed Southam Road connection (described in this variance request) requires four less poles than the Dodge Road connection (described in the PEA and approved as part of the MND).

The Southam Road 12-kV line allows better utilization of existing overhead lines thus reducing the quantity of new cable, pole additions, and associated work zones.

The wooden poles will be 45-foot-tall and will be the same height as other poles in the area. The four poles will be installed using an auger to dig an approximately 18-inch wide, 4- to 6-foot deep hole. After the pole is installed, the hole will be backfilled with soil and aggregate base material. The electrical wire will then be strung along the top of the poles. The total disturbance area required to install the poles is a 5-foot by 5-foot area.

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. This review also included a visit to the subject site on July 7th by the CPUC Lead Environmental Monitor (EM).

The following discussion summarizes this analysis for aesthetics, 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.

Aesthetic Resources – The visual environment in the area is rural in nature and supports large-scale agriculture. Viewer groups include travelers on SR-45 and on local, unpaved roads such as Southam, Dodge, and McAusland roads. Utility corridors consisting of wood poles that are approximately 45 feet in height are located along McAusland Road, SR-45 and Dodge Road.

The variance request includes construction of four new wood poles along McAusland Road to provide power to the compressor station. The Final Initial Study/Mitigated Negative Declaration (FMND) prepared for the CVGS Project included construction of wood poles along McAusland Road that would connect to existing utilities along Dodge Road located to the south of the compressor station. The revised power connection includes constructing four wood poles that would be approximately 45 feet in height along the western limits of McAusland northward from the Southam Road/McAusland intersection to the compressor station.

The construction of four wood poles along McAusland Road would not substantially alter the visual character of the area because of the similar uses in the area and the proposed poles are similar in height to other wood poles within an existing utility corridor located to the south of the Southam Road/McAusland intersection. No new impacts or increase in impact severity for aesthetic resources are anticipated.

Biological Resources - A biological resources survey was performed on June 28, 2011. The proposed wood pole alignment lies within an existing right-of-way between - an unpaved road and agricultural uses. The area to be impacted contains no natural habitat or special-status species. No new impacts or increase in impact severity for biological resources are anticipated.

Hydrological Resources – Construction of the wood poles will require excavation of an approximately 18-inch wide, 4 to 6 foot deep hole. CVGS has indicated there is potential for groundwater to be encountered during excavation. Best Management Practices (BMPs) will be installed in accordance with the Storm Water Pollution Prevention Plan (SWPPP). No impacts to hydrological resources are anticipated with the implementation of the conditions noted below.

Cultural & Paleontological Resources – The proposed wood poles 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 wood pole 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.

As identified in the CEQA documentation prepared for the proposed project, underground project components could directly disturb or destroy previously unknown paleontological resources or unique geologic features during ground-disturbing activities occurring within the Riverbank and Modesto formations. With implementation of APM CR-4, which requires CVGS to provide paleontologic resources training to construction workers and stop work if resources are discovered; no new impacts or increase in impact severity for paleontological resources are anticipated.

Traffic. The work proposed under this request will require construction activities to be completed within the right-of-way (ROW) along McAusland Road. Concurrence from Colusa County shall be provided indicating the Traffic Control Plan previously approved for the CVGS project does not require any additional traffic control measures or revisions to existing measures established in the Traffic Control Plan, prior to use of the subject area. Once concurrence is obtained, CVGS will submit documentation to the CPUC. No new impacts or increase in impact severity for paleontological resources are anticipated.

Sensitive Land Uses/Noise. The area is rural in nature and supports large-scale agriculture. The wood poles included as part of this variance request would be constructed in close proximity to the alignment proposed for the 16" Dual Gas Gathering Line and 24" Gas Pipeline. No new impacts or increase in impact severity for sensitive land uses/noise is anticipated.

Other Issue Areas. No concerned noted under this variance.

Conditions of Variance Approval.

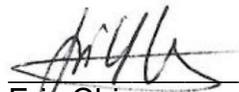
The conditions presented below shall be met by CVGS and its contractors:

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. In compliance with APM BIO-8, pre-construction surveys by a qualified biologist for nesting birds shall occur between January 15 and August 15. If active nests are found, follow protocols in APM BIO-8.
5. 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.
6. If any unanticipated lane restrictions or closures are found to be necessary, prior proof of coordination with emergency service providers and all necessary permits shall be submitted to the CPUC.
7. Concurrence from Colusa County shall be provided indicating the Traffic Control Plan previously approved for the CVGS project does not require any additional traffic control measures or revisions to existing measures established in the Traffic Control Plan, prior to construction. Once concurrence is obtained, CVGS will submit documentation to the CPUC.
8. All complaints received by CVGS in regard to the wood pole construction shall be logged and reported immediately to the CPUC. This includes complaints relevant to noise, etc. Complaints shall also be forwarded immediately to Colusa County. If complaints cannot be resolved, activities at the site may need to be modified, depending on the nature of the complaint.
9. In the event that groundwater is encountered during construction, dewatering activities will be completed in accordance with the project's SWPPP requirements. Prior to dewatering activities being completed, CVGS shall provide a dewatering plan to CPUC that identifies how the groundwater would be removed from the excavation, where it would be discharged and the BMPs to be implemented.

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*
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