

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
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July 20, 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 #5

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 Niagra Yard located within Colusa, California. This is an additional yard to those approved for the Central Valley Gas Storage Project.

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 temporary changes to the project, such as the need for additional workspace, 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 #5 for the Niagra Yard 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):

CVGS pipeline construction contractor (Associated) has identified the need for additional area for office trailers and storing construction materials and equipment. They have identified an existing industrial site in the City of Colusa, located at 2890 Niagra Avenue, Colusa, CA 95923.

The area being proposed for use is approximately 7.5 acre. The site was previously used for storing pipe materials, fabricating pipe pieces, and as a general storage area for a general contractor. The industrial site is a level graveled area that will be used for the construction office trailers, fuel tanks, ice machines, construction equipment, pipes for welders, buses, personnel parking, mechanical working/activities, material storage (mats, skids, pumps and environmental supplies).

An environmental survey was conducted on July 8, 2011 to confirm the condition of the site and ensure no sensitive resources occur in the area that is being proposed for equipment and material staging. The site is a previously graded and graveled area within an existing industrial development that does not support any sensitive resources.

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 14th by the CPUC Lead Environmental Monitor (EM).

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

Biological Resources - The subject site has been previously graded or covered with gravel. No sensitive species or habitats were identified within the Niagra Yard during the biological resource survey conducted on July 8, 2011. No impacts to biological resources are anticipated.

Hydrological Resources – No sensitive water features occur in the Niagra Yard. As proposed by CVGS, Best Management Practices (BMPs) will be installed in accordance with APM BIO-2, which identifies CVGS will prepare and implement a Stormwater Pollution Prevention Plan (SWPPP). No impacts to hydrological resources are anticipated with the implementation of the conditions noted below.

Cultural & Paleontological Resources – The subject site has been previously graded or covered with gravel and utilized previously as a storage area. There are no paleontological concerns for the Niagra Yard as there will be no ground disturbance. No impacts to cultural or paleontological resources are anticipated.

Sensitive Land Uses/Noise. Residences are located approximately 3,800 feet to the northwest of the subject yard. Other surrounding land uses include agricultural, industrial, an airstrip and Farinon Road, a two-lane roadway. No sensitive receptors are located within close proximity to the proposed Yard and compatible uses consisting of industrial uses are located in the vicinity of the Yard. No significant impacts to sensitive land uses are anticipated.

Other Issue Areas. The majority of the subject site is previously graded or covered with gravel, and no ground disturbance is proposed. The site is surrounded by fencing that has been used for industrial purposes previously. No nighttime work or lighting is proposed. CVGS has committed to a delivery route for construction traffic consisting of utilizing Niagra Road and SR 20 to access the pipeline route. No new impacts or increase in impact severity are anticipated by the temporary use of the subject yard during the duration of construction with implementation of the conditions below.

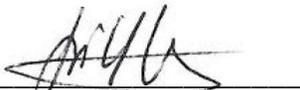
Conditions of Variance Approval.

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, compliance plans, and this Variance approval shall be available on site for the duration of construction activities.
3. 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 certification.
4. 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.
5. Construction trips from the Niagra Yard to the project site shall be staggered to ensure haul trucks and other construction related equipment do not create congestion and result in minimal disruption to motorists traveling on County Roads and State Highways.
6. No clearing or disturbance to vegetation shall occur inside or outside of the approved work areas.
7. All temporary facilities (i.e. trailers, construction equipment, etc.) shall be removed from the Niagra Yard at the completion of occupancy.
8. The SWPPP prepared for the project shall be amended to include BMPs for the Niagra Yard in accordance with APM BIO-2.
9. All complaints received by CVGS in regard to the yard shall be logged and reported immediately to the CPUC. This includes complaints relevant to noise, dust, 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.

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
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