

Back Country Coalition

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August 12, 2007

Edmund G. Brown, Jr.
Attorney General of the State of California
Public Inquiry Unit
Post Office Box 944255
Sacramento, CA 94244-2550

SUBJECT: Failure to Consider CEQA and AB 32 Global Warming Impacts by Sempra/San Diego Gas & Electric Company's Proposed Sunrise Powerlink Project and its North Baja LNG Pipeline Phase

Honorable Attorney General Brown:

The constituents and Board of the Back Country Coalition (BCC) are very pleased to read about the support you are receiving in the California legislature for your efforts to enforce the California Environmental Quality Act and Assembly Bill 32 regarding disclosing, avoiding and mitigating global warming and greenhouse gas emission impacts by projects of all types in their planning stages.

We have previously corresponded with your offices regarding the subject Sunrise Powerlink project and the failure of its planners and applicants to comply with CEQA in relation to both that law's disfavor of piecemealing major projects into separate segments to avoid environmental review of the entire master project, as well as its failure to comply with AB 32 consideration of global warming impacts (BCC letter dated July 30, 2007).

Another portion of the Sunrise master project that is well known is Sempra Energy's LNG plant in Costa Azul, Baja, Mexico, which would provide Malaysian fossil fuel for the present and planned Mexicali electric generating plants. What is not very well known, however, is the planned gas pipeline connection INTO the western United States and especially into California, which will serve present and planned fossil fuel electric generating plants. (Attachment 1, FERC Docket RP05-339-000, dated June 20, 2005).

The pipeline project is known as North Baja (Executive Summary, attachment 2). The environmental documents were prepared jointly by the Federal Energy Regulation Commission (FERC) and the California State Lands Commission (CSLC). (Attachment 3, North Baja EIS/EIR Cover; EIS/EIR available at www.slc.ca.gov.) The EIS/EIR has been out for two years and the final document is poised to be approved by FERC (see news article following letter, "State agency OK's gas pipeline," *Imperial Valley Press*, 7/10/07).

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Please note "Overriding Considerations" (attachment 4) that exempt the project from the significant environmental impacts that it would cause. We have examined the documents and have been unable to find any mention of greenhouse gas/global warming impact considerations as mandated by AB 32.

While the North Baja pipeline project would serve other US utilities with fossil fuel natural gas, besides those owned and operated by Sempra Energy, it must be noted that Sempra's Mexican gas pipeline project connects and supplies the natural gas to the North Baja planned gas distribution system. The North Baja pipeline and Sunrise Powerlink are tandem projects that would not have function or viability without the Sempra Costa Azul LNG plants now under construction. Sempra Energy would own and control all the LNG piped through to the U.S., staged to reach up to **2.7 billion cubic feet per day**.

Shell Oil, in a later project phase, would assist Sempra in supplying LNG fuel for up to 20 additional Baja electrical generation plants. These plants have been reported to be in the design stages, equating to an electrical generation "farm" that would greatly increase the pollution and greenhouse gases in Baja with significant negative air quality impacts also to southern California counties.

Sunrise Powerlink and the North Baja pipeline project are cornerstones to the feasibility of Sempra's Mexican LNG facility. These intertwined satellite projects are required to distribute enormous quantities of natural gas and electrical energy to the lucrative US energy market. North Baja will supply wholesale gas to electric power generation stations in the Southwest while Sunrise will enable Sempra to transmit electricity to wholesale providers outside of its San Diego Gas & Electric operating area. Both would serve to perpetuate fossil fuel power in the southwest U.S., and the enormous consequences from the pollution and greenhouse gases they would generate.

Moreover, the North Baja project, which has escaped under the radar so far by most Sunrise Powerlink project reviewers, is capable of providing the cheapest fossil fuel on the planet, with energy market control made capable by a west coast monopoly on LNG by Sempra.

Amazingly, North Baja has not been reviewed by the CPUC, for either need, functionality or environmental protection. We consider this a travesty of due process under CEQA, done without any regard to the global warming and pollution generating characteristics so inherent in fossil fuel energy generation. **This project is all about locking in a fossil-fuel age system and inflicting the resulting pollution impacts in both Mexico and the U.S.**

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Another disturbing aspect of this massive LNG project is that it does not comply with the 2005 National Energy Policy that attempts to encourage developing energy resources within our borders - nor does it assist in developing renewables and sustainable energy sources. As noted above, it perpetuates the risk of dependence on foreign energy sources and would multiply enormously the pollution caused by outdated energy sources, generation and transmission methods. In fact, the pollution impacts of shipping the LNG across the Pacific Ocean is another global warming factor that has not been considered, rendering the North Baja project even less environmentally sustainable.

Mexico, as a sovereign nation, is in a position to nationalize Sempra Energy's LNG plant, the North Baja pipeline from it, as well as the U.S. corporation-owned and -operated Mexicali power plants - all at the will of Mexico's political leaders. Arguments of "reliability" fall flat if we are to become even more dependent on other countries to provide LNG, while further depending on Mexico's changing political landscape to continue allowing our corporations to use their territories for our energy needs.

We are greatly encouraged by your leadership in enforcing standing laws in California and realize you will understand at once the enormous implications of not only global warming impacts, but the environmental, social and economic impacts that would likely occur if Sempra Energy were to implement these projects as they have been long planning to do. Because you are Attorney General of California and interested in enforcing existing laws, we believe these horrific impacts can be completely avoided. It is quite reasonable to state that this entire energy generation/transmission project may well be one of the most devastating endeavors that has ever been proposed in the State of California.

Thank you for your earliest consideration of this information. Please contact us if you have any questions.

Sincerely,

Bonnie Gendron
BCC Coordinator
(760) 765-2132

George Courser
BCC Director
(858) 274-0127

Attachments: 1 FERC Docket RP05-339-000, dated June 20, 200
2 North Baja EIS/EIR Executive Summary
3 North Baja EIS/EIR Cover
4 North Baja EIS/EIR "Exhibit F: Statement of Overriding Considerations"
Imperial Valley Press, 7-18-2007 "State agency OKs gas pipeline"

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cc: CPUC
CEC
Tim Patterson
Interested Parties

7-18-2007 State agency OKs gas pipeline [Imperial Valley Press Online](#)

By [ERIC GALVAN](#), Staff Writer

The North Baja Pipeline expansion got a step closer to becoming a reality Friday, but local officials still have concerns with the project's environmental impacts.

During the comment period of the environmental impact study, Imperial County officials said they believed the "hot gas" issue was one that wasn't adequately addressed.

Following the California State Lands Commission's approval of the EIS on Friday, Brad Poirez, Imperial County assistant air pollution control officer, maintained that sentiment.

"Our stance continues to be the same," Poirez said. "They're not appropriately addressing the hot gas situation."

Hot gas is the liquefied natural gas that runs through the pipeline that burns hotter than normal LNG and creates nitrous oxide, which leads to ozone.

The current pipeline starts north of Ensenada and runs through Imperial County and to La Paz County, Ariz. That pipeline supplies domestic natural gas from the United States to Baja California.

TransCanada and Sempra, the two beneficiaries of the pipeline project, propose to run a second pipeline adjacent to the current pipeline. Gas from that system would be stored in tanks as LNG at terminals in Baja. The LNG would be vaporized and transported as natural gas through the North Baja system.

Part of the natural gas would be delivered to the Imperial Irrigation District's El Centro generating station and to the El Paso system in Ehrenberg, Ariz. Imperial County could receive up to 100 million cubic feet of LNG a day.

Though the county submitted comments expressing its concerns with the project during the EIS process, the lands commission proceeded with approval.

Sabrina Teller, hired by the county as outside California Environmental Quality Act counsel, said the Board of Supervisors can challenge the lands commission's decision through the Superior Court.

Teller said there have been no discussions with the supervisors and a meeting has not yet been scheduled to further discuss what action, if any, the board will take.

Henry Morse, general manager for the North Baja Pipeline project, said he knew of certain parties that felt the EIS "didn't come to the conclusions they preferred" and that it "did not conduct as detailed analysis as they thought was necessary."

Because the lands commission approved the EIS, he said the project will continue to move forward and wait to receive a certificate from the U.S. Federal Energy Regulatory Commission, another hurdle necessary before construction can begin.

Should the project be entirely approved and all certification is received, Morse said the first phase of the project could begin by the end of this year.

He estimates full operation to be complete by late 2010.

"It was an important action on Friday," Morse said, "but it's just one of the key permits we have to receive before we can go forward with any construction."

>> Staff Writer [Eric Galvan](#) can be reached at 337-3441 or at egalvan@ivpressonline.com

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

June 20, 2005

In Reply Refer To:
North Baja Pipeline, LLC
Docket No. RP05-339-000

North Baja Pipeline, LLC
1400 SW 5th Avenue, Suite 900
Portland, OR 97201

Attention: John A. Roscher
Director, Rates & Regulatory Affairs

Reference: Joint Petition for Limited Case-Specific Waiver

Dear Mr. Fink:

1. On May 10, 2005, North Baja Pipeline, LLC (North Baja) filed jointly with Termoelectrica de Mexicali, S. de R.L. de C.V. (TDM) and Sempra Energy LNG Marketing Corp. (Sempra) (jointly, Petitioners) a petition for a limited case-specific waiver of the Commission's competitive bidding procedures¹ applicable under the capacity release provisions of North Baja's tariff. Specifically, Petitioners propose that they be allowed to omit these competitive bidding procedures and directly assign TDM's firm capacity and its negotiated rate contract to Sempra. The Commission will grant the request for a limited, case-specific waiver, as discussed below. This order benefits the public by facilitating the development of infrastructure in the Southwest United States, facilitating the importation of regasified liquefied natural gas (LNG) into the United States and promoting cross-border energy trade with Mexico.

2. On October 14, 2004, in Docket No. RP05-25-000, North Baja submitted a tariff filing with the Commission to, *inter alia*, add a new paragraph to its General Terms and Conditions that would allow original shippers on the North Baja system to reverse the primary direction of flow under their contracts and grant those shippers a one-time right to permanently assign all or a portion of their long-term firm negotiated rate agreements to creditworthy third parties. In Docket No. RP05-25-000, the Commission initially found that North Baja had not adequately supported this proposal to permanently assign

¹ 18 C.F.R. § 284.8 (2004).

negotiated rate agreements without undergoing a competitive bidding process,² but ultimately approved a case-specific waiver of the Commission's competitive bidding procedures for MGI Supply Ltd. (MGI) and North Baja in Docket No. RP05-85-000.³

3. On February 17, 2005, North Baja filed two additional, related petitions for limited, case-specific waivers, virtually identical to the instant petition, in order to allow Energia Azteca S.X. de R.L. de C.V. (EAX) and Energia de Baja California, S. de R.L. de C.V (EBC) to assign portions of their respective negotiated-rate contracts to their affiliate, Coral Energy Resources, L.P. (Coral). On April 22, 2005, the Commission granted the requested limited waivers.⁴

4. In the instant filing, Petitioners request the Commission to grant a similar limited waiver that will encourage an increase of imports of LNG and development of the necessary infrastructure to bring that energy supply to the North American market. Petitioners also state that the subject waiver would be consistent with the waiver MGI and North Baja obtained in Docket No. RP05-85-000,⁵ and the waivers EAX, EBC, Coral and North Baja obtained in Docket Nos. RP05-190-000 and RP05-191-00,⁶ since this will also facilitate the future transportation of LNG, to be received at one or more terminals located on the coast of Baja California, Mexico, to electricity generation units located nearby. Petitioners also state that this request for waiver likely represents the fourth and final request for a limited case-specific waiver to complete North Baja's capacity rationalization program to allow original shippers an opportunity to rationalize capacity by assigning their existing, long-term negotiated rate contracts to entities engaged in developing LNG resources for the importation of natural gas to serve energy needs in the Southwest United States.

5. Petitioners have agreed to a capacity assignment that allows Sempra to receive the capacity on the North Baja pipeline, which will no longer be needed by TDM, through capacity assignment. Since the anticipated daily fuel requirements of TDM's generation facilities would be generally less than the full downstream deliverability from any of the proposed Baja California LNG import terminals, it is planned that excess natural gas will be made available from this supply for export to markets in the Southwest United States, including California. Petitioners state that TDM previously reached an agreement with

² *North Baja Pipeline, LLC*, 109 FERC ¶ 61,159 (2004).

³ *North Baja Pipeline, LLC*, 109 FERC ¶ 61,269 (2004).

⁴ *North Baja Pipeline, LLC*, 111 FERC ¶ 61,119 (2004).

⁵ *North Baja Pipeline, LLC*, 109 FERC ¶ 61,269 (2004).

⁶ *North Baja Pipeline, LLC*, 111 FERC ¶ 61,119 (2004).

North Baja to reverse the path of its capacity once LNG-sourced gas service commences. North Baja, by reversing the line flow in its pipeline and freeing up capacity no longer needed by TDM, will be able to transport this natural gas on behalf of Sempra, from the point of import at the U.S.-Mexican border to markets in the Southwest United States.

6. Public notice of Petitioners' filing was issued on May 13, 2004. Interventions and protests were due as provided in section 154.210 of the Commission's regulations (18 C.F.R. § 154.210 (2004)). No protests were filed. Pursuant to Rule 214 (18 C.F.R. § 385.214 (2004)), all timely filed motions to intervene and any motions to intervene out-of-time filed before the issuance date of this order are granted. Granting late intervention at this stage of the proceeding will not disrupt the proceeding or place additional burdens on existing parties.

7. Commission policy on capacity assignments, as reflected in 18 C.F.R. § 284.8 (2004), generally requires that the capacity be subject to posting and bidding procedures to ensure that it be assigned to the shipper who values it most. In this case, the proposed capacity assignment will occur at the levelized rate originally negotiated with North Baja. The Commission finds that this specific proposal, by giving financial certainty to TDM, Sempra, and North Baja, will facilitate the importation of natural gas from LNG terminals in Baja California, Mexico into the United States. Furthermore, a waiver would also reduce pipeline construction that would otherwise be required.⁷ Additionally, the waiver will facilitate the development of energy infrastructure in the Southwest United States.⁸ Finally, the waiver would be consistent with the November 5, 2004 Letter of Intent between Chairman Wood and the Chairman of the Comision Reguladora de Energia to promote cross-border energy trade with Mexico.⁹ Therefore, the Commission grants the Petitioners' request for a limited, case-specific waiver of the competitive

⁷ See Joint Petition at 6.

⁸ See Joint Petition at 7.

⁹ See Joint Petition at 8 n.15 (citing *Letter of Intent Between the Secretariat of Energy of the United Mexican States and the Federal Energy Regulatory Commission of the United States of America*, Nov. 5, 2004).

bidding procedures at 18 C.F.R. § 284.8 (2004) in order to allow TDM to assign firm capacity rights to Sempra pursuant to the transaction arrangements described in the filing.

By direction of the Commission.

Linda Mitry,
Deputy Secretary.

EXECUTIVE SUMMARY

The staffs of the Federal Energy Regulatory Commission (Commission or FERC), the California State Lands Commission (CSLC), and the Bureau of Land Management (BLM) (collectively referred to as the Agency Staffs) prepared this final environmental impact statement/environmental impact report and proposed land use plan amendment (final EIS/EIR) for the North Baja Pipeline Expansion Project (Project or proposed Project) to fulfill the requirements of the National Environmental Policy Act (NEPA); the Council on Environmental Quality Regulations for implementing NEPA (Title 40 Code of Federal Regulations [CFR], Parts 1500-1508); the FERC's implementing regulations (Title 18 CFR, section 380); the California Environmental Quality Act (CEQA) (Public Resources Code section 21000 et seq.); the CEQA implementing guidelines (California Code of Regulations Title 14, section 15000 et seq.); and the Federal Land Policy and Management Act. The purpose of this document is to inform the public and the permitting agencies about the potential adverse and beneficial environmental impacts of the proposed Project and its alternatives, and recommend mitigation measures that would reduce the significant adverse impacts to the maximum extent possible, and, where feasible, to a less than significant level.

The FERC is the lead Federal agency and will use the document to consider the environmental impacts that could result if it issues North Baja Pipeline, LLC (North Baja) a Certificate of Public Convenience and Necessity (Certificate) and a Presidential Permit amendment under sections 7 and 3, respectively, of the Natural Gas Act (NGA). The CSLC is the lead State agency and will use the document to consider North Baja's application to amend its existing right-of-way lease across the State's Sovereign and School Lands in conjunction with the environmental impacts that could result from any part of the Project in California.

The BLM is participating as a cooperating agency in the preparation of this document because the Project would cross Federal land under the jurisdiction of the Palm Springs-South Coast, El Centro, and Yuma Field Offices. The Bureau of Reclamation (BOR) is also a cooperating agency in the preparation of this document because lands administered by the BOR would be crossed by the Project. Under section 185(f) of the Mineral Leasing Act of 1920, the BLM has the authority to issue Right-of-Way Grants and Temporary Use Permits for all affected Federal lands. This final EIS/EIR will be used by the BLM to consider whether to amend North Baja's existing Right-of-Way Grant and issue Temporary Use Permits for the installation of approximately 67.4 miles of pipeline and ancillary facilities across Federal lands managed by the BLM, the BOR, and the U.S. Fish and Wildlife Service (FWS). This final EIS/EIR will also be used by the BLM to consider amending the California Desert Conservation Area (CDCA) Plan (as amended), which would be necessary for pipeline construction outside of designated utility corridors, as well as amending the Yuma District Resource Management Plan (Yuma District Plan), which would be necessary for pipeline construction across the Milpitas Wash Special Management Area (SMA).

The BLM proposes to adopt this final EIS/EIR per Title 40 CFR Part 1506.3 to meet its responsibilities under NEPA and its planning regulations per Title 43 CFR Part 1610. The BLM will present separate Records of Decision for the amended Right-of-Way Grant and the plan amendments for the North Baja Pipeline Expansion Project after the issuance of this final EIS/EIR. The concurrence or non-concurrence of the BOR and the FWS would be considered in the BLM's decision.

<p>The vertical line in the margin identifies text that has been modified in this final EIS/EIR and differs from the corresponding text in the draft EIS/EIR.</p>

DESCRIPTION OF THE PROPOSED PROJECT AND PROJECT OBJECTIVES

North Baja proposes to expand its existing natural gas transmission pipeline system between Ehrenberg, Arizona and an interconnection at the international border between the United States and Mexico. North Baja's existing system extends approximately 79.8 miles from an interconnection with the facilities of El Paso Natural Gas Company (El Paso) near Ehrenberg through southeast California to a point on the international border between Yuma, Arizona and Mexicali, North Baja Mexico, where the pipeline interconnects with the Gasoducto Bajanorte pipeline. The North Baja system and the Gasoducto Bajanorte pipeline were built in 2002 to supply domestic natural gas from the United States primarily to gas-fired electric generation facilities in Baja California, Mexico. Since that time, several projects have been initiated to build liquefied natural gas (LNG) storage and vaporization terminals on the Baja California coast, near the terminus of the Gasoducto Bajanorte pipeline. This new source of natural gas would be stored in tanks as LNG at the terminals in Baja California, and then re-gasified (vaporized) and transported as natural gas into the Gasoducto Bajanorte and North Baja systems.

The first of these terminals, Sempra LNG's (Sempra) Energia Costa Azul (ECA) terminal, is already under construction with an anticipated commercial in-service date of early 2008. Sempra has announced its intention to expand the ECA terminal to double its base and peak load capacity and held a non-binding open season between April 17 and May 12, 2006 to solicit commercial interest in additional LNG processing capacity. Although the open season was non-binding, the results indicated high shipper interest in additional processing capacity. Sempra has announced that it will begin working with the shippers that submitted bids to develop binding terminal agreements. Pending regulatory approvals and successful commercial negotiations, the expansion could become operational as early as 2010.

At the time of North Baja's application submittals, Chevron Corporation (Chevron) was developing the Terminal GNL Mar Adentro de Baja California (Mar Adentro). In March 2007, Chevron announced cancellation of the project.

The existing North Baja system is currently certificated by the FERC to transport 512,500 dekatherms per day (Dthd) (500 million standard cubic feet per day [MMscfd]) of natural gas in a southbound direction. Once completed, the expanded system would be capable of transporting up to 2,932,000 Dthd (2,753 MMscfd) of natural gas from the planned LNG terminals in a northbound direction for delivery to customers in California and Arizona. In addition to the new volumes from Mexico, North Baja would continue to offer southbound gas transportation service for several existing shippers.

The North Baja Pipeline Expansion Project as proposed by North Baja in its application filed with the FERC on February 7, 2006 (Docket No. CP06-61-000) was analyzed in a draft environmental impact statement/environmental impact report and draft land use plan amendment (draft EIS/EIR) that was issued on September 27, 2006. North Baja subsequently amended its application to modify its point for delivery of natural gas to the Southern California Gas Company (SoCalGas) system (Docket No. CP06-61-001) and to eliminate delivery of natural gas to the Blythe Energy Facility I supply pipeline (Docket No. CP06-61-002). North Baja's amendments did not propose any changes to the transportation capacity of its proposed expansion. The facilities needed to deliver natural gas to the modified SoCalGas delivery point were referred to in the draft EIS/EIR as the Arrowhead Alternative and were fully analyzed in that document. Adoption of the Arrowhead Alternative would modify a small portion of the originally proposed Project by exchanging certain aboveground facilities and short segments of pipeline. Adoption of the Arrowhead Alternative would also eliminate the need for North Baja to construct an odorant facility because the natural gas would be odorized by SoCalGas using its existing odorant facilities. Based on North Baja's amendment to its application and the analysis in the draft EIS/EIR, the Arrowhead Alternative has been incorporated into the analysis of the proposed Project in this final EIS/EIR. Based

on North Baja's amendment to eliminate delivery of natural gas to the Blythe Energy Facility I supply pipeline, the Blythe Energy Interconnect Lateral has been eliminated from analysis in this final EIS/EIR.

In addition to delivery to the SoCalGas system in Blythe, California, the delivery points for the proposed Project are the Imperial Irrigation District's (IID's) existing El Centro Generating Station in El Centro, California and the El Paso system in Ehrenberg, Arizona.

The North Baja Pipeline Expansion Project would involve the construction and operation of a pipeline loop;¹ two pipeline laterals;² two meter stations; modifications at North Baja's existing compressor and meter stations; and installation of taps and crossover piping, mainline and lateral valves, and pig³ launchers and receivers. Specifically, North Baja proposes to construct and operate:

- up to 79.8 miles of pipeline loop (B-Line) adjacent to North Baja's existing pipeline (A-Line) consisting of 11.7 miles of 42-inch-diameter pipeline extending from the existing Ehrenberg Compressor Station at milepost (MP) 0.0 in La Paz County, Arizona to the existing Rannells Trap at MP 11.7 in Riverside County, California, and 68.1 miles of 48-inch-diameter pipeline extending from Rannells Trap to an interconnection at the U.S.-Mexico border at MP 79.8 in Imperial County, California;
- 2.1 miles of 36-inch-diameter pipeline (Arrowhead Extension) extending from the proposed B-Line at MP 7.4 to SoCalGas' existing Blythe Compressor Station in Riverside County;
- 45.7 miles of 16-inch-diameter pipeline (IID Lateral) extending from MP 74.5 of the B-Line near the existing Ogilby Meter Station to the existing IID El Centro Generating Station in Imperial County;
- modifications at its existing Ehrenberg Compressor Station and existing Ogilby Meter Station to allow northbound flow of natural gas;
- metering modifications at its existing El Paso Meter Station at the Ehrenberg Compressor Station site to allow LNG-source gas to be delivered into the El Paso system;
- one meter station (Blythe-Arrowhead Meter Station) at SoCalGas' existing Blythe Compressor Station in Riverside County to measure gas delivery from the North Baja system to SoCalGas;
- one meter station (El Centro Meter Station) at the IID's existing El Centro Generating Station to measure gas delivery from the North Baja system to the IID;
- two taps and crossover piping where the Arrowhead Extension would connect with the existing A-Line and proposed B-Line in Riverside County;
- one tap where the IID Lateral would connect with the B-Line in Imperial County;

¹ A loop is a segment of pipeline that is usually installed adjacent to an existing pipeline and connected to it at both ends. The loop allows more gas to be moved through the system.

² A lateral pipeline typically takes gas from the main system to deliver it to a customer, local distribution system, or another interstate transmission system.

³ A pig is an internal tool that can be used to clean and dry a pipeline and/or to inspect it for damage or corrosion.

- four pig launchers, one where the Arrowhead Extension would connect with the existing A-Line and proposed B-Line, one at Rannells Trap in Riverside County, one at the Ogilby Meter Station, and one where the IID Lateral would connect with the proposed B-Line;
- five pig receivers, one at the Ehrenberg Compressor Station, one at the end of the Arrowhead Extension at the Blythe-Arrowhead Meter Station, one at Rannells Trap, one at the Ogilby Meter Station, and one at the end of the IID Lateral at the IID El Centro Generating Station;
- nine remote manual valves with automatic shutdown capability on the B-Line, adjacent to the existing A-Line valve sites; and
- four remote manual valves with automatic shutdown capability on the IID Lateral.

The proposed Project would be constructed in three phases beginning in 2007 and ending in 2009. Phase I would involve modifications at the existing Ehrenberg Compressor Station and Ogilby and El Paso Meter Stations; construction of the Arrowhead Extension and the Blythe-Arrowhead Meter Station; and installation of a pig launcher, pig receiver, taps, and crossover piping on the Arrowhead Extension. Phase I-A would involve the construction of the IID Lateral. Phase II would involve the construction of the B-Line adjacent to North Baja's existing A-Line between Blythe and the U.S.-Mexico border. At this date, it remains uncertain what the final Phase II volumes would be. Therefore, the environmental review of the Project has been based on the maximum facility footprint (i.e., full looping of the existing A-Line) to ensure a full analysis of the potential environmental impacts.

PUBLIC INVOLVEMENT AND AREAS OF CONCERN

On May 19, 2005, North Baja filed a request with the FERC to implement the Commission's Pre-Filing Process for the North Baja Pipeline Expansion Project. At that time, North Baja was in the preliminary design stage of the Project and no formal application had been filed with the FERC. On June 2, 2005, the FERC granted North Baja's request and established a pre-filing docket number (PF05-14-000) to place information related to the Project into the public record. The purpose of the Pre-Filing Process is to encourage the early involvement of interested stakeholders, facilitate interagency cooperation, and identify and resolve issues before an application is filed with the FERC. The CSLC, the BLM, and the BOR agreed to conduct their environmental reviews of the Project in conjunction with the Commission's Pre-Filing Process.

As part of the Pre-Filing Process, North Baja mailed notification letters to landowners, government and agency officials, and the general public informing them about the Project and inviting them to attend open houses on July 6 and 7, 2005 to learn about the Project and to ask questions and express their concerns. Notifications of the open houses were also published in local newspapers. The open houses were held in Blythe, El Centro, and Calexico, California. The Agency Staffs attended the open houses to explain the NEPA/CEQA environmental review process to interested stakeholders and take comments about the Project.

In June and August of 2005, the Agency Staffs issued two separate notices that described the proposed Project and invited written comments on the environmental issues to be addressed in the EIS/EIR. The June 2005 notice announced the dates and locations of North Baja's three open houses. The August 2005 notice announced two public scoping meetings that were held in Blythe and El Centro on September 28 and 29, 2005, respectively. These notices were sent to Federal, State, and local agencies; elected officials; environmental and public interest groups; Native American tribes; affected

landowners; local libraries and newspapers; and other stakeholders in the region who had indicated an interest in the Project.

On September 27, 28, and 29, 2005, the FERC and CSLC staffs conducted interagency scoping meetings in the Project area to solicit comments and concerns about the Project from other jurisdictional agencies. Agencies present at the meetings were the FWS, Carlsbad Office; the FWS, Cibola National Wildlife Refuge (NWR); the BLM; and the BOR.

On March 10, 2006, the FERC and the CSLC sent a letter and a copy of the August 2005 notice to potentially affected landowners on 18th Avenue in Riverside County that inadvertently had not been included on the environmental mailing list. The letter solicited comments about the proposed Project from the potentially affected landowners to provide them an opportunity to participate in the environmental review process.

Transcripts of the public scoping meetings, a summary of the interagency scoping meetings, and all written scoping comments are part of the public record for the North Baja Pipeline Expansion Project and are available for viewing on the FERC Internet website (<http://www.ferc.gov>).⁴ The most frequently raised issues were related to impacts on air quality in Imperial County as a result of the existing and proposed upstream facilities in Mexico and the cumulative impact of the proposed Project when considered in association with past, present, and future projects or activities. Other issues of concern included impacts on special status species and native vegetation and the development of mitigation measures to minimize and compensate for these impacts. Comments relating to safety, protection of surface waters, cultural resources, alternatives, and the effects of the Project on off-highway vehicle (OHV) use were also received.

On September 27, 2006, the FERC and the CSLC sent a letter to the landowners and tenants potentially affected by the Arrowhead Alternative. The purpose of the letter was to inform the recipients that North Baja had identified them as a landowner or tenant that would be potentially affected by the Arrowhead Alternative and to solicit comments about the proposed Project and the Arrowhead Alternative.

On September 29, 2006, a formal notice announcing that the draft EIS/EIR was available for review and comment was published in the Federal Register and filed with the California State Clearinghouse. The draft EIS/EIR was filed with the U.S. Environmental Protection Agency (EPA); submitted to the California State Clearinghouse; and mailed to Federal, State, and local government agencies; elected officials; Native American tribes; affected landowners, including landowners and tenants potentially affected by the Arrowhead Alternative; local libraries and newspapers; intervenors⁵ in the FERC's proceeding; and other interested parties (i.e., miscellaneous individuals who provided scoping comments or asked to be on the mailing list). The typical NEPA/CEQA comment period for a draft EIS/EIR is 45 days. However, because the draft EIS/EIR was also a BLM draft land use plan amendment, the public was given 90 days after the date of publication in the Federal Register to review and comment on the draft EIS/EIR both in the form of written comments and at two public meetings held in the Project area.

⁴ Using the "eLibrary" link, select "General Search" from the eLibrary menu and enter the docket number excluding the last three digits in the "Docket Number" field (i.e., PF05-14 and CP06-61). Be sure to select an appropriate date range.

⁵ Intervenors are official parties to the proceeding and have the right to receive copies of case-related Commission documents and filings by other intervenors. Likewise, each intervenor must provide 14 copies of its filings to the Secretary of the Commission and must send a copy of its filings to all other intervenors. Only intervenors have the right to seek rehearing of the Commission's decision.

The public meetings held to receive comments on the draft EIS/EIR were in El Centro, California on December 5, 2006 and Blythe, California on December 6, 2006. The meetings were announced in the draft EIS/EIR, in the notice indicating that the draft EIS/EIR was available, on the FERC Internet website, and in several local newspapers. Both meetings were recorded for the public record. The 90-day comment period for receiving written comments on the draft EIS/EIR closed on December 28, 2006. Written comment letters were received from Federal, State, and local agencies; a Native American tribe; companies/organizations; and North Baja. The transcripts from the public meetings and the written comment letters are available for viewing on the FERC's Internet website (<http://www.ferc.gov>) and are included in Section 6.0 of this final EIS/EIR with the Agency Staffs' response to each comment.

ENVIRONMENTAL IMPACTS AND MITIGATION MEASURES

The environmental impacts associated with construction and operation of the North Baja Pipeline Expansion Project are analyzed in this final EIS/EIR using information provided by North Baja and further developed from data requests; field investigations; scoping; literature research; alternatives analysis; contacts with Federal, State, and local agencies; and input from public groups and organizations. The Agency Staffs' analysis indicates that the Project would result in certain adverse environmental impacts.

North Baja has prepared specific plans that include measures to mitigate potential impacts. These plans include:

- Construction Mitigation and Restoration Plan (CM&R Plan);
- Spill Prevention, Containment, and Control Plan for Hazardous Materials and Wastes (SPCC Plan);
- Horizontal Directional Drill Plan (HDD Plan);
- Traffic Management Plans;
- Blasting Specifications;
- Paleontological Resource Mitigation and Monitoring Plan (PRMM Plan);
- Dust Control Plan;
- Fire Prevention and Suppression Plan;
- Site-specific Residential Construction Mitigation Plans;
- Off-highway Vehicle Management Plan (OHV Plan); and
- Unanticipated Discovery Plan for Cultural Resources.

Specific mitigation measures that are feasible were identified as part of the environmental analysis. When implemented, these measures would reduce most potential adverse impacts of Project construction and operation to a less than significant level. A table listing the anticipated impacts of the proposed Project and measures that would be implemented to mitigate those impacts is included in Section 5. The environmental effects of constructing and operating the proposed Project and North Baja's proposed and the Agency Staffs' additional mitigation measures are summarized below.

Geology

The proposed Project is located within the Colorado Desert geomorphic province, commonly referred to as the “low desert” in southern California. Construction and operation of the proposed pipeline and aboveground facilities would not materially alter the geologic conditions of the Project area. Effects from construction could include disturbances to the natural topography along the right-of-way and at aboveground facilities due to grading and trenching activities. After completion of construction, North Baja would restore topographic contours and drainage conditions as closely as feasible to their preconstruction condition.

Seismicity includes active faults, ground shaking, and soil liquefaction, and is the primary geologic hazard that could affect the proposed Project facilities. Seismic events in the vicinity of the Project are centered on fault activity in the Salton Trough. The potential for strong ground accelerations in the immediate vicinity of the proposed B-Line and Arrowhead Extension is generally low; however, several faults and fault zones are proximal to the proposed IID Lateral and have the potential for generating earthquakes that could cause strong ground motions. Damage to buried pipelines is most often caused by the differential movements of geologic material as opposed to shaking itself.

Results from the Liquefaction Hazard Evaluation and Mitigation Study North Baja performed in 2001 for the A-Line indicate that a major earthquake of magnitude 7.0 or greater originating on the San Andreas or Imperial Faults would create a high probability for soil liquefaction at the Arizona side of the Colorado River crossing and on the western portion of the 18th Avenue alignment. The liquefaction potential identified along the B-Line along the western portion of 18th Avenue would also be expected along the route of the Arrowhead Extension. To mitigate the potential for liquefaction, North Baja incorporated the recommendations of the Liquefaction Hazard Evaluation and Mitigation Study into the design for the proposed Project. At the Colorado River, liquefiable soils would be avoided by use of the horizontal directional drill (HDD) crossing method.

The liquefaction study included as part of the Geologic Hazards Study conducted for the proposed Project concluded that in addition to the areas identified along the B-Line, there are areas of locally high liquefaction potential along the IID Lateral. In particular, areas along the East Mesa (between MPs 8.0 and 27.0) and in the Imperial Valley (between MPs 27.0 and 45.7) would have a locally or generally high potential for liquefaction based on soil type and potential for ground shaking. North Baja would design and construct the IID Lateral to be earthquake resistant.

To further mitigate and reduce potential damage to the proposed facilities from earthquakes, North Baja’s facility design would comply with Federal standards outlined in Title 49 CFR Part 192 *Transportation of Natural and Other Gas by Pipeline: Minimum Federal Safety Standards*. This code governs the construction and operation of natural gas pipelines, greatly reducing the potential risk of damage. The pipelines and associated facilities would be designed using the *Guidelines for the Design of Buried Steel Pipe* (American Lifelines Alliance 2001), *Guidelines for the Seismic Design and Assessment of Natural Gas and Liquid Hydrocarbon Pipelines* (Pipeline Research Council International, Inc. 2004), applicable building codes, and/or other similar recognized seismological engineering standards. The engineering design drawings for the entire Project in California would be certified by a California-registered civil/structural engineer, and would comply with the latest edition of the California Building Code.

North Baja has committed to perform a site-specific seismic evaluation as part of its detailed design phase for the Project. This evaluation would determine the engineering/design solutions that are appropriate to mitigate against the hazard of seismic displacements along the Imperial Fault. The seismic evaluation would determine recommended design fault displacements for the pipeline design

specifications. North Baja would develop a computer model to determine the soil-pipe interaction with the proposed applied displacement. The model would evaluate various combinations of pipe wall thickness and pipe grade to determine which pattern yields the best performance under displacement conditions. The design may also incorporate additional mitigation methods if necessary. North Baja would provide a copy of the final design for the Imperial Fault crossing, as well as any related geotechnical information, to the CSLC and the FERC before construction of the IID Lateral.

Implementation of these mitigation measures would reduce potential impacts from geologic hazards to less than significant levels.

The stratigraphic units that would be crossed by the Arrowhead Extension and the IID Lateral have a low potential to yield paleontological resources; therefore, construction of these facilities is not expected to impact paleontological resources. Although the B-Line route crosses several rock formations that have the potential to contain significant paleontological resources where construction activities could directly and/or indirectly damage, disturb, or result in the loss of these resources, the paleontological monitoring conducted during the construction of the A-Line revealed a very limited presence of paleontological resources. Only about a 1-mile-long stretch from MPs 28.1 to 29.1 yielded a single significant paleontological find during construction of the A-Line. Other areas of older Pleistocene alluvium between MPs 35.0 and 75.2 yielded only occasional paleontological materials and no significant finds.

To address potential impacts on paleontological resources resulting from Project construction, North Baja developed a PRMM Plan. The PRMM Plan includes a summary of the literature and museum archival review, field survey, and assessment of potential impacts on paleontological resources; Project-wide and site-specific mitigation and monitoring measures; and curation and reporting procedures. Implementation of North Baja's PRMM Plan would reduce potential impacts on paleontological resources to less than significant levels.

Soils

About 7 percent of the soils that would be crossed by the proposed Project may exhibit shallow depth to bedrock. All of these soils would be crossed by the B-Line. Based on North Baja's experience during construction of the A-line, shallow bedrock would be a concern primarily in the vicinity of MP 29.5 and would likely require blasting in order to excavate the trench through this area. All blasting activities would be conducted in strict compliance with North Baja's Blasting Specifications and in accordance with Federal, State, and local regulations regarding use, storage, and transport of explosives; safety; and environmental protection. Implementation of these measures would reduce the impacts of blasting on soils to less than significant levels.

Other soil limitations that would be encountered during construction of the Project include 494.4 acres of soils with high water erosion potential. The majority of these soils would occur along the B-Line (454.4 acres), with 3.6 acres affected along the Arrowhead Extension, and 36.4 acres affected along the IID Lateral. In addition, a total of 355.2 acres of soils along the B-Line (162.9 acres), the Arrowhead Extension (0.6 acre), and the IID Lateral (191.7 acres) routes exhibit high wind erosion potential.

Construction of the pipelines and aboveground facilities could expose soils to erosional forces, compact soils, affect soil fertility, and facilitate the dispersal and establishment of weeds. North Baja proposes to mitigate these potential impacts by implementing a CM&R Plan that was developed in consultation with the appropriate land management agencies and addresses the special issues associated with construction and restoration in an arid environment; an SPCC Plan to address preventive and mitigative measures to minimize the potential for soil contamination from spills or leaks of fuels,

lubricants, and coolants used during construction; and a Dust Control Plan to prevent soil loss due to wind erosion. Implementation of these plans would reduce impacts on soil resources to less than significant levels.

Modifications at the Ehrenberg Compressor Station, including the proposed pig receiver and El Paso Meter Station, would be completed within the existing fencelines and would not permanently affect additional soil resources. Construction of the Blythe-Arrowhead Meter Station and pig receiver would be completed within the existing fenceline of the SoCalGas Blythe Compressor Station and also would not affect additional soil resources.

The pig launcher and receiver proposed for Rannells Trap would require a permanent expansion of the existing site by 0.3 acre. Modifications at the Ogilby Meter Station, including the proposed pig launcher and receiver, would permanently affect about 0.2 acre of soils outside the existing fenced facility. The tap to the B-line and pig launcher associated with the IID Lateral would permanently affect 0.2 acre of soils. The El Centro Meter Station and pig receiver would permanently affect about 0.2 acre of soils, all located within the existing fenceline of the IID El Centro Power Generating Station. No prime farmland or farmlands of Statewide or local importance would be affected by these aboveground facility sites. The pig launcher, taps, and crossover piping associated with the Arrowhead Extension would permanently affect 0.8 acre of soils. These soils are designated as prime farmland and farmland of Statewide importance.

In total, 71.7 acres of prime farmland and 47.6 acres of farmland of Statewide importance would be affected. No farmland of local importance would be affected. These impacts on prime farmland and farmland of Statewide importance would be temporary. Temporary impacts on these soils and other active farmlands would be mitigated by segregating 1 to 2 feet of topsoil before installation of the pipeline and reapplying topsoil over the surface of the right-of-way during restoration as outlined in the CM&R Plan. No permanent impacts on designated farmland would occur in association with the construction and operation of the pipelines.

In addition, North Baja would implement a post-construction crop monitoring program to maintain the level of production of the affected soils. The program would evaluate crop productivity and success for a period of at least 2 years following construction. North Baja would prepare activity reports during this period documenting any problems identified by North Baja or the landowner and describing corrective actions taken to remedy these problems. These reports would be submitted to the FERC and the CSLC on a quarterly basis, as stipulated in the CM&R Plan. The FERC and CSLC staffs would also monitor the right-of-way after construction. If after 2 years it is determined that cropland crossed by the pipeline has not been restored successfully, North Baja would implement additional restoration measures. Implementation of North Baja's CM&R Plan would reduce impacts on agricultural land to less than significant levels.

Water Resources

For the majority of the Project, groundwater levels are generally well below the land surface that would be affected by construction activities. Shallow aquifers underlying a portion of the construction area (e.g., the Palo Verde Valley and portions of the route near the Cibola NWR, and the Imperial Valley) could experience minor impacts from clearing, grading, trenching, dewatering, soil mixing, and compaction that could temporarily alter overland flow and groundwater recharge. Near-surface soil mixing and compaction caused by heavy construction vehicles could also reduce the soil's ability to absorb water. These impacts would be temporary and minor and would not significantly affect groundwater resources or groundwater quality. In accordance with North Baja's CM&R Plan, vegetation would be cleared only where necessary. Upon completion of construction, North Baja would restore the

ground surface as closely as practicable to original contours and allow vegetation to regenerate to provide restoration of preconstruction overland flow and recharge patterns. North Baja has prepared an SPCC Plan to address preventive and mitigative measures that would be used during construction to minimize the potential for a hazardous spill to contaminate groundwater resources. Routine operation and maintenance of the Project facilities would not result in disturbance or contamination of groundwater resources.

Before construction, North Baja would conduct a field survey to identify public and private water supply wells within 150 feet of the proposed construction work area. This is the distance specified in Title 18 CFR Part 380.12(d)(9). Potential impacts on wells within 150 feet of the construction work area could include: localized decreases in groundwater recharge rates, changes to overland water flow, contamination due to hazardous materials spills, decreased well yields, decreased water quality (such as an increase in turbidity or odor in the water), interference with well mechanics, or complete disruption of the well. These impacts could result from trenching, equipment traffic, or blasting.

With the landowner's permission, North Baja would test the water wells identified within 150 feet of the construction work area before construction to determine baseline flow conditions. Where impacts are reported by landowners, North Baja would conduct post-construction water well tests. If it is determined that construction activities have impaired a well's water quality or yield, North Baja would either provide bottled water for drinking and arrange for an alternate source of water (such as a water truck) for other household uses, temporarily relocate the landowner until the water supply is restored, or compensate the landowner for losses. If water quality or yield is permanently impaired as a result of construction activities, North Baja would arrange for a new well to be drilled or compensate the landowner.

The proposed Project would cross 2 perennial waterbodies (the Colorado and Alamo Rivers), 73 man-made irrigation canals and drains, and 265 desert washes. Only the Colorado River has a fisheries classification (warmwater). Impacts on the Colorado River and two of the canals (the All-American Canal and the East Highline Canal) would be minimized through the use of the HDD crossing method. The HDD method involves installation of the pipe under the waterbody and therefore avoids disturbance to the bends and banks of the waterbody. The primary impact that could occur as a result of an HDD crossing is an inadvertent release of drilling mud directly or indirectly into the waterbody. North Baja has prepared an HDD Plan that describes how North Baja would conduct and monitor the drilling operations to minimize the potential for inadvertent drilling mud releases and includes procedures for corrective action and cleanup of drilling mud releases should one occur to land. The Agency Staffs are recommending that North Baja revise its HDD Plan to include specific procedures for corrective action and cleanup of drilling mud releases should one occur in the Colorado River or one of the canals.

Impacts on the Alamo River would be minimized by North Baja's proposal to install the pipeline in the road shoulder over the culverts that carry the water under the road. North Baja would cross all but three of the canals and drains either by boring underneath the culverts or by installing the pipeline between the drain culverts and a road bed. Rannells Drain along the B-Line and two unnamed canals along the Arrowhead Extension would be the only irrigation canals or drains crossed by the use of the open-cut crossing technique. The construction and restoration measures in North Baja's CM&R Plan would minimize Project-related disturbances to all waterbodies crossed by the pipeline routes.

The majority of the waterbodies that would be crossed are dry washes that do not support fisheries, provide critical aquatic habitat, provide migratory passage for aquatic organisms, or have California Regional Water Quality Control Board, Colorado River Basin Region- (CRWQCB) designated recreation/high quality visual resource values. North Baja would cross these dry washes with typical cross-country construction methods using the same techniques that were implemented to construct the A-

Line. Impacts on dry washes would be limited to the temporary alteration of beds and banks, loss of wildlife habitat, and possibly increased sediment load during initial storm events following construction. As part of its Streambed Alteration Agreement with the California Department of Fish and Game (CDFG), North Baja would provide offsite, compensatory mitigation for disturbances to wildlife habitats located between the banks of dry desert washes.

Implementation of North Baja's SPCC Plan, revised HDD Plan, and CM&R Plan would reduce impacts on water resources to less than significant levels.

Wetlands

The proposed pipeline facilities would cross 18 palustrine emergent or palustrine scrub-shrub wetlands under the jurisdiction of the U.S. Army Corps of Engineers (COE). No wetlands would be affected by the aboveground facilities. Eight of the 18 wetlands crossed would be left undisturbed by use of the HDD method, bore method, or by installing the pipeline in the road shoulder outside the wetland boundary. North Baja would use the open-cut method to cross the remaining 10 wetlands implementing the construction and restoration procedures outlined in its CM&R Plan. These activities would result in a short-term disturbance of 35.7 acres of wetlands. Of this total, about 26.9 acres were previously disturbed during construction of the A-Line. Adherence to North Baja's CM&R Plan and its compliance with the COE's section 404 and the CRWQCB's section 401 permit conditions would reduce impacts on wetland resources crossed by the pipeline routes to less than significant levels.

Vegetation

Construction activities would result in disturbances of about 1,724.8 acres of vegetation. The most common vegetation communities that would be affected are creosote bush scrub (1,049.0 acres) and urban/ruderal (447.7 acres), which account for about 87 percent of the vegetation that would be cleared or affected by construction. The next most common communities that would be disturbed are agriculture (102.9 acres) and desert wash woodland (83.2 acres) accounting for about 11 percent of the affected vegetation. The least common vegetation community that would be affected is desert sand dunes (42.0 acres), which accounts for less than 3 percent of the vegetation that would be disturbed by the construction of the pipeline facilities. Areas of riparian vegetation would be avoided by the Project.

The agricultural community would typically regenerate quickly and impacts on these vegetation communities would be short term. Cultivated areas are regularly disturbed, generally receive ample water through irrigation if necessary, and would quickly re-establish on the right-of-way following replanting by the landowners. The removal of desert vegetation would have a long-term impact. The arid environment characteristic of these habitats is not conducive to plant growth and would slow the regeneration of vegetation following construction. Moreover, because of the dryness of these areas, regeneration by active seeding or planting is typically ineffective. Natural regeneration of these areas would take several years and in some cases could take over 50 years.

Of the vegetation communities that would be disturbed, the most sensitive is the desert wash woodland, which would be crossed by the B-Line. Desert wash species growing in microphyll woodland, such as ironwood, blue palo verde, and smoke tree, provide structural diversity, cover, and forage for many more wildlife species than the creosote bush scrub habitat. Of the total 83.2 acres of desert wash woodland that would be cleared, 22.0 acres (about 26 percent) would be new disturbance (i.e., not disturbed during construction of the A-Line).

North Baja would minimize tree clearing by reducing the width of the construction right-of-way from 105 feet to 80 feet in 16 woodland areas crossed by the proposed route. Trees that cannot be

avoided would be subjected to one of several treatments (prune, limb, or remove) based on proximity to the pipeline centerline. By pruning or limbing trees rather than removing them, many trees within the right-of-way would be preserved. The reduction of the right-of-way width in these 16 areas would preserve 5.6 acres of desert wash woodland trees, which would reduce the amount of new clearing in desert wash woodlands by about 20 percent.

The CM&R Plan is specifically designed for minimizing and restoring disturbances to native vegetation and includes a Desert Restoration Plan. The Desert Restoration Plan was developed in consultation with the BLM, the FWS, and the CDFG and describes the procedures that were successful during construction of the A-Line that would be implemented during construction of the B-Line to preserve and restore habitat values affected by pipeline construction in the desert environment. Some of these procedures include: preserving the native seed bank by segregating topsoil to a depth of 2 to 8 inches in non-agricultural areas where grading would be conducted, and redistributing material over the right-of-way during cleanup; preserving and redistributing cut vegetation over the right-of-way; restricting grading and crushing or cutting of vegetation where possible, leaving rootstock and minimizing soil disturbance; and imprinting areas with a sheepsfoot or similar device to provide indentations to catch water/seed and anchor native plant material that has been respread over the right-of-way, thereby aiding in natural revegetation and erosion control.

After construction, North Baja would monitor the entire pipeline route to determine the success of restoration of desert vegetation. In native desert habitats, restoration would be considered successful if the right-of-way is similar in species composition to adjacent undisturbed lands. This post-construction monitoring would be conducted annually in areas of desert vegetation disturbed by construction through 2012. Results of the monitoring would be provided in reports to the FERC, the BLM, the CSLC, and the CDFG.

Implementation of North Baja's CM&R Plan and post-construction monitoring program would reduce potential impacts on vegetation to less than significant levels.

The removal of existing vegetation and the disturbance of soils during construction could create optimal conditions for the invasion and establishment of exotic-nuisance species. Construction equipment traveling from invasive weed-infested areas into weed-free areas could also facilitate the dispersal of invasive weed seed and propagules and result in the establishment of noxious weeds in weed-free areas. Botanical surveys conducted before construction of the A-Line identified four invasive weed species in significant numbers including African mustard, Australian saltbush, fountain grass, and tamarisk. North Baja conducted post-construction weed and revegetation surveys for the A-Line, the most recent of which occurred in the Spring of 2005. The surveys indicate that although weeds (specifically mustard and tamarisk) have reoccurred in areas where they were present before construction of the A-Line, they have not spread to new areas along the right-of-way. Additionally, the surveys indicate that fountain grass has been eliminated from the right-of-way. No weeds were identified along the Arrowhead Extension. North Baja has not yet provided information regarding noxious weed species that may occur along the IID Lateral route; however, in accordance with the CM&R Plan, surveys for noxious weeds along the IID Lateral would be conducted before construction.

North Baja's CM&R Plan includes measures to minimize the spread of invasive exotic species that were developed in consultation with the appropriate natural resource agencies. After construction is complete, North Baja would conduct surveys for non-native plant species to determine locations of weed infestations attributable to the Project. North Baja would conduct these surveys and implement control measures (e.g., herbicide application, pulling by hand as permitted by landowner or land management agency) at Project-related infestations twice a year for 2 years after construction is complete or until the

infestations have been controlled. North Baja would also implement weed control measures annually as part of routine operation and maintenance.

Implementation of North Baja's CM&R Plan and post-construction monitoring program would reduce potential impacts associated with the spread of noxious weeds to less than significant levels.

Wildlife and Aquatic Resources

The primary impact of the Project on wildlife habitat, including habitat for migratory birds, would be the cutting, clearing, and/or removal of existing vegetation within the construction work area. Construction through agricultural areas would have the least impact. As discussed above, cultivated areas are regularly disturbed, receive ample water through irrigation, and would quickly reestablish on the right-of-way following replanting by the farmers. The removal of desert vegetation would result in the long-term loss of habitat for those species that utilize native vegetation communities. North Baja's CM&R Plan includes measures to avoid or minimize impacts on wildlife habitats as well as facilitate the recovery of native vegetation communities. North Baja's proposed conservation measures to minimize or avoid impacts on special status species would also serve to avoid, minimize, or compensate for impacts on general wildlife and their habitats.

The clearing of vegetation during the nesting season could have direct impacts on individual migratory birds. North Baja would attempt to schedule construction in native habitats outside of the breeding season for migratory birds. If, however, construction activities are necessary during the bird breeding season, in accordance with its CM&R Plan, North Baja would remove vegetation that could provide nesting substrate from the right-of-way before the breeding season. The Agency Staffs are recommending that North Baja consult with the FWS, the BLM, and the CDFG to develop Preclearing Plans for construction of Phase I-A and Phase II, which are the only phases of construction that have the potential to occur in native desert habitats. These plans would include specific details of the preclearing methods to be implemented, the specific locations where preclearing would occur, and the dates preclearing would be initiated and completed for each phase of construction. Qualified biologists would conduct preconstruction surveys to confirm the absence of nesting birds before construction begins. If, in spite of vegetation removal, nesting birds are found on the construction right-of-way, the nest would not be removed until fledging has occurred or unless authorized after consultation with the FWS, the CDFG, and, if the nest is located on Federal lands, the Federal land management agency.

Fires inadvertently started by construction activities could also affect wildlife in the Project area by igniting vegetation along the right-of-way. This habitat loss could cause crowding in adjacent habitats reducing productivity and increasing stress-induced mortality. North Baja has developed a Fire Prevention and Suppression Plan to minimize the potential for wildfires.

Implementation of North Baja's CM&R Plan, the Preclearing Plans to protect nesting migratory birds, and the Fire Prevention and Suppression Plan would reduce the impacts of the Project on wildlife to less than significant levels.

Pipeline construction or operation would not directly affect aquatic resources. An inadvertent chemical or fuel spill in or near a waterbody could release contaminants, which could affect fish through changes in food sources or by contaminating the water resources. North Baja's adherence to its CM&R Plan and SPCC Plan would reduce the potential of a spill and decrease the response time for control and cleanup of a spill, should one occur. Therefore, the probability of a spill of hazardous materials would be small and the impact on fisheries would be less than significant.

Special Status Species

The FWS identified nine federally listed endangered or threatened species that could potentially occur in the general vicinity of the North Baja Pipeline Expansion Project. The Agency Staffs have determined that, with implementation of North Baja's proposed minimization and conservation measures, its CM&R Plan, and the Agency Staffs' additional recommendations for the southwestern willow flycatcher and the Yuma clapper rail, the Project would have no effect on four species (desert pupfish, bonytail chub, brown pelican, bald eagle) and would not likely adversely affect three species (razorback sucker, southwestern willow flycatcher, Yuma clapper rail). The proposed Project is likely to adversely affect the federally and California-listed threatened desert tortoise and its designated critical habitat and the federally listed threatened and California-listed endangered Peirson's milk-vetch. As such, impacts on these species would be considered significant.

The draft EIS/EIR served as the Biological Assessment that is necessary for compliance with section 7 of the Endangered Species Act. Copies of the draft EIS/EIR were sent to the FWS along with a letter requesting concurrence with the determinations of effect and initiation of formal consultation. In a letter dated November 1, 2006, the FWS concurred with the determinations of effect. In the BO issued on April 20, 2007, the FWS concluded that the proposed action is not likely to jeopardize the continued existence of the desert tortoise and its critical habitat or the continued existence of the Peirson's milk-vetch. The CDFG has not yet issued its conclusions regarding the impact of the Project on the desert tortoise and the Peirson's milk-vetch.

Forty-two other special status species were identified as potentially occurring within the Project area. Based on the results of habitat evaluations and species-specific surveys, 18 of these special status species potentially occur in the area that would be impacted by construction of the Project. North Baja's implementation of general and species-specific conservation measures and the Agency Staffs' additional recommendations would allow the Project to avoid, minimize, or compensate for Project impacts on these species. Therefore, with one exception, impacts would be less than significant. The Agency Staffs believe that impacts on the flat-tailed horned lizard, which is a California-listed special concern species, and its habitat would be considered significant. The CDFG has not yet issued its conclusions regarding the impact of the Project on the flat-tailed horned lizard.

Land Use, Special Management Areas, Recreation and Public Interest Areas, and Aesthetic Resources

Approximately 99 percent of the pipeline facilities would be constructed in or adjacent to various existing rights-of-way, including about 63 percent (the B-Line) that would be installed generally 25 feet from North Baja's existing A-Line. In most areas, about 80 feet of the construction right-of-way for the B-Line would overlap the area previously disturbed during construction of the A-Line. No new permanent right-of-way would be required for the B-Line.

Construction of the pipeline facilities would temporarily affect about 1,569.3 acres of land. About 858.5 acres (55 percent) of land is previously disturbed area associated with construction and operation of the A-Line. Open land would be the primary land use affected by construction of the pipeline facilities totaling about 1,101.8 acres (70 percent). The remaining land uses that would be disturbed consist of 374.0 acres (24 percent) of anthropogenic (i.e., transportation and industrial/commercial/utility uses) land and 93.5 acres (6 percent) of agricultural land. Most of this land would be allowed to return to previous uses after construction is completed; however, about 102.2 acres of open land and anthropogenic land would be retained as new permanent right-of-way. Modifications at existing and construction of new aboveground facilities associated with the proposed Project would affect 6.2 acres of open and anthropogenic land. Of the 6.2 acres, 1.2 acres would be permanently converted for operation of these facilities. A total of 1.0 acre and 0.8 acre of agricultural land would be required for

construction and operation of the aboveground facilities, respectively. The permanent conversion of open, anthropogenic, and agricultural land for the pipeline and aboveground facilities would not convert more than 1 percent of agricultural lands in a county to a non-agricultural use and, therefore, would be less than significant.

There are 37 residences and 6 businesses located within 100 feet of the construction work area for the North Baja Pipeline Expansion Project. All of these establishments are located along 18th Avenue and various Imperial County roadways where North Baja proposes to install the pipelines in the paved road or abutting road shoulders. There are three residences along the portion of Arrowhead Boulevard that would be affected by construction of the Project; however, no residences or businesses are within 100 feet of the proposed Arrowhead Extension. The closest residence is approximately 126 feet from the edge of the construction right-of-way, near MP 1.2. Temporary impacts during construction of the pipeline facilities in residential areas could include: inconvenience caused by noise and dust generated by construction equipment and traffic, and by trenching of roads or driveways; increased localized traffic; ground disturbance of lawns; removal of trees, landscape shrubs, or other vegetative screening between residences and adjacent rights-of-way; and potential damage to existing septic systems or wells. North Baja has prepared Site-specific Residential Construction Mitigation Plans and proposes additional mitigation measures to minimize impacts on residents. North Baja has also prepared Traffic Management Plans in consultation with Riverside and Imperial Counties to minimize disruptions to the flow of traffic along 18th Avenue and Imperial County roadways and a Dust Control Plan to minimize the nuisance of fugitive dust. The Agency Staffs are recommending that North Baja develop a Traffic Management Plan for Arrowhead Boulevard in consultation with the County of Riverside Transportation Department to detail the specific measures that would be used to control traffic during construction of the Arrowhead Extension.

Implementation of North Baja's Site-specific Residential Construction Mitigation Plans, Traffic Management Plans, and Dust Control Plan would reduce the potential impacts of construction on residences to less than significant levels.

The proposed pipelines would cross three special management areas administered by the BLM: the CDCA, the Milpitas Wash SMA, and the Imperial Sand Dunes Recreation Area (ISDRA). A CDCA Plan amendment would be needed for approximately 27.6 miles of BLM-managed land that would be crossed by the B-Line (20.8 miles) and the IID Lateral (6.8 miles) outside of a designated utility corridor within the CDCA. The B-Line would be entirely adjacent to North Baja's existing A-Line, which was the subject of an amendment to the CDCA Plan and previously approved by the BLM in 2002. The portion of the IID Lateral outside of designated utility corridors would be within or adjacent to existing transportation (Interstate 8 and Evan Hewes Highway) and transmission line rights-of-way. An amendment to the Yuma District Plan would be needed for approximately 2.5 miles of BLM-managed land outside a designated utility corridor that would be crossed by the B-Line within the Milpitas Wash SMA. The B-Line would be entirely adjacent to North Baja's existing A-Line, which was the subject of an amendment to the Yuma District Plan and previously approved by the BLM in 2002. The portions of the proposed Project requiring a BLM plan amendment are shown on Figure ES-1. The amendments for the North Baja Pipeline Expansion Project would only accommodate the proposed Project and would not conflict with the CDCA Plan and the Yuma District Plan. Therefore, the proposed plan amendments would not be a significant impact.

The ISDRA was created in 1977 for the purpose of providing a formal space for OHV use. The ISDRA Management Plan was approved and adopted as an amendment to the CDCA Plan in March 2005. The B-Line would be in the ISDRA between MPs 71.1 and 74.5 and the IID Lateral would be in the ISDRA between MPs 0.0 and 7.9. The majority of the route in these areas would be in a designated utility corridor. The amendment to the CDCA Plan discussed above would include the portion of the route that deviates from a designated utility corridor on BLM land in the ISDRA.

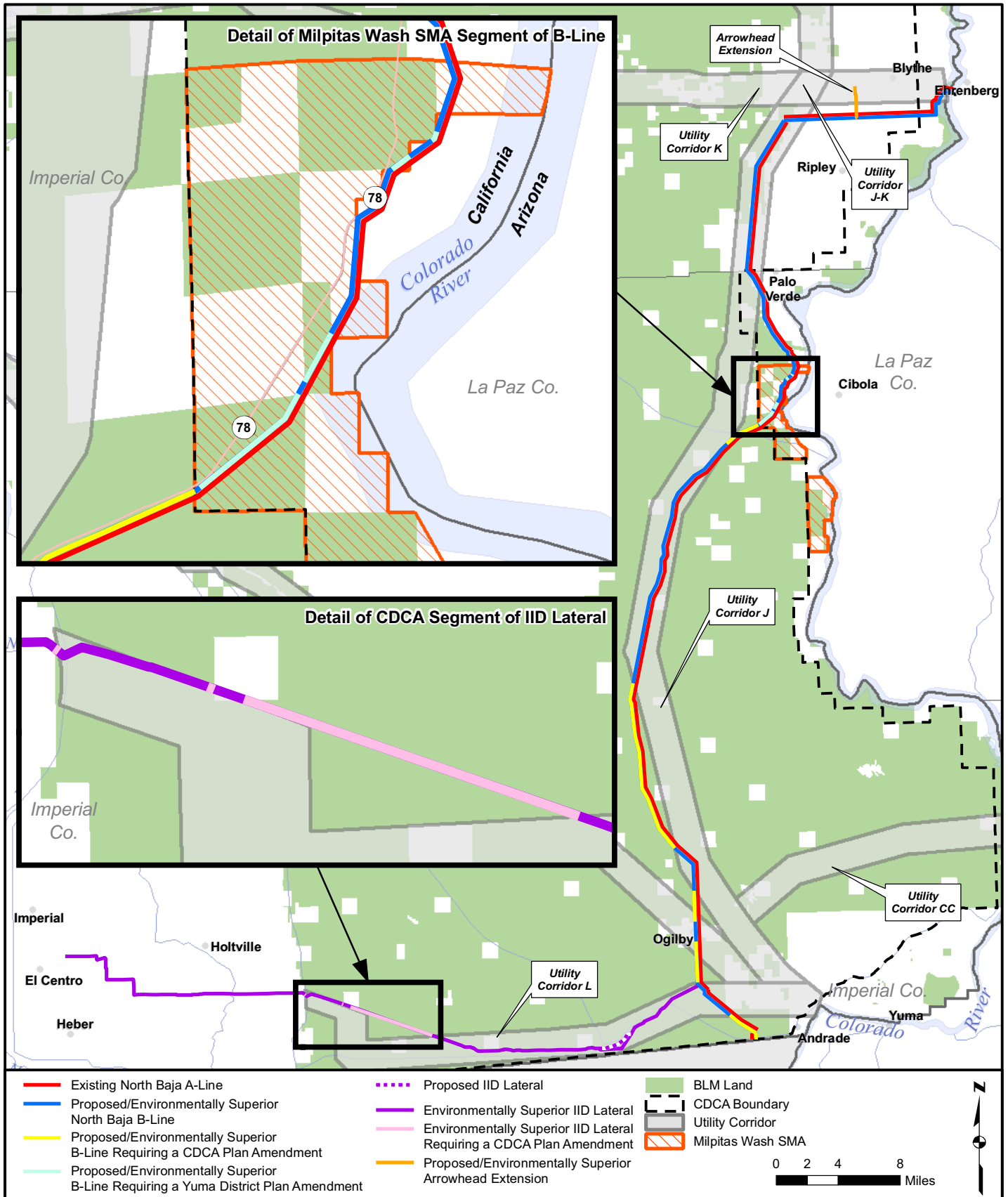


Figure ES-1
North Baja Pipeline Expansion Project
Environmentally Superior Alternative and
Locations Requiring a BLM Plan Amendment

The proposed pipeline facilities would not cross any national or State forests, National or California Wild and Scenic Rivers, registered national natural landmarks, lands designated under a Habitat Conservation Plan, golf courses, or areas designated under the National Trails System. However, the proposed route crosses 11 recreation or public interest areas and is adjacent to several others. In general, impacts on recreation and public interest areas would be temporary and would be limited to the period of active construction, which typically would last only several days to several weeks in any one area.

During construction, the Project could have an impact on OHV use in the ISDRA and other areas by restricting access to areas designated for OHV use. Conversely, the pipeline rights-of-way could increase accessibility for OHV use into previously inaccessible, environmentally sensitive areas. To reduce the potential for interference between pipeline construction activities and authorized OHV use as well as unauthorized OHV use of the pipeline rights-of-way after construction, North Baja developed an OHV Plan that addresses the initial siting, construction, and operation of the proposed facilities. North Baja's OHV Plan was developed in consultation with BLM recreation specialists and biologists in 2001 and 2002 during planning for the original North Baja Pipeline Project and again in 2005 during planning for the proposed Project. The OHV Plan is also based on experience North Baja has gained while operating, maintaining, and managing the A-Line right-of-way since 2002. Peak OHV use in the ISDRA is especially high in November and December. North Baja has adjusted its construction schedule to avoid conflict with the high-use recreational season in the ISDRA. North Baja would also install the pipeline deeper in certain portions of the ISDRA to avoid conflict with recreational activities.

North Baja has no plans to maintain a permanent road on the right-of-way for operation and maintenance of the pipeline facilities. However, North Baja would maintain access to all portions of the permanent right-of-way by four-wheel drive vehicles in order to conduct emergency and periodic maintenance. The level of routine maintenance required by North Baja should not increase the accessibility the right-of-way provides for OHV use into previously restricted, inaccessible, or environmentally sensitive areas. In accordance with its OHV Plan, North Baja would install blocking measures to further reduce the potential for OHV use of the right-of-way. North Baja would also place signs and vegetative barriers at various access points along the right-of-way as requested by the BLM. The Agency Staffs are recommending that North Baja revise its OHV Plan to include the agency or agencies responsible for enforcement of the OHV Plan, the frequency of monitoring that would be conducted to ensure that the implemented OHV blocking measures are functioning properly, the methodology for reassessing the implemented OHV blocking measures in the future, and enforcement measures. Implementation of these measures and North Baja's revised OHV Plan would reduce the potential impacts associated with unauthorized OHV use of the right-of-way to less than significant levels. Other recreational activities occurring along the pipeline routes could be impacted by construction-induced effects such as traffic, noise, and dust. These effects may affect the quality of some users' recreational experiences, but would be temporary in nature and less than significant.

Visual impacts of the Project would be greatest at the aboveground facility sites. Modifications at the existing aboveground facilities would result in an incremental increase in impacts on visual resources but would generally be minor because of the presence of the existing facilities. North Baja would paint the new or additional facilities so they would blend with the surrounding landscape. Construction of these facilities would not result in a substantial adverse effect on a scenic area or vista, substantially damage scenic resources, or substantially degrade the existing visual character or quality of the area or its surroundings. North Baja's proposed mitigation measures would reduce the visual impact of the aboveground facilities to less than significant levels.

Socioeconomics

No significant adverse socioeconomic impacts associated with the proposed Project were identified. The existing regional infrastructure would be able to handle the demand for housing and other services created by the temporary influx of construction workers. Personnel from North Baja's existing staff would assume operation and maintenance of the new facilities as part of their existing routine workload. Therefore, the Project would not cause a permanent population increase in any of the affected counties. The Project would not increase the short- or long-term demand for utilities and public service systems. Construction and operation of the Project would have a minor positive effect on local tax revenue and economies.

Transportation and Traffic

The proposed pipelines would cross several linear transportation and utility rights-of-way, including roads and railroads. All railroads and many road crossings would be bored; therefore, there would be little or no disruption to traffic. Most smaller, unpaved roads and driveways would be open cut where permitted by local authorities or landowners. However, no roads would be closed unless adequate detours are provided. If a detour is required, traffic would be rerouted to another nearby road. This would not result in a significant change in the level of service of Project-area roadways. If no reasonable detour is feasible, North Baja would leave at least one lane of traffic open. Where Project construction crosses roads necessary for access to private residences and no alternative entrance exists, North Baja would implement measures (e.g., plating over the open portion of the trench) to maintain passage for landowners and emergency vehicles. Most open-cut crossings would be completed and the road resurfaced in 1 or 2 days; therefore, construction would not cause the closure of a roadway for more than 48 hours consecutively.

In addition, construction of the B-Line would take place within the road or road shoulder of 18th Avenue for about 7.6 miles, the Arrowhead Extension would be within or adjacent to Arrowhead Boulevard, and the IID Lateral would be constructed within several Imperial County roadways. As discussed above, North Baja has prepared Traffic Management Plans in consultation with Riverside and Imperial Counties to minimize disruptions to the flow of traffic along 18th Avenue and Imperial County roadways, and the Agency Staffs are recommending that North Baja develop a Traffic Management Plan for Arrowhead Boulevard in consultation with Riverside County. Implementation of these Traffic Management Plans would reduce impacts associated with construction of the Project to less than significant levels.

Construction of the Project would result in temporary increases to traffic levels due to the commuting of the construction workforce to the Project area as well as the movement of construction vehicles and delivery of equipment and materials to the construction work area. Overall, the number and frequency of construction vehicle trips would be low on any particular roadway at any one time because construction would move sequentially along the Project right-of-way and the Project would not cause an increase in traffic that would be substantial in relation to the existing traffic load and capacity. Therefore, impacts associated with increased traffic levels during construction of the Project would be less than significant.

Cultural Resources

The FERC is responsible for complying with section 106 of the National Historic Preservation Act (NHPA), which requires Federal agencies to take into account the effects of their undertakings on historic properties and afford the Advisory Council on Historic Preservation (ACHP) an opportunity to comment. The procedures for complying with section 106 are outlined in the ACHP's regulations (Title

36 CFR Part 800). The effects of the Project on properties of traditional religious and cultural importance to Native Americans must also be considered in accordance with section 101 (d)(6) of the NHPA and the American Indian Religious Freedom Act. North Baja, as a non-Federal party, is assisting the FERC in meeting its obligations under section 106 and the implementing regulations in Title 36 CFR Part 800. In addition, the BLM must consider Native American religious and cultural concerns for the portion of the Project crossing Federal lands in accordance with the Archaeological Resource Protection Act, the Native American Graves Protection and Repatriation Act, and Sacred Sites Executive Order 13007.

The CSLC is responsible for complying with all provisions of the CEQA covering cultural resources, including the CEQA sections 21083.2 and 21084.1, and section 15064.5 of the Guidelines for Implementing the CEQA. Cultural resources include prehistoric and historic-period archaeological sites, districts, and objects; standing historic structures, buildings, districts, and objects; and locations of important historic events or sites of traditional/cultural importance. The State CEQA Guidelines section 15064.5 indicates a project may have a significant environmental effect if it causes “substantial adverse change” in the significance of an historic resource as defined in section 15064.5(a)(1) through (a)(4). Under the CEQA, the CSLC is also required to take into account the effect on properties eligible for listing on the California Register of Historic Resources (CRHR) or that meet the definition of a unique archaeological resource in the CEQA section 21083.2.

North Baja surveyed a 220-foot-wide corridor in 2000 and 2001 for the construction of the A-Line, which also covers the construction work area for the proposed B-Line. No cultural resources were identified in Arizona. Ninety cultural resources were identified along the B-Line route in California. Subsequent to its initial surveys, North Baja completed evaluations at 12 sites to determine their eligibility for listing on the National Register of Historic Places (NRHP) and the CRHR. Based on the initial surveys and evaluations, six cultural resources are recommended as not eligible for listing on the NRHP and the CRHR and no further work is recommended. Thirty-four cultural resources have not been evaluated to determine eligibility and 50 sites are recommended as eligible for listing on the NRHP and the CRHR. Of these, two NRHP-eligible cultural resources (Site CA-IMP-7911/H and the All-American Canal) were specifically identified by the BOR as important cultural resources. North Baja currently plans to mitigate impacts on Site CA-IMP-7911/H by completing data recovery and monitoring the site during construction. North Baja would avoid impacts on the All-American Canal by use of the HDD crossing method. Impacts on the other canals and irrigation features would be mitigated by North Baja’s proposal to monitor construction activities. North Baja would mitigate impacts on the remaining unevaluated and eligible sites by the use of avoidance measures (including installation of exclusion fencing), construction monitors, data recovery, and/or narrowing of the construction right-of-way.

North Baja surveyed a 92- to 100-foot-wide corridor along the Arrowhead Extension route on Arrowhead Boulevard. The aboveground facility sites and temporary extra workspaces associated with the Arrowhead Extension were also surveyed. North Baja’s surveys identified six historic cultural resources, one of which (the C-05 Canal) was previously recorded. The remaining five cultural resources consist of two wood pole utility lines and three unnamed canals. All six cultural resources identified are unevaluated for eligibility for listing on the NRHP and the CRHR. The wood pole utility lines would not be affected by construction. The Arrowhead Extension would cross the C-05 Canal and two of the unnamed canals. The unnamed canals are private ditches that are not part of the Palo Verde Irrigation District irrigation system. North Baja would cross the two unnamed canals using the open-cut method and would restore the canals to their previous condition after construction. North Baja would avoid impacts on the C-05 Canal by use of the bore crossing method.

North Baja surveyed a 100- to 200-foot-wide corridor along about 43.0 miles of the proposed IID Lateral route. The remainder of the proposed route was not surveyed due to denied access. North Baja

would complete surveys along the remaining portion of the IID Lateral route when landowner permission is obtained.

North Baja's surveys identified 98 cultural resources along the IID Lateral. Subsequent to its initial surveys, North Baja completed evaluations at five sites to determine their eligibility for listing on the NRHP and the CRHR. Based on the initial surveys and evaluations, six cultural resources are recommended as not eligible for listing on the NRHP and the CRHR and no further work is recommended. Four cultural resources (the All-American Canal and Sites CA-IMP-8314, CA-IMP-8327, and CA-IMP-8389) are recommended as eligible for listing on the NRHP and the CRHR. North Baja would avoid impacts on the All-American Canal by use of the HDD crossing method. North Baja would mitigate impacts on Site CA-IMP-8327 by avoiding and monitoring it during construction and on Site CA-IMP-8389 by implementing data recovery and monitoring it during construction. Site CA-IMP-8314 is one of several cultural resources that collectively contribute to an archaeological district being proposed by the BOR. The BOR, the Quechan Indian Tribe, and the Kwaaymii Laguna Band of Indians requested that Site CA-IMP-8314 be avoided. The Agency Staffs are recommending that North Baja adopt the Modified ISDRA Transmission Line Alternative to avoid impacts on this site. In response to other Native American requests, North Baja would have a monitor present during ground-disturbing activities along the alternative route south of Site CA-IMP-8314. The remaining 88 cultural resources have not been evaluated to determine eligibility for listing on the NRHP and the CRHR. Two of these sites would not be within the construction work area. Seventy-two of the unevaluated cultural resources are canals or other irrigation features, 13 are transmission/telephone lines or poles, and 1 is a railroad. North Baja would mitigate impacts on these features by monitoring them during construction to ensure avoidance.

North Baja also completed surveys of the 18th Avenue, Ripley, Ogilby, and IID Lateral (El Centro) Contractor Yards. No eligible cultural resources were identified at these yards. North Baja has indicated it would complete surveys along any access roads that require improvements or modifications.

North Baja provided its Unanticipated Discovery Plan to be used in the event that cultural resources or human remains are discovered during construction. The plan includes contact procedures for the FERC, the State Historic Preservation Offices (SHPOs), the BLM, the BOR, and Native American tribes, as appropriate. The plan provides for the protection in place of any unanticipated discoveries until appropriate evaluation and consultation have occurred. In the event that the discovery is determined to be of NRHP significance, a treatment plan (such as avoidance, monitoring, and/or scientific data recovery) would be developed and implemented in consultation with the appropriate parties.

North Baja conducted initial and follow-up contacts with Native American tribes whose traditional territories are crossed by the Project or who had been identified by the SHPOs or another knowledgeable party as having a potential cultural resources concern. Members of the Quechan Indian Tribe and the Campo Band of Mission Indians participated in the cultural resources surveys as Native American monitors.

At the time of North Baja's follow-up consultations, the majority of the tribes indicated they had no concerns about the proposed Project or had not yet reviewed the Project materials. Some of these tribes also requested to receive future Project updates. North Baja was not able to complete follow up contacts with the Fort McDowell Yavapai Nation. The Gila River Indian Community and the Hualapai Tribe indicated they would defer comments to the Colorado River Indian Tribe. The Hualapai Tribe and the Torres-Martinez Desert Cahuilla Indians identified concerns about existing trails in the Project area. North Baja would monitor construction activities to avoid impacts on trails. The Salt River Pima-Maricopa Indian Community indicated it would defer comments to the Tohono O'odham Nation, which indicated it would defer comments to the Colorado River and Quechan Indian Tribes and the Mojave and Cocopah Tribes. To date, these tribes have provided comments on the Project including requests for

survey reports and for monitors to be present during cultural resources surveys. The Hopi Tribe stated it would defer comments to the SHPO and other interested parties, that it had an interest in the White Tanks area, and that no known traditional cultural properties were in the Project area. The proposed Project would not affect the White Tanks area, which is near Phoenix. No Native American religious concerns were identified.

No traditional cultural properties have been identified in the proposed Project's area of potential effect to date. North Baja indicated it would continue consultations with Native American tribes throughout the Project.

In addition to North Baja's contacts, the Agency Staffs' August 2005 notice regarding the Project was sent to 64 individuals from 33 Native American tribes that were identified by the California Native American Heritage Commission. One tribe, the Ramona Band of Cahuilla, provided comments in response to the notice.

The Arizona SHPO indicated that previous surveys were adequate for the currently proposed Project in Arizona. In order to complete the process of complying with section 106 of the NHPA for the proposed facilities, North Baja would need to conduct cultural resources surveys along portions of the proposed route in California where landowner permission has not been obtained. Once cultural resources surveys and evaluations are complete, the FERC, in consultation with the SHPO(s); the BLM; the BOR; the FWS, Cibola NWR; and Native American tribes, as applicable, would make determinations of eligibility and Project effects. If historic properties would be adversely affected, the FERC, as the lead Federal agency, would notify the ACHP to afford it an opportunity to participate in consultation. The CSLC would make the determination of eligibility for the CRHR for CEQA purposes. North Baja has prepared a treatment plan that specifies measures to reduce or mitigate impacts. Once the treatment plan is approved, a Memorandum of Agreement would be executed by the appropriate parties. North Baja would implement the specific treatment measures before Project construction is authorized by the FERC and the CSLC in any given area. Implementation of treatment would occur only after certification of the proposed Project. Implementation of treatment would ensure that Project-related adverse effects would be resolved for purposes of section 106 compliance, and reduced to less than significant levels for the purposes of NEPA compliance.

Air Quality

As the lead Federal agency responsible for authorizing the proposed Project, the FERC has identified emissions that would result from the Project in accordance with the published definitions of "direct" and "indirect" emissions in Title 40 CFR Part 51.852/93.152 and the supplementary information provided in the EPA's final rule for *Determining Conformity of General Federal Actions to State or Federal Implementation Plans* contained in 58 Federal Register 63214. Air quality in the Project area is regulated by the Arizona Department of Environmental Quality (ADEQ), the Mojave Desert Air Quality Management District (AQMD), and the Imperial County Air Pollution Control District (ICAPCD). La Paz County, Arizona is designated as attainment or unclassifiable for all criteria pollutants. Portions of Riverside and Imperial Counties, California that are within the Project area are designated as nonattainment for ozone and particulate matter having an aerodynamic diameter less than or equal to 10 microns and attainment for all other criteria pollutants. Because there would be no stationary sources or operational emissions associated with the proposed Project, the stationary source permitting requirements of the ADEQ, the Mojave Desert AQMD, and the ICAPCD do not apply.

Fugitive dust regulations adopted by the ADEQ, the Mojave Desert AQMD, and the ICAPCD do apply to the construction activities associated with the proposed Project. The construction activities that would generate emissions include land clearing, ground excavation, and cut and fill operations. These construction activities would occur 6 days per week for up to 12 hours per day during the construction

periods. The intermittent and short-term emissions generated by these activities would include dust from soil disruption and combustion emissions from the construction equipment. Emissions from construction of the pipeline and aboveground facilities are not expected to cause or significantly contribute to a violation of an applicable ambient air quality standard or contribute substantially to an existing or projected air quality violation because the construction equipment would be operated on an as-needed basis during daylight hours only and the emissions from gasoline and diesel engines would be minimized because the engines must be built to meet the standards for mobile sources established by the EPA. Most of the construction equipment would be powered by diesel engines and would be equipped with typical control equipment (e.g., catalytic converters), and Project-related vehicles and construction equipment would be required to use the new low sulfur diesel fuel as soon as it is commercially available. In addition, North Baja would implement several other measures (e.g., minimize idling time, ensure that diesel-powered construction equipment is properly maintained and shut off when not in use, reduce construction-related trips as feasible for workers and equipment) to minimize impacts on air resources.

Fugitive dust generated by construction activities would be minimized by the implementation of North Baja's Dust Control Plan. The Dust Control Plan includes control measures identified as best management practices by some of the regulating agencies. Some of these measures include applying water to unpaved roads and active construction areas and reducing vehicle speeds on unpaved roads. The Agency Staffs are recommending that North Baja file a revised Project-wide Dust Control Plan to provide more specific information regarding the precautions that would be taken to minimize fugitive dust from pipeline construction activities. The Agency Staffs are also recommending that North Baja file an Imperial County-specific Dust Control Plan that includes the measures of the revised Project-wide Dust Control Plan and meets the requirements of the ICAPCD's Regulation VIII. As discussed above, the Agency Staffs are also recommending that North Baja revise its OHV Plan to address enforcement and future monitoring. With the implementation of North Baja's revised Dust Control and OHV Plans, fugitive dust from Project construction activities and OHV use of the right-of-way is not expected to result in a violation of Federal or State ambient air quality standards or contribute substantially to an existing or projected air quality violation due to the transient and temporary nature of the construction activities.

Noise

The Project would occur primarily in rural range, desert, and agricultural areas. Noise sources in rural areas are predominantly natural, including insects, birds, wind, and weather. Accordingly, existing ambient noise levels near most of the pipeline routes are low. The majority of the pipeline and aboveground facilities would be located in areas with little to no human population and few noise-sensitive areas. The FERC guidelines do not specifically cover operational noise for the North Baja Pipeline Expansion Project aboveground facilities such as the meter stations, pig launchers, or pig receivers. The proposed modifications at the existing Ehrenberg Compressor Station would not increase operational noise levels at the station. Neither the States of Arizona nor California have Statewide noise regulations that would limit noise from these facilities; noise is regulated at the local level in both States.

Noise would be generated during construction of the pipeline and aboveground facilities. Noise associated with construction activities would be both temporary and intermittent because equipment would be operated on an as-needed basis during daylight hours. Therefore, the potential for construction activities to result in the generation of or exposure of persons to excessive ground-borne vibration or ground-borne noise levels would be less than significant.

Pipeline construction would proceed at rates averaging about 1 mile per day. However, construction activities in any one area could last from several weeks to several months on an intermittent basis. Construction equipment would be operated on an as-needed basis during this period. Although

certain noise-generating activities associated with pipeline construction (e.g., HDDs and bore operations) would occur at a single location for extended time periods and include nighttime activities, most activities would occur for limited lengths of time at a specific location and would occur during daytime hours. Additionally, a majority of the activities would occur away from population centers; therefore, the potential for the Project to result in a substantial temporary or periodic increase in ambient noise levels in the Project vicinity above levels existing without the Project would be less than significant.

North Baja would comply with the noise elements included in the Riverside County and Imperial County General Plans; therefore, the potential for the Project to result in the exposure of persons to or generation of noise levels in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies would be less than significant.

Reliability and Safety

The pipeline and aboveground facilities associated with the North Baja Pipeline Expansion Project would be designed, constructed, operated, and maintained to meet or exceed the U.S. Department of Transportation (DOT) Minimum Federal Safety Standards in Title 49 CFR Part 192 and other applicable Federal and State regulations including the California Public Utilities Commission, General Order 112-e. These regulations, which are intended to protect the public and to prevent natural gas facility accidents and failures, include specifications for material selection and qualification; odorization of gas; minimum design requirements; and protection of the pipeline from internal, external, and atmospheric corrosion. To address seismic hazards, the facilities would be designed to meet or exceed the latest edition of the Uniform Building Code or International Building Code and to incorporate current seismological engineering standards, including the *Guidelines for the Seismic Design of Oil and Gas Pipeline Systems* (American Society of Civil Engineers 1984), *Guidelines for the Design of Buried Steel Pipe* (American Lifelines Alliance 2001), and *Guidelines for the Seismic Design and Assessment of Natural Gas and Liquid Hydrocarbon Pipelines* (Pipeline Research Council International, Inc. 2004).

North Baja would prepare and implement an Operation and Maintenance Plan in accordance with the requirements in Title 49 CFR Part 192. Within the first 6 months of placing the pipeline into operation, North Baja would conduct an internal inspection of the pipeline. This inspection would use an in-line magnetic flux leakage inspection tool (i.e., smart pig). The record of this inspection would serve as an initial set of data that would be compared to future internal inspections so that changes in pipe condition, primarily pipe wall thickness loss, can be readily determined and corrected. Following the initial test, internal inspections with a high resolution instrument would be conducted on a periodic basis, at a minimum of one inspection every 10 years, or sooner if the evidence suggests that significant corrosion or defects exist or if any new Federal or State regulations require more frequent or comparable inspections. In locations designated as high consequence areas, the pipeline would be inspected every 7 years.

The existing pipeline system is monitored and controlled 24 hours a day for pressure drops in the pipeline that could indicate a leak or other operating problem through a Supervisory Control and Data Acquisition (SCADA) system, which is a computer system for gathering and analyzing real-time systems. The system is programmed to take appropriate immediate action when alarm conditions are present. The SCADA system allows operators located in the Gas Control Center in Portland to monitor pipeline system conditions, including any actions that the SCADA system has made or any conditions that require immediate operator actions such as shutting down a compressor unit, closing a valve, or initiating emergency call-out action. In addition, a crew that conducts on-site operations and maintenance is located at the Ehrenberg Compressor Station, and is on call 24 hours a day. When completed, the B-Line, the Arrowhead Extension, and the IID Lateral would be operated in conjunction with the existing system and subject to the same operation and maintenance procedures.

The pipeline facilities would be clearly marked at line-of-sight intervals and at other key points to indicate the presence of the pipeline. The pipeline system would be routinely inspected by air and on the ground to observe right-of-way conditions and monitor for encroachments, third-party activities, or erosion on or near the right-of-way. All inspections would be conducted in accordance with DOT standards. Erosion or unstable conditions would be repaired as appropriate and appurtenant facilities would be maintained on a regular basis.

While the primary focus of these standards is prevention of accidents, North Baja would prepare an Emergency Response Plan that would be coordinated and tested (through drills and exercises) with local fire/police departments and emergency management agencies.

Cumulative Impacts

When the impacts of the North Baja Pipeline Expansion Project are considered additively with the impacts of other past, present, or reasonably foreseeable future projects, there is some potential for cumulative effect on resources such as soils, vegetation and wildlife, land use, recreation, aesthetic resources, socioeconomics, transportation and traffic, cultural resources, air quality, and noise. For the North Baja Pipeline Expansion Project, mitigation has been developed or recommended to minimize, avoid, or compensate for adverse impacts on each of these resources.

Animal and plant species that are federally and/or State-listed threatened and endangered species and their critical habitat would be affected by the North Baja Pipeline Expansion Project. The Agency Staffs have determined that the Project is likely to adversely affect the federally and California-listed threatened desert tortoise and its designated critical habitat and the federally listed threatened and California-listed endangered Peirson's milk-vetch. The Agency Staffs also believe that impacts on the flat-tailed horned lizard, which is a California-listed special concern species, and its habitat would be considered significant. As such, impacts on these three species would result in significant cumulative impacts if other projects occurring in the vicinity of the proposed Project would also occur within desert habitats that support these same species.

As discussed above, the North Baja system extends from an interconnection with the facilities of El Paso near Ehrenberg through southeast California to a point on the international border between Yuma, Arizona and Mexicali, North Baja Mexico, where the pipeline interconnects with the Gasoducto Bajanorte pipeline. The Gasoducto Bajanorte pipeline, which currently takes gas from the North Baja system at the U.S.-Mexico border and moves it west, would be reconfigured to move gas in the opposite direction, similar to the reconfiguration of the North Baja system that would occur during Phase I. Transport of the initial volumes of LNG-source gas would also require a new 45-mile-long pipeline lateral from the ECA terminal to connect to the Gasoducto Bajanorte pipeline and a new compressor station (Algodones Compressor Station) on the Gasoducto Bajanorte pipeline. This compressor station would be located 2.5 miles south of the California-Mexico border and 3 miles west of the Arizona-Mexico border, in Baja California del Norte just southwest of the border town of Algodones. The reconfiguration of the Gasoducto Bajanorte pipeline and the construction of the Algodones Compressor Station are planned for completion in late 2007.

The capacity of the Gasoducto Bajanorte pipeline system would similarly be expanded in coordination with North Baja's Phase II expansion. To accommodate the additional volume of gas, up to 100 percent looping of the Gasoducto Bajanorte pipeline and additional compression would be required, both at the Algodones Compressor Station and at a new compressor station near Mexicali (Mexicali Compressor Station). These facilities would be constructed in 2009 to be operational by 2010.

Because of the proximity of the proposed compressor stations in Mexico, the potential exists for operating emissions to affect air quality in the United States, specifically in the Imperial Valley portion of Imperial County. The Agency Staffs conducted an analysis of the operating emissions from the Mexicali and Algodones Compressor Stations taking into account the emissions from existing power plants west of Mexicali (the La Rosita Power Complex [LRPC] and the Termoelectrica de Mexicali Power Plant [TDM Plant]). Based on this analysis, the Project's incremental impact does not exceed the applicable Significant Impact Level and is well below 0.5 percent of the applicable Federal and/or State standards. Therefore, it is unlikely that emissions from the proposed future compressor stations would result in any significant cumulative ambient air quality impacts at receptors in the vicinity of or across the U.S. border.

A Health Risk Assessment was conducted to determine the potential impacts of the toxic air pollutants emitted by the existing power plants and proposed compressor stations. The analysis also included the LRPC and TDM Plant. Based on the analysis, the average cancer risks as well as the chronic and acute hazard indexes would be well below the established significance thresholds used by California air districts. In addition, the future chronic and acute hazard indexes would also be well below the more stringent thresholds set by the South Coast AQMD. Therefore, the cumulative risks associated with the emissions from the existing power plants and the future compressor stations would be considered less than significant.

Growth-inducing Impacts

North Baja does not anticipate adding permanent staff to handle Project operations. The potential growth-inducing impact of the North Baja Pipeline Expansion Project would be the delivery of an alternative or additional source of natural gas to existing natural gas users. Providing an alternate fuel supply could lead to a positive economic environment conducive to growth or prevent increases in energy costs that might restrict growth. The existing power plant that would be supplied by the North Baja Pipeline Expansion Project (i.e., the IID El Centro Generating Station) is not solely dependent on the gas supplied by the Project. Potential infrastructure growth might occur with or without the construction of the pipeline and thus would not be attributable to the proposed Project. However, to the extent that the IID's Unit 3 Repower Project, which is a proposed expansion at the El Centro Generating Station, would diversify its suppliers of natural gas, the additional gas supplied by the proposed Project could be a growth-inducing impact.

Environmental Justice

Some communities within the Potential Impact Radius⁶ of the Project have low-income and minority populations compared to the affected counties as a whole. However, none of the potential impacts of the Project that could affect environmental justice issues are considered significant. Therefore, the Project would neither result in a disproportionately high and adverse effect or impact on minority or low-income populations nor contribute to a cumulative impact on these populations.

ALTERNATIVES CONSIDERED

The No Project Alternative was considered. The Agency Staffs concluded that while the No Project Alternative would eliminate the environmental impacts identified in this EIS/EIR, North Baja would not be able to provide transportation for LNG-source natural gas from the Mexican pipeline system into the United States to meet the demand for natural gas in California and other southwestern U.S.

⁶ The potential impact radius is calculated as the product of 0.69 and the square root of the maximum allowable operating pressure of the pipeline in pounds per square inch multiplied by the pipeline diameter in inches.

markets. This means customers in the southwestern United States would likely have fewer and potentially more expensive options for obtaining natural gas supplies in the near future. This might lead to alternative proposals to develop natural gas delivery or storage infrastructure, reduced use of natural gas, and/or the use of other sources of energy.

It is possible that the infrastructure currently supplying natural gas to the proposed market area could be developed in other ways unforeseen at this point. This might include constructing or expanding regional pipelines as well as LNG import and storage systems. Any construction or expansion work would result in specific environmental impacts that could be less than, similar to, or greater than those associated with the proposed Project. Increased costs could potentially result in customers conserving or reducing use of natural gas. Although it is possible that additional conservation may have some effect on the demand for natural gas, the level of conservation efforts, as described in the CEC's *2005 Integrated Energy Policy Report* (CEC 2005a), is not expected to significantly reduce the long-term requirements for natural gas or effectively exert downward pressures on gas prices.

Denying North Baja's applications could force potential natural gas customers to seek regulatory approval to use other forms of energy. California regulators are promoting renewable energy programs to help reduce the demand for fossil fuels. While renewable energy programs can contribute as an energy source for electricity, they cannot at this time reliably replace the need for natural gas or provide sufficient energy to keep pace with demand.

Alternatives involving the use of other existing or proposed LNG or natural gas facilities to meet the stated objectives of the proposed Project were evaluated. None of these system alternatives could meet the Project objectives within the time frame of the proposed Project. Furthermore, each of the system alternatives could result in its own set of significant environmental impacts that could be greater than those associated with the proposed Project.

The B-Line deviates from a designated utility corridor on BLM land at five locations in the CDCA. As part of the EIS/EIR for the A-Line, the alternative of following designated utility corridors was considered. Based on the analysis conducted for that project, the route selected for the A-Line, including the deviations from designated utility corridors and the crossing of the Milpitas Wash SMA, was determined to be environmentally preferable to a route that remained within designated utility corridors. The proposed B-Line would be adjacent to the existing A-Line for the entire route. The collocation of facilities is generally preferred by land management agencies, land use planners, and other regulatory agencies and has several inherent engineering and environmental advantages. Perhaps the most important of these advantages is that new land disturbance is minimized. Because of the advantages of collocation, and because the route selected for the A-Line that would be followed for the B-Line was previously determined to be environmentally preferable to a route that remains within a designated utility corridor, alternatives for the B-Line route that would follow designated utility corridors were not considered. One route alternative (22nd Avenue Alternative) in comparison with the corresponding segment of the proposed B-Line was evaluated. The 22nd Avenue Alternative would avoid 18th Avenue. The 22nd Avenue Alternative was eliminated because it would merely transfer impacts from one or more property owners or communities to another without conferring obvious environmental advantages.

Eight route alternatives were evaluated in comparison with the corresponding segment of the proposed IID Lateral. Along the IID Lateral, North Baja proposes to deviate from a designated utility corridor at three locations within the CDCA. Two alternatives (Corridor L and Bonds Corner Alternatives) were evaluated to stay within a designated utility corridor for a longer distance than the proposed route. Four alternatives (CalTrans, ISDRA North, ISDRA Transmission Line, and ISDRA Grays Well Road Alternatives) were identified to avoid potential conflicts of the IID Lateral with existing and planned recreational use in the ISDRA. One alternative (the Modified ISDRA Transmission Line

Alternative) was identified to avoid impacts on a cultural resources site. The eighth alternative (Gasoducto Bajanorte Pipeline Route Alternative) would connect directly from the Gasoducto Bajanorte pipeline west of Mexicali to the IID's El Centro Generating Station. The Agency Staffs determined that the Modified ISDRA Transmission Line Alternative is environmentally superior to the corresponding segment of the IID Lateral and are recommending that it be adopted. The remaining IID Lateral alternatives were eliminated because they would not be environmentally preferable to the corresponding segment of the IID Lateral, would be infeasible, or would not meet the Project objectives.

Four route variations (East Mesa Route Variation and Imperial Valley Route Variations A, B, and C) in comparison with the corresponding segment of the proposed IID Lateral were evaluated to avoid potential conflicts with other projects or address scoping comments. These route variations were eliminated because they would not be environmentally preferable to the corresponding segment of the IID Lateral, would be infeasible, or would merely transfer impacts from one or more property owners or communities to another without conferring obvious environmental advantages.

Aboveground facility site alternatives were evaluated. All of the proposed new and modified aboveground facilities are designed to meet the purpose and need of the North Baja Pipeline Expansion Project. The location of these facilities is dictated by the location of the existing and proposed pipelines and, in most cases, the proposed facilities would be collocated with existing and/or other proposed facilities. No significant impacts have been identified at any of the new or modified facilities; therefore, the alternative that would result in the creation of new industrial sites would not be environmentally preferable to the proposed Project and thus was eliminated from further consideration.

ENVIRONMENTALLY SUPERIOR ALTERNATIVE

The State CEQA Guidelines (section 15126.6(d)) require that an EIR include sufficient information about each alternative to allow meaningful evaluation, analysis, and comparison with the proposed Project. An analysis of the No Project Alternative in comparison with the proposed Project is included in the major resource topics in Section 4. A comparison of the impacts of the proposed Project and the No Project Alternative is included in Section 5. Based on the analysis in this EIS/EIR, the No Project Alternative would eliminate the environmental impacts associated with the proposed Project and, therefore, is the environmentally superior alternative. However, as discussed above, under the No Project Alternative North Baja would not be able to provide transportation for LNG-source natural gas from the Mexican pipeline system into the United States to meet the growing demand for natural gas in California and other southwestern U.S. markets.

Section 15126.6(e)(2) of the State CEQA Guidelines provides, in part, "If the environmentally superior alternative is the "No Project Alternative," the EIR shall also identify an environmentally superior alternative among the other alternatives." The Agency Staffs have determined that the proposed Project with the incorporation of the Modified ISDRA Transmission Line Alternative is the environmentally superior alternative. The environmentally superior alternative and the segments requiring CDCA and Yuma District Plan amendments are shown on Figure ES-1. The incorporation of the Modified ISDRA Transmission Line does not affect the length of the Project that would require a BLM plan amendment.

MAJOR CONCLUSIONS

The Agency Staffs have concluded that if the Project is constructed in accordance with applicable laws and regulations, North Baja's proposed mitigation, and the Agency Staffs' additional mitigation measures, it would be an environmentally acceptable action. Although many factors were considered in this determination, the principal reasons are:

- 99 percent of the proposed pipeline facilities would be constructed in or adjacent to various existing rights-of-way;
- no new permanent right-of-way would be required for the B-line, and the permanent rights-of-way for the Arrowhead Extension and the IID Lateral would be limited to a maximum width of 35 feet and 30 feet, respectively;
- North Baja would implement its CM&R Plan, SPCC Plan, HDD Plan, Traffic Management Plans, Blasting Specifications, PRMM Plan, Dust Control Plan, Fire Prevention and Suppression Plan, Site-specific Residential Construction Mitigation Plans, OHV Plan, Plan of Development, and Unanticipated Discovery Plan for Cultural Resources to protect natural resources and residential areas during construction and operation of the Project;
- use of the HDD method would avoid disturbances to the beds and banks of the Colorado River, the All-American Canal, and the East Highline Canal and associated wetlands/riparian areas;
- the appropriate consultations with the FWS, the CDFG, the SHPOs, and Native American tribes would be completed before North Baja would be allowed to begin construction in any given area; and
- an environmental inspection and mitigation monitoring program would ensure compliance with all mitigation measures that become conditions of the FERC Certificate, the CSLC's amended lease, and other approvals.

The FERC and CSLC staffs are responsible for identifying any significant environmental impacts so they can be considered by their respective Commissions in deciding whether to approve the Project. As part of the analysis, specific mitigation measures were developed to reduce the environmental impact that would result from construction of the Project. With three exceptions, North Baja's proposed and/or the Agency Staffs' recommended mitigation would reduce potential environmental impacts to less than significant levels. The Agency Staffs have determined that the Project is likely to adversely affect the Peirson's milk-vetch and the desert tortoise and its designated critical habitat. The Agency Staffs also believe that impacts on the flat-tailed horned lizard and its habitat would be considered significant. As such, impacts on these three species would be considered significant. Approval of the Project would be subject to a Statement of Overriding Considerations under the CEQA due to these significant unavoidable impacts that could remain after all available or feasible mitigation is applied. As discussed above, in the BO issued on April 20, 2007, the FWS concluded that the proposed action is not likely to jeopardize the continued existence of the desert tortoise and the Peirson's milk-vetch or adversely modify critical habitat for the desert tortoise. The CDFG has not yet issued its conclusions regarding the impact of the Project on the desert tortoise, the Peirson's milk-vetch, and the flat-tailed horned lizard.

The FERC and CSLC staffs will recommend that all mitigation measures in this EIS/EIR be attached as conditions to any Certificate issued by the FERC and to any approval issued by the CSLC, as appropriate. The BLM will present, in its Records of Decision for the North Baja Pipeline Expansion Project, its own recommendations that incorporate the concurrence or non-concurrence of the BOR and the FWS. The FERC, the CSLC, and the BLM would ensure compliance with the mitigation measures included in this EIS/EIR through the adoption of an environmental inspection and mitigation monitoring program for the Project.

*Final Environmental Impact Statement/
Environmental Impact Report and
Proposed Land Use Plan Amendment*

Volume I

North Baja Pipeline Expansion Project



Federal Energy Regulatory Commission
Washington, DC

California State Lands Commission
Sacramento, CA



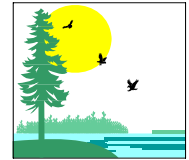
Cooperating Agencies:
Bureau of Land Management
Bureau of Reclamation



FERC/EIS-0200
Docket Nos. CP06-61-000, -001, -002
CP01-23-003

CSLC EIR No. 739
State Clearinghouse No. 2006081127
BLM Reference No. CACA-42662

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Volume I

North Baja Pipeline Expansion Project

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JUNE 2007

Exhibit F: Statement of Overriding Considerations

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EXHIBIT F: Statement of Overriding Considerations

1.1 INTRODUCTION to Statement of Overriding Considerations

The California Environmental Quality Act (CEQA) requires a lead agency to balance the benefits of a project against the unavoidable environmental effects of such project in determining whether to approve the project. The Final Environmental Impact Statement/Environmental Impact Report (EIS/EIR) hereinafter referenced as EIR, identifies significant impacts of the North Baja Pipeline Expansion Project (Project or proposed Project) that cannot feasibly be mitigated to below a level of significance (Class I impacts). Therefore, the California State Lands Commission (CSLC), as the lead agency, must state in writing its specific reasons for approving the Project in a Statement of Overriding Considerations pursuant to sections 15043 and 15093 of the State CEQA Guidelines.

Based on the Final EIR, and other information provided by North Baja Pipeline, LLC (North Baja, or the Applicant) and gained through the public involvement process that is documented in the administrative record, this Statement of Overriding Considerations provides the specific reasons supporting the approval of this Project by the CSLC. State CEQA Guidelines section 15093(a) notes that, "If the specific economic, legal, social, technological, or other benefits of a proposed project outweigh the unavoidable adverse environmental effects, the adverse environmental effects may be considered 'acceptable'."

This Statement of Overriding Considerations presents the beneficial impacts derived from the Project, reasons for approving the Project, and a list of the specific significant effects on the environment attributable to the Project that cannot feasibly be mitigated to below a level of significance.

1.2 Adoption of Statement of Overriding Considerations BY the Lead Agency

The CLSC has balanced the benefits of this Project against significant unavoidable impacts that would remain after mitigation is applied and adopts this Statement of Overriding Considerations.

As noted in Section 5.4 of the Final EIR, the effects on all resource areas were evaluated to determine any significant or unavoidable impacts. In general, most adverse impacts associated with the proposed Project are anticipated to be short term and/or localized, occurring during the construction phase, and/or would be reduced to below their significance criteria by implementation of feasible mitigation measures. Impacts and mitigation measures are identified and discussed throughout Section 4 of the Final EIR in their respective resource sections. A summary of all impacts and mitigation is provided in Table 5.1-1 in Section 5 of the Final EIR.

1.3 ENVIRONMENTAL EFFECTS OF THE PROJECT THAT CANNOT BE MITIGATED TO LESS THAN SIGNIFICANT

Although the Applicant has designed the proposed Project to minimize environmental effects, and the lead agencies have imposed additional mitigation measures to further reduce impacts, three Project impacts remain that would be considered significant following application of all feasible mitigation (Class I impacts).

All Class I impacts, as defined under the CEQA, were defined in the Final EIR as either temporary, short term, long term, and permanent. Temporary impact generally occurs during construction with the resource returning to preconstruction condition almost immediately afterward. Short-term impact could continue for up to 3 years following construction. Impact was considered long term if the resource would require more than 3 years to recover. A permanent impact could occur as a result of any activity that modifies a resource to the extent that it would not return to preconstruction conditions during the life of the Project (50 or more years).

The Final EIR found that:

(1) Mitigation measures would substantially reduce impacts on the desert tortoise and its critical habitat and compensate for losses. Despite these measures, construction of the proposed Project is likely to adversely affect the desert tortoise and its critical habitat and, as such, impacts on this species would be considered significant (see CEQA Finding Nos. SSS-6 and SSS-7). This Class I impact would be long term.

(2) Despite the implementation of mitigation measures that would substantially reduce impacts on the Peirson's milk-vetch, the clearing and grading of areas currently containing individuals and populations of this species would result in direct and adverse impacts on existing populations. Therefore, impacts on the Peirson's milk-vetch would be considered significant (see CEQA Finding No. SSS-9). This Class I impact would be short term.

(3) Mitigation measures would minimize physical disturbance to the flat-tailed horned lizard and its habitat and compensate for losses. Based on these measures, the Project is not expected to reduce the overall population of the species in the area or result in other direct or indirect impacts that could contribute to or result in Federal or State listing of the flat-tailed horned lizard. Nonetheless, based on impacts expected during construction of the proposed Project, including direct impacts temporarily lowering abundance of the species in the area, impacts on this species and its habitat would be considered

significant (see CEQA Finding No. SSS-27). This Class I impact would be long term.< /P>

1.4 BENEFICIAL IMPACTS OF THE PROJECT That MEET PROJECT OBJECTIVES (Class IV impacts).

The State CEQA Guidelines at section 15093 indicates that beneficial impacts of the Project may be noted in the Statement of Overriding Considerations.

The main objectives of the Project include providing transportation capacity of up to 2,932,000 dekatherms per day (Dthd) (2,753 million cubic feet per day [MMcfd]) of liquefied natural gas (LNG)-source gas entering the continent in Baja California, Mexico to delivery points in California and Arizona, and providing up to 110,000 Dthd (103 MMcfd) of LNG-source gas to the Imperial Irrigation District in El Centro, California. Meeting these objectives would increase the natural gas supply in California, increase natural gas supply reliability and diversity, and help control costs. These benefits are discussed in Sections 1.4.1 and 1.4.2.

Additional benefits to the regional economy are discussed in Section 1.4.3.

1.4.1 Improving the Reliability and Diversity of California's Natural Gas Supply

The California Energy Commission (CEC) is mandated to prepare an Integrated Energy Policy Report (IEPR) every two years and an update every other year. The 2007 IEPR is expected to be finalized later this year to replace the 2005 IEPR. In support of the 2007 IEPR, the CEC staff has prepared a Draft Report "Natural Gas Market Assessment, Preliminary Results, May 2007" (2007 Draft Assessment). (CEC-200-2007-009-SD.) The 2007 Draft Assessment provides updated information from the 2005 IEPR, but should be considered as preliminary because it is still undergoing review and, therefore, subject to change. The 2006 IEPR Update did not address natural gas supply and demand; therefore, the statements in the 2005 IEPR remain the most current official information on the CEC's position regarding natural gas supply and demand and the potential for LNG to help meet California's growing demand. About half of the natural gas used in the State is for electric power generation. Industrial and commercial uses account for about 27 percent of natural gas usage and residential use accounts for 22 percent. (2005 IEPR, p. 123.) The conclusions of both the 2005 IEPR and the 2007 Draft Assessment are that California's demand for natural gas is increasing. The 2005 IEPR estimated that California's demand for all uses of natural gas will grow by approximately 0.7 percent annually from 2006 to 2016, even after taking into account maximum increased conservation and the use of renewable energy. (p. 125.) The 2007 Draft Assessment raises this estimate slightly to 0.8 percent annually for the period 2007 to 2017. (p. 2.) Since California produces only about 13 percent of the natural gas it uses, this additional demand must be met by increasing imports of natural gas currently delivered by long interstate pipelines. (2005 IEPR, p. 123.)

Although the CEC found that natural gas pipelines serving California were expected to have enough capacity "on an average annual basis," several factors could lead to inadequate supplies or delivery disruptions. (2005 IEPR, p. 135.) These include temperature extremes in summer and winter, natural disasters

such as Hurricanes Katrina and Rita that interrupt production, and potential interstate pipeline disruptions caused by high demand in neighboring states like Arizona. Furthermore, the CEC noted in its 2007 Draft Assessment that all or part of excess pipeline capacity could be needed to supply demand by natural gas fired electric generators during a period of severe drought that reduces hydroelectric power generation. (p. 38.) The CEC observed that “[a] margin of excess capacity will provide consumers a choice of suppliers and is the critical foundation needed to support a competitive market and stabilize short-term pricing volatility.” (2005 IEPR, p. 135.)

According to the CEC’s 2005 Natural Gas Assessment Update, California’s total annual consumption of natural gas was 2,200 billion cubic feet in 2003; by 2013, natural gas demand in the State is projected to reach 2,400 billion cubic feet, in part as a result of the growing use of natural gas for electricity generation. The CEC’s 2005 IEPR found that:

California clearly needs to increase the diversity of its natural gas supply portfolio. Being at the end of a long interstate pipeline network, California must also have access to a variety of sources. LNG is one such potentially cost-competitive and reliable source. . . . LNG simultaneously presents natural gas supply opportunities, additional infrastructure capacity into the West Coast, and coastal industrial development challenges. In considering LNG projects currently proposed for California, the State must address safety, environmental, and gas quality issues associated with these projects in an efficient and equitable manner. (2005 IEPR, p. 132-133.)

Although the 2007 Draft Assessment is still a preliminary report subject to further revision, the following excerpt on natural gas supply and infrastructure indicates the CEC’s likely reliance on LNG imports in developing its forecasting model:

SUPPLY

- North America’s natural gas production is projected to decline during the forecast period, by about 0.5 percent on an annualized basis or 5 percent for the 10 year period [forecast period of 2007 to 2017].
- Natural gas from Arctic Canada and from Alaska’s North Slope is assumed to be unavailable during the forecast period.
- U.S. natural gas production is also projected to decline during the forecast period, falling annually by about 0.5 percent or 5 percent overall.
- The forecast projects that North America’s natural gas supplies would be augmented by LNG imports, increasing from 3,072 MMcfd in 2007 to 24,404 MMcfd in 2017.
- The amount of gas produced in the Southwest, which enters California at Blythe, gradually decreases during the forecast period as natural gas imported

from Mexico (Costa Azul Facility) displaces domestic production from the Southwest.

- Importation of LNG is expected from Mexico into San Diego through the Transportadora De Gas Natural De Baja California (TGN) pipeline beginning in 2009. Gas imported from Costa Azul is projected to grow from zero to more than 1,500 MMcfd by 2017.
- Each year from 2002 to 2007, the Energy Information Administration (EIA) has revised its natural gas production forecasts downwards.
- U.S. production has been relatively flat for the last several years even though natural gas prices and the number of natural gas wells drilled annually have both increased dramatically. (2007 Draft Assessment, p. 2.)

INFRASTRUCTURE

- During the forecast period [2007 to 2017], the assessment results show that all major pipeline systems serving California operate at less than 100 percent capacity factors. For example, Kern River's capacity utilization hovers around 80 percent throughout the forecast horizon, while utilization of all other pipeline systems falls below 50 percent.
- Modeling results indicate that LNG entering California [from Mexico] would displace natural gas from the Southwest.
- The assessment indicates that only two pipelines affecting California may need to expand. The pipelines, TGN southbound and North Baja westbound, now deliver conventional natural gas to their end users. However, after Costa Azul begins operations, both pipelines may reverse flow and expand to accommodate the flow of regasified LNG. TGN northbound flows gas into San Diego and North Baja eastbound flows gas into Blythe/Ehrenberg. (2007 Draft Assessment, p. 3.)

The State of California's Energy Action Plan II: Implementation Road Map for Energy Policies, September 21, 2005, found that in addition to reducing consumption of electricity to help reduce natural gas demand, "California must also promote infrastructure enhancements, such as additional pipeline and storage capacity, and diversify supply sources to include liquefied natural gas (LNG)." (p. 10.) The California Public Utilities Commission (CPUC) recently reaffirmed that both the State's IEPR and Energy Action Plan recognize the need for additional natural gas supplies from LNG terminals on the West Coast: However, even with strong demand reduction efforts and our goal of 20% renewables for electric generation by 2010, demand for natural gas in California is expected to roughly remain the same, rather than decrease, over the next 10 years. This is because a substantial portion of the other 80% of electric generation (not met by renewable energy sources) will need natural gas as its fuel source, and natural gas will still be needed for the growing number of residential and business customers of the natural gas utilities. (Peevey 2006) The benefits of the Project are that it will help accomplish the goal of increasing the reliability and the diversity of California's supply of natural gas for the lifetime of the Project (50 or more years). Furthermore, expansion of the North Baja

system has been assumed in the CEC's 2007 Draft Assessment modeling forecast as one of only two pipeline expansions that would be used to deliver natural gas to California in the next 10 years.

1.4.2 Controlling Natural Gas Costs in California

Fuel costs, including the price of natural gas, affect the California economy in many ways both directly and indirectly:

Rising natural gas prices directly affect California's economy and consumers.

High gas prices increase consumers' cost of living and reduce their purchasing power for other goods and services. Californians feel the effects of rising natural gas prices with more expensive home heating and electricity bills, and higher prices for food and consumer goods. According to a 2004 Mortgage Bankers Association Economic Commentary, "High energy prices act as a tax on consumers...that ...tend[s] to slow consumer spending...." (2005 Natural Gas Assessment Update, p. 21.)

One way to reduce the cost of fuel is to ensure competition among fuel sources. Today's high natural gas prices reflect declining supplies, increased competition from other states to satisfy the regional natural gas demand, and the dominance of the U.S. natural gas market upon California prices. In the future, natural gas prices can be expected to continue increasing unless demand is lowered or imports increase to boost available supplies. (2005 Natural Gas Assessment Update, p. 28.)

The LNG-source natural gas that would supply the North Baja Pipeline Expansion Project would allow increased natural gas imports to the State thus improving competition and helping keep the price of natural gas affordable for Californians.

1.4.3 Benefits to the Regional Economy

Construction and operation of the Project would have a beneficial impact on local tax revenue. The total Project payroll for construction in California would amount to about \$47,500,000. Of this total, about 38.8 percent would be spent for taxable sales. Sales tax in the counties affected by the Project in California is 7.75 percent. Of this amount, 6.25 percent would go to the State, resulting in approximately \$1,151,875. The remaining 1.5 percent would go to the county and local governments, resulting in annual sales tax revenues of \$152,000 to Riverside County and \$111,000 to Imperial County, with the remaining amount going to local governments.

About \$3.3 million in property tax revenue would be generated annually in California. This revenue would be generated annually throughout the lifetime of the Project (50 or more years).

1.5 OVERRIDING CONSIDERATIONS CONCLUSION

The CSLC finds that the beneficial, additional source of natural gas to be provided by the North Baja Pipeline Expansion Project, the diversification of the State's gas supply, and the related stability benefits to the California economy, as well as the tax revenue benefits of the Project, outweigh the unavoidable adverse environmental effects discussed above. The CSLC, therefore, finds that in light

of these benefits, the adverse environmental effects of the Project are acceptable.