

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
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August 9, 2011

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

Subject: Central Valley Natural Gas Storage Project - (Application No. 09.08.008) – Variance Request #6

Dear Mr. Kiefer:

On July 28, 2011, Central Valley Natural Gas Storage (CVGS) requested a variance from the California Public Utilities Commission (CPUC) for the construction of four new 12 kV wood poles to provide power to the meter station and the relocation of one existing pole within the pipeline construction right-of-way. This is a modification to the power lines that were approved for the Central Valley Gas Storage Project in order to provide power to the meter station and complete construction of the gas pipeline.

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

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

Variance #6 for the construction of four new 12 kV wood poles to provide power to the meter station and the relocation of one existing pole within the pipeline construction right-of-way is granted by CPUC for the proposed activities based on the factors described below.

CVGS Variance Request. Excerpts from the CVGS Variance Request, received July 28, 2011 are presented below (indented):

This variance requests the CPUC's approval to 1) install four (4) new poles to provide power to the meter station and 2) removal of one existing pole within the pipeline construction ROW and installation of one pole out of the pipeline ROW. The poles would allow connection to an existing PG&E 12 kV above-ground power line that runs along the northern edge of Dirks Road.

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

The wooden poles will be 45-feet tall and will be the same height as other poles in the area.

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

The installation of the four (4) poles along the south and north side of Dirks Road would require approximately (4) days and is scheduled to start during the week of September 12, 2011. The removal of the existing pole on the south side of Dirks Road (west side of Delevan Road)(also known as Noel-Evans Road)) and installation of the new pole to the north side of Dirks Road (also on the west side of Delevan Road) would require approximately three (3) days and is scheduled to start during the week of September 12, 2011.

CPUC Evaluation of Variance Request.

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

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

Aesthetic Resources – The visual environment in the area is generally characterized as rural in nature and supports large-scale agriculture. Viewer groups include travelers on local roads such as Dirks Road, Delevan Road and Noel Evan Road.

The proposed four new wood poles would be located near the existing Wild Goose metering station, the Delevan compressor station and PG&E's Colusa generating station. These facilities are in open non-native annual grassland and are surrounded by chain link fencing. The PG&E 400/401 transmission line, which consists of 138 kV steel lattice towers is located approximately 700 feet to west of the proposed wood poles. The relocation of one 12 kV wood pole located to the west of the Delevan Road/Dirks Road intersection is within an area where existing 12 kV wood poles are present along the northern limits of Dirks Road.

The proposed construction of four wood poles and relocation of one wood pole would not substantially alter the visual character of the area because of the similar uses in the area and the proposed poles are similar in height to other wood poles and vertical elements located in proximity to the metering station and along Dirks Road and Delevan Road. No new impacts or increase in impact severity for aesthetic resources are anticipated.

Biological Resources - The proposed wood pole relocation along Delevan Road and Dirks Road is located in an area adjacent to drainages (D-50 and D-59). In accordance with APM BIO-3, avoidance of the drainage features would be ensured through the installation of construction barrier fencing. Implementation of APM BIO- 3 will minimize the potential of direct or indirect impacts to these drainage features such that resultant impacts would be less than significant.

Construction of the four wood poles adjacent to the metering station access road would occur on non-native grassland. The grasslands at the metering station site are heavily disturbed as a result of construction associated with the PG&E Colusa Generating Station, which has reduced the quality of the habitat for wildlife. However, despite the low habitat value and surrounding facilities, western burrowing owls are known to occur in the grasslands surrounding the metering station site. The grasslands could also potentially support populations of round-leaved filaree. If any burrowing owls are breeding prior to construction activities associated with the wood pole construction, active burrows of this special-status raptor could be disturbed or destroyed. In addition, populations of round-leaved filaree could also be disturbed or destroyed. Any such effects on active owl burrows or populations of round-leaved filaree as a result of these construction activities would be considered a significant impact on these special-status species. Implementation of APMs BIO-1, BIO- 3, and BIO-7 will minimize the potential of direct or indirect impacts to these species such that resultant impacts would be less than significant.

The wood pole construction avoids direct effects on vernal pool fairy shrimp and vernal pool tadpole shrimp habitat. However, construction activities in the annual grasslands could result in unanticipated disturbances on seasonal wetland habitat for these two shrimp species from vehicle or equipment traffic at or near the site during construction activities. Potential impacts on these species and associated habitat would be considered significant. Implementation of APMs BIO-1, BIO- 3, BIO-6, and BIO-14 will minimize the potential of direct or indirect impacts to these invertebrate species such that resultant impacts would be less than significant, and the potential for direct or indirect take of these federally listed species will be avoided.

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

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

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

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

Sensitive Land Uses/Noise. The area is rural in nature and supports large-scale agriculture. The construction of four new wood poles and relocation of one wood pole included as part of this variance request would be constructed in close proximity to the alignment proposed gas pipeline and metering station. No new impacts or increase in impact severity for sensitive land uses/noise is anticipated.

Other Issue Areas. No concerned noted under this variance.

Conditions of Variance Approval.

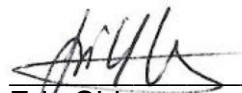
The conditions presented below shall be met by CVGS and its contractors:

1. All applicable project mitigation measures, APM's, and permit conditions shall be implemented. Some measures have on-going/time-sensitive requirements and shall be implemented prior to and during construction where applicable.
2. Copies of all relevant permits, compliance plans, and this Variance approval shall be available on site for the duration of construction activities.
3. Conduct biological monitoring in compliance with APM BIO-3. Biological monitoring is required to occur immediately preceding and during active construction as part of required biological monitoring activities. Drainage features along Dirks Road and Delevan Road should be fenced off via environmental exclusion fencing prior to construction in order to minimize the potential for impacts during construction.
4. In compliance with APM BIO-6, to the extent possible, CVGS would avoid and minimize impacts on waters of the United States, including wetlands, by implementing measures as defined in APM BIO-6.
5. In compliance with APM BIO-7, preconstruction surveys for active burrowing owls will be implemented as defined in AMP BIO-7.

6. In compliance with APM BIO-8, pre-construction surveys by a qualified biologist for nesting birds shall occur between January 15 and August 15. If active nests are found, follow protocols in APM BIO-8.
7. In compliance with APM BIO-14, avoidance and minimization measures will be implemented during construction activities near vernal pool fairy shrimp and vernal pool tadpole shrimp as defined in APM BIO-14.
8. All project personnel, shall be provided an environmental briefing focused on resources in the area, erosion control requirements, and the limits of the work area. A log shall be maintained on-site with the names of all crew personnel trained. All participants will receive a hard-hat sticker for ease of compliance verification.
9. If any unanticipated lane restrictions or closures are found to be necessary, prior proof of coordination with emergency service providers and all necessary permits shall be submitted to the CPUC.
10. Concurrence from Colusa County shall be provided indicating the Traffic Control Plan previously approved for the CVGS project does not require any additional traffic control measures or revisions to existing measures established in the Traffic Control Plan, prior to construction. Once concurrence is obtained, CVGS will submit documentation to the CPUC.
11. All complaints received by CVGS in regard to the wood pole construction shall be logged and reported immediately to the CPUC. This includes complaints relevant to noise, etc. Complaints shall also be forwarded immediately to Colusa County. If complaints cannot be resolved, activities at the site may need to be modified, depending on the nature of the complaint.
12. In the event that groundwater is encountered during construction, dewatering activities will be completed in accordance with the project's SWPPP requirements. Prior to dewatering activities being completed, CVGS shall provide a dewatering plan to CPUC that identifies how the groundwater would be removed from the excavation, where it would be discharged and the BMPs to be implemented.

Please contact me if you have any questions.

Sincerely,



Eric Chiang
CPUC Environmental Project Manager
Central Valley Gas Storage Project

cc: D. Hochart and S. Eckardt, Dudek
S. Bushnell-Bergfalk, ICF
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