STATE OF CALIFORNIA ARNOLD SCHWARZENEGGER, *Governor*

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

September 18, 2009

Mr. Ray Schnegelsberg
Central Valley Gas Storage, L.L.C.
3333 Warrenville Road, Suite 630
Lisle, IL 60532

Subject: ***Central Valley Gas Storage, LLC's Central Valley Natural Gas Storage Project (CPCN Application No. 09.08.008) Completeness Review***

The Energy Division of the California Public Utilities Commission has completed its review of the Central Valley Gas Storage project application (A.09.08.008).

Section 15101 of the California Environmental Quality Act requires the agency responsible for the certification of a proposed project to assess the completeness of the project proponent's application. The Energy Division uses the Commission's Information and Criteria List as a guide for determining the adequacy of project applications.

After performing its review of Central Valley's application for the Central Valley Gas Storage project (CVGS), the Energy Division finds that the information contained in the environmental assessment is currently incomplete. Attachment A of this letter identifies the issue areas of the application that were found to be deficient. Responses to this letter should be sent to the Energy Division, addressed to Manisha Gangopadhyay and to CPUC's consultant, Dudek, addressed to Rica Nitka. We request that responses to these items be provided to the CPUC within two weeks (no later than October 2, 2009).

Upon receipt of the supplemental information, the Energy Division will perform a second review to assess the adequacy of the data submitted. A determination of the adequacy of the application will once again be issued.

Attachment B identifies other clarification questions and data requests. These questions and data requests for additional information do not necessarily constitute a deficiency, but they are necessary to complete the CEQA analysis for the subject project.

The Energy Division reserves the right to request additional information that the agency deems necessary to complete the environmental assessment at any point in the environmental review process. Questions relating to the project should be directed to Monisha Gangopadhyay, (415) 703-5595.

Sincerely,

Monisha Gangopadhyay
Project Manager, CVGS Project CEQA Review
Energy Division
California Public Utilities Commission

cc: Jason Reiger, CPUC Legal Division
Chloe Lukins, CPUC Energy Division
Rica Nitka, Dudek
Jim Kiefer, Central Valley Gas Storage, LLC

1. The PEA does not provide information on the free-flow rate of the wells to be able to model the risk of explosion. Please provide the anticipated free-flow rate from the wells. In other words, if the wellheads were ruptured, and the safeguards failed, what is the anticipated flow rate of gas that would be released from each well at the maximum reservoir operating pressure? What safeguards will be installed on each well to prevent the free flow of gas in the event that the wellhead piping is ruptured? How many injection or withdrawal wells will be active at any one time?

2. Additional information regarding the cultural resources in the project area of potential effect (APE) is required to analyze the impacts of the project on these resources. Specifically, please provide the following:

    a. Please conduct a cultural resources survey of the accessible properties and show a good faith effort to gain access to restricted areas. Please provide a final cultural resources report.

    b. A copy of the records found in the literature search. Please provide copies of all site records, reports, and maps. In addition, provide a copy of all letters and documentation of Native American consultation.

    c. Please provide an overlay map of our project APE with the Wild Goose Storage Expansion Project and PG&E Colusa Generating Station study areas.

These following clarification questions and data requests for additional information do not necessarily constitute a deficiency, but they are necessary to complete the CEQA analysis for the subject project.

EXECUTIVE SUMMARY

1. Please provide all correspondence to date among interested parties.

CHAPTER 2.0 PROJECT DESCRIPTION

2. Page 2-7, under Project Components, indicates that one or two saltwater disposal wells may be constructed. Should a second well be needed due to water volumes in excess of the capacity of the first well, where would that well be drilled? Please show location of second well on Figure 2-7.
3. Figure 2-7. The text on page 2-13 states that access to the remote well pad site would be provided from an unpaved road along the southern boundary of the site. On Figure 2-7, access to the site appears to be provided off a newly constructed project driveway located off of McAusland Road (no access from the southern boundary of the site is shown on the figure). Please clarify the location of access to the site.
4. Exhibit 1, Sheet 4 (Sheet 5 in updated version), does not show a bore under the private airstrip. Page 3.7-22 and 3.7-23 indicate that the gas pipeline will be bored under this airstrip (an approximately 150-foot-long bore) to avoid the runway. Please show bore location on Exhibit 1 and indicate if it will be an auger bore or horizontal directional drilling (HDD) bore.
5. Page 2-16 and Exhibit 1. Please show location of the 300-foot-long PG&E Line 172 connection.
6. Text on page 2-17 states that connection to PG&E Line 172 would allow the project to receive and inject gas on an uninterruptable basis. Please confirm if the temporary compressor unit would operate 24 hours a day, 7 days a week.
7. Page 2-20, Table 2-3, Temporary and Permanent Acreages Required to Construct and Operate the Project. Under existing access roads, the table shows 26 acres of permanent impacts. Please clarify whether these are new permanent impacts. If these are new permanent impacts, please show on Exhibit 1.
8. Page 2-21, under Project Access Roads and Exhibit 1. No access road has been identified for the test well. Please describe/show access to the test well. If a permanent access road to this well is needed, please update acreages in Table 2-3 and show on Exhibit 1.

CHAPTER 3.0 ENVIRONMENTAL SETTING AND IMPACT ASSESSMENT

Section 3.1 Aesthetics

9. Is outside lighting proposed for the well pad site auxiliary building? If yes, describe the type of lighting that will be used.
10. In order to determine bulk and scale of proposed aboveground facilities, please provide schematics for the compressor station facilities, remote well pad site facilities, observation wells, and the metering station facilities. Please also include information regarding the temporary compressor unit.
11. APM AES-1 indicates that the compressor station will be painted with non-glare, earth-tone colors to blend with the surrounding vegetation/landscape. Please confirm if this APM will apply to all other aboveground surface facilities.

Section 3.3 Air Quality

12. Appendix D. The Toxic Air Contaminant (TAC) emission rates used for the compressor engines are incorrect. They are based on AP-42 (Volume I, Fifth Edition) emission factors (Table 3.2-3) for 4-stroke rich-burn engines. The proposed Caterpillar 3612 engines are 4-stroke lean-burn engines. Thus, the emission factors from Table 3.2-2 should be used (emission factors are included in Chapter 3, Stationary Internal Combustion Sources).
13. Appendix D. The health risk assessment includes several carcinogens, such as benzo(a)pyrene and arsenic, that have oral potency factors. However, the health risk assessment only evaluates the inhalation pathway for cancer risk. Please correct the health risk assessment to include the cancer risk resulting from non-inhalation pathways.
14. Appendix D. The calculations of the annual average concentrations are based only on the Environmental Protection Agency's (EPA's) adjustment factor from 1-hour to annual concentrations (i.e., 0.08). The emission rates should reflect the annualized average emission rates, rather than the maximum 1-hour emission rates, because the engines will not be operated continuously.

Section 3.6 Geology, Soils, and Seismicity

15. Figure 3.6-2. Please provide source data for figure.
16. Page 3.6-2, Table 3.6-1. Please provide reference information in table.

Section 3.7 Hazards and Hazardous Materials

17. Hazards

    Please provide the Phase I Environmental Site Assessment (ESA) prepared by Wallace-Kuhl & Associates (2008).

18. Public Health Safety

    a. Risk Assessment

        i. Please provide a copy of the document entitled *Safety Record Study of Underground Gas Storage in Depleted Reservoirs: A Safe Industry in the Past, Present and Future*, by International Gas Consulting, 2007, which is referenced in the PEA.

    b. Building Permits and Plan Check

        i. Will Colusa County perform a plan check of the process piping and other equipment?

    c. Traffic

        i. Please provide historical traffic count data for roads within the project vicinity provided by the Colusa County Department of Public Works.

Section 3.11 Noise

19. Please provide the technical Noise Evaluation prepared by Hoover and Keith (2009).

20. Please identify all the noise control features (i.e., applicant proposed mitigation) anticipated to be used for the drill rig and the source noise emission level (prior to mitigation) for the standard well drill rig used to predict the well drill rig noise levels in Tables 3.11-6 and 3.11-7.

21. Please identify all the noise control features anticipated to be used for the compressor facility and the source noise emission level (prior to mitigation) for the standard compressor facility used in to predict the well drill rig noise levels in Table 3.11-8.

CHAPTER 4 ALTERNATIVES

22. Please provide the following:

    a. Supporting information and studies used for the conclusions reached for the feasible alternatives identified in Table 4-2

    b. Transmission line and tie-in routes assumed for the electric drive compression alternative

    c. The environmental constraints analysis prepared by ICF Jones & Stokes for the gas pipeline alternatives.

APPENDICES

Appendix A – Landowner List

23. Please submit the list of land owners electronically in Word or Excel format.

24. Please clarify if the highlighted addresses in Appendix A denote property owners above the boundaries of the Princeton Gas Field (within 300 feet). If not, please add property owners within 300 feet of the gas field boundary shown in Figure 2-3.