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

NOTICE OF INTENT TO ADOPT A MITIGATED NEGATIVE DECLARATION AND NOTIFICATION OF PUBLIC MEETING

Central Valley Gas Storage Project

CPCN* APPLICATION NO. A09-08-008

Pursuant to Public Utilities Code Chapter 5, Article I, Central Valley Gas Storage, LLC (Central Valley), a wholly owned subsidiary of Nicor, Inc., of Illinois, filed an application with the California Public Utilities Commission (CPUC) for a Certificate of Public Convenience and Necessity (CPCN) on August 19, 2009, for the purpose of developing the Central Valley Gas Storage Project (project) in Colusa County, California.

Under the CPUC's rules, approval of this project must comply with the California Environmental Quality Act (CEQA), including an assessment of the potential environmental impacts of the proposed project. The CPUC proposes to adopt a Mitigated Negative Declaration for this project. This Mitigated Negative Declaration has been prepared based upon the assessment of potential environmental impacts outlined in the Initial Study prepared for the Central Valley Gas Storage Project.

PROJECT DESCRIPTION

The proposed project would be located in northeastern Colusa County, south/southwest of the town of Princeton. The compressor station and remote well pad site would be located approximately 0.5 mile west of State Route 45, and the Pacific Gas & Electric Company (PG&E) line 400/401 connecting pipeline would travel west from the compressor station to the metering station, interconnecting with PG&E line 400/401 several hundred feet south of PG&E's Delevan Compressor Station and west of Delevan Road.

Central Valley proposes to convert, construct, and operate the depleted Princeton Gas Field as a natural gas storage facility. The conversion of the depleted gas field will require the construction of surface and subsurface facilities, including a compressor station, remote well pad site, observation wells, saltwater disposal well and pipeline, metering station, and natural gas connecting pipelines. The project includes construction, operation, and maintenance of the following components:

- Princeton Gas Storage Field (natural gas storage reservoir)
- Surface facilities, including
    - Compressor station and associated facilities on a 10-acre site (including the installation of an approximate 3,500-foot-long electrical distribution line that would connect the compressor station to an existing 12-kilovolt PG&E line)

* Certificate of Public Convenience and Necessity

- Remote well pad site on a 3.1-acre site that includes up to 10 injection/withdrawal wells and a 130,000-gallon saltwater storage tank
- Saltwater disposal well (the existing Central Valley test well will be converted to a saltwater disposal well and connected to the remote well pad by a 800-foot-long, 6-inch water drain pipeline)
- Observation wells (involves conversion of up to three existing wells, drilling one new well, and re-entry into one plugged well)
- Metering station on a 1-acre site near PG&E Line 400/401

- Natural gas connecting pipelines, including
  - A 1,950-foot-long, dual 16-inch gathering line system to connect the injection/withdrawal wells to the compressor station
  - A 170-foot-long, 8-inch gas pipeline, and use of a meter skid and rental compressor unit for a temporary connection to PG&E Line 172
  - A 14.7-mile-long, 24-inch diameter gas pipeline, which would connect the compressor station to the metering station, plus a 580-foot interconnection with PG&E Line 400/401.

The project would provide natural gas storage by injecting natural gas into the Princeton Gas Field, a depleted natural gas reservoir located approximately 2,200 feet underground. The natural gas would then be withdrawn according to customer demand. Central Valley proposes to inject into the Princeton Gas Field 9 billion cubic feet (Bcf) of natural gas in the first year of service (an ultimate working gas capacity of 11 Bcf will be phased in over 2 years).

An Environmental Data Resources (EDR) Data Map Corridor Study was conducted for the project to identify any previous contamination in the vicinity of project components that may have resulted from past or present use of the project area properties. The EDR report did not identify any contaminated sites within a 1-mile radius of project components.

In order to help understand the proposed project and to obtain public comments on the environmental document, the CPUC will hold a public meeting on May 5, 2010, in the Multi Purpose Room of Princeton High School located at 473 State Street, Princeton, California. The public meeting on the proposed project and the CEQA document will start promptly at 6:00 p.m. and will end at 8:00 p.m. At the public meeting, the environmental team and CPUC staff will be available to discuss the environmental document and to obtain public comments on the environmental document. In addition, comment cards will be available for the public to write comments. The Mitigated Negative Declaration, including the Initial Study, is available on the project website: http://www.cpuc.ca.gov/environment/info/dudek/cvgs/CVGS_Home.htm.

Copies of the document are also available for review at the following libraries:

Colusa Library 738 Market Street Colusa, CA 95932	Princeton Branch Library 232 Prince Street Princeton, CA 95970	Maxwell Branch Library 34 Oak Street Maxwell, CA 95955	Williams Branch Library 901 E Street Williams, CA 95987

The public review period for the proposed Mitigated Negative Declaration will start on April 22, 2010. The CPUC will be accepting comments on the document during this timeframe. Written comments will be accepted until 5:00 p.m. on May 22, 2010, and should be sent to: Monisha Gangopadhyay, California Public Utilities Commission, c/o Dudek, 605 Third Street, Encinitas, California 92024.