STATE OF CALIFORNIA
PUBLIC UTILITIES COMMISSION

Arnold Schwarzenegger, *Governor*

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

NOTICE OF PREPARATION SUPPLEMENTAL ENVIRONMENTAL IMPACT REPORT FOR THE WILD GOOSE PHASE 3 EXPANSION PROJECT FOR THE WILD GOOSE NATURAL GAS STORAGE FACILITY PROPOSED BY WILD GOOSE STORAGE, LLC

Application No. 09-04-021

To: All Interested Parties

A. Subject

Wild Goose Storage, LLC (Wild Goose) has filed an application with the California Public Utilities Commission (CPUC) to amend its Certificate of Public Convenience and Necessity (CPCN) Decision 97-06-091, as amended by Decision 02-07-036. Wild Goose is requesting the CPCN amendment for the expansion of its existing Wild Goose Natural Gas Storage Facility beyond its currently certificated capabilities to more fully use the injection, withdrawal, and storage capacity of the natural gas storage reservoirs in the Wild Goose Gas Field, located in Butte County, California. The Wild Goose Phase 3 Expansion Project (Phase 3 Expansion Project) would follow the first development of the gas field (Phase 1 Project), which took place from 1997 to 1999, and a later expansion (Phase 2 Project), which took place starting in 2002. The CPUC will prepare a Supplemental Environmental Impact Report (Supplemental EIR), based on the EIR prepared in 2002 for the Phase 2 Project, to evaluate the project in accordance with the criteria, standards and procedures of the California Environmental Quality Act (CEQA) (Public Resources Code Sections 21000 et. seq.) and the State CEQA Guidelines (California Administrative Code Sections 15000 et. seq.).

B. Summary of the Proposed Project

Background

The Phase 1 and Phase 2 Projects, which involved the development of a depleted and abandoned underground natural gas field for use in natural gas storage, consisted of the initial development between April 1997 and April 1999, and a later expansion. The Phase 1 and Phase 2 Projects per the CPCN Decision 97-06-091, as amended by Decision 02-07-036, included development of the underground natural gas storage reservoir; an 8.5-acre well pad site with 24 injection/withdrawal and observation wells located on the property of the Wild Goose Club; compressors, gas-fueled engines, and associated equipment and facilities

stationed at a 12.2-acre Remote Facility Site (RFS); buried 18-inch-diameter and buried 24-inch-diameter bi-directional interconnection natural gas pipelines (Storage Pipeline Loop) between the well pad site and RFS (each 4.5 miles long); a buried, 3-inch-diameter produced water pipeline and two fiber optic communication cables between the well pad site and the RFS; an interconnect to the existing 12-inch diameter Line 167 of Pacific Gas and Electric Company's (PG&E's) Sacramento Valley Local Transmission System (SVLTS); a 25.5-mile, buried 30-inch-diameter bi-directional pipeline (Line 400 Connection Pipeline) interconnected with PG&E's Line 400 (L400) backbone natural gas pipeline system at the Delevan Compressor Station; a mid-valve station located approximately 11.5 miles west of the RFS; a 0.6-acre interconnect facility with valves, metering and pressure monitoring equipment (Delevan Interconnect Site); and associated fiber optic communication cables, valves, and metering facilities between the RFS and the Delevan Interconnect Site. Figure 1 shows a map of the location of the Phase 1 and Phase 2 Projects.

The Phase 1 Project is completed. Construction of the Phase 2 Project began in January 2003 and is expected to be complete in December 2009. When the Phase 2 Project is completed, the facility will have up to 450 million cubic feet per day (MMcfd) of injection capability, 700 MMcfd of withdrawal capacity, and approximately 29 billion cubic feet (Bcf) of storage capacity.

Proposed Project

For the proposed Phase 3 Expansion Project, Wild Goose is proposing to expand the existing natural gas storage facility to a cumulative total of approximately 650 MMcfd of injection, approximately 1,200 MMcfd of withdrawal, and approximately 50 Bcf of storage capacity. The proposed components associated with the Phase 3 Expansion Project are illustrated in Figures 2 and 3, and are described below.

Project Components

Remote Facility Site

The existing RFS would be expanded westward by approximately 540 feet, resulting in an increase in the facility footprint from approximately 12.2 acres to approximately 16.7 acres. The expansion would occupy an area currently used for farm equipment and parking during the hunting season. The westward expansion would also result in the filling and conversion of approximately 4.5 acres of agricultural wetland (rice fields) to industrial use. Rice field drainage systems would be relocated as required, and the farm equipment and parking area would be shifted approximately 540 feet west of its existing location to the west side of the RFS. The fenced operations area at the RFS would increase by 3.7 acres to a total of 12.4 acres. The perimeter landscaped berm would be extended, and another access driveway off West Liberty Road may be added to the western edge of the RFS area. Four new gas compressor units in a new building would be installed as part of the Phase 3 Expansion Project, increasing total compression from approximately 20,700 Horsepower (HP) (six compressor units) to approximately 35,000 HP (10 compressor units). Two new process trains (for a total of five trains) and two new dehydration units and associated equipment would be installed to provide the proposed injection and withdrawal capabilities. Construction staging and material laydown areas would be located on the existing RFS and the farm equipment storage and parking area. Phase 3 Expansion Project components are shown on Figure 2.

Delevan Interconnect Site

To accommodate the increased withdrawal and injection flow at the RFS site, PG&E would need to expand some operations, and Wild Goose would be required to add a second meter line at the Delevan Interconnect Site. The modifications at the Delevan Interconnect Site would be made entirely within the 0.6-acre facility. An approximately 0.3-acre area adjacent to the facility is proposed to be used for temporary construction equipment staging. Within the Delevan Interconnect Site, Wild Goose equipment and operations are currently separated by a fence from PG&E's equipment. The changes to the Delevan Interconnect Site would expand the size of the fenced area for PG&E's equipment, involving the installation of a new custody transfer meter and associated piping, valves, and instrumentation, including pipeline monitoring equipment that would parallel the existing meter run. The changes to the Wild Goose facilities at the Delevan Interconnect Site would also include the installation of additional piping, valves, and instrumentation. The new station piping improvements would tie in to the Line 400 Connection Pipeline before the pipeline enters the ground departing east towards the RFS.

In addition to the improvements at the Delevan Interconnect Site, Wild Goose would install a new hot-tap connection pipeline, approximately 30 feet in length, from the existing Line 400 Connection Pipeline to PG&E's Line 401 transmission pipeline, located approximately 700 feet to the west of the Delevan Interconnect Site. The temporary work area for the hot-tap installation would total less than 0.1 acres.

Table 1 summarizes the area of total permanent impact that may be associated with each Phase 3 Expansion Project component.

Table 1: Phase 3 Expansion Project Components and Impacts

Project Components	Area Temporary Impact	Area Permanent Impact
Remote Facility Site	--	4.5 acres
Delevan Interconnect Site	Up to 0.9 acres	Up to 0.6 acres
Line 401 Hot Tap Connection	Up to 0.1 acres	--

Project Location

The Phase 3 Expansion Project would be located near the center of the Sacramento Valley, approximately 60 miles northwest of Sacramento in Butte and Colusa Counties (See Figure 1).

The RFS lies north of West Liberty Road, approximately 1.1 miles west of its intersection with Pennington Road in Butte County. The RFS lies within a predominantly agricultural area dedicated mainly to rice production, and is bordered to the north, east, and west by active rice fields. The Gray Lodge Wildlife Area, managed by the California Department of Fish and Game, lies south of the site across West Liberty Road. The Delevan Interconnect Site is located within annual grasslands at the base of the Coast Range foothills, approximately 25 miles west of the RFS. The Glenn Colusa Canal lies 0.25 miles east of the Delevan Interconnect Site. Both facilities are located within the relatively flat terrain of the Sacramento Valley floor.

Project Construction

Construction at the RFS site is estimated to take 23 months. The Phase 3 expansion area would be graded and filled and the site developed to support the increased natural gas storage equipment.

Modifications at the Delevan Interconnect Site are estimated to take 3 months, including installation of the new metering equipment and the new hot-tap connection pipeline.

Operations and Maintenance

The proposed facilities would be integrated into Wild Goose's existing safety measures, operational controls, and maintenance and monitoring procedures. Operations and maintenance would be performed by Wild Goose operations and maintenance personnel.

C. Project Alternatives

Because a Supplemental EIR will be prepared for the Phase 3 Expansion Project, the alternatives included in the 2002 EIR for the Phase 2 expansion are expected to apply to the Phase 3 Expansion Project, and no project alternatives are proposed.

D. Scope of Supplemental EIR and Discussion of Potential Impacts

CEQA requires agencies to consider environmental impacts that may result from a proposed project, to inform the public of potential impacts and alternatives, and to facilitate public involvement in the assessment process. The Supplemental EIR for the Phase 3 Expansion Project will describe in detail the nature and extent of the environmental impacts of the proposed action, and will discuss appropriate mitigation measures for any adverse impacts. The Supplemental EIR will include, among other matters, discussions of the purpose and need for the proposed project, a description of the affected environment, an evaluation of the environmental impacts of the proposed project, and explanations of proposed mitigation.

The Proponent's Environmental Assessment for the Phase 3 Expansion Project has identified the following potential environmental impacts. The Supplemental EIR may identify additional impacts.

Table 2: Phase 3 Expansion Project Potential Issues or Impacts

Environmental Issue Area	Potential Issues or Impacts
Aesthetics	• Expansion of the RFS would increase the size of an industrial-appearing facility on an agrarian landscape and would add additional night lighting
Agricultural Resources	• Conversion of 4.5 acres of active agricultural farmland (rice field)
Air Quality	• Emissions from combustion equipment during project operations • Emissions of nitrous oxides (NOx) and reactive organic gases (ROG) during project construction • Emissions of Greenhouse Gases (GHGs) during project construction and operation • The project could result in fugitive natural gas emissions and odors from valves and flanges
Biological Resources	• General impacts on biological resources in the project area. • Temporary disturbance of annual grasslands during construction of the PG&E hot-tap connection and Delevan Interconnect Site • An area of freshwater marsh/open water ditch approximately 100 feet long could be impacted by access into the expanded facility and relocated parking area • Adverse effects on sensitive plants from construction activities

Environmental Issue Area	Potential Issues or Impacts
	• Direct impacts on giant garter snake from construction activity, and the temporary and permanent loss of foraging habitat and hibernacula • Adverse effects on suitable breeding and basking habitat for northwestern pond turtle by construction activity • Disturbance of sensitive birds during nesting periods by construction activity • Burrowing owl nest could be destroyed by construction vehicles if they move into project work areas during construction • Temporary disturbance of San Joaquin pocket mouse breeding and nesting activities and direct mortality from construction vehicles
Cultural Resources	• Disturbance of unknown archaeological or historical resources during construction • Disturbance of significant paleontological resources during excavation
Geology and Soils	• No anticipated impacts/issues
Hazards and Hazardous Materials	• No anticipated impacts/issues
Hydrology and Water Quality	• No anticipated impacts/issues
Land Use and Planning	• No anticipated impacts/issues
Mineral Resources	• No anticipated impacts/issues
Noise	• No anticipated impacts/issues
Population and Housing	• No anticipated impacts/issues
Public Services and Utilities	• No anticipated impacts/issues
Recreation	• Should schedule variables necessitate any outdoor or noise-producing construction activities during the hunting season, hunting opportunities may be temporarily lost due to waterfowl or other game species avoiding the area • Outside noise-producing routine operations and maintenance activities at the RFS during the hunting season may adversely affect waterfowl hunting success on the adjacent rice fields and across the road on the Gray Lodge Wildlife Area
Transportation and Traffic	• No anticipated impacts/issues

E. Project Scoping Process and Scoping Meetings

Because the Phase 3 Expansion Project will be reviewed under a Supplemental EIR relying on the analysis and process presented in the 2002 EIR for the Phase 2 Project, no public scoping meetings are currently planned for the project area.

Comments on the scope and content of the Supplemental EIR will be accepted for a period of 30 days from the date of this NOP as required by CEQA. Comments may be mailed, faxed, or emailed to the CPUC during the 30-day comment period. Comments may be mailed to the following address:

Public Scoping Comments
RE: Wild Goose Gas Storage Facility Phase 3 Expansion Project
130 Battery Street, Suite #400
San Francisco, CA 94111

Emailed comments may be sent to the following address: wildgoose3@ene.com. Faxed comments can be sent to the following number: (415) 981-0801. Voice messages may be left at (877) 551-3669. Please include your name and mailing address at the bottom of the comment for mailed, faxed, and emailed comments and note the "Wild Goose Phase 3 Expansion Project."

Comments the scope and content of the Supplemental EIR must be received or postmarked by *Monday, November 9, 2009,* to be accepted. No comments will be accepted after the scoping comment period is closed. Interested parties will have an additional opportunity to comment on the Wild Goose Phase 3 Expansion Project during the 45-day public review period to be held for the Draft Supplemental EIR.

F. Agency Comments

This NOP has been sent to responsible and trustee agencies, cooperating federal agencies, and the State Clearinghouse. We need to know the views of your agency as to the scope and content of the environmental information, which reflects your agency's statutory responsibilities in connection with the Phase 3 Expansion Project. Once again, responses should identify the issues to be considered in the Draft Supplemental EIR, including significant environmental issues, alternatives, mitigation measures, and whether the responding agency will be a responsible agency or a trustee agency. Due to the time limits mandated by State laws, your response must be sent at the earliest possible date but no later than 30 days (November 9, 2009) after receipt of this notice. Please send your response to:

Public Scoping Comments
RE: Wild Goose Gas Storage Facility Phase 3 Expansion Project
130 Battery Street, Suite #400
San Francisco, CA 94111

G. Additional Information

Information about the Phase 3 Expansion Project and the CEQA compliance process is available at the following website:

http://www.cpuc.ca.gov/PUC/energy/Environment/Current+Projects/

The website will be used to post all public documents related to the Supplemental EIR. No public comments will be accepted on this website; however, the website will provide a sign-up option for interested parties to be placed on the project mailing list, and a printable comment form.

The CEQA Guidelines are available at the following website:

http://www.ceres.ca.gov/topic/env_law/ceqa/guidelines/

Appendix G of the CEQA Guidelines, which serves as an environmental checklist for all CEQA documents is available here:

http://www.ceres.ca.gov/ceqa/guidelines/pdf/appendix_g-3.pdf

The California Public Utilities Commission hereby issues this Notice of Preparation of a Supplemental Environmental Impact Report.

Eric Chiang, Project Manager
California Public Utilities Commission

October 7, 2009

Attachments:
Figure 1 – Project Location Map, Wild Goose Phase 3 Expansion Project
Figure 2 – Wild Goose Phase 3 Expansion Project: Remote Facility Site
Figure 2 – Phase 3 Expansion Project: Delevan Interconnect Site

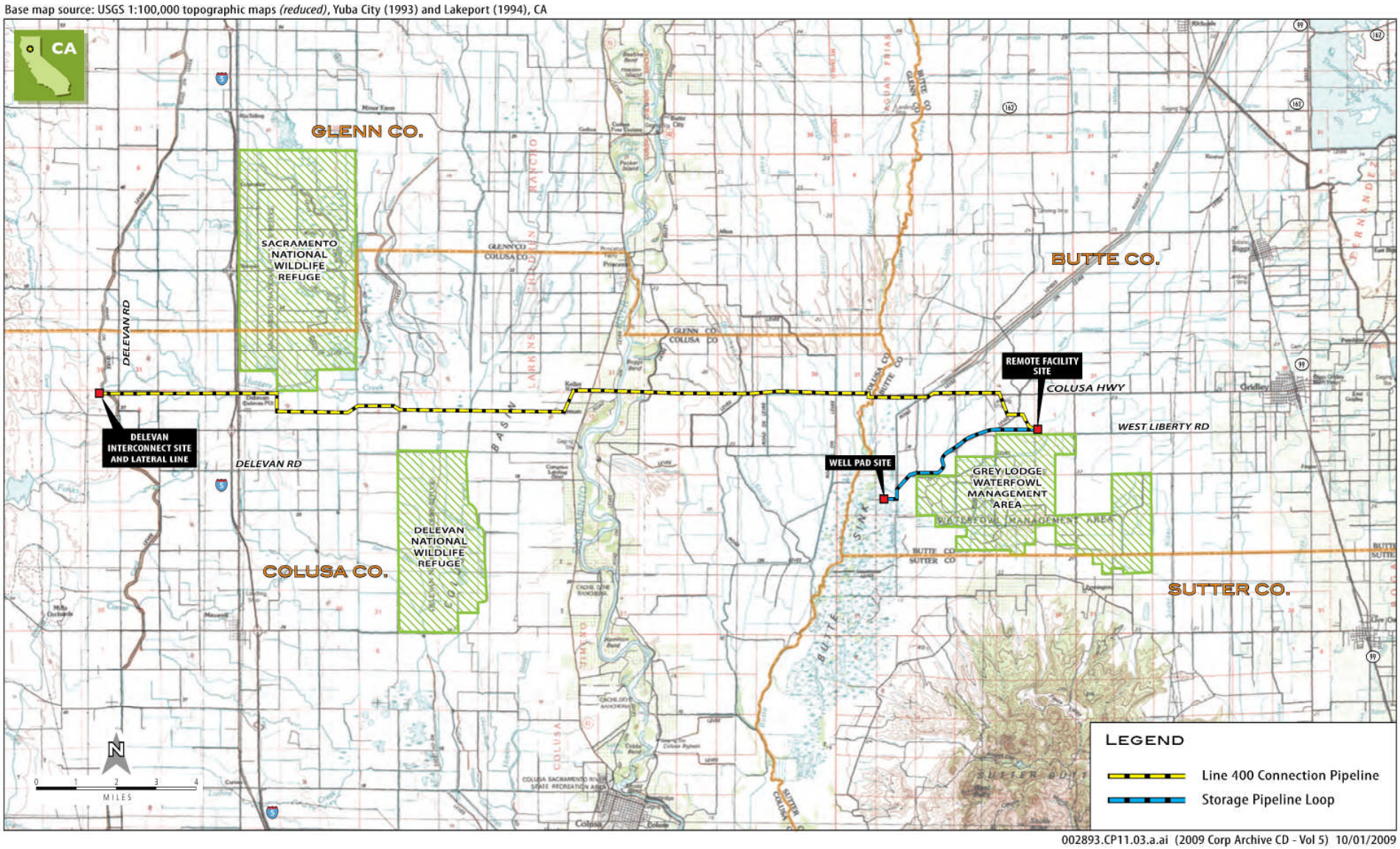

Figure 1. Project Location Map, Wild Goose Phase 3 Expansion Project

Air photo source: Wild Goose Gas Storage, LLC

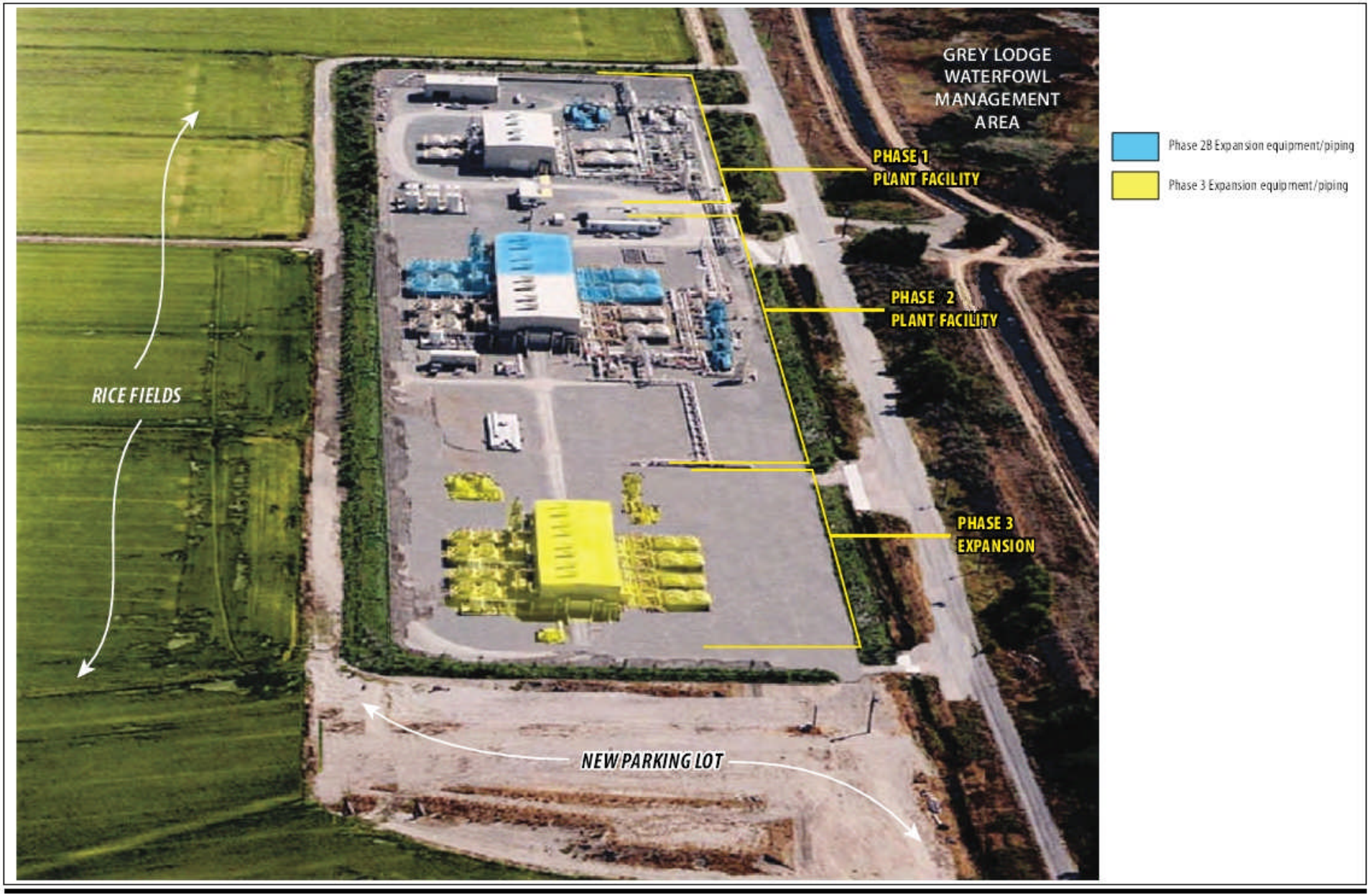

Figure 2. Wild Goose Phase 3 Expansion Project, Remote Facility Site (Includes Phase 2B)

Air photo source: Wild Goose Gas Storage, LLC

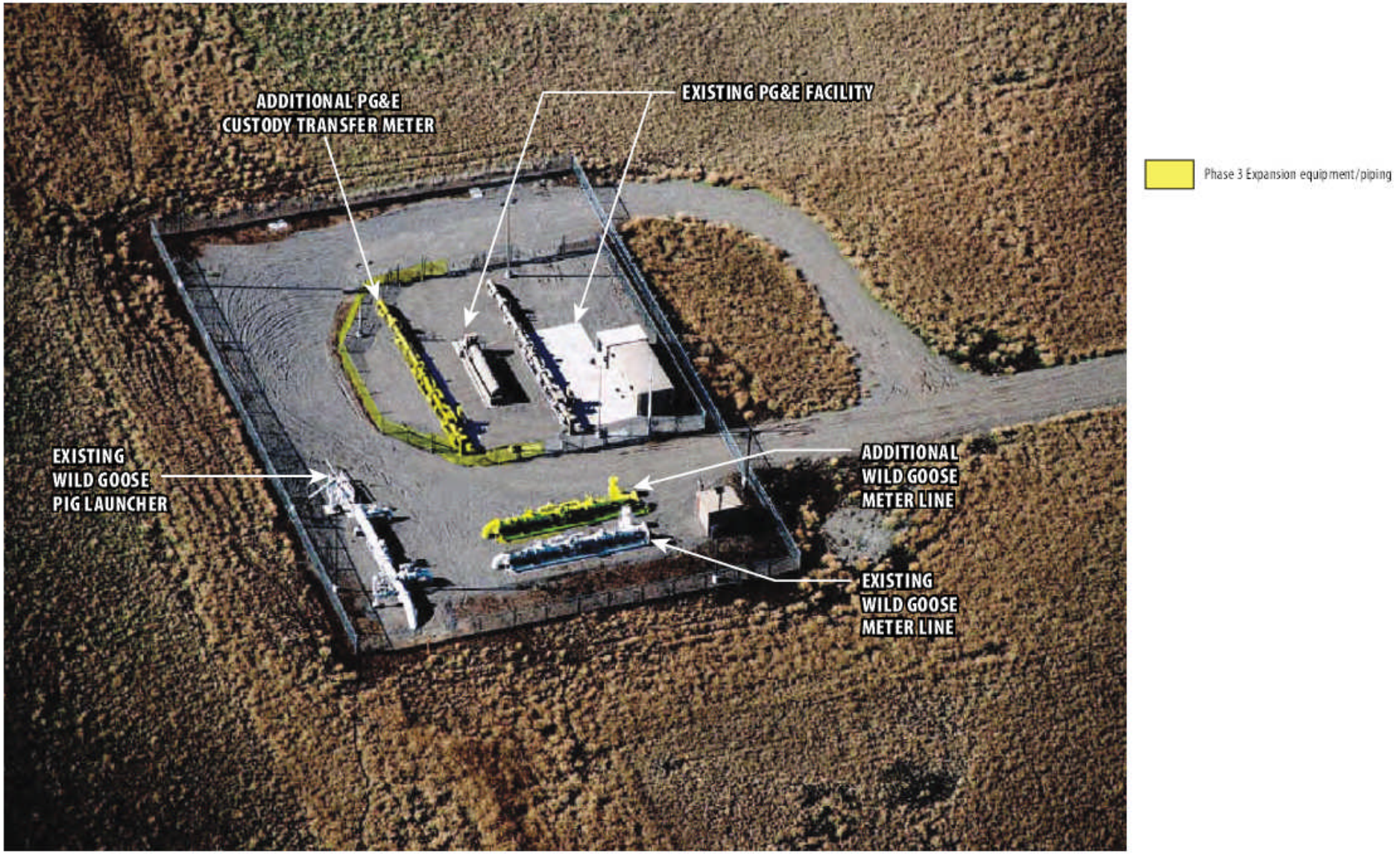

Figure 3. Wild Goose Phase 3 Expansion Project, Delevan Interconnect Site