

1: INTRODUCTION

1.1 Introduction

1.1.1 APPLICANTS

Gill Ranch Gas Storage, LLC (GRS), an Oregon limited liability company formed in 2007, and Pacific Gas and Electric (PG&E), a regulated California utility, submitted applications to the California Public Utilities Commission (CPUC) for a Certificate of Public Convenience and Necessity (CPCN) on July 29, 2008 for the purpose of developing the Gill Ranch Gas Storage Project (Project) in Madera and Fresno Counties, California.

1.1.2 APPLICATION

The CPCN applications and accompanying Proponent's Environmental Assessment (PEA) identifies the proposed Project, including the construction of a gas storage facility and the related gas pipeline and electric power line alignments. The CPUC requested additional information during review of the PEA. The Applicants provided substantial amounts of clarifying information through a series of submittals. This information, and that contained in the PEA, was fully considered during the preparation of this Draft Initial Study/Mitigated Negative Declaration (IS/MND).

1.2 Project Location and Overview

1.2.1 PROJECT LOCATION

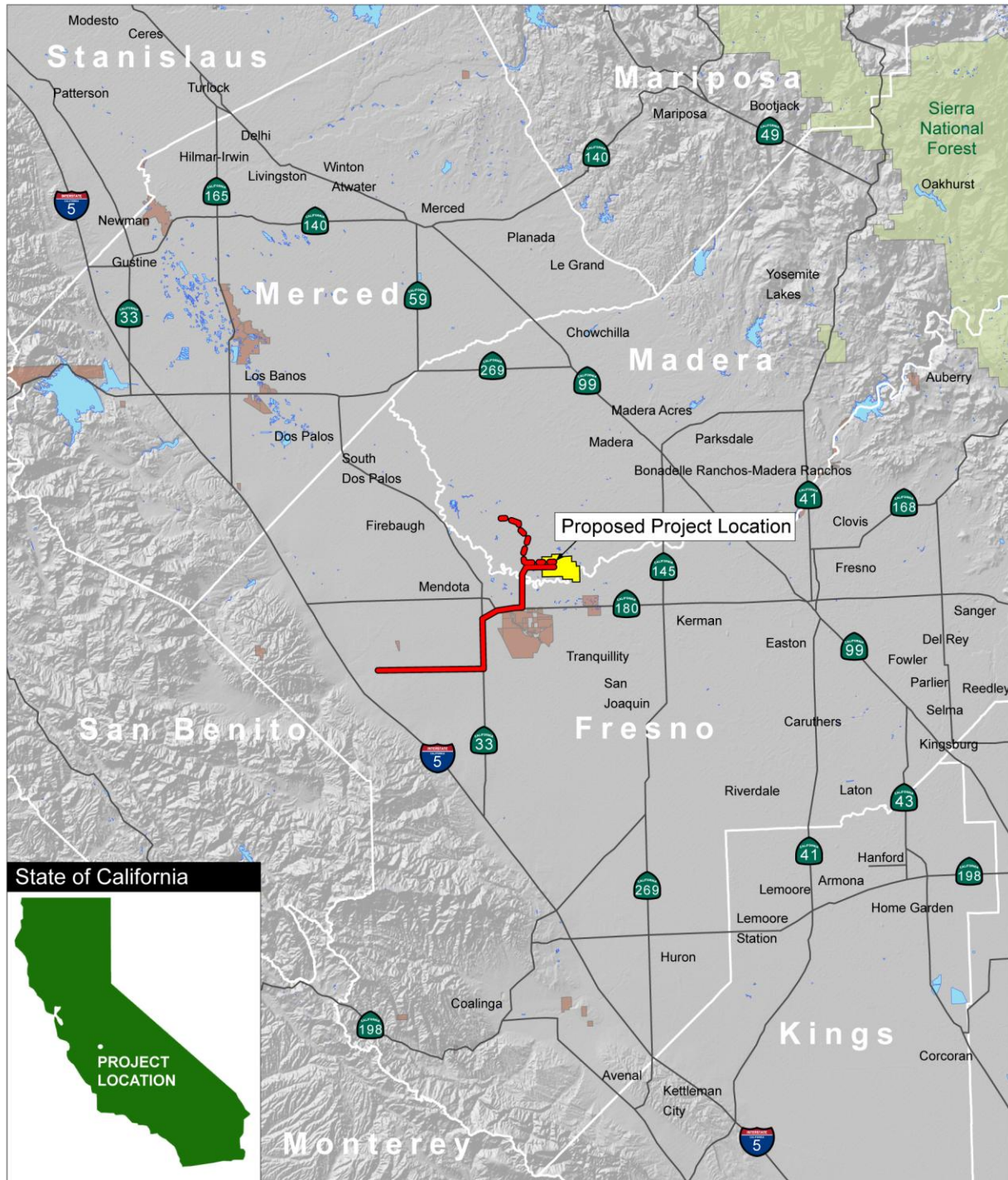
The proposed Storage Field would utilize depleted reservoirs the Gill Ranch Gas Field (Gas Field). The Gas Field is located in central California's San Joaquin Valley, primarily in western Madera County. A portion of the Storage Field would span the San Joaquin River into Fresno County. The proposed gas pipeline would extend from the Storage Field to PG&E's existing Line 401 near Interstate 5, southwest of the Storage Field. The electric power line would extend from the Storage Field to the existing PG&E Dairyland-Mendota Power Line, northwest of the Storage Field. Figure 1.1-1 shows the Project in relation to nearby communities. Figure 2.1-1 shows the location of the Project components.

1.2.2 PROJECT OVERVIEW

The proposed Project would provide additional storage capacity to help meet the energy needs of California customers. The Project would utilize depleted reservoirs in the Gill Ranch Gas Field (Gas Field). The Project includes use of the Gas Field, existing and proposed injection and

Initial Study
Gill Ranch Gas Storage Project

Figure 1.1-1: Proposed Project Location



SOURCE: U.S. Geological Survey, EROS Data Center, Sioux Falls, SD, and RMT Inc. 2009

LEGEND

- Proposed Project Gas Field Area
- US National Forest Area
- Interstate Highway
- Proposed Pipeline Route
- CA Department of Fish and Game Area
- State Route
- Proposed PG&E Power Line Route

withdrawal (IW) and observation and monitoring (OM) wells, construction of a natural gas pipeline from the Storage Field to PG&E's existing Line 401, construction of a 115-kilovolt (kV) electric power line, and construction of a central compressor station and associated facilities.

1.3 CPUC CPCN Application Process

The CPUC conducts two parallel processes when considering any application for a CPCN: an application process similar to a court proceeding in which the CPCN considers whether the project is needed and is in the public interest, as well as an environmental review process under CEQA.

The CPCN application process focuses on utility ratepayer and public benefit issues and through this process, the CPUC determines whether or not a project meets the criteria for approval. An Assigned Commissioner (one of the CPUC's five appointed Commission members) and an Administrative Law Judge (ALJ) supervise the process. During the application process, the Applicants must demonstrate that the Project would clearly provide public benefit. The application process for this Project may include the following steps:

1. **Application:** The Project proponents (the Applicants) submitted applications for a CPCN on July 29, 2008 for the purposes of developing the proposed Project.
2. **Pre-hearing Conference:** At the pre-hearing conference the assigned ALJ will hear comments from interested parties about issues to be considered and the schedule for the application's review. At the hearing, members of the public may file appearance forms to become parties to the case and participate in the formal proceeding.
3. **Scoping Memos:** Following the pre-hearing conference, the ALJ will prepare a scoping memo. The scoping memo will outline issues that would be considered and set forth a schedule for the rest of the proceeding.
4. **Comments and Responses:** There appear to be no unresolved contested issues regarding the Project; therefore, it is likely that comments and responses to comments will be filed in place of holding an evidentiary hearing following an exchange of testimony.
5. **Public Participation Meeting:** A meeting may be held during the 30-day public comment period on the Draft IS/MND with the CPUC Energy Division Project Manager in attendance. The general public and non-parties may participate in the public participation meeting. The public may comment on the environmental review during the public participation meeting.
6. **Ruling:** Following the completion of CPCN proceedings and the entire IS/MND process, the ALJ will issue a proposed decision for the GRS and PG&E applications, which will usually circulate for 30 days, giving all parties to the proceeding the opportunity to comment on the proposed decision. Commissioners will vote after that on whether or not to approve the project based on the IS/MND and all the evidence gathered by the CPUC. A Commissioner may reject the ALJ's proposed decision and issue an alternate decision, which would also be considered by the full Commission. Commissioners can vote to approve the project, or to disapprove the project either with or without prejudice. Disapproval with prejudice means that the Commissioners reject the applications based on merit, meaning that the project would not be in the public interest or would result in unacceptable impacts to the environment. Disapproval without prejudice means that the project is rejected for another reason, such as because the application was incomplete. In that case, the Applicants can reapply to the Commission once the discrepancy is addressed. The view of the majority of the Commissioners prevails.
7. **Rehearing:** Parties generally have 30 days to file for a rehearing of the case by the CPUC once the Commissioners have ruled on a project. (The mere filing of a rehearing request does not excuse compliance with the original order or decision.) The case may

be appealed to the State Court of Appeal if the rehearing request is denied or if parties are not satisfied with the rehearing ruling.

1.4 Environmental Analysis

1.4.1 CEQA LEAD AGENCY

The CPUC is the lead agency for review of the Project under CEQA because it must make a decision whether to approve or deny the proposed Project and whether to adopt the MND.

1.4.2 CEQA PROCESS

This IS has been prepared pursuant to the California Environmental Quality Act (CEQA), the amended State CEQA Guidelines (14 CCR 15000 *et seq.*), and the CPUC CEQA rules (Rule 2.4). The purpose of the IS is to inform the decision-makers, responsible agencies, and the public about the proposed Project, the existing environment that would be affected by the Project, the environmental effects that would occur if the Project is approved, and proposed mitigation measures that would avoid or reduce environmental effects.

The MND has been prepared based upon the assessment of potential environmental impacts outlined in the IS. An MND can be adopted (Section 21080, CEQA Public Resources Code) by the CPUC if the IS does not reveal substantial evidence of significant impacts, or if the potential effects can be reduced to a level below significance through Project revisions (Section 21080: CEQA Public Resources Code).

1.4.3 INITIAL STUDY

The IS presents an analysis of potential effects of the proposed Project on the environment. The IS was based on the information from the PEA and associated submittals, site visits, and additional research. The key areas of environmental study described in this document include:

3.2 Aesthetics	3.10 Land Use and Planning
3.3 Agricultural Resources	3.11 Mineral Resources
3.4 Air Quality	3.12 Noise
3.5 Biological Resources	3.13 Population and Housing
3.6 Cultural Resources	3.14 Public Services
3.7 Geology and Soils	3.15 Recreation
3.8 Hazards and Hazardous Materials	3.16 Transportation and Traffic
3.9 Hydrology and Water Quality	3.17 Utilities and Service Systems

This Draft IS/MND for the proposed Project contains the following sections:

Mitigated Negative Declaration. Presents a description of the Project as well as the mitigation measures recommended to reduce Project-related impacts to less than significant levels

Chapter 1: Introduction. Provides an overview that describes the applicant, application, proposed Project location and overview, and the CPUC process, and the environmental analysis process

Chapter 2: Project Description. Presents the Project objectives, provides a detailed description of the proposed project, including facilities and construction methods, as well as the permits required for the proposed Project's implementation

Chapter 3: Evaluation of Environmental Impacts. Describes existing conditions, an evaluation of the environmental impacts of the proposed Project, and mitigation measures to reduce or avoid the impacts identified in the IS

Chapter 4: List of Preparers and Agencies/Persons Consulted. Identifies people who prepared the report and public agencies that were consulted during report preparation

Chapter 5: References. Provides the sources of information cited in the IS

Appendices. Includes background technical material that augments the discussion in the IS

1.5 Public Participation

The Applicants began communicating with local landowners regarding the Project in early 2008, and have held several open houses in the towns of Madera, Mendota, and Kerman in order to provide information to local community members regarding the Project and the CPUC CPCN and CEQA processes.

Several state and local agencies and elected officials have also been contacted, including:

- Madera County and Fresno County Planning Departments
- California Department of Fish and Game
- California Division of Oil, Gas, and Geothermal Resources
- U.S Fish and Wildlife Service
- U.S. Bureau of Reclamation

The Applicants plan to continue to work with these and other agencies interested in the Project as the Project moves forward.

Project representatives have met with Madera County Supervisor Frank Bigelow, Fresno County Supervisor Phil Larson, and the City Managers of the Cities of Kerman, Mendota, and Firebaugh, and made a presentation to the Kerman City Council. The Applicants have also met with various state elected officials or their staffs to provide information regarding the Project, including Assemblyman Juan Arambula and Senator Dean Florez. Project representatives have also been in contact with Congressmen Jim Costa and Congressman George Radanovich, whose districts encompass the Project Area.

The Applicants have made presentations to the Boards of Directors of the Madera County and Fresno County Farm Bureaus, and the Westlands Water District, and have generated a Project newsletter (included in Appendix A). GRS and PG&E will continue to make every effort to communicate with the community and other stakeholders regarding Project developments, through completion of the CPUC process and during the operation phase. Letters received during the public participation process are included in Appendix A

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