

## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
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September 25, 2008

Ms. Ann Trowbridge  
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**RE: Review of Gill Ranch Storage Company's Application (A. 08-07-032) and Pacific Gas and Electric Company's Application (A. 08-07-033) for a Certificate of Public Convenience and Necessity for the Gill Ranch Gas Storage Project.**

The Energy Division of the California Public Utilities Commission has completed its second review of Gill Ranch Storage Company's (GRS) project application (A. 08-07-032) and Pacific Gas and Electric Company's (PG&E) project application (A. 08-07-033).

Section 15100 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 the basic guide for determining the adequacy of project applications.

After performing its second review of GRS and PG&E's application for the Gill Ranch Gas Storage project, the Energy Division finds that the information contained in the environmental assessment is still incomplete. Attached is the report that identifies the issue areas of the application that were found to be deficient after the supplement to the PEA application was filed on September 18, 2008. The Report specifically notes where the supplemental information provided by the applicant does not address the issue in order to deem the PEA complete. Items designated as "data need" can be addressed as responses to data requests. The Energy Division requests proposed completion timelines for submittal of the data. Additional information submitted in accordance with the Energy Division's report should be filed as supplements to the above application. We request that responses to these items be provided to us within four weeks (no later than October 23, 2008).

Overall, it was determined that the supplemental information provided on September 18<sup>th</sup> provided answers to many of the original deficiencies outlined in the previous report specifically with regard to mitigation measures, compliance plans and cumulative impacts. While the applicant submitted a substantial amount of new information to address the deficiencies related to impacts to Biological resources, this impact section remains deficient.

For the reasons outlined herein, the PEA remains incomplete due to significant outstanding information.

The most significant outstanding deficiency is the lack of sufficient geological and well information to determine whether there is a potential for existing and abandoned wells to cause significant hazards now or in the future. While the Applicants did provide information on 3 of the existing 17 wells in the storage field, the level of detail provided was not sufficient to determine the potential impacts to environmental parameters with regard to Hazards. In addition, the impacts to Mineral, Cultural, Hydrologic and

Biological Resources cannot, at this time, be determined given the level of information submitted on behalf of the Applicants.

With regard to gas migration, well integrity, and effects to mineral resources the applicant could:

1. Work with California Department of Conservation Division of Oil, Gas, and Geothermal Resources (DOGGR), to obtain the most current information on the existing wells related to the project.
2. Work with DOGGR, the California Public Utilities Commission and the current lessees at the Gill Ranch Storage Field to determine whether additional studies have been completed that will provide information to substantiate the integrity of the existing wells and the compatibility of gas storage with active gas retrieval in the adjacent formations
3. Absent existing well histories, the Applicants could provide information such as, but not limited to the following:
  1. A plan to test the existing wells (opening the well cover) and soil around the wells. Tests would involve:
    - Testing for the presence of natural gas, collecting samples of the gas if present, conducting chemical analysis;
    - Comparing findings to analyses from the Starkey Formation and from the overlying producing formations;
    - Examining existing geophysical logs of the wells (e.g., gamma logs) to assess the integrity of the casing/grouting.

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

The Energy Division reserves the right to request additional information at any point in the process. Questions relating to the project should be directed to Eric Chiang at (415) 703-1956.

Sincerely,



Eric Chiang  
Energy Division  
California Public Utilities Commission

Attachment

c.c.

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