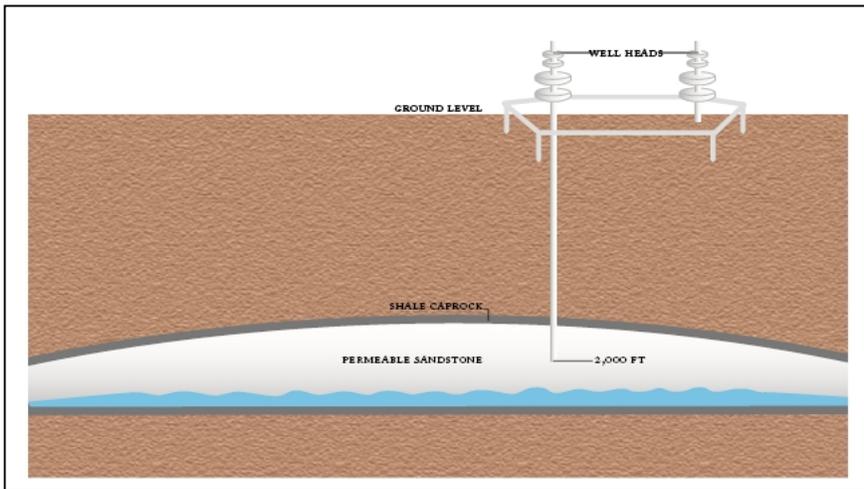




KIRBY HILLS NATURAL GAS STORAGE FACILITY

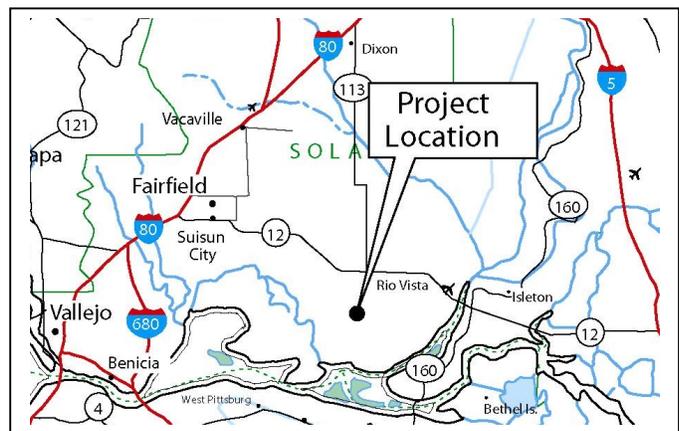
PROJECT BACKGROUND

Lodi Gas Storage, LLC (LGS) has submitted an application to the California Public Utilities Commission (CPUC) to construct and operate the Kirby Hills Natural Gas Storage Facility. The facility would allow LGS to use a depleted natural gas reservoir in the Kirby Hills gas field as a storage facility for natural gas transported to the site by its customers. This gas field would be connected to the main PG&E pipeline system by a new pipeline of approximately seven miles. Natural gas would be stored in the existing natural reservoir, withdrawn on demand from LGS customers, and conveyed to the PG&E pipeline system for delivery to the customers. The proposed project includes a metering station, gas pipeline, compressor station, flow lines, injection/withdrawal wells, and a temporary gas injection system.



How a Natural Gas Storage Facility Works

General Project Location – The project site is located in a rural agricultural area in the Montezuma Hills of southeastern Solano County, California, immediately north of the Sacramento-San Joaquin River Delta. The site is approximately six miles west of Rio Vista and eight miles southeast of Fairfield. The Kirby Hills property is located four miles south of intersection of Highway 12 and Shiloh Road. The pipeline would run east-west to the receiving/metering station located approximately one mile south of intersection of Highway 12 and Bird’s Landing Road (Highway 133).



Project Location

APPLICATION REVIEW BY THE CALIFORNIA PUBLIC UTILITIES COMMISSION

Following state requirements, LGS has submitted an application (No. A-05-07-018) to the CPUC for a Certificate of Public Convenience and Necessity for construction and operation of a gas storage facility. The CPUC is responsible for the review and approval of any natural gas storage facility in California. CPUC also regulates privately owned telecommunications, electric, water and certain transportation utilities in the state. In proposals such as this, CPUC has a two part review process to evaluate economic and environmental impacts.



The CPUC conducts a legal proceeding before an administrative law judge to examine the economic and public utility issues, including impacts to utility ratepayers. At the same time, the CPUC conducts an environmental review consistent with the California Environmental Quality Act (CEQA) (*see below*). The ultimate result of the two reviews is a decision by the Commission whether to grant a Certificate of Public Convenience and Necessity (CPCN) for the project.

Environmental Review Process

Review and approval of the application must comply with CEQA, which requires consideration of the potential environmental impacts of the proposed project. The CPUC is now identifying the potential environmental impacts of the proposed project.

Key environmental issues that CPUC will review for this project include (but are not limited to) the following:

- **Public Health and Safety** – What are the public safety issues and potential hazards related to the facility?
- **Air Quality** – What would the impacts to air quality be during construction and operation?
- **Local Wildlife Habitat** – What sensitive habitats/species are found in the project area?
- **Cultural Resources** – What historic resources are located in the project area?

CPUC will also evaluate any potential impacts to:

- Surrounding Land Use
- Water Quality
- Noise
- Utilities and Service Systems
- Aesthetics
- Geology
- Population and Housing
- Transportation
- Recreation

Next Steps

CPUC is currently preparing an Initial Study to determine the significance of environmental impacts. Based on this evaluation, CPUC will prepare the appropriate environmental report documenting the environmental review and findings. The Initial Study will be complete in early 2006. Updated project information can be found on CPUC's website www.cpuc.ca.gov. You can send comments and questions about the environmental review process to Junaid Rahman, CPUC Regulatory Analyst (*contact information listed to the right*).

Contact Information
Junaid Rahman, Regulatory Analyst
California Public Utilities Commission
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San Francisco, CA 94102-3298
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phone: (415) 355-5492

Project information will be available on the project website:

www.cpuc.ca.gov/environment/info/aspen/kirbyhills/kirbyhills.htm

To learn more about the legal proceedings for the CPCN or to become a participant in that part of CPUC's review, please contact the CPUC Process Office at (415) 703-2021.