

PUBLIC UTILITIES COMMISSION

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April 25, 2011

Mr. Jim Kiefer
Director Project Development
Central Valley Gas Storage, LLC
3333 Warrenville Road, Suite 130
Lisle, Illinois 60532

**Subject: Central Valley Natural Gas Storage Project – Variance Request #1
(Application No. 09.08.008).**

Dear Mr. Kiefer:

On April 6, 2011, Central Valley Gas Storage (CVGS) submitted Variance Request #1 for pipeline realignments based on landowner agreements for easements. CVGS requests a revised alignment for portions of the 24-inch gas pipeline route from those identified in the Final Mitigated Negative Declaration (FMND) as depicted on the variance request. The proposed pipeline realignments are proposed by CVGS in order to reduce impacts to the irrigation water systems within agricultural lands, reduce farming impacts and minimize risk to irrigation components located within the private lands. The variance request includes the realignment of 24-inch gas pipeline as follows:

- Southam Pipeline – The proposed realignment is located between Southam Road and Dodge Road. The proposed realignment includes rerouting 1,350 feet of pipeline around rice silos and relocating an additional 2,600 feet west of the remote well pad site.
- Weller Pipeline – The proposed realignment is located south of Dodge Road and includes rerouting a 2,050 foot-long segment, approximately 150 feet west of the originally proposed alignment.
- Perez Pipeline – The proposed realignment is located south of Dodge Road and west of the Weller reroute. The proposed realignment includes rerouting a 4,100 foot-long segment, approximately 240 feet south of the originally proposed alignment.

This Variance Request is approved by CPUC based on the following factors:

- The pipeline realignments are located in agricultural lands that are within close proximity to the areas evaluated in the FMND with similar environmental resources to the original alignment. All of the sites have established ingress and egress and no new access roads are required.

- CVGS biological resource consultant completed a pre-construction survey for the area covered in this variance request and no sensitive resources were noted. The pre-construction survey was submitted by CVGS and reviewed by the CPUC EM.
- CVGS completed a pre-construction cultural resources survey for the area covered in this variance request and no sensitive resources were noted. The pre-construction survey was submitted by CVGS and reviewed by the CPUC EM.
- No significant impacts beyond those identified in the FMND would result to air quality, biological resources, cultural/paleontological resources, water resources, land use and recreation, noise, traffic, or visual quality.

The conditions noted below shall be implemented by CVGS and its contractors:

- Prior to initiating any construction activities, the limits of work shall be clearly staked in the field and approved by CVGS's Environmental Monitor.
- All project personnel, shall be provided an environmental briefing focused on resources in the area, erosion control requirements, and the limits of the work area.
- CVGS shall replace or compensate property owners for compensable private facilities and crops that were removed for construction in accordance with MM-AG-1. Replacement of facilities and crops shall occur to the extent they are not detrimental to future pipeline or natural gas operations.
- All applicable project mitigation measures, compliance plans, and permit conditions shall be implemented during construction of the pipeline identified in this variance request.

Sincerely,



Eric Chiang

CPUC Environmental Project Manager

cc: D. Hochart, Dudek
S. Eckardt, Dudek
S. Bushnell-Bergfalk, ICF
J. Kiefer, Central Valley Gas Storage, LLC
N. McIntire, Flour Inc.
H. Salvage, Flour Inc.