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|  | California Public Utilities Commission <i>Mitigation Monitoring, Compliance, and Reporting Program</i> |
| | Central Valley Gas Storage Project Compliance Status Report 14 November 30, 2011 |

SUMMARY

The California Public Utility Commission (CPUC) is responsible for overseeing implementation of the mitigation measures set forth in the final initial study/mitigated negative declaration (FIS/MND) for the Central Valley Gas Storage (CVGS) project. The CPUC has established a third-party monitoring program and adopted a Mitigation Monitoring, Compliance, and Reporting Program (MMCRP) to ensure that measures approved in the FIS/MND to mitigate or avoid significant impacts are implemented in the field. This MMCRP status report is intended to provide a description of construction activities on the project, a summary of site inspections conducted by the CPUC’s third-party monitors, the compliance status of mitigation measures required by the MMCRP, and anticipated construction activities. This compliance status report covers construction activities for the period of October 29 to November 30, 2011.

MITIGATION MONITORING, COMPLIANCE, AND REPORTING

Site Inspections/Mitigation Monitoring

A CPUC third-party environmental compliance monitor conducted site observations in areas of active construction, which included the 10-acre compressor station site, 5-acre remote well pad site, metering station site, and the 400-401 line interconnect. Site observations were completed on November 2, 10, and 22, 2011. Areas of active and inactive construction within the project limits were observed to verify implementation of the measures stipulated in the project’s MMCRP. Daily observations were documented on daily site inspection forms, and applicable mitigation measures were reviewed in the field.

Implementation Actions

Construction Activity at the Remote Well Pad Site and Compressor Station Site

Construction activities at the remote well pad site undertaken during the period covered by this report included: operation of the temporary compressor; pipe assembly; pipe testing; gas injection; completion of trench backfilling for electrical line and 16-inch pipeline installation (See Photograph 1, Attachment A); and completion of connecting the 16-inch pipeline to the right-of-way at the northern end of the site.

Ongoing work at the compressor station site included: completion of roofing and siding for the utility building; installation of siding and roofing on the compressor building; continuation of pipe fabrication/assembly; backfilling of the pipeline trench at the southern end of the site was underway; foundation work adjacent the compressor building was underway; installation of three compressor engines in the compressor building has been completed (See Photograph 2, Attachment A); completion of engineered base installation in the northern portion of the site where storage tanks will be placed; staging of equipment and materials in the storage tank area; installation of tanks and associated pipework at the compressor building; and excavation and pipeline installation in the area immediately east of the compressor building (See Photograph 3, Attachment A).

Dust emissions at both sites have been controlled with water trucks on site to spray the roads up to four times daily. Best management practices (BMPs) have been placed around the perimeter of the work area, consisting of a silt fence to minimize the potential for sediment to be transported beyond the work limits and plastic sheeting covering the excavated soil associated with trenching in the southern portion of the site. All work was being conducted within approved work limits and portable toilets and trash bins were provided for workers. Spill kits are maintained at the field office. Traffic control devices were in place on public roadways within and adjacent the project site. Silt fences were observed to be in working order. Secondary containment for hazardous fluid storage at the remote well pad was observed to be insufficient (See Photograph 4, Attachment A). CVGS was notified on November 9, 2011 and corrective actions were taken. The project QSP conducted a field assessment of the area and CVGS implemented the corrective action recommendations provided by the QSP on November 21, 2011 (See Photograph 5, Attachment A).

Construction Activities along the Natural Gas Connecting Pipeline Right-of-Way

All construction activity associated with the Natural Gas Connecting Pipeline (Segments A and B) was completed as of October 31, 2011. Documentation of landowner acceptance of final right-of-way condition has been provided to the CPUC.

Construction Activities at the Metering Station and 400/401 Line Interconnect

PG&E crews have excavated the area above the 400/401 line interconnect (See Photograph 6, Attachment A), completed trenching between the 400/401 Line Interconnect and the Metering Station, and welded the pipeline between the Metering Station location and the 400/401 Interconnect location. Pipe lowering and backfilling of the trench has been completed. The approved temporary work area was being used for excavated soil storage. Silt fence had been installed along the west, south, east, and north edge of the temporary impact area. Silt fences in the 400/401 Line Interconnect work area were observed to be damaged and not in working order. CVGS was notified on November 9, 2011 and corrective actions were taken. The project QSP conducted a field assessment of the area and CVGS implemented the corrective action recommendations provided by the QSP on November 21, 2011.

The Metering Station site and access road from Dirks Road has been graded and engineered base installed and compacted. An access gate has been installed at the Dirks Road entrance to the Metering Station. Installation of foundations has been completed. A temporary chain-link fence has been installed around the Metering Station site. Silt fence had been installed around the perimeter of the Metering Station site and the permanent access road from Dirks Road. The natural gas pipeline entrance at the east edge of the Metering Station is mostly backfilled, with a small portion remaining open to accommodate tie-in.

Mitigation Measure Tracking

Mitigation measures applicable to the construction activities were verified in the field and documented in the CPUC's mitigation measures tracking database. A complete list of mitigation measures and applicant proposed measures is included in Section 6 of the FIS/MND (Certification of Public Convenience and Necessity (CPCN) Application A.09-08-008, SCH No. 2010042067). The status of each mitigation measure, including measures applicable to the design and pre-construction phases, is included in the project's mitigation measure tracking database, which is available upon request.

Compliance

Pre-construction mitigation measures have been completed as indicated in Notice to Proceed (NTP) No. 1, No. 2, No. 2A, No. 4, No. 5A, No. 5B, No. 6A, No. 6B, No. 6C, No. 6D, No. 7, No. 9A, No. 9B, No. 10A, No. 10B, No. 11, No. 12, No. 13A, and No. 13B (Attachment B). Applicable mitigation measures were verified during site inspections and were determined to be implemented in accordance with the MMCRP.

CONSTRUCTION PROGRESS

Remote Well Pad Site/Observation Wells/Saltwater Disposal Well

CVGS has completed pad site preparation and grading at the remote well pad site. Site preparation and drilling work for observation well conversions at Southam #3, and #4 and Sara Louise #1 is complete. Site preparation and drilling work at the saltwater disposal well is complete. Injection/withdrawal well drilling is complete. A total of eight injection withdrawal wells were drilled on site. The temporary compressor has been installed and is operational at the remote well pad site. Gas injection has begun at one well at the remote well pad site. Construction of the sound wall at the temporary compressor has been completed. Foundations for the saltwater storage tank have been completed. The permanent perimeter fence has been installed. Nitrogen testing of the wells has been completed. Pipe assembly continues. Buried electrical line installation has been completed. Installation of the 16-inch natural gas pipeline has been completed. Connection of the 16-inch natural gas pipeline to the right-of-way has been completed. Backfilling of trenches associated with electrical lines and pipelines is underway.

Compressor Station

CVGS has completed pad site preparation and grading at the compressor station site. Foundation work is complete for the compressor building, utility building, and the auxiliary building. Framing and installation of siding and roofing have been completed at the utility building. Framing for the compressor building and auxiliary building is complete. Siding and roofing installation for the auxiliary building is complete. Siding and roofing for the compressor building is underway. Installation of three compressor engines has been completed. Pipe assembly and fabrication continues. Excavation of the trench for pipeline installation at the southern end of the site has been completed. Pipe has been lowered and backfilling of the trench is underway. The area immediately east of the compressor building has been excavated and pipeline installation is underway. Foundation work for pads just west of the compressor building is underway. The large soil stockpile at the northern end of the site has been relocated to Storage Area 1 with BMPs installed. Grading and installation of engineered base in the northern portion of the site where storage tanks will be placed has been completed. This area is being used for materials storage and has been surrounded with a temporary chain-link fence.

Natural Gas Connecting Pipeline

All construction activity associated with the Natural Gas Connecting Pipeline (Segments A and B) was completed as of October 31, 2011. Documentation of landowner acceptance of final right-of-way condition has been provided to the CPUC.

Metering Station and 400/401 Line Interconnect

The Metering Station site and access road from Dirks Road has been graded and engineered base installed and compacted. An access gate has been installed at Dirks Road. Excavation for equipment foundations has been completed and foundation pouring is complete. The natural gas pipeline entrance at the east edge of the Metering Station is mostly backfilled, with a small portion remaining open for final tie-in. PG&E crews have excavated the area above the 400/401 line interconnect, completed trenching between the 400/401 Line Interconnect and the Metering Station, and welded the pipeline between the Metering Station location and the 400/401 Interconnect location. Pipe lowering into the trench has been completed and the trench has been backfilled.

CONSTRUCTION SCHEDULE

Compressor Station – CVGS began construction on April 11, 2011, and anticipates completion of construction by April 1, 2012.

Remote Well Pad Site (includes saltwater tank) – CVGS began construction on April 11, 2011, and anticipates completion of construction by December 2011.

Observation Well Conversions – CVGS began construction on May 31, 2011 and anticipates completing construction by December 2011.

Saltwater Disposal Well – CVGS began construction on June 15, 2011 and anticipates completing construction by December 2011.

Metering Station – CVGS began construction on September 27, 2011 and anticipates completing construction by December 2011.

Natural Gas Connecting Pipeline (Segment A) – CVGS began construction on August 8, 2011 and construction was completed on October 31, 2011. Preparation of the Natural Gas Connecting Pipeline (Segment A) right-of-way began on August 5, 2011 and was completed as of September 1, 2011.

Natural Gas Connecting Pipeline (Segment B) – CVGS began construction on August 23, 2011 and construction was completed on October 31, 2011.

Line 172 Connection Pipeline – CVGS began construction on May 16, 2011 and anticipates completing construction by December 2011.

ATTACHMENT A Photos



Photo 1: Trench backfilling activity for buried electrical lines and natural gas pipelines at the Remote Well Pad site.



Photo 2: Three compressor engines have been lowered into and installed in the Compressor Building.

ATTACHMENT A (Continued)



Photo 3: Excavated area immediately east of the compressor building to accommodate installation of natural gas connecting pipelines which will be connected to the compressor building.



Photo 4: Liquid hazardous materials storage observed to have insufficient secondary containment at the Remote Well Pad site.

ATTACHMENT A (Continued)



Photo 5: Liquid hazardous materials storage at the Remote Well Pad site (same location as shown in Photo 4). Secondary containment issues have been resolved following inspection by the project QSP. Tarp covering tanks has been installed in the anticipation of rain.



Photo 6: PG&E 400/401 Line excavated to allow for connection to the project pipeline. PG&E crews are preparing for hot-tapping the 400/401 Line.

ATTACHMENT B Notices to Proceed

| NTP No. | Date Issued | Segment/Component | Conditions Included (Y/N) |
|---------|-------------------|---|---------------------------|
| 1 | March 21, 2011 | Compressor Station, Remote Well Pad, and Observation Wells | Y |
| 10A | April 18, 2011 | Berm Installation for Preparation of Natural Gas Pipeline Right-of-Way | Y |
| 9A | May 11, 2011 | Test Boring at Horizontal Directional Drilling (HDD) Locations along 24-inch Pipeline Alignment | Y |
| 2 | May 13, 2011 | Southam #3, #4, and Sara Louise #1; inspection and work-over activities | Y |
| 6A | May 16, 2011 | L-172 meter and interconnection | Y |
| 5A | May 17, 2011 | Drill up to 10 injection/withdrawal wells at remote well pad site | Y |
| 6B | May 31, 2011 | Remote well pad civil foundations, piping systems, temporary compressor, and equipment installation | Y |
| 6D | May 31, 2011 | Pacific Gas & Electric electrical pole relocation on Southam Road and new electrical pole installation on McAusland Road | Y |
| 12 | June 15, 2011 | Complete test well and install saltwater disposal pipeline to remote well pad site | Y |
| 6C | July 7, 2011 | Compressor station civil foundations, piping systems, temporary compressor, and equipment installation | Y |
| 10B | July 27, 2011 | Preparation of 24-inch pipeline right-of-way | Y |
| 4 | August 3, 2011 | Construction of 16-inch dual gathering lines and 24-inch pipe segment between compressor station and remote well pad site | Y |
| 9B | August 3, 2011 | Horizontal directional drilling (HDD) for 24-inch pipeline | Y |
| 11 | August 3, 2011 | Construction of 24-inch pipeline between remote well pad and L-401 meter station | Y |
| 13A | August 3, 2011 | Construct L-401 meter station and pipeline connection to L-401 | Y |
| 7 | August 4, 2011 | Installation of emitting equipment (compressors, dehydration, generators) at the compressor site | Y |
| 5B | August 5, 2011 | Gas injection at remote well pad site | Y |
| 13B | August 29, 2011 | Installation and removal of PG&E power poles and conducting electrical work at the metering station | Y |
| 2A | September 2, 2011 | Southam #2 inspection and work-over activities | Y |

ATTACHMENT C Variance Requests

| Variance Request # | Submitted | Description | Status | Approval |
|--------------------|--------------------|--|----------|--------------------|
| 1 | April 6, 2011 | Realignment of the 24-inch gas pipeline, including the Southam Pipeline, Weller Pipeline, and Perez Pipeline will be performed. The intent of realignment is to minimize impacts to irrigation systems and agricultural lands. | Approved | April 25, 2011 |
| 2 | July 1, 2011 | Additional temporary work space for pipe staging adjacent an HDD site. Area within a fallow rice field. | Approved | July 20, 2011 |
| 3 | July 12, 2011 | Install 4 new poles to connect power to the compressor station via PG&E Line along Southam Road. | Approved | July 20, 2011 |
| 4 | July 8, 2011 | Utilize HDD to cross the NRCS wetland to avoid surface impacts. | Approved | August 8, 2011 |
| 5 | July 12, 2011 | Offsite area in the City of Colusa to be utilized by Pipeline contractor for office trailers, materials staging, and storage of equipment. | Approved | July 20, 2011 |
| 6 | July 28, 2011 | Construct four new power poles and relocate one existing power pole within the pipeline construction right-of-way. | Approved | August 9, 2011 |
| 7 | August 8, 2011 | Use of temporary bridges during construction. | Approved | August 15, 2011 |
| 8 | August 15, 2011 | Additional temporary work space for five staging areas. | Approved | September 2, 2011 |
| 9 | August 31, 2011 | Replacement of one PG&E pole at the Colusa Drain (D-19) | Approved | September 2, 2011 |
| 10 | September 7, 2011 | Additional temporary work space at the 400/401 Line Interconnect for soil storage and fire hazard reduction | Approved | September 19, 2011 |
| 11 | September 19, 2011 | Amendment to APM BIO-12 allowing construction in giant garter snake habitat to be extended to November 1st from the current restriction of October 1st | Approved | September 29, 2011 |
| 12 | September 22, 2011 | Use of seven additional temporary bridges during construction | Approved | September 23, 2011 |
| 13 | October 7, 2011 | Install temporary 8-inch water line for hydrostatic testing | Approved | October 10, 2011 |
| 14 | October 17, 2011 | Amend APM HAZ-1 to allow storage of construction equipment within 100 feet of a sensitive environmental resource with secondary containment measures in place. | Approved | October 18, 2011 |
| 15 | November 11, 2011 | Increase in size and quantity of hazardous materials storage tanks at the Compressor Station site. | Pending | |