



FILED

01-12-11

03:18 PM

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Central Valley Gas Storage, LLC (U915G),)
Complainant)

vs.)

(EDM)

Case C10-011-001

Filed November 1, 2010

David W. Lanza, Trustee of the David W.)
Lanza Trust dated February 6, 1996; Patrick)
Laughlin, Trustee of the Patrick Laughlin Trust)
dated March 1999; Vintage Production)
California, LLC, a Delaware limited liability)
company; Southam & Son, a partnership; Fred)
C. Southam, an unmarried man; Raymond)
Norval Baker, as his separate property; Donald)
Bransford, aka Donald Richard Bransford; Julie)
Geraldine Bransford Sage, Formerly Julie)
Bransford; Marjorie Ellen Bransford LaGrande,)
formerly Marjorie Bransford; Sara Z. Burrows,)
aka Sara Zumwalt, Trustee of the Zumwalt)
Grandchildren Trusts for the benefit of)
Elizabeth Megan Burrows Seaver; Mark)
Galentine and Patricia Lynn Weber, Co--)
Trustees of the George R. Zumwalt)
Testamentary Trust A for the benefit of Ruth)
Ann Spence; All of the heirs and devisees of)
Harry Gonick and Eleanor Gonick, including,)
but not limited to, Catherine Gonick and Jean)
Gonick; Ralph L. Keeley, III, Trustee of the)
Mattie Z. Keeley 1989 Revocable Trust; Joyce)
Ann Kephart, formerly Joyce Ann Feliciano,)
who acquired title as Joyce Ann Baker, as her)
separate property; Debbie Lewis and/or Ed)
Lewis, Successor Trustee of the Ed and)
Winifred Lewis Revocable Trust under)
Declaration of Trust, Established April 27,)
1994; All the heirs and devisees of Luella)
Southam, deceased, excluding Jerry Southam)

**OPENING BRIEF OF CENTRAL
VALLEY GAS STORAGE**

and including, but not limited to, Barbara Rice;)
Ruth L. Lundeen; Dorothy I. Pendleton,)
surviving spouse; All of the heirs and devisees)
of W. G. Poage, deceased, excluding Elizabeth)
Ann Perkins and Patricia Mary Young, also)
known as Patricia M. Young and Patricia M.)
Wilson, and including, but not limited to: Jean)
McArthur Britzman and Christopher Corlett;)
All of the heirs and devisees of Charles A.)
Poage, Jr., deceased, excluding Jean McArthur)
Britzman, Elizabeth Ann Perkins, and Patricia)
Mary Young, also known as Patricia M. Young)
and Patricia M. Wilson, and including, but not)
limited to Christopher Corlett; All of the heirs)
and devisees of Margaret Poage Carter,)
deceased, excluding Jean McArthur Britzman,)
Elizabeth Ann Perkins, and Patricia Mary)
Young, also known as Patricia M. Young and)
Patricia M. Wilson, and including, but not)
limited to Christopher Corlett; Richard Rheem,)
as his separate property; Charles S. Thompson;)
Nancy Z. Ward, formerly Nancy Zumwalt and)
Nancy Z. Irwin; Patricia Lynn Weber and Sue)
A. Bailey, successor Co-Trustees of the George)
R. Zumwalt Testamentary Trust C for the)
benefit of Mark Galentine, aka Dexter Mark)
Galentine; Mark Galentine and Patricia Lynn)
Weber, successor Co-Trustees of the George R.)
Zumwalt Testamentary Trust C for the benefit)
of Sue A. Bailey aka Sue Adele Mayberry;)
Mark Galentine and Sue A. Bailey, successor)
Co-Trustees of the George R. Zumwalt)
Testamentary Trust C for the benefit of Patricia)
Lynn Weber; David G. Wehlitz, Successor)
Trustee of the George R. Zumwalt)
Testamentary, Trust B for the benefit of Sara Z.)
Burrows; Kenneth P. Woods, successor Trustee)
of George R. Zumwalt Testamentary Trust for)
the benefit of David F. Burrows; Agnes Ann)
Zumwalt, Trustee of the Ivy G. Zumwalt QTIP)

Trust, aka Marital Qualified Terminal Interest)
Property Trust, effective August 1, 2002, a)
successor Subtrust under the Zumwalt Family)
Trust dated October 4, 1993; Venoco, Inc., a)
Delaware Corporation; Allen E. Azevedo and)
Mary Anne Azevedo, husband and wife as)
Community Property; Jack L. Barrett, Jr. and)
Donna M. Barrett, husband and wife, as joint)
tenants; William R. Dirks, Jr. and Dora Dirks,)
husband and wife, as joint tenants; N. Joel)
Danley, also known as Newland Joel Danley, a)
married man; Lorene D. Stephen also known as)
Lorene K. Stephen, a married woman; Frances)
M. Etchepare, Trustee of the Testamentary)
Trust Under the Will of Leon W. Etchepare)
dated February 23, 1968; Dennis Fox; Green)
Valley Corporation, a California Corporation;)
Joseph L. Wucher and Jenny B. Wucher,)
husband and wife as joint tenants; Gunnersfield)
Enterprises, Inc., a California Corporation;)
Cleveland Teeter and Lisa Teeter, Trustees of)
The Teeter Family Trust, dated April 6, 1998, as)
the sole and separate property of Lisa Teeter;)
Evelyn T. Thompson, as Trustee of The Evelyn)
T. Thompson Trust Under agreement dated)
January 6, 1999; Evelyn Thompson, John H.)
Thompson and Deborah M. Medeiros, as)
Trustees of the Marital Trust under The)
Thompson 1984 Trust under declaration dated)
January 27, 1984, as amended; Evelyn)
Thompson, John H. Thompson and Deborah M.)
Medeiros as Trustees of the GST Exempt)
Marital Trust under The Thompson 1984 Trust)
under declaration dated January 27, 1984;)
Kevin D. Towne and Patricia I. Towne, as Co-)
Trustees or their successors in trust, under The)
Kevin D. Towne and Patricia I. Towne)
Revocable Living Trust Dated June 28, 1996;)
Leo M. Holthouse, as successor Trustee of the)
Wilfred E. Holthouse Testamentary Trust; Leo)

M. Holthouse and Diane M. Holthouse,)
Trustees of The Holthouse Family Trust;)
Enerland, LLC; Charles W. Tuttle, Jr. and Sue)
Tuttle Noack, Co-Trustees of the Charles W.)
Tuttle Farm Trust for the Benefit of Charles W.)
Tuttle, Jr.; Charles W. Tuttle, Jr. and Sue Tuttle)
Noack, Co-Trustees of the Charles W. Tuttle)
Farm Trust for the Benefit of Sue Tuttle Noack;)
Richard J. Perez and Tori L. Perez, as Trustees)
of the Richard J. and Tori L. Perez Family Trust)
dated February 13, 2009; Douglas)
McGeoghegan; Allen Cabral; Frank Eichhorn;)
Craig Felix; Triple J Farms, LLC, a California)
limited liability company; Woodford A. Yerxa,)
)
Defendants.)

Daniel McNamara
Vice President, General Counsel and
Secretary
Central Valley Gas Storage LLC
1844 Ferry Road
Naperville, IL 60563
Telephone: (630) 718-2981
Fax: (630) 399-7216
E-mail: dmcnama@Nicor.com

Christopher A. Schindler
Ruth M. Porter
Hogan Lovells US LLP
555 Thirteenth Street, N.W.
Washington, D.C. 20004
Telephone: (202) 637-5723
Fax: (202) 637-5910
E-mail:
Christopher.Schindler@hoganlovells.com

Attorneys for Central Valley Gas Storage, LLC

January 12, 2011

TABLE OF CONTENTS

	Page
I. INTRODUCTION AND SUMMARY OF REQUESTED RELIEF.....	1
A. The Proposed Condemnation is in the Public Interest	1
B. Requested Relief	2
II. BACKGROUND	3
A. Summary of Proceedings	3
B. Project Description	7
C. Storage Project Property Rights	8
III. PROPERTY TO BE ACQUIRED.....	11
A. Description of Property to be Condemned.....	11
1. Storage Rights	11
2. Pipeline Easements.....	12
3. Mineral Interests.....	13
B. Owners and Lessees of Property Whose Interests are to be Condemned.....	15
IV. CONDEMNATION IS IN THE PUBLIC INTEREST.....	19
A. Findings Required Under Public Utilities Code Section 625.....	19
B. The Proposed Acquisition Meets the Criteria of Public Utilities Code Section 625(b)(2).....	20
1. The Public Interest and Necessity Require the Project	20
2. The Property to be Condemned is Necessary for the Project.....	22
3. Storage Rights	23
4. Mineral Interests	24
5. Pipeline Easements.....	26
V. CONCLUSION.....	32

TABLE OF AUTHORITIES

	Page(s)
CASES	
<i>Cassinus v. Union Oil Co. of California</i> , 14 Cal. App. 4th 1770 (1993).....	23
<i>Costa Water Dist. v. Vaquero Farms, Inc.</i> , 58 Cal. App. 4th 883 (1997).....	25
<i>Ellis v. Arkansas Louisiana Gas Co.</i> , 450 F. Supp. 412 (1978)	23
CPUC DECISIONS	
<i>Decision Granting Application for a Certificate of Pub. Convenience & Necessity, In re Application of Central Valley Gas Storage, LLC, D.10-10-001, No. A.09-08-008 (Cal. Pub. Utils. Comm’n Oct. 14, 2010)</i>	passim
<i>In re Natural Gas Procurement & Sys. Reliability Issues, D.93-02-013, 48 CPUC 2d 107 (1993)</i>	20
<i>In re Wild Goose Storage Inc., D.02-07-03 (Cal. Pub. Utils. Comm’n 2002)</i>	20
<i>Notice of Prehearing Conference/Evidentiary Hearing, and Scoping Memo, Central Valley Gas Storage v. David W. Lanza, Trustee of David W. Lanza Trust dated Feb. 6, 1996 et. al, No. C.10-11-001 (Cal. Pub. Utils. Comm’n issued Nov. 4, 2010)</i>	1
STATUTES	
Cal. Code Civ. Proc. § 1240.030 (2010).....	20
Cal. Code Civ. Proc. § 1240.110 (2010).....	11, 23
Cal. Code Civ. Proc. § 1240.120 (2010).....	11, 23
Cal. Pub. Utils. Code § 216(a) (2010)	24
Cal. Pub. Utils. Code § 222 (2010).....	24
Cal. Pub. Utils. Code § 613 (2010).....	2, 11, 24, 32
Cal. Pub. Utils. Code § 625 (2010).....	1, 3, 19
Cal. Pub. Utils. Code § 625(a) (2010)	iv, 3, 19, 32
Cal. Pub. Utils. Code § 625(b) (2010)	iv, 19, 20
Cal. Pub. Utils. Code § 1001 (2010).....	20, 21

Cal. Pub. Utils Code § 1002 (2010).....20, 21

REGULATIONS

Cal. Code Regs. tit. 14 § 15071 (2010).....31

RULES

Cal. Pub. Utils. Comm’n. R. Practice & Proc. 13.1 (2010)1

OTHER AUTHORITIES

California Public Utilities Commission, *et al.*, 2008 Update: Energy Action Plan.....20, 21

SUMMARY OF RECOMMENDATIONS

- The proposed condemnation of property in connection with the Central Valley Gas Storage Project (“Project”) will serve the public interest, is consistent with Public Utilities Code section 625(a), and satisfies the requirements of Public Utilities Code section 625(b):
- The public interest and necessity require the Project, as previously determined in California Public Utilities Commission Decision 10-10-001;
- The property to be condemned is necessary for the Project;
- The public benefit of acquiring the property by eminent domain outweighs the hardship to the property owners;
- The Project is located in a manner most compatible with the greatest public good and least private injury;
- The Commission should authorize Central Valley Gas Storage, LLC to exercise its condemnation authority under Public Utilities Code section 613 to acquire the property described in testimony and this Opening Brief.

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Central Valley Gas Storage, LLC,

Complainant

v.

David W. Lanza, Trustee of the David W.
Lanza Trust dated February 6, 1996; et al.,

Defendants

(EDM)

Case 10-11-001

Filed November 1, 2010

OPENING BRIEF OF CENTRAL VALLEY GAS STORAGE, LLC

Pursuant to Rule 13.11 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission” or “CPUC”) and the briefing schedule set in the November 4, 2010 Scoping Ruling, ^{1/} Central Valley Gas Storage (“Central Valley”) files this Opening Brief regarding Case 10-11-001, Complaint for Authorization to Condemn Property in the Public Interest Pursuant to Public Utilities Code section 625 (“Complaint”). As the uncontroverted evidence in this proceeding shows, the condemnation of certain property, as described herein, will serve the public interest, thereby enabling the public to realize the benefits of the new natural gas storage services to be provided at the Central Valley Gas Storage Project (“Project”).

I. INTRODUCTION AND SUMMARY OF REQUESTED RELIEF

A. The Proposed Condemnation is in the Public Interest

Central Valley will provide competitive gas storage services with the Project; consequently, in accordance with section 625 of the Public Utilities Code, the Commission must

^{1/} Cal. Pub. Utils. Comm’n. R. Practice & P. 13.1 (2010); Assigned Commissioner and Chief Administrative Law Judge’s Ruling Containing Instructions to Answer, Notice of Prehearing Conference/Evidentiary Hearing, and Scoping Memo at 9, *Central Valley Gas Storage v. David W. Lanza, Trustee of David W. Lanza Trust dated Feb. 6, 1996 et. al.*, No. C.10-11-001 (Cal. Pub. Utils. Comm’n issued Nov. 4, 2010).

find that the proposed condemnation is in the public interest for Central Valley to exercise the power of eminent domain. The Commission has already determined that the Project is in the public interest in Decision (“D.”) 10-10-001. As the record in this proceeding demonstrates: (1) the property to be condemned is necessary for the Project, (2) the public benefit of acquiring the property by eminent domain outweighs the hardship to the owners of the property, and (3) the Project is located in a manner most compatible with the greatest public good and least private injury. Despite assertions made by a few parties in answers to Central Valley’s Complaint, no party submitted testimony, in writing or at the public hearing on December 13, 2010, challenging or contradicting Central Valley’s evidence in support of the foregoing conclusions.

B. Requested Relief

Based on the uncontested evidence in this proceeding, Central Valley respectfully requests that the Commission:

- (1) Find that the proposed condemnation is in the public interest;
- (2) Authorize Central Valley to exercise its condemnation authority under Public Utilities Code section 613 to acquire the property rights described in the Complaint and Exhibits CVGS-1 and CVGS-3 and Central Valley’s Combined Motion to Offer Supplemental Direct Testimony Into Evidence, Dismiss Defendants, and Correct Exhibit (“Combined Motion”) filed January 4, 2010; ^{2/}
- (3) Dismiss the Defendants identified by Central Valley in Combined Motion from the Complaint; and

^{2/} Combined Motion to Offer Supplemental Direct Testimony into Evidence, Dismiss Defendants, and Correct Exhibit, *Central Valley Gas Storage v. David W. Lanza, Trustee of David W. Lanza Trust* dated Feb. 6, 1996 et. al, No. C.10-11-001 (Cal. Pub. Utils. Comm’n motion filed Jan. 4, 2011) [hereinafter “Combined Motion”].

- (4) Grant such other relief as the Commission deems just and proper.

II. BACKGROUND

A. Summary of Proceedings

On November 1, 2010, Central Valley filed a Complaint pursuant to California Public Utilities Code Section 625 seeking authorization to condemn certain storage rights, mineral interests, and pipeline easements necessary to develop and protect the safety and usefulness of the Project. ^{3/} On December 1, 2010, Leo M. Holthouse and Diane M. Holthouse, Trustees of the Holthouse Family Trust and Enerland, LLC filed and served Answers to Central Valley's Complaint in this proceeding (respectively, "Holthouse Answer" and "Enerland Answer"). ^{4/} The Holthouse Answer took no position on whether the proposed condemnation is in the public interest consistent with California Public Utilities Code Section 625(a). ^{5/}

The Enerland Answer denied several of the allegations in the Complaint and raised two "affirmative defenses." ^{6/} Regarding Enerland's allegations, Enerland denied Central Valley's statement that it strongly prefers to obtain property rights through mutual agreement. ^{7/} Enerland also denied that Central Valley engaged in serious discussions with Enerland regarding obtaining the necessary pipeline easements through mutual agreement and that Central Valley

^{3/} Complaint of Central Valley Gas Storage, LLC for Authorization to Condemn Property in the Public Interest Pursuant to Public Utilities Code Section 625, *Central Valley Gas Storage, LLC v. David W. Lanza, Trustee of David W. Lanza Trust* dated Feb. 6, 1996 et. al, No. C.10-11-001 (Cal. Pub. Utils. Comm'n filed Nov. 1, 2010) [hereinafter "Complaint"].

^{4/} Answer of Defendants Leo M. Holthouse, as Successor Trustee of the Wilfred E. Holthouse Testamentary Trust, and Leo M. Holthouse and Diane M. Holthouse, Trustees of the Holthouse Family Trust to Complaint, *Central Valley Gas Storage, LLC v. David W. Lanza, Trustee of David W. Lanza Trust* dated Feb. 6, 1996 et. al, No. C.10-11-001 (Cal. Pub. Utils. Comm'n filed Dec. 1, 2010) [hereinafter "Holthouse Answer"]; Answer of Enerland, LLC, *Central Valley Gas Storage, LLC v. David W. Lanza, Trustee of David W. Lanza Trust* dated Feb. 6, 1996 et. al, No. C.10-11-001 (Cal. Pub. Utils. Comm'n filed Dec. 1, 2010) [hereinafter "Enerland Answer"].

^{5/} Holthouse Answer at 2.

^{6/} Enerland Answer ¶¶ 1, 10, 15-16.

^{7/} *Id.* ¶ 1.

made a written offer to Enerland to acquire the property rights for the Project. [8/](#) Regarding Enerland’s affirmative defenses, Enerland averred that Central Valley: (1) has not made a serious attempt to acquire Enerland’s property through mutual agreement, and (2) that Central Valley’s plan to locate the natural gas pipeline on property in which Enerland’s holds property rights may substantially limit or impair Enerland’s ability to make profitable use of those rights. [9/](#)

On December 7, 2010, Central Valley served Concurrent Direct Testimony on Behalf of Central Valley Gas Storage Project (“Concurrent Direct Testimony”) on all parties to C.10-011-001. As part of this testimony, Central Valley’s witness Thomas D. McLaughlin described Central Valley’s efforts to obtain Enerland’s property interests through mutual agreement. [10/](#) Despite the fact that Enerland purported to raise two affirmative defenses, Enerland offered no direct testimony in this proceeding.

On December 8, 2010, Gunnersfield Enterprises, Inc. filed the Answer of Gunnersfield Enterprises, Inc. to Complaint of Central Valley Gas Storage, LLC for Authorization to Condemn Property in the Public Interest (“Gunnersfield Answer”). [11/](#) The Gunnersfield Answer averred that the Commission should not find that the proposed condemnation is in the public interest. [12/](#) Specially, the Gunnersfield Answer claimed that

(1) The public interest and necessity does not require the pipeline portion of the project to be constructed. (2) The property owned by Gunnersfield proposed to be condemned by CVGS is not necessary for the proposed project. (3) The public benefit of condemning Gunnersfield property does not outweigh the hardship to Gunnersfield. (4) The proposed pipeline is not located in a manner

[8/](#) *Id.* ¶ 10.

[9/](#) *Id.* ¶ 15-16.

[10/](#) Ex. CVGS-2 at 1:11-19, 2-3.

[11/](#) Answer of Gunnersfield Enterprises, Inc. to Complaint of Central Valley Gas Storage, LLC for Authorization to Condemn Property in the Public Interest, *Central Valley Gas Storage, LLC v. David W. Lanza, Trustee of David W. Lanza Trust* dated Feb. 6, 1996 *et. al.*, No. C.10-11-001 (Cal. Pub. Utils. Comm’n filed Dec. 8, 2010) [hereinafter “Gunnersfield Answer”].

[12/](#) *Id.* at 1.

most compatible with the greatest public good and the least private injury. [13/](#)

The Gunnersfield Answer alleged the public interest does not require the pipeline portion of the Project because the public good is best served by utilizing existing facilities and Central Valley did not consider utilizing the existing Wild Goose Pipeline to connect the Project to PG&E's mainline. [14/](#) The Gunnersfield Answer also alleged that the Gunnersfield property is not necessary for the Project because Central Valley could utilize the existing Wild Goose facilities. [15/](#) In addition, the Gunnersfield Answer alleged that the public benefit of condemning the proposed property does not outweigh the hardship to Gunnersfield because of disproportionate burden imposed on certain landowners due to the existing Wild Goose Pipeline. [16/](#) Moreover, the Gunnersfield Answer alleged that the pipeline is not located in a manner compatible with the greatest public good and least private injury due to the existence of a shorter alternate pipeline route that would better minimize the impacts on landowners. [17/](#) Finally, the Gunnersfield Answer alleged that the CPUC should not lend its condemnation authority to benefit private economic interests. [18/](#) Gunnersfield offered no direct testimony or other evidentiary support for these allegations.

On December 10, 2010, Raymond Norval Baker filed an answer to the Complaint ("Baker Answer"). [19/](#) The Baker Answer alleges that the mineral interests owned by Mr. Baker

[13/](#) *Id.*

[14/](#) *Id.* at 2.

[15/](#) *Id.*

[16/](#) *Id.* at 3-4.

[17/](#) *Id.* at 4-5.

[18/](#) *Id.* at 5-6.

[19/](#) Answer of Raymond Norval Baker to Complaint, *Central Valley Gas Storage, LLC v. David W. Lanza, Trustee of David W. Lanza Trust dated Feb. 6, 1996 et. al*, No. C.10-11-001 (Cal. Pub. Utils. Comm'n filed Dec. 10, 2010) [hereinafter "Baker Answer"].

are not necessary for the project because Central Valley does not intend to prevent the mineral owner from exploring to achieve future gas production. [20/](#)

On December 13, 2010, the Presiding Administrative Law Judge MacDonald (“ALJ MacDonald”) held a Prehearing Conference and Evidentiary Hearing in this proceeding in Colusa County, California. [21/](#) During the Evidentiary Hearing, Central Valley moved for ALJ MacDonald to admit Exhibits CVGS-1 and CVGS-2 from the Concurrent Direct Testimony, along with Exhibit CVGS-3, the corrected map for Attachment G to CVGS-1, into evidence. [22/](#) ALJ MacDonald granted Central Valley’s motion and moved Exhibits CVGS-1, CVGS-2, and CVGS-3 into evidence. [23/](#) No other parties presented any testimony or cross examined Central Valley’s witnesses during the Evidentiary Hearing.

On December 16, 2010, Catherine, Eleanor, Harry, and Jean Gonick filed an answer to the Complaint (“Gonick Answer”). [24/](#) The Gonick Answer took no position regarding whether the proposed condemnation is in the public interest. [25/](#) On December 20, 2010, Central Valley served Supplemental Direct Testimony on Behalf of Central Valley Gas Storage Project (“Supplemental Direct Testimony”) on each party to this proceeding to respond to issues raised in the Gunnersfield Answer. [26/](#) On January 4, 2011, Central Valley filed a Combined Motion to Offer Supplemental Direct Testimony into Evidence, Dismiss Defendants, and Correct Exhibit.

The Combined Motion requests that the Commission move the Supplemental Direct Testimony

[20/](#) *Id.* ¶¶ 4-6.

[21/](#) Evidentiary Hr’g Tr., Dec. 13, 2010.

[22/](#) *Id.* at 7:6-18.

[23/](#) *Id.* at 7:6-20, 9:5-9, 11:11-14.

[24/](#) Answer of Defendants All of the Heirs and Devisees of Harry Gonick and Eleanor Gonick, Including, but not Limited to, Catherine Gonick and Jean Gonick to Complaint, *Central Valley Gas Storage, LLC v. David W. Lanza, Trustee of David W. Lanza Trust dated Feb. 6, 1996 et. al*, No. C.10-11-001 (Cal. Pub. Utils. Comm’n filed Dec. 16, 2010) [hereinafter “Gonick Answer”].

[25/](#) *Id.* ¶ 1.

[26/](#) See Supplemental Direct Testimony on Behalf of Central Valley Gas Storage Project, *Central Valley Gas Storage, LLC v. David W. Lanza, Trustee of David W. Lanza Trust dated Feb. 6, 1996 et. al*, No. C.10-11-001 (Cal. Pub. Utils. Comm’n served Dec. 20, 2010).

into evidence, dismiss certain defendants with whom Central Valley has reached a mutual agreement concerning property interests needed for the Project, and make several corrections to Exhibit F from the Complaint. [27/](#) As stated above, the Combined Motion is still pending before the Commission.

B. Project Description [28/](#)

On October 14, 2010, the Commission granted Central Valley’s application for a certificate of public convenience and necessity (“CPCN”) authorizing the construction and operation of the Project, an underground natural gas storage facility in Colusa County. [29/](#) The Commission was the lead agency for review of the Project under the California Environmental Quality Act (“CEQA”). In D.10-10-001, the Commission adopted a Final Mitigated Negative Declaration (“MND”) for the Project. [30/](#)

The Project is comprised of (1) an 11 billion cubic feet (“Bcf”) underground natural gas storage field (“Storage Field”), within the Princeton Gas Field, (2) a compressor station and dehydration units, (3) a remote well pad site, (4) injection/withdrawal, observation, and salt water disposal wells, (5) a metering station, and (6) a natural gas pipeline extending approximately 14.7 miles from the Storage Field to an interconnection with the metering station and PG&E’s Line 400/401 gas transmission pipeline. There are approximately 677 acres within the boundary of the Storage Field (the “Storage Field Boundary”). A map showing the Project components was offered into evidence as Attachment A to Exhibit CVGS-1. Central Valley will

[27/](#) Combined Motion at 1-3.

[28/](#) Ex. CVGS-1, 1:2-17, 2:1-2.

[29/](#) Decision Granting Application for a Certificate of Pub. Convenience & Necessity, *In re Application of Central Valley Gas Storage, LLC*, D.10-10-001, No. A.09-08-008 (Cal. Pub. Utils. Comm’n Oct. 14, 2010) [hereinafter “D.10-10-001”].

[30/](#) *Id.* at Ordering Para. 13. (adopting Final Initial Study & Mitigated Negative Declaration for Central Valley Gas Storage Project (July 2010) available at http://www.cpuc.ca.gov/environment/info/dudek/cvgs/CVGS_IS-MND.htm (last visited Jan. 7, 2011)).

use the Project to provide competitive long- and short- term natural gas storage services at market-based rates.

C. Storage Project Property Rights [31/](#)

In general, two types of property rights are required in connection with natural gas storage projects: (1) the right to store natural gas in subsurface formations, and (2) surface rights, including easements, necessary to accommodate related project facilities.

In California, the surface owner has the right to store natural gas in subsurface geological formations, subject to an obligation not to unreasonably interfere with a mineral owner's or lessee's right to explore for and produce oil and gas. Typically, storage leases entered into with surface owners allow storage in subsurface formations, as well as the use of the surface for development of storage facilities, including compression equipment and related facilities, and injection and withdrawal wells. A gas transmission pipeline used to transport gas between an interconnecting utility's system and a storage project requires easements along the pipeline route.

Although storage of natural gas in subsurface formations requires only storage rights, where mineral rights have been separated from the surface property, project owners also may seek either the mineral rights to the property or the consent and agreement of the mineral owners or lessees to conduct storage operations. Obtaining mineral rights or consents from any separate mineral rights owners or lessees will preclude such owners or lessees from drilling into or through project storage reservoirs and causing damage to reservoirs or the taking of stored gas. Obtaining such rights will also preclude others from claiming that recoverable gas reserves exist in project reservoirs (prior to the injection of gas) or that project operations have otherwise unreasonably interfered with their rights.

[31/](#) Ex. CVGS-1 at 2:3-22, 3, 4:1-3.

C. Property Rights and the Project [32/](#)

Central Valley has been working diligently, even before the CPCN application was filed in August 2009, to secure three types of property rights in connection with the Project: (1) rights to store gas in the Storage Field using depleted reservoirs in the five sandstone layers that lie within the Kione Formation, (2) rights to construct and operate ancillary surface and pipeline facilities, and (3) mineral rights or consent agreements necessary to protect the Project's safety and usefulness. [33/](#)

Storage Rights to be Acquired [34/](#) Central Valley has already acquired over 98% of the necessary storage rights for the Project, but has been unable to reach agreements with the owners of the remaining storage rights. Central Valley seeks a public interest finding with respect to the outstanding storage rights. Central Valley seeks to condemn the right to inject, store and withdraw natural gas, wherever produced, in subsurface geologic zones or strata beneath the remaining lands within the Storage Field Boundary, and to commingle such injected natural gas with any remaining existing native natural gas within such zones or strata.

Pipeline Easements to be Acquired [35/](#) Central Valley has also acquired easements for 8.7 miles of the 14.5 mile gas pipeline route--approximately 60% of the necessary easements. Central Valley seeks a public interest finding with respect to the outstanding pipeline easements. Central Valley seeks to condemn temporary and permanent easements for construction and operation of the pipeline from the owners of property along approximately 5.8 miles of the pipeline route ("Pipeline Easements").

[32/](#)

Id.

[33/](#)

Complaint at 3.

[34/](#)

Ex. CVGS-1 at 2:3-22, 3:1-16, 4:16-21, 5:1-10, 8:10-18.

[35/](#)

Id. at 3:17-22, 5:12-21, 10:21-31, 11, 12:1-4.

Mineral Interests to be Acquired ^{36/} Central Valley has acquired approximately 72% of the mineral interests necessary to ensure the safety and integrity of the Storage Field. Central Valley seeks a Commission public interest finding as to the outstanding mineral interests. Where the surface owners within the Storage Field Boundary also own mineral rights, Central Valley has already acquired or expects to acquire their consent to Project storage operations through mutual agreement in the underground storage leases. Where mineral rights have been conveyed to another entity, Central Valley is negotiating separately with those mineral rights owners and lessees to either acquire limited mineral rights or their consent to the operation of the Project for the reasons set forth above. Central Valley seeks to condemn those mineral interests for which it has not been able to reach agreement. In general, where Central Valley has not been able to reach agreement with mineral owners and lessees, it is because of (1) disputes over value, (2) lack of response to Central Valley's communications, or (3) difficulty identifying or confirming, through reasonable diligence, heirs to deceased owners of record.

Effect of Post-Complaint Agreements Central Valley's strong preference is to obtain property rights through mutual agreement. Since Central Valley filed the Complaint on November 1, 2010, Central Valley was able to reach agreements with several pipeline easement Defendants and several of the mineral owner Defendants. Central Valley also discovered that a temporary access easement sought in the Complaint was no longer necessary for the Project. ^{37/} Accordingly, on January 4, 2011, Central Valley filed the Combined Motion seeking to dismiss the relevant defendants from the Complaint. That motion is currently pending before the Commission. To the extent that Central Valley is able to reach agreement with additional

^{36/} *Id.* at 4:1-3, 6, 7, 8:1-5, 8:20-26, 9, 10:1-20.

^{37/} Combined Motion at 4.

defendants while this proceeding remains pending before the Commission, Central Valley would seek to remove those parties from the Complaint.

D. Authority to Condemn

By law, a gas corporation may condemn any property necessary for the construction and maintenance of its gas plant. [38/](#) Additionally, an entity with the power of eminent domain may exercise that power to acquire any property “necessary to carry out and make effective the principal purpose involved including but not limited to property to be used for the protection or preservation of the attractiveness, safety, and usefulness of the project,” and including subsurface rights. [39/](#) Upon the grant of a CPCN in D.10-10-001, Central Valley became a public utility gas corporation with the power of eminent domain. [40/](#)

III. PROPERTY TO BE ACQUIRED

A. Description of Property to be Condemned [41/](#)

1. Storage Rights [42/](#)

Central Valley seeks to acquire the right to inject, store, and withdraw natural gas, wherever produced, in subsurface geologic zones or strata beneath the remaining lands within the Storage Field Boundary, and to commingle such injected natural gas with any remaining existing native natural gas within such zones or strata together with the right to drill into such lands for the purpose of injection and withdrawal of natural gas at depths of 500 feet and more below the surface thereof (*i.e.*, “Storage Rights”). A cross-section of the Princeton Gas Field showing the subsurface geological zones to be used for the project was submitted as Attachment B to Exhibit CVGS-1. Central Valley also seeking limited surface rights for several of the parcels for which

[38/](#) Cal. Pub. Util. Code, § 613 (2010).

[39/](#) Cal. Code of Civ. Proc. §§ 1240.110(a), 1240.120(a) (2010).

[40/](#) See D.10-10-001 at 50, Conclusion of Law 2.

[41/](#) Ex. CVGS-1 at 4:15-21, 5-7, 8:1-5.

[42/](#) *Id.* at 4:15-21, 2:1-10.

it is seeking to condemn Storage Rights in order to access observation and salt water disposal wells for the Project. In particular, Central Valley is seeking unfettered access to the “Sara Louise” No. 1, the “Southam” No. 2, the “Southam” No. 3, and the “Southam” No. 4 observation wells and the Salt Water Disposal Well via the existing access roads as shown in map of Storage Rights to be Condemned submitted as Attachment C to Exhibit CVGS-1. In addition, Central Valley is seeking to construct a new access road to allow it to access the “Southam” No. 2 observation well as shown in Attachment C to Exhibit CVGS-1. Finally, Central Valley is seeking one mineral lease that was severed from the surface property as shown in Attachment D to Exhibit CVGS-1. Upon the acquisition of the Storage Rights identified in Attachments B, C, and D to Exhibit CVGS-1 Central Valley will have all of the Storage Rights necessary to operate the Project.

2. Pipeline Easements [43/](#)

Central Valley also seeks to condemn a 100-foot temporary easement and 30-foot permanent easement in Colusa County from the property owners and lessees identified in CVGS-Attachment F to Exhibit CVGS-1 and the Combined Motion for the construction and operation of a portion of the pipeline covering approximately 5.8 miles of the 14.5-mile pipeline route approved by the Commission in D.10-10-001 (“Pipeline Easements”). The pipeline will be buried at a depth of approximately five feet. Thus, the property owners and lessees will be able to undertake most surface activities in the vicinity of the pipeline, so long as those activities do not have the potential to damage the pipeline or prevent access to the surface above the pipeline for maintenance purposes. A map showing the Pipeline Easements and access rights to be condemned is included as Attachment E to Exhibit CVGS-1.

[43/](#) Ex. CVGS-1 at 5:11-21.

3. Mineral Interests ^{44/}

In order to protect the integrity of the Storage Field and the gas stored therein, Central Valley seeks to obtain consents to Project operations from the owners or lessees of the severed mineral rights within the Storage Field Boundary. Mineral rights generally include the right to explore for and produce oil and gas. However, Central Valley is seeking only those rights necessary for the integrity of the Storage Field.

Central Valley has acquired consents to project operations from the owners and lessees of many, but not all, of the mineral rights that have been severed from the surface area within the Storage Field Boundary. These consents to Project operations include the mineral owner's or lessee's agreement not to drill into or through the five sandstone layers that lie within the Kione Formation ("Storage Formation") without Central Valley's prior consent. Central Valley is currently seeking to acquire similar mineral interests from the remaining severed mineral rights owners and lessees within the Storage Field Boundary.

In particular, Central Valley seeks to condemn a portion of the mineral rights, *i.e.*, the rights to drill through and into the Storage Formations (the "Mineral Interests"). Upon the acquisition of the Mineral Interests by Central Valley, the mineral owner and lessee Defendants shall be precluded from drilling into to produce from, or granting others the right to drill into to produce from, the Storage formation, and drilling through, or granting others the right to drill through the Storage Formations, without Central Valley's approval of the drilling plans and timing designed to protect the integrity of the Storage Field and natural gas therein, which approval Central Valley may grant, withhold, or condition in its sole discretion, and then only in accordance with such approved drilling plans. A map showing the Mineral Interests to be condemned is included as Attachment D to Exhibit CVGS-1.

^{44/} Ex. CVGS-1 at 5:22, 6-7, 8:1-5.

The Storage Formations are comprised of a sequence of five hydrologically separate sandstone layers that lie within the Kione Formation of the late Cretaceous age and a layer of impermeable cap rock that vertically bounds the five layers. ^{45/} The structural tops of the five sandstone layers range in depth from 1,980 to 2,280 feet below the surface and are commonly referred to as the “Wild Goose Sands.” ^{46/} The five sandstone layers include one thick lower sand layer, known as the “Massive Sand” and four thinner upper sand layers referred to as the “1980 Sand,” “1st Sand,” “2nd Sand,” and “3rd Sand” (collectively the “Upper Sands”). ^{47/} The Upper Sands are bounded vertically by an impermeable cap rock made up of a 200- to 500-foot thick shale layer, known as the Upper Princeton Valley Fill, which acts as a seal preventing natural gas from escaping from the Upper Sands. A figure depicting a cross-section of the Storage Formations was provided as Attachment B to Exhibit CVGS-1. Central Valley seeks to acquire the outstanding Mineral Interests for the Project in the Kione Formation, including, without limitation, the Upper Sands, the Upper Princeton Valley Fill, and any other sands located within the Kione Formation.

Central Valley’s acquisition of the Mineral Interests necessary to protect the safety and usefulness of the Project does not preclude the owners and lessees of such Mineral Interests from using the portion of their mineral rights that Central Valley is not acquiring, subject to Central Valley’s prior approval of any drilling into or through the Storage Formation. For example, within the Storage Field Boundary, mineral rights owners and lessees may drill wells above the Storage Formation, as long as those wells do not affect the Storage Formation, and they may drill into or through the Storage Formations as long as they receive Central Valley’s prior consent, as discussed above.

^{45/} Proponent’s Environmental Assessment, 2-3—2-5.

^{46/} *Id.* at 2-3.

^{47/} *Id.*

**B. Owners and Lessees of Property Whose Interests are to be
Condemned 48/**

The following is a summary of the Storage Rights, Mineral Interests, and Pipeline Easements that Central Valley seeks to acquire in Colusa County. The parties for whom Central Valley has requested removal from the Complaint are marked with an asterisk.

Storage Rights

- Storage Rights owned by David W. Lanza, Trustee of the David W. Lanza Trust dated February 6, 1996.
- Storage Rights owned by Patrick Laughlin, Trustee of the Patrick Laughlin Trust dated March 1999.
- Storage Rights owned by Vintage Production California, LLC, a Delaware limited liability company.
- Storage Rights owned by Southam & Son, a partnership.
- Storage Rights owned by Fred C. Southam, an unmarried man.

Mineral Owners

- Mineral Interests owned by Raymond Norval Baker, as his separate property.
- Mineral Interests owned by Donald Bransford, aka Donald Richard Bransford.*
- Mineral Interests owned by Julie Geraldine Bransford Sage, Formerly Julie Bransford.*
- Mineral Interests owned by Marjorie Ellen Bransford LaGrande, formerly Marjorie Bransford.*
- Mineral Interests owned by Sara Z. Burrows, aka Sara Zumwalt, Trustee of the Zumwalt Grandchildren Trusts for the benefit of Elizabeth Megan Burrows Seaver.
- Mineral Interests owned by Mark Galentine and Patricia Lynn Weber, Co-Trustees of the George R. Zumwalt Testamentary Trust A for the benefit of Ruth Ann Spence.*
- Mineral Interests owned by all of the heirs and devisees of Harry Gonick and Eleanor Gonick, including, but not limited to, Catherine Gonick and Jean Gonick.
- Mineral Interests owned by Ralph L. Keeley, III, Trustee of the Mattie Z. Keeley 1989 Revocable Trust.*

48/ Ex. CVGS-1 at 8:10-26, 9-11, 12:1-4; Combined Motion at 3-4.

- Mineral Interests owned by Joyce Ann Kephart, formerly Joyce Ann Feliciano, who acquired title as Joyce Ann Baker, as her separate property.*
- Mineral Interests owned by Debbie Lewis and/or Ed Lewis, Successor Trustee of the Ed and Winifred Lewis Revocable Trust under Declaration of Trust, Established April 27, 1994.
- Mineral Interests owned by all the heirs and devisees of Luella Southam, deceased, excluding Jerry Southam and including, but not limited to, Barbara Rice.
- Mineral Interests owned by Ruth L. Lundeen.
- Mineral Interests owned by Dorothy I. Pendleton, surviving spouse.*
- Mineral Interests owned by all of the heirs and devisees of W. G. Poage, deceased, excluding Elizabeth Ann Perkins and Patricia Mary Young, also known as Patricia M. Young and Patricia M. Wilson, and including, but not limited to: Jean McArthur Britzman, and Christopher Corlett.
- Mineral Interests owned by all of the heirs and devisees of Charles A. Poage, Jr., deceased, excluding Jean McArthur Britzman, Elizabeth Ann Perkins, and Patricia Mary Young, also known as Patricia M. Young and Patricia M. Wilson, and including, but not limited to Christopher Corlett.
- Mineral Interests owned by All of the heirs and devisees of Margaret Poage Carter, deceased, excluding Jean McArthur Britzman, Elizabeth Ann Perkins, and Patricia Mary Young, also known as Patricia M. Young and Patricia M. Wilson, and including, but not limited to Christopher Corlett.
- Mineral Interests owned by Richard Rheem, as his separate property.*
- Mineral Interests owned by Charles S. Thompson.
- Mineral Interests owned by Nancy Z. Ward, formerly Nancy Zumwalt and Nancy Z. Irwin.
- Mineral Interests owned by Patricia Lynn Weber and Sue A. Bailey, successor Co-Trustees of the George R. Zumwalt Testamentary Trust C for the benefit of Mark Galentine, aka Dexter Mark Galentine.*
- Mineral Interests owned by Mark Galentine and Patricia Lynn Weber, successor Co-Trustees of the George R. Zumwalt Testamentary Trust C for the benefit of Sue A. Bailey aka Sue Adele Mayberry.*
- Mineral Interests owned by Mark Galentine and Sue A. Bailey, successor Co-Trustees of the George R. Zumwalt Testamentary Trust C for the benefit of Patricia Lynn Weber.*
- Mineral Interests owned by David G. Wehlitz, Successor Trustee of the George R. Zumwalt Testamentary Trust B for the benefit of Sara Z. Burrows.

- Mineral Interests owned by Kenneth P. Woods, successor Trustee of George R. Zumwalt Testamentary Trust for the benefit of David F. Burrows.
- Mineral Interests owned by Agnes Ann Zumwalt, Trustee of the Ivy G. Zumwalt QTIP Trust, aka Marital Qualified Terminal Interest Property Trust, effective August 1, 2002, a successor Subtrust under the Zumwalt Family Trust dated October 4, 1993.*
- Mineral Interests owned by Vintage Production California, LLC, a Delaware limited liability company.

Mineral Lessees

- Mineral Interests leased by Venoco, Inc., a Delaware Corporation.

Pipeline Easement Owners

- Pipeline Easement from Allen E. Azevedo and Mary Anne Azevedo, husband and wife as Community Property.*
- Pipeline Easement from Jack L. Barrett, Jr. and Donna M. Barrett, husband and wife, as joint tenants and William R. Dirks, Jr. and Dora Dirks, husband and wife, as joint tenants.*
- Pipeline Easement from N. Joel Danley, also known as Newland Joel Danley, a married man and Lorene D. Stephen also known as Lorene K. Stephen, a married woman.
- Pipeline Easement from Frances M. Etchepare, Trustee of the Testamentary Trust Under the Will of Leon W. Etchepare dated February 23, 1968.
- Pipeline Easement from Dennis Fox*
- Pipeline Easement from Green Valley Corporation, a California Corporation
- Pipeline Easement from Joseph L. Wucher and Jenny B. Wucher, husband and wife as Joint Tenants
- Pipeline Easement from Gunnersfield Enterprises, Inc., a California corporation.
- Pipeline Easement from Cleveland Teeter and Lisa Teeter, Trustees of The Teeter Family Trust, dated April 6, 1998, as the sole and separate property of Lisa Teeter.
- Pipeline Easement from Evelyn T. Thompson, as Trustee of The Evelyn T. Thompson Trust Under agreement dated January 6, 1999.
- Pipeline Easement from Evelyn Thompson, John H. Thompson and Deborah M. Medeiros, as Trustees of the Marital Trust under The Thompson 1984 Trust under declaration dated January 27, 1984, as amended.

- Pipeline Easement from Evelyn Thompson, John H. Thompson and Deborah M. Medeiros as Trustees of the GST Exempt Marital Trust under The Thompson 1984 Trust under declaration dated January 27, 1984.
- Pipeline Easement from Kevin D. Towne and Patricia I. Towne, as Co-Trustees or their successors in trust, under The Kevin D. Towne and Patricia I. Towne Revocable Living Trust Dated June 28, 1996.
- Pipeline Easement from Leo M. Holthouse, as successor Trustee of the Wilfred E. Holthouse Testamentary Trust and Leo M. Holthouse and Diane M. Holthouse, Trustees of The Holthouse Family Trust.
- Pipeline Easement from Enerland, LLC.
- Pipeline Easement from Charles W. Tuttle, Jr. and Sue Tuttle Noack, Co-Trustees of the Charles W. Tuttle Farm Trust for the Benefit of Charles W. Tuttle, Jr.*
- Pipeline Easement from Charles W. Tuttle, Jr. and Sue Tuttle Noack, Co-Trustees of the Charles W. Tuttle Farm Trust for the Benefit of Sue Tuttle Noack.*
- Pipeline Easement from Richard J. Perez and Tori L. Perez, as Trustees of the Richard J. and Tori L. Perez Family Trust dated February 13, 2009.

Lessees of Pipeline Easement Owners

- Pipeline Easement from Douglas McGeoghegan.
- Pipeline Easement from Allen Cabral and Frank Eichhorn.
- Pipeline Easement from Craig Felix.
- Pipeline Easement from Triple J Farms, LLC, a California limited liability company.
- Pipeline Easement from Woodford A. Yerxa.*

The assessor’s parcel numbers and owner and lessee identification for the Storage Rights, Mineral Interests, and Pipeline Easements to be condemned are provided in Attachment F to Exhibit CVGS-1, subject to revisions proposed in the Combined Motion. The holders of easements, deeds of trust, and financing statements for the property sought are also identified with the relevant assessor’s parcel numbers on Attachment F to Exhibit CVGS-1 subject to the proposed revisions in the Combined Motion. The legal descriptions for property interests to be

condemned were provided in Attachment G to Exhibit CVGS-1, subject to the proposed revisions in the Combined Motion. This information was obtained from a review of the Official Records of the Colusa County Recorder’s office, as well as through publically available information on probate filing for deceased owners and investigations as to the heirs of deceased owners where a probate had not been filed. Additionally, Central Valley obtained, on behalf of the project, title opinions for the property necessary to carry out the Project.

IV. CONDEMNATION IS IN THE PUBLIC INTEREST

A. Findings Required Under Public Utilities Code Section 625

Because Central Valley will provide competitive gas storage services, it must ask the Commission to find that the proposed condemnation is in the public interest pursuant to Public Utilities Code Section 625(a)(1)(A). [49/](#) The Commission already determined in D.10-10-001 that the Project is in the public interest. [50/](#) As part of its review, the Commission also analyzed and approved the Project configuration in the Final Mitigated Negative Declaration (“MND”). [51/](#)

As explained in detail below, Central Valley’s proposed acquisition of the Storage Rights, Mineral Interests, and Pipeline Easements is in the public interest because it satisfies the four criteria set forth in Public Utilities Code section 625(b)(2): [52/](#)

- (1) The public interest and necessity require the Project;
- (2) The property to be condemned is necessary for the Project;
- (3) The public benefit of acquiring the property by eminent domain outweighs the hardship to the owners of the property; and

[49/](#) Cal. Pub. Utils. Code § 625(a)(1)(A).

[50/](#) D.10-10-001 at Conclusion of Law 2; Ordering Paragraphs 1, 3, 5.

[51/](#) *Id.* at Conclusion of Law 18-20, Ordering Paragraphs 13-14.

[52/](#) The proposed condemnation is not necessary to provide service as a provider to an unserved area, so Public utilities Code section 625(b)(1) is inapplicable.

- (4) The Project is located in a manner most compatible with the greatest public good and the least private injury. [53/](#)

B. The Proposed Acquisition Meets the Criteria of Public Utilities Code Section 625(b)(2)

1. The Public Interest and Necessity Require the Project [54/](#)

In D.10-10-001, the Commission concluded that the public convenience and necessity require the construction and operation of the Project. The Commission affirmed that its “let the market decide” policy for competitive gas storage facilities, as adopted in the Gas Storage Decision, presumes a need for new gas storage facilities if the owners of the proposed facilities will not have captive customers and assume all of the financial risk associated with the project. [55/](#) Thus, the Decision properly found a presumptive showing of need for the Project because it meets both of these criteria. [56/](#) Additionally, the Commission found that there was evidence of a need for the Project in accordance with Public Utilities Code sections 1001 and 1002. [57/](#)

In concluding that the public convenience and necessity require the construction of the Project, the Commission noted that:

1. There is a need for the Project to help meet the need for additional in-state natural gas storage identified in the 2005 Energy Action Plan II and the 2008 Energy Action Plan Update; [58/](#) and

[53/](#) The four factors the Commission must consider pursuant to Public Utilities Code section 625(b)(2) are comparable to the findings set forth in Code of Civil Procedure section 1240.030 relating to the exercise of the power of eminent domain.

[54/](#) Ex. CVGS-1 at 13:12-18, 14, 15:1-13.

[55/](#) D.10-10-001 at 19.

[56/](#) *Id.* at 19-20.

[57/](#) *Id.* at 19-23 (*citing* Cal. Pub. Utils. Code §§ 1001, 1002 (2009)).

[58/](#) *Id.* (*citing In re Natural Gas Procurement & Sys. Reliability Issues*, D.93-02-013, 48 CPUC 2d 107 at 118-119, 140, Finding of Fact 37 (1993); *In re Wild Goose Storage Inc.*, D.02-07-036, slip op. at 8-9 (Cal. Pub. Utils. Comm’n 2002); California Public Utilities Commission, *et al.*, 2008 Update: Energy Action Plan at

2. The actual need for the Project was demonstrated by Central Valley’s open season where it received bids for 26 Bcf of working capacity--more than 200% of the Project’s planned capacity. [59/](#)

The Commission also concluded that pursuant to Public Utilities Code section 1002, the Project is consistent with community values, will not adversely affect recreational and park areas, is consistent with historical uses of the Project site and community aesthetic values, and will have no significant adverse influence on the environment. [60/](#) The Project is consistent with community values because it will be located in a rural agricultural area, create jobs during both the construction and operation phase, and increase property tax and sales tax revenues. [61/](#) Central Valley also made significant efforts to reach out to the community to provide information about the Project, including being interviewed by a local newspaper, making presentations to the Colusa Board of Supervisors, and hosting two informational meetings. [62/](#)

The Commission found that construction and operation of the project will not negatively impact recreational or park areas because none of the Project is on recreational or park lands and the construction and operation of the Project will not affect or interfere with the use of any recreational areas or park lands. The Project is also consistent with the historical and aesthetic values of the area because there was nothing of historic significance at the Project site or along the pipeline easement and Central Valley is taking steps to mitigate the visual aesthetic impacts to a less than significant level. [63/](#) Finally, the Commission found that the Project will not have a significant adverse effect on the environment because Central Valley is taking certain

17, (Feb. 2008) *available at* http://www.cpuc.ca.gov/NR/rdonlyres/58ADCD6A-7FE6-4B32-8C70-7C85CB31EBE7/0/2008_EAP_UPDATE.PDF (last visited Jan. 12, 2011).

[59/](#) *Id.* at 20.
[60/](#) *Id.* at 23.
[61/](#) *Id.* at 22.
[62/](#) *Id.*
[63/](#) *Id.*

measures, as described in the MND, to ensure that any environmental impact will remain at a less-than-significant level. [64/](#)

Despite the Commission's findings, Gunnersfield alleges that the public interest and necessity does not require the pipeline portion of the Project because Central Valley's proposed pipeline facilities would be redundant of the existing Wild Goose Pipeline. [65/](#) Moreover, Gunnersfield alleges that Central Valley did not analyze the possibility of utilizing capacity on the Wild Goose Pipeline and that utilizing such capacity would minimize the environmental impacts of the Project. [66/](#) As Central Valley demonstrated in its Supplemental Direct Testimony, however, these allegations are unfounded. Central Valley evaluated using the Wild Goose Pipeline but determined that the Wild Goose Pipeline with the Phase III Expansion could not accommodate both the capacity needs of Central Valley and Wild Goose without a significant amount of facility redesign. [67/](#) Therefore, Gunnersfield's allegations that the pipeline facilities are not justified by public interest and necessity are without merit.

2. The Property to be Condemned is Necessary for the Project

Despite the assertions made by Defendants Baker and Gunnersfield, all of the Storage Rights, Mineral Interests, and Pipeline Easements that Central Valley seeks in this proceeding are necessary for the Project. As discussed below, the Baker mineral interests are necessary to protect the integrity of the Project. In addition, Gunnersfield's property interest and the other pipeline easements are necessary for the Project because using the Wild Goose Pipeline to connect the Project to PG&E's line is not feasible. Therefore, the Commission should find that all of the property sought in this proceeding is necessary for the Project.

[64/](#) *Id.* at 23.

[65/](#) Gunnersfield Answer at 2.

[66/](#) *Id.*

[67/](#) Ex. CVGS-4 at 1:10-16, 3:1-4.

a. Applicable Law

By law, Central Valley may condemn any property “necessary to carry out and make effective the principal purpose involved including but not limited to property to be used for the protection or preservation of the attractiveness, safety, and usefulness of the project.” ^{68/} Any entity authorized to acquire property for a particular use through eminent domain may exercise that power to “acquire any interest in property necessary for that use including, but not limited to, submerged lands, rights of any nature in water, subsurface rights, airspace rights, flowage or flooding easements, aircraft noise or operation easements, right of temporary occupancy, public utility facilities and franchises, and franchises to collect tolls on a bridge or highway.” ^{69/} Central Valley is further authorized to protect the Project by condemning adjoining property:

Where it is necessary to protect a public work or improvement from detrimental uses on adjoining property, the condemnor has the option either (1) to acquire an easement-like interest in the adjoining property that will preclude the detrimental use or (2) acquire the fee or some other interest and then – if the condemnor desires – lease, sell, exchange, or otherwise dispose of the property to some other entity or a private person subject to carefully specified permitted uses. ^{70/}

3. Storage Rights ^{71/}

In California, the surface owner has the right to store natural gas in subsurface geological formations, unless that right has been severed in a deed or other conveyance, subject to an obligation not to unreasonably interfere with a mineral owner’s or lessee’s right to explore for and produce oil and gas. ^{72/} Central Valley has acquired storage rights from the owners of approximately 88% of the land within the Storage Field Boundary and Central Valley is working

^{68/} Cal. Code of Civ. Proc. § 1240.120(a); *see also* Cal. Law Revision Comm’n Comments following Cal. Code Civ. Proc., § 1240.120.

^{69/} Cal. Code of Civ. Proc. § 1240.110(a).

^{70/} Cal. Law Revision Comm’n. Comments following Cal. Code Civ. Proc. § 1240.120.

^{71/} Ex. CVGS-1 at 16:17-26, 17:1-3.

^{72/} *See, e.g., Cassinos v. Union Oil Co. of California*, 14 Cal. App. 4th 1770 (1993); *Ellis v. Arkansas Louisiana Gas Co.*, 450 F. Supp. 412 (1978).

towards reaching agreements with the remaining surface owners. Where mineral rights have not been severed from the surface estate, Central Valley has included or has sought to include the property owner's consent to Project operations in the underground storage leases with the surface owner. Central Valley is seeking to condemn the remaining Storage Rights for the Project within the Storage Field Boundary as these rights are necessary to fulfill the principal purpose of the Project (*i.e.*, providing natural gas storage services).

4. Mineral Interests [73/](#)

As described above, in California, the surface owner has the right to store natural gas in subsurface geological formation, unless that right has been severed in a deed or other conveyance, subject to an obligation not to unreasonably interfere with a mineral owner's or lessee's right to explore for and produce oil and gas. Consequently, in instances where mineral rights have been severed from surface rights, Central Valley has negotiated or is negotiating separately with the severed mineral rights owners and lessees to either acquire their mineral rights or their consent to the operation of the Project, including their agreement not to drill into or through the Storage Formation without Central Valley's prior approval. Obtaining the mineral rights or consents from any separate mineral owners and lessees will preclude such owners or lessees from drilling into or through the Storage Formations and causing damage to the Storage Formations or the taking of stored gas. Obtaining such rights will also preclude others from later claiming that recoverable gas reserves exist in the Storage Formations (prior to the injection of gas) or that Project operations have otherwise unreasonably interfered with their rights.

Central Valley is a public utility with the power of eminent domain. [74/](#) Central Valley seeks to condemn Mineral Interests for the "principal purpose" of natural gas storage. As

[73/](#) Ex. CVGS-1 at 17:4-20, 18.

[74/](#) D.10-10-001 at 53, Cal. Pub. Utils. Code §§ 216(a), 222, 613 (2010).

explained below, the Mineral Interests are necessary to preclude detrimental use or interference by others with natural gas storage operations at the Project and to preclude claims by mineral owners and lessees that the Project unreasonably interferes with their right to explore for and produce oil and gas. Therefore, the Mineral Interests are necessary to preserve the safety and usefulness of the Project.

Central Valley does not seek to condemn all of the mineral rights owned or leased by the Respondents because Central Valley does not want—nor is authorized—to condemn more property or interests in property than necessary to conduct the operations authorized by the Commission. Central Valley seeks only the property and interests in property that are necessary to allow it to provide the storage services authorized in D.10-10-001. [75/](#)

The Commission already effectively determined that the Mineral Interests are necessary for the Project when it approved Central Valley’s application for a CPCN, authorizing it to construct and operate the Project and provide natural gas storage services. Central Valley’s CPCN application described the surface and subsurface rights necessary for the Project and to protect its safety and usefulness. [76/](#) The Project, including the underground gas reservoir to be used by Central Valley to provide natural gas storage services, is described in the Final MND that was adopted by the Commission. [77/](#) Accordingly, in granting the application and approving the Project and the proposed storage services the Commission recognized that the Mineral Interests are necessary to preclude interference by others and to protect the safety and usefulness of the Project.

[75/](#) Likewise, “a condmenor may not be required to take more severable rights in property than what it needs for the public use.” (*Contra Costa Water Dist. v. Vaquero Farms, Inc.*, 58 Cal. App. 4th 883, 893 (1997)).

[76/](#) Central Valley CPCN Application at 12-13, A.09-08-008.

[77/](#) *See, e.g.*, Final MND at 4-7.

Defendant Baker’s argument to the contrary is inapposite. Defendant Baker points to the fact that Central Valley does not seek to prevent wholly prevent mineral owners from engaging exploration to achieve future gas production as evidence that mineral interests are not necessary for the Project. [78/](#) As discussed above, however, Central Valley’s condemnation authority is limited to property interests that are necessary for the Project. Therefore, the fact that Central Valley does not seek to condemn all of the Defendant’s mineral interests does not mean that the interests Central Valley does seek to condemn are unnecessary. As explained above, Central Valley seeks to condemn mineral interests to prevent the mineral owners from engaging in exploration activities that may damage the storage formations without Central Valley’s prior approval. [79/](#) Obtaining the mineral interests also precludes mineral owners from later claiming that recoverable gas existed in the storage formations or that Project operations otherwise unreasonably interfered with the owner’s rights. [80/](#) Acquisition of the mineral interests identified herein is entirely consistent with precedent. Therefore, Defendant Baker’s allegations that his mineral interests are not necessary for the Project are unfounded.

5. Pipeline Easements [81/](#)

As with the Mineral Interests, under California law, the Pipeline Easements are also necessary to carry out the principal purpose of the Project—natural gas storage. Additionally, the Commission has already determined that the property sought to be condemned, the Pipeline Easements, are necessary for the Project. Therefore, as explained below, Defendant Gunnersfield’s allegations that pipeline easements sought are unnecessary are without merit.

[78/](#) Baker Answer at 2.

[79/](#) Ex. CVGS-1 at 17:5-15.

[80/](#) *Id.* at 17:12-15.

[81/](#) *Id.* at 19:1-18.

Central Valley will utilize the pipeline to transport its customers' gas to the Project from PG&E's Line 400/401 and to Line 400/401 from the Project. The Project, including the pipeline route with the route segments proposed to be condemned, was approved by the Commission in D.10-10-001.

Central Valley seeks only that property and only those property interests that are necessary to allow it to provide the storage services authorized in D.10-10-001. With respect to the pipeline, the necessary property interest is an easement—a permanent 30-foot easement for operation and a 100-foot temporary easement for the construction of the 24-inch pipeline. The pipeline will be buried approximately five feet below the ground surface. ^{82/} Accordingly, the Pipeline Easement Respondents will be able to undertake most surface activities in the vicinity of the pipeline, so long as those activities do not have the potential to damage the pipeline or prevent access to the surface above the pipeline for maintenance purposes.

Defendant Gunnersfield's allegations that the pipeline easements sought are not necessary for the Project are without merit. As discussed above, the pipeline facilities, as a general matter, are necessary, because utilizing the Wild Goose Pipeline is not a feasible alternative. ^{83/} Moreover, the alternative pipeline route proposed by Gunnersfield is not preferable because it would either be in, or in very close proximity to the Sacramental National Wildlife Refuge, cross additional wetlands, and cross several flood control areas. ^{84/} Central Valley's proposed pipeline route was selected to minimize the environmental impacts of the Project as much as possible. ^{85/} Therefore, the pipeline easements Central Valley seeks in this proceeding, including the easement from Gunnersfield, are necessary for the Project.

^{82/} Final MND at 4-1.

^{83/} Ex. CVGS-4 at 1:10-16.

^{84/} *Id.* at 3:8-18.

^{85/} *Id.* at 4:1-10.

3. The Public Benefit of Acquiring the Property by Eminent Domain Outweighs the Hardship to the Property Owners [86/](#)

As described in detail above in Section IV.B.1, the Commission has already considered and determined that (1) the public convenience and necessity require the Project, (2) the Project will result in substantial public benefits, and (3) any potential adverse effects may be mitigated to less than significant levels. [87/](#) The same analysis and conclusions apply here.

The Commission found that Central Valley demonstrated that the Project will benefit California's natural gas consumers (*i.e.*, the public) by helping to enhance the reliability of the State's natural gas supply and provide price stability. [88/](#) The Commission also found that the Project would have significant community employment and economic benefits. [89/](#) The Commission found that the Project would not result in public harm with respect to recreational and park areas, historic and aesthetic values, or the environment. [90/](#) Thus, the Commission has already weighed the benefits of the Project against potential public harm and concluded that the benefits outweigh the potential harm.

First, the Project will not result in hardship to the Respondent Mineral Interest owners and lessees. Central Valley seeks only the Mineral Interests necessary to protect the safety and usefulness of the Project. Central Valley does not seek to condemn all of the mineral rights held by Respondents. Central Valley's acquisition of the Mineral Interests that are necessary to protect the safety and usefulness of the Project does not preclude the Mineral Interest owners and lessees from using and enjoying the portions of their mineral rights that Central Valley is not acquiring, subject to Central Valley's approval of any such uses that may affect the Storage

[86/](#) Ex. CVGS-1 at 19:19-22, 20, 21:1-14.

[87/](#) D.10-10-001 at 19-23, 43-47.

[88/](#) *Id.* at 19-20.

[89/](#) *Id.* at 21-22.

[90/](#) *Id.* at 21-23.

Formation. The Mineral Interest owners and lessees will be compensated for the Mineral Interests based on fair market value to be established after this proceeding in Superior Court. No one will be required to relocate a home or business as a result of Central Valley's acquisition of the Mineral Interests.

With respect to the Pipeline Easements, Central Valley does not seek to condemn fee interests in property. Rather, Central Valley seeks only the interests in property necessary to carry out the Project, namely temporary and permanent easements necessary to install and operate the portions of the Project pipeline that cross lands owned by the Pipeline Easement Respondents. Because Central Valley does not seek to condemn more property than is necessary to carry out the Project as authorized in D.10-10-001, the Pipeline Easement Respondents will be able to undertake most surface activities in the vicinity of the pipeline (which will be buried at a depth of approximately five feet), so long as those activities do not have the potential to damage the pipeline or prevent access to the surface above the pipeline for maintenance purposes. Additionally, the Pipeline Easement Respondents will be compensated for the Mineral Interests, based on the fair market value to be established after this proceeding in Superior Court.

Gunnersfield's vague and unsupported assertions that the chosen pipeline route will place "significant and unnecessary burdens on landowners within the proposed pipeline easement" are unfounded. [91/](#) Moreover, Gunnersfield's unsupported allegations that it was not fully compensated for the burdens it endured from the Wild Goose Project are irrelevant and unsupported, as Gunnersfield has offered no evidence to demonstrate that it would be unduly burdened by the Project. [92/](#)

[91/](#) See Gunnersfield Answer at 3.

[92/](#) See *id.* at 3-4.

The Commission should affirm its conclusion that the Project will result in substantial public benefits, and also find either that the proposed acquisition of the Storage Rights, Pipeline Easements, and Mineral Interests results in no hardship to the Defendants, or that the benefits of the Project outweigh any potential hardship to the Defendants.

4. The Project is Located in a Manner Most Compatible with the Greatest Public Good and the Least Private Injury [93/](#)

Central Valley carefully weighed the public good and the potential for private injury in selecting the location of the Project. [94/](#) Subsurface gas storage formations are unique geologic structures and finding one with suitable performance capabilities and in proximity to pre-existing natural gas infrastructure and a viable market can be difficult. The Project meets these selection criteria and Central Valley was not (and is not) aware of other suitable gas storage candidates in the same area that offer these same characteristics and benefits. Applying various criteria, including the existing utilization of land, avoidance of prime farmlands, proximity to vital infrastructure, existing environmental conditions, landowner sentiment, and other suitability factors, Central Valley concluded that the configuration facility locations shown in Attachment A best achieved the Project objectives, listed below: [95/](#)

- Increase the total amount of natural gas storage capacity and the reliability of supply in northern California where storage is in high demand.
- Provide state-wide benefits by expanding the existing natural gas supply infrastructure in California.
- Add to the vital infrastructure needed to help meet the growing demand for natural gas in residential, commercial, industrial, and power generation markets in the northern region of the state.
- Mitigate potentially costly conditions related to California's reliance on imported gas.

[93/](#) Ex. CVGS-1 at 21:15-22, 22, 23:1-5; Ex. CVGS-4.

[94/](#) Proponent's Environmental Assessment for the Project at 4-1-4-2.

[95/](#) *Id.*

- Allow purchasers to buy gas when the supply is adequate and the price is low, inject it into the proposed project for storage, and withdraw it and use it when supply is short and prices are higher.
- Develop a storage facility that is in close proximity to PG&E’s existing transmission facilities.

As discussed above in Section IV.B.2, Gunnersfield’s allegations regarding the proposed pipeline route are unfounded. ^{96/} Central Valley worked hard to define a pipeline route that minimized agricultural and environmental impacts while achieving the Project’s objectives. ^{97/} In doing so, Central Valley analyzed five pipelines routes for the Project. ^{98/} Central Valley ultimately selected the preferred pipeline route because it meets the Project’s objectives while avoiding or substantially lessening any significant impacts from the Project by following an existing pipeline alignment. ^{99/} The Commission carefully considered the evidence provided by Central Valley regarding the pipeline route and approved the route, finding that it met all the CEQA requirements.

As part of its approval of the Project, the Commission approved the Project location, concluding that the Project is consistent with community values and that it will result in substantial public benefits, without significant adverse effects on the environment. Any potential impacts to private agricultural operation in the Project area will be mitigated as provided in the Final MND. Moreover, Central Valley seeks to obtain only the Mineral Interests and Pipeline Easements necessary to carry out and protect the safety and usefulness of the Project.

Based on the foregoing and consistent with D.10-10-001, the Commission should conclude that the Project is located in a manner compatible with the greatest public good and the least private injury.

^{96/} Gunnersfield Answer at 4-5.

^{97/} See CEQA Guidance, Cal. Code Regs. tit. 14 § 15071 (2010).

^{98/} Ex. CVGS-4 at 3:10-11.

^{99/} Proponent’s Environmental Assessment for the Project at 4-5–4-6.

V. CONCLUSION

Central Valley appreciates the Commission's careful consideration of the issues in this proceeding. As the record clearly demonstrates, Central Valley's condemnation of the Storage Rights, Pipeline Easements, and Mineral Interests is in the public interest. Accordingly, Central Valley respectfully requests the following relief:

- (1) For a Commission Order finding that Central Valley's condemnation of the Storage Rights, Pipeline Easements, and Mineral Interests, as specified in Attachments A-G of Exhibit CVGS-1, subject to the proposed revisions in the Combined Motion, is in the public interest, consistent with Public Utilities Code section 625(a). Specifically, Central Valley requests a Commission Order that finds that: (1) the public interest and necessity require the Project, as previously determined in D.10-10-001; (2) the Storage Rights, Pipeline Easements, and Mineral Interests to be condemned are necessary for the Project; (3) the public benefit of acquiring the Storage Rights, Pipeline Easements, and Mineral Interests by eminent domain outweighs the hardship to the property owners (or results in no hardship to the property owners); and (4) the Project is located in a manner most compatible with the greatest public good and least private injury;
- (2) For a Commission Order authorizing Central Valley to exercise its authority under Public Utilities Code section 613 to acquire the Storage Rights, Pipeline Easements, and Mineral Interests described in Attachments A-G to Exhibit CVGS-1, subject to the proposed revisions in the Combined Motion;
- (3) For a Commission Order granting the Combined Motion filed by Central Valley on January 4, 2011; and

CERTIFICATE OF SERVICE

I, Ruth M. Porter, hereby certify that I served a copy of the foregoing:

OPENING BRIEF OF CENTRAL VALLEY GAS STORAGE

on January 12, 2011, on all parties to Service List for C.10-11-001 via first class U.S. mail, and electronic mail for those whose addresses were available on the official service list as follows:

Service Via Electronic Mail:

Martin A. Mattes	mmattes@nossaman.com
Gary Funamura	gfunamura@trainorfairbrook.com
David R. Nelson, Esq.	clarkandnelson@frontiernet.net
Tedd Mehr, Esq.	lawmehr@frontiernet.net
Mark Atlas, Esq.	jma@jmatlaslaw.com
Fred Meckfessel	meckfessel-hopkins@sbcglobal.net
Mark G. Steidlmayer	lawofficestis@sbcglobal.net
Daniel McNamara	dmcnama@Nicor.com
Neil O. O'Hanlon	NROhanlon@hhlaw.com
Jeff Bodington	jcb@bodingtonandcompany.com
	cem@newsdata.com
John R. Briggs, Esq.	JBriggs@weintraub.com
Kathleen Moran	ccclerk@countyofcolusa.com
Katherine MacDonald	kk3@cpuc.ca.gov
Maribeth A. Bushley	mab@cpuc.ca.gov

Service Via First-Class Mail:

Copies were also sent by first-class mail to the following:

RICHARD RHEEM
1885 THIRD AVENUE, NO. 1D
NEW YORK, NY 10029
FOR: RICHARD RHEEM, AS HIS SEPARATE
PROPERTY

CATHERINE GONICK
48 FAIR STREET, APT. NO. C-4
COLD SPRING, NY 10516
FOR: ALL OF THE HEIRS AND DEVISEES
OF HARRY GONICK AND ELEANOR GONICK,
INCLUDING, BUT NOT LIMITED TO,
CATHERINE GONICK AND JEAN GONICK

VINTAGE PRODUCTION CALIFORNIA, LLC
110 W. 7TH STREET, SUITE 1633
TULSA, OK 74119
FOR: VINTAGE PRODUCTION CALIFORNIA,
LLC A DELAWARE LIMITED LIABILITY
COMPANY

VENOCO, INC., A DELAWARE CORPORATION
370 17TH STREET, SUITE 3900
DENVER, CO 80202
FOR: VENOCO, INC., A DELAWARE
CORPORATION

VINTAGE PRODUCTION CALIFORNIA, LLC,
9600 MING AVENUE, SUITE 300
BAKERSFIELD, CA 93311
FOR: VINTAGE PRODUCTION CALIFORNIA,
LLC A DELAWARE LIMITED LIABILITY
COMPANY

DEBORAH M. MEDEIROS
399 BEACH ROAD
BURLINGAME, CA 94011
FOR: EVELYN THOMPSON, JOHN H.
THOMPSON AND DEBORAH M. MEREDIROS,
AS TRUSTEES OF THE MARITAL TRUST
UNDER THE THOMPSON 1984 TRUST UNDER
DECLARATION DATED JANUARY 27, 1984,
AS AMENDED / EVELYN THOMPSON, JOHN
H. THOMPSON AND DEBORAH M. MEREIROS
AS TRUSTEES OF THE GST EXEMPT
MARTIAL TRUST UNDER THE THOMPSON
1984 TRUST UNDER DECLARATION DATED
JANUARY 27, 1984

JOHN H. THOMPSON
399 BEACH ROAD
BURLINGAME, CA 94011
FOR: EVELYN THOMPSON, JOHN H.
THOMPSON AND DEBORAH M. MEREDIROS,
AS TRUSTEES OF THE MARITAL TRUST
UNDER THE THOMPSON 1984 TRUST UNDER
DECLARATION DATED JANUARY 27, 1984,
AS AMENDED / EVELYN THOMPSON, JOHN
H. THOMPSON AND DEBORAH M. MEREIROS
AS TRUSTEES OF THE GST EXEMPT
MARTIAL TRUST UNDER THE THOMPSON
1984 TRUST UNDER DECLARATION DATED
JANUARY 27, 1984

CHARLES S. THOMPSON
939 VERNAL AVENUE
MILL VALLEY, CA 94941
FOR: CHARLES S. THOMPSON

GREEN VALLEY CORPORATION
777 N. FIRST STREET, 5TH FLOOR
SAN JOSE, CA 95112
FOR: GREEN VALLEY CORPORATION, A
CALIFORNIA CORPORATION

JEAN GONICK
2718 EASTON DRIVE
BURLINGAME, CA 94010
FOR: ALL OF THE HEARS AND DEVISEES
OF HARRY GONICK AND ELEANOR GONICK,
INCLUDING, BUT NOT LIMITED TO,
CATHERINE GONICK AND JEAN GONICK

EVELYN THOMPSON
399 BEACH ROAD
BURLINGAME, CA 94011
FOR: EVELYN T. THOMPSON, AS TRUSTEE
OF THE EVELYN T. THOMPSON TRUST
UNDER AGREEMENT DATED JANUARY 6,
1999 / EVELYN THOMPSON, JOHN H.
THOMPSON AND DEBORAH M. MEREIROS, AS
TRUSTEES OF THE MARTIAL TRUST UNDER
THE THOMPSON 1984 TRUST UNDER
DECLARATION DATED JANUARY 27, 1984,
AS AMENDED / EVELYN THOMPSON, JOHN
H. THOMPSON AND DEBORAH M. MEREIROS
AS TRUSTEES OF THE GST EXEMPT
MARTIAL TRUST UNDER THE THOMPSON
1984 TRUST UNDER DECLARATION DATED
JANUARY 27, 1984

MARTIN A. MATTES
NOSSAMAN, LLP
50 CALIFORNIA STREET, 34TH FLOOR
SAN FRANCISCO, CA 94111-4799
FOR: ENERLAND, LLC

JOSEPH L. WUCHER
18 BARCELONA CIRCLE
REDWOOD CITY, CA 95065
FOR: JOSEPH L. WUCHER AND JENNY B.
WUCHER, HUSBAND AND WIFE AS JOINT
TENANTS

CHRISTOPHER CORLETT
1570 PAM LANE
SAN JOSE, CA 95120
ALL OF THE HEIRS AND DEVISEES OF W.
G. POAGE, DECEASED, EXCLUDING
ELIZABETH ANN PERKINS AND PATRICIA

MARY YOUNG, ALSO KNOWN AS PATRICIA M. YOUNG AND PATRICIA M. WILSON, AND INCLUDING, BUT NOT LIMITED TO: JEAN MCARTHUR BRITZMAN AND CHRISTOPHER CORLETT / ALL OF THE HEIRS AND DEVISEES OF CHARLES A. POAGE, JR., DECEASED, EXCLUDING JEAN MCARTHUR BRITZMAN, ELIZABETH ANN PERKINS, AND PATRICIA MARY YOUNG, ALSO KNOWN AS PATRICIA M. YOUNG AND PATRICIA M. WILSON, AND INCLUDING, BUT NOT LIMITED TO CHRISTOPHER CORLETT / ALL OF THE HEIRS AND DEVISEES OF MARGARET POAGE CARTER, DECEASED, EXCLUDING JEAN MCARTHUR BRITZMAN, ELIZABETH ANN PERKINS, AND PATRICIA MARY YOUNG, ALSO KNOWN AS PATRICIA M. YOUNG AND PATRICIA M. WILSON, AND INCLUDING, BUT NOT LIMITED TO CHRISTOPHER CORLETT

JULIE G. B. SAGE
2734 SAGE LANE
MEADOW VISTA, CA 95722-9335
FOR: JULIE GERALDINE BRANSFORD SAGE,
FORMERLY JULIE BRANSFORD

RUTH L. LUNDEEN
6707 EUREKA ROAD
GRANITE BAY, CA 95746
FOR: RUTH L. LUNDEEN

GARY FUNAMURA
TRAINOR FAIRBROOK
980 FULTON AVENUE
SACRAMENTO, CA 95825
FOR: KEVIN D. TOWNE AND PATRICIA I. TOWNE, AS CO-TRUSTEES OR THEIR SUCCESSORS IN TRUST, UNDER THE KEVIN D. TOWNE AND PATRICIA I. TOWNE REVOCABLE LIVING TRUST DATED JUNE 28, 1996 / LEO M. HOLTHOUSE AND DIANE M. HOLTHOUSE, TRUSTEES OF THE HOLTHOUSE FAMILY TRUST

KEVIN D. TOWNE
1057 LASALLE DRIVE
SACRAMENTO, CA 95864
FOR: KEVIN D. TOWNE AND PATRICIA I. TOWNE, AS CO-TRUSTEES OR THEIR SUCCESSORS IN TRUST, UNDER THE KEVIN D. TOWNE AND PATRICIA I. TOWNE REVOCABLE LIVING TRUST DATED JUNE 28, 1996

THOMAS W. ERES
ATTORNEY AT LAW
4030 WINDING CREEK ROAD
SACRAMENTO, CA 95864
FOR: ALLEN E. AZEVEDO AND MARY ANNE AZEVEDO, HUSBAND AND WIFE AS COMMUNITY PROPERTY / JACK L. BARRETT, JR. AND DONNA M. BARRETT, HUSBAND AND WIFE, AS JOINT TENANTS AND WILLIAM R. DIRKS, JR. AND DORA DIRKS, HUSBAND AND WIFE, AS JOINT TENANTS / FRANCES M. ETCHEPARE, TRUSTEE OF THE TESTAMENTARY TRUST UNDER THE WILL OF LEON W. ETCHEPARE

JERRY SOUTHAM
1200 SPRINGFIELD DRIVE
CHICO, CA 95928
FOR: ALL THE HEIRS AND DEVISEES OF LUELLEA SOUTHAM, DECEASED, EXCLUDING JERRY SOUTHAM AND INCLUDING, BUT NOT LIMITED TO, BARBARA RICE

DATED FEBRUARY 23, 1968

AGNES ANN ZUMWALT
1136 CARLSON STREET
COLUSA, CA 95932
FOR: AGNES ANN ZUMWALT, TRUSTEE OF
THE IVY G. ZUMWALT QTIP TRUST, AKA
MARITAL QUALIFIED TERMINAL INTEREST
PROPERTY TRUST, EFFECTIVE AUGUST 1,
2002, A SUCCESSOR SUBTRUST UNDER THE
ZUMWALT FAMILY TRUST DATED OCTOBER
4, 1993

ALLEN CABRAL
3140 WISLOW AVE.
COLUSA, CA 95932
FOR: ALLEN CABRAL

CHARLES W. TUTTLE, JR.
1217 CARSON STREET
COLUSA, CA 95932
FOR: CHARLES W. TUTTLE, JR. AND SUE
TUTTLE NOACK, CO-TRUSTEES OF THE
CHARLES W. TUTTLE FARM TRUST FOR THE
BENEFIT OF CHARLES W. TUTTLE, JR. /
CHARLES W. TUTTLE, JR. AND SUE
TUTTLE NOACK, CO-TRUSTEES OF THE
CHARLES W. TUTTLE FARM TRUST FOR THE
BENEFIT OF SUE TUTTLE NOACK

DAVID FRANK BURROWS
18 CARSON STREET
COLUSA, CA 95932
FOR: KENNETH P. WOODS, SUCCESSOR
TRUSTEE OF GEORGE R. ZUMWALT
TESTAMENTARY TRUST FOR THE BENEFIT
OF DAVID F. BURROWS

DAVID R. NELSON, ESQ.
CLARK & NELSON
521 MARKET STREET
COLUSA, CA 95932
FOR: MARK GALENTINE AND PATRICIA
LYNN WEBER, CO-TRUSTEES OF THE
GEORGE R. ZUMWALT TESTAMENTARY TRUST
A FOR THE BENEFIT OF RUTH ANN SPENCE

FRANK EICHHORN
3140 WISLOW AVE.
COLUSA, CA 95932
FOR: FRANK EICHHORN

KENNETH P. WOODS
PO BOX 297
COLUSA, CA 95932
FOR: KENNETH P. WOODS, SUCCESSOR
TRUSTEE OF GEORGE R. ZUMWALT
TESTAMENTARY TRUST FOR THE BENEFIT
OF DAVID F. BURROWS

MAJORIE E. B. LAGRANDE
1019 7TH STREET
COLUSA, CA 95932
FOR: MAJORIE ELLEN BRANSFORD
LAGRANDE, FORMERLY MAJORIE BRANSFORD

SUE A. BAILEY
1107 JAY STREET
COLUSA, CA 95932
FOR: PATRICIA LYNN WEBER AND SUE A.
BAILEY, SUCCESSOR CO-TRUSTEES OF THE
GEORGE R. ZUMWALT TESTAMENTARY TRUST
C FOR THE BENEFIT OF MARK GALENTINE,
AKA DEXTER MARK GALENTINE / MARK
GALENTINE AND PATRICIA LYNN WEBER,
SUCCESSOR CO-TRUSTEES OF THE GEORGE
R. ZUMWALT TESTAMENTARY TRUST C FOR
THE BENEFIT OF SUE A. BAILEY AKA SUE

TEDD MEHR, ESQ.
MEHR & MEHR
PO BOX 1286
2967 DAVISON COURT, SUITE B
COLUSA, CA 95932
FOR: DENNIS FOX

ADELE MAYBERRY

WOODFORD A. YERXA
PO BOX 209
COLUSA, CA 95932
FOR: WOODFORD A. YERXA

MARK GALENTINE
1242 CARSON STREET
COLUSA, CA 95932-2049
FOR: MARK GALENTINE AND PATRICIA
LYNN WEBER, SUCCESSOR CO-TRUSTEES OF
THE GEORGE R. ZUMWALT TESTAMENTARY
TRUST C FOR THE BENEFIT OF SUE A.
BAILEY AKA SUE ADELE MAYBERRY / MARK
GALENTINE AND SUE A. BAILEY,
SUCCESSOR CO-TRUSTEES OF THE GEORGE
R. ZUMWALT TESTAMENTARY TRUST C FOR
THE BENEFIT OF PATRICIA LYNN WEBER

PATRICIA LYNN WEBER
755 11TH STREET
COLUSA, CA 95932-2105
FOR: PATRICIA LYNN WEBER AND SUE A.
BAILEY, SUCCESSOR CO-TRUSTEES OF THE
GEORGE R. ZUMWALT TESTAMENTARY TRUST
C FOR THE BENEFIT OF MARK GALENTINE,
AKA DEXTER MARK GALENTINE / MARK
GALENTINE AND SUE A. BAILEY,
SUCCESSOR CO-TRUSTEES OF THE GEORGE
R. ZUMWALT TESTAMENTARY TRUST C FOR
THE BENEFIT OF PATRICIA LYNN WEBER

CRAIG FELIX
246 N. PACIFIC
MAXWELL, CA 95955
FOR: CRAIG FELIX

DOUGLAS MCGEOGHEGAN
P.O. BOX 626
MAXWELL, CA 95955
FOR: DOUGLAS MCGEOGHEGAN

GUNNERSFIELD ENTERPRISES, INC
P. O. BOX 626
MAXWELL, CA 95955
FOR: GUNNERSFIELD ENTERPRISES, INC.,
A CALIFORNIA CORPORATION

BARBARA RICE
3122 HIDDEN CREEK DR.
CHICO, CA 95973
FOR: ALL THE HEIRS AND DEVISEES OF
LUELLE SOUTHAM, DECEASED, EXCLUDING
JERRY SOUTHAM AND INCLUDING, BUT NOT
LIMITED TO, BARBARA RICE

CLEVELAND TEETER
1055 GREEN STREET
WILLOWS, CA 95988
FOR: CLEVELAND TEETER AND LISA
TEETER, TRUSTEES OF THE TEETER
FAMILY TRUST, DATED APRIL 6, 1998,
AS THE SOLE AND SEPARATE PROPERTY OF
LISA TEETER

MARK ATLAS, ESQ.
332 W. SYCAMORE STREET
WILLOWS, CA 95988
FOR: RICHARD J. PEREZ AND TORI L.
PEREZ, AS TRUSTEES OF THE RICHARD J.
AND TORI L. PEREZ FAMILY TRUST DATED
FEBRUARY 13, 2009

TRIPLE J FARMS
124 SOUTH SONOMA STREET
WILLIAMS, CA 95988
FOR: TRIPLE J FARMS, LLC, A
CALIFORNIA LIMITED LIABILITY COMPANY

FRED MECKFESSEL
MECKFESSEL HOPKINS & BYRD
PO BOX 1190

MARK G. STEIDLMEYER
TREZZA, ITHURBURN, STEIDLMEYER &
ITHURBURN

109 N. MARSHALL AVE.
WILLOWS, CA 95988-2718
FOR: RAYMOND NORVAL BAKER, AS HIS
SEPARATE PROPERTY / DONALD
BRANSFORD, AKA DONALD RICHARD
BRANSFORD / SARA Z. BURROWS, AKA
SARA ZUMWALT, TRUSTEE OF THE ZUMWALT
GRANDCHILDREN TRUSTS FOR THE BENEFIT
OF ELIZABETH MEGAN BURROWS SSEAVER /
RALPH L. KEELEY, III, TRUSTEE OF THE
MATTIE Z. KEELEY 1989 REVOCABLE
TRUST / JOYCE ANN KEPHART, FORMERLY
JOYCE ANN FELICIANO, WHO ACQUIRED
TITLE AS JOYCE ANN BAKER, AS HER
SEPARATE PROPERTY / DOROTHY I.
PENDLETON, SURVIVING SPOUSE / DAVID
G. WEHLITZ, SUCCESSOR TRUSTEE OF THE
GEORGE R. ZUMWALT TESTAMENTARY TRUST
B FOR THE BENEFIT OF SARA Z. BURROWS
/ N. JOEL DANLEY, ALSO KNOWN AS
NEWLAND JOEL DANLEY, A MARRIED MAN
AND LORENE D. STEPHEN ALSO KNOWN AS
LORENE K. STEPHEN, A MARRIED WOMAN

NANCY Z. WARD
8113 CHURN CREEK RD.
REDDING, CA 96002-4084
FOR: NANCY Z. WARD, FORMERLY NANCY
ZUMWALT AND NANCY Z. IRWIN

ED LEWIS
PO BOX 637
ASOTIN, WA 99402
FOR: DEBBIE LEWIS AND/OR ED LEWIS,
SUCCESSOR TRUSTEE OF THE ED AND
WINIFRED LEWIS REVOCABLE TRUST UNDER
DECLARATION OF TRUST, ESTABLISHED
APRIL 27, 1994

N. JOEL DANLEY
N/A
N/A, CA 00000

DANIEL MCNAMARA
VP, GEN COUNSEL & SECRETARY
CENTRAL VALLEY GAS STORAGE LLP
1844 FERRY ROAD
NAPERVILLE, FL 60563

506 SECOND STREET
YUBA CITY, CA 95991
FOR: SOUTHAM & SON, A PARTNERSHIP /
FRED C. SOUTHAM, AN UNMARRIED MAN /
DAVID W. LANZA, TRUSTEE OF THE DAVID
W. LANZA TRUST DATED FEBRUARY 6,
1996 / PATRICK LAUGHLIN, TRUSTEE OF
THE PATRICK LAUGHLIN TRUST DATED
MARCH 1999

JEAN MCARTHUR BRITZMAN
5798 GOLDENROD WAY
PRESCOTT, AZ 96305
FOR: ALL OF THE HEIRS AND DEVISEES
OF W. G. POAGE, DECEASED, EXCLUDING
ELIZABETH ANN PERKINS AND PATRICIA
MARY YOUNG, ALSO KNOWN AS PATRICIA
M. YOUNG AND PATRICIA M. WILSON, AND
INCLUDING BUT NO LIMITED TO: JEAN
MCARTHUR BRITZMAN AND CHRISTOPHER
CORLETT

SARA ZUMWALT
N/A
N/A, CA 00000

JOYCE ANN KEPHART
3210 HIGHWAY 89N
CHINO VALLEY, AZ 86323

NEIL R. O'HANLON
HOGAN LOVELLS US LLP
1999 AVENUE OF THE STARS, SUITE 1400
LOS ANGELES, CA 90067

CALIFORNIA ENERGY MARKETS
425 DIVISADERO STREET, SUITE 303
SAN FRANCISCO, CA 94117

RAYMOND NORVAL BAKER
1500 SPRUCE STREET
BERKELEY, CA 94709

DOROTHY I. PENDLETON
3554 ANDREA COURT
SAN JOSE, CA 95117

CANDICE B. HARPER
TRAINOR FAIRBROOK
980 FULTON AVENUE
SACRAMENTO, CA 95825

DONALD BRANSFORD
PO BOX 809
COLUSA, CA 95932

RALPH L. KEELEY, III
PO BOX 907
65 OAK TREE LANE
COLUSA, CA 95932

DENNIS FOX
PO BOX 712
MAXWELL, CA 95955

JACK L. BARRETT, JR.
PO BOX 9
MAXWELL, CA 95955

SOUTHAM & SON, A PARTNERSHIP
PO BOX 126
6954 MCAUSLAND ROAD
PRINCETON, CA 95970

LORENE K. STEPHEN
5771 COUNTY ROAD 65
WILLOWS, CA 95988

JEFF BODINGTON
BODINGTON & COMPANY
50 CALIFORNIA STREET, STE 630
SAN FRANCISCO, CA 94111

SARA Z. BURROWS
2156 LEAVENWORTH STREET
SAN FRANCISCO, CA 94133-2562

DAVID G. WEHLITZ
435 LOS CERROS DRIVE
GREENBRAE, CA 94904

JOHN R. BRIGGS, ESQ.
WEINTRAUB GENSHLEA CHEDIAK
400 CAPITOL MALL, 11TH FLOOR
SACRAMENTO, CA 95814

DAVID W. LANZA
PO BOX 591
519 D STREET
MARYSVILLE, CA 95901

KATHLEEN MORAN
COUNTY CLERK AND RECORDER
COUNTY OF COLUSA
546 JAY STREET, SUITE 200
COLUSA, CA 95932

ALLEN E. AZEVEDO
PO BOX 629
MAXWELL, CA 95955

FRANCES M. ETCHEPARE
PO BOX 658
MAXWELL, CA 95955

FRED C. SOUTHMAN
PO BOX 126
6954 MCAUSLAND ROAD
PRINCETON, CA 95970

ROBERT MUSSETTER
ENERLAND LLC
PO BOX 838
WILLIAMS, CA 95987

RICHARD J. PEREZ
6434 COUNTY ROAD 8
WILLOWS, CA 95988

ELIZABETH MEGAN BURROWS SEAVER
1290 NORTHGATE NO. 66
YUBA CITY, CA 95991

PATRICK LAUGHLIN
1008 LIVE OAK BOULEVARD
YUBA CITY, CA 95991

DIANE M. HOLTHOUSE
25039 HIGHWAY 395 SOUTH
CANYON CITY, OR 97820-9702

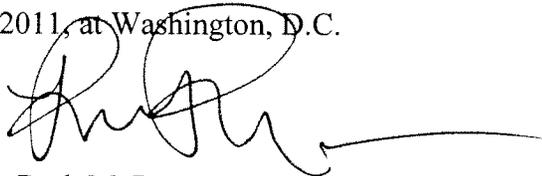
LEO M. HOLTHOUSE
25039 HIGHWAY 395 SOUTH
CANYON CITY, OR 97820-9702

KATHERINE MACDONALD
CALIF PUBLIC UTILITIES COMMISSION
DIVISION OF ADMINISTRATIVE LAW JUDGES
ROOM 5103
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3214

MARIBETH A. BUSHEY
CALIF PUBLIC UTILITIES COMMISSION
DIVISION OF ADMINISTRATIVE LAW JUDGES
ROOM 5018
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3214

I declare under penalty of perjury under the laws of the District of Columbia that the above is true and correct.

Executed on this 12th day of January, 2011, at Washington, D.C.

A handwritten signature in black ink, appearing to read 'Ruth M. Porter', with a long horizontal line extending to the right.

Ruth M. Porter
Hogan Lovells US LLP
555 Thirteenth Street, N.W.
Washington, DC 20004
Telephone: (202) 637-6516
Facsimile: (202) 637-5910
E-mail: ruth.porter@hoganlovells.com