Decision 06-12-014 December 14, 2006

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of King Island Gas Storage, LLC, for a Certificate of Public Convenience and Necessity for Construction and Operation of Gas Storage Facilities.	Application 05-12-024 (Filed December 22, 2005)

ORDER DISMISSING APPLICATION

King Island Gas Storage, LLC (King Island) filed an application on December 22, 2005 seeking to construct a natural gas storage field. On January 23, 2006, the Director of the Energy Division sent King Island a letter (Appendix A, attached) stating that the application failed to comply with the California Environmental Quality Act. King Island did not supplement its application to cure the deficiencies cited in the Energy Division's letter. Therefore, this decision dismisses the application.

Comments on Proposed Decision

The proposed decision of the Administrative Law Judge (ALJ) in this matter was mailed to the parties in accordance with Pub. Util. Code § 311 and Rule 14.2(a) of the Commission's Rules of Practice and Procedure. No comments were filed.

Assignment of Proceeding

Dian M. Grueneich is the assigned Commissioner and Sarah R. Thomas is the assigned ALJ in this proceeding.

IT IS SO ORDERED that:

1. Application 05-12-024 is dismissed.
2. Application 05-12-024 is closed.

This order is effective today.

Dated December 14, 2006, at San Francisco, California.

MICHAEL R. PEEVEY
President
GEOFFREY F. BROWN
DIAN M. GRUENEICH
JOHN A. BOHN
RACHELLE B. CHONG
Commissioners

STATE OF CALIFORNIA ARNOLD SCHWARZENEGGER, *Governor*

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

January 23, 2006

Patrick Ross, President
Kings Island Gas Storage, LLC
1262 ½ Prospect Street
La Jolla, CA 92037

Re: Kings Island Gas Storage, Application No. A0512024

Dear Mr. Ross:

The Commission reviewed your application for Kings Island Gas Storage Facilities filed on December 22, 2005 and have found it does not comply with CPUC Rule 17. The application in general is too vague on the details of the project, its financing, the interconnection agreement with PG&E, and its environmental assessment.

The project description is not specific on which of the pipeline alternatives is being recommended. Concurrently, the Proponents Environmental Assessment (PEA) does not specifically review any of the three alternatives. The PEA doesn't have resource studies or air quality data to support the conclusion that there are no significant environmental impacts. The PEA makes assumptions relating to future agreements and actions of PG&E relating to pipeline modifications accommodating the applicant.

Under California CEQA stature, the CPUC is the lead agency with discretionary decision making authority on the project. Therefore, the Commission has to complete an independent environmental review as outlined by CEQA. The applicant is required under Rule 17 to reimburse the Commission for the cost of the environmental review. A deposit to cover the environmental cost is required to be submitted with your application. The procedure for calculating the deposit is covered under Rule 17 (f).

I recommend that you contact Ken Lewis, Program and Project Manager, in the Energy Division to discuss what is needed to have your application comply with Commission Rules and Procedures. Ken can be contacted by phone at (415) 703-1090 or by e-mail at kl1@cpuc.ca.gov.

Sincerely,

Sean Gallagher
Director-Energy Division

CC: Dian Grueneich-Commissioner
Sarah Thomas-Administrative Law Judge
Ken Lewis-Energy Division Program and Project Manager
Gubux Kalon-Energy Division Program and Project Manager
Richard Myers-Energy Program and Project Supervisor

(END OF APPENDIX A)