AUG 16 2012

Mr. Rod Villanueva  
Pacific Gas & Electric Company  
P.O. Box 7640  
San Francisco, CA 94120

Re: Final - Authority to Construct / COC (Significant Mod)  
District Facility # N-608  
Project # N-1120252

Dear Mr. Villanueva:

The Air Pollution Control Officer has issued Authorities to Construct (N-608-25-5 and N-608-26-5) with Certificates of Conformity to Pacific Gas & Electric Company located at McDonald Island in Holt. This project is to replace the existing 6.75 MMBtu/hr natural gas-fired thermal oxidizer with a 11.44 MMBtu/hr natural gas-fired thermal oxidizer.

Enclosed are the Authorities to Construct. The application and proposal were sent to US EPA Region IX on June 25, 2012. No comments were received following the District’s preliminary decision on this project.

The notice of final decision for this project will be published approximately three days from the date of this letter.

Prior to operating with modifications authorized by the Authority to Construct, you must submit an application to modify the Title V permit as an administrative amendment in accordance with District Rule 2520, Section 11.5.

Thank you for your cooperation in this matter. If you have any questions, please contact Mr. Rupi Gill, Permit Services Manager, at (209) 557-6400.

Sincerely,

David Warner  
Director of Permit Services  
DW:WMS/st  
Enclosures
AUG 16 2012

Gerardo C. Rios, Chief
Permits Office
Air Division
U.S. EPA - Region IX
75 Hawthorne St
San Francisco, CA 94105

Re: Final - Authority to Construct / COC (Significant Mod)
District Facility # N-608
Project # N-1120252

Dear Mr. Rios:

The Air Pollution Control Officer has issued Authorities to Construct (N-608-25-5 and N-608-26-5) with Certificates of Conformity to Pacific Gas & Electric Company located at McDonald Island in Holt. This project is to replace the existing 6.75 MMBtu/hr natural gas-fired thermal oxidizer with a 11.44 MMBtu/hr natural gas-fired thermal oxidizer.

Enclosed is a copy of the Authorities to Construct. The application and proposal were sent to US EPA Region IX on June 25, 2012. No comments were received following the District’s preliminary decision on this project.

The notice of final decision for this project will be published approximately three days from the date of this letter.

Thank you for your cooperation in this matter. If you have any questions, please contact Mr. Rupi Gill, Permit Services Manager, at (209) 557-6400.

Sincerely,

David Warner
Director of Permit Services

Enclosures
AUG 16 2012

Mike Tollstrup, Chief
Project Assessment Branch
Air Resources Board
P O Box 2815
Sacramento, CA 95812-2815

Re: Final - Authority to Construct / COC (Significant Mod)
District Facility # N-608
Project # N-1120252

Dear Mr. Tollstrup:

The Air Pollution Control Officer has issued Authorities to Construct (N-608-25-5 and N-608-26-5) with Certificates of Conformity to Pacific Gas & Electric Company located at McDonald Island in Holt. This project is to replace the existing 6.75 MMBtu/hr natural gas-fired thermal oxidizer with a 11.44 MMBtu/hr natural gas-fired thermal oxidizer.

Enclosed is a copy of the Authorities to Construct. The application and proposal were sent to US EPA Region IX on June 25, 2012. No comments were received following the District’s preliminary decision on this project.

The notice of final decision for this project will be published approximately three days from the date of this letter.

Thank you for your cooperation in this matter. If you have any questions, please contact Mr. Rupi Gill, Permit Services Manager, at (209) 557-6400.

Sincerely,

David Warner
Director of Permit Services

Enclosures
NOTICE OF FINAL DECISION
FOR THE ISSUANCE OF AUTHORITY TO CONSTRUCT AND
THE PROPOSED SIGNIFICANT MODIFICATION OF FEDERALLY
MANDATED OPERATING PERMIT

NOTICE IS HEREBY GIVEN that the San Joaquin Valley Air Pollution Control District has made its final decision to issue Authorities to Construct to Pacific Gas & Electric Company for its natural gas processing facility located at McDonald Island in Holt, California. This project is to replace the existing 6.75 MMBtu/hr natural gas-fired thermal oxidizer with a 11.44 MMBtu/hr natural gas-fired thermal oxidizer.

The District's analysis of the legal and factual basis for this proposed action, project #N-1120252, is available for public inspection at the District office at the address below. For additional information regarding this matter, please contact Mr. Rupi Gill, Permit Services Manager, at (209) 557-6400, or contact David Warner, Director of Permit Services, in writing at SAN JOAQUIN VALLEY AIR POLLUTION CONTROL DISTRICT, 4800 ENTERPRISE WAY, MODESTO, CA 95356-8718.
AUTHORITY TO CONSTRUCT

PERMIT NO: N-608-25-5

LEGAL OWNER OR OPERATOR: PACIFIC GAS & ELECTRIC CO.

MAILING ADDRESS: ATTN: AIR QUALITY PERMITS
P O BOX 7640
SAN FRANCISCO, CA 94120

LOCATION: MCDONALD ISLAND COMPRESSOR STATION
HOLT, CA 95234

EQUIPMENT DESCRIPTION:
NATURAL GAS DEHYDRATION SYSTEM (WHISKY SLOUGH STATION) AND ODORIZING SYSTEM (SHARED WITH N-608-26) INCLUDING TWO CONTACTOR TOWERS AND A 3-PHASE GAS SEPARATOR SERVED BY A 6.75 MMBTU/HR THERMAL OXIDIZER (SHARED WITH N-608-26) AND A PERMIT EXEMPT < 5 MMBTU/HR REBOILER (#3). MODIFICATION TO REPLACE THE THERMAL OXIDIZER. THE POST PROJECT EQUIPMENT DESCRIPTION BECOMES: NATURAL GAS DEHYDRATION SYSTEM (WHISKY SLOUGH STATION) AND ODORIZING SYSTEM (SHARED WITH N-608-26) INCLUDING TWO CONTACTOR TOWERS AND A 3-PHASE GAS SEPARATOR SERVED BY A 11.44 MMBTU/HR THERMAL OXIDIZER (SHARED WITH N-608-26) AND A PERMIT EXEMPT < 5 MMBTU/HR REBOILER (#3).

CONDITIONS

1. This Authority to Construct serves as a written certificate of conformity with the procedural requirements of 40 CFR 70.7 and 70.8 and with the compliance requirements of 40 CFR 70.6(c). [District Rule 2201] Federally Enforceable Through Title V Permit

2. Prior to operating with modifications authorized by this Authority to Construct, the facility shall submit an application to modify the Title V permit with an administrative amendment in accordance with District Rule 2520 Section 5.3.4. [District Rule 2520, 5.3.4] Federally Enforceable Through Title V Permit

3. Prior to operating equipment under Authorities to Construct N-608-25-5 and N-608-26-5, permittee shall surrender NOX emission reduction credits for the following quantity of emissions: 1st quarter - 1,027 lb, 2nd quarter - 1,027 lb, 3rd quarter - 1,027 lb, and 4th quarter - 1,027 lb. Offsets shall be provided at an offset ratio 1.5 to 1. [District Rule 2201]

CONDITIONS CONTINUE ON NEXT PAGE

YOU MUST NOTIFY THE DISTRICT COMPLIANCE DIVISION AT (209) 557-6400 WHEN CONSTRUCTION IS COMPLETED AND PRIOR TO OPERATING THE EQUIPMENT OR MODIFICATIONS AUTHORIZED BY THIS AUTHORITY TO CONSTRUCT. This is NOT a PERMIT TO OPERATE. Approval or denial of a PERMIT TO OPERATE will be made after an inspection to verify that the equipment has been constructed in accordance with the approved plans, specifications, and conditions of this Authority to Construct, and to determine if the equipment can be operated in compliance with all Rules and Regulations of the San Joaquin Valley Unified Air Pollution Control District. Unless construction has commenced pursuant to Rule 2050, this Authority to Construct shall expire and application shall be cancelled two years from the date of issuance. The applicant is responsible for complying with all laws, ordinances, and regulations of all other governmental agencies which may pertain to the above equipment.

Seyed Sadreolin, Executive Director / APCO

DAVID WARNER, Director of Permit Services
Northern Regional Office • 4800 Enterprise Way • Modesto, CA 95356-8718 • (209) 557-6400 • Fax (209) 557-6476
4. ERC certificate N-868-2 (or a certificate split from this certificate) shall be used to supply the required offsets, unless a revised offsetting proposal is received and approved by the District, upon which this Authority to Construct shall be reissued, administratively specifying the new offsetting proposal. Original public noticing requirements, if any, shall be duplicated prior to reissuance of this Authority to Construct. [District Rule 2201]

5. No air contaminant shall be released into the atmosphere which causes a public nuisance. [District Rule 4102]

6. No air contaminant shall be discharged into the atmosphere for a period or periods aggregating more than three minutes in any one hour which is as dark as, or darker than, Ringelmann 1 or 20% opacity. [District Rule 4101]

7. The thermal oxidizer shall be fired solely on PUC quality natural gas. [District Rule 2201] Federally Enforceable Through Title V Permit

8. The thermal oxidizer shall be equipped with an operational temperature indicator at the combustion chamber. The temperature shall be monitored and recorded continuously. [District Rule 2201] Federally Enforceable Through Title V Permit

9. The thermal oxidizer shall be heated to at least 1400 degrees Fahrenheit prior to any contaminated air steam entering the oxidizer, and shall operate at a minimum temperature of 1400 degrees Fahrenheit. [District Rule 2201] Federally Enforceable Through Title V Permit

10. The thermal oxidizer shall operate at all times when dehydration is taking place. [District Rule 2201] Federally Enforceable Through Title V Permit

11. Only glycol shall be used as the dehydration medium. [District Rule 2201] Federally Enforceable Through Title V Permit

12. The VOC control efficiency of the thermal oxidizer shall not be less than 97.5%. [District Rules 2201 and 4408] Federally Enforceable Through Title V Permit

13. NOx emissions from natural gas combustion in the thermal oxidizer shall not exceed 0.1 lb/MMBtu. [District Rule 2201] Federally Enforceable Through Title V Permit

14. CO emissions from natural gas combustion in the thermal oxidizer shall not exceed 0.084 lb/MMBtu. [District Rule 2201] Federally Enforceable Through Title V Permit

15. PM10 emissions from natural gas combustion in the thermal oxidizer shall not exceed 0.0076 lb/MMBtu. [District Rule 2201] Federally Enforceable Through Title V Permit

16. SOx emissions from natural gas combustion in the thermal oxidizer shall not exceed 0.00285 lb/MMBtu. [District Rule 2201] Federally Enforceable Through Title V Permit

17. The combined VOC emissions from dehydration units N-608-25 and N-608-26, including the combustion contaminants from the thermal oxidizer, shall not exceed 1.95 lb/hr. [District Rule 2201] Federally Enforceable Through Title V Permit

18. Source testing to determine the thermal oxidizer VOC control efficiency and the combined VOC emissions from units N-608-25 and -26 shall be conducted within 60 days of initial start-up and annually thereafter. [District Rules 1081, 2201, and 4408] Federally Enforceable Through Title V Permit

19. Source testing shall be conducted using the methods and procedures approved by the District. The District must be notified at least 30 days prior to any compliance source test, and a source test plan must be submitted for approval at least 15 days prior to testing. [District Rule 1081] Federally Enforceable Through Title V Permit

20. The results of each source test shall be submitted to the District within 60 days thereafter. [District Rule 1081] Federally Enforceable Through Title V Permit


22. Permittee shall maintain monthly records of the amount of gas dehydrated by dehydration units N-608-25 and -26. [District Rules 2201 and 4408] Federally Enforceable Through Title V Permit
23. Permittee shall maintain the following records: APCD permit number; location, size of glycol dehydrator reboiler (MMBTU/hr), and type of glycol used; description of any installed VOC control system; flow diagram of the dehydrator and any VOC controls; maintenance records of the VOC control system; reports of source tests; all records necessary to document inputs to and outputs of the GRI-GLYCalc software, if used. [District Rules 2201 and 4408] Federally Enforceable Through Title V Permit

24. All records shall be retained for a minimum of 5 years, and shall be made available for District inspection upon request. [District Rules 2201 and 4408] Federally Enforceable Through Title V Permit
AUTHORITY TO CONSTRUCT

PERMIT NO: N-608-26-5

LEGAL OWNER OR OPERATOR: PACIFIC GAS & ELECTRIC CO.

MAILING ADDRESS: ATTN: AIR QUALITY PERMITS
P O BOX 7640
SAN FRANCISCO, CA 94120

LOCATION: MCDONALD ISLAND COMPRESSOR STATION
HOLT, CA 95234

EQUIPMENT DESCRIPTION:
NATURAL GAS DEHYDRATION SYSTEM (WHISKY SLOUGH STATION) AND ODORIZING SYSTEM (SHARED WITH N-608-25) INCLUDING TWO CONTACTOR TOWERS AND A 3-PHASE GAS SEPARATOR SERVED BY A 6.75 MMBTU/HR THERMAL OXIDIZER (SHARED WITH N-608-25) AND A PERMIT EXEMPT < 5 MMBTU/HR REBOILER (#4).


CONDITIONS

1. This Authority to Construct serves as a written certificate of conformity with the procedural requirements of 40 CFR 70.7 and 70.8 and with the compliance requirements of 40 CFR 70.6(c). [District Rule 2201] Federally Enforceable Through Title V Permit

2. Prior to operating with modifications authorized by this Authority to Construct, the facility shall submit an application to modify the Title V permit with an administrative amendment in accordance with District Rule 2520 Section 5.3.4. [District Rule 2520, 5.3.4] Federally Enforceable Through Title V Permit

3. Prior to operating equipment under Authorities to Construct N-608-25-5 and N-608-26-5, permittee shall surrender NOX emission reduction credits for the following quantity of emissions: 1st quarter - 1,027 lb, 2nd quarter - 1,027 lb, 3rd quarter - 1,027 lb, and 4th quarter - 1,027 lb. Offsets shall be provided at an offset ratio 1.5 to 1. [District Rule 2201]

CONDITIONS CONTINUE ON NEXT PAGE

YOU MUST NOTIFY THE DISTRICT COMPLIANCE DIVISION AT (209) 557-6400 WHEN CONSTRUCTION IS COMPLETED AND PRIOR TO OPERATING THE EQUIPMENT OR MODIFICATIONS AUTHORIZED BY THIS AUTHORITY TO CONSTRUCT. This is NOT a PERMIT TO OPERATE. Approval or denial of a PERMIT TO OPERATE will be made after an inspection to verify that the equipment has been constructed in accordance with the approved plans, specifications and conditions of this Authority to Construct, and to determine if the equipment can be operated in compliance with all Rules and Regulations of the San Joaquin Valley Unified Air Pollution Control District. Unless construction has commenced pursuant to Rule 2050, this Authority to Construct shall expire and application shall be cancelled two years from the date of issuance. The applicant is responsible for complying with all laws, ordinances and regulations of all other governmental agencies which may pertain to the above equipment.

Seyed Sadreddin, Executive Director / APDO

DAVID WARNER, Director of Permit Services

Northern Regional Office • 4800 Enterprise Way • Modesto, CA 95356-8718 • (209) 557-6400 • Fax (209) 557-6475
4. ERC certificate N-868-2 (or a certificate split from this certificate) shall be used to supply the required offsets, unless a revised offsetting proposal is received and approved by the District, upon which this Authority to Construct shall be reissued, administratively specifying the new offsetting proposal. Original public noticing requirements, if any, shall be duplicated prior to reissuance of this Authority to Construct. [District Rule 2201]

5. No air contaminant shall be released into the atmosphere which causes a public nuisance. [District Rule 4102]

6. No air contaminant shall be discharged into the atmosphere for a period or periods aggregating more than three minutes in any one hour which is as dark as, or darker than, Ringemann 1 or 20% opacity. [District Rule 4101]

7. The thermal oxidizer shall be fired solely on PUC quality natural gas. [District Rule 2201] Federally Enforceable Through Title V Permit

8. The thermal oxidizer shall be equipped with an operational temperature indicator at the combustion chamber. The temperature shall be monitored and recorded continuously. [District Rule 2201] Federally Enforceable Through Title V Permit

9. The thermal oxidizer shall be heated to at least 1400 degrees Fahrenheit prior to any contaminated air steam entering the oxidizer, and shall operate at a minimum temperature of 1400 degrees Fahrenheit. [District Rule 2201] Federally Enforceable Through Title V Permit

10. The thermal oxidizer shall operate at all times when dehydration is taking place. [District Rule 2201] Federally Enforceable Through Title V Permit

11. Only glycol shall be used as the dehydration medium. [District Rule 2201] Federally Enforceable Through Title V Permit

12. The VOC control efficiency of the thermal oxidizer shall not be less than 97.5%. [District Rules 2201 and 4408] Federally Enforceable Through Title V Permit

13. NOx emissions from natural gas combustion in the thermal oxidizer shall not exceed 0.1 lb/MBtu. [District Rule 2201] Federally Enforceable Through Title V Permit

14. CO emissions from natural gas combustion in the thermal oxidizer shall not exceed 0.084 lb/MBtu. [District Rule 2201] Federally Enforceable Through Title V Permit

15. PM10 emissions from natural gas combustion in the thermal oxidizer shall not exceed 0.0076 lb/MBtu. [District Rule 2201] Federally Enforceable Through Title V Permit

16. SOx emissions from natural gas combustion in the thermal oxidizer shall not exceed 0.00285 lb/MBtu. [District Rule 2201] Federally Enforceable Through Title V Permit

17. The combined VOC emissions from dehydration units N-608-25 and N-608-26, including the combustion contaminants from the thermal oxidizer, shall not exceed 1.95 lb/hr. [District Rule 2201] Federally Enforceable Through Title V Permit

18. Source testing to determine the thermal oxidizer VOC control efficiency and the combined VOC emissions from units N-608-25 and -26 shall be conducted within 60 days of initial start-up and annually thereafter. [District Rules 1081, 2201, and 4408] Federally Enforceable Through Title V Permit

19. Source testing shall be conducted using the methods and procedures approved by the District. The District must be notified at least 30 days prior to any compliance source test, and a source test plan must be submitted for approval at least 15 days prior to testing. [District Rule 1081] Federally Enforceable Through Title V Permit

20. The results of each source test shall be submitted to the District within 60 days thereafter. [District Rule 1081] Federally Enforceable Through Title V Permit


22. Permittee shall maintain monthly records of the amount of gas dehydrated by dehydration units N-608-25 and -26. [District Rules 2201 and 4408] Federally Enforceable Through Title V Permit

CONDITIONS CONTINUE ON NEXT PAGE
23. Permittee shall maintain the following records: APCD permit number; location, size of glycol dehydrator reboiler (MMBTU/hr), and type of glycol used; description of any installed VOC control system; flow diagram of the dehydrator and any VOC controls; maintenance records of the VOC control system; reports of source tests; all records necessary to document inputs to and outputs of the GRI-GLYCalc software, if used. [District Rules 2201 and 4408] Federally Enforceable Through Title V Permit

24. All records shall be retained for a minimum of 5 years, and shall be made available for District inspection upon request. [District Rules 2201 and 4408] Federally Enforceable Through Title V Permit
San Joaquin Valley
AIR POLLUTION CONTROL DISTRICT

ENGTIME N1120252
608 N93243 8/9/2012

PG&E ENVIRONMENTAL SERVICES
ATTN: AIR QUALITY PERMITS
P O BOX 7640
SAN FRANCISCO, CA 94120

SJVAPCD
4800 Enterprise Way
Modesto, CA 95356-8718

Thank You!

San Joaquin Valley
AIR POLLUTION CONTROL DISTRICT

Facility ID: N608
Invoice Date: 8/9/2012
Invoice Number: N93243

PROJECT NUMBER: 1120252

ENGINEERING TIME FEES
LESS PREVIOUSLY PAID PROJECT FEES APPLIED TO THIS INVOICE
PROJECT FEES DUE (Enclosed is a detailed statement outlining the fees for each item.)

<table>
<thead>
<tr>
<th>Late Payment (see Rule 3010, Section 11.0 Late Fees)</th>
<th>Total Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>Postmarked After 10/8/2012 through 10/18/2012</td>
<td>$ 4,526.50</td>
</tr>
<tr>
<td>After 10/18/2012</td>
<td>$ 6,172.50</td>
</tr>
<tr>
<td>After 11/7/2012 Permits To Operate MAY BE SUSPENDED</td>
<td></td>
</tr>
</tbody>
</table>

San Joaquin Valley Air Pollution Control District
4800 Enterprise Way, Modesto, CA 95356-8718, (209) 557-6400, Fax (209) 557-6475
Facility ID: N608

PACIFIC GAS & ELECTRIC CO.
MCDONALD ISLAND COMPRESSOR STATION
HOLT, CA 95234

<table>
<thead>
<tr>
<th>Project Nbr</th>
<th>Quantity</th>
<th>Rate</th>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>N1120252</td>
<td>20.5 hours</td>
<td>$138.00/h</td>
<td>After-Hours Engineering Time (OverTime)</td>
<td>$2,829.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Less Credit For Application Filing Fees</td>
<td>($142.00)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>After-Hours Engineering Time (OverTime) SubTotal</td>
<td>$2,687.00</td>
</tr>
<tr>
<td>N1120252</td>
<td>13.6 hours</td>
<td>$105.00/h</td>
<td>Standard Engineering Time</td>
<td>$1,428.00</td>
</tr>
</tbody>
</table>

Total Engineering Time Fees: $4,115.00