



Lisa Alexander
Vice President
Customer Solutions & Communications

555 W. 5th Street, GT20B7
Los Angeles, CA 90013-1011

Tel: 213.244.2957

LAlexander@semprautilities.com

December 5, 2016

Issam Najm, Ph.D.
President, Porter Ranch Neighborhood Council
P.O. Box 7337
Porter Ranch, California 91327-7337

RE: Porter Ranch Neighborhood Council position regarding the Aliso Canyon Gas Storage Facility, issued on November 10, 2016.

Dear Dr. Najm:

As the president of the Porter Ranch Neighborhood Council (PRNC), your community service, leadership, and active engagement on critical local issues are key to your organization's purpose. Given your leadership role on the PRNC, we have invited you several times to represent your organization in advising our company on community issues and to engage in a candid dialogue with other neighborhood council leaders, local law enforcement, fire department, and other key local community and business leaders as a member of the Aliso Canyon Community Advisory Council (CAC). I am sorry that you have declined to participate in our CAC. Please know that the invitation remains open; both of our organizations would greatly benefit from your participation.

Unfortunately, based on a recent public letter you authored and that PRNC approved, it appears that PRNC may not have an accurate or complete understanding of issues related to Aliso Canyon. We hope you find these facts helpful, and we hope PRNC reconsiders its position on our Aliso Canyon storage facility.

1. ALISO CANYON IS CRITICAL TO SUPPORT THE NATURAL GAS AND ELECTRICITY NEEDS OF SOUTHERN CALIFORNIA

More than 95 percent of homes in Southern CA use natural gas for heating and hot water and approximately 60 percent of electricity in the region is generated using natural gas. Several critical facilities rely on our service to maintain public health, safety, and quality of life, including hospitals, transit agencies, fuel providers, food processors, and ports. In fact, we used natural gas from our Aliso Canyon storage facility 85% of the days last winter to meet the energy needs of our customers.

In the absence of Aliso Canyon, our ability to meet the energy needs of all our customers is significantly reduced. As a result, the state's energy experts formed an inter-agency working group (Working Group) to assess the risk of disruptions to natural gas and electricity service and to put in place measures to mitigate potential energy shortages. The Working Group's Technical Assessment concluded that

SoCalGas does not have the pipeline capacity to meet peak demand, especially during the winter when natural gas demand is highest. The Working Group put measures in place to mitigate service disruptions this summer and winter but they did not substitute the need for Aliso Canyon.

Unique weather conditions occurred this past summer that helped meet our electric load. For example, the average temperatures in August and September of this year were the lowest in the past three years. This decreased the need for peak electric generation, since August and September tend to be the warmest months in Los Angeles. Improved drought conditions in the Pacific Northwest also provided hydroelectric resources that were not available in recent years. Despite these favorable weather conditions, Southern California energy providers were still not able to meet peak load this summer without Aliso Canyon. One power provider was forced to import electricity generated from higher polluting coal-fired power plants in Nevada to meet peak load and also had to secure a permit to generate in-basin electricity from dirty burning diesel fuel in the event of power outages. These factors may have gone unnoticed by the general public but they could have been prevented or reduced if Aliso Canyon was in full operation.

Finally, we believe the Technical Assessment developed by the Working Group underestimates the need for Aliso Canyon. The Assessment was based on overly optimistic conditions, such as 100 percent utilization of our system and favorable projected weather conditions. It also does not account for unforeseen factors that often contribute to service disruptions, such as unplanned pipeline outages, natural disasters, weather conditions, and energy demands in regions outside of California—all of which Aliso Canyon helps to mitigate.

In sum, the risk of energy shortages is real. Aliso Canyon is needed to meet the region’s current and future energy needs. Los Angeles is at greater risk of energy shortages without the facility.

2. ON THE ISSUE OF PUBLIC HEALTH:

Since the well has been sealed, thousands of samples have been taken by regulatory agencies, including the Department of Public Health (“Public Health”), of the indoor and outdoor air, and of soil and dust in selected homes in the Porter Ranch community. The samples include a broad panel of chemicals typically tested by health agencies to assess health risk. Public Health’s own testing results have detected no substance above state or federal levels of concern.

Nevertheless, in conjunction with the completion of the relocation program, SoCalGas cleaned more than 1,700 homes of formerly relocated residents following Public Health’s interior cleaning protocol. Relocated residents have returned home. It is important to remember that relocation was voluntary for residents. No evacuation was ever ordered and at no time did Public Health identify a condition resulting from the leak that presented a long-term health risk to residents. Moreover, since the well was sealed, Public Health has not identified a health hazard or condition that would require people to leave their homes, or that would preclude their returning.

The facts are clear: Public health officials, including the Department of Public Health, have repeatedly stated that their data do not suggest that the conditions in the greater Porter Ranch area present a risk to public health.

SoCalGas supports the prompt initiation and completion of a health study to evaluate the potential impacts of the natural gas leak at the Aliso Canyon storage facility. SoCalGas understood that the South Coast Air Quality Management District (AQMD) would conduct an enhanced risk assessment type of

health study, which many agencies, including AQMD, regularly rely on to assess potential risk to the community associated with the release of air contaminants.

SoCalGas agreed to fund the reasonable costs of such a study under the Stipulated Abatement Order and committed to fund up to \$400,000 to complete the health study. To date, AQMD has not provided SoCalGas with a proposed health study plan to be funded by SoCalGas. What AQMD has discussed is a National Academy of Sciences-led scoping effort that would delay the start of this health study, which we understand the community is also eager to see completed.

SoCalGas continues to urge the AQMD to provide a proposal for and to quickly begin a health study.

3. ALISO CANYON IS SAFE AND FIT FOR SERVICE

Over the last year, SoCalGas has made extensive physical upgrades and deployed advanced technologies to enhance safety at Aliso Canyon. These state-of-the-art enhancements strengthened the facility's infrastructure, introduced real-time pressure monitoring, and enabled improved communications with stakeholders.

As part of this process, SoCalGas completed a comprehensive fitness for service analysis of the storage facility, including an assessment of the design, construction, operation and maintenance of the surface facilities, underground storage wells, and reservoir. Fitness for service has been validated through compliance with applicable federal and state regulations and the completion of the Comprehensive Safety Review under the direction and oversight of the Division of Oil, Gas, and Geothermal Resources (DOGGR). This fitness for service analysis demonstrates that appropriate measures have been undertaken to provide comprehensive, ongoing validation of the safety and integrity of each well at the field and that it is safe to resume injection prior to the completion of the root cause analysis.

DOGGR and CPUC are responsible for confirming that the conditions to resume injection operations at Aliso Canyon have been met and that the facility is safe to reopen. DOGGR must hold a public meeting before any final determination is made.

Beyond any new or existing requirements, SoCalGas invested in system upgrades that enhance operations, technology, and safety at Aliso Canyon. These upgrades create multiple layers of safety at the facility. For example:

- The inner metal tubing of every well approved for injection has been replaced. In total, more than 40 miles of new steel piping have been installed.
- A physical barrier, or casing, around the new inner metal tubing — tested to ensure integrity under pressure — will provide a secondary barrier of protection against potential leaks.
- Withdrawal and injection of natural gas now will occur only through newly installed inner metal tubing of wells that have passed all tests and have been approved for use by DOGGR.

In addition, a number of technology and safety enhancements and practices to improve monitoring have been introduced, including:

- An infrared fence-line methane detection system with eight pairs of infrared methane monitors;
- Around-the-clock pressure monitoring of all wells in a 24-hour operations center;

- Continued daily patrols to examine every well, which are conducted four times each day;
- Daily scanning of each well using sensitive infrared thermal imaging cameras that can detect leaks;
- Enhanced training for our employees and contractors.

In addition, at DOGGR's direction, SoCalGas will operate wells at a reduced pressure, increasing the margin of safety.

SoCalGas has complied with all of the state's requirements and the facility is now ready for service.

4. WHAT'S AT STAKE

Natural gas is an essential energy resource that heats our homes and businesses and generates the majority of the electricity in Los Angeles. State energy experts have concluded that SoCalGas may not be able to supply enough natural gas to customers this winter without Aliso Canyon. The PRNC, and others opposed to the reopening of the facility have pointed to a summer without service interruptions as evidence that Aliso Canyon will never be needed. The fact is the region had to rely on dirty sources of energy to meet our energy needs this past summer. We were also fortunate to have favorable weather conditions and experienced no unforeseen system outages. That may not be the case in future years.

Over the last year, we have not only complied with new state regulations and new laws, we've gone above-and-beyond the requirements to strengthen the wells at Aliso Canyon and improve leak detection and notification systems. These are regulations the PRNC and other community organizations asked for and supported. The field is now safe to operate and we have requested approval from regulators to begin injecting natural gas to help meet the region's energy needs. Before natural gas may be injected, regulators must confirm that we have met all of the state's requirements and that the facility is safe to operate.

Any call to close the facility before the state's evaluation is completed is premature and unnecessarily puts the entire region at risk of natural gas and electricity shortages.

In light of the facts, we urge the PRNC to reconsider its position on the Aliso Canyon storage facility. Please contact me if you'd like to discuss further; I am happy to continue a productive dialogue.

Sincerely,



Lisa Alexander
Vice President, Customer Solutions and Communications
SoCalGas

CC: Mitchell Englander, Councilmember, Los Angeles City Council, District 12
Henry Stern, California State Senator-Elect, Senate District 27
Dante Acosta, California Assembly Member-Elect, 38th District
Kathryn Barger, Supervisor-Elect, Los Angeles County Board of Supervisors, 5th District