



A  Sempra Energy utility

November 9, 2016

Los Angeles County Board of Supervisors
Kenneth Hahn Hall of Administration
500 W. Temple Street
Los Angeles, CA 90012

Re: Agenda Item #7, November 9, 2016 Board Meeting: Five-signature letter to the CPUC to continue restricting natural gas injection into the Aliso Canyon Gas Storage Facility until the completion of a feasibility study.

Chair Solis and Members of the LA County Board of Supervisors (Board):

Thank you for the opportunity to present comments on behalf of the Southern California Gas Company (SoCalGas) on Motion 16-5557. On November 1, 2016, SoCalGas requested authority from the California Division of Oil, Gas, and Geothermal Resources (DOGGR) to resume injection at our Aliso Canyon Storage Facility. In response to our request, Supervisor Antonovich introduced Motion 16-5557, which requests the Board to send a five signature letter to the CA Public Utilities Commission (CPUC), Governor and LA County Legislative Delegation to continue restricting injection at the facility until the state has:

- Completed a study to determine the feasibility of closing or reducing the capacity of the facility and has completed the root cause analysis of what caused the gas leak and shared the results with the public;
- Independently verified the requested injection levels and the basis for the request;
- Issued a public report detailing the state's proposed final decision, including how the state will monitor compliance with the state's decision; and
- Provided maximum transparency, including a public meeting and an opportunity for public comment.

SoCalGas' overarching comment is that the motion is not consistent with SB 380, which LA County supported. SB 380 sets out a comprehensive framework for validating the integrity of the Aliso Canyon Storage Facility and restoring full operations at the facility as quickly as possible in order to meet Southern California's energy needs. Indeed, the statute expressly requires DOGGR to direct SoCalGas "to provide a plan to ensure, **at the earliest possible time**, the availability of sufficient gas production capacity using gas storage wells that have satisfactorily completed the testing and remediation required under [the bill's provisions.]" (Emphasis added) While a separate section of SB 380 directs the California Public Utilities Commission to open a rulemaking by July 1, 2017 to consider the feasibility of minimizing or eliminating use of Aliso while maintaining energy and electric reliability for the region, the statutory framework simultaneously establishes a process to restore injection operations at the earliest possible time. Thus, the motion takes a position that conflicts with SB 380.

Furthermore, under the direction of DOGGR and the CPUC, SoCalGas completed a comprehensive fitness for service analysis of the Aliso Canyon storage facility, which included an assessment of the design, construction, operation and maintenance of the Aliso Canyon surface facilities, underground storage wells and reservoir. Fitness for service of the underground storage wells and reservoir was validated through:

- Completion of a comprehensive suite of integrity assessments, including those completed under the direction and oversight of the DOGGR, in consultation with independent technical experts from the Lawrence Berkeley, Lawrence Livermore, and Sandia National Laboratories;
- Reconstruction of the wells to be utilized for injection or withdrawal of natural gas with new tubing and packer configurations (with new steel pipe) to flow natural gas solely through the inner tubing and operate with two complete barriers to mitigate the potential for an uncontrolled release of natural gas;
- Operating and monitoring within the minimum and maximum reservoir pressure set for the facility, performing geotechnical and geologic studies, and undertaking periodic shut-in inventory analyses; and
- Implementation of a comprehensive program for monitoring, testing and inspection of the underground storage wells and reservoir going forward.

These integrity assessments using multiple methods to validate the integrity of the tubing, casing, and cement bonds, coupled with SoCalGas' installation of new tubing and reconstruction of the wells including a second barrier, as specified by DOGGR and recommended by the Federal Interagency Task Force formed under the "Protecting our Infrastructure of Pipelines and Enhancing Safety (PIPES) Act of 2016, establish the fitness for service of the Aliso Canyon storage facility irrespective of the results of the root cause analysis of the SS-25 well failure. This fitness for service analysis demonstrates the Aliso Canyon Storage facility is fit for service and safe to resume injection prior to the completion of the root cause analysis. Moreover, it is not necessary to complete the root cause analysis of the SS-25 leak prior to restoring injection operations at Aliso Canyon.

Delaying the restarting of injection operations at the facility even though SoCalGas has complied with the requirements of SB 380, DOGGR Emergency Order 1109 and other emergency State directives and regulations, and the Interagency Task Force's forward-looking recommendation to operate wells with a dual barrier configuration, would be inconsistent with State law and agency determinations, and would increase the risk of energy shortages in LA County.

We thank you for the opportunity to clarify this important procedural issue. Should you have any questions, please contact Frank Lopez, government affairs manager at (213) 703-1347 or flopez5@semprautilities.com.

Lisa Alexander

A handwritten signature in black ink that reads "Lisa Alex" followed by a long horizontal flourish.

Vice-President - SoCalGas