

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



June 15, 2016

Rodger Schwecke, Vice President
Transmission and Storage
Southern California Gas Company
555 West 5th Street, GT21C3
Los Angeles, CA 90013
RSchwecke@semprautilities.com

Re: Aliso Canyon Natural Gas Storage Facility

Dear Mr. Schwecke:

On June 2, 2016 the California Public Utilities Commission (CPUC) enabled withdrawals of the remaining 15 billion cubic feet of working gas in the Aliso Canyon Natural Gas Storage Facility in order to prevent electric curtailments if it is safe to do so and strict protocols are met. This letter directs you to continue completing testing of all wells within Aliso Canyon under the facility's required Comprehensive Safety Review while retaining adequate gas withdrawal capacity during this review. This letter does not authorize SoCalGas to inject any natural gas into Aliso Canyon, which require separate additional regulatory approvals.

There are 114 wells within the Aliso Canyon facility that are undergoing multiple safety tests as required by law. To date, nearly 90 wells have passed Phase 1 safety tests for mechanical integrity (using noise and temperature logs), indicating that the wells have integrity and that no leaks exist. A limited number (currently six) have passed both Phase 1 and Phase 2 safety tests (which includes additional reviews).

A proposed plan from SoCalGas was submitted to state agencies on June 10, 2016 that proposes to maintain emergency gas withdrawal capacity at Aliso Canyon this summer by relying on withdrawals from a relatively small number of wells that have passed both Phase 1 and Phase 2 testing, while plugging and isolating the remaining wells from use. This approach, to bring a limited number of wells back into full production quickly, will limit withdrawal capacity to a level that is demonstrably insufficient to meet the expected energy needs of the region this summer and minimize summer energy risks, as identified in the *Aliso Canyon Action Plan to Preserve Gas and Electric Reliability for the Los Angeles Basin*. That assessment determined that a daily withdrawal capacity of 420 million cubic feet (Mmcf) of gas within the facility is likely needed to minimize energy vulnerabilities this summer.

To minimize the risk of energy vulnerabilities this summer, SoGalGas should take action to maintain a minimal withdraw capability of 17.5 Mmcf per hour (420 Mmcf per day) in Aliso Canyon, in a manner consistent with SB 380 (Pavley, 2016), Public Utilities Code Section 451, and other applicable regulations and directives from the State Oil and Gas Supervisor. In particular, you must maintain—with proper authorization—an adequate balance of gas volume in the facility and a sufficient number of wells with adequate withdrawal capacity to reduce the risks of electricity curtailments.

Roger Schwecke
June 15, 2016
Page 2

In addition, your June 10 letter identified seventeen wells which have passed Phase 1 testing and can serve to withdraw gas according to the restrictions outlined above. Until further notice, these seventeen wells shall remain in a condition to withdraw gas. Any action taken to these wells that would reduce withdrawal capacity must be authorized by the Director of the Energy Division.

If the Aliso Canyon facility cannot currently meet this required withdrawal capacity, SoCalGas should submit to the Director of the Energy Division by June 17, 2016, a plan to achieve this capacity level by July 1, 2016.

Thank you for your continued efforts to complete comprehensive safety testing of all wells at Aliso Canyon to comply with SB 380 while working to minimize any energy reliability risks to southern California.

Sincerely,

A handwritten signature in blue ink, appearing to read "TJS for".

Timothy J. Sullivan
Executive Director

Cc: Edward Randolph
Dan Skopec