

**PUBLIC UTILITIES COMMISSION**

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



July 19, 2017

Rodger Schwecke  
Senior Vice President  
Gas Transmission and Storage  
Southern California Gas Company  
505 West Fifth Street, GT21C3  
Los Angeles, California 90013

**Re: Directive to maintain a range of working gas in the Aliso Canyon gas storage facility that ensures safety and reliability for the region, and just and reasonable rates in California**

Dear Mr. Schwecke:

Public Utilities (“PU”) Code Section 715 requires that, once the State Oil and Gas Supervisor (“Supervisor”) allows injections to resume at the Aliso Canyon gas storage facility (“Facility”), the Executive Director of the California Public Utilities Commission (“CPUC”) must consult with the Supervisor and direct Southern California Gas Company (“SoCalGas”) to maintain a range of working gas in the field necessary to “ensure safety and reliability for the region, and just and reasonable rates in California.” I have complied with the requirement to consult with the Supervisor before issuing my directive to SoCalGas to manage the Facility with a working gas storage level that ensures safety and reliability in the Los Angeles Basin, and just and reasonable rates in California. For the reasons stated below, I direct SoCalGas to manage the facility to target a working gas level of 23.6 Bcf and maintain a level above 14.8 Bcf at all times.

In January 2017, consistent with PU Code Section 715 requirements, CPUC staff consulted with the California Energy Commission, the California Independent Systems Operator, and the Los Angeles Department of Water and Power (“Joint Agencies”) and published an updated report finding that Aliso Canyon should maintain a working gas inventory of 29.7 Bcf for SoCalGas to maintain safe and reliable service.<sup>1</sup> That report found that as seasonal demand declines, the inventory may be appropriately drawn down if necessary but should be managed to target 29.7 Bcf and to remain above 15.4 Bcf at the low end. The report also noted that the numbers would need to be updated periodically to account for the continuing effectiveness of mitigation measures to reduce the need for the Facility and increases in the number of wells that become available after passing safety tests.

---

<sup>1</sup> The report was first published in summer 2016, updated in winter 2017, and recently updated on July 19, 2017.

On July 19, 2017, CPUC staff released an updated PU Code Section 715 report that took into account recent studies of the natural gas system in Southern California contained in the Joint Agencies “2017 Summer Assessment,”<sup>2</sup> comments on the January 2017 report, the continuing success of mitigation measures, and the increasing availability of wells at the Facility that had passed safety review. The updated report found that the range of working gas needed to maintain reliability is between 14.8 Bcf and 23.6 Bcf. As seasonal demand declines, the inventory may be appropriately drawn down if necessary, but should be maintained within this range. Thus, SoCalGas shall maintain an inventory of working gas consistent with the findings of the updated report, and continue to adhere to the Aliso Canyon Summer 2017 Withdrawals Protocols - described in my June 16, 2017 letter to SoCalGas.<sup>3</sup>

My directive will ultimately be superseded by the California Public Utilities Commission’s determination in the formal investigation of this matter – “Order Instituting Investigation pursuant to Senate Bill 380 to determine the feasibility of minimizing or eliminating the use of the Aliso Canyon natural gas storage facility located in the County of Los Angeles while still maintaining energy and electric reliability for the region.” In the interim, CPUC staff will continue to evaluate the success of mitigation measures to reduce reliance on the Facility. If CPUC staff’s continuing evaluation leads them to amend their previous findings, I may amend this directive to reflect our most current conclusions.

Sincerely,



Timothy J. Sullivan  
Executive Director  
California Public Utilities Commission

---

<sup>2</sup> Aliso Canyon Risk Assessment Technical Report Summer 2017 Assessment:  
[http://docketpublic.energy.ca.gov/PublicDocuments/17-IEPR-11/TN217639\\_20170519T104800\\_Aliso\\_Canyon\\_Risk\\_Assessment\\_Technical\\_Report\\_Summer\\_2017\\_Asses.pdf](http://docketpublic.energy.ca.gov/PublicDocuments/17-IEPR-11/TN217639_20170519T104800_Aliso_Canyon_Risk_Assessment_Technical_Report_Summer_2017_Asses.pdf)

<sup>3</sup> Aliso Canyon Summer 2017 Withdrawals letter:  
[http://www.cpuc.ca.gov/uploadedFiles/CPUC\\_Public\\_Website/Content/News\\_Room/61617TSltreAlisoCanyonSummer2017Withdrawals.pdf](http://www.cpuc.ca.gov/uploadedFiles/CPUC_Public_Website/Content/News_Room/61617TSltreAlisoCanyonSummer2017Withdrawals.pdf)