

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



July 2, 2018

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 the Executive Director of the California Public Utilities Commission (CPUC) direct Southern California Gas Company (SoCalGas) to maintain a range of working gas in the Aliso Canyon gas storage facility necessary to “ensure safety and reliability for the region, and just and reasonable rates in California.” Based on current information and changed conditions, I am directing SoCalGas to maintain up to 34 billion cubic feet (Bcf) of working gas at the Aliso Canyon gas storage facility (Facility). SoCalGas must manage the Facility consistent with the findings of the Aliso Canyon Working Gas Inventory, Production Capacity, Injection Capacity, and Well Availability for Reliability Final Supplemental Report for Summer 2018, as published on July 2, 2018, at www.cpuc.ca.gov/aliso (Report).

There are several points about the Report worth highlighting in this letter. First, the Report considered the unprecedented level of outages on the SoCalGas system.¹ Second, the Report’s analysis arrives at a maximum allowable Facility inventory by assessing the ability of the SoCalGas system to meet the gas demand of both core and noncore customers on a 1-in-10 year peak day, which is the design standard set by the CPUC.² Lastly, the Report’s timeframe was updated to look beyond summer 2018 to winter 2018-19 due to the outages on the SoCalGas pipeline system and corresponding uncertainties around energy reliability this coming winter. CPUC staff consulted with the California Energy Commission, the California Independent

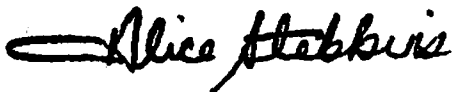
¹ The series of outages and maintenance issues are described in detail in the Aliso Canyon Risk Assessment Technical Report Summer 2018 (“Summer 2018 Technical Assessment”) prepared by the staff of the California Public Utilities Commission, the California Energy Commission, the California Independent System Operator, and the Los Angeles Department of Water and Power on May 7, 2018. The report is available at: http://cpuc.ca.gov/uploadedFiles/CPUC_Website/Content/About_Us/Organization/Divisions/News_and_Outreach/Office/Aliso%20Canyon%20Summer%202018%20Technical%20Assessment.pdf

² D.18-06-028, Finding of Fact 14, p. 132; D.16-07-008, p. 7.

Systems Operator, and the Los Angeles Department of Water and Power, and responded to comments from 17 parties before finalizing the Report.³ The Report finds that SoCalGas should maintain a working gas inventory between zero Bcf and 34 Bcf at the Facility in order to maintain safe and reliable service and that under all circumstances the Facility may not be drawn down below zero Bcf of working gas *or* the level at which a prudent operator would maintain in order to preserve the integrity of the field. Any withdrawals of gas from the Facility by SoCalGas must be consistent with the Aliso Canyon Withdrawal Protocol.⁴

This 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."⁵ In the interim, CPUC staff will continue to evaluate the success of mitigation measures to reduce reliance on the Facility as well as new information that may impact gas reliability in Southern California. 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,



Alice Stebbins
Executive Director
California Public Utilities Commission

cc: President Michael Picker
Maryam Ebke, Deputy Executive Director
Edward Randolph, Energy Division Director
Brian Prusnek, Sempra Utilities

³ The PU Code Section 715 report was first published in summer 2016. It was updated for winter 2016-17, summer 2017, and winter 2017-18. The most recent draft supplement was published on June 18, 2018, for comment and finalized on July 2, 2018. The report is available at: <http://www.cpuc.ca.gov/aliso/>

⁴ The most recent version of the Aliso Withdrawal Protocol is dated November 2, 2017, and is available at: <http://www.cpuc.ca.gov/aliso/>

⁵ CPUC proceeding I.17-02-002