

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



December 23, 2015

Bret Lane, Chief Operating Officer
Southern California Gas Company
555 W 5th Street, GT21C3
Los Angeles, CA 90013

Re: Southern California Gas Shall Provide Information to CPUC Concerning Costs Associated with the Aliso Canyon Underground Storage Field Leak

Dear Mr. Lane:

The purpose of this letter is to clarify that public necessity requires that Southern California Gas Company's (SoCalGas) provide all information pertinent to the management of the leaking gas from the well at the Aliso Canyon Underground Storage Field, all information on SoCalGas's management of the impacts on local communities affected by the leak, and all information on the costs SoCalGas has incurred in conjunction with the Aliso Canyon leak and well restoration efforts.

There is great public concern throughout California over the well at the Aliso Canyon Underground Storage Field that is leaking gas and over SoCalGas's unsuccessful efforts to stop the leak. The California Public Utilities Commission (CPUC) shares the concerns of Californians and our top priority is to support all efforts to stop the leaking well safely and expeditiously.

The work of the CPUC, however, requires information. On December 14, 2015, CPUC staff requested information from the company on the costs of containing the leak. The Commission now directs that SoCalGas track all costs associated with its actions related to the leaking well at the Aliso Canyon Natural Gas storage field, including, but not necessarily limited to: efforts to stop the leak, relocations of community members and schools, litigation expenses, replacement fuel/fuel loss and emergency response.

In addition, on December 14, 2015, the CPUC's Safety and Enforcement Division directed SoCalGas to retain an independent, third party to perform a technical root cause analysis of the well failure. Such root cause analysis will ensure that California learns how to avoid future well failures.

Please be advised that the CPUC has initiated a staff investigation of SoCalGas's actions before and after the well leak was discovered on October 23, 2015. We will release the results of our investigation as soon as practicable upon its completion. I have also directed CPUC staff to track their costs and time associated with the Aliso Canyon response and investigation.

As reflected in Senator Fran Pavley's December 9, 2015, letter to President Picker, there is tremendous public interest in the results of our investigation, in the costs caused by the leak, and in the question of who should bear these costs. To enable the Commission to perform its statutory duties and to serve the public interest, SoCalGas must submit cost information with the CPUC expeditiously, on a rolling basis, as specific costs are known. Please provide the information requested as expeditiously as possible to Commission staff, but in no way should SoCalGas prioritize provision of information over efforts to stop the leak.

In addition, because of the public interest in the transparency of all actions related to this situation, SoCalGas must also submit this cost information in a format that can be made publically available. These steps are critical to documenting the facts that the CPUC requires to fulfill its statutory obligation of ensuring that ratepayers only pay for costs determined by the Commission to be reasonable.

Sincerely,

A handwritten signature in blue ink that reads "Timothy J. Sullivan". The signature is fluid and cursive, with a long horizontal stroke at the end.

Timothy J. Sullivan
Executive Director

CC: Elizaveta Malashenko, Director, Safety and Enforcement Division
Edward Randolph, Director, Energy Division