

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



December 11, 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 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 24.6 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 Winter 2017-18, as published on December 11, 2017 at www.cpuc.ca.gov/aliso ("Report").

The Report considered the unprecedented level of outages on the SoCalGas system that include all of the major system elements: storage facilities, pipelines, and compressor stations.¹ CPUC staff consulted with the California Energy Commission, the California Independent Systems Operator, and the Los Angeles Department of Water and Power, and responded to comments from SoCalGas before finalizing the Report. The Report finds that SoCalGas should maintain a working gas inventory between zero Bcf and 24.6 Bcf at the Facility in order to maintain safe and reliable service;² 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.

¹ The series of outages and maintenance issues are described in detail in the Aliso Canyon Winter Risk Assessment Technical Report 2017-18 Supplement ("2017-2018 Winter Supplement") 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 November 28, 2017. The report is available at: [http://doCKETpublic.energy.ca.gov/PublicDocuments/17-IEPR-](http://doCKETpublic.energy.ca.gov/PublicDocuments/17-IEPR-11/TN221863_20171128T103411_Aliso_Canyon_Winter_Risk_Assesment_Technical_Report_201718_Supp.pdf)

[11/TN221863_20171128T103411_Aliso_Canyon_Winter_Risk_Assesment_Technical_Report_201718_Supp.pdf](http://doCKETpublic.energy.ca.gov/PublicDocuments/17-IEPR-11/TN221863_20171128T103411_Aliso_Canyon_Winter_Risk_Assesment_Technical_Report_201718_Supp.pdf)
² The PU Code Section 715 report was first published in summer 2016, updated in winter 2017, and then again on July 19, 2017. A draft supplement was published on November 30, 2017 for comment and finalized on December 11, 2017. The report is available at: <http://www.cpuc.ca.gov/aliso/>

SoCalGas must also make withdrawals of gas from the Facility consistent with the Aliso Withdrawal Protocol.³ Should SoCalGas have questions regarding potential conflicts between the findings of the Report and the Aliso Withdrawal Protocol, SoCalGas should contact CPUC Energy Division staff for clarification. CPUC staff will resolve any potential conflicts in favor of the Aliso Withdrawal Protocol.

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."⁴ In the interim, CPUC staff will continue to evaluate the success of mitigation measures to reduce reliance on the Aliso Canyon gas storage 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,

A handwritten signature in blue ink that reads "Timothy J. Sullivan". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Timothy J. Sullivan
Executive Director
California Public Utilities Commission

³ As of the date of the Final Supplemental Report, the most recent version of the Aliso Withdrawal Protocol is dated November 2, 2017 and is available at: <http://www.cpuc.ca.gov/aliso/>

⁴ CPUC proceeding I.17-02-002