

PUBLIC UTILITIES COMMISSION
DIVISION OF OIL GAS & GEOTHERMAL RESOURCES
DIVISION OF OCCUPATIONAL SAFETY & HEALTH

January 18, 2016

Jimmie Cho, Senior Vice President
Southern California Gas Company
Gas Operations and System Integrity
555 W 5th Street, GT21C3
Los Angeles, CA 90013

SUBJECT: Methane Capture System Proposal

Dear Mr. Cho:

Southern California Gas Company's (SoCalGas') proposal to capture methane currently leaking from the Aliso Canyon Underground Storage Field is a serious undertaking, requiring a sober analysis of potential risks and benefits. On January 8, 2016, I sent you an e-mail directing SoCalGas to work with California Public Utilities Commission (CPUC), the Department of Conservation Division of Oil, Gas & Geothermal Resources (DOGGR) and the Department of Industrial Relations, Division of Occupational Safety and Health (Cal/OSHA) on a safety review the design. As I explained in the January 8, the agencies are concerned with the risk of ignition of captured natural gas. The agencies have since participated in technical reviews with SoCalGas and issued a detailed data request on January 14, 2016. Please make sure to provide your response to the data request as soon as possible to avoid delays in the review by the state agencies. Both the January 8 e-mail and the January 14 data request are attached to this letter.

Since I notified you of the need for CPUC, DOGGR and Cal/OSHA to review the design of the gas capture system, SoCalGas has raised questions pertaining to the role of the different agencies. This letter will now further explain the expectations of the CPUC, DOGGR and Cal/OSHA.

SoCalGas alone is responsible for the designing and constructing the methane capture system, and managing its consultants and contractors. If SoCalGas is not confident that the methane capture system can feasibly be constructed, installed and safely operated, its proposal should be abandoned.

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CPUC, DOGGR and Cal/OSHA continue to review SoCalGas' methane capture system proposal. CPUC, DOGGR and Cal/OSHA will not issue any permits for the gas capture solution, but will notify SoCal Gas if our evaluation finds any immediate safety threats. SoCalGas will be instructed to halt its efforts if any of the agencies finds the methane capture system poses an unreasonable safety risk. SoCalGas shall not put its gas capture solution into operation until notified that CPUC, DOGGR and Cal/OSHA have completed reviewing the proposal. The agencies commit to expeditious review of all information provided by SoCalGas to ensure that our review in no way delays the implementation of the gas capture solution, provided that no safety threats are identified.

SoCalGas is ultimately responsible for the results of its methane capture system proposal.

Sincerely,



Elizaveta Malashenko
Director • Safety and Enforcement Division
California Public Utilities Commission