

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**



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Order Instituting Investigation pursuant to Senate Bill 380 to determine the feasibility of minimizing or eliminating the use of Aliso Canyon natural gas storage facility located in the County of Los Angeles while still maintaining energy and electric reliability for the region.

Investigation 17-02-002  
(Filed February 9, 2017)

**THE JOINT COMMUNITY ADVOCATES, CONSUMER ADVOCATES, AND ENVIRONMENTAL PARTIES COMMENTS ON THE PROPOSED DECISION GRANTING IN PART AND DENYING IN PART THE JOINT PETITION FOR MODIFICATION OF DECISION 21-11-008**

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## TABLE OF CONTENTS

1. Background.....	1
2. The PD asserts that empirical evidence and five prior Aliso Canyon storage limit decisions were and are inaccurate and should be replaced.....	3
3. Aliso Canyon remains unsafe.....	5
3.1. CalGEM has not “deemed safe” Aliso Canyon.....	5
3.2. Aliso Canyon equipment continues to release thousands of pounds of toxins.....	7
4. Additional storage would not have reduced the high prices in 2022-2023. ....	7
4.1. Storage would have had minimal impact on customer’s bill during the 2022-2023 winter. ....	8
4.2. The Commission should reject speculative and erroneous claims made by SoCalGas because data released by PG&E suggest that SoCalGas’s claims are false.....	9
5. The PD errs in basing its orders on an outdated, inaccurate, and self-serving SoCalGas analysis. ....	9
5.1. The SoCalGas Summer Report made projections that are now factually inaccurate.....	10
5.2. SoCalGas’s recent decisions to violate Commission orders in “numerous and substantive” ways and its “brazen disrespect for the Commission’s authority” demonstrate that the Commission should refuse to accept SoCalGas’s assertions as fact.....	11
6. The modifications to D.21-11-008 disrupt the proceeding’s work to reduce and then eliminate the use of Aliso Canyon.....	12
7. Conclusion.....	14
8. Requested Actions.....	15

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On July 28, 2023, the Commission issued a proposed decision (PD) that, if adopted, will increase the storage limit at Aliso Canyon from 41.16 Bcf to 68.6 Bcf.<sup>1</sup> Of the 27.44 Bcf of additional storage capacity, 27 Bcf would be reserved for the Unbundled Storage Program, 0.44 Bcf for load balancing, and 0 Bcf for Core customers.<sup>2</sup> Pursuant to Rule 14.3 of the Commission’s Rules of Practice and Procedure, the Joint Community Advocates, Consumer Advocates, and Environmental Parties submit the following comments on the PD.

The joint parties include Dr. Issam Najm, The Protect Our Communities Foundation, the Center for Energy Efficiency and Renewable Technologies, and the Utility Consumers’ Action Network.

**1. Background**

The Aliso Canyon “blowout” was discovered on October 23, 2015 and lasted 111 days before being “killed” on February 11, 2016.<sup>3</sup> According to the Commission’s Safety and Enforcement Division, “SoCalGas unsafely managed, unsafely operated, and unsafely maintained its Aliso Canyon facility for multiple decades until Well Standard Sesnon-25 (SS-25) finally failed, all in violation of California Public Utilities Code Section 451.”<sup>4</sup> The 2015 event resulted in “the largest gas blowout in U.S. history.”<sup>5</sup>

The Commission-backed *Root Cause Analysis of the Uncontrolled Hydrocarbon Release from Aliso Canyon SS-25* (“Root Cause Analysis”) came to a similar finding as the Commission’s Safety and Enforcement Division. The Root Cause Analysis found SoCalGas to be responsible

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<sup>1</sup> I.17-02-002, Proposed Decision Granting in Part and Denying in Part the Joint Petition for Modification of Decision 21-11-008 (“PD”) (July 28, 2023),

<https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M515/K329/515329559.PDF>.

<sup>2</sup> D.20-02-045, Table 4, p. 18,

<sup>3</sup> CPUC-contracted Root Cause Analysis, Blade Energy Partners, Root Cause Analysis of the Uncontrolled Hydrocarbon Release from Aliso Canyon SS-25 (“Aliso Blowout Root Cause Analysis”), p. 2, [https://files.cpuc.ca.gov/News\\_and\\_Outreach/SS-25%20RCA%20Final%20Report%20May%2016.%202019.pdf](https://files.cpuc.ca.gov/News_and_Outreach/SS-25%20RCA%20Final%20Report%20May%2016.%202019.pdf).

<sup>4</sup> I.19-06-016, Opening Brief of the Safety and Enforcement Division (May 9, 2022), pp. 4-5, <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M476/K602/476602876.PDF>.

<sup>5</sup> LA Times, Smith, Hayley, L.A. County calls for independent health study of massive natural gas leak in Aliso Canyon (January 20, 2022), available at <https://www.latimes.com/california/story/2022-01-20/l-a-county-calls-for-independent-health-study-of-massive-natural-gas-leak-in-aliso-canyon>, (“Los Angeles County health officials are calling for an independent study into the short- and long-term health effects on residents near the San Fernando Valley’s Aliso Canyon, which in 2015 was the site of the largest natural gas blowout in U.S. history.”).

for several root causes of the blowout including the “lack of detailed follow-up investigation, failure analyses, or [root cause analysis] of casing leaks, parted casings, or other failure events in the field in the past. There had been over 60 casing leaks at Aliso Canyon before the SS-25 incident, but no failure investigations were ever conducted.”<sup>6</sup>

The blowout caused by SoCalGas’s unsafe operation of Aliso Canyon led the California Legislature to require the Commission to open the instant proceeding, Investigation (“I.”) 17-02-002, on February 9, 2017. The Order Initiating Investigation (“OII”) states the purpose of the proceeding is “to determine the feasibility of minimizing or eliminating the use of the Aliso Canyon Natural Gas Storage Facility (Aliso Canyon) while still maintaining energy and electric reliability for the Los Angeles region and just and reasonable rates in California.”<sup>7</sup>

On March 20, 2023, in response to the anomalous high gas prices during the 2022-2023 winter, the Commission opened I.23-03-008 to “continue the Commission’s fact-gathering effort; examine whether events are at play other than normal market forces; determine whether Commission action may provide relief; and consider whether other entities have jurisdiction to mitigate high natural gas prices.”<sup>8</sup> The Commission’s Order Instituting Investigation (“I.23-03-008 OII”) stated that it intends “to resolve this proceeding within 36 months” indicating that the Commission could take years to determine if Commission actions could reduce gas prices.<sup>9</sup> The PD preempts the Commission’s price investigation and, attempts to assign the cause of high prices to a lack of gas storage despite evidence that proves that theory to be false.<sup>10</sup>

On April 19, 2023, SoCalGas and San Diego Gas and Electric (“Sempra Energy Utilities”) filed a joint petition for modification (“PFM”) of D.21-11-008 requesting that the storage limit at Aliso Canyon be increased from 41.16 Bcf to 68.6 Bcf.<sup>11</sup> The Sempra Energy

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<sup>6</sup> Aliso Blowout Root Cause Analysis, p. 237.

<sup>7</sup> I.17-02-002, *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* (“Aliso OII”) (February 17, 2017), p. 1, available at <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M176/K180/176180991.PDF>; With regards to the requirement that the Commission must open a proceeding on Aliso Canyon, the original language from SB 380 (i.e., Public Utilities Code Section 714) does not caveat “minimizing or eliminating” with the “just and reasonable rate” language that was included in the OII, SB 380 available at [https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill\\_id=201520160SB380](https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201520160SB380).

<sup>8</sup> I.23-03-008, *Order Instituting Investigation on the Commission’s Own Motion into Natural Gas Prices During Winter 2022-2023 and Resulting Impacts to Energy Markets* (“Gas Price OII”) (March 20, 2023), pp. 1-2, available at <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M503/K823/503823381.PDF>.

<sup>9</sup> Gas Price OII, Ordering Paragraph 5, p. 15.

<sup>10</sup> See the following sections of these comments.

<sup>11</sup> I.17-02-002, *Southern California Gas Company (U 904 G) And San Diego Gas & Electric Company’s (U 902 G) Joint Petition for Modification of Decision 21-11-008* (“Joint PFM”) (April 19, 2023), <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M506/K522/506522633.PDF>.

Utilities claim that storage “has the potential to dampen price volatility.” The Commission had stated a month earlier in the I.23-03-008 OII that it did not know what would have helped to reduce gas prices.<sup>12</sup>

The PD notes that the Sempra Energy Utilities responded to questions about the PFM with speculation.<sup>13</sup> The PD grants the PFM’s request to increase the storage limit more than 27 Bcf to the requested 68.6 Bcf.<sup>14</sup> The Commission should reject the PD because analysis, evidence, and historical operations all show that the current Aliso Canyon storage limit provides more storage than needed to maintain a reliable gas and electricity system, and that the additional 27 Bcf would have a miniscule effect on customer cost of gas in during an anomalous market fluctuations as that experienced in the winter of 2022-2023.

**2. The PD asserts that empirical evidence and five prior Aliso Canyon storage limit decisions were and are inaccurate and should be replaced.**

Since the proceeding was opened, the Commission and the Commission’s Executive Director have made five determinations regarding the amount of gas storage required at Aliso Canyon to maintain gas and electric system reliability. Table 1 below lists the five prior reliability determinations and the PD’s reliability determination.

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<sup>12</sup> Joint PFM, p. 10.

<sup>13</sup> PD, p. 10.

<sup>14</sup> PD, Ordering Paragraph 3, p. 21.

**Table 1 – Chronology of Aliso Canyon Storage Limits**

Date	Limit (Bcf)
July 19, 2017	CPUC Executive Director: 23.6 Bcf limit “needed to maintain reliability” <sup>15</sup>
Dec. 11, 2017	CPUC Executive Director: 24.6 Bcf limit maintains “safe and reliable service” <sup>16</sup>
July 2, 2018	CPUC Executive Director: 34 Bcf limit maintains “safe and reliable service” <sup>17</sup>
Nov. 23, 2020	D.20-11-044 reaffirms a 34 Bcf storage limit maintains reliability <sup>18</sup>
Nov. 5, 2021	D.21-11-008 finds 41.16 Bcf “necessary for reliability” <sup>19</sup>
PD Orders an increase to the storage limit	
July 28, 2023	PD: 68.6 Bcf “to address immediate needs of ensuring reliability...” <sup>20</sup>

Gas and electric reliability have been maintained since the Aliso blowout under the current storage limit and under each of the previous storage limits. These prior limits maintained gas and electric reliability and have created eight years of empirical evidence showing that the current storage limit, or lower storage limits, are reasonable. The PD raises the storage limit by 27 Bcf and asserts that the increase is “to address immediate needs of ensuring reliability and protecting customers from rate impacts in preparation for the 2023-2024 winter.”<sup>21</sup> The proceeding’s record does not support either of these assertions.

<sup>15</sup> CPUC Letter from Executive Director to SoCalGas Senior Vice President (July 19, 2017), pp. 1-2, (“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... The updated report found that the range of working gas needed to maintain reliability is between 14.8 Bcf and 23.6 Bcf.”), available at [https://www.cpuc.ca.gov/-/media/cpuc-website/files/uploadedfiles/cpuc\\_public\\_website/content/news\\_room/news\\_and\\_updates/7-19-17-cpucltrtor-schweckere-reliability.pdf](https://www.cpuc.ca.gov/-/media/cpuc-website/files/uploadedfiles/cpuc_public_website/content/news_room/news_and_updates/7-19-17-cpucltrtor-schweckere-reliability.pdf).

<sup>16</sup> CPUC Letter from Executive Director to SoCalGas Senior Vice President (“CPUC 24.6 bcf Letter”)(December 11, 2017), p. 1, (“I am directing SoCalGas to maintain up to 24.6 billion cubic feet (“Bcf”) of working gas at the Aliso Canyon gas storage facility.”) p. 1, available at [https://www.cpuc.ca.gov/-/media/cpuc-website/files/uploadedfiles/cpuc\\_public\\_website/content/news\\_room/news\\_and\\_updates/12-11-17-directive-to-maintain-a-range-of-working-gas-in-aliso.pdf](https://www.cpuc.ca.gov/-/media/cpuc-website/files/uploadedfiles/cpuc_public_website/content/news_room/news_and_updates/12-11-17-directive-to-maintain-a-range-of-working-gas-in-aliso.pdf).

<sup>17</sup> CPUC Letter from Executive Director to SoCalGas Senior Vice President (“2018 Executive Director Letter”)(July 2, 2018), p. 1, (“I am directing SoCalGas to maintain up to 34 billion cubic feet (Bcf) of working gas at the Aliso Canyon gas storage facility... 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...” p. 1, available at [https://www.cpuc.ca.gov/-/media/cpuc-website/files/uploadedfiles/cpuc\\_public\\_website/content/news\\_room/7-2-18-ltr-to-rodger-schwecke-re-aliso-canyon-gas-storage-facility.pdf](https://www.cpuc.ca.gov/-/media/cpuc-website/files/uploadedfiles/cpuc_public_website/content/news_room/7-2-18-ltr-to-rodger-schwecke-re-aliso-canyon-gas-storage-facility.pdf).

<sup>18</sup> D.20-11-044, *Decision Setting The Interim Range Of Aliso Canyon Storage Capacity At Zero To 34 Billion Cubic Feet*, p. 16 (“The interim range of working gas at the Aliso Canyon Natural Gas Storage Facility is between zero and 34 billion cubic feet.”), available at <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M351/K840/351840520.PDF>.

<sup>19</sup> D.21-11-008, *Decision Setting the Interim Range Of Aliso Canyon Storage Capacity At Zero To 41.16 Billion Cubic Feet*, Finding of Fact 1, p. 21, available at <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M421/K086/421086399.PDF>.

<sup>20</sup> PD, Finding of Fact 7, p. 20.

<sup>21</sup> PD, Finding of Fact 7, p. 20.

The new limit of 68.6 Bcf is just short of 3 times higher than the first reliability need determination made by the CPUC’s Executive Director of 23.6 Bcf.<sup>22</sup> Under that limit, there were no gas or electric reliability failures caused by unserved gas load.

The 68.6 Bcf limit is 2 times higher than the 2018 storage limit of 34 Bcf.<sup>23</sup> In 2018 the Executive Director noted that the new 34 Bcf storage limit accounted for the “unprecedented level of outages” on the SoCalGas system.<sup>24</sup> The current daily available flowing capacity of the SoCalGas’ system is substantially higher than it was in 2018. Yet, under the 2018 limit, there were no gas or electric reliability failures caused by unserved gas load.

The PD’s assertion of a need for a higher gas limit implies that the peak gas demand has increased since the previous limits were put in place. That is not true. SoCalGas’s own gas demand projections show that peak winter gas demand has *decreased* since 2018. In 2018 SoCalGas forecast the 2023 peak demand at 4,804 MMcfd.<sup>25</sup> In 2022 SoCalGas forecasts the 2023 peak demand at 4,612 MMcfd.<sup>26</sup>

The PD’s assertion that a higher gas storage limit is needed to ensure reliability conflicts with five prior decisions, empirical evidence, and the reality of a decreasing peak gas demand.

### **3. Aliso Canyon remains unsafe.**

Contrary to the assertion in the PD, Aliso Canyon is not safe. The PD mischaracterized the source it cited to make the assertion that Aliso Canyon is safe. Further, the PD ignores other evidence showing that Aliso Canyon equipment releases thousands of pounds of toxins each year including toxins known to be human carcinogens.<sup>27</sup>

#### **3.1. CalGEM has not “deemed safe” Aliso Canyon.**

The PD claims that the storage facility is “deemed safe” by relying on an outdated 2017 report and an anonymous email.<sup>28</sup> The report, *The Updated Comprehensive Safety Review Findings – Enclosure 1* (“CalGEM Aliso Report”)<sup>29</sup> was written by the Department of

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<sup>22</sup> 68.6 Bcf / 23.6 Bcf = 2.90678

<sup>23</sup> 68.6 Bcf / 34 Bcf = 2.01765

<sup>24</sup> 2018 Executive Director Letter, p. 1, (Storage limit set after considering the “unprecedented level of outages on the SoCalGas system.”).

<sup>25</sup> 2018 California Gas Report, p. 97, available at <https://www.socalgas.com/regulatory/cgr>.

<sup>26</sup> 2022 California Gas Report, Table 29, p. 181; available at <https://www.socalgas.com/regulatory/cgr>

<sup>27</sup> The term toxin is defined, and the emissions are quantified, in Section 3.2.

<sup>28</sup> PD, p. 16.

<sup>29</sup> Department of Conservation Division of Oil, Gas, and Geothermal Resources, Updated Comprehensive Safety Review Findings – Enclosure 1 (“CalGEM Aliso Report”) (July 19, 2017), page 4, (The “review demonstrates the integrity of the wells at the Facility, that the risks of failures identified during the review have been addressed, and

Conservation Division of Oil, Gas, and Geothermal Resources (“DOGGR”), which has since been renamed the California Geologic Energy Management Division (“CalGEM”).<sup>30</sup> These comments refer to DOGGR under its current name, CalGEM.

The CalGEM Aliso Report primarily reviewed well integrity – not all safety issues, and based many of its conclusions on SoCalGas’s documentation rather than its own inspections or independent inspections.<sup>31</sup> The CalGEM Aliso Report itself noted that, even with regards to well integrity, additional studies were needed to determine if Aliso Canyon could be operated safely. For example, the report stated that it only granted conditional approval of SoCalGas’s risk mitigation plan based on further “study in conjunction with the National Labs to evaluate seismic risk mitigation measures beginning in 2017.”<sup>32</sup> Those further studies were commissioned by SoCalGas, and thus should not be relied upon due to SoCalGas’s inherent conflict of interest.

Further, the PD’s claim that a 68.6 Bcf storage level is safe – a claim only applicable to some parts of Aliso Canyon well integrity – is not based on any official document.<sup>33</sup> The number 68.6 Bcf does not appear anywhere in the CalGEM Aliso Report. The PD references a Section 715 report published in 2018 that itself references an anonymous email from someone at CalGEM.<sup>34</sup> Moreover, the Section 715 report’s footnote does not state that CalGEM provided the 68.6 Bcf number, rather it said that the 68.6 Bcf number is “based on” an April 19, 2018, email.<sup>35</sup> Parties are unable to review the inputs, the calculations, or the source email that were used to asset that 68.6 Bcf will not compromise well integrity.

The Commission cannot issue a decision for a new Aliso Canyon storage limit that was created “based on” undisclosed language in an unavailable email from an unknown author.

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that the Supervisor has satisfied all other statutory and regulatory requirements consistent with Public Resources Code section 3217.”) available at [https://www.conservation.ca.gov/calgem/Documents/Aliso/Enclosure1\\_2017.7.19\\_Updated%20Comprehensive%20Safety%20Review%20Findings.pdf](https://www.conservation.ca.gov/calgem/Documents/Aliso/Enclosure1_2017.7.19_Updated%20Comprehensive%20Safety%20Review%20Findings.pdf).

<sup>30</sup> Further references will use CalGEM instead of DOGGR.

<sup>31</sup> CalGem Aliso Report, pp. 1-4.

<sup>32</sup> CalGEM Aliso Report, p. 2.

<sup>33</sup> PD, p. 16.

<sup>34</sup> Aliso Canyon Working Gas Inventory, Production Capacity, Injection Capacity, and Well Availability for Reliability Summer 2018 Supplemental Report Public Utilities Code Section 715 (July 6, 2018), footnote 7, p. 3, (“This figure is based on an April 19, 2018, email from DOGGR to the CPUC.”), available at [https://www.cpuc.ca.gov/-/media/cpuc-website/files/uploadedfiles/cpuc\\_public\\_website/content/news\\_room/715report-summer2018-final.pdf](https://www.cpuc.ca.gov/-/media/cpuc-website/files/uploadedfiles/cpuc_public_website/content/news_room/715report-summer2018-final.pdf).

<sup>35</sup> *Ibid.*



### **3.2. Aliso Canyon equipment continues to release thousands of pounds of toxins.**

Dr. Issam Najm recently reviewed the list and quantity of toxins and carcinogens released by equipment at the Aliso Canyon Storage Facility.<sup>36</sup> He found that the South Coast Air Quality Management District (“AQMD”) reports that thousands of pounds of toxins are released from Aliso Canyon equipment each year.<sup>37</sup> These toxins include thousands of pounds of known human carcinogens (e.g. benzene) and probable human carcinogens (e.g., formaldehyde). In years of mandated lower Aliso Canyon storage limits (i.e. 2016 and after), the quantity of released toxins and carcinogens decreased. In 2016, the year during which Aliso Canyon was operated the least, formaldehyde emissions were just 9 pounds. In the prior year, 2015, formaldehyde emissions exceeded 10,000 pounds. When Aliso restarted operations in 2017, formaldehyde releases increased again and have remained between 2,184 to 4,388 pounds/year.<sup>38</sup> The AQMD also reports numerous violations at the Aliso Canyon storage facility.<sup>39</sup> Some of the violations have yet to be resolved.<sup>40</sup>

These reported toxins and carcinogens only include the releases from the equipment and do not include toxins released from the wells themselves.

The Commission should reject the PD because the PD claims that Aliso Canyon is safe.<sup>41</sup> The Commission should not apply the label of “safe” to any facility that releases thousands of pounds of carcinogens each year or any facility with a well integrity limit estimate from an anonymous and unreleased email.

### **4. Additional storage would not have reduced the high prices in 2022-2023.**

The PD claims that additional gas storage could have reduced the unusually high gas prices during the 2022-2023 winter season. This claim is false because (1) the requested increase of storage capacity at Aliso is only a small percentage of the total winter gas demand (2) SoCalGas did not use billions of cubic feet of gas it had available in storage and (3) winter season gas futures prices for some months were lower than the summer gas prices causing gas users to assume that gas prices would be lower in the winter. Thus, information available to the

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<sup>36</sup> I.17-02-002, Issam Najm Notice Of Ex Parte Communication (August 3, 2023), pp. 4-14, <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M516/K246/516246778.PDF>; see also Appendix A.

<sup>37</sup> South Coast Air Quality Management District, Facility 800128, Emission and Compliance, <https://xappprod.aqmd.gov/find/facility/AQMDsearch?facilityID=800128>.

<sup>38</sup> *Ibid.*

<sup>39</sup> *Ibid.*

<sup>40</sup> *Ibid.*

<sup>41</sup> PD, p. 16.

Commission has already shown that more storage would *not* have mitigated gas prices, despite the PD's assertions.

#### **4.1. Storage would have had minimal impact on customer's bill during the 2022-2023 winter.**

The entire requested volume of 27.4 Bcf is small compared to the 363 Bcf of sendout during the November 1, 2022, to February 28, 2023, period.<sup>42</sup> Storage of 27.4 Bcf is only 7.5% of the winter gas use.<sup>43</sup> This 7.5% would have made no meaningful difference to customers' reaction to the more than 200% spike in the cost of gas on their bills because gas commodity costs are just 20% of SoCalGas's revenue requirement.<sup>44</sup> That means on average over the course of a year, the gas commodity cost is only one-fifth of the total amount billed to customers. Even if the 4-month period corresponding to 363 Bcf of gas represented 50% of the annual gas commodity costs, the total *value* of the requested increase to Aliso gas storage would be less than 1% of the total annual gas bill for the average customer.<sup>45</sup> The *savings* gained from seasonal price arbitrage using the requested increase of gas storage at Aliso Canyon would be even less.<sup>46</sup>

Finally, the above analysis assumes that SoCalGas uses all available gas in storage each winter. That is not true even for the highest gas-price winter season on record the 2022-2023 winter season. When counting all gas storage fields, SoCalGas still held 35.7 Bcf in storage at the end of last winter.<sup>47</sup> Aliso Canyon alone had 16 Bcf remaining at the end of March 2023.<sup>48</sup> That is 7.6 times more gas left in storage at Aliso Canyon than the Commission requires.<sup>49</sup>

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<sup>42</sup> I.17-02-002, Issam Najm Reply to Joint Response of Southern California Gas Company (U 904 G) And San Diego Gas & Electric Company (U 902 G) To Administrative Law Judge Ruling On Joint Petition For Modification Of Decision (D.) 21-11-008 (May 30, 2023) ("Dr. Najm Reply"), Figure 5, p. 9, available at <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M510/K286/510286954.PDF>.

<sup>43</sup> *Ibid.*

<sup>44</sup> CPUC, SB 695 Report 2023, Figure 33, p 86, available at <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/office-of-governmental-affairs-division/reports/2023/2023-sb-695-report---final.pdf>.

<sup>45</sup>  $7.5\% \text{ (winter gas percentage)} \times 50\% \text{ (estimated winter percent of annual gas cost)} \times 20\% \text{ (revenue requirement \%)} = 0.0075 = 0.75\%$

<sup>46</sup> The savings is difference between the price paid for the gas compared to the winter gas spot market price when the gas is withdrawn from storage. The total value of the gas in storage is the price of gas on the spot market on any given day.

<sup>47</sup> Dr. Najm Reply, Figure 5, p. 9.

<sup>48</sup> SoCalGas Envoy, Storage Inventory, available at <https://www.socialgas-envoy.com/index.jsp#nav=/Public/ViewExternal.showHome>

<sup>49</sup> CPUC, Aliso Canyon Withdrawal Protocol (July 23, 2019), Table 1, p. 1, available at [https://www.cpuc.ca.gov/-/media/cpuc-website/files/uploadedfiles/cpucwebsite/content/news\\_room/newsupdates/2020/withdrawalprotocol-revised-april12020clean.pdf](https://www.cpuc.ca.gov/-/media/cpuc-website/files/uploadedfiles/cpucwebsite/content/news_room/newsupdates/2020/withdrawalprotocol-revised-april12020clean.pdf). (16 Bcf / 2.1 Bcf = 7.619).

**4.2. The Commission should reject speculative and erroneous claims made by SoCalGas because data released by PG&E suggest that SoCalGas’s claims are false.**

PG&E has been more transparent than SoCalGas. PG&E has released more winter 2022-2023 gas data. PG&E’s data suggests that SoCalGas’s “speculation[s]” in I.17-02-002 are false.<sup>50</sup>

It is possible that SoCalGas hedged its claims as “speculation” because SoCalGas has data that conflicts with the “speculation” it provided to the Commission. For example, SoCalGas has access to the historic record of gas futures prices during the 2022 injection season at SoCal Citygate. SoCalGas has not released those numbers.

In contrast to SoCalGas’s claims, PG&E notes that if its non-core customers had access to storage in June of 2023, they would have been unlikely to utilize it because “in June 2022 the futures prices for December 2022 were lower than the summer prices.”<sup>51</sup> In alignment with PG&E’s data on PG&E Citygate, the SoCal Citygate futures prices on May 31, 2022, show lower October and November futures prices than July and August prices in 2022. These numbers demonstrate that SoCalGas’s speculation is false because SoCalGas’s customers would have assumed that they could buy gas during the beginning of winter at lower prices than during the summer.

The Commission should reject the PD because the PD is based on inaccurate speculation.

**5. The PD errs in basing its orders on an outdated, inaccurate, and self-serving SoCalGas analysis.**

The PD errs in asserting that the 2023 SoCalGas Summer Technical Assessment (“SoCalGas Assessment”) is not reasonably subject to dispute and can be accepted as fact.<sup>52</sup> Even if SoCalGas’s report was accurate and created by an impartial party, the SoCalGas Assessment was released before the summer, is now several months out of date, and is

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<sup>50</sup> I.17-02-002, Joint Response of Southern California Gas Company (U 904 G) and San Diego Gas & Electric Company (U 902 G) to Administrative Law Judge Ruling on Joint Petition For Modification of Decision (D.) 21-11-008 (“SoCalGas Ruling Response”) (May 15, 2023), p. 13, (“At the highest level, one could try to speculate about the potential savings to customers this past winter season by taking the price differential between the 2022 injection season and 2022-2023 winter season.”), available at <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M509/K084/509084899.PDF>.

<sup>51</sup> Gas Price OII, p. 7.

<sup>52</sup> PD, p. 17.

inaccurate. The Commission should reject the PD because it proposes Finding of Facts based on inaccurate information including the SoCalGas 2023 Summer Technical Assessment.<sup>53</sup>

**5.1. The SoCalGas Summer Report made projections that are now factually inaccurate.**

SoCalGas submitted its 2023 Summer Technical Assessment on April 5, 2023, and then refiled because the original document included inaccurate calculations.<sup>54</sup> The key table in the revised version of the SoCalGas assessment is Table 3 and is reproduced below.

**[Reprint of Table 3 from the April 13, 2023, SoCalGas 2023 Summer Technical Assessment]**

**Table 3.** Monthly Storage Injection Assessment (CGR Average Temperature with Base Hydro) (MMCF)

	2023						
	APR	MAY	JUN	JUL	AUG	SEP	OCT
Supply Utilization	90%	85%	90%	85%	85%	85%	90%
CGR Demand	63,720	56,885	54,390	67,487	78,554	70,890	68,913
Pipeline Supply	75,135	81,036	74,460	82,406	87,149	84,338	83,499
Storage Inj (+) / WD (-)	11,415	15,040	19,616	7,582	807	-	-
Excess (+) / Short (-)	-	9,110	454	7,337	7,788	13,448	14,586
Month End Inv.(BCF)	48.32	63.36	82.97	90.55	91.36	91.36	91.36

The PD added a new Finding of Fact to D.21-11-008 that states “SoCalGas Summer 2023 Technical Assessment predicts sufficient pipeline capacity to fill Aliso Canyon if the interim storage capacity is increased to 68.6 Bcf.”<sup>55</sup> The PD also states that “we take official notice that based on the SoCalGas Summer 2023 Technical Assessment SoCalGas expects to have excess pipeline capacity to fill Aliso Canyon if its interim storage capacity is increased to 68.6 Bcf.”<sup>56</sup> Table 3 above shows that those statements are false.

The earliest that the Commission will be able to vote on the PD is August 31, 2023.<sup>57</sup> That leaves two months between the date of a Commission vote and the beginning of withdrawal season on November 1, 2023. The Table 3 reprint shows that SoCalGas forecasts it would take five months to fill its storage generally, not Aliso Canyon specifically. The report does not

<sup>53</sup> PD, Ordering Paragraph 2 adding to D.21-11-008 a Finding of Fact #10, p. 21, (“SoCalGas Summer 2023 Technical Assessment predicts sufficient pipeline capacity to fill Aliso Canyon if the interim storage capacity is increased to 68.6 Bcf.”).

<sup>54</sup> California Energy Commission, 23-IEPR-03, Document number 249547 (April 5, 2023) and Document number 249688 (April 14, 2023), available at <https://efiling.energy.ca.gov/Lists/DocketLog.aspx?docketnumber=23-IEPR-03>.

<sup>55</sup> PD, Ordering Paragraph 2 adding to D.21-11-008 a Finding of Fact #10, p. 21, (“SoCalGas Summer 2023 Technical Assessment predicts sufficient pipeline capacity to fill Aliso Canyon if the interim storage capacity is increased to 68.6 Bcf.”).

<sup>56</sup> PD, p. 17.

<sup>57</sup> CPUC, 2023 Voting Meetings [last accessed August 8, 2023], available at <https://www.cpuc.ca.gov/about-cpuc/transparency-and-reporting/cpuc-voting-meetings/2023-voting-meetings>.

provide a maximum daily injection capacity for Aliso Canyon. While it shows the excess flowing capacity for September and October, it does not include the current flow capacity reductions. If anything, the SoCalGas Assessment suggests that Aliso Canyon *cannot* be filled to 68.6 Bcf before the end of injection season.

The SoCalGas Assessment is not in the record of the proceeding. Parties did not have an opportunity to discuss or review the SoCalGas Assessment on the record. The forecast in the SoCalGas Assessment is outdated and inaccurate regarding the state of storage. The Commission cannot base decisions on a biased report that is outside the record of the proceeding. Finally, the SoCalGas Assessment does not show that SoCalGas could fill Aliso to the 68.6 Bcf level by November 1, 2023, despite the PD's claims. For these reasons, the Commission should reject the PD.

**5.2. SoCalGas's recent decisions to violate Commission orders in "numerous and substantive" ways and its "brazen disrespect for the Commission's authority" demonstrate that the Commission should refuse to accept SoCalGas's assertions as fact.**

The PD asserts that the SoCalGas Summer 2023 Technical Assessment contains "facts and propositions that are not reasonably subject to dispute by taking official notice of the assessment."<sup>58</sup> That claim is false, if for no other reason, SoCalGas is a regulated entity.

SoCalGas has demonstrated that it works in the best interest of its shareholders, sometimes by violating the Commission's orders. There is evidence of that fact in this proceeding. Dr. Issam Najm ("Dr. Najm") submitted testimony that responded to SoCalGas's claim that SoCalGas is "a responsible and engaged environmental leader, employer, and neighbor."<sup>59</sup> Dr. Najm's response quoted the Commission's own statements about SoCalGas:

"Less than a year ago the Commission again noted SoCalGas's poor conduct towards the Commission and the community. Decision (D).22-03-010 found SoCalGas in contempt and stated that SoCalGas '*demonstrate[d] profound, brazen disrespect for the Commission's authority.*' [citation removed] The Commission found in D.22-03-010 that SoCalGas's '*violations [of D.18-05-041] were numerous and substantive.*' [citation removed] The Commission also said that '*[s]uch insolence must be accorded a high degree of severity.*' [citation removed]"<sup>60</sup>

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<sup>58</sup> PD, p. 17.

<sup>59</sup> Chapter V, Prepared Opening Testimony of Don Widjaja on Behalf of Southern California Gas Company (U 904 G), December 12, 2022. (emphasis added)

<sup>60</sup> I.17-02-002, Prepared Rebuttal Testimony of Issam Najm in Response to the Opening Testimonies Filed on December 12, 2022, on Aliso Canyon I.17-02-002: Staff Proposal for Portfolio and Next Steps Dated September 23,

SoCalGas responded to the above recitation of facts by asking the Commission to strike that and other portions of Dr. Najm’s testimony from the record.<sup>61</sup> The testimony’s references to the Commission’s own statements show that SoCalGas will advocate for its shareholders even when that advocacy violates the Commission’s orders.

The basic premise of SoCalGas as a party to proceedings is that SoCalGas advocates for itself and its shareholders, not its customers. SoCalGas’s advocacy continues in all its publications, analyses, lobbying, and community outreach. SoCalGas is required to advocate for its shareholders and thus any SoCalGas assertion should be assumed to be, at best, self-serving. For this reason, the PD errs in assuming that the Commission can accept SoCalGas analyses as “not reasonably subject to dispute.”<sup>62</sup>

The PD appears to attempt the official notice route of entering the SoCalGas report into the record because the PD would be unable to use the assertions in the report without its inclusion in the record. Because the proceeding’s record does not contain the SoCalGas report, the proceeding’s record does not contain parties’ responses to SoCalGas’s report. Thus, the PD cannot use any part of the SoCalGas 2023 Summer Technical Assessment as the basis for any of the PD’s Finding of Facts.

By accepting SoCalGas’s assertions as fact, the PD asks the Commission to dismiss the value of the regulatory process and ignore the Commission’s duty to protect the interests of ratepayers.

**6. The modifications to D.21-11-008 disrupt the proceeding’s work to reduce and then eliminate the use of Aliso Canyon.**

If the Commission increases the Aliso Storage limit to 68.6 Bcf, the decision will undermine all the work completed in the proceeding to date because increasing the limit to 68.6 Bcf would represent an arbitrary and capricious increase detached from any reasonable review of the record.

The Commission opened I.17-02-002 “to determine the feasibility of minimizing or eliminating the use of the Aliso Canyon Natural Gas Storage Facility (Aliso Canyon) while still

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2022 (January 18, 2023), p. 5, available at <https://docs.cpuc.ca.gov/PublishedDocs/SupDoc/I1702002/5731/501282933.pdf>.

<sup>61</sup> I.17-02-002, Motion of Southern California Gas Company (U 904 G) to Strike the Prepared Rebuttal Testimony of Issam Najm (February 8, 2023), available at <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M502/K201/502201149.PDF>.

<sup>62</sup> PD, p. 17.

maintaining energy and electric reliability for the Los Angeles region and just and reasonable rates in California.”<sup>63</sup> For eight years, gas and electric reliability has been maintained with Aliso Canyon storage limits of 41.16 Bcf or less. Section 4 above shows that SoCalGas did not use the storage it had available. When storage goes unused during the most expensive gas winter on record, and when a storage limit of 41.16 Bcf or less at Aliso Canyon has maintained reliable gas supply for 8 years, an increase to Aliso’s storage capacity discards the basis for the proceeding, which is “minimizing or eliminating the use of the Aliso Canyon.”<sup>64</sup>

Despite the above data that demonstrate that a higher storage limit at Aliso Canyon would conflict with the basis for the proceeding, the PD asserts in its Finding of Fact section that “The modifications to D.21-11-008 do not impact the Commission’s work to comprehensively evaluate the portfolio of resources that could replace Aliso Canyon in the long term.” First, this is an assertion, not a fact.

Second, a comprehensive evaluation of the resources has been completed by (1) the Commission’s consultant (2) the Energy Division, (3) by parties to the proceeding (i.e. three rounds of testimony on this specific issue) and (4) by the CAISO. The Commission’s consultant proposed that a modest set of resource additions (i.e. fewer than have been ordered in the IRP proceeding in a single decision), could enable the Commission to eliminate the use of Aliso Canyon.<sup>65</sup> The Energy Division’s Staff Report found that a portfolio of resources could be procured that could eliminate the use of Aliso Canyon by 2027.<sup>66</sup> Southern California Edison, completed modeling that showed Aliso could be closed without any additional procurement of resources. It determined that resources already ordered in the IRP proceeding, that that will be online by 2028, will be enough to close Aliso Canyon.<sup>67</sup> The CAISO’s study made two conclusions; (1) that gas-fired generators in and around the LA Basin could not be retired without causing summer reliability issues, and (2) that *Aliso Canyon can be retired* after the resources already ordered by the Commission in the IRP proceeding have entered commercial

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<sup>63</sup> Aliso OII, p. 1.

<sup>64</sup> *Ibid.*

<sup>65</sup> I.17-02-002, FTI Aliso Canyon Phase 3 Modeling Report (January 19, 2022), available at <https://www.cpuc.ca.gov/regulatory-services/safety/gas-safety-and-reliability-branch/aliso-canyon-well-failure/aliso-canyon-well-failure-order-instituting-investigation>

<sup>66</sup> I.17-02-002, Staff Proposal (September 23, 2022), <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/natural-gas/aliso-canyon/aliso-canyon-staff-proposal-2022.pdf>

<sup>67</sup> I.17-02-002, Southern California Edison Company’s (U 338-E) Opening Comments To Administrative Law Judge Zhang’s Ruling Entering Into The Record Aliso Canyon Investigation 17-02-002, Phase 3 Report, Requesting Comments, pp. 8-9, available at <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M451/K222/451222122.PDF>



operation.<sup>68</sup> Thus CAISO found that, as long as gas generators remain online, Aliso Canyon can be closed. Again, the new renewable generation resources included in the CAISO study were the IRP-ordered resources scheduled to enter operation by 2028 or earlier.<sup>69</sup>

The PD's use of the phrase "resources that could replace Aliso Canyon *in the long term*" displays lack of consideration of the analyses already completed in I.17-02-002 that demonstrate that Aliso Canyon can be retired in the *near term* (i.e., by 2027 or 2028 at the latest). The Commission should reject the PD because it conflicts with the purpose of the proceeding, which is the elimination of Aliso Canyon.

## 7. Conclusion

The proceeding has been active for six years. Numerous analyses have been completed related to the closure of Aliso Canyon. SCE, CAISO, other parties to the proceeding, and the Commission's Energy Division have found that Aliso Canyon can be closed in just a handful of years.

Since the blowout at Aliso Canyon, the City Council of Los Angeles,<sup>70</sup> the County Supervisors of Los Angeles,<sup>71</sup> Senator Feinstein, Senator Padilla,<sup>72</sup> Senator Stern, Assemblymember Schiavo, Representative Sherman,<sup>73</sup> Representative Schiff, Representative Porter, and Representative Lee,<sup>74</sup> and former Governor Brown,<sup>75</sup> have each called for the closure of Aliso Canyon.

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<sup>68</sup> 2022-2023 ISO Transmission Plan – Appendix K (May 10, 2023), Informational Special Study of Reduced Reliance on Aliso Canyon Storage – Assumptions, Study Results and Alternative Analysis, p. K-6, <http://www.caiso.com/Documents/Appendix-K-Revised-Draft-2022-2023-Transmission-Plan.pdf>, (“2032 Winter peak load conditions did not result in transmission reliability concerns in the LA Basin and San Diego-Imperial Valley area, provided that the remaining gas-fired generation resources are available.”).

<sup>69</sup> R.20-05-003, Individual load serving entities' (LSEs) procurement obligations pursuant to the Mid-Term Reliability (D.21-06-035) and the Supplemental Mid-Term Reliability (D.23-02-040) procurement orders (August 8, 2023), available at [https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/integrated-resource-plan-and-long-term-procurement-plan-irp-ltpp/mtr\\_procurement\\_obligations\\_08012023.xlsx](https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/integrated-resource-plan-and-long-term-procurement-plan-irp-ltpp/mtr_procurement_obligations_08012023.xlsx)

<sup>70</sup> City of Los Angeles, see <https://cityclerk.lacity.org/lacityclerkconnect/index.cfm?fa=ccfi.viewrecord&cfnumber=19-0002-S196>.

<sup>71</sup> County of Los Angeles, see <https://www.dailynews.com/2020/01/07/la-county-leaders-call-for-expedited-aliso-canyon-shut-down/>.

<sup>72</sup> Padilla, Feinstein, see <https://www.padilla.senate.gov/newsroom/press-releases/padilla-feinstein-statement-supporting-closure-of-aliso-canyon/>.

<sup>73</sup> Senator Stern, Assemblymember Schiavo, and Representative Sherman, see <https://sd27.senate.ca.gov/news/20230802-legislators-across-la-speak-out-against-aliso-canyon-refill-proposal>

<sup>74</sup> Representative Schiff, Representative Porter, and Representative Lee, see <https://www.politico.com/newsletters/california-playbook/2023/08/09/when-candidates-are-coworkers-00110427>.

<sup>75</sup> Former Governor Brown, see <https://www.kqed.org/news/11577734/as-state-clears-troubled-gas-field-to-reopen-governor-calls-for-it-to-close>.



The Commission should reject the PD in alignment with the request of millions of Californians and their elected representatives.

## 8. Requested Actions

It is critical for the Commission to stay the course on the closure of Aliso Canyon by 2027 and reject SoCalGas' tactics by issuing an Alternate Proposed Decision that calls for the following:

1. Maintaining the maximum storage volume at 41.16 Bcf
2. Effective March 31, 2024, reducing the maximum storage volume to 31 Bcf per the Staff Proposal
3. Effective March 31, 2024, modifying the withdrawal protocols by tightening the balancing rules and reducing the reliance on Aliso Canyon.
4. Effective January 1, 2024, instructing SoCalGas to enroll all its core customers into its Level Pay Plan (LPP) with an opt-out option, which will immediately eliminate customer bill fluctuations experienced during Winter 22-23.

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Respectfully submitted,

/s/ Issam Najm

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