

Porter Ranch Community Advisory Committee

Meeting #13

Thursday, April 14, 2016
Porter Ranch Community School

DRAFT NOTES

First Posted: 4/18/16 at 9:15 am

Last Updated:

Paula Cracium, Committee Chair, called the meeting to order at 7:34pm.

Members Present:

Paula Cracium

Issam Njim

Tom Johnson

John Lee

Jane Stanton

Andre van der Valk

Guest Speakers:

Edward Randolph (CPUC)

Ken Harris (DOGGR)

Gillian Wright (SoCalGas)

John Bwarie introduced the panel and the panel gave brief updates:

Edward (CPUC) opened with some information about the reliability report from the joint agencies. The report only refers to this summer (2016) and wasn't intended to give any support for long-term operations. A long-term viability study will be conducted in the future, as directed by the Governor and Senator Pavley's Bill. The report is operating under the assumption that there will be no injections this summer, since it is only for the summer. Out of the 18 mitigation measures proposed so far, 16 involve actions completely separate from using the field. The two items on the list about the field are 1) maintaining the gas currently in the field and then making it available when it really is needed; and 2) the to get a plan in place for reinjections. The conservation measures are key so that users curtail use when it's really needed.

Q: What's the duration of the outages on those 14 days mentioned?

A: It went through a process where it looked at four scenarios in the last year where there are potential risk, and from that, they ask: what was the electric demand on those days? What's available to meet that need? Most gas curtailment days will not be noticeable by most people. "Shedding load" means that no customer would have their power out for than 60-90 minutes blocks, which is all predetermined.

Q: What's the amount that is "short?"

A: It ranges from 1000 to 4000 megawatts. From a home standpoint, one megawatt serves approximately 700 homes (750K homes to 3M homes). [224 to 500 million cubic feet of gas]

The system has to maintain a level or pressure and volume near the power plants, so the concern is where gas is being used faster than it can be replaced in the system.

Q: Why can't LADWP/Edison get electricity from outside the area that's not using natural gas from this system?

A: Some electricity must be generated within the LA region, and some can be brought in; but voltage levels need to be maintained.

Q: Would conservation take care of the shortage days?

A: Multiple days of 'flex alerts' may have diminishing returns.

Andre then made the point of looking at other sources besides gas for critical infrastructure.

Then, Ken (DOGGR) addressed a number of questions...

Q: At the last meeting, DOGGR requested comments from us on your pending regulatory requirements for gas wells, which was sent. Can you tell us the status of those regulations and your opinion of the items we brought up in our comments?

A: DOGGR solicits feedback from the general public for the permanent regulations, and a summary of those comments will be published. The next step, though, will be to release a draft set of regulations with a 45 day comment period, and preceding that deadline, they will host workshops (one in SoCal and one in NorCal). Once that process is complete, they will file, and there will be a formal hearing with public comments. In July, the Department of Energy and national labs are looking at well integrity and subsurface safety valves at a conference in Denver. Emergency Regulations must be replaced by February 2017. There will

likely be an additional set of regulations after the first set of permanent regulations (2/17).

Q. So, emergency regulations must be renewed?

A: Yes, standard process is to renew them.

Q. Can you provide us with any update on the investigation into the cause of well SS25 failure?

A: There is a separation between the investigators. No update can be given. The status is unclear.

Q: How does natural gas direct from an oil field act? Is there a filtration or some other way it's dealt with?

A: Gas going into a pipeline system has to meet quality guidelines. It has to be tested for chemicals and has to meet a certain heat rate. The owner of the gas has to filter to remove pollutants. The well owner has the responsibility for meeting this standards. There is a testing protocol set by statute. Utilities tariffs sets the quality.

Q: Who is Termo's permit issuer? DOGGR?

A: DOGGR only oversees the wells, well integrity, etc., not what they do with the product. Once the gas leaves the well, it's not DOGGR's jurisdiction. The waste of the resource is what was pursued. There are various agencies involved, and no one agency has overall jurisdiction.

Q: Is DOGGR pursuing any criminal action against TERMO for its deceptive practice of venting gas into the air in complete violation of their permit?

A: DOGGR doesn't have the authority to pursue criminal action. A local County would have that authority.

Q: What is Termo doing with their gas now?

A: They are putting it into SoCalGas's system.

Q. Has DOGGR revoked TERMO's permit or is TERMO still in operation?

A: They complied with orders to correct, and so they are now back into compliance.

Q. What's the status of the Mountain safety as a whole? What can be expected?

A. March 4th order requires that SoCalGas follow testing protocols. 21 DOGGR engineers are reviewing test results. 1-2 are onsite 7 days a week so that there are no delays. By the end of April, SoCalGas intends to have all noise and temp testing complete. As of today, 79 of 114 have been tested. Two wells have failed. 5 wells have completed the remaining tests, and 3 of have been reviewed by DOGGR. Work-over rigs are required for complete testing. SoCalGas's estimate is to have 20-22 wells through August and 36 by October. They won't ask to re-injection until October. The site is not ready for reinjection.

Q. How many wells have been plugged since the gas leak was capped?

A: None. SS25 wasn't plugged, but rather, it was sealed and removed from service.

Q. How many have been sealed and isolated?

A: About 20. All wells, even sealed, must be tested for noise and temp before re-injection.

Q: What is your involvement in determining if re-injection will be permitted and with what requirements?

A: For DOGGR, they would do it based on all wells passing noise and temp (all 6 tests), being isolated, and/or plugged and abandoned. For CPUC, it's required to have the Executive Director sign off on it being safe and all protocols have been followed to a "T." CPUC assumes that reinjection is highly unlikely before the summer.

Q. What is the integrity of the Aliso Canyon field? Is this field safe; is there a possibility for a catastrophic event (explosion)? Is there a level of comfort for this field?

A. DOGGR would reserve any judgment until they've reviewed the tests requested from them. It's premature to answer that question. Now, the field as it is today is very safe: there is low pressure, the wells of concern are isolated, daily monitoring, etc. It's safer than it ever was.

Q: What is the useful life/longevity of such shut-off valves? Is SoCal Gas required to put shut off valves at depth when they replace the tubing in the wells?

A: Shut-off valves are fairly unreliable with a failure rate of 30%. This will be discussed at the Denver conference in July.

Q: Can you provide us with actual data of historical profiles of monthly gas usage in the SCG service area and compare them to the maximum capacity of gas delivery through pipelines alone (i.e., without the storage facility)? The intent is to understand the magnitude of the deficit that people are concerned about.

A. This information is included in the reliability report.

Q. Last time when we heard from CPUC, we had a discussion about the transitioning from planning on redundancy based on loss of a single well, to that based on loss of a well-field. Does CPUC have plans in place to modify the gas delivery portfolio of the region that can allow for one storage field being out of service for any reason without impacting the region's gas supply?

A: This needs to be included in the long-term report.

Q. We recognize that any new wells or modifications to existing wells fall under a capital cost category and are recoverable through rates. Are any of the costs incurred by SCG through this event recoverable through rates?

A: The ancillary costs of the event (relocations, inspections, etc.) has not be authorized, and SoCalGas has not approached CPUC to have those costs be allowed. Expenses are required to be reported, and they will review books to make sure authorized funds are not being moved to cover these expenses. For authorized capital costs, they have been moved to a balancing account. The results of the root cause investigation would reveal what costs would be able to be authorized or not. SoCalGas would have to go to the CPUC for approval for ancillary costs passed on to ratepayers.

Q: Higher Rates: Why?

A: CPUC: January bills (for December usage) would be higher because it's tiered: if you gas usage doubles, you're bills would triple. Also, when smart meters are installed, the billing cycle is interrupted and may be longer with the smart meter cycle. Issue is being looked at.

Q: Won't product prices be higher without the storage and then ratepayers would pay the higher price?

A: The price for Natural Gas is going for \$2/dekatherm, the lowest in recent history. In the short term, there is no rate impact; but in the longer term, it could be an issue. The other issue of concern is that the largest non-core customers are LADWP and Edison, so those rates might be affected.

Gillian Wright then provided an update from SoCalGas on customer service. She first clarified that tiers are determined on a daily basis, not per billing cycling, in regards to higher bills.

The relocation update is:

3936 households are still relocated:

- 1218 in Long-term housing
- 2718 in hotels and with friends & Family

Since February 18, 2016, nearly 3000 households have returned home.

Then, she reviewed the filter protocols for replacement...

Q: Will SoCalGas pay for the cost of replacing those filters?

A: We won't be paying for them. CARB has updated their website with new information that describes what to do. [linked on the PRCAC.com "Resources" page.]

Q: Do you agree or disagreement with CARB's statement on the risk of older filters?

A: They are the experts, and they indicate they should be changed. They said it was a miniscule amount of risk.

She then described the surface cleaning program and results on the handout. All the levels were not of concern. There was then discussion about pool testing.

Q: Would SoCalGas consider sampling a community pool?

A: If it's in a geographic area where there was residue, it's possible they can test. If it's more distant than where there was residue, it might not make sense.

They have assessed 700 homes and about 30% have no residue. 13 homes have had heavier residue. This was based on a trained, insurance assessor who determined whether there was residue. A second professional assessor was brought in if there was a question.

\$60Million has been paid out directly to resident in reimbursements.

\$2million/day is what is paid out to the housing providers directly.

Q: Is there a precise number of how much is outstanding for reimbursements?

A: Often, things are missing in the reimbursement requests. Less than 40 households are paying for their own hotels, and SoCalGas is 90% through the oldest requests of reimbursements. Appointments at the Customer Resource Center helps resolve many of the complicated issues. Meals stipend reimbursements are mostly automatic and what is mostly used.

Q: Is there any advocate program?

A: Community Liaison Program is designed for that. 10,000 families are assigned a liaison, and it may take a day or two for a call back.

Q. When has SoCalGas been directed to continue to pay housing?

A. Through April 27th.

Q: When is the new targeted "move back date" at this time?

A: Right now, May 2nd is when hotel reservations are extended through.

Q: If a resident moves home, and they have symptoms, can they move back out?

A: SoCalGas is not providing new relocation for those who move home.

Q: Why has LAPD funding for patrols been stopped?

A: John Lee will check, and Gillian check, as well.

There was then discussion on future meetings.
Meeting Adjourned at 9:40pm.