

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

**PETITION OF
CONSUMER WATCHDOG,
CITIZENS OVERSIGHT, INC., AND PAUL E. HUNT
FOR AN INVESTIGATION INTO
ALISO CANYON UNDERGROUND STORAGE FACILITY (ACSF)**

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Petitioners

I. INTRODUCTION

Under Art I, Sec 3(a) of the California Constitution, Consumer Watchdog and Paul E. Hunt petition the California Public Utilities Commission (CPUC) to institute under Rule 5.1 an investigation regarding the causes and parties responsible for the gas leak at the Aliso Canyon Underground Storage Field (ACSF) located at 12801 Tampa Avenue in Los Angeles County. Southern California Gas Company (SCG), the public utility regulated by the CPUC that owns and maintains ACSF and is responsible for its wells, has been unable to stop the leak. The investigation should consider: the causes of the leak; SCG's response; the safety of the other wells at ACSF; the future of ACSF; and the resulting effects on just and reasonable rates.

It is the public that will ultimately be asked to pay for SCG's failed operation, just as the public was ordered to do for Southern California Edison's failed San Onofre nuclear plant. The public must be able to participate in an Investigation proceeding by the CPUC at this time to restore public confidence in the CPUC when its integrity is at an all time low.

II. BACKGROUND

A. "Dismal Safety Record"

On 9 September 2010, a 30-inch diameter natural gas transmission pipeline owned and operated by Pacific Gas & Electric Company (PG&E) ruptured and caught fire in the City of San Bruno, California. In response, the CPUC on 24

February 2011 issued Rulemaking (R.) 11-02-019, “a forward-looking effort to establish a new model of natural gas pipeline safety regulation applicable to all California pipelines.”

The September 2010 explosion in San Bruno caused eight deaths and the destruction and damage to more than 35 homes. The San Bruno explosion was part of a pattern of safety lapses of CPUC-regulated utilities.

In October 2007, San Diego Gas & Electric Company’s (SDG&E) electric transmission equipment in San Diego caused fires that took two lives and destroyed or damaged hundreds of homes in San Diego causing damage claims in the amount of \$4 billion.

In January 2012, Southern California Edison’s (SCE) nuclear generators failed, causing the San Onofre nuclear power plant to close permanently, resulting in an increase of carbon-based replacement power equivalent to putting an additional 1.8 million cars on California roads; as a result of this closure, the CPUC required ratepayers to pay an additional \$3.3 billion.

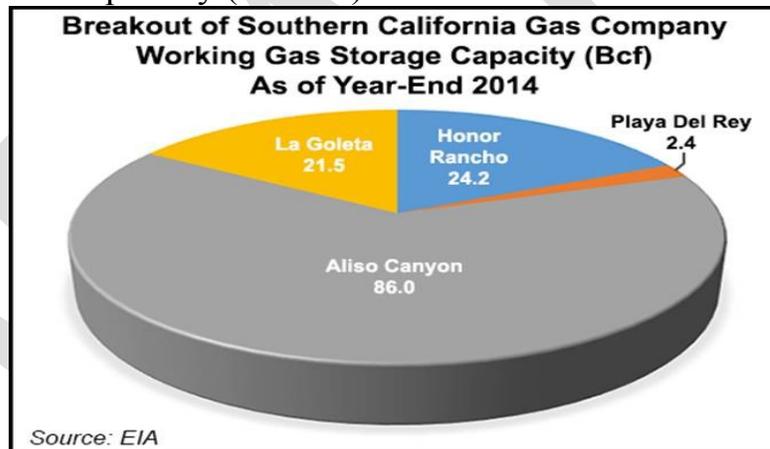
In the aftermath of this dismal record, CPUC President Michael Picker on 14 January 2015 admitted that the CPUC’s “safety oversight was severely lacking.”

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B. Aliso Expansion Project

In its November 2013 Decision 13-11-023, the CPUC granted \$200.9 million of utility customer funds to SCG to replace obsolete gas turbine compressors in

order to expand ACSF's natural gas injection capacity at the Facility. According to the CPUC decision, SGC provides natural gas to approximately six million customers. This service includes operation of four underground natural gas storage facilities to help meet peak hourly, daily, and seasonal demands for all its customers. ACSF is SCG's largest underground natural gas storage field and one of the largest in the United States. The CPUC found the Aliso field contains 84 billion cubic feet (Bcf) of working storage inventory, 1.875 billion cubic feet per day (Bcfd) of withdrawal capacity, and a current end-of-cycle injection capacity¹ of 300 million cubic feet per day (MMcfd).



Approximately 45% of SCG's total firm injection capacity is located at the Aliso Field. The three obsolete gas turbine-driven centrifugal compressors provided a majority of Aliso Field's injection capacity, according to the CPUC decision.

¹ Injection capacity (or rate) is the complement of the deliverability or withdrawal rate: it is the amount of natural gas that can be injected into a storage facility on a daily basis.

Under the CPUC-approved plan, ACSF's natural gas injection capacity will increase from approximately 300 MMcfd (million cubic feet per date) to approximately 450 MMcfd. The new construction at Aliso includes:

- A Central Compressor Station with three new electric-driven, variable-speed compressors and pipelines to connect the station to existing facilities;
- A 12-kilovolt (kV) Plant Power Line to supply the Central Compressor Station with power;
- Office and crew-shift buildings; and
- A guardhouse on a widened segment of the existing entry road into the storage field.

The expansion project was under construction when the leak was disclosed in October 2015.

C. Aliso Gas Leak

Despite the CPUC's representations to the public that safety at the CPUC was a high priority, the initial response to the report of the Aliso gas leak suggests the CPUC staff's actions did not comport with the agency's professed concerns for safety. After a resident reported the gas leak at ACSF, the CPUC investigator closed the case on October 27, 2015:

SCG represents that on 23 October 2015, SCG crews discovered a leak at

09-12-2011	Shut-in Temperature Log	2430	2430	Casing held pressure - no leak
05-29-2012	Shut-in Temperature Log	2572	2572	Casing held pressure - no leak
10-02-2013	Shut-in Temperature Log	2624	2624	Casing held pressure - no leak
10-21-2014	Shut-in Temperature Log	2647	2659	Casing held pressure - no leak

one of its natural gas storage wells (identified as "Standard Sesnon 25" and referred to as "SS 25") at its Aliso Canyon storage field. SCG has released a document showing inspections revealed no leaks at its SS 25 well since 2011:

Subsequently, hundreds of residents have reported health problems, including full-body rashes, headaches, vomiting and nosebleeds. Many of those living in and around ACSF have been forced to move to temporary housing as a result of the leak. The leak has caused schools to close and businesses to shut down. Estimates of \$2 billion in damages and costs have been widely reported. After multiple attempts to plug the leak, a significant concern is trying to avoid a blowout. A blowout, according to state officials, would increase the amount of leaked gas, causing greater environmental damage. If a blowout occurs, highly flammable gas would vent directly up through the well, rather than dissipating. SCG's attempts to stop the leak by pumping slurry into the well may have made the site and wellhead more unstable. Moreover, there are reports that SCG could have eliminated the leaks and further danger to the community by

completely drawing the reserves down, but SCG has refused to do so for financial reasons.

Petitioners, on behalf of utility customers, will likely be asked to pay for some, if not all, of the costs of the Aliso gas leak. Given the prolonged and continuing duration of the Aliso natural gas leak, the Governor of the State of California proclaimed a State of Emergency to exist in Los Angeles County on January 6, 2016. However, the CPUC has instituted only an informal staff-run investigation of this natural gas leak. An “independent,” third-party analysis of the cause of the leak has also been undertaken at the direction of CPUC staff, but its reports are to be provided to the CPUC and not released to the public until after the investigation is deemed complete by the CPUC at an arbitrary date. The CPUC has yet to initiate a formal investigation into the crisis at Porter Ranch.

III. PETITIONERS

Petitioner Paul E. Hunt is an individual residing in the Porter Ranch

Community within one mile of the ACSF and leak, and within the SCG utility ratepayer area. As a direct result of the ACSF leak and facility failure, he has had to leave his residence and relocate for safety reasons.

Petitioner Consumer Watchdog is a California non-profit education and advocacy organization with offices at 2701 Ocean Park Blvd., Suite 112, Santa Monica, CA 90405. It is dedicated to providing an effective voice for consumers on a wide variety of issues, from energy and the environment to privacy, insurance and health care. It has a history of bringing actions to challenge serial environmental polluters and the improper disposal of toxic and radioactive waste, seeking the levy of maximum fines for violation of California environmental and consumer protection laws; and strenuous advocacy on behalf of the citizens of California whose health and safety is at stake. Consumer Watchdog and its approximately 300,000 supporters in California believe that community health should not come at the expense of corporate wealth. Moreover, Consumer Watchdog has a demonstrated commitment to protecting the right of the public to participate in legal actions and policy-making, a principle of democracy that is enshrined in the California Constitution and numerous statutes governing the conduct of government and private entities.

Petitioner Citizens Oversight, Inc. is a non-profit corporation with primary offices in California. It represents the interests of consumers in administrative and

judicial proceedings concerning public utilities matters, and has intervened at the Public Utilities Commission and Nuclear Regulatory Commission regarding the San Onofre Nuclear Plant closure and subsequent waste storage and decommissioning plans.

IV. COMMISSION JURISDICTION

SCG is a public utility company under the CPUC's jurisdiction. The CPUC regulates its rates, operations, practices, programs, and services, plus the reliability, safety, and adequacy of facilities, pursuant to Pub. Util. Code §§ 451, 454, 701, and other statutes. The CPUC executes these responsibilities in a range of different proceedings, including applications, investigations, rulemakings, and other forums as appropriate.

Under Cal. Pub. Util. § 451, the CPUC is responsible for ensuring safe and reliable service at just and reasonable rates:

All charges demanded or received by any public utility...shall be just and reasonable. Every public utility shall furnish and maintain such adequate, efficient, just, and reasonable service, instrumentalities, equipment, and facilities...as are necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public.

IV. A FORMAL, PUBLIC INVESTIGATORY PROCEEDING IS NECESSARY

Gas has been leaking at ACSF since October 2015. As noted above, the CPUC staff has undertaken only an informal inquiry into the causes of the Aliso gas leak. The Division of Oil, Gas and Geothermal Resources (hereafter

“DOGGR”), which is overseeing SCG’s efforts to stop the leak, issued emergency orders in November and December 2015 directing SCG to (1) halt gas injections into the storage facility; (2) immediately work on alternatives to stop the leak; and (3) provide testing results, data, daily briefings and a written plan and schedule for sealing the well. DOGG established a panel of experts to provide independent monitoring and technical expertise, and review the SCG data and information reported to DOGGR.

However, the CPUC has failed to comply with California laws and the CPUC’s own regulations, which require the CPUC to exercise its authority through formal procedures. These statutory safeguards ensure that the public – particularly the residents who face an imminent threat to their health and safety – are fully apprised of the situation and are able to exercise their due process rights to protect their families and their property.

Instead, the CPUC has made clear it intends to proceed privately, outside the public’s view. The CPUC, when describing its scope of CPUC investigation into the well failure at Aliso Canyon, assured SCG it will only “release its official investigation report upon completion of all aspects of the investigation.” The CPUC further made known it “will not release tentative findings of its investigation.” This course of conduct flouts the CPUC’s regulatory scheme and mission, described by the CPUC as serving “the public interest by protecting consumers and ensuring the provision of safe, reliable utility service and

infrastructure at reasonable rates, with a commitment to environmental enhancement and a healthy California economy”. Accordingly, the and the public has ht to oversee a participate in the agency’s actions.

The CPUC’s recent track record of responding to massive utility failures is poor. In the proceedings relating to the San Bruno gas explosion that killed eight people and destroyed a part of a community, the CPUC was found to engage in secret ex parte communications with PG&E officials to arrange the appointment of an administrative law judge preferred by the utility. In the investigation into the radiation leak and generator failure at Southern California Edison’s San Onofre nuclear plant, which required it to shut down, then CPUC President Peevey and Director of Energy, Edward Randolph, met secretly in Warsaw, Poland with an Edison executive and formulated deal points that resulted in a “settlement” burdening ratepayers with \$3.3 billion in costs for the failed plant.

Until a criminal investigation uncovered, via a Court-issued search warrant, evidence in Peevey’s home, the public was unaware of the deal written by his and SCE’s own hand. Only after the publication of the notes in 2015 did SCE admit the secret meeting that had occurred two years prior; Peevey resigned immediately thereafter.

The massive gas leak at SCG’s facility has impacted the residents living in and around the facility. It holds the dubious distinction of being California’s single largest source of planet-warming pollution. The costs of SCG’s gas leak are mounting, with estimates of \$2 billion in damages and costs widely reported.

The CPUC professes to the public it is “ committed to transparency in its work to serve the people of California.” Anything short of issuing an Order Instituting Investigation in which the public can participate during – not after – the investigation would make that stated commitment a mere fallacy. The public has a right to participate.

V. ACTION REQUESTED

For the reasons stated above, utility customers request the following:

1. **An Order Instituting an Investigation (OII) relating to the causes of, persons responsible for, the ACSF gas leak; the actions required to safely terminate the threat to the public health and safety; and measures to assure full compensation of members and businesses in the community for losses they have incurred as a result of the ACSF gas leak.**

An emergency public meeting of the CPUC Commissioners in Los Angeles within 10 days of this Petition, in order to consider whether to issue the OII and to report on ACSF to Los Angeles officials and the public;

2. **Setting a date for a Prehearing Conference in order to place the OII on a fast track for resolution, without unnecessary “phasing”; and**
3. **The immediate release of all documents and communications to date between SCG (including its executives, staff and vendors), and the CPUC (including Commissioners, and staff) regarding the ACSF gas leak.**

VI. CONCLUSION

The CPUC should issue the requested Order Instituting Investigation to provide utility customers and their advocates an opportunity to participate in the investigation into the causes of the Aliso leak.

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VII. SERVICE LIST

Petitioners respectfully request that the Commission list the Petitioners' representatives in this matter as follows:

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Petitioners respectfully requests the Commission add Maria Byrnes to the service list for informational purposes only:

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Respectfully Submitted,

Dated: January 29, 2016

By: /s/ *Maria C. Severson*

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