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March 13, 2019

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Commissioner Martha Guzman Aceves
Commissioner Genevieve Shiroma
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, California 94102

Re: Winter 2018-2019 True Lessons Learned

Dear President Picker and Commissioners:¹

On February 26, 2018, SoCalGas' Chief Operating Officer, Mr. Jimmie Cho, sent you a letter referencing "Winter 2018-2019 Lessons Learned". The Porter Ranch Neighborhood Council (PRNC) wishes to provide you with a slightly different perspective of the "true" lessons learned from this winter season. We hope you will consider our perspective as you deliberate the future of the Aliso Canyon facility.

The SoCalGas letter begins with the statement that "*Southern California has experienced noteworthy winter cold conditions during the 2018-2019 winter season. Although the early winter conditions in Southern California were manageable, this February is on pace to be the coldest in decades...*".

SoCalGas is correct! This was an unusually cold winter season and has brought persistent weather conditions not seen in the region in a long time. But that is where our agreement with SoCalGas ends.

It is unfortunate that SoCalGas management cannot acknowledge their direct role in causing the gas shortage in Southern California and the resulting spikes in gas prices, which are simply passed through on to us, the residents and businesses of Southern California. At the same January 2019 workshop on Southern California Gas Prices that Mr. Cho ironically references in making the case for his demand to remove the restrictions on the use of Aliso Canyon, CPUC staff began the workshop with a presentation that clearly and unequivocally showed that the rise in gas prices in 2018 had nothing to do with the restrictions on the use of Aliso Canyon, and everything to do with the loss of 0.7 billion cubic feet per day (Bcfd) of gas transmission capacity that SoCalGas has allowed to continue through today. In referencing the workshop, Mr. Cho apparently chose to ignore the comments of all the workshop participants who directly laid blame for this situation on SoCalGas and its inaction.

¹ This letter represents the opinion of the PRNC, and not necessarily that of the City of Los Angeles.

But instead of just presenting words, we wish to present you with the actual gas demand and supply data for this winter season and ask you to make your own conclusions. Figure 1 below shows the daily gas demand in the SoCalGas System for the 2018-2019 winter season as reported on ENVOY®. Overlaid on the graph is the current reduced supply capacity of 2.7 Bcfd resulting from the continued pipeline outages. Also shown on the graph is the actual normal supply capacity of 3.4 Bcfd that they could have had flowing into the region had they repaired their pipelines in preparation for the winter season as any responsible service provider would have done.

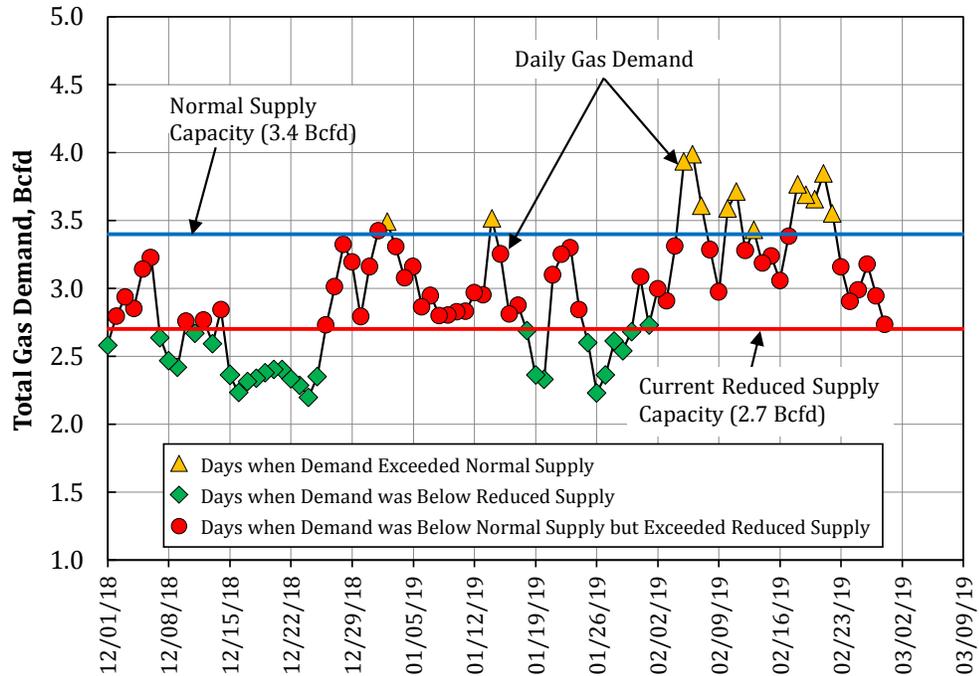


Figure 1 – Gas Demand in Southern California During Winter 2018-2019

The data in Figure 1 show the true reason for the gas price volatility and the excuse for withdrawing gas from Aliso Canyon. The following are our observations from the data:

1. Despite the cold season, the maximum daily gas demand was no more than 4.0 Bcfd. We hope that CPUC staff will take note of this as it plans its gas modeling scenarios under Proceeding I.17-02-002.
2. Because the pipeline capacity was only 2.7 Bcfd, the gas demand was higher than the gas supply on 66 out of the total 90 days since December 1, 2018. These are the red circles and the yellow triangles in Figure 1.
3. Most importantly, had SoCalGas done its job and repaired its pipelines before the winter season, the gas demand would have exceeded the true capacity of 3.4 Bcfd on only 13 out of those 90 days (yellow triangles in Figure 1); a deficit they could have easily managed with non-Aliso storage volumes, and in turn prevent any price spikes for the entire season. And all those days in red circles in Figure 1 would have been adequately supplied with gas through the transmission lines.

We recognize that another measure of gas demand is how long the elevated core heating demand persists in a season. A common value used to quantify this measure is the Heating Degree Days, HDD, which is *the number of degrees that a day's average temperature is below 65 °F*. SoCalGas wants to impress on you that February's HDD value has been the highest in years. However, the heating season is significantly longer than February. We examined the HDD for the actual heating season, and our findings are presented in Figure 2. The figure presents the HDD for the period of November through February for each of the winter seasons starting from 2010. Contrary to what SoCalGas wants to impress on you, this "heating" season has actually been substantially milder than seven of the prior eight seasons! That's because, while we have had a persistent wet winter in Southern California, the average temperature has been milder than prior winter seasons. SoCalGas knows this because these data are from their website, ENVOY®.

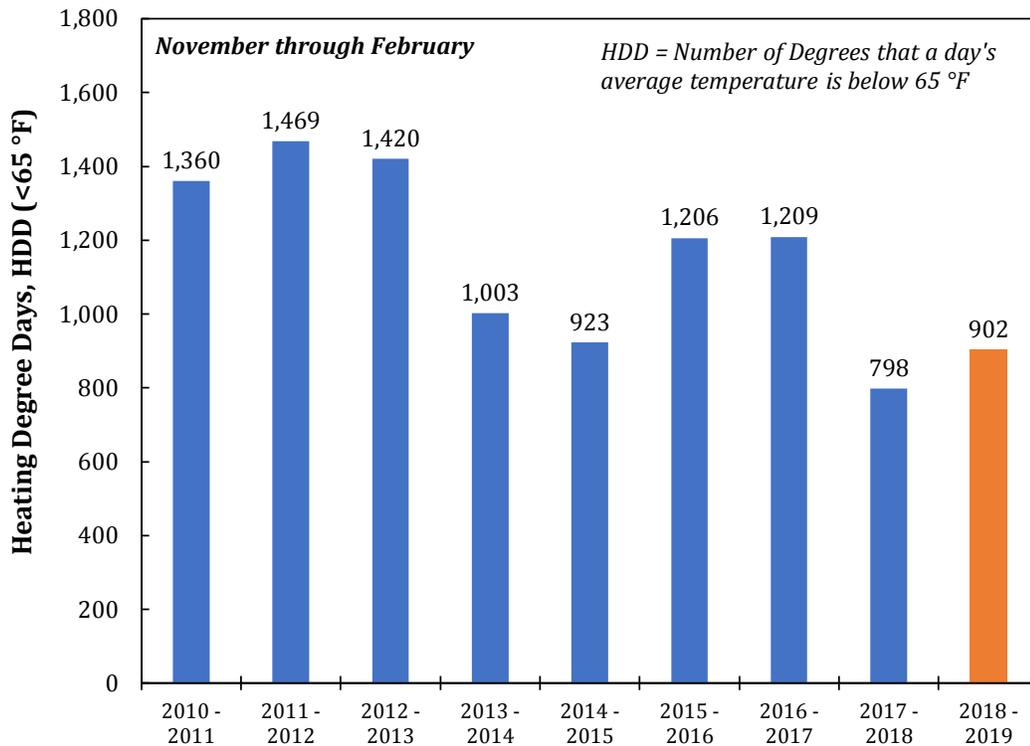


Figure 2 – Historical Heating Degree Days, HDD, for the Nov. through Feb. Season

It is our understanding that SoCalGas management team members met with Commissioner Guzman Aceves and PUC staff members on Friday, March 1, 2019, to express their concerns about the Aliso restrictions. As part of the information provided with the filing of the *ex parte* communication was a set of photographs of Line 235-2, which is the line that has been out of service. Those photographs have been posted on the CPUC website at: <http://efile.cpuc.ca.gov/FPSS/0000131770/3.pdf>. After reviewing these photographs, we hope that Commissioner Guzman Aceves asked SoCalGas staff *where are the crews that are supposed to be working diligently to repair this pipeline?* They certainly were not in those photographs!

The only real lesson learned from the 2018-2019 winter season is that no responsible gas service provider should enter a winter season with a large portion of its transmission capacity out of

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service. This winter season would have had absolutely no problem had SoCalGas done its job and repaired its pipelines, which they had plenty of time to do had they actually felt the same urgency about their pipelines being out of service, as the sense of urgency they want you to feel about the need to put Aliso back in service. At a minimum, SoCalGas should acknowledge that the loss of transmission capacity is the sole reason they got into this predicament, and we submit to you that SoCalGas should bear the entire cost of their inaction and should not be allowed to pass on the higher gas cost during this winter season to us, its customers.

We ask the PUC Commissioners to reject SoCalGas' continued attempts at using the Aliso Canyon restrictions as an excuse for their lack of responsible operation of the gas system. The PUC put these restrictions in place under a good-faith agreement with SoCalGas that allowed them the use of the gas in Aliso Canyon as a last resort after all their other supplies have been fully utilized. This implies that SoCalGas is supposed to do its job of keeping that supply in full operation, or at least make every effort to do so. They have clearly failed to keep their side of the agreement, and we are now, yet again, paying the cost of that failure.

We wish to remind the Commissioners that the restrictions on the use of Aliso Canyon are in place because of SoCalGas' own failure to safely operate and maintain the field. These restrictions are in place because SoCalGas caused the exposure of hundreds of thousands of California citizens to toxic crude oil and other known and unknown toxins for four months while hiding that fact from them. These restrictions are in place because this field is a threat to public health and safety. Yet, SoCalGas wants you to completely forget all that and simply allow them to go back to their old ways.

This facility must not continue to operate. We urge you to set us on a path of implementing former Governor Brown's directive to close this facility as quickly as possible, but no later than July 2027.

Respectfully Yours,
Porter Ranch Neighborhood Council



Issam Najm, Ph.D., P.E.
President

cc: Mr. Henry Stern, California State Senator, District 27
Mr. Robert Hertzberg, California State Senator, District 18
Ms. Christy Smith, Assemblymember, District 38
Mr. Jesse Gabriel, Assemblymember, District 45
Ms. Katie Hill, United States Representative, California 25th District
Mr. Brad Sherman, United States Representative, California 30th District
Ms. Alice Stebbins, Executive Director, California Public Utilities Commission
Dr. Robert Weisenmiller, Chair, California Energy Commission
Ms. Kathryn Barger, Los Angeles County Supervisor
Mr. Eric Garcetti, Mayor, City of Los Angeles
Mr. Ed Randolph, Deputy Executive Director for Climate and Energy Policy, CPUC