

## DOCKETED

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THE CALIFORNIA ENERGY COMMISSION AND  
CALIFORNIA PUBLIC UTILITIES COMMISSION

In the Matter of: )  
 )  
Aliso Canyon Action Plan ) Docket No. 16-IEPR-02  
for Local Energy Reliability in )  
Winter 2016/17 Joint Agency, )  
Integrated Energy Policy Report )  
Workshop )  
\_\_\_\_\_ )

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT  
AUDITORIUM  
21865 COPLEY DRIVE  
DIAMOND BAR, CALIFORNIA

FRIDAY, AUGUST 26, 2016

10:00 A.M.

Reported by:  
Mason Booker

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P R O C E E D I N G S

10:04 A.M.

SACRAMENTO, CALIFORNIA, FRIDAY, AUGUST 26, 2016

CHAIR WEISENMILLER: I'd like to thank everyone for their being here today. A few brief comments.

First, I was going to, for context, point out, today's meeting is part of a very comprehensive program the governor put in place to respond to Aliso Canyon. Cliff will certainly give -- fill in some of the broader context. But for this part what we're really looking at is just the issues of reliability, and an action plan we have developed to really respond to mitigate those risks, although obviously we can't eliminate risk totally.

So I'd like to first start out by thanking the South Coast for their hospitality. A great facility. Really a good opportunity for us to use this. And again, really appreciate all of your hospitality on this.

Certainly want to thank the staff for arranging this, putting all this workshop together, particularly my Chief of Staff, Kevin Barker. But obviously, Heather and her IEPR team have been really critical in organizing this. Again, I'd like to thank the public for their participation. Getting the perspective of all the stakeholders is certainly going to be very helpful.

1 I think in terms of -- let me introduce my  
2 colleagues on the dais. I guess what I'll do, since Michael  
3 will do some additional comments, is I'll just walk down  
4 this side and let you walk down that side. Does that make  
5 sense?

6 PRESIDENT PICKER: All right.

7 CHAIR WEISENMILLER: So, Cliff Rechtschaffen from  
8 the Governor's Office there. Karen Douglas, Energy  
9 Commission. She is Chair of the IEPR this time. Andrew  
10 McAllister, who is another Energy Commissioner. Laki from  
11 the South Coast. And Ken Harris from DOGGR, certainly  
12 really front and center on these issues, on many of the  
13 Aliso Canyon issues.

14 Michael Picker?

15 PRESIDENT PICKER: Thanks. I'm just going to be  
16 real brief, but let me start with introductions.

17 Michael Gibbs from the Air Resources Board. Tom  
18 Doughty from the California Independent System Operator.  
19 Mr. Webster, Michael Webster, we have a lot of Michaels here  
20 today, from the Los Angeles Department of Water and Power.  
21 And my colleague from the Public Utilities Commission,  
22 Catherine Sandoval.

23 We've had one previous meeting to talk about  
24 issues at Aliso Canyon and how to mitigate the after effects  
25 of the leak, especially reliability to the electric system.

1 And that was mostly in the context of this summer. And we  
2 knew at that time and said several times that we had a  
3 problem this summer, this winter, next summer. And so I  
4 don't want to speak too optimistically because we're not  
5 actually through this summer. Classically, there are heat  
6 events in Southern California all the way through September.

7 I will say that the challenges in the summer tend  
8 to be around meeting peak electricity demands and gas for  
9 peakers. Winter tends to be really different. So those are  
10 some of the issues we'll talk about today.

11 I think that there the challenge is serving  
12 millions of individual home customers, as well as the  
13 electric industry, and as well as trying to make sure that  
14 the oil refineries have the gas fuels they need to keep  
15 transportation working here in Southern California.

16 The 18 measures that we adopted this summer were  
17 not exactly easy to put in place. And I want to thank a lot  
18 of people for their participation. It took a lot of work to  
19 get those measures in place. They were critical to avoiding  
20 the potential for outages this summer. I think we actually  
21 were somewhat lucky early in the summer. Because if the  
22 June heat storm, which was very early by most planning  
23 objectives, had continued we could very well have faced the  
24 worst case. I think we should not plan for luck, although  
25 it's always good to have it.

1 I just want to point out that two of my colleagues  
2 worked very hard, Commission Sandoval on implementing energy  
3 efficiency programs that could be adopted quickly to reduce  
4 household use, particularly low-income household use of  
5 electricity and gas. Commission Florio also fast-tracked a  
6 proceeding on demand response that allows purchase of those  
7 resources to help meet electrical needs.

8 I have to say that one of the critical measures is  
9 something that none of us ever really thinks about unless  
10 we're deep in these industries, and that's the operational  
11 flow orders by which people order and dispatch gas to meet  
12 those needs. That's a very difficult one and involves the  
13 work of not just the CPUC and the Independent System  
14 Operator, but also LADWP who is one of the major users, a  
15 variety of other gas users in Southern California, including  
16 the SCAPA which is a consortium of small gas users for local  
17 public utilities. Everybody had to adapt to this very  
18 quickly. And I think it was one of the essential ways that  
19 we actually did not approach those critical limits that  
20 could have put us into a voltage collapse.

21 I want to remind people why we're nervous about  
22 this. A voltage collapse that came as a result of the  
23 failure of the Imperial Irrigation District's dispatch  
24 system shut down Tijuana and San Diego. The economic losses  
25 to San Diego alone from an electric outage was over \$130

1 million for just 13 hours.

2           So this has been a significant accomplishment.  
3 And it didn't come without a lot of work and some money, and  
4 I hate to say it again, but some luck.

5           I've got to thank the people of Southern  
6 California especially, because they did a lot to avoid using  
7 electricity during those heat storms, particularly that  
8 early June heat storm. And also the Mayor of Los Angeles  
9 who actually was one of our key messengers trying to help  
10 people understand that their individual choices make a big  
11 difference in how the electric system operates and how we  
12 ensure that we avoid those kinds of catastrophic collapses  
13 that we saw in San Diego.

14           I've got to say that we're now facing a whole  
15 different set of challenges around winter. And we have ten  
16 proposed measures that we plan to put into place. We'll  
17 hear about them today. We'll hear about why we think  
18 they're necessary. We'll hear a little bit of how they're  
19 going to work, but we'll also probably take other ideas.

20           As was in the case of the last hearing we had, we  
21 actually adopted additional measures after public comment.  
22 One of them is fairly untested. And again, I have to thank  
23 the mayor for starting to step up to this message that we  
24 can also, as individuals, curtail our gas use, just as we do  
25 electrical use. You can be careful as to when you use

1 natural gas, and that will also help us to avoid the  
2 potential challenges that come from a system that was  
3 dependent on Aliso Canyon, but where Aliso Canyon is not  
4 available.

5 I guess you just can't go very far wrong if you  
6 depend on the hard work, ingenuity, and the goodwill of  
7 Californians. But I will say that it doesn't hurt to pray  
8 for a little luck on top of that, just don't count on it.  
9 Thank you.

10 CHAIR WEISENMILLER: Thanks.

11 Let's go on.

12 MS. RAITT: I had a few housekeeping remarks, if  
13 you'd like me to jump in with those. Okay.

14 CHAIR WEISENMILLER: Sure.

15 MS. RAITT: Thank you.

16 I'm Heather Raitt from the Energy Commission. I'm  
17 the Program Manager for the Integrated Energy Policy Report,  
18 which this proceeding is part of today.

19 And I just wanted folks to be aware that we are  
20 being broadcast through our WebEx conferencing system, and  
21 that it is being recorded. And we'll post an audio  
22 recording on the Energy Commission's website early next  
23 week. And there will also be a written transcript recorded  
24 and posted in about a month.

25 Also, please be aware that the workshop is being

1 live streamed so that remote participants can view the  
2 speakers and presentations.

3 And I wanted to thank our presenters for being  
4 here, and to please limit your remarks to the time allotted.  
5 And I'll be reminding folks of our time restrictions today.

6 And I wanted to let people know that at the end of  
7 the day there will be an opportunity for public comment, and  
8 we're limiting comments to three minutes. And if you're  
9 attending in person, please see the Public Adviser at the  
10 entrance to the auditorium to sign up to make comments.

11 And for participants on WebEx, please use the chat  
12 function to tell our WebEx coordinator that you'd like to  
13 make comments.

14 And remote participants viewing the meeting via  
15 livestream will not be able to make verbal comments. Those  
16 participating remotely must use WebEx or the phone to  
17 comment verbally.

18 And written comments are welcome, and they are due  
19 on September 9th.

20 And then if you'd like, I'd just make a few  
21 comments about the scope of the workshop.

22 So the purpose of the workshop is to discuss  
23 electric energy reliability in the Los Angeles Basin for  
24 this winter. The staffs of the Energy Commission, CPUC,  
25 California ISO and LADWP will present the draft Aliso Canyon



1 Action Plan to Preserve Gas and Electric Reliability for the  
2 Los Angeles Basin Winter --

3 UNIDENTIFIED MALE: (Via telephone.) Is anyone  
4 else on this phone call?

5 MS. RAITT: -- Winter 2016 and 2017.

6 UNIDENTIFIED MALE: (Via telephone.) Yeah.  
7 Apparently they're having issues with the audio at that  
8 location, so we're just --

9 MS. RAITT: Okay.

10 CHAIR WEISENMILLER: We hear you very well.

11 MS. RAITT: So the action plan includes Staff  
12 recommendations for near-term mitigation measures to improve  
13 energy reliability in the area for the coming winter.

14 Discussion of the role of gas storage facilities  
15 and natural gas infrastructure in the state's long-term  
16 greenhouse gas reduction strategies is not a topic of this  
17 workshop. Those issues and long-term solutions for energy  
18 reliability of the Aliso Canyon storage facility as not  
19 available long term will be addressed at workshops in 2017.

20 Also, the safety of the natural gas storage wells  
21 is outside the scope of today's discussion. The Department  
22 of Conservation Division of Oil and Gas and Geothermal  
23 Resources is developing a comprehensive safety review of the  
24 wells within the Aliso Canyon storage field. The Division  
25 anticipates holding a public meeting on its findings in the

1 near future.

2 So to recap, the topic of today is gas and  
3 electric reliability in the Los Angeles Basin for Winter  
4 2016 to 2017. Thank you.

5 Oh, and so next is Cliff, I believe, Cliff Ro  
6 from the Governor's Office.

7 MR. RECHTSCHAFFEN: Thank you. Thank you,  
8 Heather. And Heather started outlining some of what I was  
9 going to say.

10 I'm Cliff Rechtschaffen from Governor Brown's  
11 Office. I want to thank the South Coast, as well. And I  
12 want to point out that the folks on the dais represent the  
13 breadth of agencies who have been working together  
14 collaboratively on the Aliso Canyon situation since the leak  
15 first started.

16 And the Governor has been focused laser-like on  
17 the problem since it first happened, setting things in  
18 motion with an emergency declaration. We have benefitted,  
19 as Chair Picker said, from tremendous collaboration with the  
20 L.A. Mayor's Office, with the other Southern California  
21 utilities, as well as the Los Angeles Department of Water  
22 and Power, and all the agencies you see on the dais.

23 I'd like to situate what we're doing, as Heather  
24 was starting to, in the broader context. We're here to  
25 focus on a Winter Action Plan and Risk Assessment that looks

1 at how we can meet electricity and gas needs for the winter,  
2 given the operational constraints the Aliso Canyon facility  
3 is operating under for all customers, all classes of  
4 customers, residential, commercial and industrial, and also  
5 discuss the mitigation measures, conservation approaches,  
6 and other efforts we collectively can take to minimize any  
7 risks that exist. This is separate from the Summer Action  
8 Plan. As you've heard, we detailed and implemented  
9 something like 20 measures.

10           You'll hear later how successful they've been, the  
11 cost savings and the energy savings and so forth were --  
12 you'll hear this refrain from all of us, we're not out of  
13 the woods yet for the summer. The summer still exists  
14 through October 15th. But through good luck and a lot of  
15 good planning, the implementation of those mitigation  
16 measures, we've successfully managed any risks we've had for  
17 the summer.

18           Now again, this is part of a broader suite of  
19 measures underway. The DOGGR, which supervises the safety  
20 of Aliso Canyon, issued emergency regulations governing the  
21 operations there earlier in the year. They've had hearings  
22 on permanent regulations that will increase the safety of  
23 wells at the facility. There was a recent hearing, and  
24 they're in the process of finalizing those regulations.

25           There's a comprehensive safety review that's being

1 implemented at the facility. Every well at the facility is  
2 undergoing a battery of six safety tests developed in  
3 consultation with our National Labs. And every well has to  
4 either pass those tests or be plugged and isolated from the  
5 rest of the facility.

6 At an appropriate time we anticipate that SoCal  
7 Gas will request permission to start reinjection of gas in  
8 the facility. That will trigger a review by DOGGR, a public  
9 hearing at which DOGGR will consider the evidence, decide  
10 whether or not to authorize that. The Public Utilities  
11 Commission will have to concur in any determination before  
12 injections can resume.

13 That's on the safety side.

14 In addition, there are ongoing investigations of  
15 what happened and why. Those are proceeding, including a  
16 root cause analysis to figure out the underlying causes of  
17 the accident.

18 Separately, the Public Utilities Commission by  
19 statute is tasked with making a decision about the long-term  
20 viability of Aliso Canyon. That process will take place  
21 over the next year. The PUC is already starting to do that  
22 ahead of the statutory schedule.

23 And then in addition to that, there is a study  
24 mandated by the legislature. The governor actually  
25 initiated this in the first place. The legislature ratified

1 this request. There's a study being done by the California  
2 Council of Science and Technology, which is an umbrella  
3 group that brings experts from around the state to look at  
4 the long-term viability of not just Aliso Canyon, but all  
5 natural gas facilities and natural gas infrastructure in  
6 meeting the state's energy and climate goals.

7           So that's -- those are additional things that are  
8 happening.

9           This report was prepared by four agencies, the  
10 California Independent System Operator, the Energy  
11 Commission, the Public Utilities Commission, and the Los  
12 Angeles Department of Water and Power. And as you'll hear,  
13 there were actually three separate analyses that were  
14 conducted.

15           For the first time, a natural gas balance analysis  
16 was conducted, and that looks at the balance between gas  
17 supply and demand under a range of scenarios.

18           Secondly, something called hydraulic modeling was  
19 carried out by SoCal Gas. That's a sophisticated look at  
20 what happens at very peak demand periods to the gas  
21 throughout SoCal Gas's infrastructure. And that was  
22 reviewed independently by two outside consultants. And  
23 you'll hear from them later today, and their report is  
24 available to the public.

25           And then third, the electricity grid operators,

1 the ISO and LADWP, did an analysis of what kinds of  
2 curtailments might we face from electricity, given the range  
3 of scenarios that we're going to encounter in the winter.  
4 And as you'll hear from our panelists, there are risks that  
5 continue to exist due to very cold weather, accident,  
6 unforeseen outages. But again, if we follow Michael  
7 Picker's directive and we're lucky, assuming favorable  
8 conditions, we should be able to get through the winter  
9 without curtailments. But the margin of safety will be  
10 thin. And Aliso Canyon provides a very important margin of  
11 safety. And if there are very, very cold days or unforeseen  
12 contingencies, the analysis show that it could be necessary  
13 to utilize Aliso Canyon.

14           Again, as with the summer, the suite of mitigation  
15 measures and conservation efforts will be critical to  
16 minimizing any risks and making sure that we get through the  
17 winter without curtailment or disruption to any customers.

18           So with that, we look forward to a full day of  
19 testimony.

20           I also want to reiterate the point that Heather  
21 made that this is a public dialogue. The comments are due  
22 by September 9th. The Summer Action Plan was specifically  
23 changed and improved. Mitigation measures were added in  
24 response to very valuable public comment. So we certainly  
25 welcome that, both oral comment here today and written

1 comments later on.

2 Thank you.

3 CHAIR WEISENMILLER: I guess we need a couple  
4 minute break on the A/V issues.

5 (WebEx is tested.)

6 (Colloquy)

7 MS. RAITT: All right. Thank you. Sorry for the  
8 delay.

9 So we have our first panel, which is a Staff  
10 presentation. We have Rob Oglesby from the California  
11 Energy Commission, Edward Randolph from the California  
12 Public Utilities Commission, Mark Rothleder from the  
13 California Independent System Operator, Kenneth Silver from  
14 the Los Angeles Department of Water and Power, and Catherine  
15 Elder from Aspen Environmental.

16 MR. OGLESBY: Thank you. My name is Rob Oglesby.  
17 I'm representing the Energy Commission. And I wanted to  
18 preface the presentation because we had some folks that  
19 weren't able to hear the introduction that were on WebEx,  
20 that we're here today to talk about Aliso Canyon winter  
21 reliability. There are some other proceedings that will be  
22 coming up to talk about the safety review and reinjection  
23 and future use of the facility and, indeed, longer views of  
24 natural gas.

25 We have a panel here that is broadly

1 representative of state and local agencies who have been  
2 involved with this. The panel that I'm kicking is the panel  
3 to describe what we studies as we've looked towards winter  
4 reliability. And it follows an earlier effort that was done  
5 to look at summer reliability. So with that as a preface,  
6 let me dive into the first slide.

7           We've had amazing coordination between agencies  
8 and the energy sector in analyzing the challenges that have  
9 been faced since the Aliso Canyon began leaking and then was  
10 put out of service. Agencies that have contributed to this  
11 report, and there have been other inputs that we've had  
12 included, the Department of Oil and Gas and Geothermal  
13 resources, or DOGGR, the California Public Utilities  
14 Committee, the Energy Commission, of course, the California  
15 Independent Systems Operator, and the Los Angeles Department  
16 of Water and Power.

17           Next slide.

18           So after continuing work on the -- we have quite a  
19 bit of echo here. Shall I hold for just a moment while  
20 the --

21           CHAIR WEISENMILLER: Hold for a moment. I mean,  
22 the good news is we wanted to have a hearing down here. The  
23 bad news -- and we have a great A/V system. The bad news is  
24 we're having some issues.

25           (WebEx is tested.)



1 (Colloquy)

2 MR. OGLESBY: So let me begin with an apology for  
3 the technical difficulties, particularly for those that are  
4 turned in remotely. It continues to be a challenge to  
5 always have the systems working perfectly when you're  
6 employing a lot of technology. Let me pick it up where I  
7 left off.

8 I just talked about the amount of collaboration  
9 that was going on between agencies and other participants in  
10 the energy sector to do an assessment that builds on an  
11 earlier assessment we did for summer reliability. This  
12 builds on it for winter reliability.

13 And the assessment shows that risk for this winter  
14 is lower than it was estimated for the summer. Gas from  
15 Aliso Canyon continues to be a key tool to handle that risk,  
16 more of a hedge. We have 15 billion cubic feet still in the  
17 Aliso Canyon and available for withdrawal.

18 Even if the proceedings that are scheduled for the  
19 future -- that would be scheduled for the future to consider  
20 the reinjection of gas into Aliso determine that gas can be  
21 injected in October and November, there will still be more  
22 than a normal degree of risk of curtailments. And it's  
23 anticipated that abilities to withdraw would not be the same  
24 as they were before the incident, and any restrictions on  
25 operating.

1 CAISO and LADWP system appear able to rely on  
2 generation sources outside the SoCal Gas service area to  
3 replace lost input, and this basically relates to imports of  
4 electricity, so long as no other transmission or generation  
5 outages occur.

6 And, of course, we've talked about the weather.  
7 And uncertainty remains about what the weather holds for us  
8 and the performance of key equipment that we rely on.

9 The reports identified ten mitigation measures  
10 that will help, in addition to the ones that we've  
11 implemented previously, and those include gas conservation,  
12 and perhaps using some of the 15 billion cubic feet that are  
13 still held at Aliso, if needed.

14 So where are we now?

15 Summer is not over. In fact, we still have some  
16 three digit forecasts in this region in the coming week, and  
17 significant risk remains. We have 15 billion cubic feet  
18 remaining in the Aliso field. The safety review of the  
19 Aliso facility, of the wells at the Aliso facility, is  
20 continuing. And it's unknown when SoCal Gas will apply to  
21 begin to seek to begin making injections. And even if that  
22 is granted, the cleared wells may produce less due to influx  
23 of liquids as they ramp up in some differences and  
24 constraints in how they would perform.

25 SoCal Gas must retain enough wells to withdraw 420

1 million cubic feet per day through the summer. We're going  
2 to keep on with the 21 mitigation measures that were  
3 implemented for the summer. And as Cliff Rechtschaffen  
4 noted, we made it through the heat waves in June and July,  
5 in part because of the good planning and the implementation  
6 of the mitigation measures, but also with a little bit of  
7 luck since some of the heat episodes were not as severe as  
8 forecast.

9           Now DOGGR is overseeing the -- next slide. DOGGR  
10 is overseeing the comprehensive safety review. And the goal  
11 is to ensure that no other wells at Aliso could cause  
12 another major leak. The design of the safety review was  
13 developed in cooperation with independent technical experts  
14 with National Labs. Gas may be injected into Aliso only  
15 after all 114 wells have passed the comprehensive test or  
16 have been isolated. And what's unknown at this point is  
17 when the reviews will be completed, or if or when how many  
18 wells will be cleared to operate, and the ultimate  
19 production capacity of the wells.

20           Next slide.

21           So in compliance with the governor's proclamation,  
22 reliability studies were performed by the CPUC, Energy  
23 Commission, CAISO, and LADWP. And this one focused on the  
24 winter of 2016-2017. We have three new reports that were  
25 just released and we're receiving comments, and they are the

1 focus of today's activity and they include a technical  
2 assessment, an independent review of hydraulic analysis, and  
3 the action plan.

4 I'm going to hand off to Katie now who will go  
5 into more detail, so take it away, Katie.

6 MS. ELDER: Okay. Good morning. Whereas you may  
7 remember that when we talked about the summer, we had a  
8 graphic that showed a map with a number of power plants  
9 marked on it, and we really focused on the Los Angeles  
10 Basin. As we think about the winter, we're really focused  
11 much more broadly across the entire SoCal Gas system. So  
12 whereas we had talked about the 17 gas-fired power plants  
13 located within the basin, and then representing about 9,800  
14 megawatts for the summer, we're talking about 48 plants  
15 spread all across the SoCal Gas and San Diego Gas electric  
16 system. And they generate a total or are capable of  
17 generating a total of about 20,000 megawatts.

18 You're going to see in the analysis as it unfolds  
19 that now instead of really focusing inside the L.A. Basin,  
20 we're talking about impacts across the entire SoCal Gas  
21 system. And what are the maximum capabilities of the system  
22 to serve demand without having Aliso Canyon operating the  
23 way it used to?

24 A key finding -- next slide. Thanks.

25 The key finding of our analysis is that gas

1 reliability is still threatened, but electricity challenges  
2 seem to be fewer than they were for the summer. So it's  
3 sort of we have better news than we had for the summer.

4           A couple things about winter to keep in mind are  
5 that demand flips in the winter so that 60 percent of the  
6 gas demand in the winter is consumed by core customers. It  
7 was just the opposite for summer where electric generators  
8 consumed 60 percent of the demand in the summer, but that  
9 flips for winter. So core customers are now going to be the  
10 majority of demand on the system.

11           It's still the case, though, that if we have to  
12 curtail gas service to somebody, it's going to first to non-  
13 core customers. We always protect the core. And that  
14 secondly, within that non-core class, the generators are  
15 going to be the first to go off the system when there's not  
16 enough gas.

17           We've done an analysis, looking at a winter peak  
18 day. It has a one-in-ten probability for the demand numbers  
19 that you're going to see for non-core customers. Later one  
20 when Mark talks about the hydraulic analysis, that was a  
21 one-in-ten demand for all customers on the system.

22           Now the other piece of good news and the reason  
23 why we think there are few electricity challenges for the  
24 winter than there were in the summer is that electricity  
25 demand is lower in the winter, and so those units that we

1 have available don't have to work as hard. And that also  
2 means that there's more flexibility to shift generation  
3 around, not only within the basin, within the SoCal Gas  
4 service area, but to shift generation to resources that are  
5 located outside the SoCal Gas service area.

6 Next slide.

7 And I should emphasize here, I guess, that while,  
8 yes, I'm with Aspen Environmental Group, my work here is  
9 done under contract to the Energy Commission.

10 So with my colleagues at the Energy Commission, we  
11 prepared a gas balance. We did that analysis independently  
12 of SoCal Gas. In part, we wanted to address concerns that  
13 we didn't have any analysis that was independent of SoCal,  
14 so this is what we put together to help try to address that.

15 A gas balance is only a first-cut comparison of  
16 supply to demand to see how much excess exists or may not  
17 exist. You still have to do a hydraulic analysis to look at  
18 the kinds of issues that we're looking at here on the  
19 system. And you're going to hear more about the hydraulic  
20 analysis later.

21 So the gas balance is really complimentary to  
22 that, and we start with that. At one point, in fact, you're  
23 going to see some results that come from the hydraulic  
24 analysis that you could never see in the gas balance, so  
25 that's really important. The gas balance is just a first

1 cut. It's a place to begin.

2 Another key difference between it and the  
3 hydraulic is that the hydraulic is only going to look at a  
4 single peak day. We looked across the whole system -- whole  
5 season, I should say, because part of what we wanted to look  
6 at were what kind of inventory levels were achievable should  
7 injections be able to start by X date. And we did several  
8 different scenarios of when X might occur or if it would  
9 occur.

10 We wanted to keep track of the inventory, both at  
11 Aliso and to see what our capabilities were at the other  
12 fields, because part of what we wanted to look at was not  
13 just what would happen on a peak day, but what would happen  
14 as we went through December, January and February. We  
15 recognized, also, in doing this kind of analysis that on a  
16 peak day you tend to look at your maximum capabilities.  
17 What happens if I have to pull out all the stops? But you  
18 don't do that every day, and you don't plan to do that every  
19 day. And so the gas balance approach is much more of a sort  
20 of how the system would work over a period of days and  
21 months, instead of just looking at that one particular day.

22 We assumed -- made slightly different assumptions  
23 that SoCal Gas did in the hydraulic analysis. We have a  
24 slightly different number on the receipt point capability,  
25 and a little bit different number on the storage. We used

1 3.225 for the receipt points versus flowing supply available  
2 at the receipt points, the maximum that would be available  
3 from the receipt points, and 1.64 from BCF per day from non-  
4 Aliso related storage, those other three storage fields.

5 In daily analysis we had four inventory scenarios  
6 for conditions at Aliso Canyon. We had a no-Aliso Canyon,  
7 no reinjection at all. And then we looked at reinjections  
8 beginning in September and October. Our worst case was also  
9 beginning in October, but at a smaller inventory level and a  
10 smaller -- I'm sorry, a smaller injection level, and  
11 continuing into November with a smaller injection level than  
12 we had in scenario three.

13 We have withdrawal assumptions in there that were  
14 based on very preliminary estimates from SoCal Gas as to  
15 what the field might be able to do. We don't know of those  
16 are actually valid or not because they were prepared before  
17 SoCal Gas was able to do any flow testing. And so, you  
18 know, this analysis should be looked at as a sketch rather  
19 than a formal, kind of final findings. Again, it's a first  
20 cut, not the final answer.

21 If we are able to resume some injections in  
22 October -- next slide -- if some injections were able to  
23 resume in October, then it looks like, in the cases, even  
24 with the cases where we start to reinject a little bit of  
25 gas in October, continuing into November, that we'd really



1 be still barely okay on a winter peak day. And so it's an  
2 indication that even if you can get a little bit of gas in,  
3 it doesn't eliminate all danger.

4           We estimated that if there was no Aliso Canyon at  
5 all, besides the 15 BCF that's there now, that even on a  
6 winter -- that on a winter peak day we would probably be  
7 short at least 300 MMCF per day, and that's without taking  
8 into account an issue that was discovered or uncovered, I  
9 should say, in the hydraulic analysis, that we end up seeing  
10 up a conflict between using Line 225 and pulling gas from  
11 Honor Rancho. And folks will talk more about that later.

12           But the bottom line is that if you took these  
13 scenarios and you began to perform hydraulic analysis using  
14 them, you would get bigger curtailments than what I'm  
15 showing here. So we want to emphasize that.

16           Even in these other cases where we injected some  
17 gas or we simulated the injection of some gas at Aliso  
18 Canyon and we were able to achieve inventory levels of  
19 either 36 or 25, the 48 number that you see there was a case  
20 that assumed beginning September 1st, which is clearly not  
21 feasible at this point. But part of the analysis shows that  
22 even then, SoCal Gas would have to depart from the kinds of  
23 injection and withdrawal profiles that it used to commonly  
24 use because of the lower inventory at Aliso.

25           In other words, it would not be operations as

1 normal for them. And we wouldn't have enough gas at Aliso  
2 Canyon in any of these scenarios to be able to withdraw what  
3 they used to plan on withdrawing from Aliso Canyon on an  
4 average day, so that's a key takeaway.

5 We find that even on these winter peak days in a  
6 couple of the withdrawal scenarios where we are able to,  
7 quote unquote, "serve all demand," that the reserve margins  
8 would be very tight. And as I said before, my expectation  
9 would be that if you ran hydraulic analysis on those  
10 scenarios you would get much bigger gas curtailments than  
11 what we've talked about in the report.

12 And with that, I'm going to turn to Mark  
13 Rothleder.

14 MR. ROTHLEDER: Thank you, Katie. My name is Mark  
15 Rothleder. I'm the Vice President of Market Quality and  
16 Renewable Integration at the California ISO. And I've been  
17 working on this gas assessment associated with Aliso Canyon,  
18 both for the summer, and then also the winter.

19 So the input to the electric analysis, the  
20 assessment, whether there's an electric reliability risk, we  
21 first had to complete the gas analysis. And the completing  
22 of the gas analysis entailed really getting an assessment  
23 through the hydraulic analysis, what the risk is of being  
24 able to serve the expected peak gas demand for the winter  
25 would be.

1           So the hydraulic analysis is an analysis that  
2 really models the intra-hour or intra-day dynamics of moving  
3 gas through the system. Gas moves at about 20 to 30 miles  
4 per hour. And the pressures that need to be maintained on  
5 it, there's minimum-maximum gas pressures that need to be  
6 maintained. And if you don't maintain those gas pressures  
7 you jeopardize the reliability of the gas system itself. So  
8 the gas balance that Katie just described is not sufficient  
9 to fully analyze all the operating pressures intra-day, but  
10 the hydraulic analysis does do that.

11           The hydraulic analysis that was performed by SoCal  
12 Gas assumes no Aliso Canyon availability at all, so we're  
13 kind of taking a worst-case scenario. And what that  
14 identified, one of the operational things that it identified  
15 is that if you have high utilization on part of the gas  
16 system, specifically Wheeler Ridge import point, there's  
17 interplay between that and the ability to withdraw from  
18 Honor Rancho. And so while by a name play Honor Rancho is  
19 available for 1 BCF of withdraw, if you have high  
20 utilization on the Wheeler Ridge line, you basically cannot  
21 simultaneously withdraw from Honor Rancho the 1 BCF, about  
22 150 million cubic feet less than what you otherwise would be  
23 able to do.

24           The bottom line is that with Aliso Canyon the  
25 hydraulic analysis kind of confirmed, also what the gas

1 balance did, and that is you cannot meet the one-in-ten-day  
2 peak demand design day of 5.2 billion cubic feet of takeout.

3           What the hydraulic analysis indicated is that if  
4 you assume 100 percent utilization, and what I mean by  
5 utilization, it says you can find enough supply to get into  
6 the pipeline system and you're fully utilizing the remaining  
7 gas storage facilities, 100 percent utilization means that  
8 you're fully utilizing all that transfer capability and  
9 withdrawal capability from the other storage facilities. At  
10 no time really has it really operated at 100 utilization.  
11 So it's kind of a theoretical but unrealistic point of  
12 operation.

13           Nonetheless, but if you assume 100 percent  
14 utilization, the maximum that the hydraulic analysis  
15 indicated that could be served is about 4.7 billion cubic  
16 feet. So the bottom line is that we are in a situation  
17 where there is a risk of not being able to meet those peak  
18 demands of gas demand without Aliso Canyon.

19           If you further look at -- assume certain analogies  
20 or certain unavailability of some of the pipeline systems,  
21 that 4.7 billion cubic feet goes down to as low as 4.5  
22 billion cubic feet, still at an assumed 100 percent  
23 utilization. If you assume something more realistic in  
24 terms of utilization of the pipeline system based on  
25 historical observations, and we assumed 85 percent, you get

1 down to about 4.2 billion cubic feet of demand that can be  
2 served at that point.

3           One point to make is, is that the operational flow  
4 order, one of those mitigation measures, is one of the  
5 measures that speaks to and kind of incentivizes the high  
6 utilization. It sends a signal ahead of time, a day ahead  
7 and in real time to have high utilization. So that was an  
8 important mitigation item that helps keep these utilizations  
9 high and not leave it to real time or storage, other storage  
10 facilities.

11           So the bottom line is, is that if you take the  
12 difference between the 5.2 and what the servable demand is,  
13 you quickly can quantify what the risk is or the amount of  
14 risk that you can't serve. Now that doesn't mean that  
15 there's going to be lights out or there's going to be that  
16 the gas can't be served. But what it does mean is that the  
17 non-core customers, and specifically electric generation who  
18 has to take any curtailments, those resources are going to  
19 be potentially curtailed gas by that potential quantity.

20           So you can see here that it ranges from about 500  
21 million cubic feet to almost a billion cubic feet of  
22 potential quantity of risk of gas curtailment to the  
23 electric system. And that really sets up the balance stream  
24 analysis that we performed in asking the question: What is  
25 the electric system able to handle in terms of gas

1 curtailments?

2           Next slide please.

3           So now we're on the electric side. So now we've  
4 got -- we've quantified what the risk is in terms of the  
5 amount of gas curtailment or what can be served, including  
6 generation. Just to set the stage here, in the winter the  
7 electric system demands are much less. So as Katie  
8 indicated, rather than being 60 percent of the gas demand,  
9 the electric generation in the winter is only 20 percent of  
10 the gas demand. And to put it in quantities, in the summer  
11 we're approaching about 2 billion cubic feet of demand of  
12 gas over the day in the electric system. In the summer  
13 that's closer to about 1 billion cubic feet left to just  
14 natural economic forces, how you'd run the system in a  
15 least-cost method.

16           So about 1 billion cubic feet would be the normal  
17 electric demand for electric generation on a normal or on a  
18 peak winter day, a cold winter day. However, we can operate  
19 lower. And what the analysis that we performed is how low  
20 can we go? How low can we run our generation and still  
21 maintain electric reliability?

22           And what do I mean about electric reliability?

23           Well, there are certain things that we have to do  
24 under our obligations to maintain reliability standards.  
25 First off, we have to meet supply and demand. So whatever

1 the electric supply is over the system, both LADWP as a  
2 balancing area and California ISO have a responsibility of  
3 balancing that demand. And we have resources both that are  
4 gas resources inside the SoCal Gas system, and we have  
5 resources outside the system. So we need to look at the  
6 whole set of resources that we can do that with.

7 We have to be contingency secure. And what that  
8 means is that we have to prepared for any individual line or  
9 any generator that may trip. We have to be ready to handle  
10 that contingency. It's called N-1 contingency secure.

11 We also have to maintain sufficient operating  
12 reserves so that if there is a loss of the largest resource,  
13 we can resupply that within effectively 30 minutes -- or 10  
14 minutes, I'm sorry, to maintain electric reliability.

15 And so our analysis looked at all those things.  
16 And what we determined is, is that, roughly speaking, we can  
17 get down to a minimum generation level and still maintain  
18 those performance measures at about 100 million cubic feet  
19 of use on the electric generation system. So what that says  
20 is if we came out of the day ahead or if we expected, by  
21 economic, least cost, that we were going to have 1 billion  
22 cubic feet of use, theoretically before we have a  
23 reliability issue, we can take that down as low as about 100  
24 million cubic feet. So we have about 900 million cubic feet  
25 of headroom to absorb any gas curtailments that may come our

1 way from the inability to meet that one-in-ten day on the  
2 gas system.

3           So the last piece of the analysis is really, and  
4 this is important, is when does that gas curtailment occur,  
5 or when do we prepare for that gas curtailment to occur?

6           And what we find is that while there should be  
7 sufficient supply to resupply, if we're planning on using 1  
8 billion cubic feet on electric generation and we end have  
9 curtail, theoretically there is enough supply elsewhere,  
10 non-gas supply elsewhere in the winter to find. However, if  
11 we leave that only to real time, in other words, intra-hour,  
12 only a couple hours before it happens, some of those  
13 supplies are no longer available.

14           And that kind of leads us back to one of the  
15 mitigation measures that we have to take, and that is on  
16 these cold days, on these high gas demand days we will have  
17 to take extra measures to probably limit the amount of gas  
18 burned on the electric generation system. And that is going  
19 to be a more costly operation than what would normally have  
20 been done. But we have to take those measures a day ahead,  
21 one day ahead, so that we ensure that we don't get into a  
22 position that we get into real time and then we can't find  
23 enough supply to resupply. So that's a proactive measure  
24 that we would take.

25           The bottom line is, is that what the analysis



1 indicates is that so long as the amount of gas supply that  
2 can be served, overall gas supply is greater than about 4.1  
3 to 4.2 billion cubic feet per day, we should be in a  
4 position with proactive measures to be able to withstand the  
5 amount of gas supply that could be served to the electric  
6 generation system. So there is a risk to gas curtailments  
7 to the electric generation. I think we're all aware of that  
8 and understand that.

9           However, different from the winter -- or different  
10 from the summer, the winter, it looks like those will not  
11 manifest themselves as long as there's sufficient supply  
12 coming into the gas system above 4.2 BCF. As long as that's  
13 occurring we should be able to withstand that without having  
14 to interrupt electric supply -- or electric demand.

15           Now, there is a risk still, and it's not a zero  
16 risk, but there is still a risk that if gas supplies, for  
17 whatever reason, if the utilization is low or if there's  
18 outages on the gas system that further constrain the gas  
19 supply, or in the case of winter we've had situations where  
20 there's freeze off of wells outside of -- in New Mexico and  
21 Mexico or in Texas where the gas supply can't get into the  
22 system, it's just not there, and there's a risk of having  
23 gas supplies being below 4.1 billion cubic feet for the day,  
24 then there is a risk that could jeopardize electric  
25 reliability. And that's where the insurance measure of

1 Aliso Canyon withdrawals would start to kick in to mitigate  
2 that measure -- mitigate that risk.

3 Next slide please.

4 For the winter assessment, we engaged an  
5 independent Review Team to review the hydraulic modeling  
6 analysis that SoCal Gas performed, and also kind of do an  
7 overview of the findings from both the summer assessment and  
8 the winter assessment. The team was put together based on  
9 recommendations from the Department of Energy, with experts  
10 from the Los Alamos National Labs. And then we also engaged  
11 an expert who has both operational planning and management  
12 experience of gas systems unrelated to California or SoCal  
13 Gas system to partner with the Los Alamos team. So you've  
14 got a strong team of both gas modeling experts and  
15 operational and planning experts.

16 Overall, their assessment have found that the  
17 modeling was largely consistent with industry practices from  
18 the perspective of how the hydraulic modeling was used and  
19 how the tools, in terms of maintaining pressures on the  
20 system, were modeled in the system. They did find that the  
21 statistical analysis that led to the quantification of the  
22 number of days of risk, they did feel as though there was  
23 some potential overestimation as it related to unplanned  
24 outage days. And their -- it was -- they felt as though  
25 those unplanned outage days were already captured within

1 some of the scenarios already. And so they felt that there  
2 was some overestimation of the days of risk associated with  
3 those.

4           However, they also determined or they found that  
5 there was an understatement of the potential impact relative  
6 to high-impact but low-probability events. And that's  
7 because of the combination of potential planned and  
8 unplanned outages that could have occurred but weren't  
9 quantified in the summer assessment.

10           Otherwise, they largely concur with the findings  
11 of both the summer and winter assessment in terms of that  
12 there is a risk of gas curtailments, and those risk are  
13 real.

14           They also reviewed and provided some  
15 recommendations with regard to the action plans, and made  
16 some statements and findings with regard to how effective  
17 the action plan was in mitigating the risk for this summer,  
18 and some recommendations going to into future assessment, if  
19 necessary.

20           The report was released at the same time with all  
21 the other assessment. And they are here today and will be  
22 speaking to you this afternoon with more details about their  
23 assessment and findings.

24           With that, I'm going to hand it off to Mr.  
25 Randolph who will talk about the new mitigation measures for

1 this winter.

2 MR. RANDOLPH: Thank you, Mark.

3 I'm Edward Randolph, the Director of the Energy  
4 Division at the California Public Utility Commission. The  
5 action plan that was released earlier this week proposes ten  
6 new mitigation measures to help reduce the risks that have  
7 been identified in the plan.

8 To start, it's worth noting that the measures that  
9 were identified in the Summer Action Plan, those 20  
10 measures, most of those will continue. And either they  
11 continue as we keep working on those, or the fruit so of  
12 those measures as we adopted them will continue. And I'll  
13 talk a little bit more about that a few slides down.

14 And then for the ten mitigation measures we  
15 proposed in the action plan so far, similar to the Summer  
16 Action Plan, they're heavily focused on a combination of  
17 reducing or shifting demand for natural gas in the system,  
18 or better coordination and operation of the system to help  
19 better utilize that capacity in the system that the studies  
20 have shown sometimes is not effectively utilized.

21 So of the plans, the first and one that may be the  
22 most challenging for the Energy Division for the next few  
23 months is develop and deploy a Gas Demand Response Program.  
24 It's worth noting that in preparation for this report our  
25 colleagues at the Energy Commission did an analysis of Gas

1 Demand Response Programs across the country and found that  
2 while some other jurisdictions are researching the concept  
3 of it, there is no best practices that we found that we  
4 could follow or other good ideas. So once again, we may be  
5 on the forefront of developing gas demand response. And  
6 we've already begun working on these programs. And we'll  
7 work with SoCal Gas and stakeholders to propose some ideas,  
8 taking advantage of the smart meters in the near future.

9           And then shifting to a develop and deploy gas  
10 cold-weather messaging. We've been doing, through  
11 taskforce, messaging on conserving gas and conserving  
12 electricity as it relates to the summer. The practice will  
13 be a little bit different in the winter, so we'll shift to  
14 that.

15           Operational challenges, operational changes,  
16 extend the non-core balancing rules that went into place for  
17 this summer. Those potentially are set to expire in a few  
18 months. They were part of a settlement agreement. We found  
19 those to be very effective in helping manage the system this  
20 summer, and would like to extend those at least into the  
21 winter, if not beyond. Additionally, add rules to better  
22 balance the core customers and SoCal's obligations on how  
23 they manage and bring gas into the system for the core  
24 customers. And then create a gas burn operation ceiling for  
25 electric generators so that they have caps on what they can

1 burn on a given day that will help better predict and manage  
2 the system.

3 And then reduce gas maintenance downtime. SoCal  
4 Gas has been very good so far and very diligent in working  
5 through the maintenance projects they have as fast as they  
6 can. However, with the capacity constraints continuing, it's  
7 important that SoCal Gas be very transparent about the  
8 operations they do have, and work with the stakeholders and  
9 be very public about the timelines and when they finish.

10 The next two are increasing supply, a combination  
11 of focusing on asking the in-state gas producers to work with  
12 them to produce more gas from their wells. That was a  
13 comment on the summer assessments, that it didn't account  
14 for the full potential of the gas producers within  
15 California. We're going to look to see where we can to get  
16 more production out of them to help the system.

17 And the next one is to look at ways to buy gas  
18 from the LNG facility in Baja, California. This is owned by  
19 Sempra, the parent company to SoCal Gas. And the key issues  
20 there, we'll be working through affiliate transaction rules,  
21 not to waive the rules but to make sure any transactions are  
22 compliant with the rules. And these rules are heavily  
23 focused on making sure that any transactions with an  
24 affiliate still remain at the ratepayers' best interest,  
25 meaning that there at cost and prices that still benefit

1 ratepayers relative to a transaction with a non-affiliate.  
2 And they're heavily focused on transparency so people can  
3 understand and have faith in those transactions.

4           And then use of gas from Aliso Canyon. We did  
5 develop protocols for when gas could be withdrawn or should  
6 be withdrawn from Aliso Canyon this summer. Those were  
7 aimed at assuring that it's only withdrawn when needed. And  
8 that reserve capacity would be there on a critical day. The  
9 protocols as they worked for summer need to be updated for  
10 winter since the conditions will be different for winter.

11           And then finally, work with the refineries to  
12 monitor and manage the natural gas use at the refineries  
13 since they are one of the large non-core customers.

14           Slide 15, and I will share this slide with my  
15 colleague from LADWP, Ken Silver, as I've said before, the  
16 Summer Action Plan items remain underway. Some key ones  
17 that are worth mentioning here include continuing safety  
18 review of the system. One of the action items for this  
19 summer was to coordinate with SoCal Gas and the Safety and  
20 Enforcement Division at the PUC to make some determinations  
21 of what planned maintenance programs could potentially be  
22 delayed without increased risk of safety to the system, and  
23 so that we didn't create increased capacity risk. We need  
24 to continue to work on that and monitor through that.

25           The ISO made market change rules that increased

1 the gas-electric coordination. Those will continue and be  
2 continued to develop.

3 And then skipping to the last two bullets before I  
4 hand it over to Ken to -- or Mr. Silver to talk about the  
5 LADWP issues, continuing monitoring of the gas and  
6 electricity prices to look for any risk of market  
7 manipulation.

8 And then as of today, I think as we've already  
9 noted, there's 15 BCF in the field today which can still be  
10 used to offset risks this summer. And then we may need to  
11 potentially put more gas in the field if the safety  
12 inspections can be cleared to help mitigate for the winter.

13 MR. SILVER: Thank you. I'm Kenneth Silver. I'm  
14 the Director of Power Supply Operations for Los Angeles  
15 Department of Water and Power.

16 So some of the things that we've been doing in Los  
17 Angeles and that will be continuing on is we're continuing  
18 to operate off of economic dispatch, that is not using the  
19 least cost portfolio, but the improved reliability  
20 portfolio. We've also continued to not make block energy  
21 sales. And also, we've discontinued our physical gas  
22 hedging which allows us to more closely balance our supply  
23 and demand.

24 We've also been spending the summer working on  
25 recommissioning our units that have dual-fuel capability.



1 And we'll be continuing to complete that task and continue  
2 to have those units -- we're working with AQMD to continue  
3 to have those units available for the rest of the winter.

4 We've also rolled out some new energy efficiency  
5 and demand response programs. These are for residential and  
6 commercial customers. These were programs that were in the  
7 works already, but we've been able to accelerate them.  
8 Starting in April and continuing through this summer we'll  
9 be adding new programs to serve to reduce our demand.

10 We also have a new program called Summer Shift  
11 where some of our large customers have been incentivized to  
12 move their usage away from the peak demand hours, and that  
13 helps eliminate that peak gas generation requirement. We've  
14 got over 40 megawatts, and possibly up to 100 megawatts in  
15 that Summer Shift Program.

16 We're also accelerating our efforts on energy --  
17 electricity storage. We've advanced a pilot battery project  
18 by over a year, hoping to have that in service early next  
19 year or late in the spring of next year.

20 We've also been continuing to work to increase our  
21 solar, both on utility scale. We've brought on over 300  
22 megawatts of utility photovoltaic this year. And in  
23 addition, we continue to be adding over 400 customers on our  
24 residential solar program.

25 So next slide please.

1           So it's important, as was noted, that summer is  
2 not over. We often see the highest loads of the year in  
3 September, and even into October. 2016 has been, actually,  
4 a very mild summer. There's been no long duration heat  
5 waves. And we've also had -- even on those high load days,  
6 the system has held together very well. We haven't had any  
7 equipment outage or transmission outages that might increase  
8 the gas demand.

9           The entire balancing rules that were put into  
10 place have been working very well. And that's one of the  
11 key factors that has been able to eliminate the need for any  
12 kind of electric curtailment.

13           We did have a very high load day in June, June  
14 20th. That was actually, for the City of Los Angeles, that  
15 was our highest June load ever. But because of the programs  
16 in place, as I mentioned, and some good luck and good system  
17 conditions, there was not any issues. We used our demand  
18 response program, along with the increased energy efficiency  
19 to help mitigate that.

20           Also to note is the weather on that day turned out  
21 to not be as hot as was expected, which always makes things  
22 a little bit better. If that had been -- if the heat had  
23 been what we expected or even worse, continued into a long-  
24 term heat wave that begins to stress the equipment, things  
25 may have turned out different. The Gas Company did have

1 Aliso Canyon prepared to use for withdrawal, but that was  
2 not needed.

3 And, you know, also just to note that the system  
4 held up very well. We had -- earlier this month we had a  
5 very significant fire that took out some transmission lines  
6 in Southern California. Fortunately, that was not a high  
7 load day and most of those lines were able to be restored.  
8 But that could have potentially been a day where we would  
9 have to rely on additional gas, if it was available.

10 And with that, I think back to Mark.

11 MR. ROTHLEDER: Thank you. So just to kind of  
12 drill a little bit more into and illustrate how this summer  
13 has been different from previous summers, I thought I would  
14 give you a graph and explain what the difference is here.

15 So what you're looking at here is for the ISO this  
16 is a measure of the difference between what we expect out of  
17 the day-ahead market to burn on gas on generation in the  
18 SoCal Gas system, minus the actual gas burned on those same  
19 resources in real time. So anytime you see positive, that  
20 indicates that we basically under forecasted or under  
21 predicted a day ahead what the gas burn was going to be.  
22 And if you recall from the summer assessment, one of the key  
23 risk measures was if you had a differential of as burned  
24 from what you expected to actual gas burned of over 150  
25 million cubic feet when the gas demand was greater than 3.2

1 billion cubic feet, that was a risk factor.

2 And so the blue line indicates what happened in  
3 2015. And so you can see in the summer of 2015 there were  
4 about eight or nine spikes that were above 150 million cubic  
5 feet of differential, which those days, if those days were  
6 to repeat -- had repeated this year, they would have driven  
7 us into the condition that was one of the risk factors.

8 The orange line is what happened this year. And  
9 you can see here that starting at June, through the  
10 coordination and the planning, the improved forecasting, and  
11 including the measures to reduce the reliance of real time  
12 dispatch, we basically have a situation where the amount of  
13 differential, the real time gas burn, is either less or near  
14 equal to the day-ahead expected gas burn. And that  
15 basically reduces the burden and reduces the risk on the gas  
16 system.

17 So the table below indicates June, July and August  
18 of last year there was about 188 to 225 maximum differential  
19 in 2015. The maximum differential we had for electric  
20 generation in the ISO system was 93 this year. That  
21 illustrates the effectiveness in reducing the risk of having  
22 a high differential that would translate into a gas risk.

23 Was there a question? Okay.

24 So we're continuing to monitor this. This is  
25 something that we monitor every day. And we use this to

1 indicate if we saw a large differential we'd try to go  
2 figure out why that is, what happened, and how to avoid it  
3 going forward.

4 With that, I think I'm going to hand it off to Ed  
5 Randolph to go through some of the other quantifications of  
6 how the measures for this year played out, including the  
7 effectiveness of conservation and demand response.

8 MR. RANDOLPH: Thanks, Mark.

9 So the next slide, slide 19 -- we're a little out  
10 of -- we're going to flip out of order just for a second for  
11 the sake of flow -- shows demand response and Flex Alert on  
12 one of the -- or two of the peak days they were called.  
13 This is the July heat event. And between demand response  
14 and the Flex Alerts we saw, you know, well over, on that  
15 first day, 1,000 megawatts of savings between the two.  
16 Numbers were substantially similar or a little bit higher  
17 for the July -- or for the June 20 heat event, as well.  
18 There's a little bit more demand response that showed up on  
19 that day, but it was also a little bit hotter so there's a  
20 little more potential that day.

21 And it's worth noting, this is looking at the  
22 demand response that we see under PUC jurisdictional  
23 entities. I know on the June 20th day, LADWP had 55  
24 megawatts of demand response to add to this.

25 Next slide.

1           This slide, which is a little busy, and I'm just  
2 going to focus on the very last column here, is a summary of  
3 where we stand right now with the mitigation measures  
4 focused on conservation and load shifting. And what's  
5 important for looking at the winter is, as I said, most of  
6 these programs, the efforts will continue into winter. And  
7 at a minimum, the savings we're getting through these  
8 programs will be there to help with winter, as well.

9           So the first effort was to focus our solar  
10 thermal, our Rooftop Solar Thermal Program, more specific on  
11 the Los Angeles Region to get more rooftop solar thermal  
12 which would reduce gas demand. Our estimates by the end of  
13 this year will be 86.6 million BTU per day of savings  
14 through that program. On the Demand Response Program, the  
15 additional efforts that were put into place through a ruling  
16 of Commissioner Florio, approved by the Commission earlier  
17 this year should, by the end of this year, add an additional  
18 40 megawatts of demand response. The Low-Income Program  
19 expansions which were proposed by Commissioner Sandoval and  
20 adopted earlier this year by the Commission will result in  
21 50 megawatts -- or, I'm sorry, 500 kilowatts of electric  
22 savings, and 160 MMBTU per day of gas savings.

23           And I should note that that's a conservative  
24 estimate. That is based on the June Report of Savings. We  
25 hadn't gotten the July Report of Savings. And the program

1 was just ramping up in June, so we expect to see a little  
2 bit more from that, beyond those numbers.

3 And then efforts to reprioritize existing energy  
4 efficiency. This was taking programs that were already in  
5 place and looking for places where we could move  
6 installation, especially on industrial projects, quicker so  
7 that they were in place by the end of this year versus  
8 sometime next year. That will result in a little over 1,900  
9 MMBTU of gas savings. There's some electrical savings in  
10 there, a couple hundred kilowatts of additional savings  
11 there, as well.

12 And then acceleration of deployment of electric  
13 storage. This is put down there as acceleration of  
14 deployment of electric storage because all the procurement  
15 that's happened here ultimately will count towards the  
16 procurement mandates of the utilities. But most of this is  
17 actually new contracts, new PPAs that the utilities have  
18 signed in the last few months. And the grand total of that,  
19 between So Cal Edison and San Diego Gas and Electric,  
20 between what's been approved at the Commission and what's  
21 proposed for approval of the Commission is an additional 119  
22 megawatts of storage that should be online by the end of  
23 this year, and a few projects by July -- or, sorry, January  
24 31st of next year.

25 And then finally, Flex Alerts. The two times they

1 were called this year we saw that they resulted in 490  
2 megawatts of savings, and 540 megawatts of savings. Those  
3 programs would continue forward, as well.

4 Next slide.

5 And then, not to dwell on this too much, we did  
6 create an advisory committee made of SoCal Gas, some local  
7 governments and the local POU's, to develop conservation  
8 marketing plans. That continues and will shift into the  
9 winter with winter messaging.

10 And then I think it's back to you, Rob.

11 MR. OGLESBY: All right. So thanks for bearing  
12 with us. I'm going to wrap it up. We've got a couple more  
13 slides just to talk about.

14 First, next steps. The safety review and  
15 testing -- let's get to that slide, the next one, there we  
16 go. One before that. Thanks. I just wasn't up.

17 Safety review and testing continue and must be  
18 completed before a public hearing occurs to decide if  
19 injections can resume, and injections at Aliso Canyon. We  
20 are going to continue to implement mitigation measures,  
21 certain measures of prior action by the CPUC or FERC, as  
22 we've discussed. And some require further development or  
23 investigation, also in the previous slides.

24 We're going to decide in late winter if an action  
25 plan for next summer is needed, and if so, begin to develop,



1 and let's hope for the best there. And we're going to  
2 continue longer-term reliability assessments that we're  
3 required to do.

4           Next slide.

5           And finally, takeaway message. The assessment  
6 shows the risk for this winter is lower than it was  
7 estimated for the summer. The gas from the canyon that we  
8 have, the 15 billion cubic feet continues to be a tool to  
9 mitigate risk. And even if we can reinject some gas in  
10 October and/or November, we still have more risk than we  
11 would normally have that curtailments could occur.

12           Fortunately, CAISO and LADWP system appear to able  
13 to rely on generation sources outside the Southern  
14 California Gas service area to replace lost output, as long  
15 as there aren't transmission or generation outages that  
16 occur that would impair that. And, of course, we have  
17 uncertain weather and equipment on an ongoing basis. You  
18 can't predict what's around the corner. And finally, we've  
19 developed the ten mitigation measures, including gas  
20 conservation and using some of the 15 billion cubic feet at  
21 Aliso as a hedge, and that will help.

22           And that closes our formal presentation.

23           CHAIR WEISENMILLER: Great. Thanks. Let me just  
24 start with a few questions, and then we'll cross the dais on  
25 questions.

1           The first one is, obviously, Ed, I thought I one  
2 of the more interesting things you mentioned was the demand  
3 response for gas, and the lack of much national experience.  
4 And again, we're sort of shifting from demand response,  
5 energy efficiency, a lot of things which we're pretty  
6 familiar with on the electric system to the gas system.

7           And so I at least wanted to throw out a couple  
8 things to get your reaction. One of them, I think we talked  
9 about before but just so we get it on the record with folks,  
10 is at one point the PUC did a 2020 Program. I think it was  
11 a McKenzie suggestion. It got a lot of PR at the time.  
12 And, you know, obviously there were issues with that.

13           And the other question, just to tee up with you,  
14 is as we look at some of the demand response parts, whether  
15 we can pull in some of our experts from UC or, you know,  
16 whether DGS can be a pilot on some of the things that we  
17 might do for core customers on a business side.

18           So how do we really move that along, or what do we  
19 need to do to move along the gas DR part?

20           MR. RANDOLPH: On the first question, yes, the  
21 2020 Program, as it was called, there was some extensive  
22 after-the-fact analysis. And from a cost effectiveness  
23 standpoint it was not at all cost effective and didn't lead  
24 to too much savings. The problem with how that program was  
25 designed is since -- what it said was if you reduced your

1 gas usage by 20 percent over the course of a month, you get  
2 a 20 percent reduction in your bill, or 20 percent rebate.  
3 The difficulty there was usage is so weather dependent that  
4 over the two years that it was in place, most of the savings  
5 reduction in gas came from the simple fact that it was two  
6 very mild winter years.

7           And if you look at what we're trying to mitigate  
8 for here, reduction over the course of the month isn't  
9 really what we want. We want reduction on specific days. So  
10 there is potential, however, because back then we didn't  
11 have smart gas meters. We now have smart gas meters, so  
12 there is potential to work with the utilities to develop  
13 programs where we target a similar type of program on that  
14 particular day, where we give a notice a day ahead saying  
15 it's a peak day, we will give you some sort of financial  
16 incentive for reducing your usage on that day. And we now  
17 have the ability to monitor usage, not only a daily basis,  
18 but potentially on an hourly basis. And we do have electric  
19 demand response programs that look very similar to that.

20           CHAIR WEISENMILLER: Okay. So basically the real  
21 challenge, it's really been great to have the citizens of  
22 L.A. generally helping this summer, and so we need to do  
23 that in the winter. So part of it, again, is how to design  
24 a program that really reaches out to homeowners, residential  
25 customers or small businesses to really help on those peak

1 stress days on the gas system?

2 MR. RANDOLPH: Yes.

3 PRESIDENT PICKER: I'm just going to point out  
4 that one of the areas where we got significant response was  
5 from the Flex Your Power. And I think that that's a very  
6 targeted message that actually gets deployed on specific  
7 days or periods where there's demand.

8 And I have to say that the fact that the mayor of  
9 the City of Los Angeles spoke out for L.A. strongly and used  
10 all his resources to kind of underline and reiterate that  
11 message was really helpful.

12 So given the fact that this is such a new and  
13 untested program, and that we saw that the price signals  
14 that we depended on in the 2020 Program were really not  
15 getting us the results we want, we may find that ultimately,  
16 in this winter, those are the easiest to deploy, get the  
17 most response, and probably help us to prefigure what works  
18 elsewhere.

19 So that, and I think the operating flow order  
20 rules, the gas balancing rules will probably help with the  
21 larger customers. And again, we're talking about two  
22 different universes of people. One is, you know, larger  
23 commercial industrial customers, and the other are millions  
24 of California homeowners who are really important because  
25 they use a lot of the natural gas that comes into the basin.

1 CHAIR WEISENMILLER: That's good. I'm going to --  
2 I've got a couple of other issues I wanted to tee up,  
3 maintenance, and some of the equity issues.

4 But before we do that I wanted to see if anyone  
5 else had questions or comments on the Gas Demand Response  
6 Program?

7 MR. DOUGHTY: I wanted to offer a thought. I'm  
8 Tom Doughty with the California Independent System Operator.

9 You know, we talked about the good fortune that  
10 we've had so far this summer, planned outages being less  
11 impactful than they might have otherwise been, transmission  
12 line outages not being as significant, and fires, although  
13 many in California are being impacted by fires right now,  
14 and our hearts go out to them, fires have not been that  
15 impactful to the electric system. When you combine that  
16 will weather, as mentioned earlier, we've had really a  
17 fortunate summer.

18 But the consumer has been a partner in this  
19 effort. A 500 megawatt reduction in power consumption  
20 during peak periods is equivalent to turning off a very  
21 large gas-fired plant. So I think a certain level of thanks  
22 goes out to those millions of individuals who stepped up,  
23 and those businesses, and reduced consumption.

24 As you know, Chair Weisenmiller and President  
25 Picker, our message around Flex Alerts is quite simple,

1 adjust your electric air conditioning to 78 degrees and turn  
2 off unnecessary lights. When we get into the gas Flex Alert  
3 model it's a little more complicated because consumers may  
4 not be as, maybe informed about how to adjust their hot  
5 water temperatures for example. So there's an educational  
6 element that I think we need to embark on. And Ed and  
7 others are spending time on that now to get their hands  
8 around what message and what actions could specifically be  
9 requested of our partners in this journey.

10           So just an observation, and a thanks to those who  
11 have contributed.

12           COMMISSIONER MCALLISTER: So thanks for that  
13 presentation. That was very good. I'm Andrew McAllister,  
14 and oversee the energy efficiency efforts at the Energy  
15 Commission, and that includes demand response. And I guess  
16 on the electric side, demand response and energy efficiency  
17 are starting to overlap in important ways, given the timing  
18 issues. And now we're kind of -- it sounds like we're  
19 starting to see some roughly similar issues on the gas  
20 system.

21           So I want to just ask, well, point out that, you  
22 know, if you're in a house and you're making an investment  
23 into equipment, you know, there's the behavior side of  
24 things which is relatively low cost and relatively, I think,  
25 responsive. Flex Alerts do that well. And similar

1 programs, you know, on solar thermal, on HVAC stuff, you  
2 know, furnaces for those that have them down in this neck of  
3 the woods, which may not be everybody, when you're making an  
4 investment, how do you view an opportunity like that to also  
5 engage with more direct demand response and include controls  
6 and sort of layer on, you know, while you're doing energy  
7 efficiency, layer on demand response and kind of move the  
8 market in that way? I think it could be very powerful. And  
9 I'm kind of wondering in the near term how that might fit in  
10 the PUC's programs?

11 MR. RANDOLPH: The specific example I can give you  
12 there is the increased focus on the smart thermostats. And  
13 one of the demand response programs that was developed this  
14 summer that will play out into this summer, and it was  
15 funded both through demand response and energy efficiency  
16 funds, was significant rebates on smart thermostats that for  
17 now are set up, can be set up where the electric utility on  
18 an event day can increase the temperature a few degrees to  
19 reduce your air conditioning load. At the same time those  
20 devices could be used in the winter time to decrease your  
21 temperature a few degrees to reduce your heating load. As  
22 those become -- as those rebates there, that's clearly  
23 something into the house permanently. It's out there.

24 In terms of other examples or other places out  
25 there, I think that's a conversation we need to continue to

1 have.

2 MR. RECHTSCHAFFEN: And just to follow up on the  
3 point, are there other changes to the demand response  
4 program on the electric side you're looking at since the  
5 projected savings are relatively a modest 40 megawatts so  
6 far? I'm just wondering what your thoughts are on that?

7 MR. RANDOLPH: Well, that's the marginal savings  
8 over what was already in place or programs that are already  
9 in place. So that was what resulted from the decisions that  
10 came out of the Commission there. As you can see, on the  
11 event days, you know, we had, you know, well over 500  
12 megawatts of savings on the actual event days from programs  
13 that are in place.

14 CHAIR WEISENMILLER: Just following up on Cliff's  
15 question, I just wanted to make sure that LADWP had an  
16 opportunity to also comment on how to further fine tune the  
17 demand response programs?

18 MR. SILVER: As far as the Demand Response  
19 Program, we're continuing to look at all opportunities for  
20 that for both commercial and residential. And we were able  
21 to add 15 megawatts already this year which, you know, may  
22 not be significant in an hour, but across days, day after  
23 day, it is significant.

24 Our big effort has been on our energy efficiency.  
25 We've actually rolled out, as I mentioned earlier, some new



1 programs, both residential and commercial air conditioning  
2 system, programmable thermostats. We're just getting ready  
3 to launch a LED Lighting Program where we'll be going door  
4 to door, giving out LED lights, as well as working with the  
5 large stores at point of sale. And also a commercial  
6 direct-install program, as we call it, where we go into  
7 businesses, define opportunities where they can save energy,  
8 and then work with them and assist them on the installation  
9 to help the immediately savings and help reduce the cost or  
10 eliminate the cost to them.

11           So I don't have any specific numbers, but these  
12 are all programs that have launched or will be launching  
13 this year and should have a significant impact.

14           CHAIR WEISENMILLER: Well, I think, you know, the  
15 challenge of Aliso Canyon has resulted in what I have to say  
16 is an unprecedented level of cooperation on the planning  
17 studies and the operational studies. And I guess I'd like  
18 to nudge people to think about also on the energy efficiency  
19 demand response side, if we can do a better degree of  
20 integration between LADWP's efforts, Edison's efforts, SoCal  
21 Gas's efforts to really keep moving the needle. And  
22 certainly lessons learned from either program, sharing those  
23 back and forth would be great.

24           COMMISSIONER MCALLISTER: Chairman Weisenmiller, I  
25 want to just add a quick point.

1           So I would totally agree with that. And I guess  
2 I'm wondering, so I know that each portfolio in both the  
3 publicly-owned utilities and the PUC-overseen utilities,  
4 investor-run utilities, they do have certain criteria they  
5 impose on the portfolio to sort of govern investments in  
6 different programs; right? So typically we kind of refer to  
7 that as cost effectiveness.

8           I guess I'm hoping that if those kinds of barriers  
9 pop up, you know, when you're really directing towards a  
10 particular place, particular types of load at a particular  
11 time, those benefits are very broad. I mean, we're trying  
12 to avoid major costly issues; right? And so sort of in some  
13 sense the typical cost effectiveness approaches, you know,  
14 the alternatives are very costly. So typical cost  
15 effectiveness approaches for energy efficiency demand  
16 response may not appropriately apply here.

17           So I guess we want to just make sure that if those  
18 flags do come up, that we can talk through them also in an  
19 integrated kind of joint way to get a solution that really  
20 works for the overall direction we're trying to go.

21           COMMISSIONER DOUGLAS: And just to follow up  
22 briefly on Commissioner McAllister's comment, I wanted to  
23 ask if there has been some effort to kind of locationally  
24 target some of these programs, you know, not only towards  
25 Southern California or the area affected by the Aliso Canyon

1 issue, but even within that area, if there's been some area  
2 to specifically identify locations that might be more  
3 beneficial from a reliability standpoint to invest in  
4 storage, for example, or demand response?

5 MR. RANDOLPH: The answer to that is there is has  
6 been. After the summer assessment came up and we started  
7 moving forward with those items, there was quite a bit of  
8 conversation between PUC staff and the ISO to determine the  
9 areas where things would be most effective. And as it  
10 turned out as we got into it the best way to develop most of  
11 these programs was to have a fairly broad area. You know,  
12 things that were closer to particular power plants might  
13 have had more benefit than things that were further away.

14 But from a program development standpoint, we  
15 either left it as focused within the entirety of the L.A.  
16 Basin or some of it, all of Southern California, since  
17 depending upon what the measure is, that measure helped  
18 mitigate the risk, even though it was further away.

19 COMMISSIONER SANDOVAL: Thank you very much. It's  
20 been very helpful.

21 On the demand response, you were mentioning what  
22 was on the side was the incremental work that we've done to  
23 make demand response even more effective. But one of the  
24 things that I have read that was quite effective with demand  
25 response was the Air Conditioning Cycling Program.

1           Do any of you have any information about how many  
2 megawatts we're able to get through the Air Conditioning  
3 Cycling Program? This might be helpful to looking at, you  
4 know, our future efforts, where should we really be  
5 targeting in terms of big-ticket items.

6           And then along with that, when you talk about gas  
7 measures, one of the things that you mentioned, Mr.  
8 Randolph, was programmable thermostats. Are there other gas  
9 measures that have been identified that could similarly be  
10 more high yield in terms of what they might be able to  
11 result in on the gas side?

12           MR. RANDOLPH: I can answer the second question.  
13 I'm going to have to flip through to find the data on the  
14 Air Conditioning Cycling Program.

15           On the second one, to date, no. The two seemingly  
16 low hanging fruit ideas that have come up so far are -- I  
17 hesitate to call it a 2020 Program, so many people coil up  
18 when you say that, but a peak-day program to reduce gas  
19 usage on peak days, and using smart thermostats are the two  
20 programs that we've so far seen, but we're just beginning  
21 the conversation to try to figure out what could happen,  
22 what we could do, what we could deploy quickly by this  
23 winter that would have meaningful impact.

24           And let me find the other data and I'll get back  
25 to you on that.

1           COMMISSIONER SANDOVAL: Thank you. So I think  
2 this would be an important area for research. We don't have  
3 a lot of time for this winter, so we've got to get our  
4 experts together to think quickly. But also as we continue  
5 to deploy programs it's important to identify, really,  
6 what's going to be effective. When we talk about cost  
7 effectiveness tests, we also have to think about that in the  
8 context of really overall costs that we're avoiding for the  
9 system, especially costs relative to actually having to  
10 engage in curtailment.

11           And then last, I just wanted to follow up on the  
12 point about wildfires and other types of scenarios. It was  
13 mentioned several times that the question is: Will this be  
14 enough, assuming that we don't have contingencies? But of  
15 course, our planning, both our state planning, as well as  
16 the FERC standards, require us to plan for contingencies,  
17 and particularly contingencies, including a transmission  
18 line outage which is, sadly, quite foreseeable with fires.  
19 So often with the Santa Ana Winds just really start in the  
20 fall.

21           So I was wondering if any of you could speak a  
22 little bit more about, you know, how transmission risks  
23 really affects our analysis, and what does that really mean  
24 in terms of our contingencies, any other thoughts? A  
25 question. And also, that it depends on which transmission

1 line. But are there -- could you just do a little bit more  
2 to help us appreciate the risks and how that factors into  
3 what can we/should we be doing to build a cushion for a  
4 transmission line risk?

5 MR. ROTHLEDER: This is Mark Rothleder from the  
6 ISO.

7 I think you point to something that has to be  
8 continued for the balance of the summer, that we're still  
9 heavily in that risk mode. There are lines that are  
10 critical, especially some of the north-to-south paths that  
11 transfer energy from Northern California to Southern  
12 California. Some of the import lines from the east are very  
13 critical. And then there are lines that we know are  
14 susceptible to using and needing very localized generation  
15 that's in the L.A. Basin, and we also know that those are  
16 critical.

17 And so the summer assessment considered those in  
18 the risk assessment for kind of the normal and minus one  
19 contingencies. If you get beyond that and fires are unique  
20 in being able to take out more than just a single line, they  
21 can take out groups of lines, that's where these high  
22 impact, maybe low probability, hard to predict events really  
23 could still play out. And they're not going to play out in  
24 a time frame that we have a lot of time to react. They  
25 could very well occur in time frames that we have very

1 little response times, not day ahead but more in real times.

2 And that's where we really have to continue an  
3 awareness that we are still very susceptible of needing and  
4 potentially, in emergency conditions, having to curtail gas  
5 generation and potentially withdraw from Aliso Canyon. And  
6 if those measures are not sufficient we are still  
7 susceptible and have risk of having to interrupt load. We  
8 don't want to do that. It's the very last resort of things  
9 we want to do. But we will try to keep everybody informed  
10 as much as we can in the time frames that we know about it.

11 But those types of events could manifest as having  
12 to call Flex Alerts in very short order, or call for some  
13 measures for consumers to reduce their consumption. And  
14 we're doing that and we're reserving those call-outs to be  
15 effective, and that's why we use them very sparingly. But  
16 when we call them out it's because we really need those  
17 responses.

18 COMMISSIONER SANDOVAL: And just one quick follow-  
19 up suggestion. I'm sorry, one quick follow-up suggestion,  
20 that I'm sure we've done a lot of great interagency  
21 coordination, but this is also an opportunity to make sure  
22 that we're fully coordinating with Cal Fire, as well as with  
23 the U.S. Forest Service, so that they know which areas those  
24 lines are. And it's something that I know we do very close  
25 coordination when there are fires. Often to actually

1 protect more danger you turn off a transmission line. So  
2 just helping to really have that full coordination in  
3 advance will be great.

4 MR. ROTHLEDER: Yeah. And that's a very good  
5 point. And as you guys had pointed out, we do have that  
6 coordination. We have a display in our control room, as  
7 others do, that we can see the fires in kind of live frame,  
8 where they are relative to the lines, which way they're  
9 burning. And we're constantly in communication with Cal  
10 Fire. And to the extent that they can do things to give us  
11 advance notice if we have to take a line out of service, we  
12 can do it in a controlled manner. But also to let us know  
13 that things are moving fast and we have to do things in a  
14 quicker time frame. So, yeah, that coordination is  
15 critical.

16 MR. SILVER: If I could -- Ken Silver. If I could  
17 add one other thing?

18 CHAIR WEISENMILLER: Sure.

19 MR. SILVER: One of the things that we've been  
20 doing, as I mentioned, changing our dispatch to somewhat  
21 position ourselves to be better able to handle those loss of  
22 transmission lines.

23 The other thing we've been doing, along with the  
24 ISO, is we've been working with the Peak Reliability, whose  
25 the western entity that oversees the entire grid. And



1 we've been working with them and they've been working on  
2 their methodology for determining system limits where we've  
3 looked for opportunities to, under emergency conditions,  
4 maximize the limits that we can -- the flows that we can put  
5 on these lines, at the same time not jeopardizing overall  
6 reliability. So there's been a lot of efforts on that  
7 aspect to maximize the flow capabilities under emergency  
8 conditions.

9 MR. TISOPULOS: Thank you, Mr. Chairman. Laki  
10 Tisopulos with South Coast Air Quality Management District.  
11 Thank you very much for your presentations. They are very  
12 informative. It's an issue near and dear to millions of  
13 Southern Californians. Some of them are here in the  
14 audience. I have a couple of questions.

15 The summer reliability study, under some of the  
16 more conservative scenarios was predicting up to 14 days of  
17 curtailment. We're very fortunate, the weather cooperated  
18 thus far, you know, we've not experienced that. Is there an  
19 analogous estimate with the winter assessment?

20 MR. ROTHLEDER: No, there is not. For one, we  
21 didn't see the point at which -- we thought we could manage  
22 the gas curtailments, and so we didn't see the need to  
23 quantify what that electric risk may be.

24 But the other thing is that what we find is that  
25 the -- it's very difficult to come to a statistical or come

1 to a simple number of what the number of days of risk is.  
2 And I think, and you'll hear from the Independent Review  
3 Team, that maybe quantifying it in number of days is really  
4 not the best way of doing it. Maybe it's really a better  
5 quantification of the probability of an analogy and really  
6 showing the distribution of the probability. I know it  
7 doesn't reinstate as much as number of days. But the  
8 problem of doing number of days, like you've had so far, is  
9 like you could go through a portion of the summer or all  
10 summer, not have an event, but it doesn't mean that you  
11 don't have the risk. And so maybe the quantification is  
12 more around the probability of the risk instead of the  
13 number of days.

14           So I think that's what we're kind of reassessing,  
15 of how to quantify and communicate that in a meaningful way.  
16 And so we did not take the same approach that did in the  
17 summer assessment.

18           MR. TISOPULOS: Okay. Very good. Thank you.

19           One thing that wasn't clear in my mind, there are  
20 multiple scenarios that are analyzing here as part of the  
21 studies, with or without Aliso Canyon and with or without  
22 injections. One thing that wasn't clear in my mind was  
23 right now I understand the capacity, the storage volume is  
24 at 15 billion cubic feet at the Aliso storage area. Is  
25 there a technological, technical, or even regulatory

1   impediment to withdraw additional gas in the event there's a  
2   risk for curtailment from the storage facility without  
3   injection?

4               MR. RANDOLPH:  Yes.  You can withdraw without  
5   injection.  The problem is with the 15 billion cubic feet in  
6   there, as you withdraw that, that means there's less there.  
7   So if you have multiple event days that require you  
8   withdrawing, at some point you're going to have an event day  
9   in which there's no gas to withdraw.

10              The other physical issue is as you withdraw gas  
11   from Aliso Canyon, the pressure -- as the volume goes down  
12   the pressure goes down, and your ability to withdraw gas  
13   goes down to some extent so that you may not be able to,  
14   even if there's some gas there, you may not be able to get  
15   enough out of the field in the hour you need it because the  
16   pressure is too low.

17              MR. TISOPULOS:  All right.  Thank you.

18              CHAIR WEISENMILLER:  Okay.  So I'm starting to  
19   transition.

20              One observation I was going to make is that at  
21   least President Picker and I are pretty familiar when we  
22   went with Cliff, the San Onofre situation where, you know,  
23   it was always what can we do for the summer and with Edison  
24   saying, well, it's going to come back.  And so, you know, I  
25   think the second summer we started saying, okay, what can we

1 do beyond this summer, because we're not sure if it's going  
2 to come back.

3           So I guess what I'm -- as people come up with the  
4 action plans, probably keep in mind if some of the things  
5 that we're looking for, for the winter, if we can't get them  
6 done until, you know, June, well, then god bless, you know,  
7 there's some probability we're going to need them next  
8 winter, so let's line up the next winter's stuff too.

9           But I wanted to transition some to maintenance and  
10 just say, obviously, for this summer, one of the challenges  
11 has been summer is when the gas system does its maintenance.

12   And in addition, certainly as Ed knows, there's an awful  
13 lot of safety stuff that has to occur as part of the gas  
14 system that we've been trying to dance around. And as we go  
15 into winter we have whatever deferred maintenance on the gas  
16 system. And certainly Line 3300 is a subset of that. But  
17 that's also when the electrosystem, gas and transmission,  
18 typically does its maintenance. And so the good news is the  
19 loads are lower. But if we get to the day where we want to  
20 move, you know, a lot of power into the basin, we need to  
21 make sure that the transmission and generation maintenance  
22 has occurred and we're not discovering at that point that we  
23 have an issue. So we need to be thinking somewhat about  
24 electric transmission and generation maintenance  
25 coordination so that if we need that out-of-basin stuff,

1 it's there. But we also need to figure out, you know,  
2 having presumably deferred some of the gas maintenance from  
3 the summer, what's going to break on us for this winter.

4 So it seemed like with Mark and Ed it's a good  
5 time to tee up the question of how much -- what is our  
6 action plan to deal with some of these maintenance safety  
7 issues?

8 MR. ROTHLEDER: Yeah. I think you make a very  
9 good point. And one of the mitigation measures that  
10 addresses that is the increased level of coordination. And  
11 part of that is the information flow and the shared  
12 information between the Gas Company and the electric  
13 balancing areas, ISO and LADWP, where we are sharing  
14 information in advance about potential outages that are  
15 coming up. And where necessary, where it creates an  
16 inordinate amount of risk, how do we kind of work around  
17 that, defer work on the electric system or, if it's  
18 possible, defer or reschedule work on the gas system, if  
19 possible?

20 So those coordination, those sharing of  
21 information are very critical in allowing us to discover  
22 those things and address those things before they become an  
23 issue in real time. So it is one of the key measures and I  
24 think it played out well over the summer. And I think, as  
25 you point out, as the electric system goes into the shoulder

1 periods, we're going to start taking our maintenance  
2 outages. And so the need for us to communicate to the Gas  
3 Company which ones are critical, which ones are sensitive to  
4 having to have generation on, that will become even more  
5 important.

6 CHAIR WEISENMILLER: Ed, do you want to talk about  
7 the gas part of the picture, AB 3300 (phonetic)?

8 MR. RANDOLPH: Yeah. I think Mark has hit on most  
9 of it.

10 The issue that you brought up that's worth  
11 thinking about and coordinating is not only making sure you  
12 aren't doing maintenance on a gas line that's critically  
13 needed because an electric plant is down. But something I  
14 don't think we've thought about is also looking at if a gas  
15 plant is down, is that the opportunity to do some  
16 maintenance on the gas side, as well? And you know, look  
17 where we deferred maintenance that maybe, you know, the fall  
18 normally wouldn't be the time to do it, but that would be  
19 some time to go in there and so the inspection and the  
20 maintenance.

21 PRESIDENT PICKER: Line 3000 from the topic at the  
22 California Border was actually one of those very significant  
23 backbone lines. And so you've already detailed that if the  
24 outages, if it persists, could result in the loss of 200  
25 million cubic feet of gas capacity and gas availability.

1           So I'm just wondering if there's anybody here who  
2 can give us a snapshot of where we are in terms of the  
3 further investigation of challenges there, and maybe some  
4 timeline as to when it might be corrected?

5           I know that's a different branch at the CPUC. I'm  
6 just --

7           MR. RANDOLPH: I think the best people to answer  
8 that here today would be SoCal Gas.

9           PRESIDENT PICKER: Okay. Well, I'll come back to  
10 that then.

11          CHAIR WEISENMILLER: Anyone else on this general  
12 topic of maintenance, before we transition?

13          There's one last area that I wanted to raise, and  
14 obviously everyone is free to raise other issues, but at  
15 least anything else on this sort of maintenance question?  
16 Okay.

17          Well, again, so the other issue I wanted to raise  
18 generally, and again I'm certainly not trying to limit  
19 issues but at least raise stuff, give people a chance to dig  
20 into that and then keep moving on, was, and I'll credit  
21 Marcy Edwards for raising this issue, is that, you know, so  
22 far the consequences of Aliso Canyon, obviously, have been,  
23 you know, it's really hit hard the homeowners in Porter  
24 Ranch. But also as we've come up with our risk assessment  
25 and then action plan, a lot of the actions have been on the

1 electric generators, and certainly resulting in higher cost  
2 for them in the way they're operating, both LADWP, certainly  
3 Edison.

4           And so as we go into winter one of the questions  
5 is how do we make sure the action plan here doesn't continue  
6 to have them bear the brunt of the burden, but to reach out  
7 more generally to non-core customers? And again, looking  
8 for suggestions from the panel on how to tee those issues  
9 up, you know, or certainly that's been part of what we've  
10 been trying to do, like looking at core procurement.

11           But again, how do we move off from the whole  
12 burden being on the electric generator ratepayers?

13           MS. ELDER: One of the mitigation measures that's  
14 on the list for winter is to actually look at whether or not  
15 we can do something to bring the core demand into better  
16 balance. So, so far the tighter balancing rules have only  
17 affected non-core. But one of the questions is or one of  
18 the ways that maybe we can spread that burden is to look at  
19 tighter balancing rules for the core, as well.

20           CHAIR WEISENMILLER: That's part of it. I think  
21 the other part is, again, if we get to -- well, I mean, the  
22 reality is non-core customers are going to get curtailed,  
23 you know, if we need to curtail someone. But again, how do  
24 we get them to step forward more in taking some of the  
25 balancing risk?



1           MR. RANDOLPH: One other thing that's already in  
2 play, so it's not mentioned in the action plan, is the  
3 curtailment rules themselves are scheduled to be altered  
4 some starting in, I believe it's November 1 is the start  
5 date. And so while the electric generators would be the  
6 first to be curtailed at that point, it's not total  
7 curtailment. It's a partial curtailment. And then it works  
8 down through the refineries, but allowing them to identify  
9 critical load versus total load, which ultimately would  
10 probably result in some of the smaller non-core customers  
11 beyond that getting curtailed. So that does, you know, move  
12 curtailment through more customers, and not just the  
13 electric generators.

14           The other places that are teed up some in the  
15 action plan, and we continue to explore, that I can think  
16 about are continued focus on energy efficiency on the large  
17 industrial customers. And so that's not, you know, a  
18 curtailment at that point, but that is helping them reduce  
19 their overall load and giving them financial incentives to  
20 do it.

21           And while the conversations we've had about demand  
22 response already were focused on the core customers, it's  
23 even more of a stretch to understand what demand response  
24 would be for non-core customers, but we should explore that  
25 and look at those options. And that is actually laid out in

1 the action plan.

2           PRESIDENT PICKER: So one of the large classes of  
3 non-core customers are the oil refineries. And so maybe  
4 people could give me a sense of what the issues are for  
5 curtailing them. You know, with, for example, core  
6 customers like residential, at some point curtailment  
7 results in shutting off the pilot light, and that means you  
8 need to have a massive program to go back and turn the pilot  
9 lights on.

10           What are the similar kinds of issues in terms of  
11 the refineries? And then if anybody feels prepared to  
12 discuss it, what does it mean to actually curtail them but  
13 to then make sure that they're not gaming the market to  
14 actually reap benefits from scarcity above and beyond the  
15 impacts of the curtailment?

16           MS. ELDER: Well, the gaming the market part, we  
17 think that we at least tried to address with one of the  
18 mitigation measures which is to watch how much gas they're  
19 burning, and to also watch for gasoline price manipulation.  
20 And I think the action plan actually calls for asking the  
21 Attorney General to help with that monitoring.

22           On June, I think it was June 17th, although I must  
23 admit that some of the dates are running together in my  
24 little brain, the Energy Commission had a workshop and had  
25 some of the refinery representatives come talk about what

1 the impacts, physical impacts were that they would  
2 experience. And my recollection is one of the things that  
3 they said was that they needed more than just a couple of  
4 hours of notice, that the more notice that they get the  
5 better capability they have to shut down, sort of ramp down  
6 operations incrementally at the refineries.

7           We also know that they're talking, and we don't  
8 know what the outcome of these talks are going to be, but  
9 they're talking about trying to identify what their critical  
10 load level is so they could curtail down to that critical  
11 load and not below that. But I think today we don't know  
12 yet what the critical load number is going to be.

13           PRESIDENT PICKER: So critical load means that  
14 they use natural gas to heat various oil and petroleum  
15 fractions to be able to force them to break down in their  
16 catalytic crackers, and that as they do that, as they ramp  
17 down they have to pay attention to how pressures actually  
18 ease off in the vessels? So that's what I'm trying to get a  
19 picture of is you're saying that it's not so much overall  
20 curtailment, it's actually the short-term curtailment of the  
21 short notice of curtailment that seems to be a safety issue  
22 there?

23           MS. ELDER: That was my recollection of the gist  
24 of their comments.

25           CHAIR WEISENMILLER: Yeah. I was going to say the

1 way I understood it, it refines a very complicated chemical.

2 So if tomorrow you just, bam, curtailed electricity or  
3 curtailed gas, there are certainly really health and safety  
4 issues there.

5 Now on the other hand, if you can -- what we're  
6 pushing them to try to do is identify, given notice, we tell  
7 you something's coming. You know, what's the minimum amount  
8 you need? And, you know, and again, it's a complicated  
9 situation, but we really need to provide some degree of  
10 noticing and, you know, going down to some minimum level.  
11 So again, I think that Ed said the idea is you do some  
12 degree on the electric generation. Then you move over  
13 there, they go down to quote unquote the "essential level"  
14 and, you know, you do other non-core. And then you go back  
15 to electric generation.

16 So it's very important to understand, you know,  
17 how much notice do they need? What's the essential level?  
18 And part of, I think their story is it depends. You know,  
19 it depends upon, you know, how the refinery is operating  
20 that day. But again, you know, if you just knocked off a  
21 refinery then it could easily take a couple -- I know  
22 there's health and safety, but it could be a couple of weeks  
23 at least to bring it back. And certainly there are  
24 implications on the gas lien market if you do that.

25 So it's a pretty complicated area. And as you

1 indicated, and as certainly Staff and all of us are  
2 concerned, if you knock it off the next thing you're going  
3 to see is a price spike. And so, you know, the question is  
4 how much gain -- you know, again, it's really complicated  
5 engineering issue here, but just trying to make sure we're  
6 not exposing ourselves to gaming in that area, or at the  
7 same time having electric generation bear all the costs of  
8 curtailments or electric generation or repairs.

9 MR. TISOPULOS: Mr. Chairman, you hit the nail on  
10 the head. The refineries are quite complex facilities. And  
11 probably operator refinery is a very well balanced refinery.  
12 But the moment there is a disruption, either power-wise or  
13 natural gas supply-wise, and you create the disruption and  
14 that facility goes down, it creates such an imbalance in the  
15 entire system that often, in addition to the price spikes  
16 that you were referring to, many of them result in flaring.  
17 And there are environmental impacts associated with flaring.  
18 And so to the extent we can, we can't to avoid those  
19 scenarios. And I understand we are not living in a perfect  
20 world. But there are many -- the list of implications is  
21 pretty long.

22 CHAIR WEISENMILLER: I think we're going to dig  
23 into this issue some more on the panel of gas supply and  
24 delivery representatives. But, you know, again, I think  
25 what we're trying to do is have people on notice. There are

1 some complicated tradeoffs here we need to drill into.

2 COMMISSIONER MCALLISTER: Yeah. I want to just  
3 second what Ed Randolph said about industry more broadly.

4 You know, it starts to sound like sort of  
5 traditional load management, you know, and not the high-tech  
6 version that we're thinking about with demand response. But  
7 all the industrial facilities, you know, that use gas for  
8 process heat have a minimum requirement. And they have some  
9 level they don't want to go below. You know, if they're  
10 manufacturing glass bottles or something, they don't want  
11 the glass to freeze inside the molds.

12 So I think that actually is a core part of SB 350,  
13 as well, is reaching out to the industrial sector and trying  
14 to figure out what those opportunities look like. So maybe  
15 we put that on a little bit of a fast track to, you know,  
16 basically take what's needed, which is a custom approach to  
17 the industrial sector. Each facility really is different.  
18 So maybe we can talk about how we accomplish that.

19 My other question was about balancing and you  
20 already got it, so I don't need to ask it.

21 CHAIR WEISENMILLER: Yeah. You know, I'm afraid  
22 for non-core the basic message is we know what you want, but  
23 the question is going to be, what do you need, you know?

24 Other areas, certainly. Go ahead.

25 PRESIDENT PICKER: So I looked at the modeling

1 that tried to tease out issues of reinjection. And I  
2 noticed that the assumptions really were that if reinjection  
3 was going to take place it would take place in September or  
4 October. It looks to me like it would be useful to just see  
5 if there's any opportunity, if reinjection ever is approved,  
6 to see what we can do in November. I just didn't see the  
7 modeling.

8 I'm just curious to know if there's anything that  
9 people did but didn't choose to put in the report because at  
10 the time it looked like it was an outlier?

11 MS. ELDER: We did in the scenarios where we had  
12 reinjection, we did have it extend into November.

13 One of the things that came out about that is that  
14 if you are injecting at Aliso Canyon in November, that's an  
15 increase in demand on the gas system right when core  
16 customer loads are beginning to increase. And so in our  
17 scenarios we would actually project, just with the simple  
18 gas balance, that that could be a problem. And we saw  
19 places where the reserve margin was so tight or where we  
20 actually would have projected, with normal operations of the  
21 other storage fields, we would have projected a curtailment  
22 in November. And so we went into the model and said, okay,  
23 can I tweak the withdrawal in November at some other storage  
24 field to make up for the fact that I'm really injecting gas  
25 at Aliso Canyon? And you would, in fact, see that kind of

1 tradeoff, at least in the simple scenarios that we did.

2 PRESIDENT PICKER: So in effect, if we don't  
3 approve and have available capacity to reinject by November,  
4 then we're really looking at not reinjecting until next  
5 year, next fall?

6 MS. ELDER: As demand increases on the system it  
7 will get harder and harder for SoCal to find extra gas that  
8 they can inject, yeah. That's not to say that there aren't  
9 days in November or December, or even January historically,  
10 where you can go find a really warm day that they ended up  
11 with excess gas in the system, and on that particular day  
12 they injected. But as a routine matter, no, you wouldn't  
13 expect to see that.

14 MR. WEBSTER: So in the presentation you mentioned  
15 that this hydraulic analysis was really a first cut because  
16 we had to estimate how much withdrawal capability we have.  
17 Then we're in the process of really finding out what that  
18 is.

19 So the first question, and you may not be able to  
20 address it, it may be agenda-up for a future panel, when do  
21 we think we know what the withdrawal capability really is  
22 per well after testing?

23 But really the fundamental question after that is:  
24 Would the results and recommendations change at all based on  
25 knowing that information, or do you feel like the analysis



1 really covers variances in the withdrawal capability?

2 MS. ELDER: Well, the hydraulic analysis that  
3 SoCal did, first off, shows you that on a one-in-ten peak  
4 day, if we don't have the ability to pull more gas out of  
5 Aliso Canyon because we reinjected, we got that volume, that  
6 inventory higher, then we're going to have a problem.

7 The gas balance analysis backs that up by also  
8 essentially showing you independently that there are days  
9 and scenarios over the course of the winter where if we  
10 don't have more gas at Aliso Canyon, that we can withdraw.  
11 Because we injected it that we're going to run into  
12 problems.

13 What I don't know, and SoCal Gas is probably the  
14 only person or folks that could speak to this, is what the  
15 actual withdrawal number will turn out to be. I suspect  
16 that they're going to tell you that it's too soon to say  
17 exactly what they'll be.

18 What we used on the modeling were numbers that  
19 were developed by looking at the history, 15 years of  
20 history, so that we could create kind of an average, normal  
21 profile for what SoCal Gas would have done on average. And  
22 then we tweaked that within boundaries, looking at minimum  
23 and maximum capabilities. So we tried not to exceed those  
24 mins and maxes. And so in that we tried to more ballpark  
25 what the winter might look like.

1 But it's within those limits -- I mean, I should  
2 say, outside those limits would be pretty speculative at  
3 this point.

4 So the bottom line, the way I understand it, is  
5 that the study that you've done has bounded it enough so the  
6 mitigation measures would stand, regardless of the actual  
7 numbers that could be developed and presented at a later  
8 time?

9 MS. ELDER: Yeah. And what I should emphasize is  
10 that the mitigation measures that are developed here do not  
11 depend on the gas balance. I mean, essentially what the gas  
12 balance is, is a way of showing you, without looking at the  
13 hydraulics, that we'd still have a problem. So if we didn't  
14 have the hydraulic analysis that SoCal Gas did we'd still be  
15 sitting here telling you there's a problem, just with the  
16 simple gas balance analysis. SoCal Gas then goes and puts a  
17 more refined color on that.

18 CHAIR WEISENMILLER: Yeah. But again, I think  
19 part of the messaging is these are all the mitigation  
20 measures we could think of. Certainly, if people have good  
21 ideas, we want to hear them.

22 MR. TISOPULOS: So let's, hypothetically speaking,  
23 let's assume we are facing a curtailment scenario, so we've  
24 got to shed some load from the non-core facilities. And  
25 let's assume that we are losing a few power plants, so

1 several hundred megawatts worth of power plants. If I  
2 understood the presentations correctly, we'll be relying on  
3 importing that additional power from elsewhere outside this  
4 region. And clearly that capability exists.

5 My question is: I recall from a few years back,  
6 there was some puddle neck in the north-south transmission  
7 lines in sending the electrons through, you know, down to  
8 the southland; do those issues persist, did we fix them, or  
9 do we have alternate routes that we can get that additional  
10 power, or is there a limitation to the extent of power that  
11 we can import?

12 MR. ROTHLEDER: So there's two major north-to-  
13 south path limitations. One is Path 26, and it really kind  
14 of separates Northern California from Southern California.  
15 And it's normal full capability is about 4,000 megawatts of  
16 transfer capability. The other one is Path 15. And Path  
17 15, at least in the north to south direction, is not so much  
18 a limiting factor. It's actually more a limiting factor in  
19 the south to north direction.

20 So the one we get concerned about is Path 26. And  
21 that, we assumed the full capability. But if it is D rated  
22 because of some work, one of the three lines are out of  
23 service, it goes down from 4,000 to I think about 2,000 very  
24 quickly. So that is a factor. And there are times when  
25 those lines do need to be maintained.

1           And that comes back to the coordination of if we  
2 know about that and we can separate that from other work  
3 going on in the gas system, or we can separate from a cold  
4 day coming up, we would try to do that. If we can't avoid  
5 that it will put more pressure on us to do more advanced or  
6 proactive measures to reduce the gas burn a day ahead on the  
7 electric generation and avoid going into the real time and  
8 having to do a larger shuffling or curtailments that would  
9 have to force supply/resupply in real time. That's where  
10 the resupply gets to be more challenging because you may not  
11 find it, or you may get into those bottlenecks.

12           So we have a mechanism to put constraints on the  
13 system right now that would force a day ahead to shift off  
14 from the use of the electric generation in the southern  
15 system or the SoCal Gas system. And we would use that if we  
16 knew we were going into a risk period.

17           CHAIR WEISENMILLER: I'm going to have to -- we're  
18 running about 15 minutes late, so I'm going to have to cut  
19 off the conversation now.

20           Basically, we're going to come back from lunch at  
21 one o'clock, so 45 minutes for lunch to get us back more on  
22 track.

23           So again, thanks for people's attention this  
24 morning.

25           MS. RAITT: Chair, could I just make one

1 announcement please?

2 CHAIR WEISENMILLER: Sure, please.

3 MS. RAITT: So we understand that the WebEx  
4 participants and the phone participants haven't had audio  
5 for much of the morning, and we apologize for that. But my  
6 understanding, it is working now. And we will have a  
7 complete video recording available after the workshop.

8 And so I just wanted to ask, folks that have  
9 switched to livestream, if you could now switch to WebEx if  
10 you wanted to make public comments during the public comment  
11 period. And we will be opening lines to check to see if  
12 folks on the phone do want to make comments. So if you are  
13 on the phone, please stay on the line. And if you're on the  
14 WebEx, please use the chat function to let us know you'd  
15 like to make comments. So thank you.

16 CHAIR WEISENMILLER: Thank you. Actually,  
17 obviously, we really appreciate South Coast helping us  
18 trying to debug this. You know, often when we're out on the  
19 road like this we're sort of -- I remember being at UCI in  
20 August where the AV system wasn't working, and there was  
21 nobody there on campus in August, so it was really a  
22 nightmare. So thanks. Hopefully we'll get things  
23 straightened out after lunch.

24 (Off the record at 12:16 p.m.)

25 (On the record at 1:03 p.m.)

1 MS. RAITT: So we're resuming. And our first  
2 panel is the third-party assessment presentation. And we  
3 have Anatoly Zlotnik. And a change to our meeting schedule,  
4 Scott Backhaus is actually not able to join us today. But  
5 we have Anatoly from the Los Alamos National Laboratory.  
6 Thanks.

7 MR. ZLOTNIK: All right. Thank you. I guess,  
8 could we bring up the slides? Okay. All right.

9 (Colloquy)

10 MR. ZLOTNIK: So this was done together with Rod  
11 Walker of Walker and Associates, and Scott Backhaus, also  
12 from Los Alamos National Laboratory. So a quick overview of  
13 what this project is.

14 So Aliso Canyon leak requires a significant change  
15 to how SoCal Gas operates the system, and also how the  
16 electric system is operated in California. So the Action  
17 Plan Team, CEC, CPUC, CAISO, LADWP need to evaluate the  
18 impact, so that some transient pipeline expertise was  
19 required for that. So an independent review of SoCal Gas  
20 analysis was sought. So our goal is to examine Action Plan  
21 Team, the report, the measures, and SoCal Gas's approach to  
22 modeling, and to make functional recommendations moving  
23 forward.

24 So the way that the team was formed was the Energy  
25 Commission contacted DOE for support. DOE recommended Los

1 Alamos as technical experts. And Walker and Associates  
2 Consultancy was contacted for industry, operational and  
3 planning experience. And our review was coordinated with  
4 the Action Plan Team.

5 So our process was to review hydraulic modeling  
6 analysis by SoCal Gas engineers onsite in Los Angeles. We  
7 also reviewed the risk analysis. And we participated in  
8 follow-up discussion about the winter analysis. Now we did  
9 have nondisclosure agreements which did not limit or impede  
10 our review.

11 So a bit more about our qualifications. So Rod  
12 Walker, he has many years of industry experience, so 15  
13 years in operations engineering and management at Atlanta  
14 Gas Lights. He was also the Director of Due Diligence  
15 Advisory and Utility Risk Assessment at Black and Veatch.  
16 Now he works for Westway Terminals where he's responsible  
17 for quite a bit of operational aspects.

18 So Scott Backhaus, he's the Program Manager at Los  
19 Alamos for Department of Energy Office of Electricity and  
20 DHS Critical Infrastructure Programs. He leads the National  
21 Infrastructure Simulation and Analysis Center work at the  
22 lab. He has a PhD in physics from University of California  
23 at Berkeley.

24 I work in the Applied Mathematics Group at the  
25 Theoretical Division at the lab on Department of Energy

1 Office of Electricity advance grid modeling research  
2 programs, focusing recently on optimal control of gas  
3 pipeline dynamics. So that involves understanding the  
4 physics, engineering, operations, economics, human factors  
5 of pipeline systems. I'm also a principal investigator for  
6 the lab's work on the Advanced Research Project Agency for  
7 Energy Project GECCO (phonetic) on gas-electric system  
8 optimization. I have a PhD in electrical and systems  
9 engineering from Washington University.

10 So quickly, some key observations about the  
11 message that the Review Team would like to convey is that  
12 risk comes from low likelihood but high impact events. So  
13 an entire year with no incidents does not mean that there is  
14 zero risk of an incident. Now again, the absence of  
15 incidents is not evidence of meeting criteria for a well-  
16 designed system.

17 Second, the SoCal Gas system is operating with a  
18 major infrastructure component offline. This component is  
19 integral to the way that the system is designed. So it's no  
20 longer able to provide service under the design conditions.  
21 And this is really an unprecedented situation without a  
22 standard solution in industry practice.

23 Now as a result the Southern California gas and  
24 electric systems have less safety margin than the intended  
25 design. So there's a higher than normal risk of significant



1 service interruptions. And measures to mitigate these  
2 issues are needed to provide standard safety factors.

3 So now a brief review of what is hydraulic  
4 modeling? What is the risk analysis that needs to be done?

5 So the purpose of hydraulic analysis in general is  
6 gas system planning. So given a set of conditions we want  
7 to say, what are the pressures and flows under time  
8 dependent customer offtakes? So the key considerations are  
9 physics, engineering, and compressor stations. There are  
10 constraints on pipeline pressures and compressor operation,  
11 the utilization of pipelines or storages for providing  
12 supplies, and also a varying demand of customers versus  
13 steady supply, which is both operational and part of tariff  
14 rules.

15 So there's also the important factor of how gas  
16 control personnel operate the system. So these are highly  
17 trained and experienced operators that operate the system in  
18 real time. So the controls in the pipeline system that can  
19 be modeled are valves, regulators, compressors, and storage  
20 fields. And in addition to understanding the engineering  
21 here, we need to take into account how the human operators  
22 of these systems behave.

23 So without the Aliso Canyon facility, the large  
24 supply to the L.A. Basin from storage fields is no longer  
25 available. So the controllers at SoCal Gas have to rely on

1 other means to control the system, and more careful  
2 operation. Okay.

3 So the software that is used by SoCal Gas comes  
4 from DNVGL. This is the Synergi Unsteady-State  
5 module which is a state-of-the-art pipeline simulation tool.  
6 So given the set of conditions, offtake profiles and  
7 compressor and regulator operating set points, it will  
8 predict what the pressures and flows are throughout the  
9 system.

10 So the requirements for a planning engineer using  
11 this software is to understand the components and  
12 constraints of the specific system in high detail, and  
13 understand the human factors of gas control, that is how  
14 they make decisions about setting compressor and regulator  
15 set points, where and when to make curtailments, that the  
16 system is operated in real time using limited predictive  
17 information, and then also to understand that the simulation  
18 is different from reality.

19 So the key object that's simulated is the design  
20 day. So this is a low likelihood but worst case scenario.  
21 We hear the term one in ten years. So this is .03 percent  
22 likelihood. And systems are designed for reliable  
23 operations under those design day conditions, so 99.97  
24 percent of the time.

25 So what they do, given those design day

1 conditions, is go through an iterative analysis. So the  
2 planning engineer, using the software, by hand adjusts the  
3 system control points in the way that they would be adjusted  
4 by the operators of the system. So they emulate what the  
5 gas control department would do with the information and  
6 tools available to them. And what they can do is adjust the  
7 offtake profiles modeled to emulate curtailment until an  
8 acceptable situation is achieved. So acceptable simulation  
9 means that pressures are above the minimum and below the  
10 maximum, and that system line pack or the total mass of the  
11 gas in the system is recovered at the end of the day to  
12 prepare for the next day. And this is industry best  
13 practice.

14           So the limitations is that the iteration procedure  
15 yields a likely outcome for a scenario, but it's labor  
16 intensive. And you can't perform the analysis on a large  
17 number of scenarios. There could be, as in the figure, an  
18 excavation accident, some air quality standards violated,  
19 maintenance, pigging, many different scenarios, and it's  
20 impractical to simulate everything. So this is one of the  
21 justifications for looking at the worst case design day.

22           So other factors are there's uncertain supply.  
23 You don't know where gas is being shipped into the system.  
24 There's uncertain demand. There might not be advance  
25 information of certain electric generator activity.

1           Now another factor is planned and unplanned  
2 outages. So system capacity changes with planned  
3 maintenance. And there could actually be inspections of  
4 system failures that create unplanned outages.

5           So now risk analysis. So the usual risk analysis  
6 is done for design or planning for pipeline construction.  
7 In this case it's a little different because this major  
8 infrastructure component of the system is offline. So the  
9 usual industry practice had to be modified. So hydraulic  
10 modeling was used to designate criteria for system risk with  
11 likely curtailment and classified conditions that could lead  
12 to lower gas availability, so pipeline or storage outages.  
13 So you assign scenarios to each set of conditions, and then  
14 it's possible, based on historical data, to try and compute  
15 the probability of each scenario, with the caveat that the  
16 system is now different from the condition it was in when  
17 the historical data was measured. Okay.

18           So essentially what SoCal Gas did for the summer  
19 assessment was look at supply shortfalls, and then planned  
20 and unplanned outages to attempt to assess the risk of these  
21 things occurring and the impact that it would have on their  
22 system operations. So let's take a look at what they did.

23           So first, the hydraulic analysis, there was -- so  
24 again, the design and planning for the SoCal Gas system  
25 previously assumed the availability of Aliso Canyon. So the

1 Action Plan Team chose a scenario to represent a high system  
2 load. And in particular, September 9th of 2015 had the  
3 highest electric generation demand. So in the hydraulic  
4 modeling the offtakes and supplies corresponding to that day  
5 were used as conditions on that system. So this was chosen  
6 as a sort of design day proxy with 3.2 BCF.

7 And the procedure that the SoCal Gas engineers did  
8 found that curtailment was likely in the model if there was  
9 a 250 million cubic foot shortfall in flowing supplies. So  
10 that's less supply coming into the system than is being  
11 used. Now that was adjusted based on the human factors,  
12 which I just described, to 150 million cubic feet because  
13 the operators in reality deal with a different situation  
14 than what you can represent in a model. And you want to  
15 give them that safety factor. Okay.

16 So the outage factors that were then modeled were  
17 pipeline, storage, pipeline and storage outages, both  
18 planned and unplanned. So there were several scenarios.

19 So these four scenarios, the first, just to look  
20 at what happens if there's a supply shortfall but the system  
21 operates at 100 percent utilization with no other outages,  
22 other than Aliso Canyon, then there was also the possibility  
23 of storage and pipeline outages, and then both storage and  
24 pipeline at the same time in the context of planned outages.  
25 So unplanned outages were -- the risk of those was additive

1 in the analysis. So the result of SoCal Gas's assessment  
2 was that there would be two days in the summer with high  
3 load and some supply shortfall, and about five or more days  
4 in the summer of larger curtailments greater than 400  
5 million cubic feet.

6 Now to distill those two figures, so the two days  
7 in the summer of minor curtailment, that looks very similar  
8 to the event on June 18 to 20. Now the potential  
9 curtailments seem to have been prevented by the mitigation  
10 measures. Now the issue that the Review Team found was that  
11 the risk due to planned and unplanned outages might have  
12 been overestimated.

13 So some more observations on this. So the key  
14 point that -- we found that some low -- so the analysis  
15 appeared to overestimate the likelihood of low-impact events  
16 and underestimate the impact -- there's an error on the  
17 slide. So we underestimated the impact of low-likelihood  
18 events. No, there's no error. Sorry. Let me say that  
19 explicitly. So it appears to overestimate the likelihood of  
20 low-impact events and underestimate the impact of low-  
21 likelihood events. So the 400 million cubic feet outage  
22 curtailment, this could be classified as a low-impact event.

23 Now the analysis was done in March and April,  
24 before the mitigation measures were put in place. One of  
25 the key mitigation measures was the deferral of planned

1 maintenance. Without the deferral of planned maintenance,  
2 those five days of potential curtailments could have been  
3 likely; right? So the methodology started with SoCal Gas's  
4 information on how planned outages would occur, and that was  
5 changed.

6           So some key points is that the risk is complicated  
7 to quantify because there are many possible scenarios. And  
8 historical data gives a limited insight because the  
9 condition of the system are now different than previously.  
10 So the Action Plan Team needed to modify the standard  
11 curtailment analysis done in other industry studies to  
12 assess risk.

13           Now key predictors of risk were found to be the  
14 load level and imbalance, and outages. So the load level  
15 and imbalance appear to have been mitigated by the demand  
16 response. The outages, I would suggest to look into this  
17 and see how planned outages are being managed.

18           The major risk that was not identified in the  
19 report was the combination of planned and unplanned outages,  
20 which is really the large kind of major risk which the  
21 system needs to be designed to account for, but which is  
22 something that can't be observed, the effects of which can't  
23 be observed, possibly, for several years; right? So kind of  
24 thinking, what's the likelihood of an earthquake; right?  
25 It's that kind of risk.

1           So in the winter assessment they used the design  
2 day that was used to plan system construction, but then took  
3 away the Aliso Canyon facility. So the design day load is  
4 5.2 BCF, and the engineers iteration procedure showed that  
5 curtailment is very likely.

6           There's also location and time considerations. So  
7 if there's a large load that can't be supplied the  
8 controllers might have to decide whether to send the gas to  
9 San Diego or the L.A. Basin. So the spatial and time  
10 factors of the load are an important component. The key  
11 takeaway is that one number can't quantify everything;  
12 right? So the load level can't quantify everything.

13           The other point is that the line pack was  
14 decreasing throughout the day. So shipping additional gas  
15 for the next day when line pressures and line pack are  
16 decreasing throughout the whole day is problematic, because  
17 that can't continue for several days in a row. So gas  
18 controls policy is to return line pack to what it was at the  
19 beginning of the day, particularly in the Los Angeles Basin.

20           So the maximum capacity estimate done by  
21 iteratively lowering the offtake profiles in the model was  
22 found to be 4.7 BCF. So what that is is an estimate of the  
23 maximum system utilization, given all operational factors  
24 and capabilities of commercially available software with  
25 complete 100 percent system utilization, so everything



1 online and working to complete capacity, which is typically  
2 not the case.

3           There is also a tradeoff in operation of pipelines  
4 and storages. So the flow being brought in from Wheeler  
5 Ridge, if the line is at high pressure then gas can't be  
6 withdraw from the Honor Rancho storage. And this is kind of  
7 a fine control point that needs to be tuned to get the  
8 maximum supply through into the nearby city gate.

9           So as you can see in the bottom figure, the blue  
10 line shows that line pack in the is model is recovered in  
11 the Los Angeles Basin. Okay.

12           So again, observations. One number cannot reflect  
13 all the complexities. The geographic distribution of  
14 customers determines the ability to service them. And so  
15 you have to look at conditions specific to Los Angeles Basin  
16 and San Diego. So this maximum load level estimate is  
17 intended to be a reasonable conservative estimate of system  
18 utilization under the expected high load conditions.  
19 Because the analysis is conservative the number of  
20 curtailments may be lower than predicted by risk. But it's  
21 not clear how planned outages or unplanned outages may  
22 effect that.

23           So the key views of the Review Team on this is  
24 that conservative operations prevent high-impact events,  
25 because you want a safety factor when considering maximum

1 capacity. And mitigation measures are the key to  
2 reliability. So balancing coordination and conservation,  
3 that's all necessary. And I think the key to not seeing the  
4 undesirable events over the summer which were possible was  
5 the effect of implementation of such measures, particularly  
6 to improve balancing and coordination.

7           So these findings are very similar to what's  
8 written in the report. But the key point is that the  
9 methods appear to be adequate for estimating the  
10 availability of gas and assessing potential for curtailment.

11    The Aliso Canyon facility is an integral part of the system  
12 as it was designed, without which it cannot function at the  
13 maximal design utilization and handle potential shortages of  
14 gas. And there are certain factors beyond SoCal Gas control  
15 and being able to bring gas into the system.

16           So the method that was used by SoCal Gas to assess  
17 capacity under transient conditions reflects the full  
18 utilization of the available software and appropriately  
19 accounts for operational factors.

20           Now the statistical risk analysis should be  
21 evaluated for potential changes. I believe that was done  
22 for the winter assessment, particularly with the  
23 combinatorial factors related to impacts of unplanned  
24 outages. Given that there's a unique situation in the L.A.  
25 Basin, it may be prudent to go beyond using industry

1 practice of using a single design day to assess risk.

2           So key recommendations would be tighten balancing  
3 rules to more closely align with standards for pipeline  
4 systems that don't rely on storage facilities, and to defer  
5 maintenance when possible so that planned storages --  
6 planned pipeline and storage outages don't occur  
7 simultaneously, especially during any times of peak demand,  
8 and the continuation of mitigation measures.

9           So that concludes the presentation.

10           CHAIR WEISENMILLER: Very good. Thanks. I mean,  
11 that was very good to have that sort of outside perspective.  
12 Just a couple of questions.

13           The first is -- I'm just trying to make sure I  
14 understood your presentation. One was that it appeared that  
15 your conclusion is that the risk assessment that was done  
16 identified the major risk or major components of risk, i.e.  
17 load mismatch and outages; is that correct?

18           MR. ZLOTNIK: Yes.

19           CHAIR WEISENMILLER: And then the second -- your  
20 second conclusion was that the mitigation measures,  
21 generally by addressing those reduce the risk?

22           MR. ZLOTNIK: Yes, I believe so.

23           CHAIR WEISENMILLER: Okay. Then the next one was  
24 that -- again, just trying to untangle some of my own  
25 mind -- is that to the extent you're doing a risk assessment

1 based upon a say one-in-ten-year event, then on average you  
2 would not expect to see that event, although it will occur  
3 at some point in that time period?

4 MR. ZLOTNIK: That's right.

5 CHAIR WEISENMILLER: Now the interesting thing  
6 was, that I was trying to understand a little bit more, was  
7 you suggested we think more about multiple design days. And  
8 so do you have any specifics on, you know, how do we enhance  
9 this sort of analysis in terms of shifting focus from that  
10 single event or single design criteria to more multiple  
11 criteria?

12 MR. ZLOTNIK: Well, if there's going to be a  
13 significant planned outage, then the system model could be  
14 adjusted.

15 CHAIR WEISENMILLER: Okay. So basically, start  
16 looking at that significant outage?

17 MR. ZLOTNIK: Yes.

18 CHAIR WEISENMILLER: And could you describe a  
19 little bit more what you were thinking of in terms of load  
20 probability but high-impact events?

21 MR. ZLOTNIK: So if there is that planned outage,  
22 and also an unplanned outage.

23 CHAIR WEISENMILLER: Okay.

24 MR. ZLOTNIK: Okay. So let's say that another  
25 storage field is out --

1 CHAIR WEISENMILLER: Right.

2 MR. ZLOTNIK: -- and there is an unplanned  
3 pipeline outage, because maybe an inspection showed that  
4 some work needed to be done, this would be a low-likelihood  
5 event, but there's significant risk. It's hard to quantify,  
6 difficult to quantify the short-term value of planning for  
7 this.

8 But again, this goes back to the safety factor,  
9 okay? So we should not be planning on maximum utilization  
10 of the system. We should be planning on having a margin,  
11 okay?

12 CHAIR WEISENMILLER: And it seemed like one of the  
13 things we need to worry about is if there's any systemic  
14 risk among, you know, storage fields, among -- you know,  
15 anyway, it goes so that the risk factors are not  
16 independent, but interdependent. But that would be another  
17 potential risk problem?

18 MR. ZLOTNIK: So regarding --

19 CHAIR WEISENMILLER: I mean, most risk assessment,  
20 you assume the events are all independent. And the question  
21 is: Are there any correlation among the events that enhance  
22 the probabilities of those occurring simultaneously?

23 MR. ZLOTNIK: That's a good question. So that's  
24 part of the issues that we found with the risk analysis. So  
25 essentially, some of the planned maintenance, particularly

1 with respect to pipelines and storages, the assumptions  
2 there were that these are statistically independent. But I  
3 think that SoCal Gas has procedures for deciding for  
4 planning this maintenance, which could be taken into account  
5 when understanding the effect on the system; right?

6 CHAIR WEISENMILLER: No, that's good. Essentially  
7 being clear on thinking through where the plan -- the  
8 interaction between planning and operations, and planning  
9 criteria and operations?

10 MR. ZLOTNIK: I think so.

11 CHAIR WEISENMILLER: Yeah.

12 MR. ZLOTNIK: So this is somewhat beyond the scope  
13 of our review, because what we looked at what was, given the  
14 assumptions that SoCal Gas made, was the methodology, was  
15 the thought process appropriate, and we found that it was.  
16 But those assumptions, I think, or their methodology for  
17 looking at the effects of planned and unplanned outages  
18 could be examined.

19 CHAIR WEISENMILLER: Anyone else?

20 Go ahead, Mike.

21 MR. WEBSTER: So you mentioned safety margins, and  
22 I wanted to explore that a bit more.

23 What is the industry standard for safety margins  
24 when you're designing a system? And what is the modeled  
25 safety margin in the analysis that you did? I want to kind

1 of get a feel for the difference between those two.

2 MR. ZLOTNIK: So good question. We didn't do any  
3 analysis for this study, so we reviewed methodology. And  
4 I'm not an expert on industry safety standards. So this  
5 would be more along the lines of Rod Walker's expertise.

6 I do know that in the winter assessment there was  
7 a table that showed what the historical utilization of the  
8 system was. And it looked to me like it was 3 BCF, where  
9 the maximum rated capacity was 3.8. So I would guess that's  
10 an appropriate safety margin.

11 MR. WEBSTER: All right. Thank you.

12 CHAIR WEISENMILLER: Anyone else? Okay.

13 Certainly, thanks again for your help on this. We  
14 appreciate really getting that independent assessment.

15 MR. ZLOTNIK: Thank you.

16 MS. RAITT: Thank you. Our next panel, I'd like  
17 to ask the panelists to please come forward and take your  
18 seats at the table, it's Gas Supply and Delivery  
19 Representatives. We have Roger Schwecke from the Southern  
20 California Gas Company, Evelyn Kahl from Customer Coalition,  
21 Norman Pederson from Customer Coalition, and not here in  
22 person, but Chris Tokas from the Office of Statewide Health  
23 Planning and Development will be presenting over the phone  
24 lines for us. Unfortunately, we won't be able to ask Chris  
25 Tokas questions over the phone lines, but just be able to

1 have a one way, hearing him give us his presentation.

2 MR. SCHWECHE: Good afternoon. I'm Roger  
3 Schwecke, Vice President of Gas Transmission and Storage for  
4 Southern California Gas Company and San Diego Gas and  
5 Electric. So thank you for giving me the opportunity to  
6 speak today about some of our thoughts, and to reflect on  
7 the information that was provided through the three reports  
8 that were put together.

9 As you know, we provided the technical support, as  
10 we talked about a lot today, for the technical assessment.  
11 We've provided information to the National Labs as they were  
12 going through their review of the process and support their  
13 efforts. So that was our role. We did not participate in  
14 the Action Plan, in the mass balance, and I'll talk more  
15 about that later.

16 Next slide please.

17 So one, it seems that the summer has gone very  
18 well. And why has it gone well? I think the close  
19 coordination between the CAISO, LADWP, other energy  
20 providers, and ourselves has allowed for that open  
21 communication that provides people the opportunity to plan  
22 and work well together.

23 We basically have had some occurrences. Even  
24 though the summer has been fairly mild, we've had strains on  
25 our system that we've had to manage. We've had two



1 curtailment watches that we had to work through. We  
2 actually had one localized curtailment down in San Diego.  
3 Those were all able to be managed because of that  
4 coordination within the ability of electric, of CAISO and  
5 LADWP, to continue to provide electric service, but it's not  
6 that we didn't have issues this summer so far.

7           And the summer is not over. It is only August. I  
8 mean, if you think of it -- you would think of it as  
9 probably October based on the weather out there today, for  
10 those that know Diamond Bar, but it's not over. So we still  
11 have some time left that we have to figure out to maintain  
12 the momentum that we've gained working together.

13           So the mitigation measures have helped. You know,  
14 we have gone and promoted energy conservation. I think  
15 there were some discussions earlier today about the efforts.  
16 I think it was Ed Randolph talked about the demand response  
17 and how the Flex Alert. We have been supporting those  
18 efforts. And it's good to see that those efforts actually  
19 have, you know, given some results in reduction of electric  
20 demand on the system. And we'll continue to do that for the  
21 remaining part of the summer. And as we saw in the Action  
22 Plan, we will be continuing to do that into the winter. But  
23 as I mentioned, it's not over.

24           But someone also mentioned the fire that we had  
25 recently, the Blue Cut Fire. That was a clear example that

1 when an incident like that, and I think, Tom, it was you  
2 that basically brought that up, that that can create a  
3 system -- a strain on the system. Because when that line  
4 had to be taken out of service that immediately increased  
5 demand in the L.A. Basin. Fortunately enough, we didn't  
6 have the hot weather at the time. It wasn't a high demand  
7 and we were able to meet that demand very easily.

8           So, you know, we're here to talk about the winter.  
9 Summer has been going good, but we're really here to talk  
10 about the winter and the winter assessment. And the peaks  
11 from natural gas during the winter are significantly higher  
12 than what they are in the summer. I mean, residential load  
13 is the driver for wintertime loads.

14           When people ask, well, you have a winter in  
15 California, well, we don't necessarily have a winter of what  
16 they would think on the East Coast. But when you have 5.3  
17 million customers and they all basically turn on their space  
18 heater, demand peaks suddenly. And it peaks twice a day. It  
19 peaks in the morning when everyone gets up in the morning  
20 and turns on their furnace and takes their showers, and it  
21 peaks in the afternoon when they come home from work to  
22 again turn on their heaters, take their showers, whatever  
23 they do in the afternoon, cook their food.

24           And the information that was shown today, without  
25 Aliso Canyon the ability to meet that demand is reduced.

1 It's a resource. It's a critical resource that's been on  
2 our system since the '70s that we've used in many different  
3 ways, from daily peaking to seasonal load. Without it, then  
4 you have the possibility of natural gas curtailments. It  
5 could effect, you know, electric generation customers,  
6 hospitals, refineries, manufacturers. I mean, those are all  
7 the quote "non-core customers" that it could effect.

8 Next slide please.

9 So some of the key points that I'd like to raise  
10 with regards to the technical report. It does show that  
11 without Aliso Canyon we cannot meet the one-in-ten design  
12 criteria for a cold day of 5.2 BCF. Others have already  
13 talked about that today. But it also looks at it that  
14 that's only 4.7 BCF. People still look at that at that's a  
15 large demand. And when you look at the electric generation  
16 customers, if they take a lot of demand off the system,  
17 maybe you can meet that. But then if you look at limited  
18 capacity, like the Line 3000, I think it was talked about,  
19 and reducing that capacity, you again take it down to  
20 probably one of the 4.5 BCF level.

21 What is consuming for me is the assumptions that  
22 were made, because the tool that was used is a capacity  
23 planning tool. And when you plan for capacity you have  
24 planned that the supply is available. So when you have 100  
25 percent utilization of the receipt points, is that a

1 realistic assumption? For capacity planning, yes, it is,  
2 and it says you have enough capacity. But what happens is  
3 that you still have to have supply behind it, and that is a  
4 critical issue.

5 But as you reduce supply or you reduce pipeline  
6 outages, after you get to that 4.5 BCF, it's on a one-to-one  
7 basis. So if I lost 100 million a day of pipeline capacity,  
8 that 4.5 BCF would drop down to 4.4, and it would  
9 continually drop because you lost like -- if you lost a  
10 pipeline of 500 million cubic feet a day, that number would  
11 drop down to 4 BCF. And 4 BCF is not a large number from a  
12 demand standpoint on our system.

13 Next slide please.

14 So that's the technical report. And it showed  
15 that Aliso Canyon is needed and confirms that without Aliso  
16 Canyon we have the risk of curtailments.

17 We looked at the Action Plan. It says the same  
18 basic message, that Aliso Canyon is needed to meet the  
19 design criteria. And without it you run the risk of natural  
20 gas curtailments greater than what you would if you had it.  
21 I think there are some things that concerned us in the  
22 Action Plan.

23 And there's a statement in the Action Plan, and  
24 maybe it's not -- maybe it's just taken out of context, but  
25 that core customers are not at risk, the residential and

1 small commercial customers are not at risk, whereas the  
2 technical assessment contradicts that and says they could be  
3 at risk. Because the one thing about the Action Plan, it  
4 used the mass balance, which is a daily number. And the  
5 hydraulic modeling that is done, as mentioned by the Labs,  
6 is really a true assessment of the system and how it  
7 operates within the day from an hour-to-hour basis how the  
8 system runs. So as I mentioned, when you have different  
9 peaks during the day, storage not only provides the daily  
10 number, which was the mass balance number, but provides that  
11 daily swing.

12           So could you have the possibility? In extreme  
13 circumstances Aliso Canyon is used to meet those local  
14 demand needs on an hourly basis. Without Aliso Canyon you  
15 run that risk that you're not able to meet those hourly  
16 swings. And it really is that the Action Plan could be  
17 conceived to providing a little over-optimistic assessment  
18 of the winter reliability picture because it doesn't include  
19 those hourly swings. And that's what the hydraulic modeling  
20 does and has shown in both the technical assessment, and  
21 also the confirmation by the National Labs that that  
22 technical assessment was correct.

23           So, you know, some other things that were in  
24 there. I want to show you, SoCal Gas is acting quickly and  
25 as safely as possible to restore Line 3000. We're providing

1 all the resources and all the mas that are needed. It's the  
2 process of going through and repairing the line for the  
3 items that we found, and it takes time to do that. We're  
4 working as fast as possible. We have some difficulties in  
5 getting permits from, you know, the land agencies, but we  
6 are working as quickly as possible to bring it on because we  
7 know the critical nature of having that line back in  
8 service.

9           We have posted the information, and we continue to  
10 post the updates as we get them. We are currently showing  
11 that Line 3000 is to be determined because we did do some  
12 in-line pig runs, and we're waiting to get the results back  
13 from those. So when those come back we may have a different  
14 assessment. We just don't know until they come in.

15           So the other point, and there's been a lot of  
16 discussion about core usage and the advanced meters that we  
17 have, an advanced meter network that was designed and built  
18 for the gas meters doesn't have and wasn't designed for the  
19 capability to have, let's call it real time reads, that is  
20 how much gas is the core customer burning right now? The  
21 information is provided after the fact. It's a day late for  
22 the information provided. It looks nice. You pull it up on  
23 your system. You look at your gas. You see, actually,  
24 yesterday's data. That information, because again, we're  
25 talking about 5.3 million customers, and to transfer that

1 data on a real time basis, it wasn't set up to do that, so  
2 we don't have that capability.

3           So when you look at the possibility of using that  
4 to change a day-of forecast, pick the meter consumption up,  
5 you know, today at ten o'clock to change your six o'clock  
6 forecast, that capability is not available today. And it  
7 was never designed for that. It was designed to reduce, you  
8 know, the metering needs of the individuals, to provide  
9 customers with some information about their consumption, and  
10 it's done exactly what it's been designed to do. Changing  
11 it and thinking that it could do something else, we have to  
12 be very careful as we look forward, whether it's through  
13 demand response, whether it's for any of the core gas  
14 balancing, we have to really recognize what the real  
15 capabilities are.

16           I'd also like to, I think, correct a statement  
17 that was made in the Action Plan that core customers aren't  
18 balancing like non-core customers. Core customers, and that  
19 would be our Gas Acquisition Group, and our Gas Acquisition  
20 Group, people need to recognize, is completely separated  
21 from our operations side. There is a wall that prevents  
22 communication from a system operator and our gas procurement  
23 group. There's a third group that actually does the  
24 forecasting that they have to balance, too. But for them,  
25 they do have to balance daily, just like non-core customers.

1           They are also allocated cost for storage to assist  
2 them in balancing. Now that is unlike non-core customers.  
3 Non-core customers, besides the balancing, are not allocated  
4 to any other storage costs like the core customers are.  
5 Core customers are allocated almost half the storage cost.  
6 They use that to balance their loads, and they always have  
7 used that capability, not only seasonal loads but actual  
8 daily loads.

9           There's a lot of discussion about demand response.

10          I think as we move forward in looking at that we need to be  
11 cognizant of the fact and where will it provide incremental  
12 reliability benefits? The system that we're currently  
13 operating on the gas system is a priority system and a cost  
14 allocation system that's been in place for many years. And  
15 that reliability and priority system and the design of the  
16 system allows for non-core customers to be curtailed. And  
17 for that, non-core customers are receiving rates at a  
18 fraction of the core customers.

19           So when you look at the cost of providing a demand  
20 response incentive to a non-core customer to reduce load,  
21 they already receive an incentive. So we just have to be  
22 aware of that. To pay them again for a service that they've  
23 already been given that provides for curtailment is  
24 something that we have to recognize.

25           When you look at the residential customers, is



1 there opportunities? That's something that we'll need to  
2 investigate. Can you have demand response for the  
3 residential customers? I wouldn't want, and maybe this is  
4 my prayer, I wouldn't want to be asking a residential  
5 customer to reduce their demand, turn off their hot water,  
6 for the benefit of providing an industrial customer. We  
7 should have a lower priority to be able to continue to use  
8 gas. But that maybe looks at the demand design of the  
9 system and a whole revamp of how the gas system is planned.

10 Next slide please.

11 Just as a reminder, you know, 90 percent of the  
12 gas comes in from out of state to California. We're at the  
13 end of the pipeline. We're subject to what happens  
14 upstream. And for that, we're subject to the interstate  
15 pipelines, any outage on the interstate pipelines. We're  
16 subject to the producers in how much gas they can deliver.

17 And there's recent history. In 2011 there was,  
18 you know, the polar vortex. A lot of supplies were being  
19 pulled off into the Midwest and into the East. And there  
20 was actually areas in New Mexico and Texas that were  
21 curtailing residential customers. And there was 50,000  
22 customers in New Mexico that were curtailed, and it took  
23 them days and weeks to get those customers back on.

24 But that just shows us being at the end of the  
25 line, we're subject to everything that happens upstream in

1 availability supplies. So while the capacity may be there,  
2 it still is the issue of supplies.

3 Next slide please.

4 Historically we've used Aliso Canyon during the  
5 winter, you know, almost 84 percent of the winter days.  
6 It's not every day or all day long, necessarily, but it's  
7 during those cycling capabilities. And I think it was  
8 mentioned earlier by Katie, she was seeming to reference  
9 that if we started injections we wouldn't be able to inject  
10 in November. We'd be able to inject in November. Maybe  
11 it's not all day, but it will be parts of days. But if you  
12 have only a mild winter day, you could still inject.

13 You can also have the ability to withdraw out of  
14 other fields to inject in Aliso Canyon, to level out the  
15 storage fields and the capabilities. Or you can actually go  
16 out and if, you know, our Gas Acquisition Group has the  
17 capacity of knowing, they can go out and buy that baseload  
18 capacity knowing they're able to put the gas in the ground,  
19 so you can plan for it.

20 So I think we'll be able to inject. And actually,  
21 their injection capacity and withdrawal capacity will  
22 continue to increase as you go farther and farther into the  
23 winter as more and more wells become available through  
24 approval by DOGGR and certified for injection.

25 So I just wanted to clarify that it's not a yes or

1 no, it doesn't stop November 1st and stop November 1st. It  
2 will be a day-to-day decision. The drive will be to inject  
3 gas as much as possible during that period of time.

4 Next slide.

5 I know these charts are hard to see. But what I  
6 wanted to show by this is that issue that we're subject to  
7 the upstream. There's two periods here, one in December of  
8 2003 which I'll start with -- 2013. This shows that during  
9 the middle of the graph we had a peak demand of a little  
10 over 5 BCF. That was December of 2013, not that long ago.

11 But the key point I wanted to bring out is the red  
12 portion of that bar. That red portion of the bar is the  
13 amount of gas that was delivered from the storage fields.  
14 And if you look at that number you can see that number if  
15 well in excess, it's actually in excess of 3 BCF. When you  
16 take a look that one day in December the highest peak where  
17 we were over 5 BCF, we were getting receipts in the system  
18 of less than 2 BCF, and storage was providing 3 BCF. You  
19 look across the days and we were well in excess of 2 BCF.  
20 And actually during that period of time we were in a  
21 curtailment. And we were still continuing to have those  
22 demands scenarios. So it's recent history.

23 The one that I put on the upper left-hand corner,  
24 that's not a peak day. That day is only a demand of about  
25 3.8 BCF. But on that day, because of the well freeze-offs

1 and the lack of supply and supply being pulled elsewhere,  
2 storage was delivering 75 percent of volumes being delivered  
3 on that day of a 3.6 BCF day. That's not that high a day.  
4 So that just represents that if people in other areas of the  
5 country need the gas and pull on the gas, what storage has  
6 allowed us to continue to operate and really act and have  
7 had energy independence from their actions. And that's what  
8 storage provides.

9           So it's not just the peak day, it's not just the  
10 high demand day, it could occur any day. And if wells are  
11 freezing off or there's high demand in the Midwest, there's  
12 a pipeline outage on the interstates, supply is a big issue.  
13 We've shown that capacity could be not sufficient, but  
14 supply is just as big an issue.

15           With that, I just want to give you kind of the  
16 update of -- next slide please.

17           You know, we are working diligently to bring Aliso  
18 back on. We recognize that both the summer and winter  
19 assessments have said that that is a critical mitigation  
20 factor, to bring Aliso back on injection. We're working  
21 with DOGGR and their approval through the Order 1109 to  
22 maintain assurance that we're meeting the requirements that  
23 they have laid out, also the requirements that were  
24 established in SB 380 that were signed by the governor  
25 earlier this year that applies to the inspections at Aliso

1 Canyon.

2 Right now we're sitting at about 18 wells that  
3 have been fully inspected or are back in service. In a  
4 sense, they're ready for service. We are using and would  
5 use those wells if we needed to do withdrawals from Aliso  
6 Canyon. So we'll use the inspected wells first if we need  
7 it for energy reliability, based on the withdrawal protocol  
8 that was established.

9 Our goal is still to restore full operations to  
10 Aliso Canyon and be ready late summer, and to start  
11 injecting gas as soon as possible to be prepared for the  
12 winter demand on our system. So the coordination will  
13 continue with the agencies throughout the summer. But we're  
14 working as quickly as we can to bring the field back on.

15 I want to mention that some of that, there's --  
16 next slide please.

17 Not only are we doing the well inspections and  
18 we're testing the well casing integrity, we're doing other  
19 things at the field to kind of give us those early  
20 indicators, if there could be a problem. A lot of talk has  
21 been about tubing flow only. That creates an annual space  
22 that we can measure departures on, that can see if there's  
23 an early indicator or potential problem. That casing itself  
24 has already been tested, the full reservoir pressure, which  
25 it will never see. So you have a full tested casing that is

1 not going to be used and utilized for flow, but it allows  
2 for that measuring of that departure. If there's an early  
3 indicator, that's the first barrier that will show a  
4 potential issue. So that's one.

5 We're also doing daily infrared scanning. We  
6 basically have done the pressure monitoring that I mentioned  
7 on a real time basis. We've also implemented a community  
8 notification website that people can basically go on and get  
9 notifications if we have any issues of reportable releases  
10 from that standpoint.

11 So with that, I think I've talked long enough. So  
12 I'll answer any questions you have.

13 CHAIR WEISENMILLER: Thanks. Let's go through the  
14 panel, and then we'll swing back to questions for each of  
15 you.

16 MS. KAHL: Good afternoon. I'm Evelyn Kahl, and  
17 I'm an attorney with Alcantar and Kahl. I work with large,  
18 industrial non-core customers and their suppliers who rely  
19 on the SoCal Gas system for its transportation service. I  
20 also work with electric customers in the L.A. Basin, too.  
21 Again, some of the same businesses are both large gas and  
22 large electric consumers.

23 I wanted to start today by recognizing the very  
24 effective collaboration that has occurred in implementing  
25 the Summer Reliability Action Plan. I think it's a model of

1 success. And I'm really pleased to see the way those of you  
2 on the dais, customers, SoCal Gas, other utilities and  
3 suppliers have worked together to make this summer work.

4 My primary objective today, though, is to talk  
5 with you about the role that non-core industrial customers  
6 have played in supporting reliability this summer, and will  
7 continue to play as time goes on.

8 So there are two primary areas where non-core  
9 customers are supporting reliability. The first is an area  
10 of support for electric reliability, really. So as a result  
11 of a curtailment settlement reached with SoCal Gas and  
12 customers last spring, non-core customers are curtailed  
13 after -- or before core customers, of course, they always  
14 have been. Core customers have the highest priority. But  
15 they're also curtailed before electric generators that are  
16 needed to provide reliability in the basin.

17 So both of those purposes are served, electric  
18 relationship and core gas reliability, by the non-core  
19 support in their lower priority. And at this point, up to  
20 100 percent of non-core industrial load would be curtailed  
21 before we got into the electric load that is required to  
22 meet electric system reliability.

23 In addition, as a result of the balancing  
24 settlement that was negotiated last spring, these customers  
25 are living under very restrictive balancing conditions. And

1 so both the curtailment restrictions and the balancing  
2 restrictions come at a cost and greater risk to non-core  
3 customers, and that is how they're contributing.

4           So I'd like to talk a little bit about the  
5 balancing agreement, even though it may be too far in the  
6 weeds for you. So before the balancing agreement, customers  
7 generally balanced ten percent monthly, so they had to match  
8 their deliveries into the system with their usage within ten  
9 percent monthly. As a result of the settlement they have  
10 set the stage for SoCal Gas asking them to balance daily,  
11 not monthly, on a five percent basis. So their flexibility  
12 on the system has been restricted substantially. And  
13 violations of the orders, the operational flow orders by any  
14 of these customers, could result in a penalty. Penalties  
15 range from \$0.25 a dekatherm up to 20 times the cost of  
16 natural gas.

17           And customers have seen the effects of the  
18 settlement this summer. There have been -- 56 percent of  
19 the summer days they've experienced some form of operational  
20 flow order. There have been 32 days of low OFOs at 5  
21 percent, and there have been 18 days of high OFOs, two days  
22 where both they had high and low OFOs. And while the  
23 customers are very motivated to avoid the penalties, there  
24 are conditions under which they simply can't balance.

25           It's easier to understand this from the



1 perspective, perhaps, of an electric generator. An electric  
2 generator's actual usage can vary substantially from its  
3 forecast usage or scheduled, depending on how they're  
4 dispatched by the system operator. So if the ISO dispatches  
5 a generator midday through the gas stay and it's unexpected,  
6 suddenly they're widely out of balance with their gas  
7 balance and they may not be able to get into balance by the  
8 end of the day.

9           The same can be true with industrial customers.  
10 Their actual usage may vary materially from their forecast  
11 and scheduled usage when they have production upsets or  
12 their production schedules change for other reasons.

13           And so recognizing that these customers have  
14 limits and they're not fully able to manage their balances  
15 at all times, they have experienced negative impacts from  
16 the curtailment settlement and the balancing settlement.  
17 They have greater risk and greater cost. They've gone up a  
18 very steep learning curve in a very short time. And some  
19 customers have incurred OFO penalties this summer.

20           Other suppliers have observed that there have been  
21 price fluctuations related to these new rules. And all of  
22 the customers have experienced the frustration and  
23 administrative burden of the rules.

24           The winter plan proposes to extend these  
25 restricted balancing rules. And while we don't have

1 objection to that, what we'd like to propose is if you're  
2 going to extend the rules to support the core gas load and  
3 the electric load, that you provide some form of mitigation  
4 for these customers from unnecessary penalties.

5           SoCal Gas in its customer forum, I think it was in  
6 May, outlined a mechanism whereby these customers could  
7 trade their daily imbalances resulting from OFOs if they  
8 were offsetting. So if one customer over delivered by ten  
9 percent on a day and another undelivered by ten percent,  
10 they could trade those balances with no impact on the  
11 system. So although those opportunities may be limited,  
12 doing these trades would allow customers to mitigate the  
13 impacts of unexpected changes in usage.

14           The trading system would benefit all customers.  
15 Non-core industrial customers, obviously, would benefit.  
16 Electric generators would benefit. California natural gas  
17 producers would benefit. They are subject to the same OFO  
18 restrictions as customers are and they should also be  
19 permitted to balance within the system. And finally, if the  
20 Action Plan proposal for tighter core balancing is  
21 implemented, trading would also benefit the core.

22           So we propose that the Winter Action Plan be  
23 modified to include a trading mechanism for daily imbalances  
24 under the more restricted balancing procedures. And the  
25 details of that proposal have been outlined in a motion put

1 together by Customer Coalition and filed with the Commission  
2 on May 17th.

3           So with that change, we encourage you to move  
4 forward as quickly as possible with the plan. Thank you.

5           MR. PEDERSON: Thank you, Chair Weisenmiller. My  
6 name is Norman Pederson. I represent the Southern  
7 California Generation Coalition. Today I am presenting to  
8 you for the Southern California Generation Coalition on  
9 behalf of the Customer Coalition. And the Customer  
10 Coalition was the group that filed the motion that Evie just  
11 mentioned. It was actually filed August 17, just last week.  
12 And it raises a point that Evie mentioned about trading  
13 daily and balances.

14           It also mentions a point that is we believe  
15 absolutely essential if we're going to get through this  
16 winter. And it was a fourth measure that Ed Randolph  
17 mentioned this morning. It's the fourth measure in the  
18 Joint Agencies Action Plan. It's the measure for this  
19 winter for the core to balance to burn as is required of the  
20 non-core. It's essential for the core to balance its supply  
21 with burn as parallel to the non-core because the winter  
22 looks a lot different than the summertime.

23           Next slide please.

24           Now you all know this. We've talked about it  
25 earlier today. We've talked about it before today. During

1 the summer the non-core load is dominant. This chart shows  
2 how the core, which is blue, and dispatchable EG, on an  
3 average day during the summer are, you know, pretty much the  
4 same. And on a peak day during the summer they're pretty  
5 much the same.

6 Next slide please.

7 This shows that on a winter day, on an average  
8 winter day the core, which is in blue, is way higher than  
9 dispatchable EG. And on a peak day, as you see on the  
10 right, the blue bar is much higher than the red bar, which  
11 is dispatchable EG.

12 Now how does the core balance? And Mr. Schwecke  
13 got into this some. Currently the Gas Acquisition  
14 Department balances supply it acquires over the course of a  
15 gas day. And a gas day, by the way, starts at 7:00 a.m.  
16 Pacific and runs to 7:00 a.m. the next day. The Gas  
17 Acquisition Department balances supply to a forecast that  
18 the Gas Acquisition Department gets from, interestingly  
19 enough, Mr. Schwecke it gets from another department, it's  
20 the Regulatory Affairs Department. They get the forecast at  
21 5:00 a.m. The Gas Acquisition Department gets the forecast  
22 at 5:00 a.m. The gas day starts at 7:00 a.m. And so during  
23 the gas day they have to just balance to the forecast.

24 Contrast that to the non-core situation, the EGs,  
25 refiners. For the non-core we have to balance our supply

1 within a given tolerance, which happens to be plus or minus  
2 5 percent, and it's been plus or minus 5 percent, I think  
3 Evie mentioned, 60 percent of the days in June and 58  
4 percent of the days in July. Our daily balancing settlement  
5 became effective on June 1. And so since then, basically 58  
6 to 60 percent of the days we've had to balance, we the non-  
7 core have had to balance within plus or minus 5 percent of  
8 our supply, plus or minus five percent of our burn.

9           And I'd like to just pause for a moment because  
10 Mr. Schwecke made a comment that I'll get more into later  
11 about what automated metering infrastructure, on which we've  
12 all paid a billion dollars to install, he talked about that,  
13 and talked about when you find out, you know, what the  
14 results are for the daily burn through the AMI  
15 infrastructure for the core.

16           Well, when do we find out about what our burn is?  
17 We find out about it the day after our metered burn is  
18 completed. There is an asymmetry between the gas day and  
19 the burn day. The burn day actually runs on SoCal Gas's  
20 system from midnight one day to midnight 24 hours later.  
21 When do we find out what our burn was? We find out about it  
22 sometime in the middle of the night. Most non-core  
23 customers do have real time meters which SoCal Gas has  
24 access to. But that information is aggregated by SoCal Gas  
25 and then posted on an envoy so an EG, like DWP or Pasadena,

1 will see it sometime in the early morning hours. And it's  
2 all done electronically. People don't do it. They aren't  
3 sitting up late at night doing this at SoCal Gas.

4 Now let's shift back to the core and how they do  
5 in meeting their forecasted burn, and how good their  
6 forecasts are.

7 Next slide please.

8 This slide shows you the percent deviation between  
9 the core forecast, that forecast that comes in at 5:00 a.m.  
10 for a gas day that starts at 7:00. And by the way, the Gas  
11 Acquisition Department has to balance the supply that comes  
12 in during that day with that forecast for that gas day.  
13 It's not for the measurement of billing day, the 24 hours,  
14 midnight to midnight. The core has to balance against its  
15 supply coming in from 7:00 a.m. to 7:00 a.m. the next day  
16 against the forecast for the burn for 7:00 a.m. to 7:00 a.m.  
17 Well, okay, let's see how they do.

18 This slide shows you a comparison, the deviation  
19 between the core forecasted burn for a gas day and what's  
20 called the estimated core actual burn. Now you might think,  
21 estimated core actual, that sounds like kind of an oxymoron.  
22 Well, it might be an oxymoron but it's not moronic.

23 SoCal Gas can, after the fact, calculate the core  
24 daily burn by simply taking total supply coming into the  
25 system which they know, by taking the non-core daily

1 deliveries and burn, and by looking at, there's another  
2 group called the Core Transfer Agencies that provide gas to  
3 core and to primarily non-core customers that have a very  
4 steady load. So they can take total supply, they can  
5 subtract supply brought in on behalf of the non-core  
6 customers and the customers served by the core transport  
7 agencies, and the residual will go somewhere, its core burn.  
8 If it goes into storage, they know about that.

9           So they can come up with quite exact estimated  
10 core actual figures, which they have provided to us in  
11 response to data requests. But what this shows you, if you  
12 compare the daily burns for the core to these forecasts, you  
13 can see by how those blue lines go way down the percentage  
14 figures or way above the percentage -- by the way they go  
15 way below the zero line into percentages up to 20 percent,  
16 30 percent, 40 percent on the negative side, up towards 30  
17 percent on the positive side, the supply brought in for the  
18 core doesn't match the forecast quite frequently.

19           Next slide please.

20           Even more importantly, what is the frequency of  
21 the deviation between core supply and the core supply that  
22 is brought in and estimated actual usage? Now SoCal Gas  
23 will not provide us with the actual volumes brought in for  
24 core customers, but they will provide us and they have  
25 provided us with percentage deviations.

1           And this slide shows you that if you look at the  
2 first set of bars, the blue representing the core during the  
3 summer and the red representing the core during the winter,  
4 that looking at the first blue bar, 85 percent of the time  
5 during the winter -- during the summer and 78 percent,  
6 that's the second bar, the first red bar, 78 percent of the  
7 time the core is out of balance with a forecast by plus or  
8 minus 5 percent.

9           Moving to the second set of bars, the core is out  
10 of balance. Summer was out of balance 10 percent with its  
11 forecast by 70 percent in the summer, a little less, 60  
12 percent in the winter.

13           The next one I really want to focus on. This is  
14 where the core is out of balance by plus or minus 25  
15 percent, in comparison to a forecast that they got before  
16 the start of the flow day at 7:00 a.m. During the summer it  
17 was out of balance by 35 percent, that's the blue bar in the  
18 third set of bars, 20 percent in the winter. I'd like to  
19 focus on that primarily 20 percent of the winter and see  
20 what the impact could be for this winter.

21           Next slide please.

22           This slide is about that 20 percent of the time  
23 the core burn could be plus or minus, this actually focuses  
24 on the minus side, or core supply. You see on the right the  
25 blue bar for an average day, and it represents, well, with



1 the purplish part, the core being out of balance within a  
2 tolerance of five percent. And the rest of that blue bar is  
3 at 20 percent that represents the 25 percent the core would  
4 be out of balance on an average day.

5           Let's look at peak, because there's been a lot of  
6 discussion about peak day and we've been worried about the  
7 peak day, because that is a design standard for the SoCal  
8 Gas system. Let's look at the peak one-in-ten day. You see  
9 the purple bar, well, the purple band at the bottom of the  
10 first bar, that represents a five percent imbalance. All  
11 the rest of it is that extra 25 percent that gives you a  
12 total core being out of balance 25 percent, comparing its  
13 supply to its burn.

14           The little red bar over the side of each is the  
15 non-core five percent. Well, now what's the implication of  
16 curtailment during the winter of this slide?

17           Please go to the next slide.

18           The first set of bars shows a situation where the  
19 core, as the non-core, brings in supply within five  
20 percent -- a five percent tolerance of its burn. Everybody  
21 is within five percent. The first -- the tallest bar is the  
22 core. The little red part at the top represents the five  
23 percent tolerance. The next bar, which is the little, you  
24 know, white, short bar is the non-core, non-EG usage. And  
25 then the shorter bar is the EG usage.

1           Let's move over to the second set of bars. If you  
2 take a look at the tall bar, well, the first red part,  
3 that's the five percent that is within the five percent  
4 tolerance that we've been living with since June 1. But  
5 then you see a purple part. That purple part represents the  
6 amount by which the core would be out of balance that extra  
7 25 percent during those days when it's out of balance by 25  
8 percent.

9           And then you come over to see what happens with  
10 EG, which is the far right bar, the shorter bar, and the  
11 non-EG, and you see yellow. The way you make up for the  
12 excess imbalance for the core, by having the core be out of  
13 balance, not the allowed give percent that's on our daily  
14 balancing rules but by 25 percent, which we've seen happens,  
15 the way you make up for that is by curtailment.

16           Now under the current curtailment rules, and I'd  
17 like to give just a little bit of a twist on what Evie was  
18 saying, actually the way SoCal Gas curtailment rules work  
19 that will take effect November 1 is, first of all, for an  
20 EG, if you have a curtailment situation, if an EG is not up  
21 and running you say don't run. Stay offline. Step two is  
22 you can curtail up to 60 percent of EG load. Then you move  
23 to the industrials. It's only after the industrials,  
24 including refineries, are exhausted that you move to the  
25 last 40 percent of EG. But you need something to keep

1 stability to the system.

2           This yellow bar, obviously it's a little bigger  
3 than 60 percent. And why do we have a bar different than  
4 what you would think, a 60 percent bar? Because those are  
5 going to be the rules as of November 1. It's because we  
6 took the figures that we use for this from Tables 1 and 2 of  
7 the technical report which SoCal Gas prepared, and in Table  
8 2 in the technical report there was -- Table 2 shows that  
9 you could curtail down -- you could curtail EGs down to 96  
10 MMCFD and still have them maintaining electric reliability,  
11 at least in the sense of not having to shed load. That was  
12 100 that I think we were talking about this morning, just  
13 rounded off.

14           So we've made a worst-case assumption. Let's  
15 assume you took EGs all the way down to the 96 MMCFD. And  
16 guess what? If you had the core out of balance by 25  
17 percent, then you would move into curtailing the next -- the  
18 step forth entities which are the industrials, which  
19 includes refineries as a second tier.

20           Pardon? Pardon?

21           UNIDENTIFIED MALE: (Off mike.) (Inaudible.)

22           MR. PEDERSON: Step one is actually the ones who  
23 are not running yet.

24           So the bottom line is we are very concerned that  
25 for this winter we have adoption of a rule that requires the

1 core to balance to burn. Now Mr. Schwecke said we've  
2 installed, yeah, it was a billion dollars of a metering  
3 infrastructure system. It wasn't designed to do this. What  
4 the AMI system does, it gives you a database. It's just  
5 like the NSA, they've got a database of phone numbers. And  
6 once you've got a database, then you move the next step to  
7 querying the database.

8           And what they are not doing -- yes, they can query  
9 the database to identify the burn for individual core  
10 customers. What we would like them to do is query that  
11 database to see what the daily aggregated burn would be each  
12 day for the core. Would they get that information after the  
13 end of the burn day? You bet. But so do we, so do the non-  
14 core customers, so we'd be on a par.

15           And furthermore, we think they'd be even better  
16 off. Because the way it works is they have data coming  
17 every six hours from the automated meters to units that then  
18 transmit the information onto the back office at SoCal Gas.  
19 By 8:00 in the evening they could have, if they had the  
20 proper querying of the database, information on the full  
21 burn during the first 12 hours of a midnight-to-midnight  
22 measurement day. And they could use that information,  
23 they'd get it at 8:00 p.m., for the first half of the day to  
24 adjust their nomination at 9:00 p.m. in the last cycle for  
25 making nominations during a gas day to move gas in and out

1 of storage which they still have a lot of.

2           So we think AMI can help. And we think that AMI,  
3 with the proper querying and the proper programming would  
4 enable the core to be treated on a par with the non-core.  
5 And furthermore, you'd have the backup because we do have  
6 them doing the estimated actual core usage which is the  
7 calculations backed out, as I described to you. So that's a  
8 measure. That's a measure we think that would certainly  
9 help for this winter and prevent curtailments.

10           And, Chairman Weisenmiller, you raise a question  
11 that we are very interested in, and that is how do we cut  
12 the cost of what is being borne -- that's being borne by the  
13 electric generators? This would certainly help to cut that  
14 cost.

15           And thank you for your attention. I'm looking  
16 forward to your questions.

17           MS. RAITT: Great. Thank you. So our next  
18 speaker is Chris Tokas from the Office of Statewide Health  
19 Planning and Development. And he'll be speaking remotely,  
20 but we won't have an opportunity to ask him questions.

21           MR. TOKAS: Good afternoon. This is Chris Tokas  
22 with the Office Statewide Health Planning and Development. I  
23 hope you can hear me, because I cannot get a good feedback  
24 of basically how I'm coming through. My apologies for not  
25 being there in person. But the friendly skies, as well as

1 Southwest, apparently decided that they were not going to  
2 make this trip possible for me today, but thank god for  
3 technology. So I'm able to reach you from the beautiful  
4 Sacramento today.

5 First, as I said earlier, I'm Chris Tokas with the  
6 Office of Statewide Health Planning and Development. And a  
7 few words of who we are and what we do.

8 OSHPD is the agency that deals with the  
9 enforcement of the Seismic Safety Act, or otherwise known as  
10 the Alfred Alquist Hospital Facility Seismic Safety Act,  
11 which it requires that hospitals must be constructed to  
12 ensure the safety of patients and staff in the event of an  
13 earthquake. And therefore, to ensure that hospitals are  
14 reasonably capable of remaining operational and providing  
15 services to the public after a seismic event.

16 OSHPD is responsible for the enforcement of the  
17 Seismic Safety Act which preempts the local building  
18 jurisdictions for plan review and construction, and well as  
19 observation of hospitals and skilled nursing facilities. So  
20 essentially, we're a building department.

21 The functions of the Office include review and  
22 approval of plans, as well as specifications for the  
23 alteration and the issuance for new hospital construction  
24 and skilled nursing facilities, as well as the observations  
25 of their construction to ensure compliance with the

1 provisions of the California Building Code, which is  
2 otherwise known as Title 24.

3 In addition, the Office is authorized to develop  
4 building standards as necessary to carry out the provisions  
5 of the facility Seismic Safety Act.

6 Unlike any other building which has maximum energy  
7 requirements, hospitals have minimum energy requirements.  
8 And as you're going to hear in my presentations to you, the  
9 primary and the most fundamental, as well as basic reasons,  
10 is patient safety, infection control, and everything else  
11 that goes into patient safety.

12 What OSHPD did in order to address the energy  
13 issues that California is facing today, last spring we  
14 created, under the auspices of the Hospital Building Safety  
15 Board, which is the equity board for our organization, a  
16 committee. And then name of the Committee is the Energy  
17 Management Consideration Committee. The marching orders for  
18 the committee, as well as the goals of the committee are as  
19 follows.

20 First, develop innovative strategies and solutions  
21 in partnership with the healthcare industry to identify and  
22 deploy energy management projects at California hospitals,  
23 while maintaining health and safety standards.

24 Second, evaluate statutory and regulatory code to  
25 identify opportunities where OSHPD has existing authority

1 and flexibility to approve innovative strategies and pilot  
2 projects that would result in energy savings in hospitals.

3           The third goal is to evaluate existing  
4 (indiscernible) compliance projects because the code in some  
5 cases does not allow the proper path to reach there. And  
6 industry best practices for potential expansion to other  
7 hospitals and health facilities.

8           And fourth, consider future amendments to the  
9 statute itself, as well as the regulatory building code  
10 requirements that will achieve energy savings and maintain  
11 facility health and safety.

12           When it comes down to gas loads, in the hospital  
13 environment they are used for boilers, for domestic water,  
14 and year-round air conditioning when it comes down to  
15 heating during the winter times. Both of these are critical  
16 to infection control. There is a multitude of national  
17 standards that deal with energy requirements when it comes  
18 down to hospitals.

19           In the auspices of -- I shouldn't say the  
20 auspices, I should say under the marching orders of the  
21 Energy Management Conservation Committee, we thought that it  
22 would be, again, an excellent resource for us to incorporate  
23 the staff of the California Energy Commission, which they  
24 have been invited in our meetings. They have participated  
25 in our meetings. They have made the meetings successful.



1 And their purpose there is to assist us with evaluating  
2 energy savings projects for efficiency and cost  
3 effectiveness.

4           Meanwhile, we did post the names of the California  
5 Energy Commission Staff, as well as their contact  
6 information on our website, so that various hospitals or  
7 hospital engineers can actually contact them directly in  
8 order to find what available solutions they can utilize for  
9 energy conservation.

10           This summer, in anticipation of possible extreme  
11 heat conditions in Southern California and the possibility  
12 of inadequate supply of natural gas in Southern California,  
13 which would probably lead into brownouts or blackouts for  
14 electrical power, we created a location on our website and  
15 we were seeking suggestions and recommendations from various  
16 hospitals which, again, they would come up with possible  
17 solutions to immediately reduce natural gas consumptions,  
18 which in turn they could be available to other hospitals in  
19 the state of California that they can be utilized and  
20 immediately be taken advantage of.

21           The committee is meeting in this coming September.  
22 And the agenda for this meeting in September is for  
23 hospitals to present energy-conserving other methods of  
24 compliance that we have received in the course of the last  
25 two or three years so that other facilities, hospital

1 facilities in this case, take advantage to them. And also  
2 for us to provide any energy conservation ideas that were  
3 received on our website, as I mentioned earlier, as well as  
4 any products that the California Energy Commission has  
5 reviewed and reported which they may assist hospitals with  
6 lowering their energy consumption in this case.

7 In the meanwhile, we're working actively with the  
8 California Energy Commission in order to draft energy  
9 regulations with regards to what is commonly referred to as  
10 Part 6 of the California Building Code that deals with  
11 regulations when it comes down to lighting, that deals with  
12 regulations that comes down to the building envelop in order  
13 for us to increase energy savings.

14 So that pretty much gives you a pretty good view  
15 of what's happening on this side as far as energy  
16 conservation. (Coughs.) Parson me.

17 And also, while we're doing all that, we are  
18 encouraging the facilities, these are the hospital  
19 facilities for the state of California, to find solutions in  
20 alternate of supplemental power with regards to solar,  
21 photovoltaic micro grids or other fuel cells.

22 As I said earlier, that gives you a pretty good  
23 idea of how we're trying to address the California hospital  
24 side of the building environment.

25 And with that, I will pass the mic back to the

1 chair. Thank you.

2 CHAIR WEISENMILLER: Thank you. Yeah, actually,  
3 Soy (phonetic) he's not here today.

4 For background for everyone, after our last  
5 assessment I sent letters to a number of state and federal  
6 agencies to encourage them to do energy efficiency preferred  
7 technologies, and to start moving on it. The good news is  
8 you can tell, as Diana Duly (phonetic) is really moving  
9 forward on the health side. The bad news is, as you can  
10 see, there's not a lot of others that we could bring down  
11 today to talk about their progress to date. But again,  
12 certainly all of my letters are in the docket file, so I  
13 won't exercise naming names. But anyway, it's at least good  
14 to have gotten some response. And, frankly, hospitals are a  
15 very major energy of use -- major energy users. So getting  
16 their cooperation is certainly good news, Soy.

17 So anyway, with that, some progress on at least  
18 that part of the public agencies.

19 Switching to questions, I guess the first one for  
20 Roger is when do you really anticipate at this point filing  
21 an application on the reinjection questions with, obviously,  
22 DOGGR and PUC?

23 MR. SCHWECHE: Well, again, you know, we say late  
24 summer. In California someone may say that's December;  
25 right? But I think what we have to do, we have to juggle

1 the issue of having the number of wells approved, along with  
2 the withdrawal capability that has been required by us of  
3 the Commission to maintain the 420 million cubic feet a day  
4 withdrawal capacity. So we have to juggle that.

5 And the way we're maintaining today is the  
6 possibility to use that have only passed phase one of  
7 inspection if we need it for energy reliability. Those  
8 wells have to be plugged and isolated. But we have to get  
9 enough of the inspected wells to reach that level, difficult  
10 at this point in time by the sheer number of wells we have.  
11 So that is really the limiting factor of when we can ask for  
12 injection authority, with that 420 in place. As we get  
13 towards the end of the summer does that 420 change? I guess  
14 that's a conversation the Commission will have in that.

15 Also, the wells have the tubing flow-only  
16 configuration. And the capacity of those wells are less.  
17 We still have a lot of fluids in the wells that we have to  
18 clean up. Because every time you're doing an inspection  
19 you're actually filling the well full of fluids. And with  
20 low reservoir pressure, it's hard to clean the well up or  
21 remove the liquids to get the ultimate capacity out of those  
22 wells.

23 CHAIR WEISENMILLER: Again, I'm just trying to get  
24 a little more. In late summer, I mean, do you expect -- I  
25 mean, it comes back to President Picker's comment, I was

1 trying to figure out timing.

2 Would you expect September 1-ish? Would you  
3 suspect October 1-ish? I mean --

4 MR. SCHWECKE: Yeah. I would say it's going to be  
5 later in September, or closer to the October 1st date.

6 CHAIR WEISENMILLER: Okay. The next question --  
7 well, let me first say, does anyone here have questions on  
8 that issue? Okay.

9 One of the issues that came up that Los Alamos  
10 raised was this Wheeler Ridge-Honor Ranch issue. What's  
11 your sense on what's going on there?

12 MR. SCHWECKE: Well --

13 CHAIR WEISENMILLER: I mean, you must have had to  
14 deal with it for years. I guess it's part of the question.

15 MR. SCHWECKE: Yeah. The issue has been there all  
16 the time since, you know, Wheeler Ridge was put into  
17 service, along with Honor Rancho. I mean, they feed into  
18 the same line. The amount of capacity of that line to  
19 receive gas, that's always been the case. When we looked at  
20 prior planning you didn't have to maximize the receipt  
21 points because you had Aliso Canyon.

22 So it didn't maybe come to the forefront that  
23 there is that limitation, but it has always been there. And  
24 we use, you know, a certain amount of supplies that come  
25 into the system which could be at other points, and then

1 fill in with the storage capabilities. So if you only  
2 assumed you're getting 2.5 BCF of supply, you didn't have to  
3 maximize Wheeler Ridge's capacity. So that limitation has  
4 always been there.

5 By the way, the model was done and having to  
6 maximize the utilization of Wheeler Ridge at its full  
7 capacity, then it showed in the model run how that  
8 limitation actually is impacted.

9 CHAIR WEISENMILLER: Okay.

10 MR. PEDERSON: Chairman Weisenmiller --

11 CHAIR WEISENMILLER: Sure.

12 MR. PEDERSON: -- from our standpoint there's  
13 something more involved here. We certainly understand the  
14 point that if you fully load the Wheeler Ridge  
15 interconnection point, which is on SoCal Gas Line 225, and  
16 you have a fully loaded Line 225 going past Honor Rancho,  
17 which also feeds into Line 225, that you might have a  
18 reduction of 1,000 MMCFD withdrawal capacity by 125. I  
19 think that was a figure that was in the technical report.

20 But there's something else going on. If you move  
21 seven pages later in the report there is something about the  
22 hydraulic modeling that results in an even further  
23 diminution in the withdrawal capacity at Wheeler Ridge,  
24 beyond the 125.

25 And I see Mr. Schwecke is frowning a little bit.

1 But we have a data request that we sent yesterday to SoCal  
2 Gas on that second feature, which we do not understand.

3 MR. SCHWECKE: Yeah. And the amount of capacity  
4 reduction was 1.5 million a day. It went from the BCF to  
5 the 850, and that's what was used in the report. I don't  
6 recall seeing any further reduction in the analysis.

7 MR. SCHWECKE: We'll find out.

8 CHAIR WEISENMILLER: In terms of which -- in terms  
9 of how much -- and again, you have to go through the process  
10 on the wells. You have to go through the regulatory  
11 process. You then have to, you know, start reinjection at a  
12 relatively late time, what is your range of best-worst case  
13 for how much gas might be in storage at Aliso, say January  
14 1st?

15 MR. SCHWECKE: You know, that's a very good  
16 question. You know, it will obviously depend on the number  
17 of wells we have in service, their ability to inject gas,  
18 how the weather patterns play out in Southern California and  
19 whether you have supply. But I could easily see us, if  
20 we're able to inject 250 million cubic feet a day, you know,  
21 for, you know, 60 days, let's say you say October and  
22 November, 60 days or 90 days to get to January 1st, then  
23 you're talking, you know, somewhere around 25 to 30 BCF,  
24 plus the 15 in the ground.

25 CHAIR WEISENMILLER: Certainly, if you want to

1 think about it some more and submit something in writing  
2 later, that would be good.

3           One other question I was going to ask you, which  
4 Norman can probably answer with an adjustment, Norman did a  
5 lot of the percentage variation on core. Obviously, I was  
6 very interested in the magnitude. You know, we have this  
7 magic 150 or whatever. And so I was going to ask Roger to  
8 provide the variation on core, but to do it more -- if you  
9 could just switch your chart to provide a table that goes  
10 through -- not on percentages, but magnitudes.

11           MR. SCHWECKE: Okay.

12           MR. PEDERSON: Therein lies a real problem. We  
13 have had a number of go-arounds with SoCal Gas about  
14 providing volume information to us, as opposed to percentage  
15 deviations. And they say that, well, that's commercially  
16 sensitive information, and so they claim it's confidential  
17 and they decline to provide it to us. And so we have gotten  
18 numbers from them in terms of deviations, percentage  
19 deviations. And then we've been able to compare -- we've  
20 been able to analyze those, as you've seen in these tables.  
21 But we do not have the volume numbers for those reasons.  
22 But I might say, I think the Commission could get them.

23           CHAIR WEISENMILLER: No, I was going to say, I  
24 think the question, at some point we know there's -- you  
25 know, the magnitude of the variation is what we're concerned



1 about. And the question I'm trying to figure out is,  
2 though, a way through aggregation that Roger could provide  
3 information to us that connects, without going day by day, I  
4 guess is what I'm saying, but something that gives us a  
5 sense of the magnitude of the quantities.

6 MR. SCHWECKE: And we can look at providing those.  
7 I think we can work with maybe Ed Randolph's group to  
8 provide that information and see what would be the best way  
9 to present it and provide the information. I mean, when you  
10 look at the core customers, a one degree change, just for  
11 magnitude, a one degree change from a forecast to actual is  
12 100 million cubic feet a day. It's a big change. So I  
13 haven't seen, you know, a weather forecast be, you know,  
14 within one degree in quite some time, but that's the  
15 magnitude.

16 But we can look at providing the information on an  
17 historical basis.

18 CHAIR WEISENMILLER: Yeah. But again, that  
19 magnitude of variation is troubling for the winter. And so  
20 part of it is trying to figure out ways to mitigate the risk  
21 of that magnitude of variation.

22 MR. SCHWECKE: And that's why the core has the  
23 utilization of storage to balance their loads. I don't know  
24 where Mr. Pederson got the information. But we'll look at  
25 providing something along those same lines.

1 CHAIR WEISENMILLER: But again, you know, not to  
2 be argumentative, but part of that, the core has storage  
3 rights in all the facilities. One of the facilities it  
4 can't use those rights is Aliso Canyon. So, you know, you  
5 have the other storage fields you can use, you know, to  
6 mitigate that somewhat, but there's a big chunk there.  
7 Which is, again, why I'm sort of trying to figure out how  
8 worried should I be and what are some of the mitigation  
9 measures we can come up with in that core variation?

10 MR. SCHWECHE: Yeah. And I think we have to, on a  
11 going forward basis, you know, since we don't necessarily  
12 allocate field by field storage capacity, you know, how much  
13 is the storage capacity that is available, whether it's the  
14 just the other three fields or whether it's the other three  
15 fields plus Aliso? And then how much can core utilize?  
16 They'll have to then look at purchase supplies to make up  
17 the difference. I mean, that's plain and simple.

18 But, you know, as Mr. Pederson was mentioning  
19 about this after the fact, doing an after-the-fact  
20 requirement to balance doesn't change that forecast issue.  
21 Because no matter, if I have a forecast error on a given  
22 day, and then I say I have to balance to the meter  
23 consumption the next day that I get it, it didn't change the  
24 reliability issue on that day of demand. It doesn't,  
25 because it's all done after the fact.

1           COMMISSIONER SANDOVAL: Thank you. So I just  
2 wanted to follow up on that, Mr. Schwecke.

3           So why do you find that the core tends to be off  
4 so much more? For non-core you've got -- there's, for the  
5 most part, sophisticated industrial customers and other  
6 customers who also have people who are really focused on  
7 energy management. You know, the core, most of the core  
8 being residential, right, it's your average householder who  
9 is the energy manager. So, you know, why does the core tend  
10 to be off as much?

11           And just thinking about what are some of the range  
12 of solutions that we should be looking at? I'm thinking  
13 about both, you know, how do we harness the smart meters?  
14 What are some of the efficiency and demand response things  
15 we should be doing, as well as just simple messaging, where  
16 it's projected to be cold, messages like don't use your  
17 dishwasher today, you know, don't use the clothes washing or  
18 the dryer if it's a gas dryer, so minimizing use of hot  
19 water.

20           Even in L.A., sometimes people still use outdoor  
21 watering during the winter. But when you water outdoors,  
22 even though it's cold watering, the water plant that got the  
23 water to you is still using electricity.

24           So there are things that we could be doing with  
25 the messages to also help the residential customers really

1 figure out how to better manage when we're in a situation  
2 where things might be tight.

3 MR. SCHWECKE: So I don't know if I would say that  
4 core is off any more than non-core customers. Mr. Pederson  
5 put up what, you know, was the core difference. I think it  
6 would be maybe enlightening if we looked at some of the non-  
7 core customers and see their differences, as well, to see  
8 how those customers may have been missing their forecast, as  
9 well, just to put it in perspective.

10 But I agree with you. Looking forward as to like  
11 the demand response or other activities we could do on the  
12 conservation side to look at how we can provide and change  
13 that message and change that can assist in, you know,  
14 helping to reduce demand during the wintertime period.

15 COMMISSIONER SANDOVAL: And then --

16 MR. PEDERSON: You can get the answer to that  
17 fairly easily, Commissioner Sandoval. We have been  
18 balancing, and you can tell by whether or not we were paying  
19 in penalties. And when we don't pay penalties we adjust our  
20 burn throughout the day.

21 You know, it used to be, you know, back in the  
22 good old days when we had Aliso, you know, you could have  
23 the person responsible for your gas nominations for the gas  
24 day come in at the beginning of the day, maybe make a couple  
25 of intraday one-cycle switches from the previous days

1 nomination, and the phrase was set it and forget it. But  
2 now they are working through the day, each intraday cycle.  
3 And each intraday cycle is more and more difficult from the  
4 previous one because each later intraday cycle is less  
5 liquid and more expensive to participate in.

6 Now with the core, they are just balancing to this  
7 forecast. And so in our view, they can still go back to the  
8 good old days of set it and forget it. They have the five  
9 o'clock forecast. Maybe on intraday one they make some  
10 adjustments because they had made a timely nomination the  
11 day before, maybe an evening nomination the day before, they  
12 might make an adjustment. Intraday one is the most liquid  
13 of the markets. And whatever form, as long as their flow  
14 during that 7:00 a.m. to 7:00 a.m. gas day meets the  
15 forecast for that very same 7:00 a.m. to 7:00 a.m. day,  
16 they're done.

17 MR. RECHTSCHAFFEN: Cathy, excuse me for a second.

18 COMMISSIONER SANDOVAL: Yes.

19 MR. RECHTSCHAFFEN: So, Mr. Schwecke, can I just  
20 ask you to just to follow up on this line of discussion, if  
21 there's anything else you would want to respond about why  
22 the core customers shouldn't be subject to the same  
23 balancing rules that non-core are. And are there other  
24 programs more -- you know, we talked a little bit about  
25 demand response programs. But are there other programs that

1 can be put in place for those core customers so that they  
2 have the incentive, so that it's easy to come into a  
3 balancing rule?

4 Because it does seem like there's a pretty strong  
5 case that Mr. Pederson made that there's a lot of days where  
6 the core is out of balance. We don't know the magnitude.  
7 We'll hopefully get that from you. But the Action Plan has  
8 proposed these balancing rules. And I just want to make  
9 sure we fully understand why it can't or shouldn't be done.

10 MR. SCHWECKE: So just to clarify, core balances  
11 daily during OFOs, just like non-core customers. The only  
12 difference that Mr. Pederson is talking about is that core  
13 has to balance to a forecast because we don't have measured  
14 consumption on a real time basis or very near the same day.  
15 That's the only difference. They still have to balance the  
16 same for OFOs. That's not what the discussion is. The  
17 discussion is about using a forecast.

18 I'd also like to clarify that every single large  
19 non-core customer has the ability, and most of them, I  
20 believe, has taken it, to get a signal off our meter on a  
21 real time basis to know exactly how much gas they're burning  
22 at that moment in time. And I don't think I know of a power  
23 plant that doesn't know how much gas they're burning as  
24 they're operating.

25 So but we'll all, you know, have discussions on

1 looking at -- you know, it's hard to think off the top of my  
2 head on other demand response issues, energy conservation.  
3 So I don't know if that --

4 MR. RECHTSCHAFFEN: It seems like a way to create  
5 the financial incentives aligned with where we want to go.  
6 The non-core folks have the -- you know, they've incurred  
7 penalties. And so these are other financial incentives to  
8 get us more closely in balance. So it would be very helpful  
9 to look at that and see what else you can come up with.

10 MR. SCHWECKE: Okay. And we can take it back and  
11 see if we can come up with some other items.

12 CHAIR WEISENMILLER: Okay. Tom, one last  
13 question?

14 MR. DOUGHTY: Yes, sir.

15 Roger, we went a lot of time in the electric  
16 business around automated meter infrastructure. I'm just  
17 wondering, is the design of your system, you mentioned it's  
18 not suited, it's not designed for this kind of data  
19 transfer, is that a technology issue or a product design  
20 issue? What makes that non-real time data unavailable?

21 MR. SCHWECKE: So I don't know exactly. We'll  
22 have to get back to that when we provide that written  
23 comment. It's my understanding is that we only take the  
24 data, chunks of data, just the sheer volume of data that has  
25 to be transferred at a given time, and it has to be spread

1 out over the day, over, you know, six-hour periods, and to  
2 then aggregate that data when it's not all available. But  
3 we can give more explanation. As we work through looking at  
4 that mitigation measure, then we can look at what the  
5 technology capabilities are to see what can we do and what  
6 can't be done.

7 CHAIR WEISENMILLER: Okay. Great. I think we're  
8 obviously eating at the break again. But I think the basic  
9 message, Roger, is that we really have to deal with ways of  
10 mitigating this, and we really would prefer that to be ways  
11 that are focused on demand response, energy efficiency,  
12 preferred technologies for core customers going forward.

13 So we're going to take a short break. Looking at  
14 this, let's say three o'clock.

15 (Off the record at 2:53 p.m.)

16 (On the record at 3:03 p.m.)

17 MS. RAITT: So our first speaker for the Key Stake  
18 Representatives is Issam Najim from the Porter Ranch  
19 Neighborhood.

20 MR. NAJM: Thank you very much for the opportunity  
21 to speak here today, Mr. Chairman, Panel Members. My name  
22 is Issam Najm and I am the Board President of the Porter  
23 Ranch Neighborhood Council. And I'm speaking today on  
24 behalf of the Neighborhood Council. I'm also an  
25 environmental engineer who relished in the review of the



1 documents and the analysis conducted here. However, I will  
2 make sure that that engineer does not participate in this  
3 conversation.

4 I want to start by saying that we have immersed  
5 ourselves today in a lot of numbers and a lot of analysis  
6 and a lot of statistical work on risk and uncertainty. But  
7 I want to make sure that we do not forget the human element  
8 in the equation and in the situation that brought us into  
9 this.

10 To that end, I'd like to remind you that  
11 regardless of the testing that's being done in the field, if  
12 the reservoir is refilled, there has been no change in the  
13 configuration of the well connections to the field. So any  
14 similar accident like this would put us into the same four  
15 month run-from-home situation that we just cannot afford to  
16 be exposed to again.

17 Now I very much appreciate all the work that's  
18 been done and the coordination effort to improve the  
19 efficiency between the supply and demand from the PUC to the  
20 ISO to the LADWP, and all the other parties involved. It's  
21 been spectacular and it's proved to be quite effective,  
22 certainly in the summer.

23 Now I am sure that everyone agrees that the  
24 availability of a greater supply and a higher storage volume  
25 results in a lower risk. It's a simple conclusion. It sure

1 let's everyone sleep better at night. And I realize that  
2 this isn't a-typical operation for SoCal Gas and all the  
3 users on the system. So this is all new to everybody, and I  
4 appreciate that.

5           Now I have listened to the representative from the  
6 Gas Company talking about the potential curtailment. I am  
7 sure I can come up with a scenario where the system would go  
8 through significant curtailment problems, even with Aliso  
9 Canyon. So it is not a difficult thing to get to, either.  
10 The important thing is to take a look at the plan that you  
11 have developed and assess the validity of the analysis  
12 that's done in there, and you have done that. But even with  
13 all the piling of one uncertainty over another, the worst  
14 projected day appears to have a low level of shortage that  
15 be easily supplied by the current volume that's in Aliso  
16 Canyon in that last resort situation.

17           So our community urges you to recognize that the  
18 analysis conducted by all the smart people in this room,  
19 while it makes engineers a little uncomfortable, the system,  
20 even in its current configuration, can supply the gas demand  
21 of the L.A. Basin. And that seems to be the conclusion of  
22 your report, as well.

23           An observation that I had is that the current  
24 question that's being asked seems to be: What is the risk  
25 to operate the system without Aliso Canyon? And I realize

1 you need to limit the question to this for the coming  
2 seasons. But I submit to you that the next question should  
3 be: How should the question be configured in order to  
4 operate safely and reliably without Aliso Canyon, and for  
5 that matter, any other urban storage facility, which I  
6 realize is a discussion you're going to have in the 2017  
7 workshop, and so we'll leave it at that.

8 And finally, I'd like to urge the Governor's  
9 Office to ensure that the Greenhouse Gas Mitigation Fund  
10 resulting from the settlement with SoCal Gas comes back to  
11 the community, and the entire San Fernando Valley in the  
12 form of steep subsidies to rooftop solar systems that will  
13 go exactly towards the goal of reducing the power demand,  
14 and therefore the gas demand in the L.A. Basin. It is a  
15 win-win outcome to this situation that we are in.

16 And I thank you for the time.

17 MS. RAITT: Excuse me. Thank you.

18 The next speaker is David Meyer from the U.S.  
19 Department of Energy. And since we are running a little  
20 behind, we're going to go ahead and run the five-minute  
21 timer. Thanks.

22 MR. MEYER: Okay. Well, thank you. I am David  
23 Meyer representing the U.S. Department of Energy. And thank  
24 you for the opportunity to participate in this discussion.

25 The Department has consistently maintained a keen

1 interest in matters related to energy reliability, including  
2 policy development, the design and conduct of tabletop  
3 exercises, resource and contingency planning, assistance to  
4 others in responding to emergencies, and forensic analysis  
5 of major reliability events. But I also wanted to mention  
6 the great work done on these topics by experts from our  
7 National Labs. And I know they've been active participants  
8 in the collective response to the current challenge. And  
9 I'm sure they will continue to be of service to you and to  
10 the nation.

11           The Department is now co-leading the  
12 administration's Interagency Task Force on Natural Gas  
13 Storage Safety which was established last April. And the  
14 Task Force has commissioned several technical analyses  
15 related to underground storage. And it's now working on a  
16 synthesis report that will present the key findings from  
17 those analyses, and also recommendations based on the  
18 findings from those analyses. We expect to release this  
19 report this fall, but as yet I can't give you a specific  
20 date for that release.

21           I am most familiar with one of the technical  
22 studies, which is a risk analysis of the nation's more than  
23 400 underground natural gas storage facilities. This study  
24 is based entirely on publicly available data. So it's  
25 results are not as specific as we might wish. But however,

1 it will enable us to identify the storage sites where it  
2 appears that service disruptions for a month or more could  
3 potentially induce electricity reliability problems in the  
4 affected communities.

5           Based on this study we expect to develop  
6 recommendations to improve the quality and availability of  
7 data pertinent to all natural gas storage sites and wells  
8 that serve them. We also expect to have recommendations  
9 about planning and analyses needed in the electricity sector  
10 to be prepared for potential abrupt loss of substantial  
11 quantities of gas-fired generation capacity.

12           But perhaps the most important of these  
13 recommendations will focus on the need for sustained and  
14 focused coordination between the gas and electricity  
15 industries going forward to address their joint concerns  
16 about energy reliability.

17           The kind of work that you folks have been doing,  
18 you've been doing it in an imaginative, responsive way to  
19 the problems immediately in front of you. But there are  
20 many of these lessons that have broader implications for  
21 these two industries going forward.

22           Thank you. I look forward to questions.

23           Good afternoon. My name is Tim O'Connor. I'm an  
24 attorney for the Environmental Defense Fund here in  
25 California. EDF really appreciates the opportunity to come

1 and testify before you today.

2           Like many of you, we've been quite busy over the  
3 last several months dealing with a range of issues that  
4 relate to Aliso Canyon and relate to the issues that we've  
5 been talking about today. Since the last workshop we've  
6 participated in the DOGGR rulemaking, hiring independent  
7 experts to evaluate the rule making proposals, to evaluate  
8 the Aliso Canyon public reports, to weigh in on the efficacy  
9 of the proposed emergency and permanent rule makings for  
10 preventing a situation like this from occurring again.

11           We've participated at the Public Utilities  
12 Commission, filing comments at the demand response auction  
13 mechanism. We've been working at FERC to recently submit  
14 reports and comments on the CAISO rule proposals. And we've  
15 been working with CAISO, as well.

16           In the legislature, we've been supporting and hope  
17 to get SB 380 and SB 887 passed this year, which are two  
18 important pieces of legislation.

19           And from this vantage point the Environmental  
20 Defense Fund, I think, has a unique perspective to offer  
21 some insights on both the Action Plan and on the analysis  
22 that went into it. And I must say that it is quite an  
23 improvement over the one that we saw from the summer in both  
24 the readability and the transparency. And the use of  
25 independent external experts to evaluate the analysis I

1 think is a marked improvement, and we thank you for that.

2 But there are four areas where I would like to  
3 focus your attention for improvement on the Action Plan.

4 And first is that the Action Plan does not require  
5 any reporting on weatherization programs, in particular  
6 those implemented by Southern California Gas Company, and  
7 the program subscription rates, and the amounts of the gas  
8 saved from those programs. While the report does discuss  
9 new demand response programs, it doesn't require the most  
10 basic of gas burn reduction efforts, things that will allow  
11 for us to compare one utility's performance against another  
12 utility's performance.

13 And why is this important? Well, I think the data  
14 reported by Southern California Edison in May of this year  
15 is a very clear example. When you look at their program  
16 performance for energy efficiency, which includes HVAC in  
17 homes and businesses, things that have direct results in gas  
18 reductions, we see that while they're authorized to spend  
19 \$72 million, they only spent \$51 million, a 71 percent  
20 program usage rate. Whereas 87,389 houses were authorized  
21 to be retrofitted, only 54,000 actually approached a 62  
22 percent subscription rate for this program.

23 How do we compare one utility versus another  
24 utility if we don't have that basic reporting data? And  
25 that's something which I think is lacking in this report.

1 And we think that some public information could very much  
2 help.

3 Second, while we have had this summer reliability  
4 issue, you know, because of the Aliso Canyon well failure  
5 the Air Resources Board has been developing regulations that  
6 would require reporting and monitoring of leaks from  
7 facilities, like the Aliso Canyon facility. And we see that  
8 when you find leaks and you find them early you can actually  
9 help to prevent larger instances from occurring.

10 PG&E is a very clear example of where they found  
11 some small leaks in the MacDonald Island facility earlier  
12 this year. And after looking at those leaks and then  
13 inspecting their wells, they found eight wells leaking and  
14 shut that facility down. And we think that they might have  
15 prevented something bigger from arising.

16 Oh, unfortunately, some utilities in California  
17 are opposing common-sense regulations on leak detection and  
18 repair at natural gas storage facilities like Aliso Canyon,  
19 like the Playa del Rey facility. And those utilities, I  
20 think, are standing in the way of progress for us to be able  
21 to find leaks and to prevent major catastrophic incidences  
22 that can result in reliability issues, as we saw from Aliso  
23 Canyon.

24 Southern California Gas Company actually asked for  
25 delayed implementation of these regulations, asked for leaks



1 of larger size to be able to be leaked before they were  
2 fixed, asked for longer inspection times. This is not the  
3 mark of progress in this area, and something where we think  
4 the reliability report can say completion of these common-  
5 sense rules at storage facilities can help to achieve longer  
6 term reliability in this sector going forward.

7 And, of course, while I know that the reliability  
8 analysis is looking at short term, and I'll conclude in just  
9 one second, is looking at short-term, the long-term nature  
10 of this is quite important, both in the environmental side  
11 and the reliability side.

12 We'll be providing a lot of comments, of course,  
13 as the workshop happens and we look at how we change the  
14 energy system in California to adapt and give more  
15 resiliency. But one thing we have not talked about is what  
16 happens when we do import electricity into Southern  
17 California to make up for that in-basin generation? And a  
18 lot of that is coming from coal plants outside of the state.  
19 We haven't looked at the environmental dis-benefit of a lot  
20 of this, outside of just the basin. And I think we need to  
21 be having a more holistic approach going forward, and not  
22 just looking at the near-term issues.

23 Thank you.

24 MR. SCHILLER: Hi. This is Steve Schiller from  
25 Lawrence Berkeley National Lab. I thank you for the

1 opportunity to speak today remotely. And I know you're  
2 tight on time, so I'll talk fast and go through my comments  
3 in five minutes. And since I actually can't hear your  
4 timer, I will set my own here.

5           So I wanted to start off with some specific  
6 comments on actions that can be taken to quickly reduce  
7 energy consumption, both electricity and natural gas. It's  
8 hard to ramp up equipment installation type actions quickly.  
9 How that goes will depend on the efficiency and DR  
10 infrastructure in place at the PUC, the Gas Company, Edison,  
11 and the POUs, and the ability to cut through various  
12 administrative requirements.

13           But in summation, although we can take advantage  
14 of hardware investments that include controls, I believe  
15 behavior-based programs and not new equipment-based programs  
16 would be most effective for immediate action this winter.  
17 And as noted in the Winter Action Plan, messaging and  
18 behavior-based programs can be very effective if done well.

19           There's a history of such action in California  
20 such as during the so-called energy crisis, and more  
21 recently with the drought, and, of course, the Flex Alerts  
22 mentioned by Mr. Randolph earlier today.

23           While I believe it is correct, as indicated in the  
24 Winter Action Plan, that there have been no core natural gas  
25 behavior programs, there is a great deal of experience with

1 electricity DR residential programs. And with AMI smart  
2 meters in the Gas Companies territory the infrastructure and  
3 expertise is in place which can support DR. It is my  
4 understanding that as part of the Gas Company's AMI decision  
5 they are required to set up such behavior-based programs.

6 With regards to low-income and disadvantaged  
7 communities, recognizing that these communities are the ones  
8 typically most effected by outages, energy price spikes and  
9 pollution, personally I would say this is very important to  
10 focus efforts to support these communities during this time.  
11 And the state can help them not waste energy for their own  
12 and the system's benefit.

13 However, one should recognize that there's often  
14 the suppressed demand for energy services in low-income  
15 homes. Thus, many low-income community upgrades with an  
16 efficiency focus can result in more efficiency use of  
17 energy, but not necessarily in a reduction of energy  
18 consumption due to what's known as the rebound effect. And  
19 I can talk about that more, as necessary. Also, for low-  
20 income communities, and while it's nice to include everyone,  
21 I'm not sure how effective DR programs can be with such  
22 consumers who already have a level of suppressed demand.

23 And here are some specific recommendations for  
24 such behavior-based DR programs. These are based on efforts  
25 throughout the world, including some documented by my LBL

1 colleague Alan Meier in his book, Saving Electricity in a  
2 Hurry. First, you have to know where the gas and the  
3 electricity is going. And for the DR, you need to have this  
4 segregated data. Well, what I've seen is the agency and Gas  
5 Company reports provide the winter date with 60 percent of  
6 consumption going to core, much more disaggregated data are  
7 needed to target actions, and that's certainly available  
8 with AMI.

9           You need to provide for a public real time display  
10 of gas use and system capacity. For example, the natural  
11 gas system equivalent to daily curve showing consumption as  
12 it grows closer to the lower capacity. This is so that  
13 people can see the crisis. This has been shown to be very  
14 effective. And you can think of the daily graphics of the  
15 ISO electricity demand capacity load curves, which were  
16 actually developed by LBL, that we also saw during the  
17 energy crisis. It told people very visually what was  
18 happening and encouraged and supported action.

19           You have to tell people six things with these  
20 types of programs. One, tell them their solutions. Tell  
21 them how they can be part of the solution. Give them  
22 specific actions they can take. Tell them how long it will  
23 take. Tell them how they're doing. And reinforce positive  
24 actions.

25           That marketing has to support efficiency and DR in

1 social norms, normalize the desired behavior. With that  
2 normalization, find ways to make efficiency visible. EE is  
3 not not sexy, it's just not visible. Think of how people  
4 showed their participation in addressing the drought with  
5 dirty cars and brown lawns, sort of a badge of courage,  
6 badge of honor. In making savings visible, think of those  
7 who have a certain percentage of being able -- to save a  
8 percentage, being able to put a sticker on their front door  
9 for all to see, saying I did the normal thing, I did my  
10 part.

11 And the long-term opportunity is there, too, with  
12 AB 802 and AB 758 programs for disclosure could help.

13 It's also very important and helpful for messaging  
14 to have someone clearly in charge to make the pitch and to  
15 be seen as a leader. Such again, as the governor did the  
16 water crisis. And it's good to do this thinking about what  
17 the potential is. In my very quick calculations, on the  
18 back of an envelope here, based on the information I've  
19 seen, today says that you could maybe get there with the  
20 core alone which is 10 to 20 percent reductions. And while  
21 these levels are perhaps difficult to achieve and sustain,  
22 they're not beyond the levels that we've seen in other  
23 crises. And these behavior-based programs can do that.

24 I lastly want to strongly emphasize that, you  
25 know, you look at this as an opportunity, as well as a

1 challenge. Never waste a crisis is a favorite expression of  
2 many folks. And you can use this opportunity to build the  
3 support for a structure for long term, not just short-term  
4 benefits, whether that be for members of disadvantaged  
5 communities in the Porter community, but also the system for  
6 getting upgrades to natural gas and an electricity  
7 infrastructure that becomes more reliable with imbedded DR  
8 infrastructure.

9           And lastly, I just want to quickly say that on  
10 this point, as implied earlier today, the avoided cost and  
11 the PUC's cost effectiveness protocols may very well become  
12 an issue that needs to be reviewed and adjusted with this  
13 long-term picture in mind, as well as the short term, as  
14 lower natural gas prices are being projected. LBL has done  
15 some work on this topic, specifically for natural gas in a  
16 low-cost environment.

17           So with that I want to say thank you, and turn it  
18 back to the Chair.

19           MS. RAITT: Thanks. Next is Melanie Frye from the  
20 Western Electricity Coordinating Council.

21           MS. FRYE: Great. Thank you, Heather.

22           As Heather said, I'm Melanie Frye. And I'm here  
23 today on behalf of Jim Robb, our CEO, who was unfortunately  
24 unavailable to attend. He was here at your April workshop  
25 and very much appreciated being part of that.

1           So my position is I'm the Vice President for  
2 Reliability Planning and Performance Analysis. And part of  
3 WECC's role, for those of you who may not be familiar, is  
4 we're the regional entity responsible for assuring the  
5 reliability of the electric system in the Western  
6 Interconnection. We focus on the bulk electric system, not  
7 the transmission -- or excuse me, the distribution system.  
8 And we also don't have any jurisdiction over the natural gas  
9 system.

10           However, the Aliso Canyon situation has really  
11 brought to light the challenges and the interdependence  
12 between the two industries. So we have a team that has  
13 worked very closely with the entities involved. And we very  
14 much applaud the Energy Commission, the Public Utilities  
15 Commission, California ISO, LADWP, and SoCal Gas for all of  
16 the work that they've put into analyzing and understanding  
17 the situation.

18           We're also very pleased with the level of  
19 communication and the remarkable level of coordination that  
20 has gone amongst these industries and the entities involved  
21 throughout the summer of this year.

22           WECC, in its role as the regional entity, focuses  
23 on assuring the long-term reliability of the system. And  
24 part of that role is to understand the long-term risks to  
25 reliability. This situation has certainly raised our

1 awareness, along with NERC, the North American Electric  
2 Reliability Corporation, and has caused us to think more  
3 fully about the interdependencies between these two  
4 industries.

5           Today I'd like to offer our perspective on the  
6 coordination that has been involved this summer. We've been  
7 allowed to be involved in numerous daily and weekly calls  
8 between these industries and are very pleased with the  
9 coordination that has gone on, not only between the  
10 operating entities, but also peak reliability who has  
11 responsibility for the overall assessment of the situation.

12           When we spoke here in April we talked about the  
13 coordination and the role that WECC could offer. We  
14 participated with NERC, as well as Peak Reliability, in  
15 pulling in a broader group of entities, balancing  
16 authorities in the area. And as we heard today from the ISO  
17 and LADWP, there are times when support is required from  
18 their neighbors, and that has been a critical component of  
19 this. And WECC working with Peak Reliability will continue  
20 to support the overall coordination amongst those entities.

21           As we move into the fall and winter months we all  
22 know that the risks to reliability continue to exist, but  
23 they are changing, and we've heard a lot about that today.  
24 WECC's view is that it is critical that the Aliso Canyon  
25 continue to remain available for both gas and electric



1 reliability in its current form with the 15 BCF that is  
2 available today. And we applaud the work that's underway to  
3 update the availability rules that will allow the usage of  
4 that gas.

5           We're also encouraged by the mitigation plans that  
6 we've heard about today and the action plans that are in  
7 place, really encouraging coordination at very high levels  
8 within these organizations. We would certainly encourage  
9 continued detailed coordination at the operational level as  
10 these entities need to work on a day-to-day basis to make  
11 sure that both the gas and electric system remain reliable.

12           We were also very encouraged that LADWP has  
13 proceeded and has continued to work toward dual fuel  
14 capability within the L.A. Basin. As we have learned  
15 through this, there is a limit to the amount of imports that  
16 can be handled and that the system can support. And there  
17 are times when internal generation is important to maintain  
18 the reliability of the electric system. So we're very  
19 encouraged by what we're hearing with that.

20           Beyond the winter season, as I mentioned earlier,  
21 WECC continues to believe it's important for the electric  
22 reliability organization to continue to study the  
23 interdependence between these two industries. We've engaged  
24 in some conversations with some of our stakeholders,  
25 including the Department of Energy and the Western

1 Interconnection Energy body, to consider taking on a broader  
2 study to understand the interdependence of the two  
3 industries. And we'll continue to work through our  
4 stakeholder processes to get more information and  
5 involvement on that.

6 So I'd like to conclude by saying that WECC will  
7 continue to remain focused on the reliability of the  
8 interconnection. And we'll do all that we can to support  
9 the entities that we work with, focused on the bulk electric  
10 system reliability.

11 Thank you again for the opportunity to be here.

12 MS. RAITT: Great. Thank you.

13 Next is Jessica Duboff from Los Angeles Area  
14 Chamber of Commerce.

15 MS. DUBOFF: Good afternoon. My name is Jessica  
16 Duboff. I'm the Vice President of Public Policy at the Los  
17 Angeles Area Chamber of Commerce. The Chamber is the oldest  
18 and largest business organization in the region,  
19 representing over 1,650 businesses of all sizes. Some  
20 you'll hear from individually later, but I'm here to speak  
21 to the broader concerns of the business community, and to  
22 represent those that don't have the ability to be here  
23 today. Thank you for this opportunity.

24 Natural gas is a core economic input for the Los  
25 Angeles economy. It is a commodity necessary to everyday

1 operations, just like water and electricity. Many of our  
2 economies core businesses and industries depend on a top  
3 rate, often 24 hours a day, 7 days a week. Even a small  
4 disruption in service could have significant impact on  
5 business operations, employment and earnings. Minor  
6 disruptions could mean that someone isn't able to go to work  
7 and collect a vital paycheck. For example, the cooks and  
8 housekeepers that would have to stay home if a hotel has no  
9 heat and has no customers.

10           Businesses that could face an impact this winter  
11 include hospitals, universities, refineries, manufacturers,  
12 train operators, airports, hotels, theme parks, and movie  
13 studios. Many of these facilities would be left without  
14 other options or the ability to switch to alternative  
15 sources.

16           Unlike electricity, many of these critical  
17 facilities cannot simply replace their natural gas use with  
18 another energy source, nor can they quickly replace costly  
19 heating equipment critical to operations. The thin  
20 operating margin site in the report exacerbate existing  
21 anxieties L.A. businesses already feel when it comes to  
22 existing energy supplies. We don't like to cut it close  
23 when it comes to such a critical commodity. That's why the  
24 business community wants the Aliso Canyon storage facility  
25 back online as soon as possible.

1           We are glad that all the agencies represented  
2 today are working together to address our regional energy  
3 concerns, but we don't want to have to continue emergency  
4 planning for energy needs on a three- to six-month basis.  
5 This is not prudent planning, and not how any business  
6 operates.

7           He business community wants to ensure there's a  
8 safe, reliable baseline supply of gas and electricity for  
9 our regional economy in the short and long term. These are  
10 good reports and planning documents before you today. But  
11 as we all know, even the best laid plans. The assessment  
12 finds a shortfall of 0.3 to 0.5 BCF. And while that may not  
13 sound like much, it is enough gas to fuel hundreds of  
14 thousands of homes. The ten-year standard formula that  
15 determines energy reliability cannot be met without Aliso.  
16 The report assumes no other transmission or storage facility  
17 outages, and 100 percent utilization of the existing system.  
18 And how often in life does everything run that smoothly?

19           Assumptions are just that, assumptions. Southern  
20 California never got the El Nino downpours this past winter  
21 that had been predicted for months. We cannot place all our  
22 chips on the assumption that we will have another mild  
23 seasons.

24           We also need to consider that cold weather from  
25 other regions connected to the Western Grid could impact our

1 system. In a worst case scenario, homes and small  
2 businesses may not be at a direct and immediately risk. But  
3 per SoCal Gas's curtailment rules, should the level of  
4 curtailment required exceed the electric generation at use  
5 not necessary to maintain electric grid reliability, other  
6 non-core customers are to be curtailed more electric  
7 generation load is shed. These customers are not just major  
8 employers, but provide services that everyone depends on,  
9 such as refineries, hospitals and airports. The impacts  
10 could be huge.

11           The business community will continue to do our  
12 part to responsibly conserve energy, as we promised at the  
13 Summer Reliability hearing back in April. We've made it  
14 through summer thus far without outages, but we are not  
15 done. September and October had some of the hottest days of  
16 the year in 2015, and those months are ahead of us. Summer  
17 also saw two curtailment watches, which we made it through  
18 based on temporary measures we don't want to permanently  
19 rely on.

20           The two messages I bring from the business  
21 community in addressing the need for energy reliability are  
22 safety and urgency. We urge every organization represented  
23 here today to work together to safely expedite the  
24 restoration of all or parts of Aliso Canyon so that  
25 electrical and natural gas reliability is better protected

1 while the process continues on the inspection and  
2 certification of every well, and the capping of those that  
3 could post a risk.

4           Thank you to all the agencies that have been  
5 dedicated to working on the issue, as well as to the rest of  
6 the panelists up here today. This is truly an issue that  
7 requires our entire community to come together. We must all  
8 collectively pursue a path that is both safe and  
9 expeditious, and work to avoid curtailments that will stall  
10 our economy and threaten our quality of life. Thank you.

11           CHAIR WEISENMILLER: Thank you. I particularly  
12 want to thank Department of Energy and FERC for being here.  
13 Their partnership with us has been really critical. And  
14 also, obviously, WECC and Peak.

15           I don't have any questions. Does anyone else on  
16 the dais?

17           MR. RECHTSCHAFFEN: I was just going to ask Ms.  
18 Duboff, apart from getting Aliso Canyon back up, back  
19 operating safely, do you have any other concrete  
20 recommendations, beyond what's been suggested so far in the  
21 Action Plan or otherwise?

22           MS. DUBOFF: That's the main thing we're here to  
23 support today. But also, you know, just doing everything we  
24 can to ensure that we have security and reliability in our  
25 system, so whether that's a deprecation of supply or

1     securing what we already have.

2             MR. DOUGHTY:   Ms. Duboff, I mentioned earlier how  
3     much we appreciate the participation by consumers in our  
4     demand programs.   I know that they get tiring over time;  
5     right?   Consumers want to return to their business, in the  
6     case of your constituents.

7             Any suggestions on how we can work best with your  
8     sector in enabling and creating the greatest level of  
9     response to demand response programs?

10            MS. DUBOFF:   I mean, I think connecting with us  
11    from the very beginning so that we can help create those  
12    plans, instead of just coming to us when plans are made --

13            MR. DOUGHTY:   Sure.

14            MS. DUBOFF:   -- and asking us to implement them.  
15    You know, the people I deal with do this stuff all the time.  
16    And I think they have a lot of ideas on how to lower demand  
17    and increase efficiency, and we'd like to just be part of  
18    the process.

19            MR. DOUGHTY:   Fair enough.   Thank you.

20            MS. DUBOFF:   Thank you.

21            COMMISSIONER SANDOVAL:   Yeah, so following up on  
22    that, I think that is something that we can, and indeed I  
23    would believe that we have directed SoCal Gas and Southern  
24    California Edison to do.   I would hope LADWP is also talking  
25    to its customers to help figure out, what are some of the

1 programs you can participate in. Because I know when we've  
2 looked at, whether it's shifting demand in a variety of  
3 contexts, whether it's about energy or water, one of the  
4 themes that's come up again over and over for a lot of  
5 customers is the need for notice. Especially if you have a  
6 commercial or industrial process, you can't change the  
7 process on a dime. And that there's also a need for  
8 staffing.

9           So even though, you know, we think about the  
10 possibility without a DR, like the Air Conditioning Cycling  
11 Program, that's something where you send a signal, the  
12 response is very quick. For a lot of things, there needs to  
13 be more notice. So having better understanding about how  
14 much notice that is and where people think that they could  
15 shift would be very useful.

16           So we certainly encourage the utilities to please  
17 reach out and coordinate, you know, both with the commercial  
18 and industrial customers, as well as representatives of  
19 residential customers on this.

20           MS. DUBOFF: And I will say, both SoCal Gas and  
21 DWP have been working very closely with the business  
22 community to get the message out to the businesses that we  
23 deal with.

24           COMMISSIONER SANDOVAL: Great. And I think, as I  
25 said, it goes beyond messages about design.



1           So one question that I had, you know, and this  
2 also gets to the suggestion that Mr. Najm made about the  
3 potential of solar. But let me ask the question to Mr.  
4 Meyer, and it may be that we need some help from people who  
5 know the local system here.

6           One of the things that we've observed with the  
7 electric side is that peak electric use has been shifting  
8 later and later into the afternoon and early evening. So in  
9 Southern California overall we see peak is from 4:00 to 9:00  
10 p.m. And indeed, when we have had some demand response  
11 calls it is really focused on reducing electric use during  
12 that time period from 4:00 to 9:00 when solar is no longer  
13 producing.

14           So have we seen similarly on the gas side a  
15 similar shift to the late afternoon? Certainly when we talk  
16 about the non-core, it's going to be that same time when --  
17 or excuse me, when we talk about the core it's going to be  
18 that same time when people come home and start cooking and  
19 using water and heating their homes, et cetera. So really,  
20 when we think about strategies do we need to think the same  
21 time dimension in terms of a peak time, late afternoon, and  
22 therefore the question of what resources can we bring on in  
23 the late afternoon or evening, you know, or should we just  
24 be thinking about -- you know, because right now where we  
25 are with solar, we're not able to really get much production

1 in after four o'clock. So that's a question. Do we have a  
2 time dimension here we need to factor in?

3 CHAIR WEISENMILLER: Yeah. The bad news is we  
4 probably need to start getting the AMI data from SoCal Gas  
5 on the core use and see what the time periods look like, is  
6 what my guess is SoCal Gas would probably say. But anyway,  
7 it's something which I think as that data becomes available  
8 the PUC and the Energy Commission should probably be digging  
9 into that issue. That's a very good one.

10 COMMISSIONER SANDOVAL: So I was wondering if Mr.  
11 Meyer had any comment on the from the DOE?

12 MR. MEYER: Well, this relates, I think, to what  
13 we call grid modernization around DOE. The huge  
14 transformation that's occurring in the electricity sector  
15 with the penetration of a lot of new technologies. And  
16 California, with the strong support of the agencies up here,  
17 is very much involved in that and leading, I would say. And  
18 our laboratories are working closely with you on trying to  
19 think through what this new system is going to look like and  
20 how the different parts of it are going to support each  
21 other and function in a constructive way.

22 The particular problem that you're concerned about  
23 here, that is demand response late in the afternoon, I'm  
24 going to have to go back and talk to some of my colleagues  
25 about that because it's a connection between the Aliso

1 Canyon event and the response to it and this emerging DER,  
2 distribution energy resource, network that I frankly hadn't  
3 taken into account. But I see the connection there, yeah.

4 COMMISSIONER DOUGLAS: Just a question for Tim  
5 O'Connor. You know, I know that EDF has been very involved,  
6 not only in California but around the country, on looking  
7 for ways to promote demand response and other program  
8 approaches to achieve some of the goals that we've been  
9 talking about today.

10 And I was wondering if you're aware of program  
11 models outside of California that might be helpful in the  
12 area of demand response for natural gas, for example, or  
13 other models that you think might be helpful for us to look  
14 at?

15 MR. O'CONNOR: When I appeared before you earlier  
16 this year we talked a lot about changing market structures  
17 to reward and incent the development of clean energy that  
18 can provide a number of services, such as fast ramping  
19 capabilities, time of use deliveries, and DR, you know,  
20 definitely being one of them. And since then we've had a  
21 lot of developments here in California with the demand  
22 response auction mechanism, with the developments at the ISO  
23 with the flexible ramping product, that I think California  
24 is really leading the way in many of these sort of market  
25 development areas.

1           Through that work, you know, unfortunately it  
2 means we're sort of setting the game here for how to do it,  
3 and we haven't seen many examples of gas demand response  
4 programs. That doesn't mean that they don't exist, it just  
5 doesn't mean that they have been highlighted and promoted as  
6 much. And so with new FERC rule makings on these particular  
7 issues, and especially in how they rule on the ISO, the work  
8 specifically coming out of Aliso, I think that we're going  
9 to see a lot of that happening now.

10           So all I can say is that when we look at the  
11 energy market rules, rewarding the volume of delivery and  
12 not rewarding the premiere services that gas can provide for  
13 the time and letting that compete on a transparent basis  
14 against other clean energy resources, I think that's where  
15 we have had a shortcoming where we've gotten into this  
16 system, and that's where we need to change the rules.

17           COMMISSIONER DOUGLAS: All right. Thanks.

18           CHAIR WEISENMILLER: Well, again, thanks all of  
19 you for being here.

20           I think it's time we transition over to -- we're  
21 starting the public comment with public officials.

22           MS. RAITT: And let me just take a moment to say  
23 we do have a large number of folks interested in commenting  
24 today, so we were going to reduce the public comment time to  
25 two minutes per person.

1 CHAIR WEISENMILLER: Right. Well, again, the  
2 public officials will have the five. In terms of the rest  
3 of the public we're just -- you know, 30-plus, so it's going  
4 to have to go down to two minutes.

5 But please, Lauren Faber O'Connor, would you start  
6 out, from the Mayor's Office?

7 MS. O'CONNOR: Good afternoon. My name is Lauren  
8 Faber O'Connor. I'm the Deputy Chief Sustainability Officer  
9 for Mayor Eric Garcetti of Los Angeles. I thank you for the  
10 opportunity to provide comments on this behalf.

11 The Mayor and his team have been very focused on  
12 this situation since it began last year. And the  
13 experience, as you can imagine, has been really  
14 multifaceted. You know, we've been dealing with addressing  
15 the environmental and health hazards, the dislocation and  
16 well-being of people, and now questions over the reliability  
17 of basic services, like energy availability.

18 And so I first want to thank the four agencies  
19 responsible for this workshop, as well as Governor Brown's  
20 team for all the hard work and analysis and collaboration  
21 that everyone has been doing to try to minimize the impact  
22 of this situation as much as possible.

23 And I also want to share our appreciation for  
24 securing third-party review of the analysis. We think that  
25 was a really helpful and important element to this process.

1           And finally, I would like to -- I'd be remiss if I  
2 didn't recognize Marcy Edwards and Mike Webster and the  
3 whole LADWP team for quick action in the face of these  
4 really unprecedented circumstances. The experience has made  
5 all of the relevant agencies one team. And DWP with the  
6 rest has really rolled up their sleeves to be a problem  
7 solver.

8           So as soon as it became available -- or became  
9 clear that the Aliso Canyon leak was going to have long-term  
10 consequences on the L.A. energy system, we immediately began  
11 to look at all of the programs that are being developed, as  
12 well as new ones, how we could expedite them to have a  
13 meaningful impact over the new few seasons. And many of you  
14 on the dais have talked about the importance of public  
15 outreach and education and about the value of behavioral  
16 change as one of these factors.

17           And so Mayor Garcetti, as you have also recognized  
18 and we appreciate that, has been out asking Angelinos to  
19 conserve energy, has been in the community talking about  
20 Aliso Canyon and what Angelinos can do to help everyone  
21 through this uncertain time. We've been working alongside  
22 the SoCal Gas Energy Conservation Campaign.

23           But we've also, through the City of Los Angeles,  
24 have launched Save Energy L.A. And that's a campaign to  
25 help engage residents of Southern California in tangible

1 actions to reduce energy. This is a bilingual campaign that  
2 includes not just the Mayor's personal engagement, but, of  
3 course, a website and media buys on bus shelters, bus tails,  
4 on our DASH buses, print ads, radio, social media. And in  
5 doing this we're not just asking Angelinos to do their part  
6 to save energy, but we are providing those tools and  
7 incentives to help them through it, and that's a key part of  
8 what we're talking about today.

9           You heard DWP earlier this morning talk through  
10 some of the key new programs. And I hope that they provide  
11 really good examples and encourage others to undertake  
12 similar proactive steps in the name of its customers. And  
13 recall, you know, these are -- the LED Light Bulb Giveaway,  
14 going door to door to people's homes. We expect that this  
15 program will save enough energy to power almost 17,000  
16 households for a year. The AC Optimization Program which is  
17 putting Nest thermostats in people's homes now. And also we  
18 talked a few times about the Summer Shift Program where DWP  
19 is paying its large commercial and industrial customers to  
20 reduce energy during peak times.

21           But also there's an expansion of DWP's Community  
22 Partnerships Program which there are four grants out right  
23 now for \$90,000 each for community groups to come forward  
24 and do their sort of public outreach and education campaigns  
25 focused on energy efficiency, not just campaigns but really

1 going into the community and teaching them what the  
2 opportunities are around energy efficiency.

3 And there are other longstanding programs, looking  
4 at refrigerator exchanges, pool pumps and other things that,  
5 again, are proactive, are going into people's homes, are  
6 going into buildings. And I think that these are things  
7 that we need to make sure everyone is thinking about.

8 But while we're asking residents to do this and  
9 businesses to do this, the Mayor looked at us and said, "We  
10 have to do the same." And we have a history of reducing  
11 energy in our buildings, seven percent just last year. And  
12 we do this, and I think that the state does this, as well,  
13 but we do this through regular energy audits, through  
14 capital improvements.

15 We have a budget of \$3.5 million dollars a year  
16 for capital improvements focused on energy and water  
17 conservation, but also over the last couple of years through  
18 benchmarking data. Our General Services Department has real  
19 time monthly spike reports of all the buildings, city  
20 buildings, so that we can go in and see if there's sort of  
21 unexpected deviations from the normal, given what we know  
22 about seasons and weather. So we have a five percent  
23 municipal energy reduction target that the Mayor announced  
24 for August through October that he's asked the city to  
25 undertake, and we're doing that. We're in the middle of it



1 now.

2 But we're also moving ahead, I want to mention  
3 really quickly, and I know my time is out, two really  
4 exciting pilots which are grid-resilient fire stations, so  
5 pairing rooftop solar and backup storage systems at two fire  
6 stations in L.A., one of them being in Porter Ranch. And we  
7 are moving ahead to study how we bend the curve down on  
8 natural gas dependence and up on renewable energy  
9 deployment. We're doing that now through the IRP process  
10 and through other venues. And we would really welcome  
11 partnership with all of you on that. We are trying to make  
12 the best of the situation at hand. It is allowing us, we  
13 hope, to do things that we want to do anyway but do them  
14 faster, possible at higher cost. And these are things that  
15 we have to think about.

16 But I'm encouraging others to think as proactively  
17 as possible about these programs, looking at what are the  
18 natural gas analogous programs to Summer Shift, to the  
19 appliance swap outs, looking at hot water heaters,  
20 retrofits, things like that.

21 And I want to say that the protocol for any Aliso  
22 Canyon withdrawals must be clear and transparent, and take  
23 safety at the heart of this protocol.

24 So we thank you for all your collaboration and the  
25 collaboration with all the stakeholders here, and we look

1 forward to it continuing. Thank you very much.

2 MR. RECHTSCHAFFEN: Lauren, just before you leave,  
3 since you mentioned you're trying to bend the curve in the  
4 IRP process --

5 MS. O'CONNOR: Yeah.

6 MR. RECHTSCHAFFEN: -- I encourage you, if you  
7 haven't for the city, to somehow get involved in the  
8 California Council on Science and Technology study that's  
9 underway that's doing the same thing on a statewide basis,  
10 to look at how to transition away from long-term reliance on  
11 natural gas infrastructure --

12 MR. O'CONNOR: That's at the state?

13 MR. RECHTSCHAFFEN: -- in meeting our climate  
14 goals.

15 MS. O'CONNOR: They're doing it at the state  
16 level?

17 MR. RECHTSCHAFFEN: Yes.

18 MS. O'CONNOR: Okay.

19 MR. RECHTSCHAFFEN: And you could get in on the  
20 ground floor. The planning is just starting right now.

21 MS. O'CONNOR: How convenient.

22 CHAIR WEISENMILLER: Well, again, thanks for the  
23 partnership.

24 MS. O'CONNOR: Yeah. Thank you very much.

25 CHAIR WEISENMILLER: Let's go on to the City of

1 Southgate Council Member, Gil Geraldo [sic].

2 COUNCIL MEMBER HURTADO: Thank you. It's actually  
3 Hurtado, but that was pretty close. I mess up once in a  
4 while, so don't worry about that.

5 The City of Southgate is located just southeast of  
6 the City of Los Angeles. It's about 100,000 people there.  
7 But I also belong to the Gateway Cities Council of  
8 Governments. There's 28 cities there, a little over 2  
9 million people there. And we recognize that the accident  
10 that occurred with the facility impacted a lot of people,  
11 and it was tragic. The impacts tot the families were  
12 horrible. Clearly, mistakes were made. But earlier this  
13 year officials did determine that the issue had been  
14 resolved. Again, I'm not an expert in that field. And I  
15 have to rely on the experts.

16 What I do know, though, is that sometimes, and  
17 hopefully this is the case here, that through tragedies,  
18 lessons are learned. Changes are made and safety and health  
19 of local residents are taken into account.

20 I urge you to continue to monitor the health of  
21 those families affected by the tragedy. How knows how long  
22 those health effects, you know, will be there. And I urge  
23 you to continue to monitor the safety of the facility.

24 But that being said, we've lived through rolling  
25 blackouts in the past. In the southeast area we rely on

1 clean, reliable energy sources in our homes, schools,  
2 hospitals, as well as community centers.

3 I happen to live in a mobile home park for  
4 seniors. And having reliable energy for my neighbors is  
5 vital. During the hot summer days, not to have energy is  
6 not a good thing. And through the cold winter times, it's  
7 pretty bad, as well.

8 Southern California Gas facilities are important  
9 to our communities. And that's why I'm here to support the  
10 opening of the Aliso Canyon storage facility. Do what is  
11 necessary to make it safe. The residents demand that. They  
12 deserve that. But the hospitals, schools, and many seniors  
13 also have -- must have reliable energy. I have seen my  
14 neighbors struggle through those periods of extreme weather,  
15 and it's not a pretty sight.

16 Thank you for your time. Thank you.

17 CHAIR WEISENMILLER: Thank you. Thanks for being  
18 here.

19 Steve Tye from City of Diamond Bar.

20 COUNCIL MEMBER TYE: Good afternoon. Thank you  
21 for the opportunity to address you. I know you guys have  
22 had a long day, so we appreciate all the efforts that you're  
23 making. I wanted to take this opportunity to welcome you to  
24 the Diamond Bar City Hall Council Chambers. We meet here  
25 every first and third Tuesday, so it's good to see you here.

1           You know, my daughter is finishing her vacation in  
2 Panama. She's flying home as I speak right now. And she  
3 got a lesson in what it's like to have safe, reliable  
4 energy, experiencing 90 degree temperatures and 80-plus  
5 degree humidity, she found out it's no fun to check into a  
6 hotel with regular electricity outages on more than one  
7 occasion in more than one city.

8           We're all here to talk about safe, reliable  
9 energy. We, as a family, participated in the cycling  
10 program that available through Southern California Edison,  
11 so at the right time they could shut off our air conditioner  
12 when demand was at a peak. We did what we could do. And  
13 I'm confident that Southern California Gas is doing what  
14 they can do to provide uninterrupted service to Gas Company  
15 customers.

16           Notice that today there are no cameras here.  
17 There's no public press conferences and photo opportunities  
18 for politicians looking to take advantage of a difficult  
19 situation. It's just concerned citizens here to express  
20 their support of a utility that has been providing safe,  
21 reliable energy for almost 150 years.

22           We need Aliso Canyon so Southern California Gas  
23 can continue to provide what we all take for granted. We go  
24 to the stove and turn a dial on and we get gas. We go to  
25 the thermostat and turn it on and we get air or heat. We

1 need the Gas Company to continue to do what they do so well,  
2 that is to provide safe, reliable energy, and Aliso Canyon  
3 is part of that formula. I don't think any of us realize  
4 how spoiled we all are when we go to the tap and turn it on  
5 and there's water, and when we go to turn on the TV and we  
6 have the electricity to provide that convenience.

7           The Southern California Gas Company is following  
8 DOGGR's Order 1109. It's all part of the process to assure  
9 safety is being addressed. I always tell people, as a  
10 Councilmember, we're not looking for perfection, we're  
11 looking for improvement. And I believe through this process  
12 that Southern California Gas has strived toward that goal.

13           Thanks very much for your time.

14           CHAIR WEISENMILLER: Thank you.

15           Let's go on to the Mayor of the City of Covina.

16           MAYOR PRO TEM MARQUEZ: Good afternoon. Jorge  
17 Marquez, Mayor Pro Tem of the City of Covina. I'm not quite  
18 mayor yet. But first I want to say thank you so much for  
19 giving us here this opportunity to speak to you all today.

20           You know, waking up, cooking breakfast, making  
21 sure that our children have a house that's warm during the  
22 long winter nights is really important. And that's why I  
23 and many of the residents in the City of Covina are very  
24 thankful for Southern California Gas Company. And we  
25 understand the importance of making sure that that facility

1 at Aliso is remained open. So it does provide energy for  
2 over 21 million individuals in the Greater Los Angeles Area.

3 So I'm here just to let you know to please keep it  
4 open, and that we understand that energy reliability for our  
5 residents is really extremely important for the City of  
6 Covina.

7 So thank you.

8 CHAIR WEISENMILLER: Thank you.

9 We're now going to transition from public  
10 officials to basically the general public, and so we're  
11 going to two minutes.

12 I was going to start with John Stout, Peak  
13 Reliability. If you want to say a few words, please come  
14 up.

15 MR. STOUT: Well, thank you for the opportunity. I  
16 was a little hesitant to come up here because I didn't sign  
17 up, but I'll be happy to make a few comments.

18 Commissioner Sandoval, you raised some questions  
19 about the transmission grid and the risk of additional  
20 contingencies and that sort of thing. It might be  
21 interesting to note that just a couple of weeks ago when we  
22 had some of the fires taking place in California, at one  
23 point we had 3 500-kV lines and 2 230-kV facilities out of  
24 service. We also tripped over 1,000 megawatts of solar  
25 generation as a result under voltage.

1           So there are situations that will occur that  
2 produce contingencies beyond what are in the studies that  
3 you represented today, and we need to keep that in mind.  
4 There's always that additional risk of multiple  
5 contingencies that can cause additional problems that have  
6 not yet been forecasted. Thank you.

7           CHAIR WEISENMILLER: Thank you. Thanks for your  
8 help this summer.

9           Tom Williams will be next, Dr. Tom Williams.

10          And after will be Harvey Eder from Solar Power  
11 Coalition.

12          DR. WILLIAMS: Good afternoon. Dr. Tom Williams,  
13 Citizens Coalition for a Safe Community, and a few others.  
14 We will be submitting written comments. We have done  
15 before.

16          The basic elements, my experience has been with  
17 Whittier, Montebello, Playa del Rey, and now Aliso, and also  
18 for the Sacramento Natural Gas Storage Facility which was  
19 planned but never implemented by the CPUC. Okay.

20          We're getting better, but at what cost? What is  
21 that cost? Who can you trust?

22          The oil well at Aliso Canyon was SS-25. For 15  
23 years the contractors who logged it said that there was a  
24 subsurface shutoff valve in place. A few months ago  
25 Southern California Gas Company said, oh, no, we took it out



1 in 1979. Is this submission of fraudulent or erroneous data  
2 to a state agency for permit compliance fraud? I don't  
3 know.

4 But here's the real issue, Porter Ranch people,  
5 the public in Porter Ranch have suffered under the Gas  
6 Company without any knowledge of what was going on. There  
7 are no emergency response plans for such a facility.  
8 There's no risk management plan for such a facility  
9 because -- and no spill contingency plan as required by  
10 DOGGR for all oil and gas facilities in the State of  
11 California. But since they're under CPUC the Gas Company  
12 doesn't seem to be affected by that.

13 So we need a plan. And this winter we're going to  
14 need a better plan. And we submitted a plan for solar-  
15 thermal rooftop installations on 10,000 houses in Porter  
16 Ranch. Help them recover. Thank you.

17 CHAIR WEISENMILLER: Thank you.

18 So Solar Power Coalition.

19 MR. EDER: Good afternoon. My name is Harvey  
20 Eder. I'm speaking for myself, and as Executive Director of  
21 the Public Solar Power Coalition.

22 What we need is immediate total solar conversion.  
23 We've got 50 percent solar renewables by 2030. That's half  
24 of what we need in half the time.

25 Natural gas. In the plan for 2016 for the

1 district, in the Energy section on 10-2, it says that  
2 nothing has increased 30 percent over the last 12 years.

3 In going over these numbers with Dr. Aaron  
4 Katzenstein using 1,800 parts per billion, and using the  
5 radiative forcings, the number that we came up with was 274  
6 parts per million Co2 equivalent, plus or minus 10 percent  
7 right now for methane, natural gas. And with nitrous oxide,  
8 that's like over 700. And we were looking at those numbers  
9 when we're supposed to see them until 2,100.

10 It's against the law, it's prevented by the Health  
11 and Safety Code, natural gas, under Health and Safety Code  
12 53002(b), after saying,

13 "The legislative intent declares its intention to help  
14 to reduce the dependence of California on imported and  
15 the amount of renewable energy sources, as well as to  
16 hold down the increases in the cost of energy."

17 That's against the law, natural gas. And this  
18 renewable natural gas, that you're going into landfills and  
19 these places where they're shooting up the cattle with  
20 antibiotics, there was an article in the L.A. Times --

21 CHAIR WEISENMILLER: Okay.

22 MR. EDER: (Indiscernible.)

23 CHAIR WEISENMILLER: Thank you. You can do  
24 written comments.

25

1 CHAIR WEISENMILLER: Let's go on to the Greater  
2 Los Angeles African American Chamber of Commerce.

3 MR. EDER: It's the (indiscernible) --

4 CHAIR WEISENMILLER: Again, thank you.

5 MR. EDER: -- of California right now.

6 CHAIR WEISENMILLER: We're looking forward to  
7 written comments.

8 MS. FRAMPTON: Good afternoon. I am Chanel  
9 Frampton, Director at the Greater Los Angeles African  
10 American Chamber of Commerce, better known as GLAAACC. At  
11 GLAAACC our mission is to ensure the growth and development  
12 of a robust and vibrant Black business community.

13 We have been made aware of the storage facility  
14 issue. And we believe that if SoCal Gas is not able to  
15 operate from Aliso Canyon, the increased costs will be  
16 passed on to businesses. This will create an additional  
17 hardship on the small local business economy. GLAAACC  
18 advocates for an equitable decision that includes the needs  
19 of businesses and its consumers.

20 Thank you for your consideration.

21 CHAIR WEISENMILLER: Thank you. Okay.

22 Patricia Lacara, Save Porter Ranch.

23 MS. LACARA: Thank you. I am Patricia Lacara. I  
24 am a resident of Porter Ranch for 27 years. I live half a  
25 mile from the Southern California site. I was relocated for

1 over six months. I just came back home over two months ago  
2 and I am still having headaches, dizziness, and I still have  
3 nosebleeds. This was my dream house, my retirement home,  
4 and I don't feel safe. I have nowhere to go.

5 I am a member of Save Porter Ranch. I have been  
6 canvassing the neighborhood for the past six weeks with all  
7 the members, and people are really sick. People are taking  
8 care of their parents who didn't relocate because Southern  
9 California didn't allow them, or because it was too  
10 stressful for them to relocate. And their parents are sick,  
11 some of them are dying.

12 People are not feeling safe. People are afraid to  
13 speak. People are moving out. And I just want this  
14 facility to be shut down.

15 Thank you.

16 CHAIR WEISENMILLER: Thank you.

17 Loraine Linguist.

18 MS. LINQUIST: Hi. Thank you for the opportunity  
19 to speak. My name is Loraine Linguist. I'm a resident of  
20 Northridge, just south of Porter Ranch. I've seen our  
21 community be really devastated by this disaster. And also,  
22 I see this disaster as a major opportunity for all of you up  
23 on the bench who I know are very keenly aware of the need  
24 for drastic action on climate change. In fact, many of you  
25 have been key players in reducing California's greenhouse

1 gas emissions. I'm really grateful for all your efforts on  
2 that so far.

3 But this disaster really represents an opportunity  
4 to go a lot further with these efforts. The 500 megawatt  
5 response from the Flex Alerts shows that the political will  
6 for action is really present in a way that it hasn't been  
7 before this incident. People are paying attention and  
8 people want to take action. And I think that the mitigation  
9 measures that you've proposed for winter reliability could  
10 go a lot further and take advantage of that political will  
11 that's present, and we could really reduce our energy use in  
12 ways that are very permanent going forward and transition  
13 away from fossil fuels, transition away from dangerous gas  
14 storage facilities, like Aliso Canyon.

15 It's an opportunity to choose to put in place all  
16 the measures that we need to shift away from gas use  
17 altogether to continue the things that we've been doing for  
18 summer reliability that are working very well and that have  
19 shown that we actually don't need Aliso Canyon for  
20 reliability.

21 I, in particular, under your mitigation measures,  
22 I'd like to see a much stronger push on demand response, on  
23 solar-thermal heating, as well as solar PV initiatives, and  
24 especially on electricity storage which is really key for  
25 greening our energy systems. I noticed LADWP was not listed

1 in the list of electricity storage deployment.

2 CHAIR WEISENMILLER: Thank you. Actually --

3 MS. LINQUIST: thank you.

4 CHAIR WEISENMILLER: -- they have accelerated a  
5 project, but anyway --

6 MS. LINQUIST: Okay.

7 CHAIR WEISENMILLER: -- so let's go on to --

8 MS. LINQUIST: Thank you.

9 CHAIR WEISENMILLER: -- Walker Foley.

10 MR. FOLEY: Thank you for the opportunity to speak  
11 to day. My name is a Walker Foley. I'm a Southern  
12 California organizer with Food and Water Watch. And I share  
13 Loraine's concerns.

14 We have a global challenge that is once in a  
15 lifetime that my generation, my children, and their children  
16 are going to have to face or perish with the warming of this  
17 planet. This infrastructure has failed because it was run  
18 negligently by a company who seems to systemically have  
19 these problems across its infrastructure, whether we're  
20 talking about Eight Mile, Alabama, the facility in Playa del  
21 Rey, or in the Aliso Canyon. This is how the facility --  
22 this is how the company does business.

23 And so when these operations go wrong we have a  
24 unique moment to really shake it up and to challenge  
25 ourselves to do better and provide for that future that we

1 like to talk about so much, but we don't always meet with  
2 bold action.

3           So I'm here to stand with Save Porter Ranch and  
4 with my organization, Food and Water Watch, to encourage the  
5 shutdown of the Aliso Canyon facility. We think SoCal Gas  
6 has had over 30 years to get this thing right, and they've  
7 proved through their own negligence that they are incapable  
8 of running this facility to satisfy the safety of its nearby  
9 community.

10           And this thing, indeed, is bigger than Porter  
11 Ranch. It's bigger than the five-mile relocation zone. We  
12 found people in the south of the valley who were being  
13 negatively impacted by this, but that was not being  
14 reflected in what people were talking about, both statewide  
15 and locally when we're talking about health studies.

16           And we've been part a large canvassing effort  
17 within the five-mile relocation zone, talking to residents.  
18 And indeed, as you heard from Patricia Lacara, people are  
19 still getting sick in their homes. They're still feeling  
20 the impacts. Their children are still getting nosebleeds  
21 and having respiratory problems. So it is beyond me how we  
22 can talk about reopening this facility when we haven't even  
23 addressed the very basic crisis that residents are still  
24 facing on a day to day basis.

25           Thank you for your time.

1 CHAIR WEISENMILLER: Thank you.

2 Let's go on to Elena Semper.

3 MS. SEMPER: Hi. My name is Elena Semper. I'm a  
4 long-time valley resident, about a dozen miles as the crow  
5 flies, and I was affected by the gas blowout.

6 You can't go to any type of business, you know,  
7 when you're near the fugitive releases, especially SoCal Gas  
8 actually -- pardon me, I'm thinking back on a hearing a  
9 couple weeks ago that South Coast AQMD conducted in the  
10 valley where SoCal Gas said under oath that on average that  
11 facility leaks twice a day. I'm not sure if you're aware of  
12 that.

13 And what about the EPA's report earlier in the  
14 year about the overwhelming harm of methane fugitive  
15 releases?

16 What about AQMD announcing that childhood mental  
17 illness is linked to pollution? I think everyone knows that  
18 carbon dioxide is pollution.

19 Regarding our energy, I've heard luck or good luck  
20 about a half dozen times here. What I'm not hearing and I  
21 should be is reliability wouldn't be necessary if lessons  
22 you mentioned in 2011 were actually acted upon to avoid this  
23 from happening again by working to take dirty energy  
24 subsidies and reallocate to clean, safe, renewable energy.

25 I'm hearing the credit of avoiding blackouts is



1 due to good planning, but I'm also hearing threats, such as  
2 residents financial energy burdens. And I'm hearing fires.  
3 I watched two fire trucks drive by in Porter Ranch on their  
4 way to SoCal Gas recently. There were two fires within the  
5 same week. You know, we're watching Little Tujunga Canyon  
6 burn and take out transmission lines. And a DWP truck hit a  
7 SoCal Gas line in Woodland Hills, igniting another fire.

8           Regarding how businesses would be affected, if you  
9 really think the environment, you know, is not a priority,  
10 try holding your breath while you count your money. I'm  
11 hearing we can't go wrong with ingenuity and the good will  
12 of Californians --

13           CHAIR WEISENMILLER: Okay. Let's -- let's --

14           MS. SEMPER: -- and spending money on marketing --

15           CHAIR WEISENMILLER: Thank you for being here.

16           MS. SEMPER: -- from the private sector.

17           CHAIR WEISENMILLER: The next person will be Matt  
18 Pakvcko.

19           MS. SEMPER: Thank you.

20           CHAIR WEISENMILLER: And the Helen, and then Jane.

21           MR. PAKUCKO: Hello. My name is Matt Pakucko, a  
22 resident of Porter Ranch and President and Cofounder of Save  
23 Porter Ranch, a local 501(c)(3). We've been around for over  
24 two-and-a-half years.

25           And one thing I noticed, that all you agencies

1 seem to like working with all these groups. You've got  
2 industry groups and energy groups. And then you've Chamber  
3 of Commerce and big corporations. But ten months later in  
4 Porter Ranch we still have people getting sick, bloody  
5 noses, headaches. You've heard about them and you're going  
6 to hear more about them, burning eyes, rashes, on and on.  
7 Nobody, nobody has even begun to monitor or study any of the  
8 health problems, and nobody is working with us, no  
9 government agency, none of you. We're all just left to  
10 fend, you know, on our own. Why don't you plug that in to  
11 one of those calculations up there on the graph?

12           So one of you also asked about systematic risk  
13 earlier, and Walker just spoke about it. I suggest that  
14 SoCal Gas is the systematic risk. Eight Mile, Alabama,  
15 eight years of leaking mercaptan (phonetic) from one of  
16 their storage facilities. Montebello leaking beyond control  
17 and forced to shut down. Playa del Rey leaking all sorts of  
18 chemicals, and into the ground and into the creeks, a big  
19 fire there three years ago. And now the Aliso Canyon  
20 facility.

21           SoCal Gas touted, they put on the big screen, how  
22 many, 18 wells -- where's the gentleman -- 18 wells, is that  
23 the right number, back, there you go. You forgot to  
24 mention, 67 of them couldn't pass the most basic tests and  
25 had to be taken offline. That's four SoCal Gas facilities I

1 just mentioned. That sounds like a systematic problem.

2           You need to figure not if but you need to figure  
3 out how to keep that facility shut down, because we're still  
4 getting sick. And we're the only ones that have been  
5 affected. Everyone is worried about what might happen, it  
6 actually still is happening to us. Everyone else is still  
7 in their office doing these calculations and we're still  
8 getting sick.

9           You talked about unprecedented cooperation earlier  
10 in maintaining reliability this summer. But I didn't hear  
11 any unprecedented cooperation about how to increase  
12 reliability via renewables. It seems like you're  
13 cooperating in shuffling the deck of the status quo.

14           CHAIR WEISENMILLER: Okay. Thank you very much.

15           Let's go on to Helen Attai, and then Jane Fowler,  
16 and then Mark Morris.

17           MS. ATTAI: Hello. Before you time me, I want to  
18 extend my invitation to all of you anybody who is here pro  
19 opening the Aliso to come to my house --

20           CHAIR WEISENMILLER: That's fine, but the time --  
21 -- and live there.

22           CHAIR WEISENMILLER: Start the time.

23           I have a spare bedroom. You guys can live there  
24 and see what we feel.

25           Anyways, we are maybe 10 or 12 of us residents are

1 here right now. And I just want to let you know that each  
2 one of us representing, if not houses, then hundreds of  
3 residents who couldn't be here today.

4 The first thing, the meeting is a on a weekday.  
5 Again, it's away from the valley. And the kids are back at  
6 school, and people have missed so many sick days this year  
7 that they could not afford to miss any work days. That's  
8 why they're not here. I'm here representing them.

9 And I've been sitting here listening to SoCal Gas  
10 representatives saying that Aliso is needed and we really  
11 need to open it up. Of course they're going to say that. I  
12 mean, what do you think they're going to say? They're going  
13 to say that it's not needed? I mean, they're a lot of  
14 things but they're not stupid, okay? You all know that.  
15 And -- okay.

16 I'm here today in this beautiful building, AQMD,  
17 and I thought the job of the AQMD is to care about our  
18 quality of our air. And I have not even heard one word  
19 today about our health coming from your guys, from your  
20 representatives here, just residents.

21

22 We're still getting sick. My daughter has been  
23 rushed to the hospital twice. She even had, yesterday, she  
24 had a bad headache that Advil or any medicine cannot take of  
25 it. We are foggy. We cannot -- I mean, I lived in Granada

1 Hills for 25 years. When I exited the other day I didn't  
2 even recognize my own exit, and I was going left instead of  
3 right. And my daughter said, "Mom, where are you going?"  
4 It's that bad. We have depression. We have anxiety. We  
5 have confusion. It's really bad.

6 I mean, it's not -- these people are saying, from  
7 Covina and here and there, to open that facility up, but  
8 we're breathing the air. You're worried about us being cold  
9 or hot. I mean, really? I mean, we're breathing that air  
10 24/7, 12 months a year.

11 CHAIR WEISENMILLER: Okay. Thank you. Thank you  
12 very much.

13 MS. ATTAI: And I drove one-and-a-half hour  
14 here --

15 CHAIR WEISENMILLER: Let's go on to Jane Fowler.

16 MS. ATTAI: I think I deserve more than two  
17 minutes of your time.

18 CHAIR WEISENMILLER: Let's go on to Mark Morris,  
19 and then John Teboe. Thanks.

20 MS. FOWLER: Hello. My name is Jane Fowler, and I  
21 live in Granada Hills. And I've lived there for almost nine  
22 years now. And along with them, I also have been doing the  
23 door-to-door. So I'm going to tell you my family's  
24 symptoms. But this is the community's symptoms. Many of us  
25 are feeling this.

1           I personally have had the headaches, the nausea,  
2 skin rash, bloating. My hair is falling out. My stomach  
3 hurts, extreme pain. And you have this constant kind of  
4 feeling of fear and dread, which is not a good way to live.  
5 Even for me to leave my house, there are times when I can't  
6 leave the front door.

7           My daughter has asthma. Sometimes her heart beats  
8 so quickly that it's just pounding. And she's young, but  
9 she's lethargic. She has depression.

10          My husband, who's away most of the time, when he  
11 returns he has headaches and gets nauseous.

12          My dog has a clear liquid that -- had a clear  
13 liquid that ran from her nose, had seizures, and is now  
14 dead.

15          My cats have hair missing, balding patches. One  
16 is peeing everywhere. This is not how he was the first few  
17 years of his life, just now with the gas leak. And if you  
18 go to a doctor or vet, methane gas is not a diagnosis.

19          Since returning after seven months, when I came  
20 back I had -- I was away, I started to feel better. I had a  
21 flat stomach. I felt good. Literally eight hours, I went  
22 to bed, woke up, big bloating. It looked like I was  
23 pregnant.

24          My daughters came to visit. Okay, so we're back.  
25 Supposedly everything's okay. My daughters came to visit.

1 I had to go lay down because I wasn't feeling well. Since  
2 they have returned us from relocation there was another leak  
3 reported in the news, and I was in bed again.

4 CHAIR WEISENMILLER: Okay. Well, thank you.

5 MS. FOWLER: Thank you.

6 CHAIR WEISENMILLER: Let's go on to Mark Morris,  
7 and then John Teboe, and then Gary Passmore.

8 MR. MORRIS: Good afternoon. My name is Mark  
9 Morris. I'm a Faith-Based Director for Granada Hills South  
10 Neighborhood Council. I'm also Advocacy Co-Chair for the  
11 L.A. Neighborhood Council Sustainability Alliance. I'm not  
12 here necessarily in that capacity.

13 I'm here as a resident who also took a day off,  
14 vacation day, that I don't have very many left of to travel  
15 out there from the north San Fernando Valley to emphasize  
16 how important to us, and how I can assure Mr. Picker that  
17 we, the residents, as you said in your opening comment, we  
18 are severely ready to start cutting back. And we are ready  
19 to start working on removing ourselves from and weaning  
20 ourselves from this dangerous and health-impacting energy  
21 source of natural gas.

22 And I also wanted to say and report that as the  
23 Neighborhood Sustainability Alliance, we're working on  
24 programs like Cool Blocks, which is getting residents ready  
25 to move.

1           And as Mr. Doughty had mentioned, great idea with  
2 the gas Flex Alert. But a number one thing that I want to  
3 bring to you as a faith-based person is I'm quite aware of  
4 what happened in Nepal after their earthquake. They brought  
5 solar power. They had a disaster. There was Buddhist  
6 advocacy groups that were out there to bring solar power to  
7 an area that had a disaster.

8           North San Fernando Valley has had a disaster, and  
9 it's continuing to have a disaster, as you witnessed in  
10 these reports from residents. Why can't we bring solar  
11 power to that disaster, if we can bring it to Nepal?

12           Thank you very much.

13           CHAIR WEISENMILLER: Thank you. Okay.

14           So Gary Passmore next, and then Peter Wiersma, and  
15 then Kristina Zitkovich.

16           MR. PASSMORE: Good afternoon. Thank you all.  
17 And thank you for the opportunity to appear. I'm Gary  
18 Passmore representing a statewide advocacy organization  
19 called the Congress of California Seniors. We've been  
20 around for about 40 years.

21           Seniors, I discovered today, I've learned a lot of  
22 things, and one of the things I discovered is that we're the  
23 core. And so I guess I should be proud to be the core, I'm  
24 not sure, trying to live how to live with the label. But  
25 seniors, 5 million seniors statewide in California, several



1 million here in Southern California, as members of the core  
2 are really, really focused on reliable energy. It's  
3 essential to us. It is key to our health. It's key to our  
4 safety. Lots of seniors use medical equipment that requires  
5 dependable energy. And I would say among cost and clean  
6 energy, reliability is probably our most important concern.

7 And so as part of that concern, first let me say  
8 thank you for keeping a crisis from becoming a catastrophe  
9 and for all of your organizations working as you have, and  
10 we see it, to try to make things -- keep things from getting  
11 worse.

12 But I want to say particularly is that as we move  
13 through the winter months we think it's important to allow  
14 within the parameters of safety, and you have to determine  
15 what that is for consumers, to allow the utilization of  
16 Aliso Canyon, both the resources and the storage, and at the  
17 same time look to the future. I am convinced California  
18 consumers, as we've showed during the water crisis, would do  
19 almost anything when they were called upon to do so. And  
20 one of the things would be to help conserve energy.

21 Thanks.

22 CHAIR WEISENMILLER: Thank you.

23 Peter. And again, next would be Kristina, and  
24 then Jasmine Borrego.

25 MR. WIERSMA: Good afternoon. My name is Peter

1 Wiersma. I'm Vice President of Business Development for  
2 Osceola Consulting. We're a management, technology and  
3 software consultancy, specializing in energy and utilities.  
4 We're a Native American-owned business, certified as a  
5 minority-owned business by the Public Utilities Commission  
6 Clearinghouse.

7           We -- one of our businesses is we operate a  
8 technology delivery center on the Morongo Indian Reservation  
9 in Riverside County. And, you know, we have about 40 high-  
10 value technology jobs there that would normally be  
11 outsourced out of the country. And we do work there for a  
12 number of utility companies. And we're able to keep these  
13 jobs here in Southern California.

14           Based on the information provided here by the  
15 regulatory agencies and National Labs and the other experts,  
16 it seems that Aliso Canyon storage is a critical strategic  
17 resource to both gas and electricity reliability for both  
18 core and non-core customers. The information provided  
19 clearly demonstrates a so-called nexus between gas and  
20 electric generation.

21           That said, we believe it critical that the Aliso  
22 Canyon field be brought back online in the Gas Company's  
23 system with the needed safety, environmental and air quality  
24 requirements, and that it be brought back as expeditiously  
25 as possible. The unavailability of Aliso runs a risk of

1 energy curtailment, with potentially huge impact on the  
2 regional economy and jobs.

3 Thank you for the opportunity to comment this  
4 afternoon.

5 CHAIR WEISENMILLER: Thank you. Okay.

6 Kristina, please. And then after you will be  
7 Jasmine Borrego, and then Issam again.

8 MS. ZITKOVICH. Hello. My name is Kristina  
9 Zitkovich. I made the trek down from Chatsworth today.  
10 It's my daughter's last Friday before she starts school next  
11 week, and I decided to come here rather than spend the day  
12 with her because I feel like this is a huge issue.

13 My main concern is that people are still getting  
14 sick, my daughter and a lot of other people. But my  
15 daughter, who is ten, got her first migraine during the gas  
16 leak. We didn't go to the doctor for three years. The  
17 school had to call me and say, "Can you come in for a  
18 checkup? Can you come and update your records?" She hasn't  
19 been sick for years. Now my daughter gets a headache and  
20 she's either throwing up or it's so horrible that she falls  
21 asleep. I mean, it's bad, and nobody talks about it.

22 I know there's a lot of suits behind me that's  
23 like open, open, open. But I don't feel like my health, my  
24 daughter's health, or anybody's health for that matter  
25 should suffer because somebody wants to make a few extra

1 bucks. And what really upset me earlier was the lady  
2 talking about small businesses that support the opening.  
3 Well, I have a small business. I don't support the opening  
4 of it. A lot of small businesses in the area, we are  
5 afraid, not afraid of losing power.

6 We're afraid that when they start injecting,  
7 there's 16 wells and they want to just jam it on in there.  
8 They've never done that before. A 115 jamming it in there,  
9 there was problems on a daily basis. What's going to happen  
10 when we only have 16 and we're injecting like maniacs into  
11 that storage facility? Nobody knows.

12 And we are afraid that the way that they have been  
13 operating is not safe by any means. They have lied on  
14 official documents. Me, if I did that, I'd be in jail right  
15 now. But we're not holding them accountable. It's really  
16 not fair and it's very sad. And I hope that you listen to  
17 the community, especially to the residents that have been  
18 affected and are still affected. This is nowhere near from  
19 being over. A year ago I was enjoying my life. I think I  
20 was on vacation at this time. Now I'm some angry protestor  
21 that drives to god knows where to talk for two minutes.

22 CHAIR WEISENMILLER: Thank you.

23 Let's go on to Jasmine Borrego.

24 MS. BORREGO: Good afternoon. Thank you. My name  
25 is Jasmine Borrego, and I'm President of TELACU Residential

1 Management. I also serve on several boards for low-income  
2 housing, seniors, and disabled. TELACU, the East Los  
3 Angeles Community Union, was established in 1968 to serve  
4 and empower people living in the low-income communities with  
5 the basic tools that all Americans need, including jobs,  
6 educational opportunities and affordable housing.

7 I represent the voices of tens of thousands of  
8 low-income people across SoCal Gas service territory when I  
9 ask that you authorize the reopening of the Aliso Canyon  
10 facility. The low-income residents that we serve and  
11 represent and who rely on uninterrupted energy cannot be put  
12 at risk by a small -- who do not want Aliso Canyon reopened.  
13 The people we serve should not be expected to rely on the  
14 thin margins that may, I repeat, may be available to meet  
15 our coming winter demand. We must be prepared for any  
16 situation that would result in unnecessary and burdensome  
17 interruptions in energy availability.

18 Being prepared should not be measured simply by  
19 past outcomes. We can see imperfect 20/20 hindsight. For  
20 example, we were assured prior to last winter that the  
21 projected El Nino weather patterns would result in what was  
22 described as a conveyor belt of storms. We all prepared  
23 like never before, but the storms generally did not occur.  
24 If similar patterns are projected in the future we should  
25 not -- we should -- should we not prepare because we did

1 it -- it did not happen last time?

2 The people we serve must be served at the highest  
3 level of our responsibility preparedness. Being prepared  
4 for this coming winter include the energy resources that may  
5 likely be needed to fulfill by the use of Aliso Canyon.

6 Thank you.

7 CHAIR WEISENMILLER: Thank you.

8 Issam, you want to come back up?

9 MR. NAJM: That's okay.

10 CHAIR WEISENMILLER: That's okay? Okay. Great.

11 John Howland, and then Tracy Hernandez, and then  
12 Gene Kim.

13 MR. HOWLAND: Good afternoon. I'm John Howland  
14 with the Central City Association, representing 450  
15 businesses with over 350,000 employees around the region.  
16 CCA supports the reopening of Aliso Canyon for storage and  
17 transmission of natural gas for use around Southern  
18 California. To date, Southern California has been able to  
19 avoid power outages because of the excellent work of CAISO,  
20 So Cal Edison and LADWP, bringing in power that's been  
21 generated outside of the region. However, this could change  
22 this winter. Demand for natural gas goes up as temperatures  
23 cool.

24 Your own technical reports indicate that there is  
25 not sufficient enough gas in the case of a one-in-ten year

1 cold winter day. In fact, supplies and availability,  
2 excluding Aliso Canyon, are well below what could be needed,  
3 half a billion cubic feet below what's needed.

4           This will have a major impact on businesses  
5 throughout the county and beyond. Many businesses rely on  
6 gas for essential functions in their operations. And if  
7 they shut down it's not like a power outage where they will  
8 have immediate backup available. Restoring operations can  
9 take several days or more. If these operations are forced  
10 to shut down it will have negative impacts throughout the  
11 local economy directly, numerous jobs and potentially tens  
12 of hundreds of thousands of employees.

13           Restaurants and hotels in downtown and around the  
14 region need gas for cooking. If that goes out, the  
15 employees are sent home, they have no paycheck, they have no  
16 tips.

17           Senator Pavley's Bill SB 380 was put in place --  
18 has put in place stringent requirements and standards for  
19 the monitoring and the operations at Aliso Canyon. We  
20 support those and we believe that they need to be allowed to  
21 do their job.

22           Businesses need predictability and consistency.  
23 Maintaining the status quo is a huge risk to businesses.  
24 This group here today must go forward with the realistic  
25 program that will give assurances to businesses and to the

1 residents throughout Southern California that their access  
2 to gas that powers their ovens and furnaces and that core  
3 equipment will be available when it's needed this winter,  
4 and not just for the next three months but for the  
5 foreseeable future.

6 Thank you.

7 CHAIR WEISENMILLER: Thank you.

8 Okay, next it will be Tracy Hernandez, then Gene  
9 Kim, then Weston Labar.

10 MS. HERNANDEZ: Good afternoon. My name is Tracy  
11 Hernandez, and I'm the founding CEO of the L.A. County  
12 Business Federation. We're BizFed which is a massive  
13 grassroots alliance of over 162 diverse, distinctly  
14 different business associations around L.A. County. We  
15 represent more than 325,000 companies, and they employ a  
16 little over 3 million people. Thousands of those employees  
17 in those companies are directly right in the Aliso Canyon  
18 area.

19 Today I'm here to express how critically important  
20 it is for Aliso Canyon to get back online as soon as  
21 possible. The bottom line is that without Aliso Canyon  
22 functioning, this winter when peak demands of natural gas  
23 are at their highest the risks of natural gas curtailments  
24 will reach alarming rates, potentially affecting key  
25 industries that drive our entire economy, such as electric



1 generators, refineries, manufacturers, and other significant  
2 users.

3 California's economic and climate change  
4 competitiveness declines as our energy becomes more  
5 unreliable. And reliable energy in Los Angeles County  
6 depends greatly on natural gas, and especially the gas  
7 that's stored at Aliso Canyon.

8 Our region's 11 million people rely on Aliso  
9 Canyon for basic heating and cooling every day throughout  
10 the L.A. Basin. And, of course, this winter, natural gas at  
11 Aliso Canyon will be essential to meeting those demands.

12 As California's Flex Alert system reminds us  
13 constantly, the power is in your hands. Use it wisely.  
14 Work to restore the storage facility as soon as possible.

15 Thank you.

16 CHAIR WEISENMILLER: Okay. Thank you. Okay.

17 So Gene Kim next, then Weston Labar, then  
18 Elizabeth Warren.

19 Gene Kim?

20 Then let's go on to Weston.

21 Then let's go on to Elizabeth Warren, and then Ted  
22 Green.

23 Okay, come on up.

24 MS. WARREN: Thank you very much. My name is Ted  
25 Green. I live and work in West Hollywood. I'm not being

1 paid to be here today.

2           You know, when I get up in the morning and turn on  
3 the lights I'm confident that the power is going to be  
4 there, that Southern California Edison will deliver it.  
5 When I take a shower I'm confident the hot water will be  
6 there because Southern California Gas has delivered gas. In  
7 a few minutes I'm going to buy gasoline and I'm confident  
8 the station will have gas because the local refiner will  
9 have made it, and there will be electricity to pump it from  
10 their tank to my car.

11           I have that confidence because I believe that my  
12 elected officials in Sacramento and their appointees and  
13 their staff have put together a regulatory system to ensure  
14 the reliable supply of electricity in the region that I  
15 live, Southern California. And I believe that system is  
16 strong enough and that you all have the wherewithal, the  
17 strength to look in the face of angry homeowners who  
18 apparently have such a sense of privilege that they would  
19 call on shutting down the lynchpin of the energy supply of  
20 Southern California. And I believe that you as regulators  
21 will see that that is wrong and that it would harm millions  
22 of people throughout Southern California.

23           I thank you for your service to our state. And I  
24 thank you for the actions I know you're going to take.

25           CHAIR WEISENMILLER: Thank you. Okay.

1           So Alene Taber, next Elizabeth Hawley, and then  
2 Wayne Brown.

3           Okay, then let's go to Tracy Stanhoff. Please  
4 come on down. But if can get more people lined up then --  
5 and after -- okay, great.

6           MS. HAWLEY: Hi.

7           CHAIR WEISENMILLER: Thanks.

8           MS. HAWLEY: I'm Elizabeth Hawley. I'm not sure  
9 if I was next but --

10          CHAIR WEISENMILLER: Okay.

11          MS. HAWLEY: -- but I think there's a reason.

12          CHAIR WEISENMILLER: Yeah. Go ahead.

13          MS. HAWLEY: I'm Elizabeth Hawley. I'm  
14 Legislative Affairs Manager at the Valley Industry and  
15 Commerce Association, or VICA. We represent the business  
16 community in the San Fernando Valley, so we're neighbors of  
17 Aliso Canyon and we've been following this for a long time.

18           A reliable energy supply is at the absolute  
19 foundation of our economy. And I think sometimes we take  
20 that for granted and we forget how important it is to all of  
21 our lives. A huge amount of effort has gone into the last  
22 few months, getting through the summer without any major  
23 outages. And I think those efforts should be commended.  
24 However, the use of natural gas can be higher in the winter  
25 than in the summer. And I think it's worth reminding

1 ourselves of the cost of outages.

2 Just a momentary outage for a large or medium  
3 commercial user can cost just under \$13,000. For small  
4 commercial customers an eight-hour outage costs an average  
5 of \$4,500, less eye-popping, but if you're a small business,  
6 that's quite a significant hit.

7 An outage costs manufacturers twice as much as  
8 non-manufacturers. Los Angeles is the biggest manufacturing  
9 center in the U.S. and it employs just over half a million  
10 people. And there are a lot of manufacturers in the San  
11 Fernando Valley, especially in the aerospace industry.  
12 These are good jobs. They have opportunities, they offer  
13 training, and we want to keep them in L.A. There's no  
14 environmental benefit to risking our economic growth as  
15 backup diesel generators, including one in the valley, just  
16 in Sunland, releases around 40 more carbon dioxide than  
17 burning natural gas.

18 So from both a business and air quality  
19 perspective, keeping key parts of our energy infrastructure,  
20 such as Aliso Canyon online, is critical. And VICA supports  
21 strongly the work to bring Aliso Canyon safely back online.

22 Thank you for your time today.

23 CHAIR WEISENMILLER: Thank you.

24 Is Alene Taber there or -- please come on up.

25 Please, if you're next, come up. And then I think the next

1 gentleman behind you. And then we have Tracy Stanhoff, and  
2 then Whit Peterson.

3 MS. STANHOFF: I'm Tracy, so --

4 CHAIR WEISENMILLER: Okay. Good.

5 MS. STANHOOF: Okay. Hi. I'm Tracy Stanhoff.  
6 I'm President of the American Indian Chamber of Commerce of  
7 California. I'm a former tribal chair for the Prairie Band  
8 Potawatomi Nation out of Kansas. And I'm finally a business  
9 owner here in Huntington Beach, California, for about 28  
10 years now.

11 Los Angeles is the home to the most American  
12 Indians. California is the home to the most American  
13 Indians in the country, and we have the most American Indian  
14 businesses in the country. Our businesses in the American  
15 Indian Chamber are in the hundreds in numbers, and we  
16 represent about 50,000 jobs throughout the state.

17 As an aside, tribal reservations have dealt with  
18 complex problems like this with urban sprawl coming up to  
19 our areas and infrastructure problems for years. So I know  
20 what a complex issue this is and I feel for both sides of  
21 the issue. Infrastructure development and restoration of  
22 all of our natural resource uses needs to be conducted  
23 throughout all of the United States.

24 As the leader of a business association we always  
25 take into consideration the reliability and tremendous cost

1 of energy we have here in California, and it's been a  
2 serious problem for us. We've been lucky that after the  
3 closing of San Onofre Nuclear Power Generating Station that  
4 reliability has been maintained. And we rely on reliability  
5 here in California for having our businesses operate.

6           Therefore, we support the usage of Aliso Canyon in  
7 a safe and sane manner. We support communication that  
8 they've been doing, and that the prices -- and the process  
9 that they've been doing. We support increased funding for  
10 energy efficiency programs. And I think that's very  
11 critical to the state because of the fact that we will be  
12 changing the way we generate and use electricity here and we  
13 need to evolve as it happens. But turning off a source that  
14 we have already that keeps our grid reliable is not a  
15 prudent way to do it.

16           And again, we support the opening of Aliso Canyon,  
17 and we really understand that this is a complex issue, and  
18 thank you for your time and everything.

19           CHAIR WEISENMILLER: Thank you.

20           So, Wayne? Great.

21           And then it's Whit Peterson, and then I'll go back  
22 to the other representative of Food and Water Watch,  
23 Alexandra.

24           Please, sir.

25           MR. BROWN: Thank you. My name is Wayne Brown.

1 I'm the Director of Government Relations for the South  
2 Orange County Economic Coalition. The Coalition is  
3 dedicated to speaking out for the businesses -- for the  
4 business community throughout South Orange County region  
5 which contributes more than \$25 billion annually to Southern  
6 California's economy. It matters not whether a business has  
7 a handful or employees or is considered a major employer  
8 with hundreds or even thousands of employees. It matters  
9 not whether they prepare fast food or fine dining, sell  
10 hammers and nails, or build new homes with hammers and  
11 nails, they all require one vital ingredient for success,  
12 power, power to run kitchens, power to press clothes, power  
13 to run computers, power to produce goods and services, power  
14 just to keep the lights on.

15 I am here today to urge those who will make the  
16 decision to allow natural gas supplies to restart the  
17 injection process at SoCal Gas Aliso Canyon storage facility  
18 to approve this action. We have made it through a very  
19 long, hot summer with many indicators of a strained supply  
20 of energy. The winter months are ahead and the power  
21 generation systems will again need natural gas supplies to  
22 provide the necessary generation to keep homes lighted and  
23 warm, but also keep the necessary power coming to companies  
24 large and small across Southern California to sustain and  
25 grow our economy.

1           The Coalition understands the need for safety and  
2 compliance with the restart of operations at Aliso Canyon.  
3 We are aware of -- we are aware of the required testing of  
4 all wells, and that this must be a priority for the  
5 facility. We ask that as those compliance requirements are  
6 met and the field is again ready for supplies injection that  
7 you consider the importance of providing Southern California  
8 with a source of reliable energy for communities and  
9 businesses, including those in South Orange County.

10           Thank you for your time.

11           CHAIR WEISENMILLER: Thank you.

12           Whit, then Alexandra, and then we'll have Phyllis  
13 Dixon.

14           MR. PETERSON: Good afternoon. Thank you for  
15 allowing us to share our thoughts with you today. My name  
16 is Whit Peterson. I'm the Director of Government Affairs  
17 for the Irvine Chamber of Commerce. The Irvine Chamber  
18 Represents nearly 840 businesses that range from multiple  
19 thousands of employee companies to single employee shops.

20           Our members depend on reliable gas service  
21 throughout the year, especially the winter months. Without  
22 sufficient storage of natural gas, rate hikes, and even  
23 worse, service interruptions could severely disrupt business  
24 as usual and put our businesses in difficult positions. Our  
25 Winter Action Plan and accompanying assessments have stated



1 that during normal winter conditions the current supply,  
2 combined with other sources, might satisfy the needs of the  
3 L.A. Basin. However, as we're currently experiencing,  
4 normal conditions seem to be the exception.

5 We ask that you support our businesses and  
6 residents by recommending that the Aliso Canyon be reopened  
7 to ensure steady and reliable supply of gas.

8 Thank you.

9 CHAIR WEISENMILLER: Okay.

10 Alexandra, please.

11 Phyllis Dixon, then Ken Phillips.

12 MS. NAGY: Good afternoon, everyone. My name is  
13 Alexandra Negy. I'm the Senior Organizer with Food and  
14 Water Watch. And I wanted to thank you and commend all of  
15 you for putting together what looks like a much better  
16 report than was put out in April. Like Tim O'Connor said,  
17 it's much easier to read, it's a lot more transparent, and  
18 it gets away from the hysteria of 14 days of blackouts.

19 And this report, I would like to remind the room,  
20 actually says that we can get through winter, if we look at  
21 average demand, without Aliso Canyon. What we are kind of  
22 squabbling about are these peak winter demand days, so the  
23 one-in-10 and the one-in-35, which the independent  
24 consultant said would be a 0.03 percent chance. Therefore  
25 the Action Plan, right, to put the mitigation measures in

1 place that we would need to get through, not eliminate risk  
2 entirely, you can't do that generally, but to get through  
3 the winter without Aliso Canyon.

4           So when you consider who's really responsible for  
5 the situation that we're in today, and that's Southern  
6 California Gas Company, we're hearing about businesses,  
7 we're hearing about people who are extremely concerned about  
8 their bottom line, about having to pay more for gas because  
9 of the new system, go after SoCal Gas for your money. We  
10 can keep this facility closed. This report shows we can  
11 keep it closed. And we encourage the regulators who have  
12 been complacent in this sort of deregulated free-market  
13 approach to the way the gas system has run that has gotten  
14 us into this mess in the first place, to continue putting  
15 smart rules in place, smart regulations in place to keep  
16 this facility offline and to protect residents who are still  
17 suffering through this disaster.

18           In the future we would really like to see these  
19 events held in the San Fernando Valley where the people who  
20 have been most impacted can have a stronger voice.

21           And we really call on Governor Brown. We  
22 appreciate the hiring of these consultants. We feel like  
23 there's been good conversation there to have more  
24 transparency on this process. But with the new information  
25 of showing we can keep it closed, we really call on him to

1 keep it closed, to fulfill his legacy as a climate leader.

2 Thank you.

3 CHAIR WEISENMILLER: Thank you. Okay.

4 Again, Phyllis Dixon, Ken Phillips, and Heather  
5 Stratman.

6 MS. DIXON: Good afternoon. My name is Phyllis  
7 Dixon. And I'm here on behalf of the Black Business  
8 Association headquartered in Los Angeles. The Black  
9 Business Association is the oldest ethnic business  
10 organization in the State of California, and a long-time  
11 supporter of Southern California Gas Company, and a  
12 corporate community leader. Why? Because of the positive  
13 economic impact and track record that the Gas Company has  
14 had in terms of providing contracting opportunities for not  
15 only African American-owned businesses, but for women,  
16 minorities, veterans, and other diverse-owned business  
17 enterprises, no matter the size, whether they're small,  
18 medium or large. As a matter of fact, I, myself, is a  
19 person who benefitted from that as a small business owner.

20 The January 26th moratorium issued by Governor  
21 Brown, reducing more gas levels to approximately 17 percent  
22 of its billion cubic feet working gas capacity was a  
23 necessary step to take to ensure system reliability and  
24 public health and safety for consumers. There are still  
25 some outstanding issues that I think the residents in those

1 communities deserve attention to. But the Black Business  
2 Association is in support of opening this facility as soon  
3 as possible because of the economic impact it will have.

4 We can't solve problems without money. And the  
5 businesses and the people who work in those communities who  
6 have jobs that would be impacted without this source of  
7 energy could be very detrimental to us as citizens of this  
8 state overall.

9 I wish you guys the best.

10 PRESIDENT PICKER: Thank you.

11 Ken Phillips, then Heather Stratman.

12 MS. PHILLIPS: Ken Phillips, President and CEO of  
13 The Valley Economic Alliance. Our mission at The Valley  
14 Economic Alliance is to elevate the economic vitality and  
15 stability of the five-city region in the valley. The Valley  
16 Economic Alliance, our organization, is a 501(c) not-for-  
17 profit organization that's a public-private cooperative with  
18 business, government, education and community. As we say,  
19 it's the group that brings together all the people that  
20 live, work, learn, play and pray in the San Fernando Valley.  
21 There are well over 70,000 businesses in our region that  
22 represents a total of 350 miles square, and represents 2.1  
23 million residents.

24 In fact, I'm not only a resident, I have two  
25 daughters that work in the valley. One also goes to Cal

1 State Northridge. And we also run a small not-for-profit in  
2 the San Fernando Valley.

3 I complement the group in working closer with the  
4 residents of this area, Aliso Canyon. But you should be  
5 commended with this cooperative multi-agency in a successful  
6 model that should be definitely studied. In a very short  
7 period of time you're coming up with some resolution.

8 And so in the past months multiple government  
9 agencies, including the community organizations and  
10 businesses, have been working together to solve the safety-  
11 energy solutions and conservation. And instead of decades  
12 to identify, prioritize and start solving the issues, you've  
13 accomplished this very quickly, while there's still lots and  
14 lots of work still to be done.

15 While there hasn't been a disruption, we are going  
16 into the winter months. And we want to include the fact  
17 that we don't want a disruption. So the Aliso Canyon  
18 natural gas needs to be restored to support business growth  
19 in Southern California. In fact, for the very first time in  
20 decades we've seen manufacture and growth return in Southern  
21 California 3.8 percent. We expect that we're going to see  
22 additional growth very soon. And we hope that the  
23 resolution will also include the growth for the many  
24 businesses in the San Fernando Valley.

25 PRESIDENT PICKER: Heather Stratman, then Patricia

1 Renteria.

2 MS. STRATMAN: Good afternoon. I'm Heather  
3 Stratman. I'm the CEO of the Association of California  
4 Cities, Orange County. Our organization represents 28 of  
5 the cities in Orange County, the County of Orange, dozens of  
6 special districts within our county, as well. Our  
7 collective membership provides service to over 3.2 million  
8 residents.

9 Our membership is supportive of the need for  
10 reliable energy, and specifically natural gas, to ensure  
11 that we have the ability to keep energy flowing to our city  
12 halls, businesses, homes, hospitals, and schools. We  
13 believe the importance of such reliability is not only  
14 critical to our daily economy, but equally important to our  
15 public safety system, transportation, and water delivery.

16 ACCOC applauds the efforts that SoCal Gas has made  
17 to ensure appropriate safety measures at Aliso Canyon have  
18 been taken. And we are supportive that the system will be  
19 operational and back online in time for increased storage  
20 before the winter months and going into the summer of 2017.

21 Thank you.

22 PRESIDENT PICKER: Thank you.

23 Patricia Renteria, and then Samuel Robles

24 MS. RENTERIA: Good afternoon. My name is Pat  
25 Renteria. And I'm here today representing the Southeast Rio

1 Vista YMCA in Maywood as the Executive Director.

2           The Southern California Gas Company has been  
3 supportive of the Southeast Rio Vista YMCA for decades. The  
4 Gas Company has supported our programs, such as our Urban  
5 Initiative Cradle to Career Programs by investing in low-  
6 income communities, such as Maywood and the surrounding  
7 Southeast Los Angeles communities.

8           Recently the Gas Company supported our effort in  
9 helping Maywood residents during the magnesium power plant  
10 explosion and fire. In partnership with the Y, the Gas  
11 Company provided 1,000 air filtration systems to Maywood  
12 residents to help mitigate air quality.

13           I'm here today to support the opening of the Aliso  
14 Canyon facility. Without the Canyon, Southern California  
15 Gas's ability to meet the demand during the upcoming winter  
16 season is reduced, increasing the risk of natural gas  
17 shortages. These shortages can impact the entire Southern  
18 California region and the families of the Southeast Los  
19 Angeles communities. The reopening of the Aliso Canyon  
20 facility is important to the families and the businesses for  
21 the Southeast Los Angeles community.

22           Thank you for your time.

23           PRESIDENT PICKER: Thank you.

24           Samuel Robles, then Desi Gamez.

25           MR. ROBLES: Hello. My name is Samuel Robles.

1 I'm representing the Weingart East Los Angeles YMCA located  
2 in the Boyle Heights community of Los Angeles.

3           SoCal Gas has been a tremendous community partner  
4 to the YMCA throughout many, many years. And I'm here in  
5 support of opening the Aliso Canyon facility. Without the  
6 Aliso Canyon facility SoCal Gas's ability to meet the demand  
7 during upcoming winter season is reduced, increasing the  
8 risk of a natural gas shortage that will impact the entire  
9 Southern California region and the families of the East Los  
10 Angeles communities that we serve.

11           In addition to the families of our communities,  
12 shortages would also impact electric generators, hospitals,  
13 large manufacturers and other large users in our  
14 communities. The Aliso Canyon facility fuels gas-fired  
15 power plants that are needed to meet the regional electric  
16 demand during peak periods. The reopening of the Aliso  
17 Canyon facility is important to the families and businesses  
18 in the East Los Angeles Community.

19           Thank you for your support.

20           PRESIDENT PICKER: Thank you.

21           Desi Gamez, then Bryan Starr.

22           MR. GAMEZ: Good afternoon. My name is Desi  
23 Gamez. I am the Chairman of the Board of the Weingart East  
24 Los Angeles YMCA. I'm also an insurance broker out in the  
25 valley, so I wear two hats today. I'm basically here to



1 tell you -- to give you two testimonials.

2           Growing up in Boyle Heights, I experienced  
3 shortages of power that caused blackouts, and conservations  
4 that really disrupted our way of life. Life in Boyle  
5 Heights is very simple. As you know, it's one of the most  
6 impoverished communities in the country. And growing up  
7 there in the winter, not able to turn on the heater, living  
8 in a 100-year-old house with 11 kids was very challenging.  
9 I still remember sleepless nights, feeling like, you know,  
10 we were freezing. Having to go outside in the backyard to  
11 heat up our water so we can take, you know, warm baths. And  
12 not, you know, able to wash our clothes when they needed to  
13 be washed.

14           I'd like to thank SoCal Gas for all of their  
15 customer assistance and support in Boyle Heights, such as  
16 CARE, 20 percent off the ESA Program which is a  
17 weatherization program, the Gas Assistance Fund, and the  
18 Medical Baseline Program.

19           In the valley I'm a broker. I represent various  
20 organizations there, manufacturers, school districts,  
21 nonprofits. And I talk to CFOs every day and business  
22 owners, and one of their biggest concerns is the cost of  
23 doing business with the shortage of reliable energy. It  
24 affects their supply line. It affects their pricing, their  
25 customers. And unfortunately many times, because of these

1 unexpected costs, there are layoffs, and very, very few  
2 raises.

3           So again, I encourage the opening of the Aliso  
4 Canyon facility. And my sympathy does go out to those  
5 families. I live in Canoga Park and I do have friends that  
6 have been affected by this. However, many of them are  
7 encouraged with the opening of the plant, as well.

8           Thank you.

9           PRESIDENT PICKER: I mispronounced your name.

10          Bryan Starr, then Aki Leung.

11          MR. STARR: Good afternoon. Bryan Starr,  
12 representing the Orange County Business Council. We  
13 represent some of the largest employers in the region,  
14 employing about a quarter million men and women throughout  
15 the region.

16          Aliso Canyon is critical to the regional energy  
17 reliability during the summer and winter months. In  
18 addition to serving residential and commercial customers, it  
19 also fuels gas-fired power plants that are needed to meet  
20 the regional electric demand during peak periods. Without  
21 Aliso Canyon, SoCal Gas's ability to meet the energy demand  
22 during peak periods is greatly reduced, increasing the risk  
23 of natural gas curtailments for the entire region,  
24 potentially effecting electric generators, hospitals, large  
25 manufacturers, and refineries and other large users.

1           The business community counts on having a reliable  
2 source of energy to run their businesses. It is absolutely  
3 critical to get Aliso back online to replenish our local  
4 supply of natural gas that can be used throughout the  
5 winter.

6           Thank you for the opportunity.

7           PRESIDENT PICKER: Thank you. Aki Leung, and then  
8 Kirby Van Amburgh.

9           MS. LEUNG: Good afternoon. My name is Aki Leung  
10 and I'm the Director of Programs for the Center for Asian  
11 Americans United for Self-Empowerment, also known as CAUSE.  
12 We are a nonprofit organization. And for the past 23 years  
13 we have been working very hard on the political empowerment  
14 of the Asian-Pacific American community through voting  
15 engagement, and also leadership development work.

16           On behalf of CAUSE, I'm here to support SoCal Gas  
17 in reopening the Aliso Canyon facility. SoCal Gas has been  
18 a long-term partner in our community work, specifically for  
19 the Veterans Initiative where we help veterans, and also  
20 reservists, taking leadership roles in a community. In  
21 working with them we've come to know that they are  
22 responsible corporate citizens.

23           Knowing that they have leading experts on their  
24 team, and also the joint effort of the various environmental  
25 agencies present in this room, we are confident that

1 informed and responsible decisions will be made to meet the  
2 needs of the community. So therefore, we support SoCal Gas  
3 to bring the Aliso Canyon natural gas storage back online.

4 Thank you so much.

5 PRESIDENT PICKER: Thank you.

6 Kirby Van Amburgh, Kheir. And then Sarah Roscon.

7 MS. VAN AMBURGH: Good afternoon. My name is  
8 Kirby Van Amburgh and I'm with Kheir Center. We are a  
9 federally qualified health center located in Los Angeles,  
10 and we operate medical clinics that primarily serve low-  
11 income patients. We serve more than 10,000 residents from  
12 302 zip codes across L.A. County and beyond. Ninety-six  
13 percent of our patients are low-income.

14 And I'm here today to support the reopening of the  
15 Aliso Canyon storage facility. And our main concern is that  
16 Aliso Canyon is needed to meet the demand for services in  
17 our service area in the winter months that are quickly  
18 approaching. Curtailments could negatively affect electric  
19 generators, and most notably in our industry, our own  
20 medical offices, and also the hospitals that we partner with  
21 to serve our patients.

22 Safety is critically important. And SoCal Gas has  
23 been focused on complying with regulations and working with  
24 regulatory agencies throughout this process, showing that  
25 safety is a priority.

1           So it's for these reasons that we are in support  
2 of the efforts to reopen Aliso Canyon.

3           Thank you.

4           PRESIDENT PICKER: Thank you.

5           Sarah Rascon, then Laura Lechtenberg.

6           MS. RASCON: Good afternoon. Sarah Rascon, Public  
7 Policy Manager at the L.A. Area Chamber of Commerce.

8           As many of you know, Aliso Canyon has a direct  
9 impact on electric grid reliability in our region. Most of  
10 the electricity consumed by Southern Californians is  
11 produced by power plants fueled by natural gas. Aliso  
12 Canyon is a direct source of energy for many of those power  
13 plants.

14           Today, natural gas accounts for more than half of  
15 the energy in Southern California businesses and homes. And  
16 because California imports most of its natural gas via  
17 interstate pipelines, it is essential that we have regional  
18 storage facilities, like Aliso Canyon.

19           Since California has placed a greater emphasis on  
20 renewable energy, natural gas from Aliso Canyon is one of  
21 the major sources of energy to fill the gaps when the wind  
22 doesn't blow and the sun doesn't shine.

23           Although we have almost made it through summer,  
24 natural gas storage will be critical to winter usage and  
25 reliability. Currently, without Aliso open for operation in

1 the middle of summer, we resorted to dirtier resources we  
2 don't want to see the norm.

3           It's great to see the following agencies  
4 represented, working together to address our regional  
5 concerns. We urge every organization represented here to  
6 work together to safely expedite the restoration of all or  
7 parts of Aliso Canyon that natural gas reliability is better  
8 protected. All who use gas operations, jobs and regional  
9 economy activity rely on Aliso, especially for winter  
10 reliability. The safe continued operation of the Aliso  
11 Canyon facility is absolutely necessary to providing a  
12 reliable supply.

13           Thank you.

14           PRESIDENT PICKER: Thank you.

15           Laura Lechtenberg, then Nancy Starczyk.

16           MS. LECHTENBERG: Hi. I'm Laura Lechtenberg. I  
17 work at United Way of Greater Los Angeles. And I'm here  
18 today to be the voice of the 1.7 million people in Los  
19 Angeles County who live below the poverty line.

20           So as you make your difficult decisions here, just  
21 keep in mind that so many people in Los Angeles County live  
22 one incident away from severe poverty, and even  
23 homelessness. So the loss of a week or a month's worth of  
24 groceries in the frig because there was no power will be  
25 devastating to many families in Los Angeles County. So

1 please keep that in mind when you are working on the  
2 reliability of our energy here.

3 Thank you.

4 PRESIDENT PICKER: Thank you.

5 Nancy Starczyk, then Ranji George.

6 MS. STARCZYCK: My name is Nancy Starczyk. And  
7 I've got two stories to tell you. First of all, I'm a  
8 resident of Porter Ranch for 38 years. My husband and I  
9 live very close to Aliso Canyon. It's virtually in my back  
10 yard. We didn't vacate because we did not experience any  
11 issues. Our health was fine.

12 I'm a neighborhood captain for my street. And my  
13 entire street looks to me as a key contact. No one had any  
14 issues. So you should know this.

15 In addition, I'm a birder. So over the years I  
16 feed at least 500 wild birds. I have squirrels, rabbits,  
17 coyotes, they all come to my yard. And all during the time  
18 that this leak was taking place there was no change in the  
19 activity, and I continued to feed them.

20 Secondly, for 27 years I have been a realtor. I  
21 should tell you that I am the President Elect of Southland  
22 Regional Association of Realtors. I'm here speaking for  
23 myself, not for the association. But I was assigned to the  
24 task force to study property values. The property values  
25 that we studied were over the course of nine months. And

1 there was no statistical data to show that there was any  
2 change in the property values going down, they were, in  
3 fact, going up.

4 I am currently selling homes in Porter Ranch for  
5 more than asking. And at the time, on December 14th, I sold  
6 a home for more than asking that was right against the Aliso  
7 Canyon entrance.

8 And finally, I'd like to say that I support the  
9 reopening. The Gas Company, SoCal Gas, has given us so much  
10 information. Because I'm on the task force I've compiled it  
11 all. I have it all. And we were very impressed with what  
12 they provided us. We were never in the dark. We knew  
13 exactly what they were doing on a weekly basis. And they  
14 were available to us so that whenever I called with any  
15 issues or any questions, I got answers immediately. So we  
16 want to make sure that when it open it's reliable, safe, and  
17 we want it to remain affordable.

18 Thank you.

19 PRESIDENT PICKER: Thank you.

20 Mr. Ranji George, then Ted Green.

21 MR. KIM: Hello. My name is Gene Kim. I was  
22 called earlier while I was out of the room.

23 PRESIDENT PICKER: Sorry.

24 MR. KIM: I just wanted to come by now to provide  
25 my piece, as well.



1           As I mentioned, my name is Gene. I'm with the  
2   Imprenta Communications Group. We are a public affairs and  
3   ethic marketing firm based out of Pasadena, California. And  
4   our mission is to empower communities of color by providing  
5   them with a voice and communicating to them in ways that  
6   respect their diversity and understand their culture. We  
7   are a proud member of BizFed. And we also have assisted  
8   SoCal Gas with what happened in Porter Ranch by providing  
9   bilingual interpreters at their Community Resource Center in  
10  Porter Ranch.

11           And I'm here today because I also believe that  
12  it's very important for us and for the communities that we  
13  work with to reopen the Aliso Canyon natural gas storage  
14  center as soon as possible and as soon as it is deemed safe  
15  to do so.

16           Aliso Canyon stores roughly 60 percent of natural  
17  gas here in the Los Angeles area. And as some of the  
18  previous speakers have spoken about, if there were a  
19  disruption to that it would place a disproportionate burden  
20  on low-income families, middle-income families, communities  
21  of color and others who really cannot afford the extra  
22  energy costs.

23           And so for the sake of all those who work here I  
24  think it's important that we work to safely restore service  
25  at Aliso Canyon so that we can protect the energy

1 reliability and affordability for all of the families here  
2 in our region.

3 Thank you.

4 PRESIDENT PICKER: Thank you.

5 Ted Green.

6 MR. GREEN: I've already spoken.

7 PRESIDENT PICKER: Oh, sorry. My apology.

8 Then Ranji George, and the Theresa Harvey.

9 MR. GEORGE: Good evening, Chair, and Ladies and  
10 Gentlemen. My name is Ranji George. I have some really  
11 good news to share, and at the same time, three proposals to  
12 make. But before that, I am speaking as a private citizen,  
13 even though I am a staff member here, and I did supervise  
14 the installation of solar photovoltaic on top of the  
15 building, which I welcome you to go see. It's a great  
16 installation.

17 The main good news I wanted to share in this  
18 context of increasing demand for electricity, both for  
19 stationary and for mobile, we know that San Onofre has been  
20 decommissioned, and because of climate change the heat index  
21 is going up and the population growth is effecting  
22 electricity demand. And, of course, in our agency we are  
23 relying on millions of electric vehicles to meet air quality  
24 goals, plus natural gas in other sectors. So the demand is  
25 going up but the supply is shortening.

1           What is the good news then?

2           The good news is, and some of us have heard it  
3 already, solar prices have come down to \$2.00 a watt for  
4 residential. And guess what? For \$1.60 for commercial  
5 installation. That's dramatic. Just a few years ago it was  
6 \$7.00.

7           And I want to thank you, all the gentlemen here  
8 and people and ladies and all the agencies who worked  
9 together to promote solar here. I appreciate that. But I  
10 would request you strongly to take it to the next step.

11           The next step is to be a little more aggressive,  
12 and that means 100 percent solar rooftops. Why do I say  
13 that? Because if you look at Google and you'll see the  
14 great shots, aerial views. Google is full -- the solar  
15 covers that building top. Same here. And they are not  
16 Northern California. In Southern California we have better  
17 sun and (indiscernible) sun, and it's an excellent place to  
18 get all the links, new and -- to put solar. And that  
19 includes rich and middle class single-family homes. No  
20 incentive. We can mandate it because the prices are so low.

21           And for the lower income, we should give them some  
22 incentives. So I urge you, that proposal, to adopt that,  
23 work the legislation.

24           The second proposal is --

25           PRESIDENT PICKER: Thank you. We will take your

1 written comments.

2 MR. GEORGE: Right.

3 PRESIDENT PICKER: But as somebody who works here,  
4 you know what happens when that bell runs out.

5 MR. GEORGE: Right. One quick thing.

6 PRESIDENT PICKER: Thank you.

7 MR. GEORGE: Solar water cooker and solar heaters  
8 are available in Europe and all that. We should introduce  
9 that here, too. Thank you.

10 PRESIDENT PICKER: Thank you.

11 MR. GEORGE: All right.

12 PRESIDENT PICKER: Theresa Harvey?

13 I know I don't look like her, but I'm not.

14 MR. HECTOR: Jason Hector, a Porter Ranch  
15 resident. I, as well, drove here. We are volunteers coming  
16 from our community to share with you our stories. I know  
17 I've seen several of you at other hearings and committees,  
18 so you know I'm very active in our community.

19 I want to make a recommendation, specifically to  
20 the Governor's Office and to the PUC, that you've seen so  
21 much conversation on this side of the aisle about solar, and  
22 not enough of it on this side of the aisle. So I would ask  
23 you when you hold these types of meetings to bring the  
24 people, the industry people to be included in the  
25 conversation on this side so they can speak to the witnesses

1 and such.

2           Secondly, I think we need more environmental  
3 justice representation on this side, because this is a  
4 regulatory, primarily regulatory people here. But we also  
5 need people who can advocate for the communities, address  
6 the health concerns of our communities.

7           We had several business people come up who  
8 couldn't even pronounce Aliso Canyon. It was Alisio or --  
9 you know, these people are not in tune with what's going on  
10 in our community, okay? The people who came out from our  
11 community, we are volunteers. We are taking time out of our  
12 day and representing hundreds, if not thousands of other  
13 people who are experiencing the same problems, so keep that  
14 in mind. The people who come up and read you written  
15 presentations and speaking on behalf of businesses, those  
16 are paid people who come in. The people who come in from  
17 the Y, for example, got donations from the Gas Company. So,  
18 you know, understand, they've made money off of this and  
19 they're inclined to support the agenda of the Gas Company.

20           But at the end of the day this facility, we've had  
21 none of these blackouts. This facility has not been  
22 necessary. We can keep it at the 15 billion cubic feet as  
23 is. The only reason to inject into the reservoir is for the  
24 profit motive of the polluter, and this is unacceptable.  
25 People are getting sick still.

1 Thank you for listening.

2 PRESIDENT PICKER: Thank you.

3 Theresa Harvey.

4 MS. MATTHEWS: The final two comments, they were  
5 not able to be here. So they requested the Public Adviser  
6 read those.

7 On behalf of Theresa Harvey, she wanted the Panel  
8 to know, the North Orange County Chamber of Commerce, an  
9 organization that represents over 1,000 businesses and  
10 organizations in 8 cities across North Orange County, would  
11 like to express our concerns for continuing to delay the  
12 reopening of the Aliso Canyon natural gas storage facility.

13 As home to many large manufacturing plants and a  
14 plethora of small businesses, including the entertainment  
15 corridor in Buena Park and Downtown Fullerton, it is  
16 important that each of our business owners and professionals  
17 feel comfortable knowing that they can rely on energy being  
18 provided to their places of operation. Our region  
19 recognizes that 60 percent of our energy is generated from  
20 natural gas, and that Southern California's largest facility  
21 is offline. Having a local pool of natural gas allows  
22 businesses to operate, knowing the power will stay on for  
23 them and their customers.

24 The heat of the summer is on us and our energy  
25 consumption is as high as ever. As business professionals,

1 we are sure you understand the need for security of energy  
2 and the guarantee that we can turn the lights on. Thank you  
3 for your consideration.

4 And the last public comment that was received is  
5 from John Teboe. He is a 15-year resident of Porter Ranch  
6 Estates. He lives less than one-half mile from the Aliso  
7 Canyon facility. He attended the Air Quality Management  
8 District public hearing on August 6th. And one of the Board  
9 Members asked that a professional who deals with methane  
10 poisoning speak at the next meeting.

11 The extreme symptoms he's experienced last year  
12 from October to December 2015 are the classic systems of  
13 methane poisoning. His symptoms were extreme headaches,  
14 continuous severe heart palpitations, cognitive impairment,  
15 dizziness, loss of motor coordination, severe flu-like  
16 symptoms, lethargy, and severe summer and gastrointestinal  
17 problems.

18 He went to urgent care four times because of the  
19 heart palpitations. He had to take tests to see if there  
20 was heart damage. And now he's on high blood pressure  
21 medication, and he never took it until this catastrophe. He  
22 has still not fully recovered.

23  
24 SoCal Gas has not had my house professionally  
25 cleaned. I am still experiencing headaches and a dry cough.

1 My doctor doesn't know why or what's causing the dry cough,  
2 so he ordered chest X-rays, and he is now awaiting results.

3 On August 6th the Aliso Canyon facility operations  
4 manager under oath testified that they are still finding  
5 leaks on average of two a day. That's over 700 leaks found  
6 a year; right? Please shut this leaking facility down  
7 permanently because people are getting sick. Please close  
8 the Aliso Canyon facility permanently.

9 Thank you for giving me his opportunity.

10 PRESIDENT PICKER: Okay. I also have a sign-up  
11 from Anthony Duarte. Is Mr. Duarte here? Thank you.  
12 Sorry.

13 MR. DUARTE: Good afternoon. My name is Anthony  
14 Duarte. I'm the CEO of the Regional Chamber of Commerce for  
15 the San Gabriel Valley. The Regional Chamber represents the  
16 business communities of Walnut, La Puente, Rowland Heights,  
17 Avocado Heights, Hacienda Heights, also Valinda, and right  
18 here in Diamond Bar.

19 I'm here today to speak in support of reopening  
20 SoCal Gas's Aliso Canyon facility. Without the reopening of  
21 the Aliso Canyon facility the ability to meet demand during  
22 the upcoming winter season is reduced, increasing the risk  
23 of natural gas shortages. These shortages can impact the  
24 entire San Gabriel Valley and the business communities the  
25 Regional Chamber serves that rely on natural gas to operate.



1           The reopening of the Aliso Canyon facility is  
2 important to our business community and to the tens of  
3 thousands of people employed by these businesses and that  
4 potentially would be directly impacted if the Aliso Canyon  
5 facility is not reopened.

6           The other hat I wear is I'm a School Board Member  
7 for the Hacienda-La Puente Unified School District here in  
8 the San Gabriel Valley. We service almost 40,000 students  
9 every year, 40 school sites. And when parents drop off  
10 their students at our school sites, they rely that we're  
11 going to have the doors open and the light on. And that can  
12 only be done with reliable energy.

13           But also being a school board member, I know that  
14 it has to be done safely. And I'm assured that Southern  
15 California Gas Company can reopen the Aliso Canyon facility  
16 safely.

17           Thank you.

18           PRESIDENT PICKER: Okay. Thank you. And thank  
19 you for being patient for us to call your name.

20           This completes the list of people who signed up to  
21 speak.

22           Oh, sir?

23           I signed up.

24           PRESIDENT PICKER: My apologies. We may have  
25 called your name earlier when you were out of the room. And

1 thank you for your patience, as well.

2 Oh, good afternoon. And thank you for your time  
3 that you've spent here with us. My name is Jaime Garcia.  
4 I'm with the Hospital Association. I'm the Regional Vice  
5 President here in Los Angeles County. The Hospital  
6 Association of Southern California represents 172 hospitals  
7 in the six county region that comprise Santa Barbara,  
8 Ventura, San Bernardino, Riverside, Orange, and Los Angeles  
9 Counties.

10 Hospitals operate 24/7 and provide emergency  
11 medical attention to patients in need, whether it's a trauma  
12 victim who is critically injured in a traffic accident on  
13 Interstate 10, to an individual who arrives with severe  
14 chest pains. Regardless of the emergency or disaster, the  
15 availability of medical attention 24/7 truly make hospitals  
16 key, critical infrastructure assets that we must work  
17 collectively to keep their doors open, especially in Los  
18 Angeles County. According to OSHPD there was about 3  
19 million ED visits in 2014. So that kind of shows you the  
20 scope and the need for hospitals here in the Los Angeles  
21 Region.

22 Water, electricity and fuel, such as natural gas,  
23 are essential resources that hospitals rely on to remain  
24 fully operational. A service interruption or curtailment  
25 attributed to any of these utilities could force a hospital

1 to go into internal disaster or, depending on the  
2 circumstance, elect to have ambulances diverted to other  
3 alternative facilities. Natural gas fuels a hospital's  
4 boiler system which supplies steam for heating water for use  
5 in sterilization of medical equipment, surgical tools, as  
6 well as in the operation of food preparation.

7           While we appreciate and understand the need to  
8 conserve, and we are working on trying to achieve that where  
9 it's possible, hospitals must also remain compliant with  
10 Health and Safety Code 1250 and Title 22 requirements that  
11 assist with the prevention and control of infections that  
12 protect patient safety and quality of care. While a demand  
13 response program is mentioned in the report as a strategy  
14 for reducing natural gas consumption, it's not a viable  
15 option for hospitals at this time.

16           HASC recommends adoption of a methodical process  
17 that takes into consideration the existing regulatory  
18 environment and the role of hospitals, versus a curtailment  
19 recommendation that is premised on penalizing hospitals  
20 simply because of their size. Thank you for your time.

21           PRESIDENT PICKER: Thank you.

22           So is there anybody else who signed up whose name  
23 I did not call? I just want to check to see that I didn't  
24 miss somebody on the list. No? Okay. Thank you.

25           Then I'm going to turn it back to the Chair.

1 CHAIR WEISENMILLER: Okay. And I've been told,  
2 also, there's no one, no WebEx comments, so no one on the  
3 phone. So it's time for sort of a wrap-up. I think we've  
4 all had a pretty long day, and certainly a lot of  
5 interesting questions.

6 I think in terms of -- we've heard a lot of  
7 sentiment on the basic question of opening or reopening,  
8 which obviously wasn't what we're dealing with today. We're  
9 dealing with the winter question. And we have gotten a risk  
10 assessment. We have an action plan.

11 I certainly would encourage folks who have ideas  
12 on additional actions to submit those for the record.  
13 Again, those are due -- Heather? Sorry.

14 MS. RAITT: September 9th. And the information on  
15 the notice provides how to submit the comments.

16 CHAIR WEISENMILLER: Okay, just so everyone knows.  
17 Sort of looking across the dais, welcoming anyone  
18 else who wants to do wrap-up comments.

19 COMMISSIONER MCALLISTER: I just have to get my  
20 pitch in for energy efficiency and demand response. And,  
21 you know, I think they make all the sense in the world for  
22 many, many different reasons, but certainly our primary  
23 toolbox for dealing with issues such as this, reliability  
24 generally. We've got a long history of it, we know how to  
25 do it.

1           And I want to thank the PUC for its initiative on  
2 a lot of this. And we've really partnered, the Commissions  
3 partner together really well on energy efficiency and  
4 complement each other well. But I do want to challenge us  
5 to do better. We've got the AB 758 Action Plan to get at  
6 our existing buildings. We've got big goals established SB  
7 350. So just, you know, this is what keeps me up at night.  
8 And I know it probably, you know, keeps some of you up at  
9 night with it, as well.

10           But this has been a primary policy for 40 years  
11 and it remains important. So I just wanted to make sure to  
12 highlight that in the wrap-up.

13           CHAIR WEISENMILLER: Well, Andrew, could you also  
14 mention the other thing that's keeping both of us up in  
15 terms of the zero net goal?

16           COMMISSIONER MCALLISTER: So existing buildings  
17 are a big deal, there are lots of them here, but we also  
18 have new construction.

19           What's that?

20           MR. WEBSTER: You said you only have two things  
21 that are keeping you up.

22           COMMISSIONER MCALLISTER: Yeah, exactly. Well,  
23 zero-net energy is another bigger. You know, as our economy  
24 rebounds we're building a lot of new homes. And there was  
25 some talk today about that and how to use code to promote

1 energy efficiency, and certainly we're doing that. I mean,  
2 I don't want to just say we have to do better, we are doing  
3 a lot. And I think, you know, no one person, even on this  
4 dais, knows everything that's going on with respect to clean  
5 energy and energy efficiency and demand response. There's  
6 so much going on, it's more than one person can track.  
7 Certainly with the ISO and the PUC and the Energy Commission  
8 and Air Resources Board, we're getting together on a lot of  
9 these issues, as well as other agencies on the dais here.

10           You know, our built environment is where most of  
11 our energy, well over half of our energy gets utilized. And  
12 so it's about behavior, but it's also about equipment, and  
13 it's also about the buildings themselves, the shell, our  
14 infrastructure in the state. So we are doing a lot, I think  
15 is the message. But we do need to do more, and there's a  
16 lot more to be done.

17           MR. RECHTSCHAFFEN: Thank you to the agencies, the  
18 experts, the public, the community members who participated  
19 today. Clearly this is an issue about which people feel  
20 very deeply. We benefitted enormously from all the input.

21           We had a six-month plan for the summer. This is  
22 basically a six-month plan for the winter. Hopefully we'll  
23 get over the immediate crisis and the next time we meet in a  
24 setting like this we will have a longer term plan and  
25 solution going forward.

1           Thanks again, everybody.

2           COMMISSIONER SANDOVAL:   So I just wanted to add my  
3   thanks to everyone for coming.

4           And one of the things that I think that is also  
5   striking is that we're all in this together.   So I, like  
6   many people on this dais, I'm from Los Angeles.   I have  
7   family in the Los Angeles area.   The reality is that we  
8   would not have gotten through the days where things were  
9   close without the efforts of all of the people of L.A.  
10   County and Orange County and parts of Ventura County.   It's  
11   going to be a regional solution.   And every time that we  
12   call for demand response, every time that we call for  
13   installing energy efficiency, it's going to take everybody.

14           So I really also would love to see more cross-town  
15   collaboration where neighborhoods are really talking to each  
16   other and realizing that we all really need each other.

17           In addition to that, the other regional dimension,  
18   I think, that we need to explore is that as we look at  
19   beyond the region of Southern California and California, you  
20   know, when we look at gas imports from New Mexico, for  
21   example, and times when gas freezes in New Mexico, in Canada  
22   they made investments where they insulated their pipelines,  
23   and that wasn't done for economic reasons in New Mexico.

24           So as we think about what are the supplies that we  
25   can rely on to be able to deal with our problems, we have to

1 just recognize the vulnerabilities of different supplies,  
2 while we also really look at what can we do this winter, and  
3 we work towards longer term solutions that can get us to our  
4 commitments and goals for energy efficiency, for greenhouse  
5 gas reduction, but also for safety and reliability.

6           So I look forward to working with all of you to  
7 figure out those solutions together as a region, a  
8 community, a state and a nation.

9           MR. WEBSTER: And I do also believe in the  
10 creativity of Southern Californians to resolve this. And I  
11 heard today, don't let a good crisis go to waste. And so  
12 L.A. has taken that to heart. It is because we have to look  
13 at our mitigations in the short term. But long term, the  
14 City of Los Angeles has launched a study to really look at,  
15 could we be 100 percent clean energy in the future? And we  
16 think that over the next six months we can have a really  
17 robust dialogue, looking out far into the future. Because  
18 ultimately, to resolve these types of problems we need to  
19 have that type of creativity really launched and a really  
20 healthy discussion, whether it starts over the next six  
21 months or three years. But I think that's what we need to  
22 be looking forward to in the future.

23           CHAIR WEISENMILLER: Okay. Again, I'd like to  
24 thank the South Coast for the hospitality. We certainly  
25 appreciate the stakeholder participation today. Thank all



1 the agencies for working together. We obviously have a lot  
2 on our plates to continue. And as Michael said earlier,  
3 obviously we're hoping that we can continue to be either  
4 smart or lucky or both.

5           So this meeting is adjourned. Thanks.

6           (Whereupon the Workshop adjourned at 5:30 p.m.)

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**REPORTER'S CERTIFICATE**

I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were reported by me, a certified electronic court reporter and a disinterested person, and was under my supervision thereafter transcribed into typewriting.

And I further certify that I am not of counsel or attorney for either or any of the parties to said hearing nor in any way interested in the outcome of the cause named in said caption.

IN WITNESS WHEREOF, I have hereunto set my hand this 7th day of September, 2016.



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Mason Booker  
CER\*\*00866

## CERTIFICATE OF TRANSCRIBER

I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were transcribed by me, a certified transcriber and a disinterested person, and was under my supervision thereafter transcribed into typewriting.

And I further certify that I am not of counsel or attorney for either or any of the parties to said hearing nor in any way interested in the outcome of the cause named in said caption.

I certify that the foregoing is a correct transcript, to the best of my ability, from the electronic sound recording of the proceedings in the above-entitled matter.



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MARTHA L. NELSON, CERT\*\*367

September 7, 2016