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March 1, 2017

Transmitted via electronic mail to:
ClerkofBoard@aqmd.gov

Board Members
South Coast AQMD Hearing Board

Re: Order for Abatement, Case No. 137-76, in the matter of *South Coast Air Quality Management District vs. Southern California Gas Company, Aliso Canyon Storage Facility*

Honorable Board Members:

My name is Issam Najm, and I am the president of the Porter Ranch Neighborhood Council. This letter is submitted to you on behalf of the Porter Ranch Neighborhood Council, and I ask that it be entered into the record for your hearing regarding the Order for Abatement, Case No. 137-76, to be held tomorrow, Thursday, March 2, 2017.¹

On Tuesday, February 28, 2017, I testified on behalf of the Neighborhood Council at your hearing regarding the Order for Abatement, Case No. 137-76. During my testimony, I was asked about the basis of my statement that the cost of the health study in the settlement agreement between the gas company and the District is completely inadequate. In response, I referenced AB 1903 that included a clear quantification of the cost of the required health study. With this letter, I am attaching the information on AB 1903 as presented to the Senate Committee on Appropriations in June 2016. I highlighted sections of the document to draw your attention to the intended scope and the stated cost. I would like to bring two issues to your attention:

First, under the Fiscal Impact section on page 1, the cost of the health study is clearly stated based on the finding of the State Office of Environmental Health Hazard Assessment (OEHHA). The cost is listed as \$12.9 million for the first three years, and then \$3.3 million per year from the fourth year until 2028. Since the study was intended to begin in 2016, the

¹ *The opinions expressed in this document are those of the Porter Ranch Neighborhood Council, and not necessarily those of the City of Los Angeles.*

fourth year was supposed to be 2019, to allow for 10 years of long-term data collection. **This amounts to a total of \$45.9 million dollar over the 13-year period.**

Second, at the bottom of page 2, the paragraph describes "*The Local Response*", and it references specifically the SCAQMD Order for Abatement. This paragraph even identifies the scope of work to include "...generate chronic toxicity values for the widely-used natural gas odorants tetrahydrothiophene and tert-butylmercaptan; estimate chronic cancer risks and noncancer hazard indices; ...". None of these requirements are in the scope of work in the Settlement Agreement. It is the mere existence of this local response that prompted the legislatures to set aside AB 1903. For additional information, the specific text of the June 22, 2016 text of the bill is also attached.

The combination of the information of AB 1903 and the testimony of the Los Angeles County Department of Public Health provides the Board with sufficient and unquestionable evidence that the scope of work and cost for the health study defined in the Settlement Agreement is flawed and contradictory to the opinions of health experts.

We strongly urge the Board to ask District counsel why they agreed to a scope and budget for a health study that is clearly inadequate based on the expert opinion they received, and why is it that the District did not disclose to the Board the opinion of the expert panel that it convened to advise them on the scope of the health study.

We repeat our appeal to the Board to vote NO on terminating the Order for Abatement, and strongly urge the Board to exercise its authority to nullify the Settlement Agreement.

Respectfully Yours,

Porter Ranch Neighborhood Council



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

Board President

cc: PRNC Board Members

State Senator Henry Stern, 27th District

Los Angeles County Supervisor Kathryn Barger

Angelo Bellomo, Los Angeles County Department of Public Health

Los Angeles City Councilmember Mitchell Englander

Los Angeles City Mayor Eric Garcetti

Encl: Senate Committee on Appropriations, Fiscal Summary Statement on AB 1903
Draft of Assembly Bill 1903 as amended in Senate June 22, 2016.

SENATE COMMITTEE ON APPROPRIATIONS

Senator Ricardo Lara, Chair

2015 - 2016 Regular Session

AB 1903 (Wilk) - Aliso Canyon gas leak: health impact study

Version: June 22, 2016

Policy Vote: E., U., & C. 11 - 0

Urgency: No

Mandate: No

Hearing Date: August 1, 2016

Consultant: Narisha Bonakdar

This bill meets the criteria for referral to the Suspense File.

Bill Summary: AB 1903 requires the California Public Utilities Commission (CPUC) to authorize the Office of Environmental Health Hazard Assessment (OEHHA) to study the long-term health impacts of the natural gas leak at the Aliso Canyon Natural Gas Storage Facility (Aliso Canyon) if funding is available.

Fiscal Impact:

- **Approximately \$12.9 million for the first three years for OEHHA to perform the required evaluations and studies.**
- **Ongoing annual costs of \$3.3 million for OEHHA from the fourth year until December 31, 2028.**
- Minor costs to the CPUC; however, the CPUC notes that the cumulative fiscal impact of the Aliso Canyon bill package is significant.

Background:

Regulation of natural gas storage wells. Although natural gas storage facilities are subject to the overall utilities jurisdiction of the CPUC, natural gas storage wells and associated piping and equipment fall under the jurisdiction of Department of Conservation's Division of Oil, Gas and Geothermal Resources (DOGGR). Natural gas storage wells represent a small component of the overall Underground Injection Control (UIC) program (approximately 400 wells out of 52,000 statewide), which generally covers permitting, inspection, enforcement, mechanical integrity testing, plugging and abandonment oversight, data management, and public outreach. DOGGR has acknowledged widespread failures in the implementation of its UIC program, and has released a "Renewal Plan" to guide its commitment to reform. DOGGR has received personnel and funding through recent budgets to improve program implementation, data management, enforcement, and other functions.

Aliso Canyon gas leak impacts. On October 23, 2015, Southern California Gas Company (SoCalGas) discovered a significant natural gas leak from "Standard Sesnon 25" (SS 25) well at the Aliso Canyon. The Aliso Canyon is located adjacent to the community of Porter Ranch within the city of Los Angeles. Several days passed before SoCalGas disclosed to the community that a significant uncontrolled leak was occurring. The leak lasted for four months, resulted in the relocation of more than 5,000 households (at SoCal Gas's expense), and resulted in hundreds of public health complaints. In addition to the public health concerns, ARB's initial coarse estimates

indicate that about 95,000 metric tons of methane was released into the air, adding approximately 20% to the statewide methane emissions during the duration of the leak.

The Administration's Response. On January 6, 2016, Governor Brown issued a proclamation that declared the Aliso Canyon situation an emergency. The emergency proclamation detailed the administration's efforts to help stop the leak and directed further action to protect public health and safety, ensure accountability, and strengthen oversight of gas storage facilities. Among other things, the proclamation specifically directed OEHHA to convene an independent panel of scientific and medical experts to review public health concerns stemming from the gas leak and evaluate whether additional measures are needed to protect public health beyond those already put in place.

During and after the gas leak, OEHHA evaluated the health hazards and risks posed by the gas leak. Among other things, OEHHA's evaluation concluded that the available air sample data does not indicate an acute health hazard, and current measured exposures to benzene (a cancer-causing chemical) are below the level of concern for chronic health effects.

The 2016-17 Budget includes \$13.8 million and 57 positions to implement the Governor's emergency proclamation, enhance efforts to improve public safety statewide, and strengthen oversight of gas storage facilities.

California Energy Commission: \$1.7 million and three positions to monitor, model, and analyze the interaction of electricity and natural gas systems for reliability (Public Interest Research, Development, and Demonstration Fund).

Department of Conservation: \$4.2 million and 20 positions to support increased regulatory activities (Oil, Gas and Geothermal Resources Fund).

Air Resources Board (ARB): \$2.3 million and four positions to provide air quality monitoring near oil and gas operations (Oil, Gas and Geothermal Resources Fund).

Office of Environmental Health Hazards Assessment: \$350,000 and two positions to support ARB's air quality monitoring (Oil, Gas and Geothermal Resources Fund).

California Public Utilities Commission: \$1.5 million and 10 positions for increased workload related to regulating natural gas facilities and \$1.7 million) and 11 positions to create the Division of Safety Advocates (Public Utilities Commission Utilities Reimbursement Account).

The Local Response. On February 2, 2016, SoCal Gas confirmed in writing its commitment to provide funding for reasonable costs to conduct a health study on potential impacts of the Aliso Canyon gas leak, as required by the Order for Abatement issued by the **South Coast Air Quality Management District (SCAQMD)**. The order requires that the study is conducted by a third-party approved by the SCAQMD and SoCalGas, and that an advisory committee will be established to evaluate field data, analysis methods, and results. **The scope of work proposes that the study:** perform a literature search; identify of chemicals (or constituents) of potential concern associated with the release; determine the potential areas of concern and exposure point concentrations; **generate chronic toxicity values for the widely-used natural gas**

odorants tetrahydrothiophene and tert-butylmercaptan; estimate chronic cancer risks and noncancer hazard indices; identify and describe key uncertainties; and prepare a written report. According to the SCAQMD, it is currently in contract negotiations with the National Academy of Sciences to conduct the initial phase of the study, which will determine subsequent phases of the study.

Proposed Law: This bill:

- 1) Requires the CPUC to authorize OEHHA to study the long-term health impacts of the Aliso Canyon, if sufficient funds are available for the study.
- 2) Requires the study to evaluate the health impacts on individuals who resided within a 12-mile radius of the Aliso Canyon when the leak occurred and to evaluate the impact exposure to chemicals, such as methane, benzene, and mercaptan, had on residents.
- 3) Requires the CPUC to publish and provide a copy of the report to the relevant policy committees in the legislature.
- 4) Requires the CPUC to order SoCalGas to pay for the study.
- 5) Allows the CPUC to include the costs of the study in any penalties assessed on SoCal Gas.
- 6) Sunsets the provisions of the bill on January 1, 2029.

Related Legislation:

SB 380 (Pavley, Chapter 14, Statutes of 2016,) extends the Administration's moratorium on injection at the Aliso Canyon facility until the wells are determined to be safe, and is currently before the Assembly Appropriations Committee.

SB 887 (Pavley, 2016) provides a framework for reforming oversight of natural gas storage facilities. The bill mandates minimum standards for equipment inspections, monitoring, and testing; training of personnel; leak monitoring; response planning; reporting; and information sharing. This bill is pending Assembly Appropriations Committee.

SB 888 (Allen, 2016) establishes the Governor's Office of Emergency Services as the lead state responder in the event of a natural gas leak and bar leak-related costs from being borne by rate payers. This bill is pending Assembly Appropriations Committee.

SB 1383 (Lara, 2016) establishes goals for the emissions of short-lived climate pollutants (including methane). This bill is pending Assembly Appropriations Committee.

SB 1441 (Leno, 2016) prohibits the commission from allowing gas corporations to seek or receive recovery from ratepayers for the value of natural gas lost to the atmosphere during the extraction, production, storage, processing, transportation, and delivery of the natural gas. This bill is pending Assembly Appropriations Committee.

AB 1882 (Williams, 2016) prevents the approval of underground injection well projects without concurrence of the State Water Resources Control Board. This bill was held in Assembly Appropriations Committee.

AB 1902 (Wilk, 2016) establishes a three-year statute of limitations for Aliso Canyon leak-related civil actions. This bill was held in Assembly Judiciary Committee.

AB 1904 (Wilk, 2016) requires the Office of Environmental Health Hazard Assessment to undertake a study of odorants. This bill is pending Senate Environmental Quality Committee as an urgency measure.

AB 1905 (Wilk, 2016) requires an independent science study of natural gas storage facilities. This bill was held in Assembly Appropriations Committee.

Staff Comments:

This bill is one of three bills introduced by the author to study the health impacts of Aliso Canyon. Also, as indicated above, is one of many efforts throughout the state to assess and address health impacts resulting from the Aliso Canyon, most notably the SCAQMD effort described above. It is unclear how the study required in this bill will complement or otherwise impact the SCAQMD study.

-- END --

AMENDED IN SENATE JUNE 22, 2016

AMENDED IN SENATE JUNE 20, 2016

AMENDED IN ASSEMBLY MAY 31, 2016

AMENDED IN ASSEMBLY APRIL 4, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 1903

Introduced by Assembly Member Wilk

(Coauthor: Senator Pavley)

February 11, 2016

An act to add and repeal Section 911.3 of the Public Utilities Code, relating to natural gas.

LEGISLATIVE COUNSEL'S DIGEST

AB 1903, as amended, Wilk. Aliso Canyon gas leak: health impact study.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including gas corporations. The Natural Gas Pipeline Safety Act of 2011, within the Public Utilities Act, designates the commission as the state authority responsible for regulating and enforcing federal law with respect to intrastate gas pipeline transportation and pipeline facilities. Existing law requires the Office of Environmental Health Hazard Assessment to evaluate the environmental and health risks posed by various substances.

This bill, if sufficient moneys are recovered by the commission and appropriated for the purpose of these provisions, would require the commission to authorize a study by the Office of Environmental Health Hazard Assessment of the long-term health impacts of the significant

natural gas leak from the Aliso Canyon natural gas storage facility located in the County of Los Angeles that started approximately October 23, 2015, as specified. The bill would require the commission to publish and transmit the report by the Office of Environmental Health Hazard Assessment and its ongoing findings to the appropriate policy committees of the Legislature on a biennial basis, on or before January 1 of every even-numbered year, from 2018 until 2028. The bill would require the commission, consistent with its authority to bring enforcement actions, to order Southern California Gas Company to pay for the study. The bill would repeal these provisions on January 1, 2029.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 911.3 is added to the Public Utilities
2 Code, to read:
3 911.3. (a) If *sufficient* moneys are appropriated as specified
4 in subdivision (d), the commission shall authorize a study by the
5 Office of Environmental Health Hazard Assessment of the
6 long-term health impacts of the significant natural gas leak from
7 the Aliso Canyon natural gas storage facility located in the County
8 of Los Angeles that started approximately October 23, 2015. The
9 study shall include, but is not limited to, both of the following:
10 (1) An investigation of the impact of the natural gas leak on the
11 health of persons who resided within a 12-mile radius of the Aliso
12 Canyon natural gas storage facility in the County of Los Angeles
13 between October 23, 2015, and the date when the State Oil and
14 Gas Supervisor has determined that the gas well safety review
15 conducted pursuant to Order 1109, issued by the State Oil and Gas
16 Supervisor on March 4, 2016, is complete.
17 (2) An evaluation of the impact on residents due to exposure to
18 chemicals, including, but not limited to, methane, benzene, and
19 mercaptan.
20 (b) The commission shall publish and transmit the report by the
21 Office of Environmental Health Hazard Assessment and its ongoing
22 findings to the appropriate policy committees of the Legislature
23 on a biennial basis, on or before January 1 of every even-numbered
24 year, from 2018 until 2028.

1 (c) (1) Consistent with its authority to bring enforcement actions
2 under this part, the commission shall order Southern California
3 Gas Company to pay for the study described in subdivision (a).

4 (2) If the commission penalizes Southern California Gas
5 Company for its responsibilities related to the natural gas leak at
6 the Aliso Canyon natural gas storage facility, the commission may
7 include the costs of the study described in subdivision (a) in any
8 penalty assessment.

9 (d) The commission shall authorize and the Office of
10 Environmental Health Hazard Assessment shall undertake the
11 study described in subdivision (a) only if the commission has
12 recovered sufficient moneys to pay the costs of the entire study
13 pursuant to subdivision (c) and the Legislature has appropriated
14 those moneys for the purpose of this section.

15 (e) This section shall remain in effect only until January 1, 2029,
16 and as of that date is repealed, unless a later enacted statute, that
17 is enacted before January 1, 2029, deletes or extends that date.