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September 8, 2018

submitted via email to: RCorey@arb.ca.gov

Mr. Richard Corey
Executive Director
California Air Resources Board
California Environmental Protection Agency
1001 I Street
Sacramento, California 95814

Re: Comments on the Draft Settlement Agreement with the Southern California Gas Co.¹

Dear Mr. Corey:

The Porter Ranch Neighborhood Council (PRNC) appreciates the opportunity to submit to the California Air Resources Board (CARB) our comments on the Draft Settlement Agreement between the State of California, Los Angeles County, City of Los Angeles, and the Southern California Gas Company (SoCalGas) announced on August 8, 2018 related to the gas well rupture at the Aliso Canyon gas storage field of October 2015 and the ensuing environmental and public health disasters. The PRNC is a community-elected body of the City of Los Angeles representing more than 30,000 residents living and working in Porter Ranch. Since the day the community found out about the Aliso Canyon gas blowout, the PRNC has worked diligently with all State, County, and City agencies advocating on behalf of our families and businesses expressing their concerns over the short-term and long-term effects of this facility. The PRNC continues to call for the expedited and responsible closure of the Aliso Canyon facility and urges all State agencies to formally adopt the Governor's directive of closing down the Aliso Canyon facility no later than July 2027.

We are encouraged by the fact that the settlement agreement captures two important priorities of the community, primarily the long-term health study and the independent air-monitoring system. We have a number of questions about how these two matters will be implemented, which we outline in this letter. However, the PRNC is surprised and disappointed in how much the settlement agreement ignores the local community and the impact this disaster had on it. We wish to offer the following comments to CARB, and we urge you to incorporate our comments in to a revised settlement agreement.

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

General Comments

1. In July 2017, Governor Brown directed the California Energy Commission to develop a plan to shut down the Aliso Canyon Facility by July 2027. This requires efforts across multiple State and local agencies to reduce reliance on methane and fossil fuel. Yet, the settlement agreement makes no effort towards that goal. While this is not typically within the purview of CARB, we ask that a meaningful part of the settlement be set aside to a Supplemental Environmental Project (SEP) that evaluates the measures that need to be put in place across the gas and electricity systems to allow for the closure of the Aliso Canyon facility while maintaining energy reliability in Southern California.
2. A large portion of the settlement agreement aims at funding environmental mitigation everywhere in the State except in the community that lived through this environmental disaster: the north San Fernando Valley. We wish to remind CARB that the 109,000 tons to be captured from dairy operations in the Central Valley over 10 years were actually released into our community in as little as four months. Yet, there is nothing in the settlement agreement to mitigate any of the environmental impacts in the impacted community.
3. When DOGGR made the determination in July 2017 that the Aliso Canyon facility may resume operation, DOGGR allowed the facility to release as much as 250 kg/hr of methane into the atmosphere. When the PRNC asked DOGGR about the rationale for this high release rate, we were informed that this value came from CARB as being a “reasonable release rate from a facility of this size”. Even if the release rate is half this limit, i.e., 125 kg/hr, it translates into a release rate of 1,000 metric tons of methane every year, which is the same amount of methane that CARB wishes to recover from any one of the dairy operations listed in the settlement agreement. Why does CARB feel that the releases from those dairies, which are in sparsely populated areas, are harmful to the environment and must be mitigated, while it considers the same amount of release into one of the most densely populated areas of the State to be an acceptable part of “doing business”? This should not be acceptable to anyone. In fact, the release from the facility is far more detrimental than that from a dairy digester because, unlike the dairy digester, the methane released from the facility carries with it a long list of cancer-causing chemicals that do not seem to be of any concern to anyone.
4. The settlement agreement does nothing to reduce reliance on fossil fuel in general, and natural gas in the LA Basin in particular. We ask that a part of the settlement be allotted to a meaningful study in Porter Ranch to evaluate how an existing urban community can be transformed to a net zero-energy community and what the cost of that transformation would be. This will be valuable information for the entire State, especially in light of the possible signing of SB100 into law by Governor Brown.

5. In line with the Governor's directive, we ask that the settlement agreement sets aside the appropriate budget for a meaningful desktop study aimed at determining what specific changes, if any, need to be made to the energy transmission and/or delivery system to maintain energy reliability in the LA Basin without the need for Aliso Canyon. This is a critical step in implementing the Governor's directive.
6. The settlement agreement should explicitly state that SCG maintains full liability for all damages, environmental or otherwise, inside its fence that may have resulted from or is connected to, in any manner, its operation before, during, and after the well blowout, including but not limited to soil and water cleanup. SCG should not be allowed to walk away from the facility without completely cleaning up the site under the cover of this settlement agreement.
7. The \$3M air monitoring is not enough for a meaningful independent monitoring system around the facility in Porter Ranch when considering the cost to purchase, install, operate, and maintain the various monitors and manage the collection, analysis, and online posting of the data. The notion that this amount will also cover the cost of air monitoring in other locations is unrealistic. We also wish to emphasize that the independent air-monitoring system will continue to require full funding to operate and maintain the equipment and the data for as long as the Aliso Canyon facility is permitted to operate. Finally, it is imperative that the monitoring not be limited to methane and BTEX, but also include any other priority pollutant or criteria pollutant known to CARB to be released by the Facility, for which an online monitoring system exists.
8. There are \$21M of penalties divided equally between the State, County, and City, and yet there is no mention of how these monies will be used. We ask that these monies not be deposited in the respective entities' general funds but be set aside for public-benefit projects in the North San Fernando Valley of the City of Los Angeles, with priority given to projects that help achieve the goal of closing down the Aliso Canyon facility while maintaining energy reliability.
9. The settlement agreement provides \$7.1M to the South Coast AQMD to fund the installation of air-filtration systems in public schools. We wish to remind CARB that the SCAQMD already diverted about \$5M from their settlement agreement with SoCalGas under the Abatement Order and deposited it into their general fund. We see no reason why the air-filtration systems should not be funded by the \$5M AQMD already received, and not from this settlement agreement. We ask that the \$7.1M be reduced to \$2.1M contingent on the SCAQMD combining it with the \$5M from the Abatement Order settlement agreement to fully fund the air-filtration systems at the \$7.1M level. The remaining \$5M should then be added to the \$25M health study portion of this settlement agreement.
10. In line with the Governor's Directive and the State climate goals, it seems imperative that the Aliso Fund Project Criteria listed in Appendix D, section 3.7.(g) should give

priority to SEPs that reduce dependence on fossil fuel and/or eliminate the need for the Aliso Canyon facility.

Specific Questions & Comments

Appendix A goes into great length to discuss the GHG mitigation projects at the central valley dairies, while Appendices B through D briefly discuss the other parts of the settlement agreement. We offer the following suggestions, questions, and comments:

1. We are curious why the initial Administrator and the successor Administrator will be selected by SoCalGas. The selection of the Administrators should be at the discretion of the Attorney General (AG) or be a court-appointed entity.
2. Nowhere in the settlement agreement does it state who pays the cost of the Administrator, Mitigation Fund Trustee, CARB-Accredited Verifier, Independent Engineer retained by the Administrator, or any other entity employed or hired by them to conduct their business. If the costs of these and other overhead entities are to be borne by the settlement fund, it needs to be clearly stated as such, and there should be an upper limit set to ensure that the costs are properly controlled.
3. What happens if any of the owners of a Mitigation Project defaults on their loan payment obligations, or goes out of business? The settlement agreement is silent on how such a default would be handled to ensure that the full settlement amount is paid back.
4. What obligation does the Mitigation Project owner and/or SoCalGas have regarding the mitigation projects after the 109,000 MT of methane are mitigated? Specifically, will the project owners be required to continue operating the project and will SoCalGas be required to continue taking the gas generated by the projects? If there is no such commitment, then the GHG mitigation is only temporary and does not meet the intended goal of long term GHG mitigation.
5. We recognize that any gas captured from the Mitigation Projects should be put to use. However, we do not believe that SoCalGas should profit from this venture. Any gas received from this venture will reduce the amount of gas that SoCalGas will need to purchase. To do right by the impacted community, we ask that SoCalGas be required to credit the core customers in the North San Fernando Valley each year for the amount of gas it received from all Mitigation Projects funded under this settlement agreement during the previous year and that this program continues for as long as the Aliso Canyon facility is in operation. The North San Fernando Valley communities can be defined as those in postal zip codes 91326, 91311, 91324, 91325, and 91344.
6. Article 3.(a).iv should explicitly state that no portion of the fund from this settlement should go to any project, facility, or component owned by Sempra Energy or any of its

subsidiaries, affiliates, or entities with which Sempra Energy has a common financial interest.

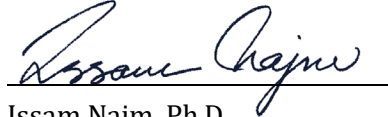
7. The definition of Common Facilities is unclear. If there will be common facilities that convey the recovered gas to the gas pipeline system, who will own these facilities? Will it be SoCalGas? If so, these facilities should not be financed by the Mitigation Fund.
8. We ask that the Aliso Fund Committee include two representatives from the North San Fernando Valley Communities and that these two additional members be granted equal status and voting rights to those of the other three Committee members as described in Appendix D.

In the final analysis, it is quite apparent that the vast majority of the settlement agreement resulting from a local disaster is being diverted to matters unrelated to the impacted community. This should be rectified, and the comments provided in this letter aim towards that goal.

We thank you for the opportunity to provide our comments and urge you to make the necessary changes to the settlement agreement to address our concerns.

Respectfully Yours,

Porter Ranch Neighborhood Council



Issam Najm, Ph.D.
President

cc: Mr. Saul Gomes – Deputy Cabinet Secretary, Office of California State Governor
Office of Attorney General Xavier Bacera
Congressman Brad Sherman – California 30th District
Congressman Steve Knight – California 25th District
State Senator Henry Stern – Senate District 27
State Senator Bob Hertzberg – Senate District 18
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