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Hon. Xavier Becerra
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Dear California Attorney General Becerra and City Attorney Feuer,

We bring to your attention deeply troubling information that Southern California Gas Company is deliberately misrepresenting the state of the Los Angeles area's natural gas pipeline supply in order to justify reopening the Aliso Canyon natural gas storage facility as quickly as possible. It has also already begun withdrawals from the facility. It is advising customers that they may receive a notice to curtail service.

Reopening Aliso, even on a limited basis, is inadvisable given the fact that we cannot determine that the facility is safe without first knowing what caused the biggest methane gas blowout in U.S. history.

As you know, making material misrepresentations to game an energy market can constitute an unfair business practice. We urge you to investigate such abuses by Southern California Gas, which alleges that it must draw from Aliso because of the weather, implying increased demand and lack of supply when, in fact, there is ample, cheap natural gas available via pipelines. We also believe that you need to look into the conduct of Kinder Morgan that manages the pipelines and is under current investigation by the Federal Energy Regulatory Commission for inflating the price of natural gas.

SoCalGas parent Sempra has been previously caught inflating the price of natural gas. A 2003 lawsuit against Sempra and other defendants for forcing utilities to buy natural gas at inflated prices states that, in addition, between 1996 and 2001, the defendants tried to decrease competition by limiting pipeline capacity to boost prices. Sempra ultimately agreed to a $580 million settlement in the class action lawsuit.

We wonder whether the real reason behind withdrawing natural gas from Aliso Canyon is in fact collusion with pipeline manager Kinder Morgan, and urge you to investigate whether or not natural gas shortages are being manufactured in order to achieve the ends of SoCalGas and Sempra.

We believe the cause for the rush to reopen Aliso, and thus the need to misrepresent how badly the facility is needed, is monetary. If an electric, heat, gas, or water generation or production facility remains out of service for nine or more consecutive months, the Public Utilities Commission can reject expenses related to it, according to the Public Utilities Code Section 455.5 (a). The PUC can also order refunds to ratepayers, and consider a rate adjustment when and if the facility reopens.

The methane blowout that began in October 2015 was not plugged until February 2016. The facility has been offline – no gas injections or withdrawals – since January 2016, and SoCalGas, and its parent Sempra, would surely like to recoup a $200 million investment in an upgraded compressor station meant to inject more gas under even higher pressures into the facility, as well as tens of millions of dollars more each year for upkeep.

In the wake of the blowout, state energy regulators (the PUC, California Energy Commission, Independent System Operator) and the LA Department of Water and Power put out a summer reliability plan that threatened 14 days of blackouts—that never happened, in substantial part due to the implementation of effective summer mitigation measures. The subsequent winter electric reliability plan stated that "conservation and other mitigation measures are expected to help meet the energy needs of Southern California this winter."

The plan included all twenty-one summer mitigation measures plus ten additional winter measures to reduce the possibility of natural gas supply disruptions. Among those measures was ordering utilities to closely balance supply with demand via pipeline deliveries, rather than balancing on a monthly basis as was the practice with Aliso Canyon in operation in the past.

But apparently this is not to SoCalGas's liking. We believe that the utility is ignoring such mitigation measures, especially the measures that require close balancing of pipeline supply with demand, in order to create an inescapable need to withdraw large volumes of gas from storage facilities. SoCalGas's own data, as well as data supplied by the US Energy Information Administration, proves this.

SoCalGas issued a warning of shortages on December 18 and again on January 22 when gas demand is actually forecast to be relatively moderate compared to historic SoCalGas peak winter demand days. In fact, the utility projects a peak far lower than SoCalGas stated it could handle before having to turn to Aliso in the regulators' winter action plan. But we find that SoCalGas is allowing supply and demand to get way out of balance.

The US Energy Information Administration shows that SoCalGas is keeping its orders for natural gas pipeline deliveries flat – and planning to reduce them significantly this week- while demand is increasing with the colder, wet weather. See:
http://www.eia.gov/special/disruptions/socal/winter/.
At the same time, SoCalGas's own data shows they are forecasting a big jump in demand for each day this work week, but the utility is not planning on increasing

pipeline gas supplies. In fact, it will transport less gas via pipeline as the week wears on, while increasing how much it withdraws from storage from its other Southern California storage facilities to make up for the shortage.
See:
https://scgenvoy.sempra.com/index.html#nav=/Public/ViewExternalDailyOperations.getDailyOperation%3FFileName%3D%26Class%3D%26estimateDate%3D01%252F23%252F2017%26hiddenEstimateDate%3D07%252F30%252F2016%26rand%3D423
It is hard to fathom why the utility projects rising demand while decreasing its pipeline supply for natural gas, unless it wants to justify the quick reopening of Aliso Canyon in advance of public hearings on February 1 and 2 on exactly that topic.

The utility's gas supply deliveries will be 30 percent lower than demand by Thursday this week. SoCalGas is violating several winter mitigation measures that regulators put in place to ensure that the area can meet demand with no need for Aliso at all. In doing so, the company is creating the misimpression of a shortage where none exists in order to make the case for its business objective: keeping Aliso open.

Californians have lived through the gaming of the state's energy markets before and deserve to know it will not happen again. Unfortunately, the PUC appears not to be holding SoCalGas to account. It's one thing to cry wolf, and another to unleash that wolf. This situation is unacceptable. We urge you to immediately open an investigation into unfair business practices by SoCalGas and its parent company Sempra.

Sincerely,

Liza Tucker, Consumer Advocate, Consumer Watchdog
Adam Scow, California Director, Food & Water Watch
Alexandra Nagy, Senior Organizer, Food & Water Watch
Bill Powers, Powers Engineering