



Jimmie I. Cho
Senior Vice President
Gas Operations & System Integrity

555 W. 5th Street, M.L. GT-21C3
Los Angeles, CA 90013-1011

Tel: 213.244.3701
Fax: 213.244.8293
JCho@SempraUtilities.com

January 22, 2016

Timothy Sullivan
Executive Director
California Public Utilities Commission
505 Van Ness Avenue, Suite 2060
San Francisco, CA 94102

Re: Aliso Canyon Draw Down Levels

Dear Mr. Sullivan:

This letter is to confirm that SoCalGas has received your January 21, 2016 directive regarding Aliso Canyon draw down levels, and to explain some of the steps that we will be taking to comply.

The current measured level of working inventory at Aliso Canyon is approximately 21.4 BCF. This figure does not take into account gas lost via the SS 25 leak, which we cannot accurately measure at this time. In order to comply with your order that we reduce working inventory to 15 BCF of actual working gas, SoCalGas plans to use 5 BCF as a proxy figure for leak losses. While SoCalGas believes this figure may overstate leak losses, it is consistent with preliminary estimated loss figures on the CARB website, and we believe that using a conservative estimated number for leak losses is consistent with your directive.

Subtracting an estimated 5 BCF from our current measured working inventory level of 21.4 BCF results in an estimated net Aliso Canyon working inventory level of 16.4 BCF. At the current withdrawal rate of approximately 1 BCFD, we have about 1.5 days before we reach the target net inventory level of 15 BCF. Due to the nature of our withdrawal operation, we will most likely begin ramping down the withdrawal rate as needed until we get to the targeted net inventory level of 15 BCF.

Once we reach this targeted net inventory level, SoCalGas will discontinue further withdrawals from Aliso Canyon unless they are needed for system reliability. As you are aware, DOGGR has prohibited injections at Aliso Canyon until further order. Moreover, SoCalGas does not believe it would be prudent to inject additional supplies into Aliso Canyon until the SS 25 leak is stopped and we have determined that it is safe to inject gas into the field. Accordingly, we are mindful that any further withdrawals from Aliso Canyon would lower net working inventory levels below 15 BCF, and we will make such withdrawals only when absolutely necessary.

Timothy Sullivan
Page 2
January 22, 2016

SoCalGas sincerely values the input of the Commission on all Aliso Canyon issues, and we appreciate the sophisticated analysis by Commission staff underlying your order. SoCalGas will continue to work with the Commission on an ongoing basis to help ensure achievement of the goals detailed in your order.

SoCalGas does not believe that your order creates either a safety concern or compromises the reliability of natural gas service to our core customers at this time. If it ever appears to do so in the future, we will immediately bring our concerns to the Commission's attention. Curtailment of noncore natural gas customers, including electric generators, is more of a possibility than usual because of current inventory levels and not knowing when we will be able to start injecting gas. But we will endeavor to avoid noncore curtailments whenever possible.

SoCalGas will continue to report the status of the Aliso Canyon storage field inventory and of injections to or withdrawals from the field with the Governor's Office and the SCAQMD, which is reviewing this subject as part of a proposed stipulated order of abatement.

Please let me know if you require additional information or follow up regarding this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Jimmie Cho". The signature is fluid and cursive, with the first name "Jimmie" being larger and more prominent than the last name "Cho".

Jimmie I. Cho
Senior Vice President
Gas Operations & System Integrity

cc: Wade Crowfoot – Deputy Cabinet Secretary, Office of California Governor Edmund G. Brown Jr.
Ken Harris – State Oil and Gas Supervisor, CA Department of Conservation, DOGGR
Elizaveta Malashenko – Director – Safety and Enforcement Division, CPUC
Daryl Osby – Chief LA County Fire Department
Ed Randolph – Director – Energy Division, CPUC
Dr. Barry R. Wallerstein – Executive Officer, SCAQMD