



VERNON GAS & ELECTRIC  
4305 Santa Fe Avenue, Vernon, California 90058  
Telephone (323) 583-8811

June 20, 2016

Dear City of Vernon Gas & Electric Customer:

As you are likely aware, in October 2015, Southern California Gas Company (SoCalGas) employees discovered a massive natural gas leak at the Aliso Canyon storage field in the Santa Susana Mountains near Porter Ranch. At this time, the entire storage facility (reservoir) that has a capacity of approximately 86 billion standard cubic feet of gas is unavailable for use. SoCalGas permanently sealed the leak on February 8, 2016.

Well testing is ongoing; however, the gas storage facility is not back in service. SoCalGas' June 2016 bi-weekly Community Awareness "Well Inspection Fact Sheet" states in part: "In compliance with the Division of Oil, Gas and Geothermal Resources (DOGGR) Order 1109 there are 114 wells which must undergo diagnostic testing, and this is currently underway. Only wells which pass the full battery of six DOGGR-required tests will be considered for storage operations." The report indicates that 107 initial tests have been completed and 72 of those are DOGGR-approved. At this time, SoCalGas is unable to provide either a diagnostic test completion date or a date when the storage facility will be back in full service.

Due to the limited availability of natural gas from the Aliso Canyon storage facility, there will be less natural gas locally to produce electricity and to supply customers with natural gas, particularly during high-use periods (e.g., on very hot days). This could possibly lead to power outages and gas flow delivery curtailments to those industries which use natural gas as a fuel in their plants.

The City of Vernon was and continues to be very proactive in working with SoCalGas and other participating agencies to achieve the best solution to the problem of limited availability of natural gas from the Aliso Canyon storage facility. On May 17, 2016, the City Council passed a resolution authorizing the City Administrator to sign a "Natural Gas Settlement Agreement for Enhanced SoCalGas Balancing Rules during the Outage of Aliso Canyon Storage Facility." This agreement provides for the most favorable balancing rules during the time that the Aliso Canyon storage facility is not fully available. The Resolution and attachments are available on the City Website ([www.cityofvernon.org](http://www.cityofvernon.org)) under "Quick Links" / "City Council Agendas & Minutes" / "2016-05-17 City Council Agenda Packet" and "2016-05-17 City Council (Attachments to the Settlement – Item No. 18)."

*Exclusively Industrial*

Unfortunately, even with this agreement in place, a gas curtailment notice from SoCalGas remains possible for noncore customers transporting their own gas. Please consult the City's website at [www.cityofvernon.org](http://www.cityofvernon.org) for periodic updates.

Please contact the City of Vernon Gas & Electric Department with any questions related to this matter.

Best regards,

A handwritten signature in black ink, appearing to read "Peter Hervish". The signature is fluid and cursive, with a large initial "P" and "H".

Peter Hervish  
Interim Director of Vernon Gas & Electric