

STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
 DF-46 (REV 08/15)

Local Year 2016	Business Unit 8660	Department Public Utilities Commission	Priority No. 003
Budget Request Name 8660-003-BCP-BR-2016-A1		Program 6680055 ENERGY	Subprogram

Budget Request Description
 Expanded Gas Storage/Transmission Infrastructure Review

Budget Request Summary

The PUC requests funding of \$1,479,000 for ten new permanent full-time positions: three Senior Utilities Engineers - Specialist, one Public Utilities Regulatory Analyst V, two Public Utilities Regulatory Analyst IV, and four Utilities Engineers.

These new positions will address numerous urgent tasks related to the natural gas leak at the Aliso Canyon Gas Storage Field, including investigating into its causes, implementing measures to prevent future leaks, increasing inspection levels and performing leak surveys, staffing related rulemakings and enforcement actions, analyzing larger issues of gas supply and reliability (including the role of gas storage), supporting and participating in proceedings at other state and federal agencies, and providing technical advice to Commissioners.

Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed	
Does this BCP contain information technology (IT) components? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO	Date

For IT requests, specify the date a Special Project Report (SPR) or Feasibility Study Report (FSR) was approved by the Department of Technology, or previously by the Department of Finance.

FSR SPR Project No. Date:

If proposal affects another department, does other department concur with proposal? Yes No
Attach comments of affected department, signed and dated by the department director or designee.

Prepared By <i>Elizaveta Malashenko</i> Elizaveta Malashenko	Date 3/29/2016	Reviewed By <i>Jack Dwyer</i> Jack Dwyer	Date 3/29/2016
Department Director <i>Timothy J. Sullivan</i> Timothy J. Sullivan	Date 3/29/2016	Agency Secretary	Date

Department of Finance Use Only

Additional Review: Capital Outlay ITCU FSCU OSAE CALSTARS Dept. of Technology

BCP Type: Policy Workload Budget per Government Code 13308.05

PPBA	Original Signed By: Ellen Moratti	Date submitted to the Legislature	APR 01 2016
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Analysis of Problem

A. Budget Request Summary

The PUC's mission is to ensure the provision of safe, reliable utility service and infrastructure at reasonable rates. We are requesting ten permanent full-time positions to address the numerous urgent tasks related to the natural gas leak at the Aliso Canyon Gas Storage Field and its effects and aftermath, and to prevent the recurrence of similar incidents.

The ten positions are: three Senior Utilities Engineers - Specialists, one Public Utilities Regulatory Analyst (PURA)V, two Public Utilities Regulatory Analyst IV, and four Utilities Engineers. These positions will be added to the Safety and Enforcement Division, and Energy Division.

The total cost for fiscal year 2016-17 is \$1,479,000 via Public Utilities Commission Utilities Reimbursement Account (Fund 0462).

B. Background/History

Southern California Gas Company (SoCalGas) stores large quantities of natural gas at its Aliso Canyon Storage Facility in Southern California. This gas helps SoCal Gas meet the gas demands of residential, commercial, and industrial natural gas users, including home heating and electric generation. The Aliso Canyon Storage Facility has been in operation since the early 1970s.

On October 23, 2015, one well at the Aliso Canyon Storage Facility, known as Standard Sesnon (SS) 25, began to leak natural gas. Multiple attempts to stop the leak were unsuccessful, and, as a result, both natural gas and mercaptan-based odorants were discharged into the atmosphere. The leak represented a significant threat to public peace, health, safety, and general welfare. It forced the relocation of thousands of people from the nearby community, and many residents have reported adverse physical symptoms. The leaking gas was also highly flammable, posing an additional danger to public health and safety.

The Safety and Enforcement Division (SED) and the Energy Division of the PUC have worked actively to address the leak and its consequences. SED has been working with other state agencies to address safety issues relating to the leak, and to investigate its causes. Energy Division has been examining the impact that the leak will have on the availability and reliability of California's natural gas supplies and the impact on electric supply.

SED and Energy Division have worked on natural gas issues for years, including significant work on the safety and reliability of natural gas systems. Much of California's current natural gas transmission and storage facilities were installed over 50 years ago. The leak at the Aliso Canyon Storage Facility reflects the aging of California's natural gas transmission and storage facilities, and, therefore, cannot be considered an isolated incident.

Prior to the San Bruno gas pipeline rupture and explosion, SED had one combined program for gas and electric safety. In 2010, that program had approximately 25 people working on gas and electric safety. Engineers in that program did not generally specialize in gas or electric safety. After San Bruno, the PUC re-assigned staff and put forward several BCPs.

Since San Bruno, the PUC's gas safety program has been completely reformed and is now a separate program from the electric safety program. Additional reports documenting changes implemented after San Bruno explosion can be found here:

- <http://www.cpuc.ca.gov/WorkArea/DownloadAsset.aspx?id=4391>
- <http://www.cpuc.ca.gov/WorkArea/DownloadAsset.aspx?id=4392>

Currently, SED's gas safety program has 35 staff. SED engineers perform more than 80 audits and 200 incident investigations a year, with a focus on gas transmission and distribution infrastructure. The full SED annual plan can be found here: <http://www.cpuc.ca.gov/safety/>. The SED gas safety program is certified and reimbursed up to 80% by the federal government through the Pipeline and Hazardous Materials Safety Administration (PHMSA). The reimbursement is tied to SED performance in the annual audit done by PHMSA. Last year, our program received 91% of all possible points, equating to roughly a 73% reimbursement rate. There are a variety of reasons why SED program lost points—some are jurisdictional/legal and others relate to performance of our program. An example of a jurisdictional issue is that, pursuant to state law, the PUC does not currently have jurisdiction over municipalities. An example of

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a performance issue is that PHMSA would like SED to further increase presence in the field, particularly performing inspections on gas distribution construction projects. In the last report, PHMSA stated: "there have been new efforts in this area with inspection forms and a field audit guide, but improvement is still needed in making sure ample amount of distribution construction inspection is being done adequately addressing all issues along with making sure the operator qualification (OQ) element of the inspections are documented."

In addition to improvements in the Gas Safety program, in the wake of the San Bruno pipeline rupture and explosion, the PUC has placed a greater emphasis on examining safety in all of its proceedings, including in General Rate Cases (GRCs). In December 2014, for example, the PUC adopted a new risk-based decision-making framework for its GRCs. This framework adds several new components to a utility GRC proceeding. One component of this new framework is to have each of the major utilities submit annual safety spending reports to the PUC. The new process requires, among other things, that Energy Division staff analyze those reports and issue its own report of its findings within 120 days of the utility report filing date.

The Risk Safety Framework has also resulted in a Safety Mitigation Assessment Proceeding (SMAP). When the SMAP work is completed, each of the four large energy utilities will have a Risk Assessment Mitigation Phase (RAMP) as an additional phase of its GRC. SED's Risk Assessment Section is supporting the Commission in the development and implementation of the SMAP and RAMP processes.

C. State Level Considerations

While the recent gas leak was located in Southern California, it has statewide implications. These include the safety of natural gas infrastructure throughout California, and the short-term and long-term reliability of natural gas and electric supplies in California.

Investigating and analyzing the cause or causes of the leak will help in preventing future incidents and leaks in natural gas facilities, particularly storage facilities. Natural gas transmission and distribution facilities are located throughout California; there are fewer gas storage facilities, but they are in multiple locations in both Northern and Southern California. The safe construction, operation, and maintenance of these facilities throughout California are essential. The PUC's work in this area is performed by SED, and includes inspecting gas facilities statewide.

In addition to ensuring the safe operation of natural gas facilities, the Aliso Canyon incident has implications for the reliability of natural gas supply to California, as Aliso Canyon and other gas storage facilities play an essential role in the reliability of California's gas supplies. Because California also has significant natural gas-fired electric generation, the reliability of the gas supply has a direct effect on the reliability of California's electric supply.

Accordingly, the PUC's Energy Division will need to work closely with SoCalGas, other state agencies, and the California Independent System Operator (CAISO) in a coordinated fashion to try to manage the gas storage inventory levels at Aliso Canyon and other facilities to minimize curtailments of gas service and electric generation. Curtailments of gas service and electric generation would have a major negative impact on the state.

D. Justification

In order to allow the PUC to effectively review gas transmission and storage infrastructure, the Commission needs additional staff dedicated to these efforts. The two main concerns for fiscal year 2016-17 are the extended gas leak at the Aliso Canyon Storage Facility and preventing curtailments of electric generation and refineries.

Safety & Enforcement Division Staffing Needs

The PUC's Safety & Enforcement Division (SED) has reassigned three full time staff—in addition to the Director of SED, one program manager, and a supervisor—to addressing Aliso Canyon matters. This reassignment prevents the staff from performing other audits, inspections, and supervisory work that they were conducting prior to the Aliso Canyon incident.

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The investigation team that has been re-assigned is reviewing design, construction, operations, and maintenance records for the failed Aliso Canyon well. In addition, the investigation team is also examining historical injection and withdrawal records, integrity tests, various diagnostic tests, surveys, and other documentation. The team is also reviewing any previous failures and near misses, and is following up on the utility's corrective action of any anomalies found in inspection records. These tasks are only partially completed, and did not end when the leak was stopped.

As part of the investigation, the team is interviewing witnesses, analyzing SoCal Gas' emergency response to the incident, and reviewing regulations enforced by the Department of Conservation's Division of Oil, Gas & Geothermal Resources (DOGGR). This team is also consulting with industry experts; communicating with PHMSA on a daily basis; and responding to numerous inquiries from stakeholders, including the Governor's office, DOGGR, Department of Transportation, elected officials, and the public. This work is ongoing, and did not stop when the leak stopped. This work is being performed by the Gas Safety and Reliability Branch of the PUC's Safety and Enforcement Division (SED).

Going forward, the SED is working with the third-party root cause analysis firm, Blade Energy Partners. SED will continue to collect evidence (including data requests to SoCal Gas), perform analysis, coordinate with other agencies, and carry on with their work to prevent recurrence of similar incidents. These tasks have begun, but the associated workload will both continue and increase, even though the leak is now stopped.

SED will be preparing a final report on the incident and will likely be heavily involved in formal Commission proceedings, such as an Order Instituting Investigation (OII) and/or an Order Instituting Rulemaking (OIR). This work has not yet begun, but will be increasing significantly and is likely to continue for several years.

SED's existing resources are not adequate to meet the expansion of work on natural gas storage issues. Accordingly, re-assigning current resources is not a viable solution. The post-San Bruno increases in staffing were to build up the gas transmission and distribution safety program, not storage. The current staffing is needed to properly perform our safety assurance work for gas transmission and distribution, and did not anticipate significant work on gas storage, since historically the PUC has relied upon DOGGR to ensure the safety of gas storage facilities.

Because the gas safety program was historically very understaffed, the post-San Bruno increase only made up for that historic understaffing. Re-assigning staff from current gas transmission and distribution safety work to do additional gas storage safety work will have negative impacts on safety in several ways, including:

- A reduction in the number of gas safety audits;
- Reduced ability to effectively investigate gas incidents;
- An increase in the backlog of un-investigated incidents (after San Bruno, SED had a backlog of over 500 incidents that was only recently cleared);
- Loss of federal funding for gas safety, as reducing work performed on gas transmission and distribution will result in California losing points on PHMSA audits; and
- The slowing down or rolling back of recent and anticipated improvements to the PUC's gas safety programs, as action items from prior PHMSA audits and the Crowe Horwath management review are still being implemented.

If SED does not get additional staffing for storage work, SED will need to pull back from its current and anticipated gas storage work in order to ensure adequate safety assurance work for gas transmission and distribution. Lacking additional staffing for storage work, the PUC would need to rely on DOGGR to take care of gas storage issues. While the PUC has historically relied on DOGGR in the past, the Aliso Canyon incident has made it clear that the Governor's Office, the Legislature, and members of the public expect the PUC to perform direct oversight of gas storage facilities. In addition, SED's investigation into the Aliso Canyon incident would also be slowed down, in order to avoid creation of a backlog of work in other areas.

The significant current and future SED work associated with the Aliso Canyon incident will require the addition of the following permanent staff:

1. Four dedicated staff to address ongoing and future safety and enforcement actions relating to the natural gas leak at the Aliso Canyon Storage Facility owned by Southern California Gas Company

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(SoCal Gas): One Senior Utilities Engineer – Specialist, two Utilities Engineers, and one Public Utilities Regulatory Analyst (PURA) V. The team currently working on the multi-agency investigation of the Aliso Canyon incident consists of four Full Time Equivalent (FTE) resources. This investigation is of unprecedented proportions. In addition to performing its own investigation, SED is also handling all coordination with other state and local agencies performing their own investigations. The investigations and subsequent enforcement action are likely to take several years (as did the San Bruno investigation and enforcement actions). After the investigations and enforcement actions are completed, SED staff then continues to work on ensuring compliance with PUC decisions, including safety monitoring. Accordingly, the assignment of the four FTEs to Aliso Canyon related issues is not “temporary,” but is both ongoing and incremental.

2. Three dedicated staff and related equipment to perform independent inspections, including natural gas leak surveys of utility storage and transmission facilities: one Senior Utilities Engineer—Specialist, two Utilities Engineers, and related equipment. These additional three FTEs are needed to inspect the other storage facilities in California. There are 13 storage facilities under PUC jurisdiction, including Aliso Canyon. The three additional FTEs will perform leak surveys and document audits of the storage facilities. To the extent these employees have time available after performing that work, they will perform leak surveys on transmission facilities. SED has not performed leak surveys in the past, so this is incremental work for SED, and will be ongoing. In addition, both DOGGR and PHMSA have announced rulemakings for new storage safety regulations. SED staff will be needed to provide technical input into these proceedings and to evaluate the impact of these proceeding on storage facilities under PUC jurisdiction.

The re-assigned team that is currently working on Aliso Canyon matters will also need to perform their other ongoing duties to enforce, audit, inspect, and issue citations that are now on hold.

Energy Division Staffing Needs

The PUC's Energy Division has identified numerous, complex issues that have arisen related to the Aliso Canyon leak which need to be addressed and monitored. The Aliso Canyon inventory of natural gas has been withdrawn to levels that threaten the reliability of natural gas deliveries to customers in southern California, especially if injections of natural gas are not allowed at the facility in coming months. The PUC's Energy Division urgently needs three additional staff to help monitor the situation, field inventory levels, and withdrawal capacity; analyze impacts to gas and electric system reliability; coordinate with other state agencies; and prepare contingency plans. The urgency would be particularly heightened if injections are not allowed during the spring and summer of 2016.

Energy Division expects that, as a result of the Aliso Canyon leak, expedited well inspections may be required and new storage safety regulations may be mandated through legislation or adopted through a Commission rulemaking proceeding. Energy Division staff would assist the Commission in assessing the cost impact of these new regulations on gas consumers, and whether such costs should be imposed on utility ratepayers. Staff would also provide detailed technical analysis to support the Administrative Law Judges and Commissioners. Ultimately, once new regulations are defined, independent of where they originate, they will need to be implemented and utility compliance monitored on an ongoing basis.

In addition to the above, the PUC has instituted various safety related reporting requirements and spending reports in response to the 2010 San Bruno explosion. Once the gas utility submits its spending reports, Energy Division staff must review and analyze the reports and issue findings in its own annual reports for each of the major gas utilities. Given the need to address the immediate Aliso Canyon specific work, staff is unable to perform this high-priority task.

The new Senior Utilities Engineer—Specialist and two PURA IV positions would allow Energy Division to provide dedicated staff to address the immediate and ongoing Aliso Canyon needs. These additional positions will also allow Energy Division to more thoroughly analyze gas utility and alternative gas safety spending proposals in a GRC in order to better assist the Commission in its decision-making process. In addition these new positions will also conduct the reviews and analysis of actual gas utility safety spending and issue the soon-required annual verification reports.

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Summary of Staffing Needs for Energy Division and Safety & Enforcement Division:

Senior Utilities Engineer - Specialist (Energy Division) – 1.0 Permanent

Workload	Hours
Monitor Aliso Canyon Storage Facility matters - monitor the situation, field inventory levels and withdrawal capacity; analyze impacts to gas and electric system reliability; coordinate with other state agencies; and prepare contingency plans	1,000
Serve as advisory staff to assigned Administrative Law Judge (ALJ) on any proceedings related to new gas safety regulations or Aliso Canyon. Analyze cost impact to gas consumers of these new regulations, and whether such costs should be imposed on utility ratepayers	800
Other duties as assigned	200
Total	2,000

Public Utility Regulatory Analyst IV (Energy Division) – 2.0 Permanent

Workload	Hours
Provide support and technical analysis on Aliso Canyon Storage Facility matters; provide detailed technical analysis to support the Administrative Law Judges and Commissioners in new proceedings concerning storage safety regulations and requirements	1,200
Analyze the gas utility and alternative gas safety spending proposals in a GRC; conduct the reviews and analysis of actual gas utility safety spending and issue the soon-required annual verification reports	1,200
Serve as advisory staff to Assigned ALJ in RAMP and GRC proceedings on gas utility safety issues impacting cost and rates	1,500
Other duties as assigned	300
Total	4,000

Senior Utilities Engineer - Specialist (Safety and Enforcement Division) – 2.0 Permanent

Workload	Hours
Collect evidence including data requests to SoCal Gas, and work to prevent recurrence of similar incidents. These tasks have begun, but the associated workload will increase, particularly after the leak is stopped	3,000
Other duties as assigned	1,000
Total	4,000

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Utilities Engineer (Safety and Enforcement Division) – 4.0 Permanent

Workload	Hours
To address ongoing and future safety and enforcement actions relating to the natural gas leak at the Aliso Canyon Storage Facility owned by Southern California Gas Company (SoCal Gas)	2,000
Assist the Senior Utilities Engineer - Specialist with collecting evidence and sending data requests to better understand the situation and work to prevent the next incident	500
Perform independent inspections, such as natural gas leak surveys of utility storage, transmission and distribution facilities	5,500
Total	8,000

PURA V (Safety and Enforcement Division) – 1.0 Permanent

Workload	Hours
Analyze the safety impact of utility proposals in GRCs, conduct the reviews and analysis of actual gas utility safety mitigation reports, and issue verification reports	1,000
Serve as advisory staff to Assigned ALJ in RAMP and GRC proceedings on gas utility safety issues impacting safety	1,000
Total	2,000

Outcomes and Accountability

Approving the request enhances the Commission's ability to address the numerous, urgent tasks related to the leak and the continued viability of the Aliso Canyon Storage Field; allow for timely implementation of the Commission's Risk Assessment Framework; and provide more complete review, analysis and consideration of gas utility spending and gas safety proposals in General Rate Case and other proceedings.

F. Analysis of All Feasible Alternatives

Alternative #1: Redirect staff from existing resources

The Commission could limit the work performed by Energy Division and SED so that staff is available to perform at least some of the work proposed in this request.

Pros:

- No additional expenditures will be incurred.

Cons:

- This option would result in the re-prioritization of other mission-critical work. Reassignment of SED staff in the Gas Safety and Reliability Branch could result in non-compliance with federal standards, and in a reduction of federal grant money that California receives for enforcing federal gas safety regulations.
- This option could also affect all regulated industries, not just the electric and gas utilities, to the extent that staff working on communications, water, and transportation issues would be reassigned to energy matters.

Alternative #2: Contract with appropriate experts and directly bill the utilities for the work

Outside experts could be used instead of adding to staff in order to perform some of the technical and analytical work.

Pros:

- No additional expenditures will be incurred.

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Cons:

- This option will still cost ratepayers a significant amount of funding because the utility will need to collect these costs from rates.
- This option also results in just getting past one incident and not working to try to prevent the next potential incident.

Alternative #3: Rely on sister agencies to perform the work

Rely more heavily on DOGGR and other state agencies to conduct investigations and inspections, and advise the ALJs on various proceedings before the PUC. This will need to have Memorandum of Understandings signed by other state agencies, and the assumption would be that they would have the resources already in place to take on the additional work.

Pros:

- No additional expenditures will be incurred.

Cons:

- There will still be additional proceedings that will require ALJs which our sister agencies do not have.
- This option is merely passing on the oversight role to another resource constraint state agency

G. Implementation Plan

Provide funding and positions authority upon enactment of the Budget Act of 2016.

H. Recommendation

We recommend adding ten permanent positions and an increase of \$1,479,000 from the PUC's Public Utilities Commission Utilities Reimbursement Account Fund (0462) in order to expand the Commission's oversight of jurisdictional gas transmission, storage, and distribution facilities. This is the most cost efficient and efficacious option for furthering the Commission's Safety Vision and is within the Commission's core competency of ensuring that Californians receive safe and reliable service at reasonable rates.

Any of the feasible alternatives—farming these responsibilities out to outside experts or sister agencies, or redirecting existing staff—would result in delays that would negatively impact on our ability to effectively address the need to ensure the safe and reliable maintenance and operation of aging gas utility infrastructure.

**CALIFORNIA PUBLIC UTILITIES COMMISSION
FISCAL YEAR 2016-17
SPRING FINANCE LETTER #3**

EXPANDED GAS STORAGE/TRANSMISSION INFRASTRUCTURE

Positions Requested FY 2016-17	Workload	Workload Standard	Basis for Standard
Energy Division			
2 PURA IV	<ol style="list-style-type: none"> 1. PURA IVs conduct economic, policy, and technical analyses and research; and prepare reports and briefings for Commissioners, administrative law judges (ALJs), and management on a wide range of regulatory issues. In this case, their responsibilities will include Risk Assessment of loss of Aliso Canyon and impact on reliability. There are a number of short term measures and long term initiatives, rulemaking proceedings, and investigative proceedings expected now that we have seen the risks related to storage facilities. The work is going to involve a number of inter-agency working groups and the need to coordinate with other state agencies, i.e. CAISO, CEC, CARB, and DOGGR. 2. Based on our experience with the San Bruno gas line rupture which occurred in 2010, we know that the work is barely tapering off after six years. Similarly, the issues surrounding the steam generator problems at the San Onofre nuclear plant that began in January 2012 and resulted in the early shut down of the plant are still actively continuing to be considered by the PUC. The Aliso Canyon leak has already raised wider concerns not only related to other storage sites owned by SoCalGas, but also PG&E and other independent gas storage sites. The work is expected to continue for many years. 3. PURA IVs work will involve writing staff white papers and proposals for making presentations at public hearings before state agencies, the CAISO, and other forums. The two positions will carry the 	<ul style="list-style-type: none"> • Review and summarize testimonies and complete technical analyses of proposals and data responses, support the Administrative Law Judge on technical issues by doing needed research. <ul style="list-style-type: none"> ○ 1440 hours/FY • Develop staff proposals for new policies and procedures. <ul style="list-style-type: none"> ○ 1000 hours/FY • Process complex advice letters (AL) including analysis and drafting resolutions. <ul style="list-style-type: none"> ○ 880 hours/FY • Organize and facilitate workshops including analyzing data, drafting and presenting proposals, organizing speakers, summarizing comments and outcomes, preparing workshop reports. <ul style="list-style-type: none"> ○ 250 hours/FY • Coordinate with other state agencies on the development of new rules and standards. <ul style="list-style-type: none"> ○ 400 hours/FY <p>Total 3,970 hours/FY = 2 Positions 1 Position at 1985 hours/FY</p>	Existing proceedings with similar controversial issues and existing positions with similar responsibilities.

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EXPANDED GAS STORAGE/TRANSMISSION INFRASTRUCTURE

Positions Requested FY 2016-17	Workload	Workload Standard	Basis for Standard
	<p>workload related to Aliso Canyon in formal proceedings initiated by the PUC, assisting ALJs with rulings and proposed decisions, providing technical support for ALJs, preparing briefings for decision-makers, performing policy research, and preparing alternate decision drafts for Commissioners and their advisors. They will also represent the Commission in public hearings and workshops, on task forces, in working groups and technical committees, as well as coordinate with analysts in other sections and branches.</p> <p>4. PURA IVs organize are responsible for all aspects of workshops and stakeholder meetings. They write resolutions, reviews, and comments on pending legislation.</p>		
1 Senior Utilities Engineer	<p>1. Based on our experience with the San Bruno gas line rupture which occurred in 2010, we know that the work is barely tapering off after six years. Similarly, the issues surrounding the steam generator problems at the San Onofre nuclear plant that began in January 2012 and resulted in the early shut down of the plant are still actively continuing to be considered by the PUC. The Aliso Canyon leak has already raised wider concerns not only related to other storage sites owned by SoCalGas, but also PG&E and other independent gas storage sites. The work is expected to continue for many years. There will be ongoing monitoring of costs and adherence to new requirements/standards.</p> <p>2. The senior engineer will be tasked with review of existing reliability requirements and will help determine if SoCalGas can meet existing reliability standards. Responsibilities will include the following:</p>	<ul style="list-style-type: none"> • Review and summarize testimonies and complete technical analyses of proposals, and support the Administrative Law Judge on technical issues by doing needed research. Determine adjustments needed to existing rules, tariffs, and requirements needed. <ul style="list-style-type: none"> ○ 800 hours/FY • Identify requirements and plan steps needed to meet reliability standards. Coordinate with other state agencies on the development of new rules and standards. <ul style="list-style-type: none"> ○ 250 hours/FY • Conduct viability study of Aliso Canyon facility. Will require extensive study of the impact of the loss of the facility and alternatives to replace capacity, including infrastructure requirements and timelines. <ul style="list-style-type: none"> ○ 280 hours/FY 	Existing proceedings with similar controversial issues and existing positions with similar responsibilities.

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EXPANDED GAS STORAGE/TRANSMISSION INFRASTRUCTURE

Positions Requested FY 2016-17	Workload	Workload Standard	Basis for Standard
	<ul style="list-style-type: none"> • Determine adjustments needed to existing rules, tariffs, and requirements needed. • Identify requirements and plan steps needed to meet reliability standards. • Review viability of Aliso Canyon storage facility as required in executive order. • Conduct viability study of Aliso Canyon facility. Will require extensive study of the impact of the loss of the facility and alternatives to replace capacity, including infrastructure requirements and timelines. • Analyze cost impact of alternatives to Aliso. • Develop a plan consistent with the viability review. • Assess long term role of natural gas in California energy portfolio. • Assess need for coordination between electric and gas, given role of renewables. • Ongoing monitoring of costs and adherence to new requirements/standards. 	<ul style="list-style-type: none"> • Analyze cost impact of alternatives to Aliso; develop a plan consistent with the viability review; assess long term role of natural gas in California energy portfolio; assess need for coordination between electric and gas, given role of renewables. <ul style="list-style-type: none"> ○ 240 hours/FY • Ongoing monitoring of costs and adherence to new requirements/standards. <ul style="list-style-type: none"> ○ 400 hours/FY <p style="text-align: center;">Total hours=1970/FY</p>	
Safety and Enforcement Division			
1 Senior Utilities Engineer – Specialist	1. Perform high-level technical and engineering analysis in support of matters relating to Aliso Canyon Storage Facility leak, including participation in and support of investigation into causes of the incident, coordination with federal and state agencies, and backfilling high level technical and engineering workload of other SED staff re-assigned from their normal gas safety	<ul style="list-style-type: none"> • Collect and analyze evidence relating to the Aliso Canyon Storage Facility leak. Support preparation of report on Aliso Canyon incident. Provide high level technical and engineering support for formal proceedings stemming from the Aliso Canyon incident. Perform analysis of evidence to prevent recurrence of similar incidents. Participate 	Existing positions with similar responsibilities.

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Positions Requested FY 2016-17	Workload	Workload Standard	Basis for Standard
	<p>duties to the Aliso Canyon investigation. Undergo training and begin process of obtaining gas safety inspector certification from the federal Pipeline and Hazardous Materials Safety Administration (PHMSA). (Primary work for FY2016-2017)</p> <p>2. Work with SED staff and management on formal proceedings stemming from the Aliso Canyon incident, including any Order Instituting Investigation (OI), Order Instituting Rulemaking (OIR), or application that addresses or is initiated in response to the Aliso Canyon incident. Backfill high level technical and engineering workload of other SED staff re-assigned from their normal gas safety duties to formal proceedings stemming from the Aliso Canyon incident. Work with SED staff and management to review and analyze internal SED processes relating to natural gas safety regulations. Undergo further training and obtain and maintain gas safety inspector certification from PHMSA. (Ongoing work starting in FY2016-2017)</p>	<p>in inter-agency coordination and analysis.</p> <ul style="list-style-type: none"> o 1500 hours/FY • Other duties as assigned, including safety inspections of other natural gas storage, transmission, and distribution facilities. <ul style="list-style-type: none"> o 500 hours/FY <p>(Expected that in subsequent years, hours associated with this work will increase due to increased natural gas safety inspection activities.)</p> <p>Total 2000 hours/FY = 1 Position at 2,000 hours/FY</p>	
2 Utilities Engineers	<p>1. Perform technical and engineering analysis in support of matters relating to Aliso Canyon Storage Facility leak, including participation in and support of investigation into causes of the incident, coordination with federal and state agencies, and backfilling high level technical and engineering workload of other SED staff re-assigned from their normal gas safety duties to the Aliso Canyon investigation. Undergo training and begin process of obtaining gas safety inspector certification from the federal Pipeline and Hazardous Materials Safety Administration (PHMSA). (Primary work for FY2016-2017)</p> <p>2. Work with SED staff and management on formal</p>	<ul style="list-style-type: none"> • Assist the Senior Utilities Engineer – Specialist collect and analyze evidence relating to the Aliso Canyon Storage Facility leak. Support preparation of report on Aliso Canyon incident. Perform analysis of evidence to prevent recurrence of similar incidents. Participate in inter-agency coordination and analysis. <ul style="list-style-type: none"> o 250 hours/FY • Provide technical and engineering support for formal proceedings stemming from the Aliso Canyon incident. <ul style="list-style-type: none"> o 1000 hours/FY 	Existing positions with similar responsibilities.

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EXPANDED GAS STORAGE/TRANSMISSION INFRASTRUCTURE

Positions Requested FY 2016-17	Workload	Workload Standard	Basis for Standard
	<p>proceedings stemming from the Aliso Canyon incident, including any Order Instituting Investigation (OII), Order Instituting Rulemaking (OIR), or application that addresses or is initiated in response to the Aliso Canyon incident. Backfill technical and engineering workload of other SED staff re-assigned from their normal gas safety duties to formal proceedings stemming from the Aliso Canyon incident. Work with SED staff and management to review and analyze internal SED processes relating to natural gas safety regulations. Undergo further training and obtain and maintain gas safety inspector certification from PHMSA. (Ongoing work starting in FY2016-2017)</p>	<ul style="list-style-type: none"> • Other duties as assigned, including safety inspections of other natural gas storage, transmission, and distribution facilities. <ul style="list-style-type: none"> ○ 2750 hours/FY (Expected that in subsequent years, hours associated with this work will increase due to increased natural gas safety inspection activities.) <p>Total 4000 hours/FY= 2 Positions at 2,000 hours/FY</p>	
1 PURA V	<ol style="list-style-type: none"> 1. Perform high-level policy and regulatory analysis in support of matters relating to Aliso Canyon Storage Facility leak, including support of investigation into causes of the incident, developing policy and regulatory responses to the incident, and backfilling high level policy and regulatory workload of other SED staff re-assigned from their normal gas safety duties to the Aliso Canyon investigation. (Primary work for FY2016-2017) 2. Work with SED staff and management on formal proceedings stemming from the Aliso Canyon incident, including any Order Instituting Investigation (OII), Order Instituting Rulemaking (OIR), or application that addresses or is initiated in response to the Aliso Canyon incident. Backfill high level policy and regulatory workload of other SED staff re-assigned from their normal gas safety duties to formal proceedings stemming from the Aliso Canyon incident. Work with SED staff and 	<ul style="list-style-type: none"> • Support SED staff and management work relating to the Aliso Canyon Storage Facility leak, and future proceedings stemming from that incident. <ul style="list-style-type: none"> ○ 1000 hours/FY • Analyze utility proposals in General Rate Cases and other application and rulemaking proceedings for possible gas safety implications; review and analyze gas utility safety reports; prepare and distribute gas safety reports for SED and the Commission. <ul style="list-style-type: none"> ○ 1000 hours/FY <p>Total 2000 hours/FY=1 Position at 2000 hours/FY</p>	Existing positions with similar responsibilities.

**CALIFORNIA PUBLIC UTILITIES COMMISSION
FISCAL YEAR 2016-17
SPRING FINANCE LETTER #3**

EXPANDED GAS STORAGE/TRANSMISSION INFRASTRUCTURE

Positions Requested FY 2016-17	Workload	Workload Standard	Basis for Standard
	management to review and analyze SED and PUC processes relating to natural gas safety regulations. (Ongoing work starting in FY2016-2017)		
1 Senior Utilities Engineer – Specialist	<ol style="list-style-type: none"> 1. Obtain training to perform leak surveys, assist in training Utilities Engineers in performing leak surveys. Begin to perform more demanding and complex technical and engineering aspects of gas leak surveys of natural gas storage facilities and transmission facilities, incorporating lessons learned from the Aliso Canyon Storage Facility leak, and implementing state policies that define gas leaks as an environmental hazard. Historically, the PUC has not performed leak surveys, but has audited the records of the utilities' leak surveys, rendering this a new and incremental activity. Undergo training and begin process of obtaining gas safety inspector certification from the federal Pipeline and Hazardous Materials Safety Administration (PHMSA). (Primary work for FY2016-2017) 2. Continue to perform more demanding and complex technical and engineering aspects of gas leak surveys of natural gas storage facilities and transmission facilities, incorporating lessons learned from the Aliso Canyon Storage Facility leak, and implementing state policies that define gas leaks as an environmental hazard. Continue in assisting with training of Utilities Engineers in performing leak surveys. Undergo further training and obtain and maintain gas safety inspector certification from PHMSA. (Ongoing work starting in FY2016-2017) 3. Participate in and support more demanding and complex technical and engineering aspects of 	<ul style="list-style-type: none"> • Perform leak surveys and safety inspections of natural gas storage facilities. <ul style="list-style-type: none"> ○ 1500 hours/FY • Other duties as assigned, including leak surveys and safety inspections of natural gas transmission and distribution facilities, and participate in gas storage safety rulemakings at other state and federal agencies. <ul style="list-style-type: none"> ○ 500 hours/FY (Expected that in subsequent years, hours associated with this work will increase due to increased natural gas safety inspection activities.) <p>Total 2000 hours/FY = 1 Position at 2,000 hours/FY</p>	Existing positions with similar responsibilities.

**CALIFORNIA PUBLIC UTILITIES COMMISSION
FISCAL YEAR 2016-17
SPRING FINANCE LETTER #3**

EXPANDED GAS STORAGE/TRANSMISSION INFRASTRUCTURE

Positions Requested FY 2016-17	Workload	Workload Standard	Basis for Standard
	rulemakings at other state and federal agencies relating to natural gas storage safety. (Ongoing work starting in FY 2016-17)		
2 Utilities Engineers	<ol style="list-style-type: none"> 1. Obtain training in performing leak surveys. Begin to perform gas leak surveys of natural gas storage facilities and transmission facilities, incorporating lessons learned from the Aliso Canyon Storage Facility leak, and implementing state policies that define gas leaks as an environmental hazard. Historically, the PUC has not performed leak surveys, but has audited the records of the utilities' leak surveys, rendering this a new and incremental activity. Undergo training and begin process of obtaining gas safety inspector certification from the federal Pipeline and Hazardous Materials Safety Administration (PHMSA). (Primary work for FY2016-2017) 2. Continue to perform gas leak surveys of natural gas storage facilities and transmission facilities, incorporating lessons learned from the Aliso Canyon Storage Facility leak, and implementing state policies that define gas leaks as an environmental hazard. Undergo further training and obtain and maintain gas safety inspector certification from PHMSA. (Ongoing work starting in FY2016-2017) 3. Participate in and support rulemakings at other state and federal agencies relating to natural gas storage safety. (Ongoing work starting in FY2016-2017) 	<ul style="list-style-type: none"> • Perform leak surveys and safety inspections of natural gas storage facilities. <ul style="list-style-type: none"> ○ 3000 hours/FY • Other duties as assigned, including leak surveys and safety inspections of natural gas transmission and distribution facilities, and participate in gas storage safety rulemakings at other state and federal agencies. <ul style="list-style-type: none"> ○ 1000 hours/FY (Expected that in subsequent years, hours associated with this work will increase due to increased natural gas safety inspection activities.) <p>Total 4000 hours/FY= 2 Positions at 2,000 hours/FY</p>	Existing positions with similar responsibilities.

Department of Finance
2016-17
Finance Letter Worksheet

8660-001-0462-2016
Prop 98: N

DEPT: Public Utilities Commission
STATE OPERATIONS

8660-103-BCP-BR-2016-A1

Aliso Canyon: Expand Gas Storage/Transmission Infrastructure

Proposal Summary

Add resources to address tasks related to the natural gas leak at the Alison Canyon Gas Storage Field.

Category Changes	Positions	Whole Dollars
Salaries and Wages	10.0	834,000
Staff Benefits	0.0	345,000
Operating Expenses and Equipment	0.0	300,000
Total Category Changes	10.0	\$1,479,000
Program Changes		
6680 Regulation of Utilities	10.0	1,479,000
6680055 Energy	10.0	1,479,000
Total Program Changes	10.0	\$1,479,000
Fund Changes		
Amount Funded by 8660-001-0462-2016	10.0	1,479,000
Net Impact to Item	10.0	\$1,479,000

ASM CONSULTANT: CG
SEN CONSULTANT: FCB
DOF ANALYST: Kathy Madison
LAO DIRECTOR: BB
SCENARIO: April Revision
VERSION: Finance Working
RUN DATE: Mar 28, 2016 11:48 AM