

SoCal Gas agrees to \$119.5-million settlement for Aliso Canyon methane leak — biggest in U.S. history

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Officials tour the drill site of a relief well to stem the methane leak at the Aliso Canyon gas storage facility in 2015. (Irfan Khan / Los Angeles Times)

A \$119.5-million settlement announced Wednesday of claims stemming from the Aliso Canyon gas leak marks the biggest action yet to deal with the health effects and climate damage of the largest release of methane in U.S. history.

The deal between Southern California Gas Co. and city, county and state officials and prosecutors will fund a long-sought health study and numerous environmental measures intended to offset the damage caused by the leak. But it leaves unresolved questions about the root cause of the leak, the fate of the storage facility outside Los Angeles' Porter Ranch neighborhood, the state's reliance on planet-warming natural gas and residents' medical claims against the company.

The tentative agreement will resolve agencies' lawsuits against the utility for violating the state's health and safety laws by failing to promptly control the leak and alert authorities.

In exchange, the gas company will pay civil penalties as well as \$25 million for the long-term health study and \$26.5 million for greenhouse gas emissions projects. An additional \$45.4 million will fund other environmental projects — some of them far from the site and unrelated to greenhouse gases.

State Atty. Gen. Xavier Becerra said the leak “undermined our crucial work to reduce greenhouse gas emissions and protect our people and the environment. If approved, this settlement will go a long way in addressing the short- and long-term harms.”

The health study was greeted enthusiastically by some in Porter Ranch, where residents complained of nausea, headaches and nosebleeds after a ruptured well began spewing gas as well as benzene and other air toxics in October 2015. It took nearly four months to seal the well, and residents have since filed hundreds of lawsuits against the company.

“As a father of three children I feel helpless in that I am not able to satisfy my questions about what they have been exposed to living next to this facility and during the blowout,” Porter Ranch Neighborhood Council President Issam Najm said Wednesday.

The leak set California back on its emissions goals because methane has many times the heat-trapping power of carbon dioxide. To make up for releasing an estimated 109,000 metric tons of methane, the utility agreed to provide loans to dairies across the state to install methane digesters used to fuel heavy-duty trucks that otherwise would burn diesel.

Once the loans are repaid, the money will be directed to emissions-reduction projects in Southern California, including some that benefit Porter Ranch residents.

Southern California Gas Co. agreed to continue monitoring and reporting air quality along the fence line of the Aliso Canyon gas storage facility for the next eight years, create an internal safety committee and hire an independent ombudsman to monitor and report on safety at the site.

Among the other projects funded:

- \$3 million to develop a real-time air-monitoring network and a symptom- and incident-reporting system
- \$5 million for electric school buses and mobile asthma clinics
- \$7.1 million to install air filtration systems at public schools in heavily polluted “environmental justice” communities of L.A. County
- \$5.2 million for lead paint abatement of homes near the closed Exide battery recycling plant in southeast L.A. County

The deal was met with criticism from some elected officials and environmentalists who complain it does too little to reduce dependence on the facility and sends settlement money to unrelated projects, including some far from the San Fernando Valley communities affected by the leak.

“Instead of improving the lives of residents and ratepayers impacted by the blowout, it would fund pet projects for the gas company hundreds of miles away,” said state Sen. Henry Stern (D-Canoga Park), who proposed legislation prohibiting settlement funds from leaving the community.

Officials defended the agreement as focused, by necessity, on resolving legal violations, health concerns and impact on the climate.

“This does nothing to move the needle to close down the facility, nor is it intended to do so,” said L.A. City Councilman Mitchell Englander. Los Angeles Mayor Eric Garcetti called it a “good step forward, a comprehensive agreement that is not exhaustive, but one that gets the community what they deserve.”



California Atty. Gen. Xavier Becerra announces a \$119.5-million settlement with Southern California Gas Co. for the Aliso Canyon methane leak. (Al Seib / Los Angeles Times)

In a statement, Bret Lane, president and chief operating officer for the gas company, said the utility “is delivering on our commitment to the Governor and the people of California to fully mitigate the methane emissions from the leak at our Aliso Canyon facility,” and that the dairy farm projects would “help California meet its ambitious climate goals.”

Under the deal, prosecutors said, the gas company cannot pass settlement costs on to ratepayers.

The disaster’s cost to the utility has already topped \$1 billion, with more than half of it going to relocate some 8,000 residents and clean their homes, and

much of the rest to legal bills, well control efforts, mitigation and penalties, the company reported in recent financial disclosures.

Those costs may rise due to fines and lawsuits, but the utility expects to recover most of the money from insurance, according to filings by its parent company, Sempra Energy.

Sempra stock dipped less than 1% Wednesday.

In 2016, Southern California Gas Co. paid \$4 million to settle separate litigation brought by county prosecutors, who accused the gas company of failing to properly notify authorities about the leak.

As part of that settlement, the utility agreed to install eight infrared methane leak-detection systems along the southern border of the Aliso Canyon gas field. The gas company said it would install real-time pressure monitors at each storage well and hire six full-time employees to monitor those detection systems.

Last year, the gas company agreed to an \$8.5-million settlement with the South Coast Air Quality Management District over violations during the leak — a deal that was criticized by Porter Ranch leaders and elected officials as hasty and insufficient. That deal set aside \$1 million for a health study.

Though Wednesday's settlement was the result of lengthy negotiations with the gas company, prosecutors said they were spurred on by a sense of urgency to secure a health study and emissions-reduction projects.

"Clocks are ticking," Los Angeles City Atty. Mike Feuer said. "Fires are burning throughout the state of California; climate change is upon us. Every minute that we don't have in place this climate change mitigation plan is a minute we don't get back."

The deal comes after a state appeals court judge last year ruled that Southern California Gas Co. could resume operations at the Aliso Canyon facility.

Elected officials and residents emphasized that the settlement should not be the end of changes stemming from the incident, which they hope will ultimately include the shutdown of the facility and its replacement with carbon-free renewable energy.

“We cannot just tighten things up and go back to normal operations,” Najm said. “We need to eliminate the possibility of exposure and that can only happen with closure of the facility.”

Without that, he said, the settlement is “a band-aid on a wound that needs to be stitched closed.”

Garcetti said the leak “caused trauma to our residents and it caused trauma to our environment, and it should fundamentally make us rethink our relationship with power production and the locating of facilities near our homes.”



Matt Pakucko, president and co-founder of Save Porter Ranch, is ejected from a press conference where the settlement was announced. (Al Seib / Los Angeles Times)