

Date of Hearing: July 1, 2024

ASSEMBLY COMMITTEE ON UTILITIES AND ENERGY

Cottie Petrie-Norris, Chair

SB 720 (Durazo) – As Amended June 10, 2024

**SENATE VOTE:** 30-8

**SUBJECT:** Gas corporations: safety culture investigations: employee organization participation

**SUMMARY:** Requires the California Public Utilities Commission (CPUC) to facilitate the participation of an employee organization with party status in safety culture investigation proceedings related to gas corporations that are opened between January 1, 2023, and January 1, 2025 by the CPUC.

**EXISTING LAW:**

- 1) Requires each gas corporation to develop a plan for the safe and reliable operation of its CPUC-regulated gas pipeline facility. (Public Utilities Code § 961(b) (1))
- 2) Requires the CPUC and gas corporation to provide opportunities for meaningful, substantial, and ongoing participation by the gas corporation workforce in the development and implementation of the plan, with the objective of developing an industrywide culture of safety that will minimize accidents, explosions, fires, and dangerous conditions for the protection of the public and the gas corporation workforce. (Public Utilities Code § 961 (e))
- 3) Requires the CPUC to administer a safety enforcement program for gas and electrical corporations, which must include monitoring, data tracking and analysis, investigation, and the issuance of citations. The goal of this program is to improve gas and electrical system safety through the enforcement of relevant laws and regulations. (Public Utilities Code §1702.5)
- 4) Defines "compensation" to mean payments for all or part, as determined by the CPUC, of reasonable advocate's fees, reasonable expert witness fees, and other reasonable costs of preparation for and participation in a proceeding, and includes the fees and costs of obtaining an award, as specified, and of obtaining judicial review, if any. (Public Utilities Code §1802 (a))

**FISCAL EFFECT:** Unknown. This bill has been significantly changed with recently adopted amendments, such that its prior fiscal analysis no longer applies. This bill is keyed fiscal and will be referred to the Committee on Appropriations for fiscal review.

**BACKGROUND:**

*Aliso Canyon Leak and CPUC Investigation* — On October 23, 2015, a natural gas leak from a gas storage well ("SS-25") was discovered at the Southern California Gas' (SoCalGas') Aliso

Canyon natural gas storage facility located in northeastern Los Angeles County.<sup>1</sup> The facility is the largest underground natural gas storage facility in the western United States. The SS-25 well, originally drilled in 1953 and converted to natural gas storage service in 1973, is located uphill from, and approximately 1.25 miles from homes in the Porter Ranch community. After nearly four months of several attempts to “kill” the well, the SS-25 leak was declared stopped on February 18, 2016 following a successful kill attempt using a newly-drilled relief well.<sup>2</sup> The California Air Resources Board (CARB) estimated that 109,000 metric tons of methane, a potent greenhouse gas (GHG) and short-lived climate pollutant (SLCP), were emitted into the atmosphere from the leak.<sup>3</sup>

The leak received extensive news coverage, and is considered one of the largest leaks of its kind. The SS-25 leak caused severe disruption in the surrounding communities. Over 8,000 households relocated at some point during the leak, and thousands of health and odor complaints were received by regulators.<sup>4</sup> As a result, in June, 2019, the CPUC opened an investigation to determine whether the organizational culture and governance of SoCalGas and its parent company, Sempra Energy, “prioritize safety and adequately direct resources to promote accountability and achieve safety performance goals, standards and improvements.”<sup>5</sup>

*Advancing Safety Culture and Governance* – Pursuant to Section 961 of the Public Utilities Code, the CPUC is required to provide opportunities for meaningful, and substantial, and ongoing participation by a gas corporation workforce with the goal of developing an industrywide culture of safety in order to minimize accidents and any dangerous condition. This directive aligns with SB 1371 (Leno, Chapter 525, Statutes of 2014) which expressed the intent for gas utility worker employee organizations to provide their specialized expertise each time the CPUC considers regulations and practices are needed to ensure gas system safety in California.

*CPUC Intervenor Compensation* – The Intervenor Compensation program at the CPUC, which compensates parties for their contributions, is intended to ensure that individuals or groups that represents the interests of utility ratepayers have the financial resources to bring their concerns and interests to the commission. The CPUC initiated the program in 1981 and state law was enacted in 1984 to govern the program. According to state law, intervenors that participate in CPUC proceedings involving utilities, such as electric, gas, and water utilities, must request compensation for the costs associated with that participation. Within their request, an intervenor must file a notice of intent to claim compensation that indicates the planned extent and estimated costs of the intervenor’s planned participation in a proceeding. Additionally, intervenors must show “significant financial hardship” to receive compensation, by submitting documents demonstrating that the intervenor could not afford to participate without undue hardship. Public utilities generally pay these intervenor compensation awards from the amounts they collect from their ratepayers.

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<sup>1</sup> California Public Utilities Commission, “ALISO CANYON WELL FAILURE,” <https://cpuc.ca.gov/aliso>.

<sup>2</sup> CARB, “Aliso Canyon Natural Gas Leak”; <https://ww2.arb.ca.gov/our-work/programs/aliso-canyon-natural-gas-leak>

<sup>3</sup> Stanley Young, CARB Press Release, “Alison Canyon leak emitted 109,000 metric tons of methane,” October 21, 2016; <https://ww2.arb.ca.gov/news/aliso-canyon-leak-emitted-109000-metric-tons-methane#:~:text=CARB%20staff%20estimated%20a%20range,ensure%20full%20and%20complete%20mitigation.>

<sup>4</sup> County of Los Angeles Public Health, “Aliso Canyon Disaster Health Research Study”; <http://publichealth.lacounty.gov/eh/healthresearch/background.htm>

<sup>5</sup> I.19-06-014

*Set Timelines* – Pursuant to Section 1804 of the Public Utilities Code, an intervenor planning to seek compensation for participating in a CPUC proceeding “shall, within 30 days after the prehearing conference is held, file and serve all parties to the proceeding a notice of intent to claim compensation.” The section further states that, “In cases where the schedule would not reasonably allow parties to identify issues within the timeframe set forth above, or where new issues emerge subsequent to the time set for filing, the commission may determine an appropriate procedure for accepting new or revised notices of intent.”

**COMMENTS:**

- 1) *Author’s Statement.* According to the author, “SB 720 requires the CPUC to notify and grant party status and party rights to employee organizations representing a gas corporation’s workforce at each stage of a safety-related proceeding. As the current SoCalGas Safety Culture Investigation enters Phase 2, holding a new prehearing conference will enable the Union to help the parties develop concrete solutions to these and other problems that jeopardize gas safety at SoCalGas.”
- 2) *Sequence of Events.* As alluded in the background, the CPUC opened a safety investigation proceeding following the Aliso Canyon leak incident in June 2019, to determine whether the organizational culture and governance of SoCal Gas and its parent company, Sempra Energy, “prioritize safety”. Pursuant to Section 961 of the Public Utilities Code, the CPUC sent the order instituting the investigation to its service lists. However, the Utility Workers Local Union No. 132 (Local 132), which represents more than 3,200 SoCalGas employees, contend that they were neither notified by the CPUC nor SoCal Gas about this safety investigation proceeding. Local 132 claimed that they learned of this proceeding in November 2023. By this time, the proceeding’s prehearing conference had already been held in March 2022. Nevertheless, In December 2023, Local 132 moved to apply for party status and were granted party status on the same day.
  - In mid-February 2024, Local 132 filed a late notice of intent (NOI) to seek intervenor compensation for their participation in the Aliso Canyon proceeding. Since this was beyond 30 days after the proceeding’s prehearing conference, this case had to be arbitrated by an Administrative Law Judge.
  - In late February 2024, the Administrative Law Judge denied Local 132’s motion on procedural grounds, ruling that pursuant to Section 1804, subdivision (a)(1), “not being aware of the proceeding is not a valid reason for filing notice of intent more than 30 days after the prehearing conference.” However, the author and sponsors contend that the organization’s lack of awareness about the proceeding was due to CPUC “failure” to notify them. They point to Public Utilities Code section 1711, subdivision (a) which provides: “Where feasible and appropriate, except for adjudication cases, before determining the scope of the proceeding, the commission shall seek the participation of those who are likely to be affected, including those who are likely to benefit from, and those who are potentially subject to, a decision in that proceeding.”

As such, the lack of notification, necessitates creation of due-process procedures at the CPUC as this measure provides.

- 3) *Need for Amendments.* The committee has only had the opportunity to hear perspectives from the author and sponsors and not the CPUC. Without the full picture, the committee maintains hesitations about making conclusions regarding determinations by Administrative Law Judge until further information is provided to the committee. *As such the committee recommends modifying the language in subdivision (c) of legislative intent section.*

The current language of this measure requires the CPUC to facilitate the participation of an employee organization with party status in safety culture investigation proceedings related to gas corporations that are opened between January 1, 2023, and January 1, 2025 by the CPUC. However, given the judge's procedural motion, *the committee wishes to amend this legislation to require that whenever the CPUC opens a proceeding related to a gas corporation safety, it shall notify all employee organizations representing the gas corporation's employees and shall grant party status to those organizations prior to the first prehearing conference.*

*The CPUC is expected to conduct other phases of safety-related proceeding in the near future. As such, the committee wishes to include language that subsequent to an initial phase of a safety related hearing the CPUC shall conduct a new prehearing conference and shall notify all employee organizations representing the gas corporation's employees.*

#### 4) *Prior Legislation*

SB 801 (Stern) made several requirements of energy utilities serving ratepayers in the Los Angeles Basin to support energy reliability where it has been affected by reductions in storage gas capacity and gas deliverability resulting from the 2015 leak at the Aliso Canyon storage facility, operated by SoCalGas. Also established the Aliso Canyon Recovery Account. Status: Chapter 814, Statutes of 2017.

SB 1416 (Bradford, 2020) would have established criminal penalties for individuals convicted of assaulting or battering a utility worker while the utility worker is in the commission of their job. The bill died in the Senate Rules Committee.

SB 513 (Bradford, 2017) would have established criminal penalties for individuals convicted of assaulting or battering a utility worker while the worker is in the commission of their job. The bill was vetoed.

SB 380 (Pavley) established specifics governing the Aliso Canyon natural gas storage facility-testing criteria, requirements to be met prior to re-starting injections at the facility, and required a CPUC proceeding to examine the feasibility of shutting down or minimizing the use of the facility due to the 2015 gas leak. Status: Chapter 14, Statutes of 2016.

SB 888 (Allen) directed how penalty funds assessed for the Aliso Canyon gas leak would be expended, and required climate change impacts from gas storage facility leaks be fully offset. Status: Chapter 536, Statutes of 2016.

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

None on file.

**Opposition**

None on file.

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