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The People of the State of California
8

9 SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF LOS ANGELES

10 THE PEOPLE OF THE STATE OF
11 CALIFORNIA,

12 Plaintiff,

13 v.

14 SOUTHERN CALIFORNIA GAS
15 COMPANY.

16 Defendant.
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CONFORMED COPY
OF ORIGINAL FILED
Los Angeles Superior Court

SEP 13 2016

Sherri R. Carter, Executive Officer/Clerk
By N. Nikbakhsh, Deputy

Case No. 6SC00433

**PROPOSED SETTLEMENT
AGREEMENT BETWEEN THE
PEOPLE OF THE STATE OF
CALIFORNIA AND DEFENDANT
SOUTHERN CALIFORNIA GAS CO.**

Complaint Filed February 2, 2016

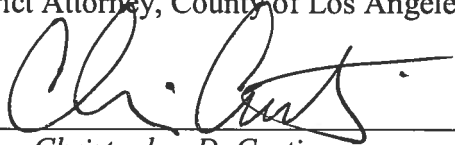
NCD: September 13, 2016
8:30 a.m.
Department 3
Hon. Judge Alan S. Rosenfield

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1. Attachment A to this submission to the Court contains the proposed Settlement Agreement (“Agreement”) between the Los Angeles County District Attorney’s Office and Defendant Southern California Gas Company in case 6SC00433.
2. All the terms and conditions of the proposed Agreement are set forth in Attachment A, which is 6 pages in length total (including a signature page for the Court).

DATED: 9/13/16

JACKIE LACEY
District Attorney, County of Los Angeles

BY: 
Christopher D. Curtis
Deputy District Attorney

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ATTACHMENT

“A”

Settlement Agreement

1. This Settlement Agreement (“Agreement”) is entered into as of the 13th day of September 2016 (“Agreement Date”), by the People of the State of California, acting through the District Attorney’s Office for Los Angeles County (hereinafter referred to as the “LADA”) and Southern California Gas Company (hereinafter “SoCalGas” or “Company”) (hereinafter, jointly referred to as the “Parties”). The Parties enter into this Agreement in resolution of all criminal claims that have been brought by the LADA against SoCalGas in case 6SC00433. The LADA’s claims arose out of an investigation into the natural gas leak (the “Leak”) which occurred at SoCalGas’ Aliso Canyon Natural Gas Storage Facility (“Aliso Canyon Facility”), located in Los Angeles County, that began on or around October 23, 2015.
2. The LADA filed a Misdemeanor Complaint (“Complaint”) in the Superior Court of the State of California for the County of Los Angeles on February 2, 2016, charging SoCalGas with misdemeanor violations of Health and Safety Code Section 25510(a) (Count 1); Los Angeles County Code Section 12.56.030 (Count 2); Title 19 of the California Code of Regulations Section 2703(a) (Count 3); and Health and Safety Code Section 41700(a) (Count 4) in case 6SC00433. SoCalGas pled not guilty at arraignment to the charges alleged in the Complaint.
3. In consideration of the proceeding and for the mutual promises and considerations set forth herein, the sufficiency of which are hereby acknowledged, the Parties agree as follows:
 - a. SoCalGas will plead no contest to Count 1 in the Complaint, a misdemeanor violation of Health and Safety Code Section 25510(a) for failing to timely report the natural gas leak to the proper authorities, specifically the California Office of Emergency Services (“OES”) and the local Certified Unified Program Agency (“CUPA”), which in this case was the Los Angeles County Fire Department.

It is also acknowledged by both Parties that a plea to this count is “priorable” pursuant to Health and Safety Code Section 25515.3 and any subsequent violation of this section may be charged as a felony.
 - b. The Court will impose, and SoCalGas will pay, at sentencing the maximum fine of \$75,000 in exchange for their plea to Count 1. This represents the maximum fine of \$25,000 per day of violation pursuant to Health and Safety Code Section 25515.3(a) multiplied by the three days the LADA alleges the Company failed to timely report the leak as alleged in the Complaint.
 - c. The Court will impose, and SoCalGas will pay at sentencing, state penalty assessments on top of the fine described above pursuant to Penal Code Sections 1464 and 1465.7 and Government Code Sections 76000 and 70372. These penalty assessments are currently estimated to be approximately \$232,500.

- d. The Court will impose, and SoCalGas will pay at sentencing, \$246,672.88 for the cost of the response by the Los Angeles County Fire Department's Health and Hazardous Materials Division pursuant to Health and Safety Code Section 25515.3.
- e. The Court will impose, and SoCalGas will pay at sentencing, all mandatory fines and fees as required by the court, including any restitution fine to the State Restitution Fund ordered pursuant to Penal Code Section 1202.4.
- f. In exchange for the LADA's decision to enter into this Agreement, SoCalGas has agreed to install, prior to sentencing, an Infrared Methane Leak Detection System along the southern border or fence-line of the Aliso Canyon Facility that will include 8 pairs of infrared methane monitors situated in strategic locations near or at the southern facility border capable of detecting methane crossing from the Aliso Canyon Facility and into the community. The total costs are anticipated to be approximately between \$1.2 million and \$1.5 million dollars. This money will go towards the purchase of the equipment, its installation and integration into the Company's infrastructure and networking systems, as well as for project support, upkeep, and maintenance. This methane monitoring system is currently not required by any agency or regulator and will be installed and maintained pursuant to the terms of this Agreement.
- g. In exchange for the LADA's decision to enter into this Agreement, SoCalGas will, prior to sentencing, enter into a binding agreement to hire and maintain 6 full-time employees responsible for operating and maintaining the equipment and systems designed to promptly detect gas leaks at the Aliso Canyon Facility for at least 3 years. The anticipated costs for these 6 positions will be approximately \$750,000 annually. The anticipated total costs for these positions for a 3 year period will be approximately \$2.25 million dollars.

The equipment and systems these employees will monitor include the Infrared Methane Leak Detection Monitors placed at the fence-line, the Real-Time Pressure Monitors installed on each natural gas storage well in operation at the Aliso Canyon Facility, and the monitoring systems present in the Operations Room which monitor the methane and real time pressure monitors. SoCalGas intends the 6 employees referenced in this paragraph to consist of 5 station operations specialists and 1 instrument specialist. These employees, with potential assistance from other employees and resources, will maintain Operations Room coverage on a 24 hours/7 days a week basis.

- h. In exchange for the LADA's decision to enter into this Agreement, SoCalGas will, prior to sentencing, install Real-Time Pressure Monitors at each natural gas storage well in operation at the Aliso Canyon Facility as required by DOGGR Emergency Order 1109 and the Requirements of the Comprehensive Safety Review of the Aliso Canyon Natural Gas Storage Facility.


- i. In exchange for the LADA's decision to enter into this Agreement, SoCalGas will, prior to sentencing, be required to test and certify that the new monitoring systems, including the Infrared Methane Leak Detection System and the Real-time Pressure Monitoring System, are working properly by using an outside third party company. This requirement of certification of the new monitoring systems is solely a product of the terms of settlement in this case, as such certification is not required by any other regulator or agency.
 - j. In exchange for the LADA's decision to enter into this Agreement, SoCalGas will, prior to sentencing, revise and adopt new reporting policies regarding releases or threatened releases of hazardous materials to OES and the applicable CUPA. These revised reporting policies will be explicit and consistent with the requirements of Health and Safety Code Section 25510. These policies have been adopted in anticipation of this Agreement and submitted to the LADA.
 - k. In exchange for the LADA's decision to enter into this Agreement, SoCalGas will, prior to sentencing, provide proof to the LADA that it conducted training courses for employees responsible in whole or in part for leak detection or reporting at all of their Los Angeles County natural gas storage facilities (Aliso Canyon, Playa del Rey, Honor Rancho, and Montebello) on the proper notification procedures to agencies in the event of a leak or suspected leak, including OES and CUPA, in addition to creating messaging from SoCalGas senior management to all said employees on the importance of promptly reporting incidents to OES and CUPA.
 - l. Provided the terms of this Agreement are complied with by SoCalGas, the LADA agrees to dismiss the remaining three counts contained within the Complaint pursuant to Penal Code Section 1385 at the time of sentencing.
 - m. Given that all of the terms and conditions of this agreement will be required to be completed at or prior to the date of sentencing, including payment of the maximum fine and assessments, as well as the work specified above, the LADA agrees not to seek or require probation as a condition of the Agreement.
 - n. In total, SoCalGas will be required to pay and commit approximately \$4,004,172 to \$4,304,172 to fully complete and satisfy the complete terms of this settlement agreement.
4. This Agreement contains the complete agreement between the Parties and supersedes any previous agreement between them. This Agreement may not be modified, amended, or terminated except by written agreement signed by the Parties and specifically referring to this Agreement.
 5. All of the terms and conditions contained within this Agreement required of SoCalGas will be completed to the satisfaction of the LADA's Office prior to or on the date of sentencing by the Court.

6. This Agreement may be executed in counterparts, each of which shall be deemed original and all of which, when taken together, shall constitute one and the same instrument. Signatures exchanged by facsimile or email shall be acceptable as originals.

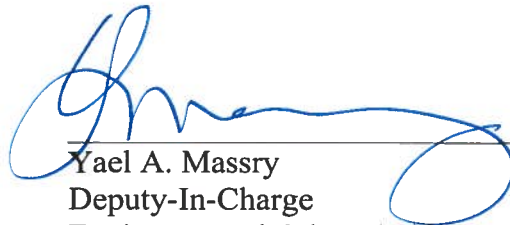
ACKNOWLEDGEMENTS

I have reviewed the above Agreement carefully and hereby certify that I fully understand and agree to its terms.

9-13-16
Date

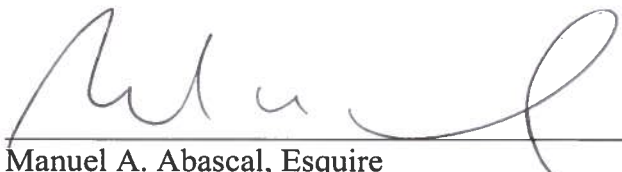

Sharon Tomkins
General Counsel
Southern California Gas Company

9.13.16
Date



Yael A. Massry
Deputy-In-Charge
Environmental Crimes/OSHA Section
Los Angeles County District Attorney's Office

I am Southern California Gas Company's counsel. I have carefully reviewed every part of this Settlement Agreement with my client Southern California Gas Company. To my knowledge the decision of Southern California Gas Company to enter into this Agreement is an informed and voluntary one.

9-13-16
Date


Manuel A. Abascal, Esquire
Counsel for Southern California Gas Company

9-13-16
Date


Nathan Hochman, Esquire
Counsel for Southern California Gas Company

The Court, having reviewed this Agreement in total, hereby approves its terms of settlement between the LADA's Office and Defendant Southern California Gas Company, in relation to case 6SC00433.

Date

Hon. Alan S. Rosenfield
Superior Court Judge