



June 23, 2016

SoCalGas Update

We are pleased to provide you a progress report on actions we are taking to support Porter Ranch and the surrounding community:

We have completed our commitment to help relocated residents return home.

On February 18, 2016, when state officials confirmed the Aliso Canyon gas leak was permanently sealed, SoCalGas committed to returning things to normal. Now, we are pleased to report that nearly everyone who chose to relocate as a result of the leak has returned home. SoCalGas has provided interior cleaning services for more than 1,700 households in Porter Ranch and the interior cleaning program concluded on June 22, 2016. A handful of residents in longer term leases are still transitioning from temporary accommodations. However, the completion of the interior cleaning program effectively marks the end of the temporary relocation program.

State and County officials, as well independent analyses, have concluded based on extensive sampling data that the outdoor air and indoor environmental quality of homes in the Porter Ranch community is safe for residents and that the air quality in the area is normal.

We are providing dedicated customer service and other resources to impacted residents.

To date, our team has reviewed and processed about 49,000 reimbursements totaling nearly \$90 million. Over 100 SoCalGas reimbursement processors and community liaisons continue to work to answer inquiries from residents and process reimbursement requests. In addition, our Community Resource Center has now been open for more than 200 days and has managed more than 35,000 visits.

We have also worked diligently to address community concerns. Since January, we have delivered or installed more than 38,000 air filtration systems in more than 10,500 homes, 60 schools and 160 businesses in neighborhoods near the Aliso Canyon storage facility. We've also cleaned the exteriors of hundreds of homes, community parks, playgrounds and schools.

We are working with experts to investigate the cause of the leak.

The investigation into the cause of the Aliso Canyon gas leak continues, with the California Public Utilities Commission Safety and Enforcement Division (SED) and the Division of Oil, Gas and Geothermal Resources (DOGGR) onsite at the facility to oversee the investigation. We are working closely with those agencies and their outside expert to safely and expeditiously investigate the cause of the leak. The findings will be made public once they are available.

We have accelerated the inspection of all storage wells at Aliso Canyon and supported regulatory policies that adopt best safety practices for all storage facilities.

A thorough inspection of all wells at the Aliso Canyon storage facility continues in compliance with DOGGR regulations. Under the three-phased framework to safely bring Aliso Canyon back online, all 114 wells at the Aliso Canyon facility are undergoing rigorous diagnostic tests to verify operational safety.

We provided our latest bi-weekly report to DOGGR on inspections of wells on Friday, June 17, 2016. As of that date:

- 112 of the 114 active wells at the facility have completed phase one inspections. The remaining two wells are awaiting completion of Phase One temperature and noise tests.
- Of those, 90 wells have been reviewed and received DOGGR approval and are now in the Phase Two process.
- 23 wells have completed both Phase One and Phase Two tests, and nine of those have received final DOGGR approval.

We are working toward being able to operate the Aliso Canyon storage facility by late summer.

Further, we remain committed to supporting forward-looking regulatory policies that adopt best safety practices for all natural gas storage facilities. On May 2, we released a statement expressing our support for the passage of SB 380.

We are developing a plan to address greenhouse gas emissions from the leak.

A few weeks after the leak began, our President and CEO Dennis Arriola committed to Governor Brown to fully mitigate the actual amount of greenhouse gasses associated with the leak. As promised, we have completed a thorough measurement of the gas inventory in the Aliso Canyon reservoir and determined the most likely level of actual emissions from the previously-leaking well. The emissions are slightly lower than, but in line with, preliminary estimates made by the California Air Resources Board (ARB), and estimates made by third-party scientists.

The physical measurement of the gas inventory in the reservoir confirms a variance of 4.62 billion cubic feet (BCF) of natural gas, which translates to emissions of approximately 84,200 metric tons (MT). We are developing a mitigation plan to address the greenhouse gas emissions from the leak, and exploring methane emissions mitigation from multiple sources, such as dairies and landfills in California. We have signed letters of intent with several California dairies to manage methane emissions and will finalize our mitigation plan in the coming months.

In addition, we are collaboratively working with other stakeholders to educate customers on actions they can take to conserve energy this summer.

SoCalGas is doing everything in our ability to support energy reliability throughout the summer and into next winter's heating season. Through the past weekend and into this week—the summer's first significant heat wave—we worked in very close coordination with the California Independent System Operator (CAISO) and other agencies, as well as our electric generation customers, to monitor supply

and adjust operations as needed to optimize reliability.

To reduce the strain on our energy systems through conservation, CAISO issued a Flex Alert on Monday to encourage residents to conserve energy.

In addition, to reduce the risk of outages, SoCalGas launched a conservation campaign in collaboration with 11 other energy providers in Southern California. The campaign includes advertising, social media and other tactics--including ConserveEnergySoCal.com, an educational microsite with conservation tools, tips and education.

SoCalGas is committed to supporting energy reliability throughout Southern California, and we will keep you informed throughout this heat wave as conditions warrant.

Even though the leaking well was sealed over four months ago and the last of the relocated residents are returning home, we will continue to deliver on the commitments we made to the community in February. We will provide regular progress reports on the work we are doing to demonstrate the company's dedication to restoring trust and continuing support for the community. We encourage you to visit www.AlisoUpdates.com for our latest news and updates and www.ConserveEnergySoCal.com for updates on energy conservation and energy savings.