

**ALISO FUND COMMITTEE ANNUAL REPORT
TO THE ATTORNEY GENERAL OF THE STATE OF CALIFORNIA,
THE LOS ANGELES CITY ATTORNEY,
AND THE COUNTY COUNSEL FOR THE COUNTY OF LOS ANGELES**

2022

I. Background

On February 25, 2019, the Los Angeles County Superior Court approved the Consent Decree among the People of the State of California, acting by and through Attorney General Xavier Becerra (“Attorney General”), in his independent capacity and on behalf of the California Air Resources Board, Michael N. Feuer, City Attorney for the City of Los Angeles (“LACA”), and Mary C. Wickham, County Counsel for the County of Los Angeles (“County Counsel”)(collectively, the “People”), the County of Los Angeles (the “County”), and defendant Southern California Gas Company (“SoCalGas”) (the “Consent Decree”). The Consent Decree generally resolves the legal claims of the County and the People (collectively, “Government Plaintiffs”) against SoCalGas relating to the leak of natural gas from SoCalGas’ Aliso Canyon Natural Gas Storage Facility in October 2015. Pursuant to the Consent Decree, SoCalGas agreed to pay \$45.4 million (\$45,400,000) for supplemental environmental projects, or SEPs, to be selected by the Attorney General, LACA, and County Counsel in accordance with a Supplemental Environmental Project Agreement (“SEP Agreement”). The SEP Agreement is Appendix D of the Consent Decree.

The SEP Agreement generally establishes how the settlement funds allocated to SEPs will be spent, by establishing six agreed-upon SEPs¹ and providing for the creation of the Aliso Supplemental Environmental Project Fund, or “Aliso Fund” to act as a repository for, and oversee distribution of, some of the SEP funds. Prior to the disbursement of any funds to implement a SEP, the Aliso Fund Committee must enter into a SEP Recipient Agreement with the agency charged with the administration of the SEP.

The Aliso Fund currently is administered by the Attorney General’s Office (Administrator). The Aliso Fund Committee is comprised of one representative each from the Attorney General, LACA, and the County Counsel. Currently, the members of the Aliso Fund Committee are Catherine M. Wieman (Attorney General’s representative), Jessica B. Brown (LACA’s representative), and Jon Scott Kuhn (County Counsel’s representative).

Paragraph 3.7, subdivision (h)(v)(6), of the SEP Agreement requires the Aliso Fund Committee to prepare an annual report to the Attorney General, the LACA, and the County Counsel detailing the use of the funds in the Aliso Fund during the prior calendar year.

II. Summary of Previous (Calendar Year 2021) Annual Report

As of January 1, 2021, the total balance of the Aliso Fund was \$13,473,945.12. In 2021, funds were disbursed for three pre-approved SEPs identified in the SEP Agreement: SEP No. 1 (Improvement of Air Quality at Public Schools in Environmental Justice Communities in the City or County of Los Angeles, \$7.1 million); SEP No. 2 (Enhanced Air Monitoring and Environmental Reporting in Porter Ranch and Other Locations in Los Angeles County, \$3 million); and SEP No. 4 (Purchase of Electric School Buses and Infrastructure for LAUSD and/or School Districts within County of LA, \$1.5 million [partial disbursement of \$3 million that was earmarked for this project]). Total disbursements in 2021 were \$11,600,000. Total interest accrued was \$29,385.30, and there was no other income. Final account balance as of December 31, 2021, was \$1,903,330.42. (This was

¹ Three of those six SEPs (Nos. 3, 5 and 6 in the SEP Agreement) were funded directly through the County rather than through the Aliso Fund. The Aliso Fund Committee periodically requests information and/or updates regarding the status of and expenditures relating to those SEPs.

inadvertently rounded to “\$1,903,000” in the 2021 Annual Report.) The 2021 Annual Report also reported \$5,767.50 in expenses, but those expenses were not paid in 2021, and so were not reflected in the final account balance.

III. 2022 Annual Report

A. Calendar Year 2022

The following is a summary of the status of the Aliso Fund as of December 31, 2022, and other data on income, disbursements, and costs/expenses incurred in 2022:

Ending account balance (Dec. 31, 2022)	\$1,909,484.42
Starting account balance (Jan. 1, 2022)	\$1,903,330.42
Change in account value	\$6,154
Total income	\$11,921.50
Interest income	\$11,921.50
Other income	
Total disbursements	\$0
Disbursements to SEP projects	
Other disbursements	
Total costs/expenses paid	\$5,767.50
2021 administrator costs paid in 2022	\$5,767.50
[Administrator costs incurred in 2022 ²]	[\$2,255.00]
Other costs/expenses incurred	\$0

No disbursements were made in 2022. (A projected disbursement for \$1.5 million did not occur, and will occur in 2023 instead, as discussed below.)

Post Date	To	Sum	Notes
N/A	N/A	N/A	

B. Calendar Year 2023

The following is a summary of projected data for 2023:

Total anticipated income	< \$50,000
Anticipated interest income	< \$50,000
Anticipated other income ³	\$0
Total anticipated disbursements	\$1.5 million
Anticipated disbursements to SEP projects	\$1.5 million
Other anticipated disbursements	\$0
Total anticipated costs/expenses paid	\$2,255.00
2022 administrator costs paid in 2023	\$2,255.00
[Administrator costs incurred in 2023 ⁴]	[<\$5,000]

The Aliso Fund Committee anticipates disbursing funds to the following SEP in 2023:

² Payment of these costs will be made in 2023 and thus are not reflected in the balance for 2022.

³ The expectation is that interest income will be the sole income of the Aliso Fund in 2023. The Aliso Fund Committee does not expect income from the following sources in 2023: Mitigation Reserve, Mitigation Project Proceeds, or Returned SEP Monies.

⁴ Payment of these costs will be made in 2024 and thus will not be reflected in the balance for 2023.

- SEP No. 2: \$1.5 million for development of an air monitoring system and a symptom and environmental incident reporting system in one or more environmental justice communities in Los Angeles County.

The Committee does not anticipate funding additional SEP projects in 2023.

C. Status of Projects Funded by the Aliso Fund

A brief update regarding the status of each of the SEP projects funded by the Aliso Fund to date follows. This update includes information obtained from the Aliso Fund Committee and known as of May 3, 2023.

SEP No. 1: In 2021, the Aliso Fund disbursed \$7.1 million to the South Coast Air Quality Management District (South Coast AQMD) for installation of air filtration systems in schools in environmental justice communities in the County or City of Los Angeles. The Aliso Fund Committee and South Coast AQMD negotiated an agreed-upon list of schools at which filtration systems would be installed prior to disbursement of the funds. South Coast AQMD retained IQAir to implement SEP No. 1 and reached out to the Los Angeles Unified School District (LAUSD) to begin implementation. LAUSD proposed some modifications to the agreed-upon list of schools. The Aliso Fund Committee has reviewed and approved those changes, and South Coast AQMD is working with IQAir to begin installation of air filtration systems. The Aliso Fund Committee expects installation to begin in the third or fourth quarter of 2023. South Coast AQMD is required to, and does, report annually to the Aliso Fund Committee regarding expenditures relating to SEP No. 1.

SEP No. 2: The Aliso Fund disbursed \$1.5 million to South Coast AQMD in 2021 to fund the installation of an air monitoring system and symptom and incident reporting system in the communities surrounding the Aliso Canyon Natural Gas Storage Facility. South Coast AQMD held public meetings, issued a Request for Proposals, and ultimately selected ARGOS and UCLA to implement this portion of the air monitoring SEP. South Coast AQMD reports that the contract for this SEP has been executed, and that implementation will begin in second or third quarter of 2023. South Coast AQMD is required to, and does, report annually to the Aliso Fund Committee regarding expenditures relating to SEP No. 2. The Aliso Fund Committee continues to work to implement the remainder of SEP No. 2, which involves development of an air monitoring system and symptom and/or environmental incident reporting system in one or more environmental justice communities in Los Angeles County, and anticipates finalizing an agreement to implement this portion of SEP No. 2 and disbursing funds to do so in 2023.

SEP No. 4: The Aliso Fund disbursed \$3 million to LAUSD for purchase of electric school buses and infrastructure in 2021. LAUSD is in the process of purchasing the buses. LAUSD is required to report annually to the Aliso Fund Committee regarding expenditures relating to SEP No. 4.

D. Additional Updates

On June 23, 2022, the California Air Resources Board (CARB) filed with the court in this matter the notice of mitigation certification, indicating that SoCalGas has satisfied its methane emission mitigation obligation under the Consent Decree. Pursuant to the terms of the Consent Decree and Mitigation Agreement, five years from the date on which the Mitigation Certification was submitted to the court (so, on or within 10 days after June 23, 2027), CARB shall request that any monies remaining in the Mitigation Account and the Mitigation Reserve be distributed into the Aliso Fund, as set forth in Section 6.a of the Mitigation Agreement.

Report prepared by:
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Deputy Attorney General
Administrator of Aliso Fund