

June 20, 2013

Santa Barbara County Board of Supervisors
(By Hand)

Re: Southern California Gas company application to expand

Dear Supervisors:

By allowing increased industrialization of the coastline you will be lowering the property values and quality of life of the residents in the area and ignoring the wishes of more than 900 constituents who submitted a petition to you to deny this project. If you are going to do that, you should have a good reason to do it.

The law now protects those of us who live near the facility. The Gas Company is asking you to change the law to benefit them at our expense in terms of increased risks to us and adverse impacts in terms of noise, aesthetics, traffic, potential danger, etc.

Why would you do that? It would have to be because you believed the benefits of the project outweigh the negative impacts. The only benefits of the project offered by the proponents and staff are economic benefits.

However, the benefits to the rate payers, the stockholders, the residents, and the company are negligible.

I am sorry to say that the planning staff and the Planning Commission did not adequately identify what the economic benefits of this project are supposed to be at the time of the Planning Commission hearing. [I expect that by now planning staff has some new information which was not available at the time of the hearing. Perhaps the project should be returned to the Planning Commission for further review.]

Let's look at the economic benefits of this project. The numbers are not discussed in the EIR or in the Planning Commission staff report and were not discussed at the Planning Commission hearing. If they had been discussed, I believe the outcome would have been different.

- A. One of the two reasons given for the project and one of the two supposed benefits is that the project would increase the Gas Company's storage capacity.

As far as increasing the Gas Company's storage capacity is concerned, the Gas Company now has 135 billion cubic feet of storage. Adding another 3-5 billion cubic feet adds only 2-3% to their current capacity. Nationally, the United States has 2 TRILLION cubic feet of natural gas in storage. As a county we export natural gas. We have abundant gas already. As a company, Sempra Energy, owner of Southern California Gas Co., is an exporter of natural gas.

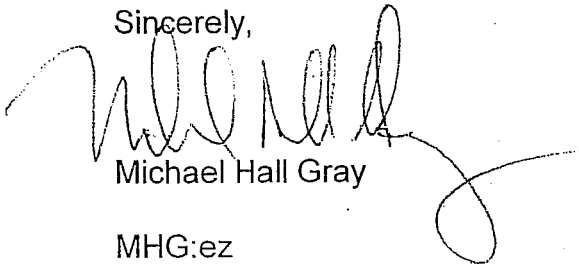
B. The other of the two reasons given for the project and the second supposed benefit is that there would be a saving to rate payers.

The Southern California Gas Company has 20.9 million customers in Southern California. The gas company said at the hearing that the project is expected to generate \$25 million in revenue. They didn't say if that was gross revenue or net revenue. Let's give them a break and assume that it is net revenue, that is, the value of the gas minus the cost of drilling, etc. Half of that profit is returned to the rate payers. The 20 million rate payers would divide up \$12.5 million dollars or less than \$1.00 per rate payer. Assuming half the net revenue generated by this project was passed on to the ratepayers, the ratepayers of Southern California Gas company will see a onetime reduction of their bill of less than \$1.00. That is it. Less than \$1.00 per customer. That is not per month or per year. It is one dollar period.

Here is the math from another, real world approach. The drilling is expected to produce 4 billion cubic feet of gas give or take a billion. The well head price of gas is about \$4 per thousand cubic feet (the price varies seasonally). Four billion cubic feet divided by 1000 cubic feet is 4 million. Four million times \$4 per 1000 cubic feet is \$16 million dollars. Half of that is \$8 million dollars. \$8 million dollars distributed to 20 million customers is \$.40 each.

I know you are good people who care about your constituents and the environment. I also know you do not like to say "no" to applicants who come before you asking for permission to "improve" their property. However, in this case, you must make a hard decision because you can't please everyone. Please make the right decision and leave the law the way it is now. The benefits of this project, which are negligible, do not warrant changing the law as Southern California Gas Co. is asking you to do.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Hall Gray", with a long, sweeping flourish extending from the bottom right.

Michael Hall Gray

MHG:ez