

SANTA BARBARA COUNTY BOARD AGENDA LETTER



Clerk of the Board of Supervisors
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Agenda Number:

Prepared on: April 13, 2004
Department Name: Planning and Development
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TO: Board of Supervisors

FROM: Valentin Alexeeff, Director
Planning and Development

STAFF CONTACT: Steve Chase, Deputy Director of the Energy Division x2520
Luis Perez, Energy Specialist x2034

SUBJECT: Southern California Gas Company's Application to the California Public Utilities Commission and Subsequent Pre-hearing Conference

Recommendation: That the Board of Supervisors authorize Planning and Development to prepare a statement for submittal to the California Public Utilities Commission (CPUC) regarding Southern California Gas Company's application to the CPUC for authorization to establish a revenue sharing mechanism for the production of natural gas that may be located near their existing storage facilities, including the La Goleta Storage Facility at 1171 More Road in the unincorporated Goleta area of the County, Second Supervisorial District (see attached project description and site map).

Alignment with Board Strategic Plan: The recommendation is primarily aligned with Goal No. 4. *A Community that is Economically Vital and Sustainable.*

Executive Summary and Discussion: Southern California Gas Company (SoCalGas) has discussed with Planning and Development (P&D) their intent to drill two new natural gas production wells into a newly identified reservoir at their La Goleta Storage Field in the unincorporated area of the County near the city of Goleta. P&D has determined that SoCalGas would be required to submit an application to the County for land use approval and a coastal development permit, subject to environmental review under the California Environmental Quality Act. A letter detailing the permit options available to SoCalGas was sent on January 15, 2004 with the request that SoCalGas contact the Energy Division for a pre-application meeting.

Jurisdiction: the CPUC

In March 2004, the Energy Division became aware of SoCalGas' application to the California Public Utilities Commission (CPUC) for authorization to establish a revenue sharing mechanism for the production of natural gas that might be located near any SoCalGas storage facility, *including the La Goleta Storage Facility*. Ostensibly, this would provide SoCalGas with an economic incentive to incur the costs necessary to locate and produce "native" natural gas. Based on a review of SoCalGas' application and the protests of interested parties, the CPUC Administrative Law Judge ruled that a pre-hearing conference would be held on Tuesday, April 27 to address issues that include:

- ◆ Whether the request for such revenue sharing authorization contemplates that the authorization would include the CPUC's approval for SoCalGas to drill additional wells at or near SoCalGas' existing storage fields.
- ◆ Whether the additional drilling contemplated by SoCalGas is subject to any California Environmental Quality Act review by the CPUC or another lead agency.
- ◆ Whether SoCalGas filed or plans to file for any necessary city, county or state permits, licenses, or authorizations to allow it to drill additional wells.

P&D feels that it is in the County's best interest to submit a written statement to the CPUC prior to appearing at the CPUC pre-hearing conference on April 27 in order to clarify the County's land use procedures, our past correspondence with SoCalGas and our desire to become CEQA lead agency for the project.

Fiscal and Facilities Impacts: P&D is currently attempting to negotiate a billing agreement with SoCalGas. All costs associated with review of this project will be billed to the applicant, SoCalGas. No staff changes are proposed. There is no fiscal impact to the County.

Special Instructions: Please see attached project description and site map.

Concurrence: County Counsel