

**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**

Calendar Year 2020

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 (collectively, the “People”), the County of Los Angeles (the “County” and, with the People, the “Government Plaintiffs”) and defendant Southern California Gas Company (“SoCalGas”) (the “Consent Decree”). The Consent Decree generally resolves the Government Plaintiffs’ legal claims 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 6 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. 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 2019) Annual Report

During 2019, SoCalGas made an initial distribution of \$13.2 million (\$13,200,000) into the Aliso Fund, as required by the Consent Decree. These funds were specifically earmarked for three of the 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, \$3 million). The Aliso Fund earned \$81,307.82 in interest during 2019. At 2019 year-end, the total balance of the Aliso Fund was \$13,281,307.82. The Aliso Fund Committee did not recommend, and the Administrator accordingly did not make, any disbursements from the Aliso Fund during 2019.

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, and so are not included in this report.

III. 2020 Annual Report

A. Calendar Year 2020

In accordance with the Draft Aliso Fund Guidelines, the following is a summary of the status of the Aliso Fund as of December 31, 2020 and other data on income, disbursements, and costs/expenses incurred in 2020.

Ending account balance (Dec. 31, 2020)	\$13,473,945.12
Starting account balance (Jan. 1, 2020)	\$13,281,272.02
Change in account value	\$192,637.10
Total income	\$192,637.10
Interest income	\$192,637.10
Other income	\$0
Total disbursements	\$0
Disbursements to SEP projects ²	\$0
Other disbursements	\$0
Total costs/expenses incurred	\$ 1972.50
Administrator costs incurred ³	\$1972.50
Other costs/expenses incurred	\$0

B. Calendar Year 2021

The following is a summary of projected data for 2021:

Total anticipated income	< \$100,000
Anticipated interest income	< \$100,000
Anticipated other income ⁴	\$0
Total anticipated disbursements	\$13,107,000
Anticipated disbursements to SEP projects	\$13,100,000
Other anticipated disbursements ⁵	<\$7,000
Anticipated costs/expenses	<\$5,000

In 2021, the Aliso Fund Committee expects to disburse funds to the three of the six SEPs described in the SEP Agreement, including the following:

- SEP 1: \$7.1 million for public school air filtration systems, to SCAQMD. (These funds were actually disbursed on February 6, 2021.)

² No SEPs were approved in FY 2019 or 2020, so no disbursements were made to SEPs in FY 2020.

³ The Administrator incurred a total of \$1972.50 in administrative costs in FY 2020. The Administrator will submit a request for payment of these costs to the Aliso Fund Committee in FY 2021.

⁴ The expectation is that interest income will be the sole income of the Aliso Fund in 2021. The Aliso Fund Committee does not expect income from the following sources in 2021: Mitigation Reserve, Mitigation Project Proceeds, or Returned SEP Monies.

⁵ The Aliso Fund anticipates paying costs to the Administrator for administration costs for both FY 2020 (\$1972.50) and FY 2021 (~\$5,000).

- SEP 2: \$3.0 million for air monitoring, \$1.5 million to SCAQMD for air monitoring in the Porter Ranch community and \$1.5 million for air monitoring in one or more environmental justice communities in Los Angeles County.
- SEP 4: \$3.0 million for electric school buses, to the LAUSD. (These funds were actually disbursed on January 14, 2021.)

The remaining three SEPs have been funded directly through the County, and thus will not be funded through the Aliso Fund.

The Committee does not anticipate funding additional SEP projects in FY 2021.

C. Status of Projects Funded by the Aliso Fund

No projects were funded in 2020.

Report prepared by:
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