

Sempra, SoCalGas Cut \$1.8B Aliso Canyon Gas Leak Deal

By **Dorothy Atkins**

Law360 (September 27, 2021, 8:48 PM EDT) -- Southern California Gas and its parent, Sempra Energy, have agreed to pay up to \$1.8 billion to settle personal injury and property damage claims by more than 35,000 victims of the 2015 Aliso Canyon gas leak, following roughly \$5.7 million in discovery sanctions levied against SoCalGas, according to plaintiffs' counsel.



Sempra Energy and SoCalGas have agreed to pay up to \$1.8 billion to settle tens of thousands of claims stemming from the 2015 Aliso Canyon gas leak. (AP Photo/Lenny Ignelzi)

If approved, the settlements would resolve claims by tens of thousands of property owners who sued the utility after one of SoCalGas' natural gas storage wells leaked nearly 100,000 tons of methane and other substances into the atmosphere over 118 days in late 2015.

The plaintiffs' counsel noted in a statement Monday that the Aliso Canyon blowout remains the biggest natural gas leak in U.S. history, and SoCalGas and its counsel from Morgan Lewis & Bockius LLP racked up \$5.7 million in discovery sanctions since the beginning of the civil litigation in 2015.

Plaintiffs' lead trial counsel, Brian Panish, said in a statement Monday that the settlement, and the "numerous" discovery sanctions against the companies, hold Sempra and SoCalGas accountable for the Aliso Canyon leak and misconduct in the litigation.

"We recommend that all plaintiffs participate in the settlement," Panish said. "We will continue to ensure that all plaintiffs are fairly compensated for their injuries throughout this allocation process."

SoCalGas said in a statement Monday that in light of the deals, the utility will record an after-tax charge of approximately \$1.1 billion this month, and settlement costs will not be borne by ratepayers. SoCalGas CEO Scott Drury added that the proposed settlements are an important milestone to "putting this difficult chapter behind us."

"In the years since the leak, SoCalGas has worked alongside regulators, technical experts and our neighbors to enhance safety at all our underground storage facilities and our engagement with the community," Drury said.

The leak was discovered in October 2015 and lasted until February 2016, ultimately releasing

109,000 metric tons of methane into the atmosphere, according to the California Air Resource Board, and displacing thousands of nearby residents — many who said they **experienced** nausea, dizziness, vomiting, shortness of breath, nosebleeds and headaches.

The incident sparked a wave of civil and criminal litigation against the utility, including civil litigation by property owners, which were coordinated in a proceeding in Los Angeles County Superior Court and have been marred for years by privilege fights, document dumps and sanctions battles.

Included among those sanctions battles is a February 2020 ruling in which a California judge overseeing the consolidated litigation ordered Morgan Lewis, Sempra Energy and SoCalGas to pay **\$525,000 in sanctions**, finding that the law firm and its clients violated court orders and repeatedly withheld discovery information.

The judge issued the ruling after she said during a hearing she had made "**a mistake**" in trusting the attorneys to produce documents for their clients.

The proposed settlement is the latest deal out of multiple struck by the utility in the wake of the leak.

In September 2016, SoCalGas agreed to pay **\$4 million** to settle criminal charges brought by Los Angeles County over the alleged lack of proper notification about the leak, and the utility reached an **\$8.5 million settlement** with local air pollution control agency the South Coast Air Quality Management District over claims stemming from the leak.

Meanwhile, in December 2015, Los Angeles City Attorney Mike Feuer **filed a public nuisance suit** alleging SoCalGas mishandled the leak by failing to have contingency plans for dealing with such an event, and two months later, the California Attorney General's Office and CARB **joined the fight**, accusing SoCalGas of breaching several health and safety laws.

In August 2018, the parties announced a proposed \$119.5 million deal to settle the city and state's lawsuit, and after a public comment period, it was signed off on in **early 2019**.

In the months following the initial leak, the Southern California Air Quality Management District logged more than 499 odor complaints from residents in the surrounding area who alleged the gas was also making them sick, according to court documents.

A **May 2019 independent study** conducted by Blade Energy Partners found that SoCalGas didn't conduct needed follow-up inspections after scores of earlier leaks and lacked risk assessment practices, failures that ultimately led to the leak.

Blade said in its report that state agencies found that 40% of the gas storage wells reviewed by Blade had casing failures, with an average of two casing failures per well. No details regarding the nature or cause of these leaks or failures were available "because no failure analyses were done," the report says.

The residents and homeowners are represented by Brian J. Panish and Jesse Creed of Panish Shea & Boyle LLP, Ray Boucher and Cathy Kim of Boucher LLP, Frank Pitre, Gary Praglin and Kelly Weil of Cotchett Pitre & McCarthy LLP, Michael Kelly and Lindsey Bayman of Kirtland Packard LLP, Mariana McConnell and Paul Kiesel of Kiesel Law LLP, Frank Petosa of Morgan & Morgan, R. Rex Parris and Patricia K. Oliver of Parris Law Firm, Devin Bolton and Robin L. Greenwald of Weitz & Luxenberg and Roland Tellis and Evan Zucker of Baron & Budd PC.

The companies are represented by Morgan Lewis & Bockius LLP.

The suits by the residents and homeowners are consolidated under Southern California Gas Leak Cases, case number JCCP4861, in California Superior Court for Los Angeles County.

The civil cases that were settled in 2019 are People of the State of California v. Southern California Gas Co., case number BC602973, and William Gandsey v. Southern California Gas Co. et al., case number BC601844, in the Superior Court of the State of California, County of Los Angeles.

--Additional reporting by Lauren Berg, Hailey Konnath, Y. Peter Kang, Bonnie Eslinger and Juan Carlos Rodriguez. Editing by Jay Jackson Jr.

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