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Southern California Gas Company

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July 11, 2013

Mr. Michael Robertson, P.E.
Program Manager
Gas Safety and Reliability Branch
Consumer Protection and Safety Division
California Public Utilities Commission
320 W. Fourth Street, Suite 500
Los Angeles, CA 90013

Dear Mr. Robertson:

The staff of Safety and Enforcement Division (SED), formerly the Consumer Protection and Safety Branch (CPSB) of the California Public Utilities Commission conducted a General Order (GO) 112-E audit of Southern California Gas Company's (SoCalGas) Gas Underground Storage facilities on October 22-26, 2012. This audit included a review of records for Aliso Canyon Underground Storage, Goleta Underground Storage, Honor Rancho Underground Storage, Playa del Rey Underground Storage and Ventura Compressor Station for the period of January 2011 through August 2012, and field inspections of various gas transmission pipeline facilities.

In your letter dated June 10, 2013 and received on June 13, 2013, you attached a document entitled "SoCalGas' Underground Gas Storage Audit Observations Summary October 22-26, 2012." (Audit Summary) No probable violations were observed. The audit summary describes two observations and in your letter, you request a written response within thirty days of our receipt indicating the measures taken by SoCalGas to address the observations.

SoCalGas looks forward to working with you and your staff to address the audit observations and any other concerns you might have.

Please feel free to contact me at (213) 305-8660, if you have any questions or need additional information.

Sincerely,

W. Jeff Koskie

Pipeline Safety and Compliance Manager

Attachment
cc: Matthewson Epuna, SED/GSRB–Los Angeles
Joel Tran, SED/GSRB – Los Angeles

# Attachment 1
# Response to Audit Observations

## Audit Observation A

### Audit Observations Identified at Playa del Rey and other facilities

On October 23, 2012, SED staff conducted record reviews and field inspections of SoCalGas' Playa del Rey underground gas storage facilities. During the review of records, staff observed that SoCalGas was performing some of its operation and maintenance activities a few days before the due dates. It appears that the field crews were having difficulty in meeting the required operation and maintenance inspection deadlines. SED recommends that SoCalGas evaluate its operation and maintenance inspection workload and ensure that it has adequate and appropriate workforce to meet its regulatory operations, maintenance and inspections mandates.

SED is concerned that SoCalGas may lack adequate workforce in certain areas and may not have an adequate written quality control (QC) and quality assurance (QA) procedures to ensure that all necessary operations, maintenance, testing and inspection activities are performed in accordance with the applicable standards and regulations. SED staff strongly recommends that SoCalGas articulate, develop and implement a formal and adequate QC/QA program for all normal and abnormal operations, maintenance, testing and inspection activities and continually monitor its effectiveness in preventing non-compliances, minimizing workforce accidents and enhancing public safety. In addition, SoCalGas should implement rigorous QA oversight by performing scheduled and unscheduled QA assessments of design and installation processes, procedures, QC of operation and maintenance activities and document the results.

### Response

Appropriate staffing levels are demonstrated when SoCalGas is able to complete the pipeline safety compliance work required by applicable laws and regulations, including General Order 112-E. This includes the completion of maintenance and inspection activities within the specified compliance periods.

With respect to the performance of inspections at or near required due dates, SoCalGas provides supervisors and managers the discretion to complete orders up to the due date. This enables managers and supervisors the flexibility to manage the fluctuating workloads of our employees and system needs in order to accomplish our safety goals and achieve compliance with regulatory requirements. We will continue to monitor this process and take corrective action if

there appears to be any challenge completing required inspections within regulatory compliance due dates.

With respect to SED's recommendation to expand our QC/QA program, SoCalGas has implemented, or is revising for implementation, Gas Standards related to the following self-audit areas:

- General Self-Audit Requirements – Gas Measurement
- Patrolling of Supply Lines Self-Audit
- Bridge, Span, Pier and Unstable Earth Self-Audit
- Instrument Maintenance – Storage Field and Transmission Facilities

Implementation of the recommendation to expand our QC/QA program is ongoing, and supplements supervisory review of completed MAXIMO order for timeliness, completeness and attendance to follow-up items. Enhancements will continue to be identified and implemented.

Audit Observation B

Audit Observations Identified in various Underground Storage facilities

SED observed that some of the field data gathered by SoCalGas' transmission workforce on a hardcopy "field report" may not have been completely transferred into its electronic work management system "Maximo", after the workforce completed the scheduled work or inspection activities. SoCalGas informed SED staff that some of the field report hardcopies were not available during the audit and instead it had to use the "Maximo" electronic copies during SED staff inspections.

Title 49 CFR, Part 192, § 192.709 Transmission lines: Record keeping states:

"Each operator shall maintain the following records for transmission lines for the periods specified:

A. *The date, location, and description of each repair made to pipe (including pipe-to-pipe connections) must be retained for as long as the pipe remains in service.*

*(a) The date, location, and description of each repair made to parts of the pipeline system other than pipe must be retained for at least 5 years. However, repairs generated by patrols, surveys, inspections, or tests required by subparts L and M of this part must be retained in accordance with paragraph (c) of this section.*

*(c) A record of each patrol, survey, inspection, and test required by subparts L and M of this part must be retained for at least 5 years or until the next patrol, survey, inspection, or test is completed, whichever is longer."*

SED recommends that SoCalGas retain the original field reports or electronic reports that capture the complete field report data in accordance with the regulation.

Response

We currently maintain hard copies of work orders that are captured in MAXIMO. If we consider eliminating retention of hard copies at some point in the future, we will not do so unless pertinent hard copy entries have first been captured in MAXIMO.

As for hard copies not being available to your staff at the time of the 2012 Storage Audit, we could not find specifics related to this issue in our audit summary notes. We apologize if this occurred. Going forward, we will make hard copies available upon request.