

## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



January 27, 2025

GI-2024-11-SWG-30-18

Mr. Kevin Lang (kevin.lang@swgas.com)  
Vice President Engineering Staff  
Southwest Gas Corporation  
8360 South Durango Road  
Las Vegas, NV 89113

**SUBJECT: Section 114 Inspection of Southwest Gas Corporation's Operation and Maintenance Plans**

Dear Mr. Lang:

The Safety and Enforcement Division (SED) of the California Public Utilities Commission (CPUC) reviewed Southwest Gas Corporation's (SWG) response letter, dated January 15, 2025, that addressed one (1) area of concern identified during the **Section 114 inspection of Southwest Gas Corporation's (SWG) Operation and Maintenance (O&M) Plans for the natural gas Distribution Districts (Inspection Unit) in California** from November 5 to 7, 2024.

Attached is a summary of SED's inspection findings, SWG's responses to SED's findings, and SED's evaluation of SWG's responses to the findings.

This letter serves as an official closure of Section 114 inspection of Southwest Gas Corporation's (SWG) Operation and Maintenance (O&M) Plans for the natural gas Distribution Districts (Inspection Unit) in California.

Thank you for your cooperation in this inspection. If you have any questions, please contact Jesus Reyes, Utilities Engineer, at (213) 264-9087 or by email at [jesus.reyes@cpuc.ca.gov](mailto:jesus.reyes@cpuc.ca.gov).

Sincerely,

A handwritten signature in blue ink that reads "Terence Eng".

Terence Eng, P.E.  
Program Manager  
Gas Safety and Reliability Branch  
Safety and Enforcement Division

Attachments: see Post-Inspection Written Response to Findings – Closure Items  
cc: see next page

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Safety and Enforcement Division

**Attachment**

# Post-Inspection Written Preliminary Findings

**Dates of Inspection:** 11/05/2024-11/07/2024

**Operator:** SOUTHWEST GAS CORP

**Operator ID:** 18536

**Inspection Systems:** Distribution system in Lake Tahoe, Big Bear, Victorville and Barstow

**Assets with results in this report:** Main Office (Specialized Inspections) (88373)

**System Type:** GD

**Inspection Name:** 2024 Southwest Gas Section 114 Audit-Distribution

**Lead Inspector:** Jesus Reyes

**Operator Representative:** Laurie Brown

## Unsatisfactory Results

None.

## Concerns

**Section 114:** Section 114 - Gas Distribution (114.GD)

**Question Title, ID** Leak Mitigation & Repair - Lost & Unaccounted for Gas,  
114.114.LKMITRPRLAUF.P (also presented in: 114.MM)

**Question** 11. Do procedures provide for review of Lost & Unaccounted for Gas (LAUF) and do procedures specify actions to reduce the associated volume?

**References** 49 U.S.C. 60108(a)

**Assets Covered** Main Office (Specialized Inspections) (88373 (30))

**Issue Summary** SWG' Operations Manual, General Code Requirements, Section 1.7.2 states:

*“As part of our annual report the Company will review current LAUF versus historical data and determine if any corrective action is required.”*

However, the procedure does not state the criteria for review, nor does it state what corrective actions will be taken by the Company.

SED recommends that SWG revise Section 1.7.2 to state the criteria for LAUF review and to specify the corrective actions to be taken if required.

**SWG's Response and Remedial Action:**

Southwest Gas respectfully acknowledges SED's recommendation to revise its Operations Manual, General Code Requirements, section 1.7.2., to include additional language on the criteria for a Loss and Unaccounted for Gas (LAUF) review and potential corrective actions to be taken if needed. However, Southwest Gas views LAUF strictly as an accounting and ratemaking measure and not a measure of gas leaks. This perspective is consistent across the natural gas utility industry and is described in more detail in AGA's information sheet titled "Unaccounted for Natural Gas in the Utility System," which is attached and referenced as Southwest Gas Attachment A LAUF Information Sheet. Southwest Gas has accounting guidelines to monitor and adjust LAUF; however, the Company does not believe these guidelines should be contained within its Operations and Maintenance Manual, which is primarily focused on pipeline safety, including procedures for identifying and repairing leaks. Therefore, at this time, Southwest Gas respectfully disagrees with SED's recommendation and does not intend to modify its Operations Manual to include criteria for LAUF review or potential corrective actions that may be taken. Southwest Gas is open to discussing this topic at a future SED and Southwest Gas management meeting, if needed.

**SED's Conclusion:**

SED has reviewed the response from Southwest Gas and determined that the response sufficiently addresses SED's concern.