

Enclosure 1



Public Utilities Commission STATE OF CALIFORNIA

Citation Date: May 13, 2016

Citation #: ALJ 274 16-05-001

Operator ID#: 18484

SED Investigation Report 5/3/2016

2015 SoCalGas Harbor Corridor District and Mid-City LA District Inspections Finding - Notice of Violation: SoCalGas did not remediate deficient Cathodic Protection packages in accordance to Title 49 CFR §192.465(d)

Utility: Southern California Gas Company (SoCalGas)

Utility Operating Unit: SoCalGas Harbor Corridor and Mid-City LA Districts

Subject of Report: Audit Finding – SoCalGas did not remediate its Cathodic Protection packages promptly in accordance to Title 49 Code of Federal Regulations §192.465(d).

Audit Title: General Order 112¹ Inspections of SoCalGas Harbor Corridor and Mid-City LA Districts

Date of Audit: April 6-10 (Harbor Corridor) and May 4-8 (Mid-City LA), 2015

SED Investigator: Willard Lam

Summary:

1. Title 49 CFR §192.465(d) - External Corrosion Control: Monitoring

“Each operator shall take prompt remedial action to correct any deficiencies indicated by the [external corrosion control] monitoring.”

The Safety and Enforcement Division (SED) discovered that Southern California Gas Company (SoCalGas) failed to remediate deficient Cathodic Protection (CP) packages for intervals, in some cases, in excess of three years. SED does not consider SoCalGas’s actions to be prompt and therefore in violation with the requirement of Title 49 Code of Federal Regulations (CFR) §192.465(d). Additionally, the May 19, 1989, Federal Pipeline and Hazardous Materials Safety Administration’s (PHMSA) Inspection Guideline and Interpretation #PI-89-006 for 192.465(d) states that, as a rule of thumb, PHMSA interprets “prompt” as having the “correction completed the time of the next scheduled monitoring”. SED found numerous CP packages to be deficient for intervals exceeding SoCalGas’ routine monitoring frequency and as required in Title 49 CFR §192.465(d).

¹ General Order 112-F was adopted by the Commission on June 25, 2015 via Decision 15-16-044.

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Findings:

The staff of SED's, Gas Safety and Reliability Branch (GSRB) conducted General Order (GO) 112 inspections of SoCalGas's Harbor Corridor District from April 6-10, 2015 and Mid-City LA District from May 4-8, 2015. The inspections consisted of a review of SoCalGas's CP records maintained by SoCalGas's Harbor Corridor and Mid-City LA Districts. Additionally, SED conducted field inspections as a part of this audit.

On August 14, 2015, SED staff notified SoCalGas of its inspection findings of the Districts, totaling one hundred twenty-five violations of the CFR and ten areas of concern. Of the one hundred twenty-five violations, SED recommends imposing citations for forty-five CP packages that exceeded two years of remedial action. SED notes that since notifying SoCalGas of this systemic issue, senior management has taken responsibility for correcting and has actively implemented systemwide corrective actions on its natural gas transmission and distribution system. SED will continue to monitor said corrective actions on a system wide basis on SoCalGas's natural gas transmission and distribution system.

However, violation #1 of both the Harbor Corridor and Mid-City LA inspection letters (see Enclosures #2 and #4) identified one hundred twenty two instances where SoCalGas failed to correct its CP packages promptly as required by the code of federal regulations and therefore is a violation of Title 49 CFR §192.465(d). This violation carries the potential for serious public safety implications.

SoCalGas responded to violation #1 in its inspection letter response dated September 11, 2015 stating, "*SoCalGas recognizes the need to reevaluate its CP policies and procedure. SoCalGas will be implementing changes to address the long-term Down Areas while developing a proactive approach to the CP areas. This will begin with establishing clear goals and expectations for prompt troubleshooting and reasonable remediation timelines. SoCalGas will continue to update SED as changes are implemented to improve the process.*"

Recommendations:

It is imperative that SoCalGas operate its gas systems in compliance with GO 112 and in a manner that promotes and safeguards the health and safety of the public. However, by not correcting deficient CP packages promptly, as required by Title 49 CFR §192.465(d), SoCalGas created a hazardous condition for the public and utility employees by not taking

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prompt remedial actions to actively manage the external corrosion threat. SED considers this issue systemic and agrees that SoCalGas needs to reevaluate its CP policies and procedure to develop a proactive approach in establishing goals and remediation timelines to prevent long-term deficient CP packages.