PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

April 3, 2017 GI-2016-08-SEM40-08

Jimmie Cho, Senior Vice President
Gas Operations and System Integrity
Sempra Energy Utilities
555 W 5th Street, GT21C3
Los Angeles, CA 90013

SUBJECT: **General Order (G.O.) 112[1] Inspection of the Sempra Energy Utilities Transmission Integrity Management Plan (TIMP) Program**

Dear Mr. Cho:

The Safety and Enforcement Division (SED) of the California Public Utilities Commission conducted G.O. 112[1] inspection of Sempra Energy Utilities Company's (SEU) TIMP Program on August 8-19, 2016. SED staff reviewed SEU's TIMP Program pursuant to G.O. 112[1], Reference Title 49, Code of Federal Regulations (CFR), Parts 191 and 192.

SED's staff used Pipeline and Hazardous Material Safety Administration's (PHMSA) inspection Protocols with Results Form, Revision 6, August 2013 and Inspection Protocols with Supplemental Guidance, as a reference guideline to conduct the inspection. SED's staff did not identify any probable violations of G.O. 112[1]. However, SED made eight recommendations. The recommendations are noted in the attached "Summary of Inspection Findings - SEU TIMP".

Within 30 days of your receipt of this letter, please provide a written response indicating the measures taken by SEU to address the recommendations noted in the Summary of Inspection Findings - SEU TIMP.

If you have any questions, please contact Mahmoud (Steve) Intably, at (213) 576-7016.

Sincerely,

Kenneth A. Bruno,
Program Manager - GSRB
Safety and Enforcement Division

CC: Mahmoud (Steve) Intably, SED/GSRB, Matthewson Epuna, SED/GSRB, Kan Wai Tong, SED/GSRB
Troy Bauer, Sempra Energy Utilities

[1] General Order 112-F was adopted by the Commission on June 25, 2015 via 15-06-044

Summary of Inspection Findings - SEU TIMP
August 8-19, 2016

Recommendations and Concerns

1. **Protocol Area A. Identify HCAs:**

   A03 Identified Sites

   Protocol A.03.b states:

   "Identified sites must be identified using the following sources of information: [§192.905(b)]

   1. *Visible markings such as signs, or*
   2. *Facility licensing or registration data on file with Federal, State, or local government agencies, or*
   3. *Lists or maps maintained by or available from a Federal, State, or local government agency and available to the general public."*

   Supplemental guideline states in part:

   "Operators may be able to improve on this source of information by providing the officials with copies of their system maps and/or by meeting face to face with the officials in an effort to improve communications and the understanding of what information is desired." (See FAQ-170, FAQ-120, and FAQ-195)

   The SEU's Gas Standard TIMP.3, Section 3 of Southern California Gas Company (SCG) states in part:

   "Prior to the published Baseline Assessment Plan Schedule in 2004, the Public Affairs department at the Utilities sent out letters to public officials requesting information on identified site locations. A limited response was received; therefore the Utilities also use other methods of gathering identified site information"

   Although, SEU uses other methods in gathering identified site information, the public agencies typically have more comprehensive information than those found in the public domains. As a result, SED recommends that SEU proactively communicate with the public agencies and officials in order to improve the source of information for locating the identified sites.

2. **Protocol Area C. Identify Threats, Data Integration, and Risk Assessment:**

   C.01 Threat Identification

   Protocol C.01.e states in part:

"Verify that the approach appropriately considers industry data and experience."

The Gas Standard TIMP.5, Section 2.5 of SCG states in part:

"Develops and modifies the overall risk and threat strategy by providing on company experiences and improvement."

The industry data and experience often provides valuable information in the improvement of the overall risk and threat strategy. As a result, it is recommended that SEU incorporate both industry and company data and experience in the improvement of the overall risk and threat strategy.

3. C.04 Validation of the Risk Assessment

Protocol C.04.c states in part:

"Verify that records demonstrate that the risk assessment was revised as necessary as new information was obtained or conditions changed on the pipeline segments"

SED reviewed the pipeline segment 1018, 0+00 to 167+00 (HCA ID: 4000026) with SEU during the audit. The review revealed that the pipeline segment records were not updated. For example, the pipeline 1018, 0+00 to 167+00 was replaced in 12/7/2012; however, the 2014 risk and threat report still showed that the construction/replacement date of that pipeline was 5/26/1966. Another example, all transmission pipelines are required to be catholically protected, SEU's record indicated the cathodic protection of the transmission pipeline as unknown during the audit.

SED recommends SEU to revise its data transferring and the quality assurance processes in order to validate that the information used in the risk assessment is up-to-date and accurate.

4. Protocol Area D. DA Plan:

D.12 SCCDA Assessment, Examination, & Threat Remediation

Protocol D.12.b states in part:

"Verify, that the operator's plan requires that for pipelines which have experienced an in-service leak or rupture attributable to SCC, that the particular segment(s) be subjected to a hydrostatic pressure test (that complies with ASME B31.8S-2004, Appendix A3.4 (b)) within 12 months of the failure, using a documented hydrostatic retest program developed specifically for the affected segment(s), as required by ASME B31.8S-2004, Appendix A3.4."

Supplemental guideline states in part:

"Upon returning the pipeline to gas service, conduct a flame ionization survey of the pipeline segment."

SCG's Gas Standard 182.0170, Section 4.8.3 specified that each weld is visually inspected and nondestructively tested after being placed into service. The supplemental guideline requires a flame ionization survey upon returning the pipeline to gas service. As a result, SED recommends that SEU review and revise the Gas Standard 182.01.70 accordingly.

5. **Protocol Area E. Remediation:**

E.01 Program Requirements for Discovery, Evaluation and Remediation Scheduling

Protocol E.01.c states:

"Verify a requirement exists to develop a schedule that prioritizes evaluation and remediation of anomalous conditions. [§192.933(c)]"

Although the Section 7.2.1, paragraph 4 of ASME specifies the requirement for monitored indications, SCG's Gas Standard TIMP.10, Section 4 did not define the inspection frequency of the monitored conditions. SED recommends that SEU review the ASME standards and revise the Gas Standard TIMP.10 to address the requirements of the monitored conditions.

6. **Protocol Area H. Preventive and Mitigative Measures**

H.01 General Requirements (Identification of Additional Measures)

Protocol H.01.a states:

"Verify that the process for identifying additional measures is based on identified threats to each pipeline segment and the risk analysis required by §192.917. [Note: Protocol H.08 addresses the implementation decision process for additional preventive and mitigative measures.] [§192.935(a)]"

SCG's Gas Standard TIMP .12, Section 3 did not address outside force as weather related condition. SED recommends that SCG incorporate the outside force as weather related condition in the Gas Standard.

7. **Protocol Area N. Submittal of Program Documents**

N.01 Integrity Management Program Document Submittal

Protocol N.01.a states in part:

"PHMSA and State or local pipeline safety authorities, as applicable. [§192.911(n)]……"

The title of the Gas Standard TIMP.20, Section 10 states that:

"How to Notify PHMSA"

The contents of that section actually describe the process to notify PHMSA and CPUC. As a result, SED recommends SEU to modify the title in order to avoid the unnecessary confusion for the readers.

8. Protocol Area B. Baseline Assessment Plan

B06 Changes

Protocol B06.b states in part:

> *"Verify that required BAP changes have been made and that for all changes, the following are documented: [ASME B31.8S-2004, Section 11(a)]"*

Supplemental guideline states in part:

> *"FAQ-111 states that changes requiring PHMSA notification would include significant revisions to the BAP such as significant delays in segment assessments or changes that affect the overall manner in which an operator is conducting its IM program."*

SCG's Gas Standard TIMP 14, Section 3.4 did not address FAQ-111. SED recommends that SEU review and address the FAQ-111 in the Gas Standard accordingly.