

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
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March 24, 2015

Jimmie Cho, Senior Vice President
Gas Operations and System Integrity
Southern California Gas Company
555 West 5th Street, GT21C3
Los Angeles, CA 90013

GI-2015-01-SCG50-01A

Subject: General Order (G.O.) 112-E Operation and Maintenance Inspection of Southern California Gas Company's Cathodic Protection Facilities in the South Desert Transmission Area

Dear Mr. Cho:

The Safety and Enforcement Division (SED) of the California Public Utilities Commission conducted a G.O. 112-E Operation and Maintenance Inspection of Southern California Gas Company's (SCG) Cathodic Protection (CP) Facilities in the South Desert Transmission Area (Inspection Unit) on January 26-30, 2015. The inspection included a review of the Inspection Unit's cathodic protection and odorant records for calendar years 2013 and 2014 and random field inspections of pipeline facilities in the Beaumont and Blythe transmission districts. SED staff also reviewed the Inspection Unit's Operator Qualification records, which included field observation of randomly selected individuals performing covered tasks.

SED staff identified three probable violations of G.O. 112-E, Reference Title 49 Code of Federal Regulations (CFR), Part 192 during the course of this inspection. SED also made few recommendations during the course of this inspection. Both are described in the "Summary of Inspection Findings", which is enclosed with this letter.

Please provide a written response within 30 days of receipt of this letter indicating any updates or corrective actions taken by SCG. Pursuant to Commission Resolution ALJ-274, SED staff has the authority to issue citations for each violation discussed during the inspection. SED will notify SCG of the enforcement action it plans to take after it reviews SCG's inspection response.

If you have any questions, please contact Durga Shrestha, at (213) 576-5763.

Sincerely,

Kenneth Bruno
Program Manager
Gas Safety and Reliability Branch
Safety and Enforcement Division

Kenneth Bruno
3/24/15

CC: Durga Shrestha, SED/GSRB, Mahmoud Intably, SED/GSRB, Jeff Koskie, Sempra, and Kan Wai Tong, SED/GSRB

Summary of Inspection Findings
2015 SCG South Desert Transmission Inspection
January 26-30, 2015

I. SED Identified Probable Violations

**1. Title 49 CFR Part 192, Section 192.707(a) Line Markers for Mains and Transmission Lines:
Buried Pipelines**

(a) "Buried pipelines. Except as provided in paragraph (b) of this section, a line marker must be placed and maintained as close as practical over each buried main and transmission line:

- (1) At each crossing of a public road and railroad; and*
- (2) Wherever necessary to identify the location of the transmission line or main to reduce the possibility of damage or interference*

SCG Gas Standard 223.0075 Pipeline Markers, Section 4.1.8 requires that line markers be installed where pipeline cross perpendicular or diagonal to the street.

During the field inspection of SCG Cathodic Protection (CP) facilities, SED staff observed that SCG pipelines had missing line marker(s) at the following locations where the pipelines crossed streets or Right of Ways perpendicularly or diagonally. SCG had previously inspected the pipelines, and did not note any abnormal conditions on the inspection records:

1. L2001 at Limonite Ave., and Etiwanda
2. L1027 at Menifee/Route 74 near a gas station
3. L6900 at Simpson Rd and Lindenberger Rd
4. L6900 at Cresta Dr. and Lindenberger Rd
5. L6906 along Merrill Ave crossing several streets between Box Elder Ct and Pepper Ave

SCG failed to identify and install/replace line markers at the aforementioned locations that are near pipeline segments with missing line markers. SED found SCG in violation of G.O. 112-E, Reference Title 49 CFR Part 192, Section 192.707(a).

**2. Title 49 CFR Part 192, Section 192.707(d) Line Markers for Mains and Transmission Lines:
Marker Warning**

"The following must be written legibly on a background of sharply contrasting color on each line marker.

- (1) The word "Warning," "Caution," or "Danger" followed by the words "Gas (or name of gas transported) Pipeline" all of which, except for markers in heavily developed urban areas, must be in letters at least 1 inch (25 millimeters) high with 1/4 inch (6.4 millimeters) stroke."*

During the field inspection of SCG Transmission pipelines, SED staff observed line markers at the following locations that contained font size smaller than the requirements:

- Line 2000: MP 127.99
- Line 2000: MP 126.06

- Line 2001: Intersection of Pan Am Blvd and Cottonwood Ave
- Line 2001: Intersection Hildegard St and Cottonwood Ave
- Line 2001: Intersection of Barbara St and Cottonwood Ave

SCG failed to install the proper size line markers on its pipelines, SED found SCG in violation of G.O. 112-E reference Title 49 CFR Part 192, Section 192.707(d).

3. Title 49 CFR Part 192, Section 192.605 Procedural manual for operations, maintenance, and emergencies

Each operator shall include the following in its operating and maintenance plan:

- (a) General. Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least one each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.*
- (b) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.*
 - (8) Periodically reviewing the work done by operator personnel to determine the effectiveness and adequacy of the procedures used in normal operation and maintenance and modifying the procedure when deficiencies are found.*

SCG Gas Standard 189.0001 Odorization, Section 9.2 states, “The results of Odorometer/Odorator tests performed by Transmission district and Distribution Operations region personnel are recorded on Form 3991, Odor intensity Test Report or equivalent electronic form. Odor Intensity Test Reports data is reviewed by the EAC Chemical Section on a quarterly basis.”

SED reviewed Odor Intensity Test Reports for 2013 and 2014, and observed that odor intensity test reports, SCG Form 3991 for August 2014, September 2014, October 2014 and December 2014 recorded greater than normal level of the percentage of gas in air (as high as 4.5% gas in air) when the odor of gas was first readily detectable. The regulation required that at a concentration in air of one-fifth of the lower explosive limit (LEL), the gas odor should be readily detectable by a person with a normal sense of smell. Some of the Odor Intensity test data recorded in form 3991 implied that the concentration of the gas in air when the gas odor was first readily detectable was greater than the lower explosive limit. SED noted this inaccurate data in previous inspections records of other SCG districts and made recommendations but this issue has not been remedied. There was no evidence that SCG performed routine quality assurance and quality control (QA/QC) of this process and the activities to determine the effectiveness of its procedure and its personnel work product. SCG failed to review the effectiveness of its procedure and its personnel work product. In addition, SCG failed to implement a QA/QC program to prevent recurrence. SCG is in violation of G.O. 112-E Reference Title 49 CFR Part 192, Section 192.605(b)(8)

II. Concerns and Recommendations

1. SCG Gas Standard 186.0075, Electrical Test Station & Bond Assembly, Figures 6 and 7, depicts the SCG's ETS wire installations standard. During the field inspection, SED staff observed that several ETS wire terminations were in non-conformance with SCG Gas Standard 186.0075. SED recommends that SCG follow its Gas Standard and ensure that its employees maintain the ETS wire terminations in accordance with SCG's Gas Standard 186.0075.
2. SCG Gas Standard 223.0095, External and Internal Transmission Pipeline Inspection, Section 6 states, "*Pipeline and coating information for transmission pipelines operated by the Gas Transmission Organization (Transmission and Storage) is documented on Form 677-1 Pipeline Condition and Maintenance Report, and.....*". Gas Standard 223.0095 required employees to document pipeline and coating information on SCG Form 677-1 during a bell-hole inspection. Since 2012, SCG Form 677-1 has undergone several revisions, including last revision in April 2013. However, some of the SCG's bell-hole inspections are not correctly and completely documented on Form 677-1. SCG must verify that all employees are trained and qualified to complete the latest revision of Form 677-1 correctly and completely.