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January 6th, 2017

Mr. Ken Bruno
Program Manager
Gas Safety and Reliability Branch
Safety and Enforcement Division
California Public Utilities Commission
320 W. Fourth Street, Suite 500
Los Angeles, CA 90013

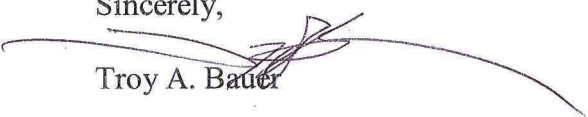
Dear Mr. Bruno:

The Safety and Enforcement Division (SED) of the California Public Utilities Commission conducted a G.O. 112 Operation and Maintenance Inspection of Southern California Gas Company's (SoCalGas) Measurements and regulations (M&R) and Valve Facilities in the North Desert Transmission Region Inspection Unit (Needles and Victorville) on March 7-9, 2016. The inspection included a review of the Inspection Unit's M&R and valves inspection records for calendar years 2013 through 2015 and random field inspections of pipeline facilities in the Needles and Victorville 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 noted one probable violation and made six recommendations. Attached is SoCalGas' written response and corrective actions.

Please contact Troy Bauer at (909) 376-7208 if you have any questions or need additional information.

Sincerely,


Troy A. Bauer

CC: Mahmoud (Steve) Intably, SED/GSRB
Kan-Wai Tong / SED-GSRB
Matt Epuna / SED-GSRB

ATTACHMENT 1
Response to Probable Violation

Title 49 CFR, Part 192, §192.605 Procedural manual for operations, maintenance, and emergencies

§192.605 Procedural manual for operations, maintenance, and emergencies states in part:

(b)(3) "Making construction records, maps, and operating history available to appropriate operating personnel"

During the field inspection, SED staff observed that a 4-inch Ball valve located near valve number MV-12 at L-400-36.3 was not identified/ referenced on SoCalGas' system maps/ drawing. SoCalGas should review/verify its records to ensure that the system maps/ drawing are clear and accurate pertaining to the location and the appurtenances. Therefore, SoCalGas is in violation of General Order 112, Reference Title 49 CFR §192.605(b)(3).

Response:

NOTE: SoCalGas assumes the valve in question is located at the main line valve (MLV) location MLV 12 at L4000-36.93 not L-400 36.3 as noted.

SoCalGas disagrees with the SED finding. SoCalGas records regarding the recent construction, location, operating and maintenance history of this valve were available elsewhere and these records were provided upon request. Additionally, the valve had been appropriately named and identified in the SoCalGas asset management system and is being inspected and maintained with no issues recorded.

It should be noted that the subject 4 inch ball valve is installed on above ground piping and a visible appurtenance to L4000. This valve is only utilized during planned natural gas transfers to reduce pressure in the pipeline prior to maintenance.

The referenced valve location drawing at the field location was updated in March 2016.

Attachment 2
Response to Concerns and Recommendations

1. SoCalGas Gas Standard 223.0345 Pressure Relief/Pressure Limiting Devices, Testing/Inspection, Section 13.2.1 requires SoCalGas employees to take steps without delay to adjust, repair, replace or install additional devices as appropriate if a relieving device or signaling device test discloses unsafe deviations.

During the field inspection, SED staff observed that SoCalGas employees in some instances were adjusting the set pressure and others instances were left without any further action even when the deviations in both instances were the same. SED recommends that SoCalGas review and revise its Standard 223.0345 to address “unsafe deviation” and set pressure tolerances/drifts for the relieving devices or signaling devices. SED recommends that SoCalGas use manufacturer's recommended tolerance for the pressure relief and pressure limiting devices.

Response to item 1:

SoCalGas disagrees with SED’s concerns and recommendations. Pipeline conditions may vary and as such, deviations based on these conditions are allowed by SoCalGas Gas Standards, provided no Abnormal Operating Conditions (AOCs) exist and it is not unsafe to do so.

SoCalGas will take SED’s recommendation into consideration and consult with our subject matter experts to determine how Gas Standard 223.0345 could be changed to address the SED concern.

2. During the field inspection, SED staff observed the following:
 - Valve number 235-215-22-0 had minor rust (Work order # 5730945)
 - Valve number 335-32.36-0 had missing grease cap (Work order # 5732098)
 - Valve number 335-37.73-1 had a broken handle (Work order # 5730915) that operates the hydraulic part of the valve and the hydraulic oil tank was leaking oil (Work order # 5730853)

SED recommends that SoCalGas take the necessary steps to correct the deficiencies that were noted during the field inspection.

Response to item 2:

All observations identified in Item 2 were investigated and remedied as needed.

3. SCG’s Gas Standard 223.0215 Valve Inspection and Maintenance – Transmission

Purpose: “This Gas Standard describes the policies and procedures for identifying, inspecting, and maintaining valves in the Gas Transmission organization subject to CPUC/DOT jurisdiction. This Gas Standard also describes preventative maintenance policy for other valves and valve-related equipment in the Gas Transmission organization.”

Section 3 – Definitions:

3.1. *“CPUC/DOT Jurisdiction Valves — Valves in the Gas Transmission organization in natural gas service that might be required during an emergency. Examples of CPUC/DOT jurisdiction valves are found in paragraph 1.5 of this Gas Standard.”*

3.2. *“Other Valves — Valves of all types in the Gas Transmission organization that the local operating organization identifies as being necessary to meet its business needs.”*

SED recommends that SoCalGas review and revise its procedure to clarify that all valves connected to the Gas Transmission pipelines are jurisdictional. However, the valves designated for operation during an emergency must comply with 49 CFR, Part 192 Section 192.745 – Valve maintenance: Transmission lines.

Response to item 3:

SoCalGas agrees with SED’s recommendations. Sections of SoCalGas’ Gas Standards recommended for review and revision were updated on 9/20/16. The terminology changes were: “CPUC/DOT jurisdiction” to “Critical”, “Other Valves” to “non-critical”, and “Transmission organization” to “Transmission System”.

4. SoCalGas Gas Standard 223.0215 Valve Inspection and Maintenance – Transmission Section 4.8 requires SoCalGas employees to lubricate the valve only if necessary to ensure an easy operation. SED recommends that SoCalGas reconcile the valve lubrication procedure/training in the Gas Standard 223.0215.

Response to item 4:

SoCalGas agrees with SED’s recommendations. Sections of the Gas Standard were revised to clarify the steps during valve inspections. The Gas Standard was updated 9/20/2016.

5. SoCalGas Gas Standard 223.0215 Valve Inspection and Maintenance – Transmission Section 4.6 requires SoCalGas employees to partially operate the valve manually and/or pneumatically.

During the field inspection, SED observed that SoCalGas employees were operating/testing valves using manual, hydraulic, or pneumatic features. SED recommends that SoCalGas review its valve inspection and testing procedure to verify that it addresses all the operating modes that may be used to operate the valves in order to determine that they are functioning properly, in good mechanical condition, and adequate from the standpoint of reliability of operation for the service which they are used for. In addition, SED recommends that SoCalGas use each valves manufacturer's recommendations to develop an appropriate inspection/maintenance program.

Response to item 5:

SoCalGas is in compliance with regulatory requirements of 49 CFR, Part 192 Section 192.745, which states: "Valve maintenance: Transmission lines. (a) Each transmission line valve that might be required during any emergency must be inspected and partially operated at intervals not exceeding 15 months, but at least once each calendar year." SoCalGas valve and maintenance procedures require that the valve to be tested to ensure that the valve is operational.

Applicable ancillary equipment attached to the valve to facilitate automatic or remote valve operations is inspected by SoCalGas and may be done so separately from the annual valve inspection.

SoCalGas will review the manufacturer's recommendations and adjust gas standards as needed.