

PUBLIC UTILITIES COMMISSION

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February 22, 2018

GI-2017-07-SCG59-03B

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

Subject: SED Closure Letter for the General Order (G.O.) 112-F Operation and Maintenance Inspection of Southern California Gas Company's Leak Survey Program in the Orange North Distribution Region

Dear Mr. Cho:

The Safety and Enforcement Division (SED) of the California Public Utilities Commission reviewed Southern California Gas Company's (SCG) response letter dated December 21, 2017 for the findings identified during the G.O. 112-F Operation and Maintenance (O&M) Inspection of the leakage survey processes. This inspection of SCG's Orange North Distribution Area (Inspection Unit) was conducted from July 12-21, 2017.

A summary of the inspection findings documented by the SED, SCG's response to the findings, and SED's evaluation of SCG's response for each finding is outlined in SED's summary of inspection findings.

This letter serves as the official closure of the 2017 O&M Leak Survey Inspection of SCG's Orange North Distribution Region's facilities and any matters that are being recommended for enforcement will be processed through the Commission's Citation Program.

Thank you for your cooperation in this inspection. Please contact Michelle Wei at (213) 620-2780 or by e-mail at miw@cpuc.ca.gov if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "Dennis Lee".

Dennis Lee, P.E.
Program and Project Supervisor, Gas Safety & Reliability Branch
Safety and Enforcement Division
California Public Utilities Commission

CC: Troy Bauer, SCG, Kan Wai Tong, GSRB/SED, Kenneth Bruno, GSRB/SED, Matt Epuna, GSRB/SED, Kelly Dolcini, GSRB/SED

Summary of Inspection Findings
2017 SCG Orange North Distribution Area
July 17-21, 2017

I. SED's Identified Probable Violations

1. Title 49 CFR Part 192 §192.13 What general requirements apply to pipelines regulated under this part?

§192.13 What general requirements apply to pipelines regulated under this part states:

“(c) Each operator shall maintain, modify as appropriate, and follow the plans, procedures, and programs that it is required to establish under this part.”

SCG Procedure 223.0100 – Leakage Survey §10.2.1.3

“The leak surveyor is required to bracket the completed area(s) they surveyed for that day on the map using a blue pen. It is also required for them to include their initials and the date the survey was performed on each pipeline segment.”

The Inspection Unit was unable to provide the hardcopies of 10 leak survey maps during record review. SED acknowledged that SCG's Leakage Survey procedure 223.0100, section 11.1 states that records are to be documented using SAP and that the Inspection Unit did provide the SAP records. However, SCG's procedure states that the leak surveyor will document his progress using the map. The Inspection Unit was unable to provide documentation to show SED that they followed their procedure for these leak surveys. Therefore, SCG is in violation of General Order 112-F, Reference Title 49 CFR, Part 192 §192.13(c).

SCG's Response:

SoCalGas' Anaheim Leakage Dept. exhausted numerous resources and hours to locate the missing maps identified by the SED. SoCalGas was successful in locating map #OC 0521-3 and a copy of this map was provided to the CPUC on 9/14/17. SoCalGas was also able to verify that map #OC 595-3, which was identified by SED as one of the 10 missing maps, had a duplicate order issued because the original was closed in error by the field; thus, making only one map missing for #OC 595-3.

District	Leak Survey Area (map)	Leak Survey - Order Description	Order Completion Date	Status
Anaheim	OC 0628-3	1YR – Mar Bus/Pub Building	04/12/2013	Map missing. SAP completion screen provided to CPUC 7/21/17.
La Jolla	OC 729-2	3YR - March	02/08/2013	Map missing. SAP completion screen

				provided to CPUC 7/21/17.
Anaheim	OC 0743-2	3YR - August	09/24/2013	Map missing. SAP completion screen provided to CPUC 7/21/17.
Anaheim	OC 0743-2	1YR – Sept. Bus/Pub Building	10/22/2013	Map missing. SAP completion screen provided to CPUC 7/21/17.
Anaheim	OC 0628-3	Verify Business District	11/18/2013	Map missing. SAP completion screen provided to CPUC 7/21/17.
La Jolla	OC 595-3	Verify Business District	11/15/2013	Map missing. SAP completion screen provided to CPUC 7/21/17.
La Jolla	OC 595-3	Verify Business District	10/24/2013	Original order was closed in error by the field. New order was issued and completed. Duplicate of item in line above. SED notified 9/14/17.
Downey	C 775-E	Special Pre-Construction	02/26/2013	Map missing. SAP completion screen provided to CPUC 7/21/17.
Anaheim	OC 0416-3	Special Pre-Construction	07/12/2013	Map missing. SAP completion screen provided to CPUC 7/21/17.
Anaheim	OC 0521-3	Special Pre-Construction	11/02/2015	Map located and scanned copy sent to CPUC on 9/14/2017.

SCG's Corrective Actions:

SoCalGas takes compliance and policy adherence very seriously. The Anaheim Leakage Dept. reconciled and filed approx. 11,046 leakage survey maps in 2013; the period in which 90% of the missing maps identified were from. In 2015 the Anaheim Leakage Department, personnel, and its files, was relocated from Building B to Building G at the Anaheim facility. This relocation may have been a factor in misplacing the maps.

Anaheim Leakage Dept. takes the following steps on a monthly basis to ensure it properly tracks and reconciles all leakage survey maps and notes that the inability to locate the 8 missing maps is an anomaly.

- Monthly log sheets are created to track all leakage survey maps sent to and returned from the field.
- Districts (field) are required to return leak survey map within 10-working days from the SAP work order completion date.
- All log sheets are to be kept current and are reviewed weekly to identify any missing leak survey maps.
- Maps returned to the district must be accounted for by making an entry on the log sheet indicating date returned and reason.
- Leakage Clerks are required to initiate and send a 'Document Request Form' for all maps returned to the district.

SoCalGas is also currently working on the development of an electronic leak survey application. The technical and business applications of this technology are still under development. However, SoCalGas expects this future state to eliminate the need for paper maps to be generated, reconciled and filed. SoCalGas would also like to note that 4 of the missing leak survey maps are related to non-CFR 49 §192.723(1)(2) leakage surveys. The surveys were created as an internal best practice to verify potential business district(s) and survey ahead-of-street improvement projects.

SED's Conclusion:

SED has reviewed SCG's response and accepts the proposed corrective actions. SED acknowledges that the proposed corrective actions will sufficiently address the aforementioned recommendation. However, SED may review the implementation of these stated corrective actions during future inspections.

II. SCG's Identified Probable Violations

2. Title 49 CFR Part 192 §192.13 What general requirements apply to pipelines regulated under this part?

§192.13 What general requirements apply to pipelines regulated under this part states:

“(c) Each operator shall maintain, modify as appropriate, and follow the plans, procedures, and programs that it is required to establish under this part.”

SCG Procedure 223.0100 – Leakage Survey §10.2.1.4

“All below ground leaks are noted in red and marked with an “X”...”

SCG discovered and notified SED that the Inspection Unit failed to mark a Code 1 leak on the map during the 2014 3-year leak survey program in DOWNEY District (DOW 104 leak ID 1463580) as required in their procedure. Though the leak was repaired within the

required time frame, it was not correctly documented. Therefore, SCG is in violation of General Order 112-F, Reference Title 49 CFR, Part 192 §192.13(c).

SCG's Response:

SoCalGas acknowledges that a Code 1 leak was not properly identified on the leak survey map. SoCalGas demonstrated to the SED that the employee had properly identified 8 leaks found on the map; (2) Code 1's and (6) Code 3's per the Gas Standard. SoCalGas also demonstrated to the SED that although not properly identified on the map, the missing Code 1 leak was properly created in SAP by the employee and mitigated within the required timeframe.

SCG's Corrective Actions:

Review of this incident revealed that the leakage clerk failed to identify the discrepancy during the map reconciliation process. It is the leakage clerk's responsibility to ensure the map returned from the field has been completed accurately. One of the required actions is for the clerk to verify that all identified leaks found on the survey order match those leaks created in SAP. In this particular instance, there were 9 leaks created in the system associated with this work order. However, only 8 leak locations were marked on the map. SoCalGas feels this is an isolated incident and the clerk involved was counseled on the need for attention to detail during reconciliation. In addition, this incident was shared with the Southeast Region leakage clerical staff as a reminder of the importance to pay attention to detail in the work and the potential compliance consequences of not doing so.

SED's Conclusion:

SED has reviewed SCG's response and accepts the proposed corrective actions. SED acknowledges that the proposed corrective actions will sufficiently address the aforementioned recommendation. However, SED may review the implementation of these stated corrective actions during future inspections.

III. SED's Concerns and Recommendations

1. SED noted that there is inconsistency on how SCG employees report the pipeline marker conditions during patrolling or bridge/span inspection activities. During these inspections, pipeline markers are often discovered missing or damaged when the employees arrive on site. However, employees are usually able to replace or repair them during their inspection without having to create any kind of follow up work order. When this happens, some employees do not note any deficient conditions on their work order but others do. Therefore, SED recommends that SCG standardize its reporting requirements and communicate those requirements to the employees involved with these activities.

SCG's Response:

SoCalGas verified through the Operations Training Staff that employees are instructed to repair identified Abnormal Operating Conditions (AOC's) when possible during patrols and

bridge/span inspections. When an AOC is identified and corrected, the technicians are instructed to include a detailed description of any condition found and the actions performed in the Condition Remarks section of the order.

SoCalGas will adhere to SED's recommendation and a review of Gas Standard 223.0065 – *Pipeline Patrols and Unstable Earth Inspections* and 184.12 – *Inspection of Pipelines on Bridges and Spans* to ensure there is clarity in the Gas Standards.

SED's Conclusion:

SED has reviewed SCG's response and accepts the proposed corrective actions. SED acknowledges that the proposed corrective actions will sufficiently address the aforementioned recommendation. However, SED may review the implementation of these stated corrective actions during future inspections.

2. During field inspections, SED noted that an SCG employee conducting an odorant test failed to recognize that his pressure gage was not functioning. This did not appear to affect the test itself in this case. However, according to SCG procedure 189.005 "Operation of Odometer", the test pressure should be maintained at 5 psig or less in order to ensure the safety of the equipment and employees. Therefore, SED recommends that the Inspection Unit ensure that its employees only use functional equipment during an inspection.

SCG's Response:

SoCalGas will adhere to SED's recommendation and an Information Bulletin will be issued for Gas Operations employee review.

SED's Conclusion:

SED has reviewed SCG's response and accepts the proposed corrective actions. SED acknowledges that the proposed corrective actions will sufficiently address the aforementioned recommendation. However, SED may review the implementation of these stated corrective actions during future inspections.