

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



July 19, 2018

Jimmie Cho, Senior Vice President
Customer Service & Distribution Operations
Southern California Gas Company
555 West 5th Street, GT21C3
Los Angeles, CA 90013

GI-2018-01-SCG-50

Subject: SED's closure letter for General Order (G.O.) 112-F Comprehensive Operation and Maintenance Inspection of Southern California Gas Company's South Desert Transmission Area

Dear Mr. Cho:

The Safety and Enforcement Division (SED) of the California Public Utilities Commission conducted a G.O. 112-F Comprehensive Operation and Maintenance Inspection of Southern California Gas Company's (SCG) South Desert Transmission Area (Inspection Unit) on January 29 – February 09, 2018 for calendar years 2015 thru 2017. SED used the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety's "Inspection Assistant Form" as a reference guide to conduct the inspection. SED conducted field inspections of pipeline facilities in the Beaumont and Blythe Transmission districts within the Inspection Unit. SED's staff also reviewed the Operator Qualification program, which included field observation of randomly selected individuals performing covered tasks.

A summary of the inspection findings documented by the SED, SCG's response to the findings, and SED's evaluation of SCG's response to all findings are outlined in the attached "Summary of Inspection Findings."

This letter serves as the official closure of the 2018 Comprehensive O&M Inspection of SCG's South Desert Transmission Area.

Thank you for your cooperation in this inspection. If you have questions, please contact Durga Shrestha, at (213) 576-5763 or by e-mail at ds3@cpuc.ca.gov.

Sincerely,

A handwritten signature in blue ink that reads "Dennis Lee". The signature is fluid and cursive.

Dennis Lee, P.E.
Program and Project Supervisor
Gas Safety and Reliability Branch
Safety and Enforcement Division

CC: Durga Shrestha, SED/GSRB; Kan Wai Tong, SED/GSRB; Kelly Dolcini, SED/GSRB;
Kenneth Bruno, SED/GSRB; Troy Bauer, Sempra

Summary of Inspection Findings
2018 SCG's South Desert Transmission Inspection
January 29 – February 09, 2018

I. SED Identified Probable Violations

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

“(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.”

Title 49 CFR, Part 192, Section 192.739 Pipeline limiting and regulating stations: Inspection and Testing.

§192.739 Pipeline limiting and regulating stations: Inspection and Testing states:

“(a) Each pressure limiting station, relief device (except rupture discs), and pressure regulating station and its equipment must be subjected at intervals not exceeding 15 months, but at least once each calendar year, to inspections and tests to determine that it is–

- (1) In good mechanical condition;*
- (2) Adequate from the standpoint of capacity and reliability of operation for the service in which it is employed;*
- (3) Except as provided in paragraph (b) of this section, set to control or relieve at the correct pressure consistent with the pressure limits of §192.201(a); and*
- (4) Properly installed and protected from dirt, liquids, or other conditions that might prevent proper operation.”*

SCG Gas Standard 184.0275 Section 4.6 states, in part:

“Each pressure limiting station, relief device (except rupture discs), signaling device and pressure regulating station and its equipment must be subjected at intervals not exceeding 15 months, but at least once each calendar year, to inspections and tests to determine that it is: ...”

During the record review of SCG's 2016-2017 Pressure Limiting Station Inspections, SED's staff noted that the pressure limiting station (ID PLS 5000-72.51-0) was not inspected in 2017. Therefore, SCG is in probable violation of G.O. 112-F, Reference Title 49 CFR, Part 192, Sections 192.605(a) and 192.739(a).

SCG's RESPONSE:

The pressure limiting controller for MLV 5000-72.51-0 was locked out of service and therefore not inspected. The MAXIMO work order 6286028 could have more clearly stated that the controller for MLV 5000-72.51-0 was out of service and could not be inspected at that time. MAXIMO work order 6385442 indicates that the equipment was taken out of service prior to the required due date for work order 6286028.

CORRECTIVE ACTIONS:

The pressure limiting controller indicated on the work order has been decommissioned and will be removed from further inspections. The District employees will be further trained on indicating equipment changes clearly on work order and Gas Standard 223.0375 *MAXIMO – Transmission and Storage Operations* will be updated to clearly indicate the documentation needed for out of service and/or decommissioned equipment.

SED's Conclusion:

SED has reviewed SCG's response. SED requested and reviewed MAXIMO work order 6385442 to verify SCG's response. SED accepts the response and the corrective actions taken by SCG. However, SED may review the implementation of these stated corrective actions during future inspections.

II. Concerns, Observations and Recommendation

1. §192.461 External corrosion control: Protective coating.

§192.461 (c) External corrosion control: Protective coating states:

“Each external protective coating must be inspected just prior to lowering the pipe into the ditch and backfilling, and any damage detrimental to effective corrosion control must be repaired.”

NACE SP 0490-2007 Holiday Detection of Fusion-Bonded Epoxy External Pipeline Coatings Section 1.3 states, in part:

“Use of a holiday shall be under the direction of a qualified coating inspector, such as NACE-certified coating inspector.”

SCG Gas Standard 186.0103, Section 4.9.1 states, in part:

“...All surface coatings shall be inspected by the Company representative before application of a second coat for the purposes of repair or DFT build-up.”

SCG Gas Standard 186.0103 also refers “NACE SP 0490-2007 Holiday Detection of Fusion-Bonded Epoxy External Pipeline Coatings”. Even though SCG's Gas Standard requires pipeline coatings need to be inspected, none of SCG's procedures describe how a coating inspector is trained and qualified to perform his/her duties. As such, SED recommends that SCG develop a qualification program for its coating inspectors.

SCG's RESPONSE:

SoCalGas agrees with SED's recommendation to create Operator Qualification (OQ) covered tasks for coating inspections. The OQ tasks, associated procedures, materials, tests and process will be drafted in an assessment and implementation plan. The assessment will include a review of appropriate industry standards as well as current company gas standards. The assessment will be completed by Q2 2019 and the Coating Inspector task is projected to be added to the OQ program by Q4 2019.

Additional resources and expertise will be needed to develop the associated procedures, materials, and tests and its continued management.

In the interim, an information bulletin will be issued for current coating inspectors related to the importance of inspections, proper tools, records and reference to the applicable Gas Standards. The current Coating Inspection module in the High Pressure Inspector's Training will be expanded as a requirement or be placed within the current OQ Coating Application covered task training.

SED's Conclusion:

SED has reviewed SCG's response and accepts its plan to create a OQ covered task for coating inspections. In the meantime, SED requests SCG's interim information bulletin to be issued for current coating inspectors.

2. During the field inspection of Leakage Survey of L-1027 by SCG's employee, SED's staff noted that one of the leak survey routes at Temecula Creek by Pechanga Parkway in Temecula, had a lot of tall bushes and with limited pipeline line markers. As such, the employee conducting the leakage survey may be unable to follow the direct pipeline route. SED recommends that SCG install sufficient line markers.

SCG's RESPONSE:

SoCalGas has improved the visibility of pipeline markers at the Temecula Creek. Additionally, SoCalGas verified that the pipeline markers are visible and the area is accessible to sufficiently perform leakage survey at this location.

SED's Conclusion:

SED has reviewed SCG's response. In addition, SED requests SCG to monitor the situation and prevent the visibility concern of the pipeline markers from occurring again at the Temecula Creek.