

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



June 5, 2018

GI-2017-12-SWG-30

Jerry Schmitz
Vice President - Southwest Gas Corporation
5241 Spring Mountain Road
Las Vegas, NV 89193-8510

Subject: Closure letter for General Order (G.O.) 112-F Gas Distribution Pipeline Integrity Management Program (DIMP) of Southwest Gas Corporation (SWG)

Dear Mr. Schmitz:

The Safety and Enforcement Division (SED) of the California Public Utilities Commission reviewed Southwest Gas Corporation's response letter dated April 20, 2018 that addressed the recommendation that was identified during the General Order (G.O.) 112-F inspection of Southwest Gas Corporation's (SWG) gas Distribution Pipeline Integrity Management Program, procedures and records on December 12 through 15, 2017.

Attached is a summary of SED's inspection findings, SWG's response to SED's findings, and SED's evaluation of SWG's response to the identified recommendation.

This letter serves as an official closure of the 2017 Gas Distribution Pipeline Integrity Management Program, procedures and records.

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

Sincerely

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

Dennis Lee, P.E.
Program and Project Supervisor - GSRB
Safety and Enforcement Division

CC: Mahmoud (Steve) Intably, SED, Matthewson Epuna, SED, Kenneth Bruno, SED, Laurie Brown, SWG, and Suzanne Smith, SWG

Summary of Inspection Findings
2017 Gas Distribution Pipeline Integrity Management Program (IMP) of Southwest Gas Corporation (SWG) from December 12 through 15, 2017

I. SED Identified Probable Violations

None

II. Concern and Recommendation

SED reviewed SWG's DIMP risk assessment matrix and found that the population density and pipe diameter were considered as risk factors. The risk matrix should consider two factors: frequency (likelihood of problems occurring in the future) and consequences (the effect of a pipeline failure on individuals or populations, property, or the environment). SED recommends that SWG should review the program to determine if adequate information exists to perform risk evaluation that will consider all applicable threats, threat attributes, and all applicable consequence factors when calculating the risk (Likelihood X Consequences) for each pipeline segment to ensure effective implementation of distribution pipeline integrity management.

SWG's Response:

Southwest Gas agrees that the risk matrix should consider only the likelihood of failure (LOF) and the consequence of failure (COF) to calculate the risk (LOF X COF) = Risk). Southwest Gas will eliminate the risk category for pipe diameter and will rename population density to "leak risk II". The current leak history risk will be renamed to "leak Risk I". The changes will more accurately describe the risk being considered as both categories are looking at risk based on leakage considering different consequences (leak severity and class s location) for similar likelihoods of failure (Leak rate). These changes will be reflected in September 2018, Operations manual release.

SED's Conclusion:

SED has reviewed SWG's response and accepts the corrective actions that it has articulated and implemented. However, SED may review the records of the corrective action during future inspections