



**CITATION FOR VIOLATION(S)  
ISSUED PURSUANT TO RESOLUTION ALJ-274  
OF GENERAL ORDER 112**

**Gas Corporation (Operator):** Southern California Gas Company  
**To Which Citation Is Issued**

**RESPONDENT:**

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

**CITATION:**

Operator is hereby cited for forty-five violations resulting in a financial penalty of \$2,250,000.

**VIOLATION:**

Operator is cited with having violated General Order (GO) 112<sup>1</sup>, as described below. This violation occurred during the 2015 Southern California Gas Company (SoCalGas) Harbor Corridor District and Mid-City LA District Inspections.

**1. 49 CFR §192.465(d) – External Corrosion Control: Monitoring**

*“Each operator shall take prompt remedial action to correct any deficiencies indicated by the [external corrosion control] monitoring.”*

SoCalGas failed to remediate deficient Cathodic Protection (CP) packages for intervals, in some cases, in excess of three years and therefore violated the prompt requirement of Title 49 Code of Federal Regulations (CFR) §192.465(d).

Additionally, the May 19, 1989, Federal Pipeline and Hazardous Materials Safety Administration’s (PHMSA) Inspection Guideline and Interpretation #PI-89-006 for 192.465(d) states that, as a rule of thumb, PHMSA interprets “prompt” as having the “correction completed by the time of the next scheduled monitoring”.

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<sup>1</sup> General Order 112-F was adopted by the Commission on June 25, 2015 via Decision 15-06-044.



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The Safety and Enforcement Division (SED) found one hundred twenty-five CP packages to be deficient for intervals exceeding SoCalGas' routine monitoring frequency defined in SoCalGas' Gas Standard 186.0135, and as required in Title 49 CFR §192.465(d). SED identified CP packages that have been deficient for more than 15 months during the 2015 Inspections of the Harbor Corridor and Mid-City LA Districts. However, forty-five of the one hundred twenty-five packages exceeded two years of remedial action. SED has determined that citations are warranted on those forty-five CP packages.

Although SED recognizes there are several steps in bringing a CP system back into compliance (i.e. environmental, permitting, etc.), SED has determined that the excessive delays for these 45 CP packages is unacceptable and therefore in violation of Title 49 CFR §192.465(d).



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**ENCLOSURES:**

The following enclosures were used to establish the findings of fact:

1. *Enclosure 1 - SED Investigation Report, May 3, 2016*
2. *Enclosure 2 - SED 2015 SoCalGas Harbor Corridor District Inspection conducted from April 6 – 10, 2015*
3. *Enclosure 3 - SoCalGas Response to SED Inspection of Harbor Corridor District, dated September 11, 2015*
4. *Enclosure 4 – SED 2015 SoCalGas Mid-City LA District Inspection conducted from May 4 – 8, 2015*
5. *Enclosure 5 – SoCalGas Response to SED Inspection of Mid-City LA District Inspection dated September 10, 2015*

**STATEMENT OF FACTS:**

The above violations are documented in the attached *Enclosure 1 – SED Investigation Report* which is based on one or more of the following: SED's review of the 2015 SoCalGas Harbor Corridor District and Mid-City LA District Inspections, SoCalGas' response to the inspection findings, Operator's records and/or substantiating documents obtained from other sources, or other reasons as stated in the attached report.



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**SED CITATION ANALYSIS**

<b>Element of Sentencing Schedule</b>	<b>Staff Finding</b>
Number of violation (s) and duration of violation (s) since inception	125 Violations of Title 49 CFR §192.465(d) during the period between 2011 and 2015. SED cited 45 CP systems that were down for over 2 years
Severity of the offense: overall level of risk of violation(s)	This violation presented unacceptable risk to safe operations prior to corrective action
The conduct of the utility before, during, and after the offense	The utility was cooperative and has undertaken corrective actions
Previous occurrence of similar violations by the utility	N/A
Self-reporting of the violation	Not self-reported. Violations found as a result of the SED Inspections of SoCalGas Harbor Corridor and Mid-City LA Districts
Indication of the violation (s) being willful	No
Actions taken by the utility to address the violation	Refer to Enclosures 1 thru 5
Associated safety related condition	N/A
Financial resources of the utility	20.9 Million customers, \$1.95 Billion Revenue requirement
The totality of the circumstances	SED considered the factors of Public Utilities Code 2104.5 in the level of its citation determination
Other factors deemed relevant by SED	See Enclosure 1
<b>Resultant Citation Taking All Of These Factors Into Account</b>	<b>\$2,250,000.00</b>



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### **RESPONSE:**

Respondent is hereby called upon to provide a response to this Citation by: **5:00PM (PST) on May 23, 2016.**

By way of such response Respondent, **within 10 calendar days**, may either:

- (1) Correct the violations with any immediate safety hazard requiring immediate correction as soon as feasible, and/or submit a Compliance Plan to the Director of SED for correcting those violations requiring more than 10 days to correct, **and** pay a fine pursuant to Pub. Util. Code § 2107. (Submit a check payable to California Public Utilities Commission using the attached *Citation Payment Form*. Upon payment, the fine will be deposited in the State Treasury to the credit of the General Fund and this citation will become final); **or**
- (2) Confirm that the violation(s) noted in this Citation have been corrected and/or otherwise do not present an on-going safety hazard to the Operator's employees and the general public, and/or submit a Compliance Plan to the Director of SED for correcting those violations requiring more than 10 days to correct, **and** contest this citation by completing and submitting a *Notice of Appeal Form*. Please see the attached document, "Directions For Submitting An Appeal To A Citation Issued Pursuant To Resolution ALJ-274" for information on the appeals process and the attached "Notice of Appeal Form". Also attached is a copy of Resolution ALJ-299 including Appendices A and B.

Respondent's failure to provide a response, as noted above, within 10 calendar days from the date the citation is served, will place Respondent in default of the citation and will result in forfeiture of Respondent's rights to appeal the citation. A late payment will be subject to a penalty of 10% per year, compounded daily and to be assessed beginning the calendar day following the payment-due date. The Commission may take additional action to recover any unpaid fine and ensure compliance with applicable statutes and Commission orders.

### **NOTIFICATION TO PUBLIC AGENCIES:**

As soon as is reasonable and necessary, and no later than 10 calendar days after service of the citation is effected, Respondent must provide a notification to the City Manager or similar local agency authority in the city and county where a citation is issued. Within 10 days of providing such notification, Respondent must serve an affidavit to the Director of SED, at the mail or e-mail address noted below, attesting that the local authorities have been notified; the date(s) for when notification was provided; and the name(s) and contact information for each local authority so notified.



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The CPUC expects Operators to take actions, as soon as feasible, to correct, mitigate, or otherwise make safe all violations noted on the Citation regardless of the Operator's intentions to accept or appeal the violation(s) noted in the Citation.

A handwritten signature in blue ink, reading "Elizaveta Malashenko", written over a horizontal line.

***Elizaveta Malashenko***

Director

Safety and Enforcement Division

California Public Utilities Commission

505 Van Ness Avenue

San Francisco, CA 94102

[elizaveta.malashenko@cpuc.ca.gov](mailto:elizaveta.malashenko@cpuc.ca.gov)



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**CITATION PAYMENT FORM**

I (we) \_\_\_\_\_ hereby agree to comply with this citation dated \_\_\_\_\_, and have corrected/mitigated the violation(s) noted in the citation on \_\_\_\_\_ and no later than \_\_\_\_\_, all work to make permanent corrections to any mitigated, or otherwise remaining concerns related to the violation(s) will be completed as noted in the Compliance Plan we have submitted to the Director of SED and, herewith, pay a fine in the amount of \$ \_\_\_\_\_ as included in the citation.

Signature of Gas Corporation's Treasurer,  
Chief Financial Officer, or President/CEO, or  
delegated Officer thereof

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Printed Name and Title)

Payment with a check must be made payable to the **California Public Utilities Commission** and sent to the below address. Please include the citation number on the memorandum line of the check to ensure your payment is properly applied.

**California Public Utilities Commission**  
**Attn: Fiscal Office**  
**505 Van Ness Avenue**  
**San Francisco, CA 94102-3298**

NOTE: A copy of the completed Citation Payment Form must be sent to the Director of the Safety and Enforcement Division, via email or regular mail, to the addresses provided on the Citation.



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### DIRECTIONS FOR SUBMITTING AN APPEAL TO A CITATION ISSUED PURSUANT TO RESOLUTION ALJ-274

Within 10 calendar days of the Respondent being served with a **CITATION FOR VIOLATION(S) ISSUED PURSUANT TO RESOLUTION ALJ-274**, Respondent may appeal the citation. Beyond 10 calendar days of being served with the citation, Respondent is in default and, as a result, is considered as having forfeited rights to appeal the citation. The Respondent must still correct the violation(s) as feasible unless, within 10 calendar days from the date of service of the citation, the Respondent submits to the Director of SED, a Compliance Plan that provides a detailed description of when the violation(s) will be corrected, the methodology to be utilized, and a statement, supported by an affidavit from the Gas Corporation's Chief Executive Officer, that in the Respondent's best judgment, the time necessary to correct the violation(s) will not affect the integrity of the operating system or unduly endanger the public.

To appeal the citation, Appellant must file a Notice of Appeal (including a completed title page complying with Rule 1.6 of the Commission's Rules of Practice and Procedure, and attached Notice of Appeal Form) along with copies of any materials the Appellant wants to provide in support of its appeal with the Commission's Docket Office **and** must be served, at a minimum, on

- 1) The Chief Administrative Law Judge (with an electronic copy to: [ALJ\\_Div\\_Appeals\\_Coordinator@cpuc.ca.gov](mailto:ALJ_Div_Appeals_Coordinator@cpuc.ca.gov)),
- 2) The Director of Safety and Enforcement Division
- 3) The Executive Director
- 4) General Counsel
- 5) The Director of the Division of Ratepayer Advocates

within 10 calendar days of the date on which the Appellant is served the Citation at the address listed below. The Appellant must file a proof of service to this effect at the same time the Appellant files the Notice of Appeal. The Notice of Appeal must at a minimum state: (a) the date of the citation that is appealed; and (b) the rationale for the appeal with specificity on all grounds for the appeal of the citation.

**California Public Utilities Commission**  
**505 Van Ness Ave,**  
**San Francisco, CA 94102**  
**Attn: <Insert Title>**

**NOTE:** Submission of a *Notice of Appeal Form* in no way diminishes Appellant's responsibility for correcting the violation described in the citation, or otherwise ensuring the safety of facilities or conditions that underlie the violations noted in the Citation.



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Ex Parte Communications as defined by Rule 8.1(c) of the Commission's Rules of Practice and Procedure, are prohibited from the date the citation is issued through the date a final order is issued on the citation appeal.

After SED receives the Appellant's *Notice of Appeal Form*, a hearing will be convened before an Administrative Law Judge. At least ten business days before the date of the hearing, the Appellant will be notified and provided with the location, date, and time for the hearing. At the hearing,

- (a) Appellant may be represented by an attorney or other representative, but any such representation shall be at the sole expense of the Respondent;
- (b) Appellant may request a transcript of the hearing, but must pay for the cost of the transcript in accordance with the Commission's usual procedures;
- (c) Appellant is entitled to the services of an interpreter at the Commission's expense upon written request to the Chief Administrative Law Judge not less than five business days prior to the date of the hearing; and
- (d) Appellant may bring documents to offer in evidence (Rule 13.6 (Evidence) of the Commission's Rules of Practice and Procedure applies) and/or call witnesses to testify on Respondent's behalf. At the Commission's discretion, the hearing in regard to the Appellant's appeal can be held in a hearing room at either of the offices of the CPUC at the following locations:

**San Francisco:**

505 Van Ness Avenue  
San Francisco, CA 94102

**Los Angeles:**

320 West 4<sup>th</sup> Street, Suite 500  
Los Angeles, CA 90013

The hearing(s) held in regard to the Appellant's appeal will be adjudicated in conformance with all applicable Public Utilities Code requirements.



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**Notice of Appeal Form**

**Appeal of SoCalGas from Citation ALJ 274 16-05-001 issued by Safety and Enforcement Division (For A Citation Issued Pursuant to Resolution ALJ-274)**

**Appellant:**

Name  
Vice President, Gas Operations  
Gas Utility Name  
Mailing Address  
City, CA Zip

Citation Date:  
Citation #: \_\_\_\_-\_\_-\_\_\_\_  
Operator ID#:  
Appeal Date: \_\_\_\_\_  
\_\_\_\_\_

“Appeal of [insert Operator Name] from [insert Citation number] issued by Safety and Enforcement Division”

Statements supporting Appellant’s Appeal of Citation (You may use additional pages if needed and/or attach copies of supporting materials along with this form).



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**Enclosures to Accompany Utility Appeal**

*Utility to add Enclosures as appropriate*