

## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



March 17, 2023

GI-2022-03-SCG-40-08 / GI-2022-03-SDG-48-08

Rodger Schwecke, Senior Vice President  
Chief Infrastructure Officer Southern California Gas Company  
555 West 5<sup>th</sup> Street, GT21C3  
Los Angeles, CA 90013

**SUBJECT:** Follow up Letter for the General Order 112 Inspection of the Southern California Gas Company's and San Diego Gas and Electric Company's Gas Transmission Integrity Management Program (TIMP)

Dear Mr. Schwecke:

On behalf of the Safety and Enforcement Division (SED) of the California Public Utilities Commission, Paul Penney and Kai Cheung conducted a General Order 112 inspection of Southern California Gas Company (SoCal Gas) and San Diego Gas and Electric Company (SDG&E) Transmission Integrity Management Programs (TIMP) the weeks of 3/14→3/18/22, 3/21→3/25/22, and 6/27/22. The inspection included identifying High Consequence Areas (HCAs), Moderate Consequence Areas (MCAs), and Baseline assessments for new HCAs, identifying newly active threats, Data Integration and Risk Assessment.

A summary of the inspection findings documented by SED, SoCal Gas and SDG&E's response to SED's findings, and SED's evaluation of SoCal Gas and SDG&E's response for the four concerns documented below. Where indicated, please provide a written response to GSRB's follow-up questions. Also, please note that additional questions and requests from SED may be necessary if SoCal Gas/SDG&E does not answer the questions in the format requested.

Please provide a written response within 30 days of your receipt of this letter indicating measures taken by SoCal Gas and SDG&E to respond to the findings and follow up data requests that relate to the four concerns from the audit.

If you have any questions, please call Paul Penney at (415) 703-1817.

Sincerely,

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

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

cc: Alex Hughes, SoCal Gas  
Terence Eng, GSRB  
Paul Penney, GSRB  
Kai Cheung, GSRB

## **2022 SoCalGas SDG&E TIMP Audit Response**

### **Concern(s)**

#### **Integrity Management : Risk Analysis (IM.RA)**

Question Title, ID Threat Identification, IM.RA.THREATID.R

Question 3. Do records demonstrate that all potential threats to each covered pipeline segment have been identified and evaluated?

References 192.947(b) (192.917(a), 192.917(e), 192.913(b)(1), 192.632)

Assets Covered All Transmission Assets (AllTrans)

Issue Summary As a result of the violation of 49 CFR 192.939 found in the 10/11/2022 SED response letter to SoCal Gas/SDG&E's "Interpretation Impact Request" letter, there are potential specific violations of this code from threats discovered in between assessment cycles.

Therefore, please provide **ALL** HCA segments in SoCal Gas/SDG&E's system that had a new threat discovered/ activated that was found between the last completed assessment cycle and the prior completed assessment cycle. Please provide the response in a spreadsheet format (ie., xls). Please include the following in SoCal Gas/SDG&E's response in the spreadsheet.

1. Please identify the specific threat that was activated for **ALL** HCA segments where new threats were identified.
2. Please identify if the new threat identified in question 1 above has subsequently been assessed after the end of the last assessment cycle.
3. Please identify when the new threat identified in request 2 above was assessed after the last assessment cycle was complete.
4. For **ALL** HCA segments identified with new threats where the new threat has **not** been subsequently assessed, please identify a plan for assessing all these new threats prior to the next assessment cycle.

#### **SoCalGas/SDG&E Response:**

Records maintained by the SoCalGas/SDG&E TIMP to demonstrate the identification and evaluation of potential threats for each covered pipeline segment are the assessment plans, which are updated and published annually, and pre-assessment documentation forms. Refer to the assessment plans submitted as part of the response for Concern #4 (1. Generic question).

In addition, all available operational and pipeline data is evaluated during the pre-assessment step of each integrity assessment to verify identified threats and consider the presence of new threats to determine the appropriate assessment method(s) to assess for all known threats. The result of this evaluation is documented in the following assessment forms (forms provided to SED in a separate communication on 12/16/22) used during an external corrosion direct assessment (ECDA) or inline inspection (ILI):

- ILI: Form D. All potential threats are documented under Section 1 – Pipeline Threat Summary. Discussion Item #10 documents that the inspection plan addresses all threats identified for the pipeline.
- ECDA: Form B. It documents whether an ECDA is feasible.

In response to the request for a spreadsheet with all HCA segments that had new threats identified between assessment cycles, the SoCalGas/SDG&E TIMP uses the above listed forms to document the current-year project specific threats. These forms are retained within the project folders and are not structured in a way that allows for the creation of a report in the specific format.

SoCalGas/SDG&E have acknowledged PHMSA’s 6/23/2021 interpretation on newly identified threats and have agreed that procedural changes are warranted to allow for the integration of a newly identified threat during a current assessment cycle.

**SEDs Evaluation of SoCal Gas/SDG&E’s Response:**

SED appreciates SoCal Gas/SDG&E's acknowledgement of PHMSA’s 6/23/21 response. However, SED is uncertain what SoCal Gas/SDG&E means by the rest of the last sentence/paragraph above. Please provide clarification on what is meant by the “current assessment cycle”. In other words, does SoCal Gas/SDG&E mean future assessments of the HCA’s to include newly identified threats? If so, this is contrary to what SED has asked SoCal Gas/SDG&E to do and is contrary to the PHMSA interpretation.

From the second to last paragraph above, SoCal Gas/SDG&E stated: “... *These forms are retained within the project folders and are not structured in a way that allows for the creation of a report in the specific format.*” SED understands the effort required in SoCal Gas/SDG&E going through the data and providing the data in the requested format. However, SED wants the data in the format requested with all four questions from above answered in an Excel format.

To assist SoCal Gas/SDG&E in providing the requested data in a spreadsheet format, SED is willing to ask for a subset of data from above. Please provide the data where the assessment was completed on or after 6/23/21, and a new threat was identified.

Given that SoCal Gas/SDG&E stated in its “Interpretation Impact Request” document that:

*SoCalGas/SDG&E have endeavored to conservatively identify potential threats to pipelines, and likewise diligently examine exposed pipe segments for indications of unanticipated threats. As such, newly identified threats have been a rare occurrence.[Underline Added] ...*

There should be a relatively small number of new threats identified that need to be added to a spreadsheet based on SoCal Gas/SDG&E’s response. To reiterate, SED wants the data for all four questions answered in the excel spreadsheet format requested and hopes asking for a subset of the HCAs will help SoCal Gas/SDG&E in fulfilling this request.

**Integrity Management: Baseline Assessments (IM.BA)**

Question Title, ID IM Baseline Assessments - Prioritized Schedule, IM.BA.BASCHEDULE.R

Question 8. Do records demonstrate that all BAP required assessments were completed as scheduled?

References 192.947(c) (192.921(d), 192.947(d))

Assets Covered All Transmission Assets (AllTrans)

#### Issue Summary

Per SoCal Gas/SDG&E's response to SED's question 20-3, SED staff filtered and sorted the spreadsheet according to records that have HCA segments assessed. According to Column K (Next Assessment Date), there is a category that is listed as N/A. Column I lists some of these as "N/A. Segment Removed". Therefore, it makes sense that these segments do not have future assessment dates. However, there is another category that states: "Assessed" in Column I with no future assessment date per Column K.

Please explain in detail why each of these thirty (30) segments does not have a future assessment date. In other words, please explain why these segments became non-HCA segments, or explain the factors that make each of these segments non-HCA.

#### **SoCalGas/SDG&E Response:**

Please refer to file "SEDInspReportResponse\_IMBA\_NonHCAExplanation" detailing the reason each of the 30 segments has become non-HCA. This file was provided to SED on a separate communication on December 16, 2022

#### **SEDs Evaluation of SoCal Gas/SDG&E's Response:**

SoCal Gas/SDG&E's Response is adequate.

#### **Integrity Management: Moderate Consequence Areas (IM.MC)**

Question Title, ID MCA Identification, IM.MC.MCAIDENTIF.R

Question 3. Do the records demonstrate MCAs are properly identified and documented with the physical characteristics/attributes, operating conditions, and surrounding environmental conditions of the pipeline?

References 192.624(a)(2) (192.710(a)(2),)

Assets Covered All Transmission Assets (AllTrans)

Issue Summary Data Request 21.3: **Concern.** Any segments where the diameter is greater than 12 inches must be assessed as a High Consequence Areas (HCAs) using Method 1 per GO 112-F.

What makes these class 3 locations non-HCAs? Is it the diameter of the pipe? Please confirm that all the identified segments are less than 12 inches in diameter.

#### **SoCalGas/SDG&E Response:**

After reviewing the data submitted during the TIMP audit for Data Request 21.3, there appears to have been data compilation errors when the report was generated. The report has been updated and confirmed to include only Class 3 non-HCAs which are 12 inches in diameter and less. The updated data set was provided to SED on a separate communication on December 16, 2022.

### SEDs Evaluation of SoCal Gas/SDG&E's Response:

SoCal Gas/SDG&E's Response is adequate.

### **Generic Questions : Generic Questions (GENERIC.GENERIC)**

Question Title, ID Generic Question, GENERIC.GENERIC.GENPROCEDURE.P

Question 1. Generic question - please provide context in result notes.

References N/A

Assets Covered All Transmission Assets (AllTrans)

Issue Summary As a result of the violation of 49 CFR 192.939 found in the 10/11/2022 SED response letter to SoCal Gas/SDG&E's "Interpretation Impact Request" letter, there may be potential specific violations of this code from SoCal Gas/ SDG&E not correctly analyzing HCA segments with manufacturing and construction defects to determine if those HCA segments have potentially unstable manufacturing and/or construction defects.

Therefore, please provide **ALL** HCA segments in SoCal Gas/SDG&E's system that had manufacturing and/or construction defect threats at the start of SoCal Gas/SDG&E's Integrity Management Program in 2004. In other words, please provide the baseline assessment plan (BAP) showing **ALL** threats identified at that time. Please provide the response in a spreadsheet format (ie., xls). Please include the following columns in SoCal Gas/SDG&E's response in the spreadsheet.

1. The HCA identification date for **ALL** HCA segments identified in the BAP.
2. The maximum operating pressure for **ALL** HCA segments for the five years prior to the identification of the HCA segments. Where SoCal Gas/SDG&E does not have data to identify the maximum operating pressure **experienced** by the HCA segment, please indicate that in the spreadsheet.
3. Please provide the assessment plan in the same format as indicated above for all years from 2005 to 2019, including an extra column for the maximum pressure experienced by **each** HCA segment subsequent to the HCA identification of each segment until 7-1-2020.
4. For each assessment plan year, please identify the assessment completion due date for all identified threats.

### **SoCalGas/SDG&E Response:**

Please refer to the spreadsheet "SEDIInspReportResponse\_GENERIC\_2005-2019BAP", provided to SED by separate communication on December 16, 2022, and shows all HCA segments in SoCal Gas/SDGE's system that had manufacturing and/or construction threats at the start of the IMP in 2004 and the assessment plans from 2005 to 2019 attached showing these segments and all threats identified at the time, HCA identification dates, and assessment due dates. Maximum operating pressure experienced by these segments going back to five years prior to the identification of the HCA segments are not available. The corporate record retention period for pressure monitoring charts has been 5 years. Therefore, most of these early records were disposed of according to the company Information Management Policy.

Once the initial five-year pressure evaluation for manufacturing and construction threats was completed, the integrity monitoring and evaluation activity focused on changes in the MAOP and the MOP of the regulator and pressure limiting stations feeding the downstream piping systems. This methodology is

documented in the white papers provided to SED during the recent 2022 TIMP audit, provided and discussed extensively during the 2015 TIMP audit, and detailed in SoCalGas/SDG&Es response to NOPV#2 regarding SEDs response to the “Interpretation Impact Request” mentioned in the concern above. The SoCalGas/SDG&E response to this NOPV is repeated below:

**SEDs Evaluation of SoCal Gas/SDG&E’s Response:**

From the first paragraph above, SoCal Gas/SDG&E stated in part:

*...Maximum operating pressure experienced by these segments going back to five years prior to the identification of the HCA segments are not available. The corporate record retention period for pressure monitoring charts has been 5 years. Therefore, most of these early records were disposed of according to the company Information Management Policy.*

Please provide a copy of the written corporate records retention policy for each year from 2004 to 2022 and each update/change to that corporate records retention policy. Also, if SoCal Gas/SDG&E no longer has pressure records because the records were destroyed, please identify when the records were destroyed/purged for each HCA segment with manufacturing and/or construction threats. Please provide these records in a spreadsheet format with the HCA segment name and the date of destruction.

Since the records were destroyed, SoCal Gas/SDG&E must assume that all HCA segments with Manufacturing and construction defects that do not have a subpart J hydrotest (with Traceable Verifiable and Complete (TVC) records) are potentially unstable based on the correct interpretation of 192.917(e)(3) effective from 4-6-2004 to 7-1-2020. This is also consistent with the current revision of 192.917(e)(3). Therefore, please identify all HCA segments with manufacturing and construction defects that do not have a Subpart J hydrotest as of this date (1-25-23). Please provide this information in a spreadsheet format. In addition, please provide an expedited schedule for hydrotesting all the HCA segments without a Subpart J hydrotest (i.e., before the next integrity assessment due date).

**Concerns and Questions Related to the Yearly Assessment Plans:**

1. Please provide a copy of the 2007 and 2008 assessment plans where an additional column is added to the end of the assessment plans identifying when the assessment for all threats for each HCA segment was completed.
2. From the 2007 and 2008 assessment plans, only one pipeline was identified with manufacturing threats (Line 1003). Therefore, please provide a copy of all records for all HCA segments in SoCal Gas/SDG&Es system with no manufacturing threats, justifying why each segment does not have a manufacturing threat listed. In other words, please provide copies of all records identified in B31.8S-2004, Appendix A, Section A4.2 along with the justification for why each HCA segment did not have the manufacturing threat.

**Prior Response from SoCal Gas/SDG&E as referenced above:**

“SoCalGas/SDG&E have a long-standing history of benefitting from improvement opportunities that stem from compliance observations provided by the CPUC and other regulatory authorities. SoCalGas/SDG&E value this relationship and consider it to be an additional continual improvement opportunity for our safety programs. Throughout this history there have been countless interactions where SED has identified improvements for SoCalGas/SDG&Es policies and/or procedures. Often, depending on the complexity of the finding, corrections can take place during the audit proceedings and the item is closed. More complex or time-consuming items are documented in a close out letter requiring a written response. Again, we find these opportunities for additional input to be valuable in our desire for continual improvement.

A good example of this partnership can be found in the first NOPV identified by SED in this letter. An issue was identified during the audit, and ensuing discussions prompted the identification of actionable improvements documented in the closure letter, which in turn affords SoCalGas/SDG&E an opportunity to evaluate and respond.

In the spirit of cooperation mentioned above, the subject in audit finding NOPV2 was discussed openly and transparently during the 2015 TIMP audit by TIMP program staff members and several SED auditors. The SoCalGas/SDG&E position was shared in detail, and the documented position was provided to SED in two related “White Papers.” As SED may recall, and as is commonplace during typical audit reviews, differing views voiced by SED at the time were extensively discussed, and those views were respectfully considered and acknowledged. The SED closeout letter for the 2015 TIMP audit made no mention of potential concern with our stated position, which silence has historically been construed to mean no further input required from SoCalGas/SDG&E. SED has audited SoCalGas/SDG&Es TIMP program 11 times since the inception of the program and six times since 2015. Based on the history of collaboration with SED to address and/or resolve issues initially brought to our attention, the absence of recommendations or findings led SoCalGas/SDG&E to conclude that there were no follow-up issues to address. SED stated in the Applicability Letter response that “SoCalGas/SDG&E should not construe a lack of comment in an audit letter as agreement”, and that “SoCalGas/SDG&E seems to be making the argument that if SED staff does not comment on an incorrect interpretation of code from a white paper, that the utility is free to disregard code requirements.” That mischaracterizes SoCalGas/SDG&E’s position. Rather, they viewed the collaborative process on the issue as complete at the time and that no further action was required by SED until SoCalGas/SDG&E heard further from SED. Likewise, as to the issue of code implementation, the end of the collaborative process with no contrary input from SED left SoCalGas/SDG&E without valued input for process improvements and they acted consistent with what they considered to be the accepted industry interpretation of the code. Had SoCalGas/SDG&E been informed differently by SED, they would have taken that additional information into consideration.

SoCalGas/SDG&E are committed to safe and compliant operations and are currently evaluating the positions taken in the white papers considering SEDs statements listed in the response to the Applicability letter. Moreover, SoCalGas/SDG&E will continue to work collaboratively with SED in evaluating evolving and complex requirements and looks forward to doing so with SED.”