

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



August 24, 2022

GI-2022-05-SCG-40-09-18
GI-2022-05-SDG-53-09-18

Mr. Rodger Schwecke, Senior Vice President
Gas Transmission, Storage & Engineering
Southern California Gas Company
555 West 5th Street, GT21C3
Los Angeles, CA 90013

SUBJECT: General Order (GO) 112-F Gas Inspection of Southern California Gas Company and San Diego Gas and Electric Company - Distribution Integrity Management Program, DIMP (Follow up and review of DIMP Projects) and Section 114 Verification Inspection

Dear Mr. Schwecke,

The Safety and Enforcement Division (SED) of the California Public Utilities Commission conducted a General Order 112-F inspection of the Distribution Integrity Management Programs (DIMP) of Southern California Gas Company (SCG) and San Diego Gas and Electric Company (SDG&E). During the inspection, SED also reviewed SCG and SDG&E's compliance with Section 114 of the 2020 The Protecting Our Infrastructure of Pipelines and Enhancing Safety (PIPES) Act. The inspection took place between May 16-20, 2022.

SED's findings are noted in the Summary of Inspection Findings (Summary) which is enclosed with this letter. The Summary reflects only those particular records that SED inspected during the inspection. SED discovered one violation and two concerns regarding DIMP, and one concern regarding Section 114; these are outlined in the Summary.

Within 30 days of your receipt of this letter, please provide a written response indicating the measures taken by SCG and SDG&E to address the concerns noted in the Summary.

If you have any questions, please contact Sikandar Khatri at (415) 703-2565 or by email at Sikandar.Khatri@cpuc.ca.gov.

Sincerely,

A handwritten signature in blue ink that reads "Terence Eng".

Terence Eng, P.E.
Program Manager
Gas Safety and Reliability Branch
Safety and Enforcement Division

Enclosure: Summary of Inspection Findings

cc:

Alex Hughes, Manager, Southern California Gas Company
Dennis Lee, SED
Claudia Almengor, SED

Summary of Inspection Findings

DIMP:

Dates of Inspection: May 16-20, 2022

Operator: Southern California Gas Company, SCG and San Diego Gas and Electric, SDG&E

Operator IDs: 18484 (primary) 18112

Inspection Systems: Distribution Integrity Management Program (DIMP)

Assets (Unit IDs) with results in this report: 88390, 88391 (88390 88391)

System Type: GD

Inspection Name: SCG and SDG&E DIMP Inspection - 2022

Lead Inspector: Sikandar Khatri

Operator Representative: Khoa Le

Unsatisfactory Results

Design and Construction : Pressure Testing (DC.PT)

Question Title, ID Test Requirements for Plastic Pipe, DC.PT.PRESSTESTPLASTIC.R

Question 1. Do records indicate that pressure testing is conducted in accordance with 192.513?

References 192.517(b) (192.513(a), 192.513(b), 192.513(c), 192.513(d))

Assets Covered 88390, 88391 (Multi Unit)

Issue Summary SDG&E was unable to provide the pressure test records for SDG&E's DREAMS (Distribution Risk Evaluation and Monitoring System) project "DIMP 591311-Bruce Rd_530000138346" which was executed between 2/21/19 - 3/21/19.

Section 7.3 of SDG&E Procedure D7265 published on 5/31/2018 states in part, "Each record must contain the following information which may be written on the back of the record or recording chart or entered into the form stamped on the back of the pressure recording chart... Test Pressure".

Therefore, SDG&E is in violation of Title 49 Code of Federal Regulations §192.517(b) for failing to keep the record of pressure test results for this project. SDG&E is also in violation of Title 49 Code of Federal Regulations §192.605(a) by not following its Gas Standard procedure, GS D7265 effective during the period.

Concerns

Design and Construction : Construction (DC.CO)

Question Title, ID Plastic pipe - Qualifying Personnel to Make Joints, DC.CO.PLASTICJOINTQUAL.R

Question 5. Do records indicate persons making joints in plastic pipelines are qualified in accordance with 192.285?

References 192.285(d) (192.285(a), 192.285(b), 192.285(c), 192.807(a), 192.807(b))

Assets Covered 88390, 88391 (Multi Unit)

Issue Summary SED reviewed a sample of construction documents of DIMP (Distribution Integrity Management Program) projects. The information on plastic joiners and type of joints was available on "General Service Order, GSO" for services, however, SCG and SDG&E informed SED that for distribution main projects, there is no form available, and the only record is the "Completion Sketch". SED did not find this information on these sketches. Complete and accurate information is important for the integrity of the gas pipelines; therefore, SED recommends recording this information either on "Completion Sketch" or in other forms for retrieval when necessary.

The same concern was highlighted in the previous DIMP inspection in 2021. In the follow-up presentation during the kick-off meeting for the 2022 DIMP inspection, the operator apprised that it is exploring technologies to enhance the construction documentation process. SED recommends that as an interim solution, manual/electronic notes be recorded to document this information.

Gas Distribution Integrity Management : Identify Threats (GDIM.TH)

Question Title, ID Identify Threats - Threats Considered, GDIM.RA.THREATCATEGORIES.P

Question 4. In identifying threats, do the procedures include consideration of all of the required threat categories to each gas distribution pipeline?

References 192.1007(b)

Assets Covered 88390, 88391 (Multi Unit)

Issue Summary SED discussed with SCG and SDG&E the cybersecurity aspect of its distribution gas system. The staff of Cybersecurity, Risk and Compliance group presented an overview of measures in place for cyber-security threats for the companies.

SED recommends that SCG and SDG&E's DIMP team evaluate cybersecurity as a potential threat for its gas distribution system. SED recommends that SCG and SDG&E's DIMP team should complete a cybersecurity assessment of its gas distribution system to identify potential gaps or vulnerabilities in the system such as loss of service, loss of data, effect of cyber-attack on its transmission system and effect of cyber-attack on IT and OT (Information Technology and Operational Technology) systems of the company etc. In addition, SED recommends SCG/SDG&E designate a DIMP coordinator/Subject Matter Expert (SME) to serve on various teams of the companies who work on cybersecurity threats.

Section 114:

Dates of Inspection: May 16-20, 2022

Operator: Southern California Gas Company, SCG and San Diego Gas and Electric, SDG&E

Operator IDs: 18484 (primary) 18112

Inspection Systems: Gas Distribution

Assets (Unit IDs) with results in this report: 88390, 88391 (88390 88391)

System Type: GD

Inspection Name: SCG and SDG&E Section 114 Inspection - 2022

Lead Inspector: Sikandar Khatri

Operator Representative: Khoa Le

Unsatisfactory Results

No Preliminary Findings.

Concerns

Section 114 : Section 114 - Gas Distribution (114.GD)

Question Title, ID Leaks & Releases - Identification of Fugitive Emissions, 114.114.LKRLSID.P (also presented in: 114.MM)

Question 5. Do procedures provide a methodology for identifying sources of fugitive natural gas emissions in the system?

References 49 U.S.C. 60108(a)

Assets Covered 88390, 88391 (Multi Unit)

Issue Summary In response to an SED data request, SCG/SDG&E stated that examples of natural gas use as a fuel in its distribution system include natural gas fueled cathodic protection rectifiers, sensing lines, and natural gas-powered actuators. On a further inquiry, SCG/SDG&E informed SED that there is no document that talks about these uses and the possibility of fugitive emissions from the natural gas-powered actuators through venting and through components of a natural gas fired rectifiers. SCG/SDG&E also stated that no studies have been performed on fugitive emissions for equipment that uses gas for power, however, SCG has initiated research looking at fugitives associated with the actuators that is currently in progress.

SED recommends that SCG/SDG&E should identify all uses of natural gas as a fuel in its distribution system and formally document the same. In addition, studies should be carried

out for all possible fugitive emissions for these uses of natural gas fueled cathodic protection rectifiers, sensing lines, and natural gas-powered actuators and others if identified. The methods should be identified, documented, and implemented to minimize these emissions. Additionally, research initiated by SCG for fugitive emissions associated with actuators should be extended to SDG&E.