

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



October 20, 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: Closure Letter for 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.

Included is SED's evaluation of SCG and SDG&E's response for identified Violations and Concerns.

This letter serves as the official closure of the 2022 GO 112-F Distribution Integrity Management Program (DIMP) and Section 114 Verification Inspections of SCG and SDG&E.

Thank you for your cooperation in this inspection. 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 "Dennis Lee".

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

Enclosure: Summary of Inspection Findings

cc:

Alex Hughes, Manager, Southern California Gas Company
Terence Eng, SED
Claudia Almengor, SED
Sikandar Khatri, 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.

SDG&E's Response:

SDG&E acknowledges that the records, specifically the test pressure for 8 services, for DIMP project 530000138346 were not recorded as required by company gas standard D7265 - Pneumatic Test Requirements for Pipelines Operating at 60 PSIG or less.

- As of 9/8/2022, SDG&E has retested and recorded the pressure test for the 8 services in accordance with company gas standard D7265 - Pneumatic Test Requirements for Pipelines Operating at 60 PSIG or less under work order 300000513059.
- The finding was shared and discussed with all impacted company employees and contractors in order to share lessons learned and emphasize the importance of properly capturing, recording, and providing pressure test information.
- The training department at SDG&E is currently reviewing the associated training for documenting the results of a pressure test and will implement improvements as appropriate.
- Additionally, SDG&E is currently reviewing the closeout process for construction projects with stakeholders and will be addressing the roles and responsibilities for verifying records associated with the job are traceable, verifiable, and complete.

SED's Conclusion:

SED has reviewed the response and accepted the same.

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.

SCG and SDG&E's Response:

SoCalGas/SDG&E continues to explore both interim and longer-term solutions to capture information related to plastic joiners and type of joints. Identifying and selecting a viable solution includes many considerations. Some of which include technology reviews, training requirements, changes/impacts to current workforce procedures, overall risk analysis, deployment options and system sustainability with increased data entry/storage. Another key discussion topic revolves around data security/accuracy being that non-

SoCalGas/SDG&E employees (contractors) who perform these tasks, will also be involved with this new solution. SoCalGas/SDG&E will continue our discovery and planning efforts and report back with a status update to SED by end of year (2022).

SED's Conclusion:

SED has reviewed the response and look forward to receiving the status update by the end of year 2022. This will also be followed up in the next DIMP Inspection.

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.

SCG and SDG&E's Response:

SoCalGas/SDG&E's DIMP team is conducting a cybersecurity threat evaluation for its gas distribution system. Based on the results from the evaluation, DIMP processes will be assessed in collaboration with other cybersecurity processes in the company, as necessary. In addition, SoCalGas/SDG&E's DIMP team already has members currently serving on various IT and/or OT teams in the company that work on cybersecurity threats. This approach allows for timely information sharing between different organizations and for the company to learn and adapt quickly to manage the complex/sophisticated cybersecurity challenges.

SED's Conclusion:

SED has reviewed the response and will follow up on it in the next DIMP Inspection.

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.

SCG and SDG&E's Response:

SoCalGas/SDG&E natural gas emissions associated with Distribution lines and facilities are identified, quantified, and documented in Appendix 4 & 5 of the SB 1371 Annual Emissions Report, submitted to the CPUC. No additional studies are necessary at this time as current methods are identified, documented and implemented to minimize emissions. Per Gas Standard 223.0100 (SoCalGas) section 4.1 and G8145 (SDG&E) section 4.1, Distribution performs leakage surveys of gas facilities at specified intervals using various methods. SoCalGas/SDG&E leakage surveys are inclusive of equipment at all Distribution lines and facilities including equipment that uses natural gas as a fuel, leading to measures to mitigate/reduce any emissions.

SED's Conclusion:

SED has reviewed the response and accepted the same.