

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



January 5, 2023

GI-2022-09-SWG-30-09-18

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

SUBJECT: Closure Letter - General Order (GO) 112-F Gas Inspection of Southwest Gas Company - Distribution Integrity Management Program, DIMP (Follow up and review of DIMP Projects) and Section 114 Verification Inspection

Dear Mr. Schmitz,

The Safety and Enforcement Division (SED) of the California Public Utilities Commission has reviewed response of Southwest Gas Corporation (SWG) dated December 12, 2022, for the findings identified during the General Order 112-F inspection of the Distribution Integrity Management Program (DIMP) of Southwest Gas Company (SWG). During the inspection, SED also reviewed SWG's compliance with Section 114 of the 2020 The Protecting Our Infrastructure of Pipelines and Enhancing Safety (PIPES) Act. The inspection took place between September 19-23, 2022.

Included is SED's evaluation of SWG's response for identified Areas of Concern.

This letter serves as the official closure of the 2022 GO 112-F Inspections of SWG's Distribution Integrity Management Program and Section 114 compliance.

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

cc:

Laurie Brown, Southwest Gas Company
Terence Eng, SED
Claudia Almengor, SED

Summary of Inspection Findings

Dates of Inspection: September 19-23, 2022

Operator: SOUTHWEST GAS CORP

Operator ID: 18536 (primary)

Inspection Systems: Distribution

Assets (Unit IDs) with results in this report: Main Office (Specialized Inspections) (88373)

System Type: GD

Inspection Name: Southwest Gas DIMP and Section 114 Inspection - 2022

Lead Inspector: Sikandar Khatri

Operator Representative: Laurie Brown

Unsatisfactory Results

No Preliminary Findings.

Concerns

Maintenance and Operations : Gas Pipeline Operations (MO.GO)

Question Title, ID Pipeline Purging, MO.GO.PURGE.O

Question 3. Are lines being purged in accordance with 192.629?

References 192.629(a) (192.629(b))

Assets Covered Main Office (Specialized Inspections) (88373 (30))

Issue Summary SED observed that for project WR3705774, the abandoned segment of pipe was not purged. On the inquiry, SWG provided its "Abandonment Procedure" (part of SWG's "Operations Manual") which indicates that in certain conditions (depending on the pipe diameter and length), purging is not required at the time of abandonment. SWG also reported that *these abandoned segments are not leak surveyed*. Greenhouse gas emissions has become more of concern with the recently enacted gas emissions regulation, Section 114 of The Protecting Our Infrastructure of Pipelines and Enhancing Safety (PIPES) Act of 2020. Therefore, SWG may consider including all abandoned segments which are not purged in its leak survey schedule.

SWG's Response:

Southwest Gas acknowledges SED's recommendation to consider including abandoned pipe segments, which are not purged, in its leak survey schedule. Southwest Gas respectfully disagrees that these segments should be included in its leak survey schedule. The Company believes its current procedures for abandonment of pipe and purging guidelines are adequate. 49 CFR Part 192.727 [Abandonment or deactivation of facilities] states, "the pipeline need not be purged when the volume of gas is so small that there is no potential hazard". The Company considered the CFR when it developed its abandonment procedures, which includes a pipe length table with lengths of pipe containing one cubic foot of volume or less. Southwest Gas considers one cubic foot of natural gas at atmospheric pressure as not a potential hazard nor a significant release of greenhouse gas emissions.

SED's Conclusion:

SED has reviewed the response.

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 Main Office (Specialized Inspections) (88373 (30))

Issue Summary SED discussed with SWG the cybersecurity aspect of its distribution gas system. SWG apprised that the Company has a Cyber Security group to monitor and protect its computer and communication system (DIMP Plan, section 8.3.7.3). SED recommends that SWG's DIMP team specifically evaluate cybersecurity as a potential threat for its gas distribution system. SED recommends that SWG 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 or distribution system and effect of cyber-attack on IT and OT (Information Technology and Operational Technology) systems of the company etc. In addition, SED recommends SWG designate a DIMP coordinator/Subject Matter Expert (SME) to serve on various teams of the company who work on cybersecurity threats.

SWG's Response:

Southwest Gas acknowledges SED's recommendation that its DIMP and Cybersecurity teams should work together to identify potential gaps and vulnerabilities in the system. As noted in the Company's DIMP Plan, Section 8.3.7.3, the Cybersecurity group is already involved in monitoring and protecting the Company's communication systems. In addition to those activities, DIMP will include a SME from the Cybersecurity team in the Annual DIMP meetings moving forward. The purpose of this collaboration will be to address any current or potential threats to the Southwest Gas distribution system.

SED's Conclusion:

SED has reviewed the response. In the next DIMP Inspection, SED will follow-up on SWG's evaluation of 'Cybersecurity' as a potential threat for its distribution system.