

Enclosure 1



Public Utilities Commission STATE OF CALIFORNIA

Citation Date: October 25, 2013

Citation #: 13-002

Operator ID#: 18484

SED Investigation Report

March 2 and 30, 2012 Notice of Violation Regarding Missed Leak Surveys in SoCal Gas' Pacific, Northern, and Inland Regions

Summary:

On March 2 and 30, 2012, in accordance with Resolution ALJ-274, the Southern California Gas Company (SoCal Gas) notified the Commission's Safety and Enforcement Division (SED) of three non-compliance issues found at SoCal Gas' Pacific, Northern, and Inland Regions. These issues involved three separate sections of pipeline that had not been leak surveyed in a timely manner as required.

The first two issues were discovered on February 23, 2012, while a SoCal Gas clerk was gathering atlas sheets for special leak surveys in advance of planned street improvement work, and noticed that the segments were not on leak survey cycles. The missed leak surveys were subsequently reported on March 2, 2012, to the CPUC. The first segment involves a 535 foot segment of 2-inch steel gas main in the City of Simi Valley, located near the intersection of Buffum Street and Barnes Street. This segment was installed in 1960 and is cathodically protected. Its Maximum Allowable Operating Pressure (MAOP) is 22 psi and there are no services connected to the main. It had not been leak surveyed since March of 1998. The second segment is 325 feet of 8-inch PE main in the City of Los Angeles, near the intersection of North Hazard Avenue and Hammel Street and was installed in May 2006. It has an MAOP of 45 psi and has eight services connected to it. This segment had not been surveyed since its installation. No new services have been added to either segment since they were last leak surveyed and both segments are located in residential areas. SoCal Gas performed a gas leak survey on both segments on February 24, 2012, and found no leaks or hazards on the pipeline segments.

The third issue was discovered on March 7, 2012, and reported on March 30, 2012. A leakage clerk was reviewing the map while preparing for a special leak survey and noticed that a segment of pipe was not highlighted. The leak survey was completed on the following day - March 8, 2012, and SoCal Gas reported that it did not find any leaks or hazardous conditions. The segment is 335 feet long, 2-inch plastic main with a MAOP of 60 psi and an operating pressure of 55 psi and is located in a residential area of the City of Palm Desert on Quail Hollow Drive in Riverside County. The last documented inspection of this area had been completed on May 9, 2001. However, through an interview with the employee who conducted the leak survey, SoCal Gas believes that the segment was included in the 2009 survey (completed September 22, 2009)

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although it had not been documented on the map. The 335 foot segment contains only one residential service and no new services have been added since the last leak survey.

Findings:

SED believes the cause of the violation was due to an inadequate procedure and a lack of quality control in assigning leak survey areas. Both the Simi Valley and Palm Desert incidents originated during the SoCal Gas' conversion from paper files to electronic records. Prior to 2005-2006 their pipeline maps were printed from microfiche and hand-highlighted. During 2005-2006, the maps were scanned and converted into electronic media (CAD/Web View). Since then, maps have been printed and electronically highlighted based on their survey schedule. For the Palm Desert incident, SoCal Gas reported that the segment was documented on its system map but not properly identified on the leak survey map. SoCal Gas believed that the segment was missed and not electronically highlighted during the conversion process. The Simi Valley violation involved quality control procedures that were either not employed, or were otherwise ineffective, for comparing the changes from the paper files to the electronic records.

The Los Angeles violation originated when the segment was installed and added to the company's mapping system, but never included onto a leak survey cycle. In both this and the Simi Valley cases, there was no direct review of leak cycle changes and a responsible employee charged to review each map, prior to it being sent out and again after the leak survey was completed, did not become aware of the omissions.

SED's investigation found that no injuries or damage resulted from any of the violations, and SoCal Gas initiated the following corrective actions to maintain the segments and confirm that they are properly identified for future leak surveys.

- SoCal Gas conducted a manual review of the maps of the piping associated with these segments to ensure that no others were missed.
- SoCal Gas will investigate to determine what caused the segment to be omitted from the leak survey cycle and complete corrective actions.
- SoCal Gas will continue the process of converting all of its maps to a geographical information system (GIS). This new GIS system allows SoCal Gas to search for pipeline segments that have not been assigned a leak survey area.
- SoCal Gas will periodically search its GIS system for mapped segments that do not have assigned leak survey cycles assigned and take action to assign leak survey cycles to any segments that are identified.

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For the region (Inland Region) where the Palm Desert segment is located, the conversion to GIS was completed in November 2010. SED believes that SoCal Gas' proposed corrective measures should prevent the reoccurrence of the same violation. Nonetheless, this investigation finds that the Simi Valley segment was leak surveyed 107 months late (March 2003 to February 2012), the Los Angeles segment was leak surveyed nine months late (May 2011 to February 2012), and the Palm Desert segment was surveyed 66 months late (September 2006 to February 2012).

Therefore, SoCal Gas violated the Title 49 Code of Federal Regulations (CFR), Part 192, Section 723(b)(2), referenced and adopted by General Order (GO 112-E), which states in part:

"A leakage survey with leak detection equipment must be conducted outside business districts as frequently as necessary, but at least once every 5 calendar years at intervals not exceeding 63 months."

Recommendations:

Commission Resolution ALJ-274 requires SED staff to consider factors in Public Utilities Code §2104.5 (P.U. Code §2104.5) for self-identified and self-corrected violations. In determining whether a citation should be issued, SED has considered the size of SoCal Gas' operations, the gravity of the self-reported violation, the good faith demonstrated by SoCal Gas in its efforts to achieve compliance going forward, and previous CPUC actions involving similar violations. In that regard, SED is taking into consideration that:

1. SoCal Gas self-identified and reported the violation.
2. SoCal Gas' leak surveys did not find any leaks or hazardous conditions.
3. SoCal Gas' violation of Section 192.723(b)(2), in these instances, did not result in any injuries or damage.
4. The violations, at this point, are not repetitive or willful.
5. SoCal Gas has initiated corrective actions by conducting leak surveys and adding the segments to leak survey area maps so that this violation should not reoccur.
6. SoCal Gas will investigate to determine what caused the segment to be omitted from the leak survey cycle and complete corrective actions.
7. SoCal Gas conducted a manual review of the maps of the piping associated with these segments to ensure that no others were missed.
8. SoCal Gas will continue the process of converting all of its maps to a geographical information system (GIS). This new GIS system allows SoCal Gas to search for pipeline segments that have not been assigned a leak survey area.
9. SoCal Gas will periodically search its GIS system for mapped segments that do not have assigned leak survey cycles assigned and take action to assign leak survey cycles to any segments that are identified.

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Natural gas is a highly combustible substance that can be explosive under certain conditions. Because it is lighter than air, it tends to migrate, which may make it difficult to detect. Utilities are required to continuously monitor their pipeline facilities, and take preventative and mitigative measures to secure life and property. Leak surveys are one of the key and critical tools natural gas operators must use to monitor the integrity of their systems. Leak surveys are known and widely accepted as an effective, preventative measure that can help detect conditions that are, or can become, hazardous so that such conditions can be addressed in a timely manner before they result in injuries, fatalities, or property damage. While no hazardous conditions were found once the leak surveys had been completed, some of SoCal Gas' pipeline segments had gone unmonitored for as many as nine years after its leak survey due date. SoCal Gas is obligated to operate its systems in a manner that promotes and safeguards the health and safety of the public.

Based on the findings and the factors included in Public Utilities Code § 2104.5, SED recommends that SoCal Gas be fined the amount of \$150,000. The calculation for the amount of the fine is provided in Appendix A (below). SED believes its calculated amount for the fine reasonably considers the facts discussed above. This penalty calculation is specific to the violations identified in this report.

Note that at the current time SED finds no reason to consider these violations repetitive or willful, however if they continue to occur, fines for future violations may be compounded on a daily, weekly or monthly basis determined by the circumstances of each violation.

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APPENDIX A

The following table contains the calculated fine amount.

<u>Item #</u>	<u>Violation</u>	<u>Description</u>	<u>Date of Discovery</u>	<u>Last Leak Survey Completed before discovery</u>	<u>SED Investigator</u>	<u>Fine Amount</u>
1	49 CFR §192.723(b)(2)	Missed Leak Survey – Simi Valley	2/24/2012	3/27/1998	Joel Tran	\$50,000.00
2	49 CFR §192.723(b)(2)	Missed Leak Survey – Palm Desert	2/24/2012	5/9/2001	Michelle Wong	\$50,000.00
3	49 CFR §192.723(b)(2)	Missed Leak Survey – Los Angeles	2/24/2012	5/5/2006	Joel Tran	\$50,000.00
Total Fine for Citation # 13-002						\$150,000.00