

PUBLIC UTILITIES COMMISSION

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GI-2018-08-SEM-40-08

February 7, 2019

Rodger Schwecke, Senior Vice President (rschwecke@semprautilities.com)
Gas Transmission, Storage & Engineering
Southern California Gas Company
555 West 5th Street, GT21C3
Los Angeles, CA 90013

SUBJECT: SED's closure letter for the General Order 112-F Inspection of the Southern California Gas Company's and San Diego Gas and Electric Company's Gas Transmission Pipeline Integrity Management Program (TIMP).

Dear Mr. Schwecke:

The Safety and Enforcement Division (SED) of the California Public Utilities Commission (Commission) reviewed SEMPRA's response letter dated November 1, 2018 that addressed the one finding identified during the General Order (GO) 112-F Transmission Integrity Management Program (TIMP) Inspection conducted August 6-10, 2018.

A summary of the inspection findings documented by SED, SEMPRA's response to our findings, and SED's evaluation of SEMPRA's response for each identified violation and recommendation is attached to this letter.

This letter serves as the official closure of the 2018 Inspection of SEMPRA's TIMP program.

If you have any questions, please contact Paul Penney at (415) 703-1817 or by email at Paul.Penney@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: Mamoud Intably, SED
Ha Nguyen, SED
Nadia Hang, Sempra
Matt Epuna, SED
Kan-Wai Tong, SED
Claudia Almengor, SED
Kenneth Bruno, SED

Summary of Inspection Findings

Violation Identified in Protocol Area D: DA Plan

Protocol D.02.b. states:

D.02.c. Verify that the operator complies with all requirements for appropriate indirect inspection **tools selection:** [NACE SP0502-2008, Section 3.4, NACE SP0502-2008, Table 2, and 192.925(b)(1)(ii)]

- i. A minimum of 2 complementary tools must be selected such that the strengths of one tool compensate for the limitations of the other tool. (Note: The operator must consider whether more than two indirect inspection tools are needed to reliably detect corrosion activity.)
- ii. Tools are able to assess and reliably detect corrosion activity and/or coating holidays.
- iii. Verify that the operator documents the basis for its tool selection.
- iv. If the operator utilizes an indirect inspection method not listed in NACE SP0502-2008, Appendix A, verify that the operator justifies and documents the method's applicability, validation basis, equipment used, application procedure, and utilization of data. [§192.925(b)(1)(ii)]

Issue Identified

Violation: For Roman numeral iv above, the language in Section 3.9.2 references Section 7 of the exception process; the language is general in nature. The language in SEMPRA's plan needs to incorporate the specific language in 192.925(b)(1)(ii). This language states:

(ii) The basis on which an operator selects at least two different, but complementary indirect assessment tools to assess each ECDA Region. If an operator utilizes an indirect inspection method that is not discussed in Appendix A of NACE SP0502, the operator must demonstrate the applicability, validation basis, equipment used, application procedure, and utilization of data for the inspection method.

During the audit, SEMPRA personnel revised the ECDA plan, and incorporated this language. Please provide a copy of SEMPRA's final revision of the language.

SEMPRA's Response

SoCalGas and SDG&E strongly disagree with SED's finding that the use of general wording rises to the level of a violation. While §3.9.2 of the ECDA Gas Standard did not contain the exact wording of 49 CFR 192.925(b)(1)(ii), the intent of the code is directly addressed in the ECDA Gas Standard reviewed by SED through the procedural exception process requirement (refer to Figure 1) to document the justification for using methods not discussed in NACE SP0502.

Guidelines for inspection tool selection for typical situations are listed in Table 3.6 in order of primary, secondary and tertiary inspection options in order of preference. The EPM may utilize tools other than those listed in Table 3.4, and may utilize different selections than those shown in Table 3.6, but shall follow the exception process described in §7 of this procedure to document his/her justification.

Figure 1: Excerpt of §3.9.2 of the ECDA Gas Standard

The Exception Process in §7 of the ECDA Gas Standard requires the user to identify the procedural requirement where the exception is taken, provide a reason for the exception and document the alternative plan. The alternative plan includes the justification for the selection based on "*The applicability, validation basis, equipment used, application procedure, and utilization of data for the inspection method*" that is described in 49 *CPR* 192.925(b)(1)(ii).

Specifically, the alternative plan documented by the user describes the capabilities of the tool and how it complements other indirect inspections tools. Any indirect inspection tool selected " ... *must generate adequate data to characterize the performance of the applied cathodic protection and coating condition*" in accordance with §3.9.1 of the ECDA Gas Standard. Additionally, the alternative plan requires any indirect inspection tool to include procedures describing the scope, general theory of how the tool works (including measuring and detection capabilities), limitations, step-by-step instructions, instrumentations and personnel qualifications in accordance with §4.2 of the ECDA Gas Standard.

Nonetheless, SoCalGas and SDG&E acquiesced to incorporating the specific language in 49 *CPR* 192.925.925(b)(1)(ii) into §3.9.2 of the ECDA Gas Standard. The final revision to the Gas Standard language is shown below.

The EPM may utilize tools other than those listed in Table 3.4 or establish an alternate selection priority than listed in Table 3.6, but shall follow the exception process described in §7 of this procedure to document his/her justification.

When an indirect inspection tool other than those listed in Table 3.4 is selected, the EPM shall use FORM I: EXCEPTION REPORT to demonstrate the applicability, validation basis, equipment used, application procedure and utilization of data of the inspection method.

CORRECTIVE ACTIONS:

The specific language in 49 *CPR* 192.925(b)(1)(ii) has been incorporated into §3.9.2 of the ECDA Gas Standard, as shown in the above response.

SED's Conclusion

Given that SoCal Gas and SDG&E acquiesced to include the specific language of 192.925(b)(1)(ii), SED evaluated the additional arguments made in SoCal Gas and SDG&E's response. SED staff remains unconvinced that each element of 192.925(b)(1)(ii) was met.

Nonetheless, SoCal Gas and SDG&E's response to include this specific language meets the intent of citing this violation.