

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



January 25, 2016

GI-2015-08-SWG-31-02A

Jerry Schmitz
Vice President/Engineering
Southwest Gas Corporation
P.O. Box 98510, LVA-581
Las Vegas, NV 89193-8510

SUBJECT: General Order 112 Inspection of Southwest Gas Corporation, South and North Lake Tahoe and Truckee, Districts 14, 15 and 16

Dear Mr. Schmitz:

On behalf of the Safety and Enforcement Division (SED) of the California Public Utilities Commission, Maria Solis and Alin Podoreanu conducted a General Order 112 inspection of Southwest Gas Corporation (SWG) from August 3 through 7, 2015.¹ The inspection included a review of corrosion control records for the period of 2013 through 2014. A representative sample of SWG facilities and the right of way were also inspected.

A Summary of Inspection Findings (Summary), which contains probable violations and areas of concerns and recommendations identified by SED staff, is included as an attachment to this letter.

Please provide a written response indicating the measures taken by SWG to address the probable violations and areas of concerns and recommendations within 30 days from the date of this letter. SED will notify SWG of the enforcement actions it plans to take in regard to each of the violations found during the inspection, pursuant to Commission Resolution ALJ-274, after it has an opportunity to review SWG's response to the findings included in the Summary.

If you have any questions, please contact Alin Podoreanu at (916) 928-2552 or by email at alin.podoreanu@cpuc.ca.gov.

Sincerely,

Kenneth Bruno
Program Manager
Gas Safety and Reliability Branch
Safety and Enforcement Division

A handwritten signature in blue ink that reads "Kenneth A. Bruno".

cc: Laurie Brown, SWG Administrator/Staff Compliance
Davis Flatten, Manager/Engineering

¹ General Order 112-F was adopted by the Commission on June 25, 2015 via Decision 15-06-044.

SUMMARY OF INSPECTION FINDINGS

A. Probable Violations

1. Title 49 Code of Federal Regulations (CFR) §192.465 (a) states:

“Each pipeline that is under cathodic protection must be tested at least once each calendar year, but with intervals not exceeding 15 months, to determine whether the cathodic protection meets the requirements of §192.463. However, if tests at those intervals are impractical for separately protected short sections of mains or transmission lines, not in excess of 100 feet (30 meters), or separately protected service lines, these pipelines may be surveyed on a sampling basis. At least 10 percent of these protected structures, distributed over the entire system must be surveyed each calendar year, with a different 10 percent checked each subsequent year, so that the entire system is tested in each 10-year period.”

SED reviewed external corrosion control monitoring records for separately protected steel sections including a steel section at 191 Marlette Drive in Tahoe City. Construction records indicated that the steel section at 191 Marlette Drive in Tahoe City was installed in 1979. SWG failed to provide records and demonstrate it monitored this separately protected steel section in accordance with Title 49 CFR §192.465(a) between 1979 and 2014.

SWG is therefore in violation of Title 49 CFR §192.465 (a). Please advise SED whether the steel section is safe to operate and if further action is necessary. Please provide SED with the measures taken by SWG to prevent this violation from recurring.

B. Areas of Concern and Recommendations

1. California Public Utilities Commission’s General Order No. 58A, Section 7. Purity of Gas states in part:

a. Hydrogen Sulfide

No gas supplied by any gas utility for domestic, commercial or industrial purposes in this state shall contain more than one-fourth (0.25) grain of hydrogen sulfide per one hundred (100) standard cubic feet.

b. Total Sulfur

No gas supplied by any gas utility for domestic, commercial or industrial purposes shall contain more than five (5) grains of total sulfur per one hundred (100) standard cubic feet.”

- A. SED reviewed gas quality monitoring data provided by SWG for Paiute Station 4. The data indicated monitoring of total sulfur levels above or below a threshold of 338.4 ppm. General Order No. 58A requires that no gas shall contain more than 5 grains of total sulfur per 100 standard cubic feet (~80 ppm). SED recommends that SWG lower the monitoring point for total sulfur from 338.4 ppm and monitor sulfur content per the requirement of General Order No. 58A.

SED requested SWG to identify the SWG procedure containing the gas quality requirements. SWG provided Corrosion Control Policy Section 3.1.1 Internal Corrosion General (192.475) which states:

“The Company monitors gas quality data including, sulfur, CO2 and water as that data becomes available from its upstream suppliers. If Tariff parameters are exceeded, the Company will contact the suppliers to determine a resolution.”

- B. SED recommends that SWG include the requirement to monitor hydrogen sulfide in its procedures and identify the allowable limits for water content, hydrogen sulfide and total sulfur. SED also recommends that SWG document in its procedures the remedial actions it will take if allowable levels for these compounds are exceeded.