



Jerome T. Schmitz, P.E., Vice President/Engineering

April 20, 2018

Kenneth Bruno
Program Manager
Gas Safety and Reliability Branch
Safety and Enforcement Division
State of California Public Utilities Commission
320 West 4th Street, Suite 500
Los Angeles, CA 90013

Subject: General Order 112-E Inspection of Southwest Gas Corporation's Gas Distribution Pipeline Integrity Management Program (DIMP), December 2017

Dear Mr. Bruno:

Southwest Gas Corporation (Southwest Gas or Company) respectfully submits the attached response to the SED Summary of Inspection Findings letter dated March 23, 2018, for the General Order 112-E inspection of Southwest Gas Corporation's Gas Distribution Pipeline Integrity Management Program (DIMP) from December 12 through 15, 2017.

We appreciate Staff's consideration of this matter and look forward to discussing any questions or concerns that you may have.

Sincerely,

A handwritten signature in blue ink, appearing to be "J. Schmitz", is written over a horizontal line.

Attachment

cc: K. Bruno (CPUC) M. Epuna (CPUC)
M. Intably (CPUC) K. Lang (electronically)
E. Trombley C. Mazzeo
V. Ontiveroz L. Brown

Summary of Inspection Findings
2017 Gas Distribution Pipeline Integrity Management Program (IMP) of Southwest Gas Corporation (SWG) from December 12 through 15, 2017

I. SED Identified Probable Violations

None

II. Concern and Recommendation

SED reviewed SWG's DIMP risk assessment matrix and found that the population density and pipe diameter were considered as risk factors. The risk matrix should consider two factors: frequency (likelihood of problems occurring in the future) and consequences (the effect of a pipeline failure on individuals or populations, property, or the environment). SED recommends that SWG should review the program to determine if adequate information exists to perform risk evaluation that will consider all applicable threats, threat attributes, and all applicable consequence factors when calculating the risk (Likelihood X Consequences) for each pipeline segment to ensure effective implementation of distribution pipeline integrity management.

SWG Response:

Southwest Gas agrees that the risk matrix should consider only likelihood of failure (LOF) and the consequence of failure (COF) to calculate risk (LOF X COF = Risk). Southwest Gas will eliminate the risk category for pipe diameter and will rename population density to "Leakage Risk II". The current leak history risk will be renamed to "Leakage Risk I". The changes will more accurately describe the risk being considered as both categories are looking at risk based on leakage considering different consequences (leak severity and class location) for similar likelihoods of failure (leak rate). These changes will be reflected in the September 2018, Operations Manual release.