

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



September 20, 2016

Jimmie Cho, Senior Vice President
Southern California Gas Company
Gas Operations and System Integrity
555 W 5th Street, GT21C3
Los Angeles CA 90013

SUBJECT: Safety and Enforcement Division's Directive to Southern California Gas Company to conduct Internal Corrosion Threat Assessment on all Aliso Canyon's Injection and Withdrawal Pipelines

Dear Mr. Cho:

On September 12, 2016 Southern California Gas Company (SoCalGas) provided a "courtesy notification" to the California Public Utilities Commission (CPUC) that at approximately 1630 hours, one of its 8-inch diameter aboveground pipeline at Aliso Canyon Natural Gas Storage Field, used by SoCalGas to transport withdrawal gas from well Ward #3A, was identified as having experienced a pinhole leak. This pinhole resulted in an unintentional release of gas into the atmosphere. The leak was further reported as being quickly isolated and shut-off (in) with nearby block valves and the gas trapped in the pipeline was evacuated (blown down) through a carbon filter into the atmosphere.

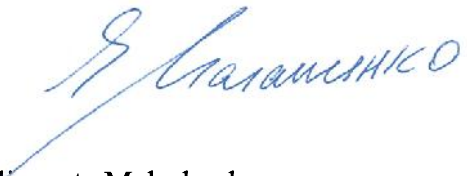
The pipeline was not flowing or transporting gas but was under static pressure at approximately 350 psig since the facilities suspended injection and withdrawal activities. SoCalGas should provide a formal assessment of the cause of the leak as soon as possible. In the meantime, although the CPUC has not received an official confirmation of the primary cause of the pinhole leak from SoCalGas, our working assumption is that Internal Corrosion (IC) was a likely primary cause of the pinhole leak.¹

The Safety and Enforcement Division (SED) therefore directs SoCalGas to immediately conduct an IC threat assessment using an appropriate integrity assessment method(s) for all injection and withdrawal pipelines at Aliso Canyon that will transport gas to and from the storage wells upon resumption of injection and withdrawal operations.

Following SoCalGas' IC threat assessment, please submit to SED your threat assessment analysis results, mitigation plan and any safety assurance measures SoCalGas will take to mitigate and prevent recurrence of leak or rupture by September 26, 2016, at the latest.

¹ Please note, if SoCalGas investigation reveals a different primary cause of the pinhole leak, use the appropriate threat and integrity assessment method and provide the results and mitigation plan to SED.

Thank You,

A handwritten signature in blue ink, appearing to read "E. Malashenko". The signature is written in a cursive style with a long, sweeping underline that extends to the left.

Elizaveta Malashenko
Director – Safety and Enforcement Division
California Public Utilities Commission