



SOUTHWEST GAS CORPORATION

Kevin M. Lang., Vice President, Engineering Staff

January 15, 2025

Via Email

Mr. Mahmoud (Steve) Intably, P.E.
Program and Project Supervisor
State of California Public Utilities Commission
Gas Safety and Reliability Branch
Safety and Enforcement Division
505 Van Ness Avenue
San Francisco, CA 94102-3298

RE: Section 114 Distribution/Transmission Audit Response

Dear Mr. Intably,

Southwest Gas Corporation (Southwest Gas or Company) respectfully submits the enclosed response to your letter dated December 16, 2024. The Safety and Enforcement Division (SED) of the California Public Utilities Commission (Commission) conducted a Section 114 inspection of Southwest Gas Corporation's (SWG) Operation and Maintenance (O&M) Plans for the natural gas Distribution Districts in California, November 5 – 7, 2024. While no Notice of Probable Violations (NOPV) were found there was one (1) area of concern.

Southwest Gas appreciates Staff's consideration of this matter. Please do not hesitate to contact me if there are any questions or concerns.

Sincerely,

Kevin M. Lang
Vice President, Engineering Staff

cc: Sam Grandlienard
Paul Gustilo
Valerie Ontiveroz

Claudia Almengor, CPUC
Terence Eng, CPUC
Jesus Reyes, CPUC
Kan-Wai Tong, CPUC



Summary of Inspection Findings

Concerns:

Section 114: Section 114 - Gas Distribution (114.GD)

Question Title, ID Leak Mitigation & Repair - Lost & Unaccounted for Gas, 114.114.LKMITRPRLAUF.P (also presented in: 114.MM)

Question 11. Do procedures provide for review of Lost & Unaccounted for Gas (LAUF) and do procedures specify actions to reduce the associated volume?

References 49 U.S.C. 60108(a)

Assets Covered Main Office (Specialized Inspections) (88373 (30))

Issue Summary SWG' Operations Manual, General Code Requirements, Section 1.7.2 states:

“As part of our annual report the Company will review current LAUF versus historical data and determine if any corrective action is required.”

However, the procedure does not state the criteria for review, nor does it state what corrective actions will be taken by the Company. SED recommends that SWG revise Section 1.7.2 to state the criteria for LAUF review and to specify the corrective actions to be taken if required.

Southwest Gas Response:

Southwest Gas respectfully acknowledges SED’s recommendation to revise its Operations Manual, General Code Requirements, section 1.7.2., to include additional language on the criteria for a Loss and Unaccounted for Gas (LAUF) review and potential corrective actions to be taken if needed. However, Southwest Gas views LAUF strictly as an accounting and ratemaking measure and not a measure of gas leaks. This perspective is consistent across the natural gas utility industry and is described in more detail in AGA’s information sheet titled “Unaccounted for Natural Gas in the Utility System,” which is attached and referenced as Southwest Gas Attachment A LAUF Information Sheet. Southwest Gas has accounting guidelines to monitor and adjust LAUF; however, the Company does not believe these guidelines should be contained within its Operations and Maintenance Manual, which is primarily focused on pipeline safety, including procedures for identifying and repairing leaks. Therefore, at this time, Southwest Gas respectfully disagrees with SED’s recommendation and does not intend to modify its Operations Manual to include criteria for LAUF review or potential corrective actions that may be taken. Southwest Gas is open to discussing this topic at a future SED and Southwest Gas management meeting, if needed.