

Order Instituting Investigation on the Commission's Own Motion into the Operations and Practices of Southern California Gas Company with Respect to the Aliso Canyon storage facility and the release of natural gas, and Order to Show Cause Why Southern California Gas Company Should Not Be Sanctioned for Allowing the Uncontrolled Release of Natural Gas from Its Aliso Canyon Storage Facility. (U904G).

I.19-06-016  
(Filed June 27, 2019)

**CHAPTER VI**  
**PREPARED REPLY TESTIMONY OF AMY KITSON ON BEHALF OF**  
**SOUTHERN CALIFORNIA GAS COMPANY (U 904 G)**

March 20, 2020

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**CHAPTER VI**

**I. INTRODUCTION.**

The purpose of my prepared reply testimony on behalf of Southern California Gas Company (SoCalGas) is to address the testimonies of Margaret Felts on behalf of the California Public Utilities Commission Safety and Enforcement Division (SED)<sup>1</sup> and Mina Botros, Alan Bach, Matthew Taul, Pui-Wa Li, and Tyler Holzschuh on behalf of the Public Advocates Office (Cal Advocates). SED alleges SoCalGas violated California Public Utilities Code Section 451 (Section 451) because SoCalGas failed to implement a risk assessment program at the Aliso Canyon storage facility prior to October 23, 2015<sup>2</sup> (Violations 74, 75, 76, and 78).<sup>3</sup> Cal Advocates alleges further that SoCalGas failed to take a proactive approach in monitoring its underground storage wells at the Aliso Canyon storage facility.<sup>4</sup> However, as explained below, SoCalGas did in fact execute a well evaluation and re-work initiative, and initiate a Storage Integrity Management Program (SIMP), *prior* to the occurrence of the SS-25 incident.

**II. SOCALGAS IMPLEMENTED A WELL EVALUATION PROGRAM IN 2007.**

In 2007, SoCalGas began a well integrity program to inspect, evaluate, and mitigate downhole well integrity issues. When working on a well (i.e., during a “re-work”), SoCalGas would replace the tubing, sealing element and wellhead valve, and would additionally inspect the casing. The inspection work included running ultrasonic inspection tools and pressure testing the

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<sup>1</sup> SED’s Opening Testimony was served on parties to I.19-06-016 on November 22, 2019 without an identified witness, and remains so. Pursuant to SoCalGas Data Request 2 to SED, SED identified Margaret Felts as the sponsoring witness for the entirety of SED’s Opening Testimony.

<sup>2</sup> SED Opening Testimony at 13.

<sup>3</sup> *Id.* at 17.

<sup>4</sup> Prepared Testimony on the Order Instituting Investigation (OII) into SoCalGas’ Practices and Operations of the Aliso Canyon Storage Facility and the Uncontrolled Release of Natural Gas (Botros / Bach / Taul / Li / Holzschuh) (Cal Advocates Opening Testimony) at 10-13.

1 well’s casing for integrity as warranted. This well inspection and re-work initiative was the  
2 precursor to the formalized Storage Integrity Management Program (“SIMP”).

3 **III. SOCALGAS INITIATED A FORMALIZED LONG-TERM STORAGE**  
4 **INTEGRITY MANAGEMENT PROGRAM IN 2014, PRIOR TO THE SS-25**  
5 **INCIDENT.**

6 In 2014, ahead of any federal or state regulatory requirements, SoCalGas proposed  
7 SIMP—a forward-looking plan to assess and enhance the safety and integrity of SoCalGas’  
8 storage wells—in its Test Year 2016 General Rate Case (2016 GRC).<sup>5</sup> SIMP was modeled after  
9 long-term integrity management programs for SoCalGas’ pipeline system. The Pipeline and  
10 Hazardous Materials Safety Administration (PHMSA) began requiring gas transmission  
11 operators to develop a Transmission Integrity Management Program (TIMP) and Distribution  
12 Integrity Management Program (DIMP) in 2004 and 2006, respectively. SoCalGas identified the  
13 utility of an equivalent long-term program for well integrity and proposed SIMP without waiting  
14 for regulations to be promulgated.

15 The SIMP proposal in the 2016 GRC was for SoCalGas to perform a robust assessment  
16 of 50% of the storage wells from all four active gas storage fields over the three-year rate case  
17 period, thereby accelerating the well integrity evaluations conducted as part of the well  
18 evaluation and re-work initiative. The SIMP scope of work for each well included specific  
19 categories of activities such as data collection, threat identification and risk analysis, baseline  
20 assessment, remediation, preventative and mitigative measures, and recordkeeping. SoCalGas’  
21 proposed schedule contemplated a six-year timeline to perform baseline assessments of each of  
22 its gas storage wells.

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<sup>5</sup> D.16-06-054.

1 SoCalGas initiated SIMP prior to a decision on the 2016 GRC.<sup>6</sup> In 2014, SoCalGas  
2 began development of a SIMP written risk management plan. SoCalGas also began a SIMP well  
3 inspection “pilot program” for well integrity and management work to inform the broader  
4 development and implementation of SIMP. The SIMP pilot program allowed SoCalGas to test  
5 the usefulness of casing inspection tools as they were being run at the storage field. Even prior  
6 to 2015, SoCalGas was engaged in research and education regarding the development and  
7 effectiveness of new inspection tools in the industry. During the pilot well testing, SoCalGas  
8 compared different technologies (e.g., high-resolution vertilog, multi-sensor caliper and high-  
9 resolution ultrasonic tools) from multiple manufacturers to finalize casing inspection tools to be  
10 used for SIMP. One of the tools—the most recent version of the high resolution Vertilog—was  
11 selected in October 2014 by a storage field engineer and me during a visit to the Baker Hughes  
12 headquarters in Traverse City, Michigan to evaluate their inspection tools.

13 In 2015, as part of SIMP, SoCalGas began installing real-time pressure monitors on its  
14 gas storage wells to enhance the well monitoring already in place at SoCalGas’ storage facilities.  
15 Real-time pressure monitors were installed at the La Goleta storage facility during the summer of  
16 2015, prior to the SS-25 incident. SED contends that SoCalGas Company Standard 224.070  
17 (*Gas Inventory – Monitoring, Verification and Reporting*), did not include, among other things, a  
18 real time collection of data and casing inspection logs.<sup>7</sup> SED fails to appreciate that this standard  
19 relates to the monitoring, verification and reporting of the *gas inventory* in underground storage  
20 reservoirs. Regardless, SoCalGas’ standards provided room to utilize various technologies such  
21 as real-time pressure monitoring, which it began installing prior to the SS-25 incident, and casing

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<sup>6</sup> *Id.*

<sup>7</sup> SED Opening Testimony at 50.

1 inspection logs, which were utilized as part of the well evaluation and SIMP pilot programs  
2 described above.

3 Also in 2015, SoCalGas initiated a data digitization component of SIMP and began the  
4 process of transitioning its well-related records from hard-copy to digital files. Data digitization  
5 involves electronically capturing information contained in hard copy well files and well file  
6 records to capture historical drilling, abandonment, and workover information into the WellView  
7 database<sup>8</sup> with the objective of developing an electronic wellbore schematic.

8 **IV. CONCLUSION.**

9 SIMP was underway in October 2015 when the SS-25 incident occurred. In so doing,  
10 SoCalGas was leading much of the industry in its approach to risk management. As described  
11 above, SED's and Cal Advocates' assertions regarding lack of risk assessment by SoCalGas of  
12 its storage wells is incorrect.

13 This concludes my testimony.  
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<sup>8</sup> WellView is a well data management system containing well file records related to well planning, drilling, completion, testing, and workovers.

1 **WITNESS QUALIFICATIONS**

2 My name is Amy C. Kitson. I am employed by SoCalGas as the Director of Integrity  
3 Management and Strategic Planning. My business address is 555 West Fifth Street, Los  
4 Angeles, California 90013-1011.

5 In my current position, my responsibilities include overseeing Integrity Management  
6 practices and related functions for gas storage, distribution, and transmission projects for  
7 SoCalGas.

8 I joined SoCalGas in 2005 as an engineer in the Gas Operations organization supporting  
9 the Transmission Integrity Management Program. Since that time, I have held numerous  
10 positions with increasing levels of responsibility including Project Manager, Technical Services  
11 Manager, Storage Engineering Manager, Risk Assessment & Controls Manager, and Director of  
12 Storage Risk Management within Storage Operations.

13 Prior to joining SoCalGas, I worked at Consumers Energy in Michigan. There I held  
14 several positions including Mechanical Engineer, Employee Development Coordinator, and  
15 Engineering Team Leader.

16 I graduated from California State University Northridge in 2009 with a Master of Science  
17 degree in Engineering Management and from Michigan State University in 2003 with a Bachelor  
18 of Science degree in Mechanical Engineering.

19 I have not previously testified before the Commission.