



May 24, 2024

Terence Eng
Program Manager, Gas Safety and Reliability Branch, SED
505 Van Ness Ave.
San Francisco, CA 94102

RE: CVGS Responses to SED Letter-General Order 112-F Gas Inspection of CVGS, LLC

Dear Terence Eng,

Please find Central Valley Gas Storage (CVGS)'s responses to the Safety and Enforcement Division's letter of May 1, 2024, regarding SED's inspection of CVGS during December 2023.

CVGS's number one priority is safety. We pursue continuous improvement and appreciate SED's review and feedback.

Please find CVGS's carefully considered responses to SED's one (1) probable violation and six (6) areas of concern. CVGS appreciates SED's review and feedback. We are submitting these responses before the due date – we are available if SED has any follow up questions, clarification, or more information is needed.

Caliche Development Partners II, LLC (CDP II) recently acquired CVGS. We look forward to working with you and your staff. Please don't hesitate to contact me, or Travis Reid, CVGS Plant Manager at (619) 756-5415 with any questions you may have.

Thank you,

Darrell Hall for Central Valley Gas Storage, LLC

_____/s/_____

Name: Darrell Hall Title: Senior Vice President, Operations (409) 748-5036

cc:

Travis Reid, CVGS Plant Manager, (619) 756-5415, treid@cvgs-storage.com

Matthewson Epuna, GSRB Supervisor, SED, matthewson.epuna@cpuc.ca.gov

Yi (Rocky) Yang, GSRB, yi.yang@cpuc.ca.gov

Anthony Phu, Anthony.Phu@cpuc.ca.gov

Mohammad Ali, MollaMohammad.Ali@cpuc.ca.gov

Claudia Almengor, Claudia.almengor@cpuc.ca.gov

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



May 1, 2024

Mr. Darrell Hall
Vice President of Operations
Caliche Development Partners II, LLC
919 Milam St. Suite 2425
Houston, TX 77002

GI-2023-12-CVS-39-01ABC

SUBJECT: General Order (GO) 112-F Gas Inspection of Central Valley Gas Storage

Dear Mr. Hall,

On behalf of the Safety and Enforcement Division (SED) of the California Public Utilities Commission (CPUC), Anthony Phu and Yi (Rocky) Yang conducted a General Order 112-F inspection of Central Valley Gas Storage (CVGS) from Dec 18th to Dec 21st, 2023. The inspection included a review of CVGS's records for the period of 2018 through 2022, as well as a representative field sample of the CVGS's facilities. SED staff also reviewed the CVGS's operator qualification records, which included field observation of individuals performing covered tasks.

SED staff identified one (1) probable violation of G.O. 112-F, Reference Title 49 CFR, Part 192, and noted six (6) areas of concern which are described in the attached "Post-Inspection Written Preliminary Findings" reports. The Summary reflects only those records and pipeline facilities that SED inspected.

Within 30 days of your receipt of this letter, please provide a written response indicating the measures taken by CVGS to address the violations and concerns noted in the Summary.

If you have any questions, please contact Yi (Rocky) Yang at (415) 940-8639 or by email at yi.yang@cpuc.ca.gov.

Sincerely,

Terence Eng, P.E.
Program Manager
Gas Safety and Reliability Branch
Safety and Enforcement Division

Enclosure: Post-Inspection Written Preliminary Findings

cc:

Dennis Chappell, CVGS Plant Manager
Matthewson Epuna, SED
Claudia Almengor, SED

Post-Inspection Written Preliminary Findings

Dates of Inspection: 12/18/2023 – 12/21/2023

Operator: CENTRAL VALLEY GAS STORAGE, LLC

Operator ID: 32603 (primary)

Inspection Systems: Central Valley Gas Storage Transmission

Assets (Unit IDs) with results in this report: Central Valley Gas Storage (86918)

System Type: GT

Inspection Name: 2023 Central Valley Gas Storage Standard Transmission

Lead Inspector: Yi Yang

Operator Representative: Dennis Chappell

Unsatisfactory Results

1. Facilities and Storage : Compressor Station System Protection (FS.CSSYSPROT)

Maintenance and Operations : Gas Pipeline Overpressure Protection (MO.GMOPP)

Question Title, ID Compressor Station Design/Construction - Pressure Relief, FS.CSSYSPROT.CMPRELIEF.R

Question 19. Do records document with adequate detail that all inspection and testing of compressor station pressure relief devices with the exception of rupture disks have occurred at the required interval?

References 192.709(b) (192.709(c), 192.731(a), 192.731(b), 192.731(c))

Assets Covered Central Valley Gas Storage (86918 (39))

Question Title, ID Pressure Limiting and Regulating Stations Capacity of Relief Devices, MO.GMOPP.PRESSREGCAP.R

Question 4. Do records indicate testing or review of the capacity of each pressure relief device at each pressure limiting station and pressure regulating station as required?

References 192.709(c) (192.743(a), 192.743(b), 192.743(c))

Assets Covered Central Valley Gas Storage (86918 (39))

Issue Summary SED reviewed the Pressure Safety Valve (PSV) relief valve inspection records for 2018-2022. The capacity review records for all relief valves in 2022 were missing.

49 CFR Part 192, Section 192.731(a) States:

"Except for rupture discs, each pressure relieving device in a compressor station must be inspected and tested in accordance with 192.739 and 192.743, must be operated periodically to determine that it opens at the correct set pressure".

Furthermore, Part 192 Section 192.743 states:

- (a) *Pressure relief devices at pressure limiting stations and pressure regulating stations must have sufficient capacity to protect the facilities to which they are connected. Except as provided in § 192.739(b), the capacity must be consistent with the pressure limits of § 192.201(a). This capacity must be determined at intervals not exceeding 15 months, but at least once each calendar year, by testing the devices in place or by review and calculations.*

CVGS failed to provide 2022 capacity review records for all relief valves. Therefore, CVGS committed probable violations of G.O. 112-F, Reference Title 49 CFR, Part 192, Section 192. 731(a) and 192.743(a).

Relief valve testing was completed in July 2022. Capacity review form 7.02C was completed on 12/27/2023. CVGS completed Relief valve testing in July 2023 and completed Form 7.02C in August 2023. CVGS will continue to comply with the O&M manual. Please see the attached link which provides documentation for all relief valves.

[Operations - Unsat 1 - All Documents \(sharepoint.com\)](#)

Please let us know if you have any questions or need any more information for this item. Thank you.

Concerns

1. Facilities and Storage: Compressor Station System Protection (FS.CSSYSPROT)

Question Title, ID Compressor Station - Gas Detection and Alarm System, FS.CSSYSPROT.CMPGASDETOM.R

Question 25. Do records document that all compressor station gas detection and alarm systems are being maintained and tested as required?

References 192.709(c) (192.736(c), 192.736(b))

Assets Covered Central Valley Gas Storage (86918 (39))

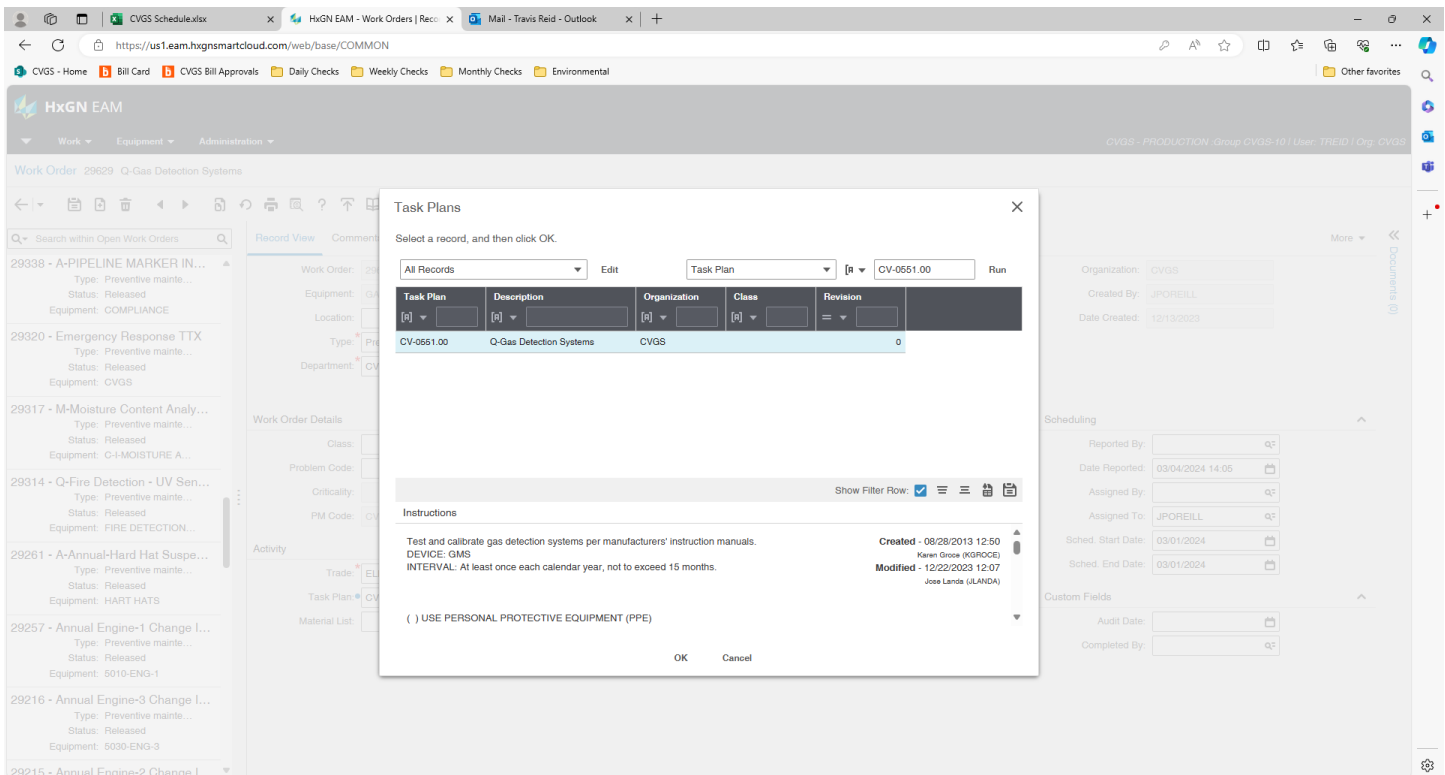
Issue Summary CVGS's gas detection device inspection record's cover page states "Gas detection inspection interval: At least 4 times each calendar year, not to exceed 4.5 months".

However, CVGS's O&M Procedure 10.03 Section 5.2 states "Maintain each gas detection and alarm system as recommended by manufacture(s) of the equipment, at intervals not to exceed one year".

The gas detection device IR4000S and IR400 made by General Monitors does not have manufacturer recommended maintenance frequency.

There is a conflict between CVGS's O&M procedure and the gas detection device inspection record's cover page regarding the inspection frequency of gas detection devices. CVGS should establish a consistent inspection frequency for its gas detection device and maintain the required documentation.

CVGS updated its Enterprise Asset Management (EAM) database to an annual inspection requirement to match and be consistent with CVGS's O&M procedure. Please see an excerpt of this update directly below.



2. Maintenance and Operations: Gas Pipeline Abnormal Operations (MO.GOABNORMAL)

Question Title, ID Abnormal Operations, MO.GOABNORMAL.ABNORMAL.R

Question 2. Did personnel respond to indications of abnormal operations as required by the process?

References 192.605(a) (192.605(c)(1))

Assets Covered Central Valley Gas Storage (86918 (39))

Issue Summary One of CVGS's Gas detector devices malfunctioned on 6/27/2020. The CVGS's Abnormal Operation Report stated the preventive actions planned/taken: "Need to research for more information". CVGS did not provide information on specific actions it took to address the issue. SED is concerned that the malfunctioning devices may not be repaired timely.

The attached time stamp for the instrument shows the repair for the Gas Detector was completed in less than 5 hours on 6/27/2020, a Saturday. Please see the attached showing the alarm came in at approximately 9 am and it was repaired at 2:25pm. The check box indicating timely repair on AOC form was checked after the audit.

Please see the attached file titled, "Check Box completed 5 hours to repair".

3. Maintenance and Operations : Gas Pipeline Abnormal Operations (MO.GOABNORMAL)

Question Title, ID Abnormal Operations Review, MO.GOABNORMAL.ABNORMALREVIEW.R

Question 6. Do records indicate periodic review of work done by operator personnel to determine the effectiveness of the abnormal operation processes and corrective action taken where deficiencies are found?

References 192.605(a) (192.605(c)(4))

Assets Covered Central Valley Gas Storage (86918 (39))

Issue Summary One of CVGS's Gas detector devices malfunctioned on 6/27/2020. The Review of Personnel Response and Determination of Effectiveness of the Procedure box was not checked for the AOC event.

CVGS should complete the Abnormal Operations Report properly to determine the effectiveness of the abnormal operation processes and corrective action taken.

The form was revised after the audit; please see excerpt below. Training was held with Operations staff on completing the form properly; please see attached training sign-in sheet in Attachment 3.

FORM OM1900-18A- ABNORMAL OPERATIONS REPORT

Event Title: ATCB04 Malfunction Event Date: 6/27/2020
 Event Time: 08:56 PDT

Type of Event: (check at least one)
 Pressure Increase or Decrease Outside Normal Operating Limits (exceeding MAOP or Low Suction Trip)
 Widespread Loss of Communications
 Operation of Relief Valve or Regulator Failure
 Excess Hydrogen Sulfide, Abnormal Odorant Levels
 Unintended Closure of Valves or Unintended Plant / Station Shutdown
 Other Abnormal Conditions

Note: Do not use this form for reporting leaks. Use the Initial Incident Report form to report leaks.

NOTE: Under "Description of Events," include information from responsible departments, such as Communication's assessment of problem and extent, Measurement's calculations of gas loss, etc.

Description of Events: ATCB04 - compressor unit #2 gas detector in and out of malfunction/alarm.

Who was contacted: Dennis Chappell Time: 09:32
 Department/Location: Mngr.

Facility Name/Location/Company: CVGS

Contacted by: Bill Wolf Title: Plant Operator
 Department/Location: Operations / CVGS Date: 6/27/2020

Investigation of probable cause: NMDW

Remedial Action Taken: Put unit in calibrate and shelled alarms until Monday for repair
 * 203 Discussed this operation condition & explained as needed info *

Preventive Actions Planned/Taken: Need to research for more information.

Report completed by: Bill Wolf Title: Plant Operator
 Department: Operations Date: 6/27/2020

Review of Personnel Response and Determination of Effectiveness of the Procedures:
 Did personnel respond appropriately to the event? YES NO If NO, please explain: *Correction missed should be by 192.605 in audit on 12/14/23 **
 *Were the procedures for responding to, investigating, and correcting the cause of the condition effective?
 YES NO. If NO, please recommend suggested changes to improve effectiveness of procedures: *Corrected miss by Dennis Chappell on 12/22/23*

NOTE: This form is to be completed by the Director, Regional Operations and then sent to the Vice President, Midstream Services, for review. Retain record in the Location File for 5 years.

Document via forms and to avoid restrictions
4/30/2020

Reference: Procedure 1900
 Distribution: Location files Page 1 of 1

4. Time-Dependent Threats: External Corrosion - CP Monitoring (TD.CPMONITOR)

Question Title, ID Rectifiers or other Impressed Current Sources, TD.CPMONITOR.CURRENTTEST.O

Question 8. Are impressed current sources properly maintained and are they functioning properly?

References 192.465(b)

Assets Covered Central Valley Gas Storage (86918 (39))

Issue Summary The rectifier at the compressor station was rated 40V/20A. SED field inspection observed that CVGS had it running at 41V, 9A.

CVGS should operate the rectifier within the manufacturer's ratings to prevent an abnormal operating condition.

CVGS is monitoring Rectifier output per Corrosion Compliance Manager. The higher voltage is not a concern and an Anode bed will be replaced based on Corrosion Technicians recommendations at a later date.

5. Time-Dependent Threats: External Corrosion - CP Monitoring (TD.CPMONITOR)

Question Title, ID Interference Currents, TD.CPMONITOR.INTFRCURRENT.O

Question 22. Are areas of potential stray current identified, and if found, the detrimental effects of stray currents minimized?

References 192.473(a)

Assets Covered Central Valley Gas Storage (86918 (39))

Issue Summary SED requested CVGS's staff to perform a rectifier "instant on and off" read on one of its pipelines at the 401 Metering station. SED noted that the CVGS's pipeline was electrically connected to PG&E's pipeline. CVGS should continue to monitor for current interference on its pipeline.

Isolation Kit being investigated for future repairs. CP expert confirmed protection is adequate at this time.

6. Time-Dependent Threats : External Corrosion - Coatings (TD.COAT)

Question Title, ID New Buried Pipe Coating Application, TD.COAT.NEWPIPEINSTALL.R

Question 5. Do records document that acceptable external protective coating materials have been used and the application and inspection was done in accordance with the written procedures?

References 192.491(c) (192.461(c), 192.461(d), 192.461(e), 192.483(a), 192.9(f)(1), 192.452, 192.453, 192.491)

Assets Covered Central Valley Gas Storage (86918 (39))

Issue Summary SED reviewed pipeline installation records for a Tee at the storage well pad's header that was installed in August 2021. CVGS' coating procedure for the installed pipe required 14-16 mil of standard coating material.

However, CVGS's Pipeline Inspection and Repair Report of Partially Exposed Pipe record was not filled out completely. CVGS did not document the coating used for the project matched the CVGS's coating standards requirement. CVGS should fill out its inspection reports completely and document all required parameters.

Photos of the work attached appear to show proper coating. Also reaching out to installer to verify installation. Please see Pipeline Inspection and Repair Report and before and after photos attached.