

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



September 30, 2024

GI-2024-07-CVS-39-03-04-05-06

Mr. Darrell Hall (dhall@calichestorage.com)
Vice President of Operations
Central Valley Gas Storage
919 Milam St., Suite 2425
Houston, TX 77002

SUBJECT: General Order 112-F Inspection of Central Valley Gas Storage Operations, Maintenance, and Emergency Plans and Public Awareness and Anti-Drug and Alcohol Misuse Programs

Dear Mr. Hall:

The Safety and Enforcement Division (SED) of the California Public Utilities Commission conducted a General Order 112-F inspection of Central Valley Gas Storage's (CVGS) programs on July 8 – July 19, 2024. The inspection included a review of CVGS's Operations & Maintenance Plan, Emergency Plan, Public Awareness Plan, and Drug & Alcohol Misuse Program. The inspection included a review of CVGS's relevant records and procedures for the period of 2020 through 2023, inclusive.

SED's findings are noted in the Post-Inspection Written Preliminary Findings (Summary) which is enclosed with this letter. The Summary reflects only those particular records and pipeline facilities that SED inspected during the inspection. SED discovered four (4) violations and three (3) concerns during the inspection.

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

If you have any questions, please contact Mohammad Nouredine at (916) 208-2965 or by email at Mohammad.nouredine@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: Chad Gavino, CVGS West Safety Manager (cgavino@cvgs-storage.com)
Travis Reid, CVGS Storage Operation Manager (treid@cvgs-storage.com)
Amy Johnson, CVGS Director of Regulatory (ajohnson@calichestorage.com)
Dennis Lee, SED
Jason McMillan, SED
Claudia Almengor, SED

Post-Inspection Written Preliminary Findings

Dates of Inspection: 07/08/2024 – 07/19/2024

Operator: CENTRAL VALLEY GAS STORAGE (CVGS), LLC

Operator ID: 32603

Inspection Systems: Operations & Maintenance Plan, Emergency Plan, Public Awareness Plan, and Drug & Alcohol Misuse Prevention Program

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

System Type: GT

Inspection Name: 2024 CVGS Program Audit and 2024 CVGS Drug and Alcohol Audit

Lead Inspector: Mohammad Nouredine

Operator Representative: Chad Gavino (CVGS West Safety Manager)

Unsatisfactory Results

Emergency Preparedness and Response : Emergency Response (EP.ERG)

Question Title, ID Notification of Potential Rupture, EP.ERG.NOTIFPOTRUPTURE.P

Question 22. Does the operator have procedures to identify and notify operator personnel of a potential rupture?

References 192.635

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

Issue Summary Title 49 CFR §192.635 states:

(a) As used in this part, a "notification of potential rupture" refers to the notification of, or observation by, an operator (e.g., by or to its controller(s) in a control room, field personnel, nearby pipeline or utility personnel, the public, local responders, or public authorities) of one or more of the below indicia of a potential unintentional or uncontrolled release of a large volume of gas from a pipeline:

(1) An unanticipated or unexplained pressure loss outside of the pipeline's normal operating pressures, as defined in the operator's written procedures. The operator must establish in its written procedures that an unanticipated or unplanned pressure loss is outside of the pipeline's normal operating pressures when there is a pressure loss greater than 10 percent occurring within a time interval of 15 minutes or less, unless the operator has documented in its written procedures the operational need for a greater pressure-change threshold due to pipeline flow dynamics (including changes in operating pressure, flow rate, or volume), that are caused by fluctuations in gas demand, gas receipts, or gas deliveries; or

(2) An unanticipated or unexplained flow rate change, pressure change, equipment function, or other pipeline instrumentation indication at the upstream or downstream station that may be representative of an event meeting paragraph (a)(1) of this section; or

(3) Any unanticipated or unexplained rapid release of a large volume of gas, a fire, or an explosion in the immediate vicinity of the pipeline.

(b) A notification of potential rupture occurs when an operator first receives notice of or observes an event specified in paragraph (a) of this section.

SED reviewed the Operator's Emergency Response Plan and found that it does not contain a procedure to notify operator personnel of a potential rupture, therefore CVGS is in violation of CFR §192.635.

Question Title, ID Rupture Identification, EP.ERG.RUPTUREIDENTIF.P

Question 26. Does the operator have procedures to evaluate and identify if a potential rupture is an actual rupture event?

References 192.615(a)(12)

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

Issue Summary Title 49 CFR §192.615(a)(12) states:

(12) Each operator must develop written rupture identification procedures to evaluate and identify whether a notification of potential rupture, as defined in § 192.3, is an actual rupture event or a non-rupture event. These procedures must, at a minimum, specify the sources of information, operational factors, and other criteria that operator personnel use to evaluate a notification of potential rupture and identify an actual rupture. For operators installing valves in accordance with § 192.179(e), § 192.179(f), or that are subject to the requirements in § 192.634, those procedures must provide for rupture identification as soon as practicable.

SED reviewed the Operator's Emergency Response Plan and found that it does not contain a procedure to identify potential rupture as defined by CFR 192.3, therefore CVGS is in violation CFR §192.615(a)(12).

Public Awareness and Damage Prevention : Public Awareness (PD.PA)

Question Title, ID Evaluate Program Implementation, PD.PA.EVALIMPL.R

Question 15. Has an audit or review of the operator's program implementation been performed annually since the program was developed?

References 192.616(c) (192.616(i), API RP 1162 Section 8.3)

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

Issue Summary Title 49 CFR §192.605(a)states, in part:

Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response...

According to the CVGS O&M plan, the Public Awareness Program (PAP) review should be conducted annually, in intervals not to exceed 18 months. CVGS failed to perform the 2023 PAP annual evaluation within the time interval specified in their O&M plan, therefore CVGS is in violation of 192.605(a).

Title 49 CFR §192.616(c) states:

The operator must follow the general program recommendations, including baseline and supplemental requirements of API RP 1162, unless the operator provides justification in its program or procedural manual as to why compliance with all or certain provisions of the recommended practice is not practicable and not necessary for safety.

Furthermore, CVGS is also in violation of 192.616(c) for not following the recommendations of API 1162, section 8.3 MEASURING PROGRAM IMPLEMENTATION," which states operators should complete an annual review of its PAP.

Drug and Alcohol : Drug and Alcohol Program Records (DA.PROGRAMRECORDS)

Question Title, ID Required Alcohol Test Records, DA.PROGRAMRECORDS.ALCOHOL.R

Question 3. Are alcohol test records retained for five years, three years, two years, and one year as required and readily available?

References 199.227(b) (199.227(b)(1), 199.227(b)(2), 199.227(b)(3), 199.227(b)(4), 40.333(a)(1), 40.333(a)(2), 40.333(a)(3), 40.333(a)(4))

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

Issue Summary Title 49 CFR §199.227(b)(1) states:

(b) Period of retention. Each operator shall maintain the records in accordance with the following schedule:

(1) Five years. Records of employee alcohol test results with results indicating an alcohol concentration of 0.02 or greater, documentation of refusals to take required alcohol tests, calibration documentation, employee evaluation and referrals, and MIS annual report data shall be maintained for a minimum of 5 years.

According to the Management Information System (MIS) report for the calendar year 2023, there was one incident where an employee tested above 0.02 BAC. When SED requested the test records, CVGS could not produce the alcohol test records for the employee who tested above 0.02 BAC in calendar year 2023.

According to 199.227(b)(1) test records which show a result of more than 0.02 BAC must be kept for 5 years. Therefore, CVGS is in violation of 199.227(b)(1).

Concerns

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

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

Question 3. Does the process include procedures for ensuring that the capacity of each pressure relief device at pressure limiting stations and pressure regulating stations is sufficient?

References 192.605(b)(1) (192.743(a), 192.743(b), 192.743(c))

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

Issue Summary SED reviewed CVGS's O&M plan version 2023. CVGS' O&M manual references a section that does not exist in procedure 7.02, section 5.1.5 of the O&M manual.

Procedure 7.02, section 5.1.5 states: "If a relief device is of insufficient capacity, a new or additional device must be installed to provide the capacity required by paragraph (a) of this section." However, the pertinent information is contained within Section 5.1.3.

SED requests that CVGS change their manual so that Section 5.1.5 refers to section 5.1.3 instead of "paragraph (a)".

Public Awareness and Damage Prevention : Public Awareness (PD.PA)

Question Title, ID Measure Bottom-Line Results, PD.PA.MEASUREBOTTOM.R

Question 22. Were bottom-line results of the program measured by tracking third-party incidents and consequences including: (1) near misses, (2) excavation damages resulting in pipeline failures, (3) excavation damages that do not result in pipeline failures?

References 192.616(c) (API RP 1162 Section 8.4.4)

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

Issue Summary CVGS does not measure effectiveness by tracking third-party incidents and consequences because they have not experienced excavation damage on their line. SED recommends including the data in their plan, even if the number is zero.

Question Title, ID Program Changes, PD.PA.CHANGES.R

Question 23. Were needed changes and/or modifications to the program identified and documented based on the results and findings of the program effectiveness evaluations?

References 192.616(c) (API RP 1162 Section 2.7 (Step 12), API RP 1162 Section 8.5)

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

Issue Summary CVGS did not perform a PAP evaluation in 2023, and therefore did not identify if their PAP required changes. SED recommends they perform a PAP evaluation as soon as possible so they can determine if their program needs changes or modifications.