

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



January 17, 2025

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

Mr. Darrell Hall
Vice President of Operations
Central Valley Gas Storage
5285 McAusland Rd
Princeton, CA 95970

Subject: SED's Closure Letter for General Order (GO) 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 reviewed Central Valley Gas Storage's (CVGS) response letter dated October 30, 2024, for the findings identified during the 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

A summary of the inspection findings documented by SED, CVGS's response to our findings, and SED's evaluation of CVGS's responses taken for each identified Violation and Area of Concern is attached.

This letter serves as the official closure of the 2024 GO 112-F inspection of Central Valley Gas Storage's Operations, Maintenance, and Emergency Plans and Public Awareness and Anti-Drug and Alcohol Misuse Programs. Any matters that are being recommended for enforcement will be processed through the Commission's Citation Program or a formal proceeding.

Thank you for your cooperation in this inspection. If you have any questions, please contact Mohammad Nouredine at (916) 208-2965 or by email at Mohammad.nouredine@cpuc.ca.gov.

Sincerely,

Dennis Lee, P.E.
Program and Project Supervisor
Gas Safety and Reliability Branch
Safety and Enforcement Division

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)
Terence Eng, SED
Jason McMillan, SED
Claudia Almengor, SED

Post-Inspection Written Findings

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

Operator: CENTRAL VALLEY GAS STORAGE (CVGS), LLC

Operator ID: 32603 (primary)

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

A. 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.

CVGS's Response: After the July 2024 Audit, CVGS carefully reviewed documents and CVGS does have a procedure to notify personnel of a potential rupture within the Control Room Management Plan. Appendix D, Midstream Storage Rupture Detection Plan contains information to notify personal of a potential rupture. Please see Attachment I of this document which contains Appendix D - pages 52-56 of the Control Room Management Plan. The Appendix D procedure describes the Controller Actions in Section 1.2.1.1., for example it discusses Controller may collaborate with Local Supervisor, Interconnecting meter Controller, and call SCADA and Transmission field techs to verify maintenance or construction activities. Section 1.2.1.3 discusses notification and verification of location with field personnel. Also, 1.2.1.2 contains a procedure on Outside Notification. As a note, because of the recent CVGS transfer of control1, CVGS will be developing new manuals that will include and elaborate on the rupture mitigation procedure per rule requirements, including defining a potential rupture per 192.635 and providing the operator information on when it occurs.

SED's Conclusion: SED has reviewed the response and attached documents from CVGS and determined that the response sufficiently addresses SED's violation.

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).

CVGS's Response: Yes, Appendix D, Midstream Storage Rupture Detection Plan is a procedure to evaluate and identify if a potential rupture is an actual rupture event. Please see Attachment I to this document for the procedure in Appendix D, Midstream Storage Rupture Detection Plan. (Appendix D is on pages 52-56 of the Control Room Management Plan.) This procedure provides, 1.2.1.1 Supervisory Control and Data Acquisition (SCADA) – Controller Actions and procedures to corroborate data by performing diagnostics. 1.2.1.3 Location Determination, 1.2.2 SCADA Only Verification – includes a procedure to not only review SCADA readings but also to contact field personnel for "eyes on" verification, etc. More information on Appendix D is included in Attachment I.

SED's Conclusion: SED has reviewed the response and attached documents from CVGS and determined that the response sufficiently addresses SED's violation.

B. 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.

CVGS's Response: In the Fall of 2023, the CPUC authorized a transfer of control of CVGS from the Southern Company to Caliche Development Partners II (D.23-08-003, issued September 2023.) The 2023 PAP program was implemented by Southern in their companywide program. CVGS has requested information to complete the annual evaluation of the program: however, this has not been received from Southern. CVGS has exhausted all efforts to obtain information. Starting in 2024, CVGS will implement a Public Education Program individually for this asset and annual reviews will be completed within the first quarter of the following year.

The 2023 PAP program was implemented by Southern in their companywide program. CVGS has requested information to complete the annual evaluation of the program; however, this has not been received from Southern. CVGS has exhausted all efforts to obtain information. Starting in 2024, CVGS will implement a Public Education Program individually for this asset and annual reviews will be completed within the first quarter of the following year.

SED's Conclusion: SED has reviewed the response from CVGS and determined that the response sufficiently addresses SED's violation.

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).

CVGS's Response: Southern Company operated CVGS until late September of 2023. Southern's operations are in Illinois, Georgia and other places in the Southwest. Please note, the MIS report being referenced is for natural gas distribution, CVGS is not a natural gas distribution facility—this result appears to be related to another Southern facility, not CVGS. Please see Attachment II which is Southern Company's 2023 MIS. There is no internal record at CVGS of an employee being tested for reasonable cause alcohol nor of an individual testing 0.02 or greater. The referenced report is provided companywide for Southern, and this test was completed at another facility. In the future, CVGS will operate as a separate entity under Caliche, with its own OPID number, and will be reported separately. This will avoid any confusion regarding which facility the MIS is reporting on. (Please see Attachment II, titled, "U.S. Department of Transportation Drug and Alcohol Testing MIS Data Collection Form, 2023" which is Southern Company's for Gas Distribution).

SED's Conclusion: SED has reviewed the response and attached documents from CVGS and determined that the response sufficiently addresses SED's violation.

Concerns

C. 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.

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)".

CVGS's Response: This was a clerical error in editing a previous version of the manual completed by Southern for what is known now. CVGS is currently developing a new O&M manual that will not be formatted the same way as the previous version.

SED's Conclusion: SED has reviewed the response from CVGS and determined that the response sufficiently addresses SED's violation.

D. 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.

CVGS's Response: CVGS had zero incidents. In CVGS's plan in the future, third-party incidents and consequences will be tracked in the annual self-assessment each year, including even if the number is zero.

SED's Conclusion: SED has reviewed the response from CVGS and determined that the response sufficiently addresses SED's violation.

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. SED recommends they perform one as soon as possible so they can determine if their program needs changes or modifications.

CVGS's Response: As mentioned above, control of CVGS was transferred in 2023. CVGS is in the process of developing a new Public Awareness plan and is contracting with a new vendor. The new plan will be evaluated annually, and any determined improvements will be made.

SED's Conclusion: SED has reviewed the response from CVGS and determined that the response sufficiently addresses SED's violation.