

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
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July 22, 2026

GI-2025-08-LGS-37-08

Scott Aycock, VP of Operations
Rockpoint Gas Storage
400, 607 – 8th Avenue S.W.
Calgary, Alberta, Canada T2P 0A7

Via Email: scott.aycock@rockpointgs.com

SUBJECT: Closure Letter for the General Order 112 Transmission Integrity Management Program (TIMP)
Inspection of Lodi Gas Storage

Dear Mr. Aycock:

On behalf of the Safety and Enforcement Division (SED) of the California Public Utilities Commission, Paul Penney, Randy Feinberg and Alexander Rodriguez conducted a General Order 112-F inspection of the Lodi Gas Storage (LGS) TIMP from August 25-29, 2025, October 30, 2025, and March 20, 2026. The inspection included a review of the TIMP plan and O&M Plan as well as records associated with the TIMP Inspection Assistant (IA) question set.

SED staff identified three (3) violations and four (4) concerns, which are described in the attached "Post-Inspection Written Preliminary Findings".

A summary of the inspection findings documented by SED, LGS's response to our findings, and SED's evaluation of LGS's response taken for each identified violation and concern is attached. This letter serves as the official closure of the 2025 GO 112-F inspection of LGS's TIMP and any matters that are being recommended for enforcement will be processed through the Commission's Citation Program or a formal proceeding.

If you have any questions, please feel free to contact Dennis Lee at 415-703-2214.

Sincerely,

A handwritten signature in blue ink that reads "Dennis Lee".

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

Enclosure: Post-Inspection Written Preliminary Findings

cc: Andy Anderson, LGS (Andy.Anderson@rockpointgs.com)
Greg Clark, LGS (Greg.Clark@rockpointgs.com)
Terence Eng, SED (Terence.Eng@cpuc.ca.gov)
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Post Inspection Written Preliminary Findings

Dates of Inspection: August 25-29, 2025, October 30, 2025 and March 20, 2026
Operator: Lodi Gas Storage LLC
Operator ID: 31287 (primary)
Inspection Systems: The entire transmission system
Assets (Unit IDs) with results in this report: All Transmission Assets in LGS System
System Type: GT
Inspection Name: (2025) Lodi Gas Storage TIMP Audit
Lead Inspector: Paul Penney
Operator Representative: Greg Clark, et all

Unsatisfactory Results

Question Title, ID Anomaly Analysis - Dents, AR.PFP.ANOMALYDENTS.P

Question 2. Do the procedures for evaluating dents and other mechanical damage anomalies or defects, ensure that a determination of the predicted failure pressure and the remaining life of the pipeline segment is established at the location of each anomaly or defect?

References 192.605 (192.607, 192.712(a), 192.712(b), 192.933(d), 192.485, 192.712(c), 192.712(h))

Result Unsat

Assets Covered All Transmission Assets (AllTrans)

Issue Summary See Section 5.6.2 of LGS's TIMP.

49 CFR § 192.605(a) states:

(a) General. Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least once each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.

49 CFR § 192.712(c) states in part:

(c) Dents and other mechanical damage. To evaluate dents and other mechanical damage that could result in a stress riser or other integrity impact, an operator must develop a procedure and perform an engineering critical assessment as follows[Underline Added]:...

Per 49 CFR §192.605(a), operators are required to prepare written procedures for conducting operations and maintenance activities, including analysis of dents and mechanical damage (Engineering Critical Assessment) as described in 49 CFR § 192.712(c).

To summarize, during SED's evaluation of LGS's TIMP procedure, Section 5.6.2, there was reference made to 49 CFR § 192.712(c) when categorizing dents and mechanical damage, but it did not include a procedure to satisfy the requirements of 49 CFR § 192.712(c). LGS shall establish a procedure that meets each element of 49 CFR § 192.712(c).

LGS is therefore in violation of 49 CFR § 192.712(c) for not developing a procedure for an engineering critical assessment.

LGS Response:

LGS has updated its TIMP Procedures section 5.6.1 to address engineering critical assessment. Please see Attachment #2.

SED Conclusion:

LGS response adequately meets this finding.

Question Title, ID Anomaly Analysis - Crack Growth, AR.PFP.ANOMALYCRACKGROWTH.P

Question 4. Do the procedures detail the performance of fatigue analysis and remaining life calculations for pipeline segments susceptible to cyclic fatigue or other loading conditions that could lead to fatigue crack growth?

References 192.605 (192.607, 192.712(d)(2))

Result Unsat

Assets Covered All Transmission Assets (AllTrans)

Issue Summary 49 CFR § 192.605(a) states:

*(a) **General.** Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least once each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.*

49 CFR § 192.712(d)(2) states in part:

*(2) **Analysis for crack growth and remaining life.** If the pipeline segment is susceptible to cyclic fatigue or other loading conditions that could lead to fatigue crack growth, fatigue analysis must be performed using an applicable fatigue crack growth law (for example, Paris Law) or other technically*

appropriate engineering methodology. For other degradation processes that can cause crack growth, appropriate engineering analysis must be used. The above methodologies must be validated by a subject matter expert to determine conservative predictions of flaw growth and remaining life at the maximum allowable operating pressure. The operator must calculate the remaining life of the pipeline by determining the amount of time required for the crack to grow to a size that would fail at maximum allowable operating pressure.

Per 49 CFR § 192.605(a), operators are required to prepare written procedures for conducting operations and maintenance activities, including analysis of cyclic fatigue for cracks that may cause crack growth as described in 49 CFR § 192.712(d)(2).

During SED's review of LGS's TIMP Procedure and O&M Procedure, SED found that these procedures do not address the requirement from 49 CFR § 192.712(d)(2).

LGS shall address the requirements in 49 CFR § 192.712(d)(2) in the TIMP Plan and/or the O&M Plan.

LGS is therefore in violation of 49 CFR § 192.712(d)(2) for not having a procedure to determine the time required for cracks to grow to a size that would fail at the maximum allowable operating pressure (MAOP).

LGS Response:

LGS has updated its TIMP Procedures section 5.6.1 to address cracks and crack-like defects. Please see Attachment #3.

SED Conclusion:

LGS response adequately meets this finding.

Question Title, ID Anomaly Analysis - Crack Models, AR.PFP.ANOMALYCRACKMODEL.P

Question 3. Do the procedures for evaluating cracks and crack like defects ensure that a determination of the predicted failure pressure and the remaining life of the pipeline segment is established at the location of each anomaly or defect, in accordance with §192.712(d)(1)?

References 192.605 (192.607, 192.712(a), 192.712(d)(1))

Result Unsat

Assets Covered All Transmission Assets (AllTrans)

Issue Summary 49 CFR § 192.605(a) states:

(a) General. Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least once each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.

49 CFR § 192.712(a) states:

(a) Applicability. Whenever required by this part, operators of onshore steel transmission pipelines must analyze anomalies or defects to determine the predicted failure pressure at the location of the anomaly or defect, and the remaining life of the pipeline segment at the location of the anomaly or defect, in accordance with this section.

49 CFR § 192.712(d) states in part:

(1) Crack analysis models. When analyzing cracks and crack-like defects under this section, an operator must determine predicted failure pressure, failure stress pressure, and crack growth using a technically

proven fracture mechanics model appropriate to the failure mode (ductile, brittle or both), material properties (pipe and weld properties), and boundary condition used (pressure test, ILI, or other).

Per 49 CFR §192.605(a), operators are required to prepare written procedures for conducting operations and maintenance activities, including analysis of cracks and crack like defects as described in 49 CFR § 192.712(d). In addition, 49 CFR § 192.712(a) requires the analysis of the failure pressure and remaining life to be done at the location of the cracks or crack like defects.

During SED evaluation of LGS's TIMP Procedure and O&M Procedure, SED found that these procedures do not address the requirements from 49 CFR § 192.712(a).

LGS shall address the requirements in 49 CFR § 192.712(a) in the TIMP Plan and/or the O&M Plan as well as each element of 49 CFR § 192.712(d) for cracks.

LGS is therefore in violation of 49 CFR § 192.712(a) for not including in its procedures a requirement that anomalies be analyzed at the location of the defect.

LGS Response:

LGS has updated its TIMP Procedures section 5.6 to address cracks and crack-like defects and procedures requiring that anomalies be analyzed at the location of the defect. Please see Attachment #4.

SED Conclusion:

LGS response adequately meets this finding.

Concerns

Assessment and Repair : In-Line Inspection (Smart Pigs) (AR.IL)

Question Title, ID Validation of ILI Results, AR.IL.ILIVALIDATE.R

Question 9. Do records demonstrate that the operator has validated ILI assessment results per their process?

References 192.947 (192.921(a)(1), 192.493)

Result Concern

Assets Covered All Transmission Assets (AllTrans)

Issue Summary Regarding LGS response to DR10, LGS provided a report that is titled: "Lodi Gas Storage 30 Inch Natural Gas Pipeline In-Line Inspection Summary Comparison of 2022 Enduro and 2024 Onstream Results". The report compares results from 2017, 2022 and 2024 from two different ILI contractors: **Enduro and Onstream.**

The analysis referenced above appears to be based on API 1163, Section 8.1.1. This section states in part:

"This section describes the methods that shall be applied to either validate that the reported inspection results meet or are within the performance specification for the pipeline being inspected or to establish the as-run specification on the basis of validation data..."

LGS was unable to demonstrate the validation level, rigor applied to, and results of the validation. LGS needs to demonstrate how its reported inspection results meet or are within the performance specification for the pipeline and provide a narrative for how the results meet the requirements of API 1163, Section 8. Please respond to this finding with the information requested.

LGS Response:

The records provided previously within DR10 describe the process associated with a Level 1 validation in accordance with API 1163, Section 8.1.1 but do not explicitly state that this validation level was performed. LGS is focused on continuous improvement of TIMP recordkeeping and shall endeavor to properly document ILI assessment validation results.

SED Conclusion:

LGS's response adequately addresses this concern.

Question Title, ID ILI Acceptance Criteria, AR.IL.ILIACCEPCRITERIA.P

Question 13. Is the process for ILI survey acceptance criteria adequate to assure an effective assessment?

References 192.921(a) (192.493)

Result Concern

Assets Covered All Transmission Assets (AllTrans)

Issue Summary LGS should add API 1163, Annex B form to the TIMP Procedure. This form, titled **"On-Site Report for Caliper and MFL Inspection Tool Runs"**, shall be completed to verify compliance with ILI acceptance criteria.

The form referenced as Annex B helps ensure there were no issues during the ILI tool run, and that the process is repeatable across different vendors or the same vendor.

LGS Response:

LGS has updated its TIMP Procedures section 3.3.1 to address ILI acceptance criteria. Please see Attachment #5.

SED Conclusion:

LGS's response adequately addresses this concern.

Question Title, ID ILI Acceptance Criteria, AR.IL.ILIACCEPCRITERIA.R

Question 14. Do records indicate adequate implementation of the process for ILI survey acceptance?

References 192.947 (192.921(a), 192.493)

Result Concern

Assets Covered All Transmission Assets (AllTrans)

Issue Summary Regarding LGS response to DR13, LGS provided a document titled: "Field Operations Report" by a company called Onstream. This report evaluates the data quality of the In-Line-Inspection (ILI) of the 30 inch pipeline.

SED found that the data quality report does not adequately cover the entire process in API 1163, Section 7 (Post Inspection Requirements), which is incorporated into Part 192 by reference.

49 CFR § 192.493 states:

When conducting in-line inspections of pipelines required by this part, an operator must comply with API STD 1163, ANSI/ASNT ILI-PQ, and NACE SP0102, (incorporated by reference, see § 192.7). Assessments may be conducted using tethered or remotely controlled tools, not explicitly discussed in NACE SP0102, provided they comply with those sections of NACE SP0102 that are applicable.

While LGS provided an ILI survey acceptance report, this report does not have all elements required by API 1163, Section 7. To assure all elements are covered, SED recommends using the sample form provided in API 1163, Annex B.

LGS Response:

LGS is focused on continuous improvement of TIMP recordkeeping and shall endeavor to properly document ILI survey acceptance.

SED Conclusion:

LGS's response adequately addresses this concern.

Integrity Management : Risk Analysis (IM.RA)

Question Title, ID Data Gathering, IM.RA.RADATA.P

Question 1. Does the process include requirements to gather and integrate existing data and information on the entire pipeline that could be relevant to covered segments?

References 192.907 (192.917(b)(1), 192.917(b)(2), 192.917(b)(3), 192.917(b)(4), 192.917(e)(1), 192.911(k))

Result Concern

Assets Covered All Transmission Assets (AllTrans)

Issue Summary 49 CFR § 192.917 (b) states in part:

(b) Data gathering and integration. To identify and evaluate the potential threats to a covered pipeline segment, an operator must gather and integrate existing data and information on the entire pipeline that could be relevant to the covered segment. In performing data gathering and integration, an operator must follow the requirements in ASME B31.8S, section 4. Operators must begin to integrate all pertinent data elements specified in this section starting on May 24, 2023, with all available attributes integrated by February 26, 2024. An operator may request an extension of up to 1 year by submitting a notification to PHMSA at least 90 days before February 26, 2024, in accordance with § 192.18...

LGS's data integration can be found in TIMP Plan, Section 2.6. However, Section 2.6 does not have the latest updates to 49 CFR § 192.917(b)(1).

All elements in 49 CFR § 192.917(b)(1) must be added to the process for the integration of data. 49 CFR § 192.917(b)(1) lists thirty-five different data elements, all of which must be added to the procedure and integrated by February 26, 2024.

LGS Response:

LGS has updated its TIMP Procedures section 2.6 to address data integration. Please see Attachment #6.

SED Conclusion:

LGS's response adequately addresses this concern.