

September 22, 2020

Mr. Terence Eng, P.E.
Program Manager
Gas Safety and Reliability Branch
Safety and Enforcement Division
(SEO) California Public Utilities
Commission 505 Van Ness Avenue
San Francisco, CA 94102

Subject: CVGS Response - Inspection of Central Valley Gas Storage Operations, Maintenance, Emergency Plans, Public Awareness, Drug and Alcohol Misuse Programs GI-2020-07-CVS-39

Dear Mr. Eng:

Central Valley Gas Storage, LLC (CVGS) continues to place the safety of the public and its workforce as its top priority and endeavors to operate and maintain its gas pipeline facilities at standards that meet or exceed the requirements of California Public Utilities Commission (CPUC) General Order (GO) 112-F. Our management team at CVGS values the SEO inspection process as an opportunity to improve our practices and records with the benefit of your findings and recommendations, and we appreciated being able to interact with your SEO auditors in July of 2020 during your review of CVGS's plans and records for the period of 2016 through 2019.

We have carefully reviewed the Inspection Report provided us dated September 1, 2020 including the Post-Inspection Written Preliminary Findings (Summary). As requested, we are providing a written response (shown in **blue font**) indicating the measures taken by CVGS to address the findings identified in the Summary. The majority of the revisions and references were provided to the inspectors during the inspection and, along with revisions and modifications made subsequently, are available for review on the Company's SharePoint site:

https://soco365.sharepoint.com/sites/REG_InfraIntegrity/xCaliforniaPUC/Forms/AllItems.aspx?viewpath=%2Fsites%2FREG_InfraIntegrity%2FxCaiforniaPUC%2FForms%2FAllItems.aspx

where the CPUC inspectors have been provided access. Our response follows:

I. Unsatisfactory Results

Drug and Alcohol: Anti-Drug Program

Title 49 CFR subpart 199.101(a)(1) states:

- a) Each operator shall maintain and follow a written anti-drug plan that conforms to the requirements of this part and the DOT Procedures. The plan must contain—*

(1) Methods and procedures for compliance with all the requirements of this part, including the employee assistance program;

Title 49 CFR subpart 199.202 states:

Each operator must maintain and follow a written alcohol misuse plan that conforms to the requirements of this part and DOT Procedures concerning alcohol testing programs. The plan shall contain methods and procedures for compliance with all the requirements of this subpart, including required testing, recordkeeping, reporting, education and training elements.

SED found the following deficiencies with CVGS's anti-drug program:

CVGS Plan Section	Relevant Code Section	Deficiency
3.6	199.241	Missing methods for providing supervisor training.
4.3	199.105(c)	Missing methods for the random selection process used and the method for informing an employee that they have been selected.
23.7	40.333	Missing methods for how records are stored, accessed, and transferred.
2.2	40.11(b)	Missing methods for ensuring that service agents are complying with the requirements of part 40.

SED finds CVGS in violation of Title 49 CFR §199.101(a)(1) and §199.202 for failure to maintain written anti-drug and alcohol misuse plans that contain methods and procedures for compliance with the above requirements of parts 199 and 40.

CVGS would like the SED to note the following references and revisions in response to the above referenced violations:

Regarding supervisor training, Section 3.6, 199.241, of the Anti-Drug and Alcohol Misuse Plan, contains the reference.

Section 3.6.2, regarding the method of training for supervisors, states that all supervisors are required to complete on-line course SA0139 which is available on the Company's training database known as LearningSource. The course covers substance abuse and alcohol misuse and the reasonable cause process. Our Workforce Compliance Group sends out a communication bi-annually mandating compliance to complete the training to the affected supervisors. Workforce Compliance follows our Standard Operating Procedure WFC 2.1. Workforce Compliance may also mandate training for supervisors/managers of non-DOT employees.

Regarding the random selection of employees for testing, Section 4.3, 199.105(c) of the Anti-Drug and Alcohol Misuse Plan contains the reference.

Under 4.3, the following information is found regarding random testing:

- Workforce Compliance maintains employee rosters with one of three designations



- PHMSA, FMCSA or NSS (Non-Safety Sensitive)
- Workforce Compliance submits the employee rosters for each of the three designations to the company TPA (See Appendix A)
- The TPA utilizes eScreen software to run the computerized random draw
- The random draw lists for each of the three designations are returned to the company
- Workforce Compliance sends an email notification to the randomly selected employee's supervisor to facilitate and communicate the random test request.
- Workforce Compliance works with collection sites, Labs, MRO and TPA to ensure compliance with the collection processes and documentation of all tests for accurate annual reporting to DOT agencies.

Regarding the records retention, Section 23.7, 40.333 of the Anti-Drug and Alcohol Misuse Plan has the reference for security of the records:

Under 23.7, Workforce Compliance maintains records securely at GO Naperville Illinois location and electronically with access only by department employees. Records are locked securely for confidentiality.

The Company's Records Retention Procedures contain the following requirements for the Anti-Drug and Alcohol records:

HUM-0108

Records of number of employees tested, by type of test

Drug and Alcohol Testing (Overall Test Candidates) 5 years Safety & Compliance

HUM-0109

Records of employees' drug and alcohol test results that show
employee passed drug/alcohol screening test

Drug and Alcohol Testing (Passing Test Results) 1 year Safety & Compliance

HUM-0110

Records of employees' drug and alcohol test results that show
the employee had a positive test result and the type of test
including records that demonstrate rehabilitation, employee



function, prohibited drugs, employee disposition, etc.

Drug and Alcohol Testing (Positive Test Results) 5 years Safety & Compliance

Regarding the Service Agent Verification, Section 2.2, 40.11(b) – service agent compliance, from the Anti-Drug and Alcohol Misuse Plan, contains the reference.

Under 40.11, the following information is found regarding service agent compliance.

The Workforce Compliance Department actively communicates and monitors service agents for testing compliance.

Workforce Compliance

- Meets with TPA partnership monthly and annually to review procedural and data compliance.
- Partners with the TPA to confirm MRO credentials and confirm compliance with eScreen randomization software.
- Company DER meets with the SAP referral service account representative monthly to review issues, concerns, SAP compliance and employee status under SAP referral.
- Maintains a company profile including the TPA information and provides to clinic and collection sites.
- Utilizes standard operating procedure SA1 Clinic Service Agents for Clinic compliance requirements.
- Reviews listing of acceptable labs on the ODPAC site annually
- Monitors [we3456](#) for Public Interest Exclusion related to service agents

CVGS believes these references encompass the issues noted by the inspectors as referenced above.

Emergency Preparedness and Response: Emergency Response.

Title 49 CFR subpart 192.615(a)(1) states:

- a) (1) Each operator shall establish written procedures to minimize the hazard resulting from a gas pipeline emergency. At a minimum, the procedures must provide for the following: (1) Receiving, identifying, and classifying notices of events which require immediate response by the operator.*

In the ER Procedures, Agency Notifications and Reporting, there is a requirement to review the reporting criteria listed on Form #EM-3 "Agency Notification and Reporting".



Within Form #EM-3, the Reporting Criteria lists "death, hospitalization, \$50,000 in damage, [and] significant event." There are two criteria from the definition of an incident in 191.3 not included in Form #EM-3: "Unintentional estimated gas loss of three million cubic feet or more", "An event that results in an emergency shutdown of an LNG facility or a UNGSF (underground natural gas storage facility)."

Form #EM-3 is not in compliance with 192.615(a)(1) since it does not provide for the proper classification of all incidents defined within the Code of Federal Regulations.

Procedure 1.01 "Reporting and Control of Incidents" section 4 "Incident Criteria" is also missing the aforementioned incident criteria from 191.3 and is therefore not in compliance with 192.615(a)(1).

CVGS revised Form #EM-3 and Procedure 1.01 prior to the completion of the inspection. These revisions were provided to the inspectors and are available at the above referenced SharePoint site.

Title 49 CFR §192.615(a)(6) states:

(a) Each operator shall establish written procedures to minimize the hazard resulting from a gas pipeline emergency. At a minimum, the procedures must provide for the following:

(6) Emergency shutdown and pressure reduction in any section of the operator's pipeline system necessary to minimize hazards to life or property.

Title 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.

CVGS' O&M, Procedure 3.04 Preparation of Emergency Plan, 5.1.6.3 requires the Emergency Response Plan (ERP) have maps and drawings showing the location of the emergency valves in order to perform emergency shutdown and pressure reduction. CVGS does not maintain a map of their emergency valves. SED finds CVGS in violation of 192.605(a) for failure to maintain maps and drawings showing the location of the emergency valves according to their O&M procedure 3.04 section 5.1.6.3.



CVGS does not maintain a procedure to execute emergency shutdown and pressure reduction. Additionally, without a map showing the locations of the emergency valves, CVGS cannot have a complete emergency shutdown and pressure reduction procedure. SED finds CVGS in violation of 192.615(a)(6) for failure to maintain procedures to execute emergency shutdown and pressure reduction.

During the inspection, CVGS had the GIS group provide a map showing the location of the emergency valves. With respect to the emergency shutdown procedure, CVGS procedure 050, Initiating an ESD Event, is a site-specific procedure to initiate an emergency shutdown of the facility and de-pressure the facility if required. Both the map and procedure are available on the above referenced SharePoint site.

Maintenance and Operations: Gas Pipeline Operations

Title 49 CFR Part §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

Title 49 CFR Part §192.605(d) states, in part:

The manual required by paragraph (a) of this section must include instructions enabling personnel who perform operation and maintenance activities to recognize conditions that potentially may be safety-related conditions that are subject to the reporting requirements of 191.23 of this subchapter.

CVGS O&M procedure 1.02 "Reporting SRCs" section 5.1 defines safety-related conditions that must be reported. These definitions do not include all of the safety-related conditions listed in 191.23(a). Procedure 1.02 is partially or wholly missing the following safety-related conditions from 191.23(a):

- (2) In the case of a UNGSF, general corrosion that has reduced the wall thickness of any metal component to less than that required for the well's maximum operating pressure, or localized corrosion pitting to a degree where leakage might result.
- (3) Unintended movement or abnormal loading by environmental causes, such as an earthquake, landslide, or flood, that impairs the serviceability of a pipeline or the structural integrity or reliability of a UNGSF or LNG facility that contains, controls, or processes gas or LNG.
- (4) Any crack or other material defect that impairs the structural integrity or reliability of a UNGSF or an LNG facility that contains, controls, or processes gas or LNG.



(5) Any material defect or physical damage that impairs the serviceability of a pipeline that operates at a hoop stress of 20% or more of its specified minimum yield strength, or the serviceability or the structural integrity of a UNGSF.

(6) Any malfunction or operating error that causes the pressure—plus the margin (build-up) allowed for operation of pressure limiting or control devices—to exceed either the maximum allowable operating pressure of a distribution or gathering line, the maximum well allowable operating pressure of an underground natural gas storage facility.

(7) A leak in a pipeline, UNGSF, or LNG facility containing or processing gas or LNG that constitutes an emergency.

(9) Any safety-related condition that could lead to an imminent hazard and causes (either directly or indirectly by remedial action of the operator), for purposes other than abandonment, a 20% or more reduction in operating pressure or shutdown of operation of a pipeline, UNGSF, or an LNG facility that contains or processes gas or LNG.

CVGS O&M procedure 1.02 "Reporting SRCs" is missing sections 2, 4, 7, and 9 of 191.23(a) in their entirety and the requirements for Underground Natural Gas Storage Facilities (UNGSF) in sections 3, 5, and 6 of 191.23(a). SED finds CVGS in violation of 192.605(d) for failing to list all reportable safety-related conditions listed in 191.23 in CVGS O&M procedure 1.02 section 5.1.

[CVGS has revised procedure 1.02 to meet the referenced regulation. The revised procedure is available on the above referenced SharePoint site.](#)

Reporting: Regulatory Reporting (Traditional)

Title 49 CFR Part §191.5(a) states in part:

At the earliest practicable moment following discovery, but no later than one hour after confirmed discovery, each operator must give notice in accordance with paragraph (b) of this section of each incident as defined in §191.3.

Procedure 1.01 "Reporting and Control of Incidents," Section 5 "Immediate Notice of Certain Incidents" states, in part, "At the earliest practicable moment following discovery, the company shall give notice to the NRC as shown below," but does not include the specific time limit stated in the regulation.

SED finds CVGS in violation of 191.5(a) for not requiring incidents to be reported no later than one hour after confirmed discovery in procedure 1.01.

[CVGS has revised procedure 1.01 to meet the referenced regulation. The revised procedure is available on the above referenced SharePoint site.](#)



Title 49 CFR Part §191.22(a) states, in part:

Effective January 1, 2012, each operator of a gas pipeline, gas pipeline facility, UNGSF, LNG plant, or LNG facility must obtain from PHMSA an Operator Identification Number (OPID).

CVGS Procedure 1.07 "PHMSA Registration and Operator ID," section 4 "Lines Requiring PHMSA OPID" states, in part: "Effective January 1, 2012 all PHMSA jurisdictional gas transmission and gathering pipelines are required to obtain PHMSA operator identification number (OPID)."

SED finds CVGS in violation of 191.22(a) since procedure 1.07 does not require operators of an underground natural gas storage facility to obtain an OPID.

Furthermore, Procedure 1.07 section 6.3 lists events that must be reported to PHMSA. This section is wholly or partially missing the following events listed in 49 CFR Part 191.22(c):

(1)(iii) Construction of a new LNG plant, LNG facility, or UNGSF;

(1)(iv) Maintenance of a UNGSF that involves the plugging or abandonment of a well, or that requires a workover rig and costs \$200,000 or more for an individual well, including its wellhead. If 60-days' notice is not feasible due to an emergency, an operator must promptly respond to the emergency and notify PHMSA as soon as practicable;

(1)(v) Reversal of product flow direction when the reversal is expected to last more than 30 days. This notification is not required for pipeline systems already designed for bi-directional flow; or

(1)(vi) A pipeline converted for service under §192.14 of this chapter, or a change in commodity as reported on the annual report as required by §191.17.

(2)(iii) A change in the entity (e.g., company, municipality) responsible for an existing pipeline, pipeline segment, pipeline facility, UNGSF, or LNG facility;

(2)(v) The acquisition or divestiture of an existing UNGSF, or an LNG plant or LNG facility subject to part 193 of this subchapter.

ED finds CVGS in violation of 191.22(c) because procedure 1.07 does not require reporting of all events listed under 191.22(c).

[CVGS has revised procedure 1.07 to meet the referenced regulation. The revised procedure is available on the above referenced SharePoint site.](#)

Time-Dependent Threats: Internal Corrosion - Corrosive Gas



Title 49 CFR Part §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.

Title 49 CFR Part §192.477 states, in part:

Each coupon or other means of monitoring internal corrosion must be checked two times each calendar year, but with intervals not exceeding 7 1/2 months.

CVGS Procedure 6.02 "Internal Corrosion," section 6.2.5 "Monitoring and Detection" states, in part: "Monitor checkpoints and record the results at least once per calendar year".

During the inspection, SED determined that this CVGS procedure was not reflective of their practices, and CVGS performs the checkpoint monitoring twice each year as required by 192.477. SED finds CVGS in violation of 192.605(a) since procedure 6.02 does not require coupons or other means of monitoring internal corrosion to be checked two times per year as required by 192.477.

[CVGS has revised procedure 6.02 to meet the referenced regulation. The revised procedure is available on the above referenced SharePoint site.](#)

II. Concerns

Design and Construction: Pipeline Commissioning

California General Order 112-F sections 122.2(a)(3) and 122.2(a)(4) state:

(a) Each Operator shall report incidents to the CPUC that meet the following criteria:

3. Incidents where the failure of a pressure relieving and limiting stations, or any other unplanned event, results in pipeline system pressure exceeding its established Maximum Allowable Operating Pressure (MAOP) plus the allowable build up set forth in 49 CFR § 192.201.



4. Incidents in which an under-pressure condition, caused by the failure of any pressure controlling device, or any other unplanned event other than excavation related damage, results in any part of the gas pipeline system losing service or being shut-down.

These reporting requirements are absent from CVGS procedures and SED recommends adding them to Table 17.10-1.

CVGS has revised Table 17.10-1 to add these reporting requirements. The revised table is available on the above referenced SharePoint site.

General Order 112-F subpart 122.2(b) states:

(b) In the event of an incident listed in 122.2(a) above, an Operator shall go to the Commission's website, select the link to the page for reporting emergencies and follow the instructions thereon.

Table 17.10-1 in Procedure 17 links to an outdated website for reporting incidents to the CPUC, <http://www.cpuc.ca.gov/emergency>.

SED recommends this website be corrected to <https://www.cpuc.ca.gov/emrep/> or <https://ia.cpuc.ca.gov/safetyevents/> or to include the requirements of 122.2(b) as written.

CVGS has revised Table 17.10-1 revise these links. The revised table is available on the above referenced SharePoint site.

Emergency Preparedness and Response: Emergency Response

CVGS does not require a review of employee activities in their ERP, DOT General Emergency Response Procedures, "Escaping Gas and/or Gas Detected Inside A Building". This requirement is present in section 3.04, 6.1 of CVGS' O&M procedures. However, SED recommends the addition of this requirement to the ERP.

CVGS would like the CPUC to note that this requirement was already part of the ERP. The pertinent section of the ERP is available on the above referenced SharePoint site.

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

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." Section 5.1.5 should refer to section 5.1.3 instead of paragraph (a).

CVGS has revised the O&M manual to reference Section 5.1.3. The revision is available on the above referenced SharePoint site.

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

The majority of the properties adjoining CVGS's pipeline right-of-way (ROW) are farms. Per conversation with CVGS, the farming activity around the ROW consists entirely of rice production and fruit orchards, and no deep ripping or excavation damage has occurred.

SED recommends CVGS review the specific farming activities that take place in adjoining properties, and consider supplemental messaging to farms discussing the specific risks farming activities may pose to the pipeline, as recommended by API RP 1162 section 6.3.1.

CVGS is in the process of reviewing the farming activities around the facility. In addition, the messaging is also under review to determine the types and frequencies that should be used to provide supplemental messaging on farming activities around the pipeline as determined to be appropriate.

CVGS's four-year effectiveness evaluation report "Four Year Review of the Southern Company Gas RP 1162 Public Awareness Program" states that "pipeline damages and damages per 1000 locate requests are trending downward." In conversation with CVGS, SED was informed that no damages or near misses have occurred. For clarity, SED recommends including precise data on damages and near-misses in the evaluation report, even if that number is zero.

CVGS will use the precise data in the future program evaluations, even if that number is zero.

CVGS's four-year effectiveness evaluation report "Four Year Review of the Southern Company Gas RP 1162 Public Awareness Program" lists a number of recommended program enhancements, but does not state how or if these enhancements were implemented. SED recommends CVGS keep detailed records demonstrating consideration of recommended enhancements, implementation, or justification for why enhancements were not implemented.

SED has requested records to demonstrate what action was taken in response to the 2019 evaluation. To-date, CVGS has not provided the records to SED.



CVGS notes that the evaluation enhancements were only to increase awareness for emergency responders. CVGS has documentation wherein it met with these groups to ensure their awareness of the facility and the requirements of RP1162. With respect to the remaining stakeholders, the enhancements were to continue to provide the messaging at the frequencies found in the plan which is continuing.

Reporting: Regulatory Reporting

Procedure 1.02 "Reporting SRCs" section 5.2.6 states, in part:

"The Facility Manager must submit a final report to the DOT...at the following address:

Information Resources Manager

Office of Pipeline Safety

Pipeline and Hazardous Material Safety Administration (PHMSA)

PHP-20

1200 New Jersey Ave, SE

Washington, DC 20590"

Title 49 CFR Part §191.25(c) states in part:

"Reports must be filed by email to InformationResourcesManager@dot.gov"

CVGS should include this email address as a required method of reporting SRCs in Procedure 1.02.

CVGS has revised Procedure 1.02 to include this email address. The revision is available on [the above referenced SharePoint site](#).

Time-Dependent Threats: External Corrosion - Coatings

Issue Summary CVGS Procedure 6.03 "External Protective Coating" includes general requirements for applying and inspecting coating, and states that coating system manufacturer recommendations should be followed. SED recommends CVGS include a list of approved coatings in the O&M. Any unique procedures that may apply to individual coating types should be included in the O&M or included in the O&M by reference.



Mr. Eng
September 22, 2020

CVGS has revised the O&M manual to include a reference to the Corporation's approved coating list. The revision is available on the above referenced SharePoint site.

CVGS appreciates the thorough review of its facilities and documentation by the SEO audit team and looks forward to continuing our constructive relationship with SEO in accomplishing the top priority of maintaining safe and reliable operations. I trust that the documentation provided in this response is suitable to address the Summary result.

Please contact me at 404-584-3725 if you have any questions about this response or require additional information. You also should receive a hard copy of this response shortly via U.S. Mail.

Sincerely,



Stephen L. Wassell, PE
Vice President
Storage and Peaking Operations

Cc: John Boehme
Robert Cornell
Dennis Chappell
James Hotinger
Dennis Lee, SED
Victor Muller, SED
Mahmoud Intably, SED
Jason McMillan, SED
Claudia Almengor, SED

