

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



March 26, 2015

Mr. Timothy J. Hermann, Vice President
Storage and Peaking Operations
AGL Resources Inc.
3333 Warrenville Road, Suite 300
Lisle, IL 60532

GI-2015-01-CVS39-01A

GI-2015-01-CVS39-15

SUBJECT: General Order 112-E Gas Inspection of Central Valley Gas Storage

Dear Mr. Hermann:

The Safety and Enforcement Division (SED) of the California Public Utilities Commission conducted a General Order 112-E inspection of Central Valley Gas Storage (CVGS) on January 26 to 29, 2015. The inspection included a review of the CVGS compressor station maintenance records and corrosion monitoring records for the period of 2013 through 2014, as well as a representative field sample of the CVGS facilities in Maxwell and Princeton. SED staff also reviewed the CVGS's operator qualification records, which included field observation of randomly selected individuals performing covered tasks.

SED's findings are noted in the Summary of Inspection Findings (Summary) which is enclosed with this letter. The Summary reflects only those particular records and pipeline facilities that SED inspected 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 violations and observations noted in the Summary. Pursuant to Commission Resolution ALJ-274, SED staff has the authority to issue citations for each violation found during the inspection.

If you have any questions, please contact Willard Lam at (415) 703-1327 or by email at wlm@cpuc.ca.gov.

Sincerely,

Kenneth Bruno
Program Manager
Gas Safety and Reliability Branch
Safety and Enforcement Division

Kenneth Bruno
2/26/15

Enclosure: Summary of Inspection Findings

cc: John Boehme, AGL Resources Regulatory Affairs
Brian Hackney, AGL Resources Storage Ops

SUMMARY OF INSPECTION FINDINGS

I. Probable Violations

A. Title 49 Code of Federal Regulations (CFR) §192.731(c) states:

“Each remote control shutdown device must be inspected and tested at intervals not exceeding 15 months, but at least once each calendar year, to determine that it functions properly.”

SED discovered multiple instances of CVGS missing records of compressor station emergency shutdown (ESD) switch inspection and testing for the 2014 calendar year, which exceeds the interval allowed in 49 CFR §192.731(c). Table 1 details 14 of the 20 ESD switches on site missing the 2014 inspection and testing.

Table 1. ESD switch inspection and test

No.	Switch Name	Switch Location	2014 Inspection and Test Date
1	EPBUB01	Utility Bldg NW Exit	Missing
2	EPBUB02	Utility Bldg N Exit	Missing
3	EPBUB03	Utility Bldg S Exit	Missing
4	EPBUB04	Utility Bldg SE Exit	Missing
5	EPBAUX01	Auxiliary Bldg Panel Door	5/28/2014
6	EPBAUX02	Auxiliary Bldg Hallway Exit	5/28/2014
7	EPBAUX03	Auxiliary Bldg Warehouse Exit	5/28/2014
8	BSH01515	Auxiliary Bldg/Office Fire Alarm	5/28/2014
9	EPBSMG01	NW Gate	Missing
10	EPBSMG02	West Gate	Missing
11	EPBSMG03	SW Gate	Missing
12	EPBSMG04	SE Gate	5/28/2014
13	EPBSMG05	NE Gate	5/28/2014
14	EPBCB01	Compressor Bldg NE Exit	Missing
15	EPBCB02	Compressor Bldg East Exit	Missing
16	EPBCB03	Compressor Bldg SE Exit	Missing
17	EPBCB04	Compressor Bldg SW Exit	Missing
18	EPBCB05	Compressor Bldg West Exit	Missing
19	EPBCB06	Compressor Bldg NW Exit	Missing
20	EPBCB07	Compressor Bldg Panel Door Exit	Missing

II. Areas of Concern/ Observations/ Recommendations

1. During a review of CVGS corrosion records, SED discovered the pipe-to-soil test locations "SS DEHYDE TOWERS VALVE BV 1223" and "2000' W CL CLARK RD NS PRIVATE RD EDGE OF FIELD" were both designated point #63. SED recommends correcting the duplication to avoid confusion in the future.
2. During a review of CVGS corrosion records, SED discovered the CP System Annual Review was performed by multiple individuals on multiple reports. CVGS Procedure 6.10 requires form #6.10A or equivalent be used to document the review. Although the elements of the review outlined in CVGS Procedure 6.10 were satisfied from multiple documents, SED recommends documenting the CP System Annual Review on form #6.10A to ensure a consistent annual review.
3. During SED's field visit on January 27, 2015 to multiple pipe-to-soil read locations, SED observed multiple test lead stations had mismarked or faded labels. SED recommends correcting the errors with permanent type labels to avoid confusion in the future. CVGS explained new station labeling is already in progress.
4. During the field visit on January 28, 2015 to the well pad, SED observed localized atmospheric corrosion at the following locations:
 - a. Ball Valve 1251
 - b. 1-L Scrubber Drain Valve
 - c. 2-U Scrubber Drain Valve
 - d. Various flange bolt threads

SED recommends CVGS address the areas of localized atmospheric corrosion to prevent further corrosion.