

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

June 15, 2017

GI-2017-04-LGS37-01C, 05, & 06

Mr. Robert Russell, VP-Field Operations (rrussell@lodistorage.com)
Lodi Gas Storage, LLC.
P.O. Box 230
Acampo, CA 95220

**Subject: Safety and Enforcement Division closure letter for the General Order 112
Inspection of Lodi Gas Storage, LLC**

Dear Mr. Russell:

The Safety and Enforcement Division (SED) of the California Public Utilities Commission reviewed Lodi Gas Storage's (LGS) response letter dated May 19, 2017 for the findings identified during the General Order (GO) 112¹ inspection of LGS which was conducted from April 3 – 7, 2017.

A summary of the inspection findings documented by the SED, LGS' response to SED findings, and SED's evaluation of LGS' response taken for each finding are outlined for each identified violation, concern, and recommendation.

This letter serves as the official closure of the 2017 LGS safety inspection and 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 audit. Please contact Joel Tran at (415) 515-3442 or by email at joel.tran@cpuc.ca.gov if you have any questions.

Sincerely,

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

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

cc: Gregory Clark, LGS (gclark@lodistorage.com)
Kenneth Bruno, SED (kenneth.bruno@cpuc.ca.gov)
Terence Eng, SED (terence.eng@cpuc.ca.gov)

¹ General Order 112-F was adopted by the Commission on June 25, 2015 via Decision 15-06-044.

I. SED Findings

Probable Violation 1 – General Order 112-F Section 143.1 states:

“A gas leakage survey of transmission pipelines, using leak detecting equipment must be conducted at least twice each year and at intervals not exceeding 7 ½ months.”

During SED’s review of LGS’ procedures, SED noted that Leakage Survey Procedure 5.02 stated:

“Leakage surveys of a transmission line, including Type B gathering lines, must be conducted at intervals not exceeding 15 months, but at least once each calendar year...”

Although records indicate LGS is currently conducting quarterly leak surveys, LGS’ procedures are not in compliance with GO 112-F.

LGS Response:

Lodi Gas Storage, L.L.C. (LGS) conducts a formal review of its Operations & Maintenance (O&M) Manual once each calendar year in accordance with 49 CFR 192.605(a). These reviews typically occur during the 4th quarter and include updates to the manual due to regulatory changes, work procedure reviews, employee feedback, etc. Since the requirement in GO 112-F to conduct leakage surveys on transmission pipelines at least twice each year became effective on January 1, 2017, it is likely that this procedural revision would have been captured in the LGS O&M Manual review for 2017. Nonetheless, LGS appreciates SED noting this deficiency during the inspection and has included a redlined excerpt from updated Procedure 5.02 (see Attachment #2). Please note that although the LGS procedure mirrors the regulatory verbiage in GO 112-F and 49 CFR 192.706, in practice LGS conducts quarterly leak surveys which exceeds these regulatory standards.

SED’s Conclusion:

SED has opted not to impose a fine or penalty since LGS took the appropriate remedial action. However, recurrence of the same violation in the future may result in enforcement action.

II. Areas of Concern

AOC-1

During SED's review of LGS' Drug & Alcohol Program, SED noted that LGS' Drug & Alcohol Program references Research and Special Programs Administration (RSPA) as the regulating government agency. RSPA was abolished on November 30, 2004. The correct agency is the Pipeline Hazardous Materials Safety Administration (PHMSA).

During the inspection, LGS provided an updated Drug & Alcohol program. This new plan correctly references PHMSA and was revised on April 3, 2017.

LGS Response:

The Lodi Gas Storage, L.L.C. (LGS) Drug & Alcohol Program correctly references PHMSA.

SED's Conclusion:

SED will check in future inspections to ensure that LGS has current agency information in their manuals, plans, and programs.