

## WARNING LETTER

**VIA ELECTRONIC MAIL TO: pkpc@pge.com**

August 3, 2022

Ms. Patti Poppe  
President and Chief Executive Officer  
Pacific Gas & Electric Co  
3301 Crow Canyon Road  
San Ramon, California 94583

**CPF 1-2022-061-WL**

Dear Ms. Poppe:

From November 8<sup>th</sup>, 2021 to November 15<sup>th</sup> 2021, an inspector from the California Geologic Energy Management Division (CalGEM), acting as an agent for the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected Pacific Gas & Electric Co's (PGE) procedures for Pleasant Creek, McDonald Island and Los Medanos Storage facilities in Yolo County, San Joaquin County, and Contra Costa County California, respectively.

As a result of the inspection, it is alleged that you have committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The item inspected and the probable violation is:

**1. § 192.12 Underground natural gas storage facilities.**

**(a) ...**

**(c) *Procedural manuals.* Each operator of a UNGSF must prepare and follow for each facility one or more manuals of written procedures for conducting operations, maintenance, and emergency preparedness and response activities under paragraphs (a) and (b) of this section. Each operator must keep records necessary to administer such procedures and review and update these manuals at intervals not exceeding 15 months, but at least once each calendar year. Each operator must keep the appropriate parts of these manuals accessible at locations where UNGSF work is being performed. Each operator**

**must have written procedures in place before commencing operations or beginning an activity not yet implemented.**

PGE failed to follow its manual of written procedures for conducting operations, maintenance, and emergency preparedness and response activities. Specifically, PGE failed to follow its *Underground Storage Risk and Integrity Management Plan, Appendix L, Practice 8 – Annular Pressure and Gas Sampling Monitoring*, Revision 5 dated 3/29/19 (Annular Pressure Procedure), regarding documenting trending, analysis, and recommendations for addressing annular pressure.

During the inspection, CalGEM identified that two wells have had higher annular pressures since 2016. When requested, PGE was unable to provide records indicating that steps 6 and 7 from its Annular Pressure Procedure were followed. Under PGE's procedure, step 6 requires that a reservoir engineer trend the pressure and document the analysis work. Step 7 of the procedure requires the recommendations from the reservoir engineer to be documented on how to address the annular pressure. Specifically, records did not indicate that the annular pressure and gas samples were reviewed and recorded by a reservoir engineer as stated within the operator's procedures.

Therefore, PGE failed to follow its Annular Pressure Procedure as required by § 192.12(c).

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$239,142 per violation per day the violation persists, up to a maximum of \$2,391,142 for a related series of violations. For violation occurring on or after May 3, 2021 and before March 21, 2022, the maximum penalty may not exceed \$225,134 per violation per day the violation persists, up to a maximum of \$2,251,334 for a related series of violations. For violation occurring on or after January 11, 2021 and before May 3, 2021, the maximum penalty may not exceed \$222,504 per violation per day the violation persists, up to a maximum of \$2,225,034 for a related series of violations. For violation occurring on or after July 31, 2019 and before January 11, 2021, the maximum penalty may not exceed \$218,647 per violation per day the violation persists, up to a maximum of \$2,186,465 for a related series of violations. For violation occurring on or after November 27, 2018 and before July 31, 2019, the maximum penalty may not exceed \$213,268 per violation per day, with a maximum penalty not to exceed \$2,132,679. For violation occurring on or after November 2, 2015, and before November 27, 2018, the maximum penalty may not exceed \$209,002 per violation per day, with a maximum penalty not to exceed \$2,090,022.

We have reviewed the circumstances and supporting documents involved in this case, and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the item identified in this letter. Failure to do so will result in Pacific Gas & Electric Co being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 1-2022-061-WL**. Be advised that all material you submit in response to this enforcement action is subject to being made publicly available. If you believe that any portion of your responsive material qualifies for confidential treatment under 5 U.S.C. 552(b), along with the complete original document you must provide a second copy of the document with the portions

you believe qualify for confidential treatment redacted and an explanation of why you believe the redacted information qualifies for confidential treatment under 5 U.S.C. 552(b).

Sincerely,

Robert Burrough  
Director, Eastern Region, Office of Pipeline Safety  
Pipeline and Hazardous Materials Safety Administration