

NOTICE OF AMENDMENT

OVERNIGHT EXPRESS DELIVERY

August 18, 2022

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

CPF 1-2022-062-NOA

Dear Ms. Poppe:

From November 8, 2021, through November 15, 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 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 (respectively) California.

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within PGE's plans or procedures, as described below:

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's written procedures for conducting operations, maintenance, and emergency preparedness and response activities (RIMP) were inadequate to ensure safe operation of a pipeline facility. Specifically, PGE's RIMP, Section 9 *Mechanical Integrity of the Wells* failed to describe in sufficient detail the process for selecting an integrity assessment methodology and frequencies when each methodology would be used as required by API RP 1171 Section 9.3.1 (Section 9.3.1).

Section 9.3.1 states in part that "[a]ctive well mechanical integrity evaluations shall include initial and subsequent evaluations as determined using the risk assessment and the information derived from the initial evaluation."

At the time of the inspection, PGE's written procedures for well integrity evaluation only listed different types of potential integrity evaluations that PGE can perform but did not describe a selection process and a frequency for each type of evaluation. The process should include criteria for selection of evaluation, and frequencies for evaluations based on the risk assessments.

Therefore, PGE's written procedures for conducting operations, maintenance, and emergency preparedness and response activities were inadequate to ensure safe operation of a pipeline facility in accordance with § 192.12(c). PGE must revise its procedures to include adequate detail for selecting and implementing its various integrity assessment methodologies.

2. § 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's written procedures for conducting operations, maintenance, and emergency preparedness and response activities were inadequate to ensure safe operation of a pipeline facility. Specifically, PGE's *Underground Storage Risk and Integrity Management Plan*, RIMP Section 6, failed to describe in sufficient detail each process PGE follows to maintain ongoing functional integrity of its reservoirs as required by API RP 1171, Section 9.2.1 (Section 9.2.1).

Section 9.2.1 states in part, "[t]he operator shall maintain functional integrity of storage wells and reservoirs. Storage wells and reservoirs can have different characteristics resulting in unique requirements in approaching integrity demonstration, verification, and monitoring."

At the time of the inspection, PGE's written procedures for functional integrity of the reservoirs was inadequate because PGE failed to describe the integrity work in detail. The procedures presented during the inspection only listed different integrity management processes used by PGE to demonstrate functional integrity of the reservoirs but were not descriptive of the processes.

Therefore, PGE's written procedures for conducting operations, maintenance, and emergency preparedness and response activities were inadequate to ensure safe operation of a pipeline facility in accordance with § 192.12(c). PGE must revise its procedures to include adequate detail regarding its processes for maintaining ongoing functional integrity of its reservoirs.

3. § 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's written procedures for conducting operations, maintenance, and emergency preparedness and response activities were inadequate to ensure safe operation of a pipeline facility. Specifically, PGE's RIMP, Section 11 *Safety Valve Operation, Maintenance and Inspection*, did not include a requirement to perform a physical inspection of a closed safety valve in order for it to be reopened, in accordance with PGE's practices in the field.

During the inspection, PGE provided CalGEM with procedures and question responses stating that its storage well safety valves can be opened manually at the wellhead or from the control pad on the well pad. The written procedures in place at the time of the inspection did not include a requirement that an observer be present at the wellhead during safety valve re-opening in order to inspect for abnormalities, which was identified by PGE to be its practice in the field.

Therefore, PGE's written procedures for conducting operations, maintenance, and emergency preparedness and response activities were inadequate to ensure safe operation of a pipeline facility in accordance with § 192.12(c). PGE must revise its procedures to be consistent with their field practices.

4. § 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's written procedures for conducting operations, maintenance, and emergency preparedness and response activities were inadequate to ensure safe operation of a pipeline facility. Specifically, PGE's RIMP, Section 12 *Wellhead (Christmas Tree) Valve Operation, Maintenance and Inspection* did not include a requirement to perform a visual inspection of the wellhead at least annually as required by API RP 1171 Section 9.3.2 (Section 9.3.2).

Section 9.3.2 states in part that "...[t]he operator shall visually inspect each wellhead assembly at least annually for leaks..."

During the inspection, CalGEM requested PGE's procedures addressing visual inspection of wellhead assemblies for leaks pursuant to Section 9.3.2. PGE provided CalGEM with its RIMP, Section 12, *Wellhead (Christmas Tree) Valve Operation, Maintenance and Inspection*, and *Utility Standard: TD-4521S Gas Valve Maintenance Standard* (Valve Standard). The Valve Standard specified that PGE will "[i]nspect, operate, lubricate (if required)...=[g]as storage Christmas Tree wellhead valves once each calendar year, not to exceed 15 months. The standard did not specify any requirements for inspection of non-valve components or the wellhead itself for leaks. In addition, the procedures did not describe the process used to conduct a visual inspection of the wellhead assembly for leaks, or a process for what is to be done when a leak is discovered from a visual inspection.

Therefore, PGE's written procedures for conducting operations, maintenance, and emergency preparedness and response activities were inadequate to ensure safe operation of a pipeline facility in accordance with § 192.12(c). PGE must revise its procedures to require and include adequate detail for performing annual visual inspections of wellhead assemblies for leaks.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.206. Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Enforcement Proceedings*.

Please refer to this document and note the response options. 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).

Following the receipt of this Notice, you have 30 days to submit written comments, revised procedures, or a request for a hearing under §190.211. If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue an Order Directing Amendment. If your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.206). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 30 days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

It is requested (not mandated) that Pacific Gas & Electric Co maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to Robert Burrough, Director, Eastern Region, Pipeline and Hazardous Materials Safety Administration, 840 Bear Tavern Road, Suite 300, West Trenton, NJ 08628. In correspondence concerning this matter, please refer to **CPF 1-2022-062-NOA** and, for each document you submit, please provide a copy in electronic format whenever possible. Smaller files may be emailed to robert.burrough@dot.gov. Larger files should be sent on USB flash drive accompanied by the original paper copy to the Eastern Region Office.

Sincerely,

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

Enclosure: Response Options for Pipeline Operators in Enforcement Proceedings