

## WARNING LETTER

### OVERNIGHT EXPRESS DELIVERY

August 18, 2022

Mr. Luke Litteken  
Senior Vice President, Gas  
Public Service Co of Colorado  
1123 W. 3<sup>rd</sup> Avenue  
Denver, Colorado 80223

**CPF 1-2022-069-WL**

Dear Mr. Litteken:

From May 3, 2021 through May 7, 2021 representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected Public Service Co of Colorado's (PSCC) Roundup Underground Natural Gas Storage Facility (Roundup) in Morgan County, Colorado.

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

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

(a) ...

(b) *Depleted hydrocarbon and aquifer reservoir UNGSFs.*

(1) ...

(2) **Each UNGSF that uses a depleted hydrocarbon reservoir or an aquifer reservoir for natural gas storage and was constructed on or before July 18, 2017, must meet the provisions of API RP 1171 (incorporated by reference, *see* §192.7), sections 8, 9, 10, and 11, and paragraph (c) of this section, by January 18, 2018, and must meet all provisions of paragraph (d) of this section by March 13, 2021.**

PSCC failed to meet the provisions of API RP 1171, Section 8. Specifically, PSCC failed to evaluate the potential threats and hazards of Hydrogen Sulfide (H<sup>2</sup>S) gas in the Roundup storage field in accordance with API RP 1171, Section 8.4.2 (Section 8.4.2).

Section 8.4.2 states in part:

The operator shall evaluate the potential threats and hazards impacting storage wells and reservoirs. The operator should refer to the list of common threats and hazards in Table 1 and may supplement the list in Table 1 with other hazards or threats identified by site-specific assessments.

During the inspection, it was determined that PSCC did not include the threat of Hydrogen Sulfide gas (H<sub>2</sub>S) in their risk model, which was a known threat.

Therefore, PSCC failed to meet the provisions of Section 8.4.2.

**2. § 192.12 Underground natural gas storage facilities.**

(a) ...

(b) *Depleted hydrocarbon and aquifer reservoir UNGSFs.*

(1) ...

(2) **Each UNGSF that uses a depleted hydrocarbon reservoir or an aquifer reservoir for natural gas storage and was constructed on or before July 18, 2017, must meet the provisions of API RP 1171 (incorporated by reference, see §192.7), sections 8, 9, 10, and 11, and paragraph (c) of this section, by January 18, 2018, and must meet all provisions of paragraph (d) of this section by March 13, 2021.**

PSCC failed to meet the provisions of API RP 1171, Section 9. Specifically, PSCC failed to utilize its risk assessments to develop the frequency of their integrity demonstration, verification and monitoring tasks in accordance with API RP 1171, Section 9.2.2.

Section 9.2.2 Risk-based Evaluation states:

Risk assessments shall be used as a basis for developing the integrity demonstration, verification, and monitoring tasks and evaluating their frequency requirements (see Section 8). Following the risk assessment, the operator should develop and maintain a program and procedures to address storage reservoir and well integrity monitoring practices for each storage facility, multiple facilities, and/or system-wide. The operator's approach should address the need for reevaluation of risk-based conclusions and the monitoring task frequency.

During the inspection, PSCC was not able to provide records that demonstrate that they had used their risk assessments to develop the frequency of their various integrity requirements.

Therefore, PSCC failed to meet the provisions of Section 9.2.2.

**3. § 192.12 Underground natural gas storage facilities.**

(a) ...

(b) *Depleted hydrocarbon and aquifer reservoir UNGSFs.*

(1) ...

(2) **Each UNGSF that uses a depleted hydrocarbon reservoir or an aquifer reservoir for natural gas storage and was constructed on or before July 18, 2017, must meet the provisions of API RP 1171 (incorporated by reference, *see* §192.7), sections 8, 9, 10, and 11, and paragraph (c) of this section, by January 18, 2018, and must meet all provisions of paragraph (d) of this section by March 13, 2021.**

PSCC failed to meet the provisions of API RP 1171, Section 11.11.1 Specifically, PSCC failed to follow a Management of Change (MOC) process in the update of their SIMP plan of January 2021 in accordance with API RP 1171, Section 11.11.1.

Section 11.11.1 General states:

Revision of procedures and processes is an acceptable practice, but the operator shall require changes to be accomplished in a controlled manner. The program documentation, framework, and procedures shall be revised before the change can be implemented. Not all changes need be approved through a formal MOC process. Some changes are expected and may not be subject to a formal change control process. The operator should define the types of changes determined to be significant and requiring a MOC.

During the inspection, PSCC was not able to provide records that demonstrated they had used their MOC process in updating their SIMP plan in January 2021.

Therefore, PSCC failed to meet the provisions of Section 11.11.1.

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 items identified in this letter. Failure to do so will result in Public Service Co of Colorado 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 1-2022-069-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