WARNING LETTER

<u>OVERNIGHT EXPRESS DELIVERY</u>

April 9, 2024

Ms. Patti Poppe
President and Chief Executive Officer
Pacific Gas & Electric Co
300 Lakeside Drive, 5th Floor
Oakland, California 94612

CPF 1-2024-031-WL

Dear Ms. Poppe:

From June 5, 2023 to June 9, 2023, 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 and records for Los Medanos, McDonald Island and Pleasant Creek Underground Natural Gas Storage Facilities (UNGSF) in Contra Costa, San Joaquin and Yolo counties, 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) …

   (b) *Depleted hydrocarbon and aquifer reservoir UNGSFs*

   (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.

PG&E failed to follow its manual of written procedures for conducting activities under

§ 192.12(b)(2). Specifically, PG&E failed to follow its Gas Operations Management of Change (MOC), Section 4.1 (Section 4.1) regarding revising its procedures before a change was implemented and implementing a change after revising its procedure.

Section 4 stated in part:
An MOC system consists of the following steps, as applicable (see Figure A-1 in Appendix A):

1. Recognition of a need for change.
2. Evaluation of the hazards and risks associated with the change.
3. Review and approval that allows the change to be made.
4. Communication plan to explain the change to all affected stakeholders.
5. Update of records, including procedures, maps, drawings, guidance documents, and work permits.
6. Plan to train and qualify affected users, as necessary, before implementing the change.
7. Operational readiness check before startup or implementation, including time limitations.
8. Formal implementation of the change in the system.
9. Effectiveness review of the change.
10. Creation of a record of all MOC documentation (as-builts, training records, completed

During the inspection, PHMSA reviewed PG&E's MOC documents TC-07N IFC Program Rev 1 -RDMO 20230503, TC-07N_RDMO MOC Form_20230503, lM-07C Type 1 IFC Program Rev 1_08222022, lM-7C Fishing Operations MOC Form_05262023, 04-013-20130-00_Rework History lM-7C_11-08-2022, and Steps 22-24_lM-7C Type 1 IFC Program Rev 1 2022-08-22. The records demonstrated that MOC form lM-7C Fishing Operations MOC Form_05262023 was initiated on August 22, 2022, while Steps 22-24_lM-7C Type 1 IFC Program Rev 1 2022-08-22 demonstrate that the fishing operation began on August 21, 2022. Thus, PG&E failed to initiate its MOC process pursuant to Section 4 prior to implementing a change.

In addition, PG&E's procedure TC-07N IFC Program Rev 1 -RDMO 20230503 did not reflect the changes detailed on MOC form TC-07N_RDMO MOC Form_20230503 MOC. Thus, PG&E failed to formally implement a change to its procedures pursuant to step 8 of Section 4.

Therefore, PG&E failed to follow its manual of written procedures 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 $266,015 per violation per day the violation persists, up to a maximum of $2,660,135 for a related series of violations. For violation occurring on or after January 6, 2023 and before December 28, 2023, the maximum penalty may not exceed $257,664 per violation per day the violation persists, up to a maximum of $2,576,627 for a related series of violations. For violation occurring on or after March 21, 2022 and before January 6, 2023, the maximum penalty may not 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.

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 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 1-2024-031-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