



U.S. Department
of Transportation
**Pipeline and Hazardous
Materials Safety
Administration**

12300 W. Dakota Ave., Suite 340
Lakewood, CO 80228

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED COMPLIANCE ORDER**

VIA ELECTRONIC MAIL TO: michael.delcasale@calpine.com

November 21, 2025

Michael Del Casale
Executive V.P. of Power Operations
CPN Pipeline Company
717 Texas Avenue., Suite 1000
Houston, TX 77002

CPF 5-2025-033-NOPV

Dear Mr. Del Casale:

From September 9 through September 13, 2024, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected CPN Pipeline Company's (CPN) Northern CA Gas System natural gas transmission and gathering pipeline system from Antioch to Yuba City, California.

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

- 1. § 192.8 How are onshore gathering pipelines and regulated onshore gathering pipelines determined?**
 - (a) ...**
 - (b) Each operator must determine and maintain for the life of the pipeline records documenting the methodology by which it calculated the beginning and end points**

of each onshore gathering pipeline it operates, as described in the second column of table 1 to paragraph (c)(2) of this section, by:

(1) November 16, 2022, or before the pipeline is placed in operation, whichever is later; or

CPN failed to determine and maintain for the life of the pipeline records documenting the methodology by which it calculated the beginning and ending points of each onshore gathering pipeline it operates, as required. During the PHMSA inspection, CPN provided records for the determination of its type A and B gathering lines. However, according to CPN's annual reports to PHMSA, CPN has 139.5 miles of Type C and 91.2 miles of Type R gathering lines and was unable to provide any records for the determination of either.

Therefore, CPN failed to determine and maintain for the life of the pipeline records documenting the methodology by which it calculated the beginning and end points of each onshore gathering pipeline it operates per § 192.8(b)(1).

2. § 192.9 What requirements apply to gathering pipelines?

(a) ...

(e) Type C lines. The requirements for Type C gathering lines are as follows.

(1) An operator of a Type C onshore gathering line with an outside diameter greater than or equal to 8.625 inches must comply with the following requirements:

(i) ...

(ii) If the pipeline is metallic, control corrosion according to requirements of subpart I of this part applicable to transmission lines, except the requirements in §§ 192.461(f) through (i), 192.465(d) and (f), 192.473(c), 192.485(c), and 192.493;

CPN did not have a cathodic protection system designed to protect its Type C gathering lines in accordance with subpart I, as required. According to the CPN's records, in 2022, it discovered deficiencies in the cathodic protection system for its Montezuma Type C gathering line and Steelhead transmission line. The records indicated that in an effort to continue protection of the Steelhead Pipeline, the Montezuma Pipeline was removed from the previously shared cathodic protection system. A review of CPN's mainline timeline and test reports demonstrated that while there have been tests conducted and plans to remediate the issues that were discovered in 2022, the Montezuma Pipeline has been operating without a cathodic protection system since 2022. However, § 192.455(a) requires that, unless the operator has demonstrated by tests, investigations, or experience that a corrosive environment did not exist, each buried or submerged pipeline installed after July 31, 1971 must be protected from external corrosion with an external coating meeting the requirements of § 192.461 and a cathodic protection system.

CPN did not provide PHMSA any records during the inspection to show that the Montezuma Pipeline did not need to comply with the requirements of § 192.455(a) based on tests, investigations, or experience demonstrating that the pipeline existed in a non-corrosive environment.

Therefore, CPN failed to comply with § 192.9(e)(1)(ii) and the requirements of subpart I by not protecting the Montezuma Pipeline with a cathodic protection system.

3. § 192.463 External corrosion control: Cathodic protection.

(a) Each cathodic protection system required by this subpart must provide a level of cathodic protection that complies with one or more of the applicable criteria contained in appendix D of this part. If none of these criteria is applicable, the cathodic protection system must provide a level of cathodic protection at least equal to that provided by compliance with one or more of these criteria.

Appendix D to Part 192—Criteria for Cathodic Protection and Determination of Measurements

I. ...

II. Interpretation of voltage measurement. Voltage (IR) drops other than those across the structure-electrolyte boundary must be considered for valid interpretation of the voltage measurement in paragraphs A(1) and (2) and paragraph B(1) of section I of this appendix.

CPN's cathodic protection system and its Corrosion Control Manual did not comply with the criteria contained in Appendix D as required for its natural gas transmission and gathering pipelines. Specifically, the Corrosion Control Manual's procedures did not require its cathodic protection system to consider voltage (IR) drops across the structure-electrolyte boundary as required, as the manual did not provide for the collection of IR free measurement data while performing Annual Cathodic Protection (CP) Surveys.

During the PHMSA inspection, PHMSA reviewed CPN's records and manuals. PHMSA observed while reviewing the Corrosion Control Manual that Section 4 and Appendix D of the Corrosion Control Manual stated that IR drops other than those across the structure-electrolyte boundary shall be considered. A common method of obtaining "IR free" pipe to soil potential measurement is to use a current interrupter. When the protective current is initially interrupted, an immediate voltage shift, or "instant off" measurement will be obtained. This measurement is reflective of an IR free pipe-to-soil potential measurement. However, Section 6 of CPN's Corrosion Control Manual stated the acceptable pipe-to-soil measurement to be an "on" measured potential which is not an IR free measurement. In lieu of obtaining "instant off" measurements, Section 4 of CPN's Corrosion Control Manual contained a section with several factors that could affect electrical measurement. However, PHMSA observed that the manual did not include a method for quantifying these factors. The manual also did not include a method for considering them by other means when taking measurements for Annual CP Surveys.

Therefore, CPN failed to provide a level of cathodic protection that complies with one or more of the applicable criteria contained in Appendix D of Part 192 by not considering IR drops other than those across the structure-electrolyte boundary as required by § 192.463(a) and Appendix D Section II.

Proposed Civil Penalty

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$272,926 per violation per day the violation persists, up to a maximum of \$2,729,245 for a related series of violations. For violation occurring on or after December 28, 2023 and before December 30, 2024, the maximum penalty may not 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 \$2,391,412 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.

We have reviewed the circumstances and supporting documents involved in this case, and have decided not to propose a civil penalty assessment at this time.

Proposed Compliance Order

With respect to Items 1 through 3, pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to CPN Pipeline Company. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Response to this Notice

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. All material you submit in response to this enforcement action may be 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 your receipt of this Notice, you have 30 days to respond as described in the enclosed *Response Options*. 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 a Final Order. If you are responding to this Notice, we propose that you submit your correspondence to my office within 30 days from receipt of this Notice. The Region

Director may extend the period for responding upon a written request timely submitted demonstrating good cause for an extension.

In your correspondence on this matter, please refer to **CPF 5-2025-033-NOPV** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Dustin Hubbard
Director, Western Region, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry
PHP-500 T. Dickey (#24-297332)
Scott Vickers, CPN Pipeline Company, Compliance Manager, svickers@calpine.com

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Enforcement Proceedings

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to CPN Pipeline Company a Compliance Order incorporating the following remedial requirements to ensure the compliance of CPN with the pipeline safety regulations:

- A. In regard to Item 1 of the Notice pertaining to CPN's failure to determine and maintain for the life of the pipeline records documenting the methodology by which it calculated the beginning and end points of each onshore gathering pipeline it operates, CPN must provide onshore gas gathering line determination documentation for type C and R gathering lines as required by § 192.8(b) within **90** days of receipt of the Final Order and submit this documentation to the Director, Western Region.
- B. In regard to Item 2 of the Notice pertaining to CPN's failure to comply with the requirements of subpart I, specifically § 192.455(a) for corrosion control of metallic pipelines per § 192.9(e)(1)(ii), CPN must complete and submit documentation of the following to the Director, Western Region within **1** year of receipt of the Final Order. CPN must follow § 192.455(a) in regards to the Montezuma Pipeline including verifying it has a protective coating pursuant to § 192.461(a) through(e) and reinstating the cathodic protection unless the environment is demonstrated to be non-corrosive through tests, investigations or experience.
- C. In regard to Item 3 of the Notice pertaining to CPN's failure to provide a level of cathodic protection that complies with one or more of the applicable criteria contained in appendix D of this part by not considering voltage (IR) drops other than those across the structure-electrolyte boundary as required by § 192.463(a) and Appendix D Section II, CPN must complete and submit documentation of the following to the Director, Western Region by the date of the next CP annual survey,
 - Update its Corrosion Control Manual with procedures for obtaining cathodic protection readings with IR drops other than those across the structure-electrolyte boundary considered, and
 - Obtain cathodic protection readings for each system accurately representing voltage (IR) drops.
- D. It is requested (not mandated) that CPN maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Dustin Hubbard, Director, Western Region, Pipeline and Hazardous Materials Safety Administration. It is requested that these costs be reported in two categories: 1) total cost associated with preparation/revision of plans,

procedures, studies and analyses, and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.