STATE OF CALIFORNIA Gavin Newsom, *Governor*

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

GI-2022-06-LGS-37-08

November 17, 2022

Mr. Mathieu Fournier (mathieu.fournier@rockpointgs.com)
VP Storage of Eng/Ops
Lodi Gas Storage, LLC.
P.O. Box 230
Acampo, CA 95220

SUBJECT: General Order (GO) 112-F Gas Inspection of Lodi Gas Storage Transmission Integrity Management Program (TIMP) and Section 114 Inspection Closure

Dear Mr. Fournier:

The Safety and Enforcement Division (SED) of the California Public Utilities Commission (Commission) reviewed the Lodi Gas Storage (LGS) response letter dated October 25, 2022 that addressed the findings identified during the General Order (GO) 112 Transmission Integrity Management Program (TIMP) and Section 114 Inspection conducted June 6 to 8, 2022.

A summary of the inspection findings documented by SED, LGS's response to our findings, and SED's evaluation of LGS's response for each identified violation and recommendation is attached to this letter.

This letter serves as the official closure of the 2022 Inspection of Lodi Gas Storage TIMP and Section 114 audit.

If you have any questions, please contact Paul Penney at (415) 703-1817 or by email at Paul.Penney@cpuc.ca.gov.

Sincerely,

Dennis Lee

Dennis Lee, P.E.
Program and Project Supervisor
Safety and Enforcement Division

cc: Terence Eng, SED
Kai Cheung, SED
Claudia Almengor, SED
Andy Anderson, LGS (andy.anderson@rockpointgs.com)
Greg Clark, LGS (greg.clark@rockpointgs.com)

Summary of the Inspection Findings, LGS' Response and SED's Conclusion

Dates of Inspection: 6/6/2022→6/8/2022

Operator: LODI GAS STORAGE (LGS)

Operator ID: 31697 (primary)

Inspection Systems: Lodi Transmission Pipeline

Assets (Unit IDs) with results in this report: Transmission Lines between the underground storage & the Compressor Station and between the Compressor Station and the PG&E Intertie

System Type: GT

Inspection Name: (2022) Lodi Gas Storage TIMP Audit

Lead Inspector: Paul Penney

Operator Representative: Greg Clark, et. all

Integrity Management : High Consequence Areas (IM.HC)

Question Title, ID IM High Consequence Areas - HCA Identification, IM.HC.HCAID.R

Question 2. Do records demonstrate that the identification of pipeline segments in high consequence areas was completed in accordance with process requirements?

References 192.947(d) (192.905(a), 192.907(a), 192.911(a))

Assets Covered Trans Line between storage & PG&E (TLstorage)

Issue Summary *Title 49 Code of Federal Regulations (49 CFR)* 192.911(a) states in part:

"...The initial program framework and subsequent program must, at minimum, contain the following elements. (When indicated, refer to ASME/ANSI B31.8S (incorporated by reference, see §192.7) for more detailed information on the listed element.)

(a) An identification of all high consequence areas, in accordance with §192.905..." [Underline Added]

Title 49 Code of Federal Regulations (49 CFR) 192.905(a) references 192.903, which defines a High Consequence Area (HCA) as:

…
High consequence area means an area established by one of the methods described in paragraphs (1) or (2) as follows:

(1) An area defined as -

(i) A Class 3 location under § 192.5; or
(ii) A Class 4 location under § 192.5; or
(iii) Any area in a Class 1 or Class 2 location where the potential impact radius is greater than 660 feet (200 meters), and the area within a potential impact circle contains 20 or more buildings intended for human occupancy; or

(iv) Any area in a Class 1 or Class 2 location where the potential impact circle contains an identified site.
…

LGS's high consequence area (HCA) survey records showed three HCAs. One of those HCAs was identified in 2021 even though it should have been identified at the beginning of the program in 2004; the definition of HCA has not changed. LGS is, therefore, in violation of 49 CFR 192.911(a), and by extension 49 CFR 192.905(a) which references the definition of an HCA in Class 1 or 2 locations using Method (1) for not identifying all HCAs at the beginning of 2004.

Lodi Gas' Response
Lodi Gas Storage identified a high consequence area (HCA) on a 30" diameter pipeline segment in 2021 as a result of utilizing an external expert resource to comply with new regulatory requirements from the Gas Mega Rule. This newly identified HCA is an area in a Class 2 location where the potential impact radius is greater than 660 feet (e.g., 790 feet), and the area within the potential impact circle contains 20 or more buildings intended for human occupancy.

This newly identified HCA on the 30" diameter pipeline segment was formally identified and incorporated into the LGS TIMP in 2021. However, please be advised that Lodi Gas Storage has been conducting pipeline integrity in-line inspections (ILIs) of the 30" diameter pipeline segment on a 5-year recurring frequency with the first ILI occurring in 2007.

SED's Conclusion:
Lodi Gas Storage's response adequately addresses this violation of CFR 192.911(a).

Integrity Management : Continual Evaluation and Assessment (IM.CA)

Question Title, ID: Waiver from Reassessment Interval in Limited Situations, IM.CA.REASSESSWAIVER.P

Question: 9. Does the process include requirements for reassessment interval waivers (special permit per 190.341)?

References: 192.943(a) (192.943(b))

Assets Covered: Trans Line between storage & PG&E (TLstorage)

Issue Summary

Recommendation: A reference to 49 CFR 190.341 should be added to Element 6, Section 6.8

Lodi Gas' Response
Lodi Gas Storage has updated its Transmission Integrity Management Program (TIMP) to include the recommended reference. Please see Attachment #2.

SED's Conclusion:
Lodi Gas Storage's response adequately addresses this recommendation.

Integrity Management : Moderate Consequence Areas (IM.MC)

Question Title, ID: MCA Identification, IM.MC.MCAIDENTIF.P

Question: 2. What is the methodology being used for identifying MCAs?

References: 192.624(a)(2) (192.710(a)(2),)

Assets Covered: Trans Line between storage & PG&E (TLstorage)

Issue Summary The procedure for identifying Moderate Consequence Areas (MCAs) is currently in the O&M Procedure

Recommendation: SED recommends putting the methodology for identifying MCAs in the same section of the TIMP plan as for HCAs. SED staff similarly recommends that LGS put all sections related to MCAs (currently in the O&M Plan) in the TIMP Plan.

Lodi Gas' Response
Lodi Gas Storage shall consider SED's recommendation regarding procedures for moderate consequence areas.

SED's Conclusion:
Lodi Gas Storage's response adequately addresses this recommendation.